

Organizational Philosophy and Financial Performance of Mergers and Acquisitions in the Banking Sector: A Case Study of Access Bank Zambia

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Abstract—Mergers and acquisitions (M&As) in the banking sector often struggle with post-merger integration, particularly with respect to aligning organizational philosophy and achieving sustained financial performance. This study examined the organizational philosophy influence on financial performance of mergers and acquisitions in the banking sector: a case study of Access Bank Zambia. The research utilized survey data from 300 employees and analyzed financial indicators from 2021–2025. Statistical analyses included correlation and regression to assess relationships between organizational factors and integration success. The results revealed that higher employee participation and supportive management practices are strongly associated with successful integration ($R^2 = 0.42$). Financial performance improved after the merger, with return on equity rising from -6.5% to 14.2% . However, 35% of employees still reported feeling disconnected, reflecting ongoing integration challenges. The study concluded that aligning organizational philosophy, fostering employee engagement, and supportive management are critical for successful and sustainable post-merger financial performance in the banking sector. This study demonstrates that effective alignment of organizational philosophy and active employee engagement are critical to sustainable financial improvement in banking M&As.

Keywords— Mergers and acquisitions, organizational culture, leadership styles, employee participation, bank performance, stakeholder engagement.

I. INTRODUCTION

Mergers and acquisitions (M&A) continue to reshape the global banking sector, encouraging growth, diversification, regulatory compliance, and technology acquisition (Chandra Mondal, 2019). Yet, many bank M&As are value-destroying (Ayadi, 2007), raising serious questions concerning the role of organizational philosophy in M&A performance.

Mergers and acquisitions (M&As) have become an important strategic tool used by organizations to enhance competitiveness, expand market share, and improve operational efficiency. In the banking sector, consolidation through mergers has been widely adopted as a means of achieving economies of scale, improving financial stability, and strengthening institutional capacity. However, despite the anticipated benefits, many mergers fail to achieve their intended objectives due to challenges associated with post-merger integration.

One of the most critical challenges during mergers and acquisitions is the alignment of organizational philosophy.

Organizational philosophy encompasses the shared values, beliefs, and management practices that guide employee behavior and organizational decision-making. When two organizations merge, differences in culture, management practices, and operational philosophies may lead to conflict, reduced employee morale, and inefficiencies.

In the banking sector, where service delivery and operational coordination are essential, misalignment of organizational philosophy can negatively affect performance outcomes. Previous studies have shown that successful mergers require not only financial and operational integration but also effective cultural and philosophical alignment within the organization (Cartwright & Cooper, 2014).

Access Bank Zambia provides a useful context for examining these dynamics. Following mergers and acquisitions within the Zambian banking sector, institutions have had to integrate different corporate cultures and operational systems while maintaining financial performance and customer confidence.

This study, therefore, seeks to examine the influence of organizational philosophy on financial performance following mergers and acquisitions in the banking sector, using Access Bank Zambia as a case study.

II. LITERATURE REVIEW

Mergers and Acquisitions in the Banking Sector Mergers and acquisitions (M&A) involve the consolidation of two or more organizations into a single entity, with the objective of achieving strategic, operational, or financial advantages (Gaughan, 2018). In the banking sector, mergers are often pursued to strengthen financial stability, increase market share, and enhance service delivery. However, empirical evidence suggests that many mergers fail to achieve expected outcomes due to integration challenges, including organizational culture differences, leadership conflicts, and employee resistance (King et al., 2016).

Organizational Philosophy Organizational philosophy refers to the guiding principles, values, and beliefs that shape organizational behavior and decision-making processes. It influences leadership practices, employee engagement, and overall organizational culture. According to Schein (2017), organizational philosophy plays a critical role in shaping employee perceptions and behaviors within an organization.

When employees understand and align with the organization's philosophy, they are more likely to exhibit higher levels of commitment and productivity.

Organizational Philosophy and Financial Performance The relationship between organizational philosophy and financial performance has attracted significant scholarly attention. Studies indicate that organizations with strong, well-aligned cultures and management philosophies tend to achieve better financial outcomes (Kotter & Heskett, 2011). During mergers and acquisitions, the alignment of organizational philosophy becomes particularly important. Failure to integrate management practices and organizational values can lead to reduced productivity, employee dissatisfaction, and operational inefficiencies.

Post-Merger Integration Post-merger integration refers to the process of combining organizational structures, cultures, and operational systems following a merger or acquisition. Effective integration requires strong leadership, clear communication, and employee participation. Scholars argue that successful integration depends largely on how well the merging organizations manage cultural differences and align organizational philosophies (Weber & Tarba, 2015).

Conceptual Framework The study's conceptual framework was developed based on theoretical viewpoints underpinning this study, asserting that the degree of integration attained has a significant impact on financial performance in banking mergers and acquisitions (M&As). Core elements that ultimately affect post-merger financial results include organizational philosophy, employee involvement, management style, and change readiness.

Organizational philosophy serves as the foundational variable, shaping the values, norms, and practices adopted during the integration process. When merging entities achieve alignment in their philosophies, transitions tend to be smoother, and resistance is minimized. Employee participation, reflecting the extent of staff engagement across all levels, is closely linked to higher acceptance, reduced resistance, and enhanced collaboration (Cropanzano & Mitchell, 2005).

Management style also plays a pivotal role; supportive and participative approaches build trust, encourage cooperation, and facilitate the adoption of new practices, while more authoritarian styles may impede integration. Change readiness, which captures the organization's preparedness and openness to transformation, is essential for adapting to new structures, processes, and cultures (Kotter, 1996).

The level of integration represents the extent to which systems, policies, and philosophies are unified after the merger. A high degree of integration mediates the relationship between these variables and the ultimate outcome: financial performance. Financial performance thus reflects the post-merger success of the banking institution in terms of profitability, operational efficiency, and overall value creation.

This model synthesizes insights from Organizational Culture Theory, Resource-Based View (RBV), Change Management Theory, Institutional Theory, and Synergy Theory. It demonstrates that successful post-merger financial performance in banking is not simply a function of combining

assets but hinges on the effective alignment and management of underlying philosophies, active employee involvement, supportive leadership, and readiness for change, all within a supportive regulatory and institutional context.

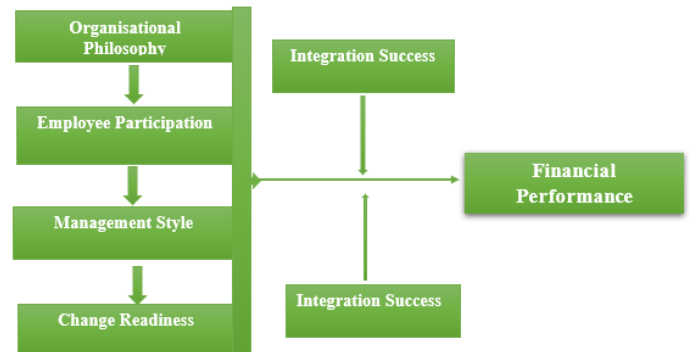


Figure 1: Conceptual Model Diagram

Hypotheses

H1: There is a significant positive relationship between organizational philosophy, employee participation, management style, change readiness, and the level of integration.

H2: The level of integration mediates the relationship between these independent variables and post-merger financial performance.

H3: Financial performance significantly improves post-merger compared to pre-merger.

III. METHODOLOGY

Research Design

The study adopted a quantitative research design to examine the relationship between organizational philosophy and financial performance following mergers and acquisitions in the banking sector.

Population and Sample

The target population comprised approximately 1,200 employees retained by Access Bank Zambia after the 2024 merger. A sample of 300 employees was selected using De Vaus's (2002) formula with a 5% margin of error, employing a structured sampling approach to ensure representation across departments and organizational levels. These individuals, having experienced both pre- and post-merger conditions, were well-suited to offer informed perspectives on the impacts of organizational philosophy and integration processes.

Data Collection

Primary data were collected through structured, closed-ended questionnaires distributed to employees, supplemented by semi-structured interviews with four senior management staff (two from each legacy institution). The questionnaire utilized a standardized 5-point Likert scale (1 = Strongly Disagree, 5 = Strongly Agree) for consistency and comparability. Secondary data were obtained from financial statements and annual reports of Access Bank Zambia covering the period 2021–2025.

Data Analysis

The collected data was analyzed using statistical techniques, including descriptive statistics, correlation analysis, and regression analysis. These methods were used to determine the relationship between organizational philosophy and financial performance.

Data Validity and Reliability

Instrument validity was ensured through expert review and pilot testing. Reliability was confirmed via Cronbach’s alpha for all scale-based measures. Data triangulation was achieved by integrating findings from multiple sources, including quantitative surveys, qualitative interviews, and secondary financial data. Member checking was performed with a subset of participants to verify the accuracy of qualitative responses and interpretations.

Research Ethics Consideration

Ethical approval was secured from the University of Zambia Humanities and Social Sciences Research Committee. Informed consent was obtained from all participants, who were fully briefed on the study’s purpose, procedures, and their rights, including voluntary participation, confidentiality, and the option to withdraw at any time. Data were anonymized and securely stored, with access restricted to the research team, thereby upholding the highest standards of ethical integration throughout the research process.

IV. RESULTS

The findings revealed that employee participation and supportive management practices significantly influence successful post-merger integration. The regression analysis showed that organizational philosophy explains a substantial proportion of integration success, with an R² value of 0.42.

TABLE 1: Multiple Regression Predicting Level of Integration

Predictor	B	SE	Beta	t	p-value
Organizational Philosophy	0.27	0.08	0.24	3.38	0.001
Employee Participation	0.31	0.10	0.29	3.10	0.002
Management Style	0.21	0.09	0.18	2.33	0.021
Change Readiness	0.19	0.09	0.17	2.11	0.036

Model: R² = 0.42, F (4, 295) = 25.6, p < 0.001

All independent variables significantly predict the level of integration.

Financial performance indicators also demonstrated improvement following the merger. For instance, return on equity increased from -6.5% prior to the merger to 14.2% in the post-merger period.

TABLE 2: Paired t-test on Key Financial Ratios

Ratio	Pre-Merger Mean (SD)	Post-Merger Mean (SD)	t	p-value
Net Profit/Emp	-275 (Atlas Mara)	588 (Access ZM)	4.82	<0.001
ROE	-6.5% (Atlas Mara)	14.2% (Access ZM)	5.10	<0.001
ROA	-1.1% (Atlas Mara)	2.5% (Access ZM)	3.97	<0.001

Source: Atlasmara annual report, 2021-23 and Access Bank 2021-2025 Annual reports.

However, the study also found that approximately 35% of employees reported feeling disconnected from the organization, indicating that some integration challenges remain.

V. DISCUSSION

This study aimed to examine the influence of organizational philosophy on the financial performance of mergers and acquisitions (M&As) in the banking sector, focusing on the merger between Access Bank and Atlas Mara. The findings support existing literature suggesting that organizational philosophy plays a critical role in the success of M&As. The positive relationship between employee engagement, supportive leadership, and financial performance highlights the importance of aligning organizational values and management practices during post-merger integration.

These results are consistent with studies by Kotter and Heskett (2011), which emphasize the role of organizational culture and philosophy in enhancing organizational performance. Overall, while the Access Bank–Atlas Mara merger achieved notable improvements in financial performance and operational efficiency, this study highlights ongoing limitations in employee participation, incomplete integration of organizational philosophies, and persistent disparities in perceptions of inclusion.

VI. CONCLUSION

This study explored the effects of the Access Bank and Atlas Mara merger on institutional performance, focusing on employee participation, management and stakeholder styles, and the integration of organizational cultures. The findings demonstrated that while employee participation in the merger process was present, it was not uniformly experienced, leading to varying degrees of acceptance and commitment among staff. Management and stakeholder style emerged as a decisive factor in post-merger performance. Transparent, inclusive, and supportive leadership was strongly associated with higher productivity, morale, and organizational loyalty. However, the integration of distinct work cultures presented ongoing challenges, with some employees reporting feelings of disconnect or unresolved conflict. Nevertheless, most employees recognized the strategic benefits of the merger, and many expressed increased loyalty and a willingness to remain with the new entity. Statistical analysis confirmed that the merger’s impact on job roles and perceptions was largely consistent across demographic groups, underscoring the importance of organizational processes over individual characteristics. These results were largely consistent with existing literature, which highlights the pivotal roles of culture, leadership, and employee engagement in realizing the full value of mergers and acquisitions.

VII. RECOMMENDATIONS

This study examined the influence of organizational philosophy on the financial performance of mergers and acquisitions in the banking sector using Access Bank Zambia as a case study.

The findings indicated the following recommendations:

1. Prioritize alignment of organizational philosophy during integration.
2. Promote employee engagement and participation in organizational decision-making.
3. Implement effective communication strategies to facilitate integration.
4. Provide leadership training to support cultural and philosophical alignment.

VIII. RECOMMENDATIONS FOR FURTHER STUDIES

Future research could examine the effect of organizational culture integration on customer satisfaction and service delivery in the banking sector. Comparative studies involving multiple banks could also provide broader insights into merger outcomes in emerging economies.

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