

# The Role of Mergers and Acquisitions in Corporate growth and Developments: A Case study of Access bank Zambia Ltd

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**Abstract**—This study investigated the impact of mergers and acquisitions (M&As) on Access Bank's strategic objectives. The specific objectives were to examine the rationale behind corporate decisions to merge or acquire, investigate the effects of M&As on expanding business organizations, and assess the extent to which M&As were a practical means of achieving successful business performance. A descriptive survey design was employed, targeting bank employees at Access Bank in Lusaka. Respondents were selected using stratified random sampling to ensure representation across various experience levels and roles, yielding 87 valid responses. Data was collected through a structured questionnaire and was analyzed using descriptive statistics, supplemented by regression analysis, Pearson correlation, and one-way ANOVA to explore relationships and differences in perceptions. The findings revealed that Access Bank pursued M&As primarily to expand market share and secure long-term growth, though translating market ambitions into sustained corporate growth proved complex. M&As significantly enhanced expansion by growing the customer base, penetrating new markets, and improving financial performance, yet operational capabilities and employee morale lagged behind. Respondents moderately viewed M&As as practical for achieving successful business performance, with profitability and cost-effective growth as key benefits, but service delivery and stakeholder satisfaction remained less assured, tempered by notable challenges. The study concluded that Access Bank's M&A rationale centered on proactive expansion, though execution gaps hindered sustained growth. Expansion effects were robust externally but weak internally, particularly in workforce stability, necessitating broader focus. M&As were practical for financial outcomes but less so comprehensively, due to operational and relational shortcomings.

## I. BACKGROUND OF STUDY

The role of mergers and acquisitions (M&A) in corporate growth and development has gained increasing attention globally as companies seek to navigate highly competitive and dynamic economic environments. M&A serve as strategic tools to achieve various business objectives, including rapid growth, market expansion, diversification, and the acquisition of valuable technologies. The importance of mergers and acquisitions in the commercial sector is highlighted by the fact that the total value of such transactions worldwide was \$2.5 trillion in 2023, according to Statista (2024). While the United States remains the largest market for M&A, emerging economies like India and Brazil have also experienced significant activity, underscoring the widespread application of these strategies.

In Zambia, M&A are governed by the Competition and Consumer Protection Act and the Securities Act, with

oversight provided by the Competition and Consumer Protection Commission (CCPC) (DLA Piper Africa, 2024). The purpose of these regulatory structures is to make sure that mergers and acquisitions foster fair competition and are in the best interests of the public. Despite these measures, the outcomes of M&A in Zambia have been mixed. Research by Haakantu and Phiri (2022) indicates that while some Zambian banks have achieved improved operational efficiency following M&A, others have reported no significant change in profitability, raising questions about the effectiveness of such strategies in certain contexts.

The acquisition of Atlas Mara Zambia by Access Bank Zambia in January 2024 serves as a critical case study to explore the role of M&A in corporate growth and development. This merger, which created one of the top five banks in Zambia, highlights the potential of M&A to reshape industries and enhance competitiveness. The goal of Access Bank's acquisition was to capitalize on Atlas Mara's strengths in retail and public sector banking along with its own in transaction and wholesale banking. The resulting entity seeks to enhance customer service, broaden financial inclusion, and provide innovative solutions tailored to Zambia's banking needs (Access Bank Zambia Limited, 2024).

There are many motivations to M&A that often reflect several important objectives, such as unlocking synergies, speeding up growth through organic expansion, diversification reducing risk and improving financial capacity. M&A can be especially effective during an economic downturn, as M&A can provide businesses a lifeline to fight through financial distress or take advantage of market opportunities as Gaughan (2007) states. This is pertinent to the Zambian banking sector which is particularly subject to competitive pressures and macroeconomic volatility under which institutions have been left with no other resort than to consolidate to survive and grow.

### Objectives

#### General Objective

The overall purpose of this study is to examine the role of mergers and acquisitions in corporate growth and development.

#### Specific Objectives

- i. To examine the rationale behind corporate organizations' decisions to merge or acquire.

- ii. To investigate the effects of mergers and acquisitions on expanding business organizations.
- iii. To assess the extent to which mergers and acquisitions are a practical means of achieving successful business performance,

#### *Theoretical Framework*

This study is grounded in the Resource-Based View (RBV) and Synergy Theory to analyze the role of mergers and acquisitions (M&A) in corporate growth. The RBV suggests that firms can achieve competitive advantage by acquiring and integrating valuable resources from other companies. Synergy Theory posits that M&A can create additional value through operational efficiencies, enhanced market reach, and innovation. The research seeks to explain how these theoretical viewpoints manifest in practice, propelling financial performance and strategic development, and adding to the larger economic environment by analyzing Atlas Mara's M&A activity in Lusaka, Zambia.

## II. LITERATURE REVIEW

### *Overview*

The chapter begins with an overview of key themes and progresses into an empirical review encompassing global, regional, and local perspectives. The empirical review shows critical lessons from existing research. The chapter also presents a conceptual framework to examine the factors influencing M&A at Access Bank in Zambia, emphasizing variables such as rationale, effects on business expansion, and practicality.

### *Global Perspective*

The studies reviewed in this segment highlight the global nature of mergers and acquisitions (M&A) by examining their impacts across diverse regions, including Europe, the United States, Pakistan, and the United Arab Emirates. These investigations explore various dimensions of M&A, such as financial performance, strategic motivations, and sector-specific determinants. By analyzing findings from different contexts, this review provides insights into how M&A activities influence corporate growth and development, offering a comparative perspective on their successes and challenges. The segment underscores the importance of tailoring M&A strategies to regional and industry-specific conditions for optimal outcomes.

Liargovas and Repousis (2011) examined the impact of mergers and acquisitions on the Greek banking sector during the period from 1996 to 2009. Using an event study methodology, they analyzed shareholder returns and financial performance across 20 financial ratios. Their findings revealed that shareholders gained significant cumulative average abnormal returns (CAARs) in the ten days preceding M&A announcements, with horizontal and diversifying deals yielding the most substantial positive effects. However, despite these short-term shareholder benefits, the study found no significant improvements in the operational performance of merged banks. Furthermore, in terms of efficiency, merged banks did not fare better than non-merged banks (Liargovas &

Repousis, 2011). The research concluded that M&A announcements generated market optimism but failed to produce long-term operational gains. A limitation of the study was its exclusion of external macroeconomic factors affecting the Greek banking system during the study period. Nevertheless, it underscored the importance of aligning M&A strategies with operational goals to achieve sustainable benefits.

The effects of mergers and acquisitions (M&A) on bank performance in the Czech banking industry between 2000 and 2010 were studied by Long (2015). The study compared the financial performance of banks before and after mergers using financial ratios such as profitability to evaluate changes over a three-year pre-and-post-merger period. An independent sample t-test and panel data methodology were applied to analyze the statistical significance of the observed differences.

### *Regional Perspective*

Mergers and acquisitions (M&A) are a critical tool for corporate growth and restructuring in developing economies. Within the regional context, studies have explored M&A's implications on financial performance, shareholder value, and operational efficiency. This section discusses key findings from research conducted in Kenya, Nigeria, Greece, and India, presenting insights into the diverse impacts of M&A on firms within these regions. Each study highlights distinct methodologies and focuses on different sectors, contributing to a comprehensive understanding of M&A in emerging and transitional markets.

Between 2000 and 2014, Joash and Njangiru (2015) studied the impact of mergers and acquisitions on the financial performance of Kenyan banks. The study surveyed 14 commercial banks that had undergone mergers or acquisitions during this period. Data collection involved a mix of questionnaires and secondary data, analyzed using SPSS software. The results showed that M&A activities improved shareholder value and profitability in the banking sector, with profitability being the primary motivator for banks engaging in such transactions (Joash & Njangiru, 2015). While the study highlighted positive financial outcomes, it also recommended that banks conduct comprehensive feasibility studies to ensure sustainable profitability post-M&A. Furthermore, the research suggested exploring M&A's impact on other sectors to draw parallels and improve cross-sectoral strategies.

### *Local Perspective.*

Mergers and acquisitions (M&A) are a significant strategy for corporate restructuring and growth in developing economies. Within Zambia, M&A activities have garnered increasing attention due to their potential to reshape financial institutions and foster economic stability. This section evaluates three studies that investigate the effects of M&A on financial performance in Zambia, with a particular focus on Atlas Mara Bank. These studies adopt diverse methodologies and provide varying insights into the impact of M&A, highlighting opportunities for growth and challenges in implementation.

Haakantu and Phiri (2022) conducted a study on the effects of M&A on the financial performance of commercial banks in Zambia, focusing on transactions between 2009 and 2019. Using descriptive statistics and paired sample t-tests, the researchers examined financial data from Finance Bank Zambia, BancABC Zambia, and Atlas Mara Zambia two years before and after their respective mergers. The study found mixed results regarding financial performance indicators. While efficiency ratios showed significant improvement with a p-value of 0.014, liquidity and profitability ratios indicated no significant advancements. Leverage ratios also displayed varied outcomes, suggesting that M&A did not consistently enhance financial stability or profitability (Haakantu and Phiri, 2022).

### III. METHODOLOGY

#### *Overview*

This chapter outlines the research methodology adopted for this study. The methodology ensures that the research objectives are addressed effectively through appropriate philosophical orientation, research design, and data collection methods. Key considerations, including population, sample size, sampling technique, and data analysis procedures, are discussed to ensure a robust and reliable approach. Furthermore, the chapter addresses the reliability and validity of the research tools, as well as ethical considerations, ensuring the study adheres to academic and professional standards.

#### *Research Design*

A descriptive survey design was adopted for this study because it is well-suited to obtaining detailed and accurate information about a population's characteristics or opinions. Descriptive research allows for the systematic collection and presentation of data without manipulating the environment or variables, making it ideal for examining the perceptions of Access Bank employees regarding the role of mergers and acquisitions in the bank's corporate growth (Wimmer & Dominick, 2014) The descriptive survey design provides a clear, structured way to collect data using surveys with predefined questions, enabling the researcher to quantify the responses and analyze them statistically (Neuman, 2014) By using a survey to gather insights from Access Bank employees in Lusaka, Zambia, this study aims to explore their perceptions of the rationale, effects, and practicality of mergers and acquisitions on the bank's growth and development.

The design ensures that the research focuses on answering the research questions by capturing detailed information on various aspects of mergers and acquisitions, such as their motivations, impact on business expansion, and practical considerations in achieving business performance. Additionally, the descriptive survey design facilitates the collection of data from a larger sample, ensuring that the findings are more representative of the broader population of employees within Access Bank. Furthermore, the descriptive survey design helps to establish relationships between variables, such as the relationship between mergers and acquisitions and corporate growth, without influencing or

manipulating the responses (Babbie, 2016). This approach allowed the researcher to gather baseline data and provide a comprehensive analysis of the role of M&As in corporate growth and development at Access

#### *Study Area*

The study area focused on Lusaka. This is because Lusaka has the largest branch network compared to other provinces in Zambia and that is where the head office is located. This provides an advantage to the study because it is feasible to collect strategies and information regarding mergers and acquisitions from the top management who are the main initiators of mergers.

#### *Data Collection*

Data was collected through structured questionnaires. The questionnaire consisted of closed-ended questions using a Likert scale (ranging from 1 to 5) to gather quantitative data from employees of Access Bank PLC. These structured questionnaires are an efficient way to collect data on respondents' perceptions regarding mergers and acquisitions, particularly on topics such as the rationale for M&As, their effects on business expansion, and the practicality of M&As in achieving successful business performance. Before distributing the questionnaires to the full sample, pretesting was conducted to assess the reliability and clarity of the survey items. The pretest was carried out with a small subset of employees, ensuring that the questions are well-understood and relevant to the study's objectives. Feedback from the pretest will be used to refine the questionnaire, correcting any ambiguous or confusing questions, and adjusting the wording to improve clarity. This step enhanced the validity and reliability of the survey tool, ensuring that the data collected is accurate and reflective of the participants' true views (Bryman, 2016).

#### *Ethical Considerations*

Ethical considerations are crucial in ensuring that the rights, dignity, and confidentiality of participants are upheld throughout the research process. This study followed strict ethical guidelines to protect participants and ensure the integrity of the research.

- i. **Informed Consent:** All participants were fully informed about the purpose, objectives, and procedures of the research before participation. A clear informed consent form was provided, detailing that participation is voluntary and that they can withdraw from the study at any time without any negative consequences. Participants were also informed that their responses would be used for academic purposes only and that their identities will remain confidential.
- ii. **Confidentiality:** Ensuring the confidentiality of respondents' data is of utmost importance. Any identifying information (such as names, job titles, or departments) were not be collected or reported in the findings. Responses were anonymised using unique identification numbers, and data was stored securely on password-protected systems. All findings were presented

in aggregate form to prevent any individual identification.

#### IV. FINDINGS

The Rationale behind Corporate Organizations' Decisions to Merge or Acquire

The findings reveal that Access Bank in Lusaka, Zambia, pursues mergers and acquisitions (M&As) primarily to expand its market presence and secure long-term growth, with corporate growth also viewed as a significant outcome. This strategic focus aligns with global trends, as seen in Ahmed et al.'s (2018) study of Pakistan's financial sector, which highlights market share capture and synergy creation as dominant M&A motives rather than short-term financial gains. Similarly, in Zambia, Shawa (2022) notes that Atlas Mara Bank's merger aimed to bolster market share and profitability, suggesting that Access Bank's emphasis on market expansion reflects a regional imperative to strengthen competitive positioning in a dynamic banking landscape. However, the analysis indicates a complex relationship between market share pursuits and perceived growth, suggesting that while the intent is clear, translating this into sustained outcomes may face hurdles, a pattern echoed by Liargovas and Repousis (2011) in Greece, where M&A announcements generated market enthusiasm but failed to deliver long-term operational improvements.

This complexity implies that Access Bank must prioritize robust integration strategies to ensure market gains translate into lasting growth, as short-term optimism may wane without operational alignment. The lesser emphasis on reducing competition and accessing advanced technologies contrasts with Darayseh and Alsharari's (2023) findings in the UAE, where risk mitigation and diversification were key, indicating that Access Bank's approach is more proactive than defensive, likely shaped by Zambia's competitive yet opportunity-rich banking sector. Locally, Atlas Mara's merger is explained by Kachamba and Mpundu (2024) as a reaction to globalization, while Access Bank's emphasis on growth rather than competitive reduction points to a different plan designed to fulfill its market goals.

#### V. RECOMMENDATIONS

- Enhance Post-Merger Integration Plans: Access Bank should develop detailed integration strategies post-M&A to ensure market share gains translate into sustained corporate growth, focusing on operational alignment and resource optimization to bridge the gap between intent and outcome.
- Prioritize Employee Support Initiatives: To address poor retention and morale, the bank should implement targeted programs such as training, clear communication about M&A benefits, and retention incentives

strengthening workforce stability as a pillar of expansion.

#### VI. CONCLUSION

The study concludes that Access Bank's primary reasons for pursuing mergers and acquisitions are to expand its market presence and secure long-term growth, with overall corporate growth also perceived as a meaningful outcome. Respondents strongly view increasing market share as the leading driver, reflecting a strategic intent to enhance the bank's competitive edge in Lusaka's banking market. The emphasis on long-term growth strategies further suggests a forward-looking approach, prioritizing sustainable development over immediate gains. However, the complex link between market share ambitions and perceived corporate growth indicates that while the intent is robust, translating this into consistent, tangible progress is not guaranteed, hinting at potential gaps in execution or alignment. Less emphasis is placed on reducing competition or gaining access to advanced technologies, suggesting that Access Bank's M&A strategy leans toward proactive expansion rather than defensive consolidation or resource acquisition. The moderate explanatory power of these rationales implies that additional, unexamined factors possibly external pressures or internal dynamics also shape these decisions, underscoring the multifaceted nature of M&A motivations at Access Bank.

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