Testing of Hypotheses

Hypothesis One

In order to test the hypothesis on the whether competitive absorption affect the market coverage of financial institutions in Nigeria, least square regression analysis was carried out and the results are as presented in Table 4.1 below

HO_1: Competitive absorption would affect negatively on the market coverage of financial institutions in Nigeria

HA_2: Competitive absorption would affect positively on the market coverage of financial institutions in Nigeria.

Regression model: Y= α = βX+ μ…. (For all observations i, = 1, 2 …n)

Where Y = Market coverage

X = Competitive absorption

μ = error term of random variable

α = a constant amount

β = effect of X hypothesized to be positive

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Hence, the regression (predict) equation will be Y = 108.011+1.212X

Table 4.1.1a:Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.511[a]	.511	.663	29.15133

a. Predictors: (Constant), competitive absorption

Table 4.1.1b:ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20171.151	1	20171.151	17.211	.002[a]
	Residual	2712.049	668	928.350		
	Total	22883.200	669			

a. Predictors: (Constant), competitive absorption

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Table 4.1.1b:ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	20171.151	1	20171.151	17.211	.002[a]
	Residual	2712.049	668	928.350		
	Total	22883.200	669			

a. Predictors: (Constant), competitive absorption

b. Dependent Variable: market coverage

Table 4.1.1c: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	108.011	47.849		3.113	.031
		1.212	.416	.939	3.118	.045

a. Dependent Variable: market coverage

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Table 4.1.1a, b & c above shows the results of the hypothesis two. The test shows the effect of competitive absorption on the market coverage of financial institutions. The F-value is calculated as the Mean Square Regression (20171.151) divided by the Mean Square Residual (928.350), yielding F=17.211. From this results in the table is statistically significant (Sig =0.002). The analysis revealed that competitive absorption accounted for 51.1% increased in the market coverage (R = .0511, F (1, 698) = 17.211, $p < .05$).

Since the results of the ANOVA in table 4.1.1b show a significant level of 0.002, and F value of 17.211 being high, the alternate hypothesis which states that 'competitive absorption would affect positively on the market coverage of financial institutions in Nigeria' is therefore accepted, while the null hypothesis which states competitive absorption would affect negatively on the market coverage of financial institutions in Nigeria is rejected. Table 4.1.1 above shows the contributions of the independent and mediating variables to the variance in the dependent variable and their levels of significance.

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Hypothesis Two

In order to test the hypothesis on the impact of strategic alliances on the economies of scale of Nigeria's financial institutions, Z-test statistic analysis was carried out and the results are as presented in Table 4.1.2 below.

HO_2: Strategic alliances will have a negative impact on the economies of scale of Nigeria's financial institutions

HA_2: Strategic alliances will have a positive impact on the economies of scale of Nigeria's financial institutions

Table 4.1.2a: One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Decisions on Alliances & Economies of Scale	699	33.3100	28.34231	5.41121

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Table 4.1.2b: One-Sample Z-Test

	Test Value = 0					
					95% Confidence Interval of the Difference	
	z	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
Decisions on Alliances & Economies of Scale	32.190	698	.004	33.3100	20.8800	54.1900

Source: SPSS Analysis of Field Data 2018

The information of the responses on the table 4.1.2 was used to test this hypothesis. The test was to examine the impact of strategic alliances on the economies of scale of Nigeria's financial institutions. In the first table, the mean value, S.D of respondent responses was given. The Z-test statistic value is the degree of variation of the dependent variable which can be predicted by the independent variable. The analysis revealed that a grand mean score of 33.31 and standard deviation of 28.34. In the second

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table, the z-value was given as 32.190 with a significant value of 0.004. The significance of the Z change was assessed and it was significant (0.004) as shown in table 4.1.2b. The significance levels of the variables are less than 0.05 and the Z-value (32.190) is high and significant (0.004). Based on the results revealed above it was justified that the alternative hypothesis should be accepted while the null hypothesis should be rejected. It can therefore be concluded that strategic alliances impacted positively on the economies of scale of Nigeria's financial institutions

Discussion of Findings

Finding one revealed that competitors absorption positively affected (i.e. increased) the market coverage of financial institutions in Nigeria. The finding outcome from the descriptive statistics revealed that most respondents were of the opinion that the financial organization enjoys increased market share when it absorbs rival companies than when it's operating solely. The findings from the descriptive statistics also showed that most respondents agreed by acquiring rival firms through horizontal mergers, financial organization builds competencies and technology know-how in the target markets. In addition, most of the respondents agreed that organizations continuing survival in a hyper competitive environment are enhanced by absorbing its non-performing firms. Furthermore, findings from the descriptive statistics indicated that most respondents agreed that the financial organizations mitigate risks and expand business horizons through merger with rivals.

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The result of this finding is in line with the work of Misund, Osmundsen, and Sikveland (2012), Nwidobie (2013), Anyanwu and Agwor (2015) who recommended that the appropriate rival firms acquisition have effect on the market position and size of firm. It is to be noted that all the three studies were conducted within Nigeria environment. This justifies the similarities in the results. This also extends the results of the study of Loertscher and Reisinger (2014), which indicated that the competitive merger and absorption is very effective in becoming a market leader in a highly volatile industry.

Although, the findings of some studies such as Lipczynski, Wilson & Goddard, (2005) supported by Hamidi, Wennberg, and Berglund (2008) suggests that absorbing or taking ownership of

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competing firms is averse to the development of the initiating organizations due to some of the hidden problems. Hence, the outcomes of our results deviate from these findings. This study results also dissociate from Colangelo (1995) finding who argued that mergers and acquisition have brought nothing than issues and post-merger challenges. This study countered this stance based on the findings from this research which suggests that using strategic competitive absorption is very effective in stimulating on the market coverage of financial institutions in Nigeria. Though, Colangelo (1995) reason may have been due to the fact that he used sophisticated methods and domicile the work in western economies.

The result of *finding two* shows that strategic alliances impacted positively on the economies of scale of Nigeria's financial institutions. The findings from the descriptive statistics showed that most respondents agreed that the horizontal merger leads to coordinated effects by facilitating information exchanges between financial firms at the same level of production. Similarly, the findings from the descriptive statistics revealed that that most respondents agreed technological transfers among financial firms facilitate the provision of more complex service packages by financial organizations. Most respondents from the descriptive statistics were also of the negative opinion that pricing collaboration by financial organizations promotes the efficiency of operations. Furthermore, most of the respondents agreed that strategic partnership in the areas of knowledge and expertise exchange enhances business innovativeness and information among financial firms

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This shows that the there is high positive impact of strategic alliances on the economy of scale of firms. This result agrees with the study of Gulati (1998) who was of the opinion that strategic partnering does not only enhance the scale of economies of operation but also on the economies of scope. The study is also consonant with the work of Cosh, Hughes, and Singh (1980) who asserts that merger, alliances and coopetition in competitive industry facilitates technological transfers and knowledge sharing. This study also aligns with the findings of the study of Leiblein & Miller (2003) who reported that a business alliance in organizations is paramount in enjoying efficiency of operations. This finding is also in agreement with the result of Nwidobie (2013), who opined that alliances in terms of product encourage service delivery dependability and reliability. Generally, the overall opinion is that merger and acquisition have a veritable role in building sustenance of business.

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On the contrary, studies such Arikan and Stulz (2011) have questioned the credibility of strategic alliances and joint ventures arguing that new scenarios are constantly evolving and uncertainties may be difficult to ascertain. The finding differs from that of Cai and Obara (2008) and Bhide (2001) who criticized the alliances and cooperating methods asserting that the use of them has received much challenges on the basis that it is highly volatile and more risky. However, despite the pitfalls allured to strategic alliances, Mutura, Nyairo, Mwangi and Wambugu (2016) argued that alliances are still a popular option for promoting healthy rivalry, because they are a tool for conceptualization and sharing of synergies. The study is conducted in a developing economy similar to Nigeria, hence one need not to question the match of the result when compared to that of Arikan and Stulz (2011) which was done in a developed country.

5.0. CONCLUSIONS AND RECOMMENDATIONS

The study concluded that there were limited numbers of integration among most of the Nigerian financial institutions. Banks and insurance companies in Nigeria have not fully exploited the benefits of integration. Furthermore, the study concluded that merger, acquisition and strategic alliances among companies as growth strategy in the Nigeria financial sector has yielded very positive result. These were the only integration strategy utilized by financial firms in Nigeria. Nigeria's financial organizations have seldom initiated other types of integration. This is because of risks involved as well as the costliness. After a critical consideration of the findings and discussions so far, the following recommendations are offered:

i. Though Nigeria financial companies are resorting to competitive mergers and acquisition as the last hope for growth for market position, they should as well look at the negative effects of merger and acquisition before using it as an option for growth. More so, the firms need to take an-in-depth exploitation of other integration strategies which also offers long-run cost and economies of scale benefits. It is necessary for the management of financial organizations and companies in Nigeria to strive harder to manage their companies effectively and not to dive into competitive merger and acquisition as the only survival strategy option available to them. Other integration strategies need to be effectively exploited as well.

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ii. During the next decade, the financial sector in Nigeria may certainly be marked by disaggregation and reaggregation due to the described shifts in the sector's value chain. In order to keep their status quo, financial firms must consider full ownership as the most viable method of vertically integrating their services in a way that allows them to get instant access to industry- or operations-specific knowledge and keep abreast with the pace of technological change. Partial vertical integration through partnerships, alliances, and joint ventures provide benefits to such firms only in the short term; the current partnerships among banks, internet technology and broadband distribution firms are transitory steps meant to test business viability in the newly industry segment. Therefore, in the long-term a shared asset ownership will hinder the implementation of a consistent corporate strategy and full integration remains the sole means of creating a future sustainable and non-imitable competitive advantage.

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