BANK CONSOLIDATION AND EMPLOYEE EFFICIENCY: AN EMPIRICAL STUDY ON COMMERCIAL BANKS IN KANO METROPOLIS, NORTHERN NIGERIA

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ABSTRACT

After consolidation employee productivity was negatively affected by stress, anxiety and fear of losing job. The outcome however, according to Kivuti (2013) among others include; banks are witnessing unnecessary expenses and operating at marginal profit level and at the same time employees found it difficult to meet targets.

The study sought to establish the dimensionality of consolidation, corporate governance and employee efficiency. It also examined the influence of bank consolidation on employee efficiency with corporate governance as a moderating variable. The study is quantitative and used cross-sectional design to collect questionnaire from 312 randomly selected employees in the banking sector in Nigeria. The researcher used the quantitative data to test the model. Data analysis involved principally exploratory factor analysis, correlation and both multiple and hierarchical regression modeling.

The findings demonstrate that recapitalization, acquirer bank presence, revenue enhancement and merger account for 66% of the variance in bank consolidation. This finding proved that consolidation is a multidimensional construct. The study also found that corporate governance was a multidimensional construct, which was measured by professional ethics and transparency which measures accounted for 77% in its variation. This study also demonstrated that employee efficiency is a multidimensional construct measured by job knowledge, job adaptability, dependability, interpersonal relations and compliance; all accounting for 67% of the variation in employee efficiency. In this study, revenue enhancement, merger as dimensions of consolidation; and consolidation itself as a global variable emerged significant predictors of employee efficiency. Corporate governance did not emerge as a significant moderator of the consolidation-employee efficiency relationship.

The major conclusion is that the Nigerian banking industry can improve employee efficiency by relying on improvement in revenue enhancements and mergers. The findings support the theoretical framework adopted in the study except that there is no support for moderator effect of corporate governance on the consolidation-employee efficiency relationship. In other words, the hierarchical regression model used to test the hypothesis was additive meaning that the contribution of consolidation is not dependent on the contribution of corporate governance in building employee efficiency.

Banks in Nigeria need policies to guide consolidation efforts all of which are geared towards improving employee efficiency. Managerial implications are that managers in Nigeria should carry out bank consolidation audits in a bid to determine consolidation return on investment. Managers in Nigerian banks should appreciate consolidation efforts as an opportunity for employee efficiency. Overall, the study