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By Akhamiokhor, S., Asikhia, O. U., Kabuoh, M. N. & Makinde, B
Babcock University

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Keywords: organizational culture, government regulations, corporate competitiveness, merged money deposit banks, central bank of nigeria.

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Organizational Culture, Government Regulations and Corporate Competitveness of Merged Deposit Money Banks in Nigeria

Akhamiokhor, S.[α], Asikhia, O. U. [σ], Kabuoh, M. N. [ρ] & Makinde, B. [ω]

Abstract- The Nigerian banking sector is germane to the growth of the nation's economy and several reforms over the years have orchestrated merger and acquisition. The marriage of convenience occasioned by the banking consolidation exercise of 2005 by the Central Bank of Nigeria (CBN) led to dilution of ownership and fusing together banks with different goals, objectives and ideology. These have led to rebranding, cultural disharmony, and uncompetitive behaviours which were considered not suitable for the new direction. Cross-sectional research design was adopted and primary data collated. The research instrument was validated and reliability was carried out using the Cronbach alpha analysis. A sample size of four hundred and seventy three (473) was determined using Roasoft sample size calculator. The result revealed that organizational culture significantly affected the corporate competitiveness of the surveyed banks. The study variables organizational culture (B =0.929, $R^2 = 0.619$, $p < 0.05$, $F_{(1,455)} = 738.509$), government regulations (B =0.710, $R^2 = 0.691$, $p < 0.05$, $F_{(1,454)} = 106.413$). This study concludes that an organization's culture as influenced by government isvital in the discussion of corporate competitiveness of merged red organizations. The study recommends that the regulatory bodies should in future take into cognizance the cultural differences in bringing together banks with different ideology (culture) together.

Keywords: organizational culture, government regulations, corporate competitiveness, merged money deposit banks, central bank of nigeria.

I. Introduction

The Nigerian banking sector is germane to the growth of the nation's economy and reforms were implemented to strengthen its service delivery over the years. The outcomes of the reforms have led to marriage of convenience occasioned by the banking consolidation exercise of 2005 by the Central Bank of Nigeria (CBN). The reforms technically targeted dilution of ownership, recapitalization, consolidation through which and fusing together of banks with different goals, objectives and ideology occurred. The effect of the aforementioned was evident in corporate governance issues change of ownership internal operational crisis in the banking industry. The crises have led to rebranding and rightsizing of staff considered not suitable for the new direction.

Author α σ ρ ω: Department of Business Administration and Marketing, School of Management Sciences, Babcock University, Ilishan-Remo, Nigeria. e-mail: osilama69@gmail.com

The market place and the universal nature of the banks have narrowed the competitive stage to few products, market, and niches. The constant monetary changes by government have reduced return on equity to investors banks have also devised ways of selling the brand which is an attempt to differentiate and gain a better share of the market as well as staff loyalty. Available statistics appeared to indicate that most of the banks that merged during the consolidation exercise of 2005 have either been acquired or under the management of the Central Bank of Nigeria. Others that are still competitive have dropped from the position they were immediately after the merger to lower places when it comes to the ranking of banks in Nigeria. This situation has become more worrisome even though some of the consolidated banks were larger in terms of share capital and liability after the consolidation exercise. It is therefore important to know what has led to the inability of the merged banks to compete efficiently while the stand-alone banks have done well. Hence, the paper linked such banks' competitive to their varying organizational culture.

Organizational culture constitutes a set of beliefs/values and social anthropology have seen it as a framework for understanding behaviors, team orientation, innovativeness, quality of service (Kotter & Heskett, 1992; Vacile & Nicolescu, 2016). The bundle of values (Schein, 1985) assist leadership in goal setting, expected behavior, correction, and rewards which motivate committed workers to a common set of core values, belief and assumptions (Chilla, Kibet, & Douglas, 2014; Denison, 1984). Thus, organizational culture consists of values (Schein, 1985), beliefs (Hofstede, 2002), and assumptions affecting thoughts and behavior of people in an organization (Hitka, Vetrakova, Balazova & Danihelova, 2015). The assumption from the foregoing scholars is that organizational culture influences the processes, outcomes and direction of individuals and organisations to enhance their significance and relevancy (Hafit, Asmuni, Idris & Wahat, 2015). Organisations with strong corporate culture are presumed to be more successful than those with weak corporate culture (Stacho, Stachová, 2013; Vacile & Nicolescu, 2016), this situation

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is more amplified by the Nigerian banking system mergers of 2005.

Banks' competitiveness emerges from different sources and several reasons could explain why some could achieve success and others failure. Some scholars (Hofstede 2002; & Porter, 2008 Schein, 1985) see this from misalignment of their organisational culture with the internal and external environmental factors as observed by Odiakaose (2018). The lapses associated with merged banks 'organisational culture in Nigeria include conflicting interest of organisational executives (Maseko, 2017; Vacile & Nicolescu, 2016) and weak integration in focus of the newly formed banks. This observation has led to managerial ineptness, liability of newness, poor commitment, unexpected internal strife and crisis, which in some cases have abruptly terminated existence due to insider abuses, poor quality services and weak supervisory structures (Flores, 2013).

The conventional frightening uncertainty that confront newly merged banks is organisational change which Kotter and Heskett (1992) demonstrate as instigator of fear, anxiety and discontent. This is evident in the number of inter and intra-organisation conflict that breeds team disorientation, weak integration, poor service delivery that create negative image for the banks (Kercini, 2013). Although, many merged banks in Nigeria have organisational culture, they do not possess organisational dynamic capabilities that organisational culture provides. The culture of such merged banks was created without infusing cultural capability that is needed to leap-frog during transition of merger. This does not enable employee's innovation, staff involvement, and openness to change, teamwork, morale, customer service and trust making such banks competitively not ready and unsustainable in Nigeria (Hafit, Asmuni, Idris & Wahat, 2015).

However, events has shown over time, that though the top three banks in terms of share capital after the mergers were (Union, Intercontinental and UBA), the reverse is the case as at December 2016 (Zenith, GTB and First bank) using the same indices. This cursory observation prompted the need to investigate how merged banks could achieve competitiveness through their organizational culture. The work is structured thus; introduction, literature review, methodology, presentation of findings, conclusion and recommendation.

II. Literature Review

a) *Organisational Culture*

Organizational culture consists of values, beliefs and standards affecting thoughts and behavior of people in an organization (Hitka, Vetrakova, Balazova & Danihelova, 2015). Park, Ribeire and Schulte (2004) defined organizational culture as the shared, basic assumptions that an organization learns while coping with the environment and solving problems of external adaptation and internal integration that are taught to new members as the correct way to solve those problems. Organizational culture influences all the processes and outcomes related to individuals and the overall organization that enhances its significance (Hafit, Asmuni, Idris & Wahat, 2015). Organisations with good corporate culture are usually more successful than organisations with lack of corporate culture inasmuch employees appreciate the same values and standards of behavior (Stacho & Stachova, 2013).

b) *Corporate Competitiveness*

Competitiveness is a location's unit cost level, driving companies' ability to compete successfully on global markets (Ketels, 2016). In other words, competitiveness is a firm's capability to contest favorably among other competing firms and become successful in local and international markets. Further, Competitiveness is a location's productivity level, driving the standard of living the individuals in that location can sustain (Aiginger, 2015). Porter (1990) defines competitiveness as the ability of a given firm to successfully compete in a given business environment. Similarly, Lall (2001) defines firm competitiveness as the ability of a firm to do better than benchmark companies in terms of profitability, sales, or market share. Further, Buckley, Pass and Prescott (1988) consider competitiveness to be synonymous with a firm's long-run profit performance, its ability to compensate employees and generate superior returns for shareholders. In line with these definitions, this study will focus on the financial performance of a firm to measure its competitiveness. In general, the existence of good financial performance suggests that the firm is doing better in terms of competitiveness since profitable opportunities result in higher production and sales (Elif, 2016).

Corporate competitiveness can be defined as the ability of a firm to design, produce and market products greater than those offered by competitors (Ambastha & Momaya, 2004). Corporate competitiveness is described as the strength of an organization in comparison with its competitors (Carayannis & Campbell, 2012).Villanova, Zinkhan and Hyman(2000) describes corporate competitiveness as the capacity of an organization to innovate key internal and external relationship for reputation and strategic assets. For an organization to achieve corporate competitiveness, the organization/entrepreneur must be able to manage its internal firm factors, external environment and the influence of the entrepreneur/ organization itself (Porter & Ketels, 2003).

c) *Government Regulation*

Government regulations on banks are known as financial regulations which are the laws that have been

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put in place by the state to govern financial institutions (Agborndakaw, 2010). The Financial Times (n. d.) have a similar definition and describe regulations as laws that govern the activities of all financial institutions. Agborndakaw (2010) says that these regulations aim at maintaining orderly markets, licensing the providers of financial services, enforcing applicable laws as well as prosecuting cases of market misconduct, protecting clients and investors and promoting the stability of the financial system. These regulations are promulgated by government regulators as well as international groups.

A nation regulates the banking sector to stabilize the financial and to ensure monetary control, money supply and stability of prices, equal competition and pro-consumer competition in the market for financial services (Szpringer 2001). The literatures (Santos 2001; Matthews & Thompson 2007; Llewellyn 1999) mention two basic reasons underlying the introduction of banking regulations namely: the need to ensure that both particular financial institutions and the whole financial system are sound and safe and the need to protect customers (mainly depositors). The main issue within structural regulations is the provision of a so-called safety network to protect the banking system (or, generally speaking, the financial system) against crises or, should they materialize anyhow, to manage them and moderate their impacts, and to reduce systemic risk. However, the introduction of banking regulations brings on at least two types of distortions (Freixas & Rochet, 2007) the availability of a safety system may encourage bank managers to get involved in riskier operations and if some types of banking business are not regulated, the government may decide to introduce banking regulations for reasons other than the safety and soundness of the sector, e.g. some form of direct taxes (for instance obligatory reserve) or an obligation that banks subsidy some of their products.

Implementing financial regulations is a major challenge for many countries especially the EMEs but in the long run they contribute to the strengthening of banking systems (Sinha, Kumar & Dhal 2011). Some aspects of regulation can be oriented towards these countries achieving their development objectives without having to sacrifice prudent regulation and financial sector stability considerations. In other to find out if regulations influence the growth of commercial banks or not, Sinha et al. (2011) further state that there is a lack of unanimity among economists on how relevant finance is to the growth of an economy. Typically, one would expect regulations to improve efficiency and lower any risk of a financial crisis. Many critics have argued that regulations interfere with the efficiency of the market while those advocating for regulation like Sinha et al (2011), have argued that if regulations are well designed and managed then they can make markets more efficient and equitable in terms of their outcomes. Mwega (2014) concluded that regulations in the financial sector have strengthened the banking sector over the last ten years, in terms of customer service, products offered, profitability and stability. Gudmundsson, Kisinguh & Odongo (2013) found that there is a positive relationship between capital regulation and the improved performance of banks and financial stability. The various studies show that there is a lack of clarity on what the true impact of regulations is. Therefore, the study hypothesized that: Government regulation has no significant moderating effects on the relationship between organisational culture components and corporate competitiveness of selected merged deposit money banks in Nigeria.

Empirical Review on Organisational Culture, Government Regulation and Corporate Competitiveness

In order to ascertain the relationship between regulation and the financial performance of commercial banks, Vianney (2013) and Barth, Caprio and Levine (2002) affirm that regulations have no impact on the financial performance of financial institutions. Furthermore, there is a negative association between restricting the activities of a bank and its performance and stability as compared to when banks could freely diversify into other financial activities. Contrary to this, studies have indicated that, regulations have led to an increase in profitability, there is a positive relationship supporting the evidence that capital regulation does improve the performance of banks and financial stability. The regulations lead to increase in the value of loans outstanding, total assets, profit and shareholders' equity of banks. Hence regulations do have a positive impact on the profitability of commercial banks. There is also a positive relationship between corporate governance, the stability and good performance of a bank (Mwega, 2014; Gudmundsson, Kisinguh & Odongo, 2013; Mureithi, 2012; Otieno, 2012).

Many research that relate organisational culture and company's competitive performance (CCP) have been conducted in developed countries. The results are mixed and inconclusive (i.e. positive, negative and no relationships) (Booth & Hamer, 2009; Naranjo-Valencia et al., 2016; Rose et al., 2008). According to (Rose et al., 2008), the strength of the relationship between organisational culture and CCP is different between cultures. The organisational culture in the developed countries is advanced and better than the ones in the developing countries. The scarcity of research that has been conducted in developing countries has motivated the researcher to look deeper into the relationship between organisational culture and CCP in developing countries. One of the previous works on the relationship between organisational culture and CCP was undertaken by Gordon and DiTomaso (1992) which showed that the strength of culture and its adaptability

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but not stability is likely to predict the companies' performance in the short term. Further research by O'Connor (1995) showed that organisational culture plays an important role in deciding the adequacy of budget involvement in reducing role ambiguity. Subsequently, Ogbonna and Harris (2000) affirmed that the relationship between the four culture dimensions and performance is not consistent. Specifically, the competitive and innovative cultural traits were reflected in performance. The competitive and innovative cultures, which are critical to the external situations, have a positive effect on performance. This finding provides some support for the argument that the organisational culture is vital to sustainable competitive advantages. However, the culture should be flexible with the external predicaments.

Furthermore, the community and bureaucratic cultures are directly reflected with the companies' performance. The negative relationship between the bureaucratic culture and performance also suggests that bureaucratization decrease the short-term profitability and hinder the long-term growth, which effects the survival of the company. Meanwhile, trying to investigate how organisational culture became common, and how it influences real organisations, Sadri and Lees (2001) posit that effective culture should be appropriate with the employee values and be harmonious with the environment in which the company works. Additionally, the authors recommended that organisation must evaluate and classify their organisational culture in order to consider the effect of that culture in their employees' productivity and morale. Finally, they argued that organisations form their cultures to their benefits in enhancing their employees' experience at the workplace and enhance their own returns. Similarly, Flamholtz (2001) argued that there is a statistically important link between organisational culture corporate competitiveness. The author concluded that the organisational culture is important to the success of the management and the profitability in the company. Similarly, Ojo (2010) argued that the organisational culture plays a significant role in the companies' public performance. This is because the organisational culture positively influences the level of employee's commitment to the aims of the company.

III. Methodology

The paper adopted a quantitative approach with emphasis on using the descriptive survey design. This design was considered in order to investigate the relationships that exist among variables of the research. A sample size of four hundred and seventy three (473) was determined using Roasoft sample size calculator. The research instrument was adapted from existing studies with six-point scale that solicited responses from strongly agreed to strongly disagreed. The research instrument was validated and reliability was carried out using the Cronbach alpha analysis. Data were collected after the reliability of the questionnaire established and out of the four hundred and seventy three (473) distributed, 458 copies were retrieved and judged usable. Data was analyzed by inferential statistics (regression analysis) using the Statistical Package for Social Sciences (SPSS).

IV. Data Presentation, Analysis and Findings

Four hundred and seventy three questionnaires were distributed to employees. Four hundred and fifty eight copies of questionnaire were retrieved indicating a ninety-six point eight response rate. Table 1 shows the demographic and descriptive distribution of respondents.

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Table 1: Demographic and Descriptive Distribution of Respondents

Demographic and Personal Information		Population of Respondents	
Variable	Information	Frequency (N)	Percentage (%)
Gender	Male	257	56.1
	Female	201	43.9
Age	Below 25 years	50	10.9
	25- 30 years	124	27.1
	31- 35 years	132	28.8
	36- 40 years	70	15.3
	41-45 years	66	14.4
	46-60 years	16	3.5
Educational Qualification	OND/NCE	55	12.0
	BSc/HND	246	53.7
	MSc/MBA	131	28.6
	OTHERS	26	5.7
Job Rank	Top Management	79	17.3
	Middle Management	285	62.2
	Lower Management	94	20.5
Length of Service	Below 5 Years	129	28.1
	6-15 Years	238	52.0
	16-25 Years	66	14.4
	26-35 Years	25	5.5

From Table 1, the paper revealed that majority of the respondents are male (56.1%), are between the ages of 31-35 years (28.8%), possess BSc/HND certificates (53.7%), were middle management employees (62.2%) and have spent between 6-15 years in the banks (52.0%).

The thrust of the paper was to establish the power of organizational culture on competitivenss and the moderating role of government regulations among merged banks.Table 2 illustrates the regression summary of the moderating effect of government regulations on the relationship between organizational culture and corporate competitiveness in the selected merged deposit money banks in Nigeria. The results in Table 3 and 4 show three stages of the analysis. The first stage is the direct effect of organizational culture and corporate competitiveness which showed a significant result ($p<0.05$, $R^2=0.619$). The R^2 shows that about 61.9% of the variance in corporate competitiveness is as a result of changes in the organizational culture while the remaining 38.1% is as a result of other factors not captured in the model. Also the second stage is the direct effect of government regulation on corporate competitiveness which showed a significant result ($p<0.05$, $R^2=0.691$) and also shows that about 69.1% of the variance in corporate competitiveness is as a result of changes in the government regulation.

However, the third stage which involved the interaction between government regulation and organizational culture on corporate competitiveness showed an insignificant result ($p>0.05$, $R^2=0.692$). The R^2 after the interaction changed from 0.691 to 0.692 which showed a difference of 0.001which is highly insignificant. Therefore, government regulation does not significantly moderate the relationship between organizational culture and corporate competitiveness, instead organizational culture does affect competivitiess.

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Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	0.787[a]	0.619	0.618	0.56975	0.619	738.509	1	455	0.000
2	0.831[b]	0.691	0.690	0.51338	0.072	106.413	1	454	0.000
3	0.832[c]	0.692	0.690	0.51298	0.001	1.705	1	453	0.192

a. Predictors: (Constant), Organizational Culture

b. Predictors: (Constant), Organizational Culture, Government Regulation

c. Predictors: (Constant), Organizational Culture,Government Regulation, OC_GREG

Table 3: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.102	0.147		0.699	0.485
	Organisational Culture	0.927	0.034	0.787	27.176	0.000
2	(Constant)	-0.191	0.135		-1.413	0.158
	Organisational Culture	0.710	0.037	0.603	19.077	0.000
	GOVERNMENT REGULATION	0.284	0.027	0.326	10.316	0.000
3	(Constant)	0.113	0.269		0.420	0.675
	Organisational Culture	0.629	0.072	0.534	8.717	0.000
	GOVERNMENT REGULATION	0.195	0.073	0.224	2.662	0.008
	OC_GREG	0.023	0.017	0.155	1.306	0.192

a. Dependent Variable: Corporate Competitiveness

Source: SPSS results, 2019.

V. Discussion

Having measured the moderating effect of government regulation on the relationship between organizational culture components and corporate competitiveness, the results of hypothesis seven test were in agreement with the findings of Poskiene (2006) note that the study of politics and public administration has for many years been intimately concerned with the question of what features are the most sensible and illuminating for comparing one state with another. They contend that typically the key features identified are structural, functional and cultural. The first two categories encompass how the apparatus of the state is organized, the nature of the political system and approaches to governance and accountability.

Some research works that relate organizational culture and company's competitive performance (CCP) have been conducted in developed countries. The results are mixed and inconclusive (i.e. positive, negative and no relationships) (Booth & Hamer, 2009; Naranjo-Valencia et al., 2016; Rose et al., 2008). According to Rose et al., (2008), that the strength of the relationship between organizational culture and CCP is different between cultures. The organizational culture in the developed countries is advance and is better than the ones in the developing countries. The scarcity of research that has been conducted in developing countries has motivated the researcher to look deeper into the relationship between organizational culture and CCP in developing countries.

One of the previous works on the relationship between organizational culture and CCP was undertaken by Gordon and Ditomaso (2012) which showed that the strength of culture and its adaptability but not stability is likely to predict the companies' performance in the short term. Further research by O'Connor (1995) showed that organizational culture plays an important role in deciding the adequacy of budget involvement in reducing role ambiguity. Subsequently, Ogbonna and Harris (2000) affirmed that the relationship between the four culture dimensions and performance is not consistent. Specifically, the competitive and innovative cultural traits were immediately reflected in performance. The competitive and innovative cultures, which are critical to the external situations, have a positive effect on performance. This finding provides some support for the argument that the organizational culture is vital to sustainable competitive advantages. The culture should be flexible with the external predicaments.

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However, the dominant administrative culture also represents a key distinguishing feature. They describe this as the expectations the staff of an organization have about what is normal and acceptable in that organization. The law is in the background rather than the foreground and civil servants are regarded as simply citizens who work for government organisations, not some special cadre with a higher mission to represent the 'state'. Of course in practice the administrative cultures of states evolve. Many states have shifted away from a highly legalistic form, but towards something other than a straightforward public interest model. The Netherlands, Finland and Sweden all fall into this third category.

The legal underpinnings of the administrative system are considerably less significant in each of these countries than they were in the past but the notion of state remains important a final point of consideration with regard to administrative cultures is perceptions with regard to reform. Pandit (2000) comment that 'a good deal of the rhetoric associated with public management reform vividly contrasts the new with the old. The name given to the old – that against which the modern, reformed public sector organization stands out as superior – is usually something like 'traditional bureaucracy'. Certainly, there has been a widespread trend across OECD countries for several decades to introduce management techniques associated with the private sector, widely referred to as 'new public management.

However, as noted by Peter, Abeland Twesige (2000), 'concern has been raised that management techniques associated with new public management will conflict with the attitudes, values and culture within public sector organisations'. Pandit (2004) expand on this point when they comment that 'it is not that the negative features of the 'traditional model' are fantasies, with no basis in reality. However, it is a long and unjustified leap from there to the idea that governments are now able to move, without significant loss to a new, modern type of organization that avoids all of the problems of the past. They conclude that 'each country is different (though there are some groups and patterns) and within each public domain, individual sectors have distinctive organizational cultures of their own. The idea of a single, and now totally obsolete, ancient regime is as implausible as the suggestion that there is now a global recipe which will reliably deliver 'reinvented' governments.

In order to ascertain the relationship between regulation and the financial performance of commercial banks, Vianney (2013) and Barth, Caprio and Levine (2002) affirm that regulations have no impact on the financial performance of financial institutions. Furthermore, there is a negative association between restricting the activities of a bank and its performance and stability as compared to when banks could freely diversify into other financial activities. Contrary to this, studies have indicated that, regulations have led to an increase in profitability, there is a positive relationship supporting the evidence that capital regulation does improve the performance of banks and financial stability. The regulations lead to increase in the value of loans outstanding, total assets, profit and shareholders' equity of banks. Hence, regulations do have a positive impact on the profitability of commercial banks. There is also a positive relationship between corporate governance and the stability and good performance of a bank (Mwega, 2014; Gudmundsson, Kisinguh & Odongo, 2013; Mureithi, 2012; Otieno, 2012).

VI. Conclusion

The paper concludes by showing that an organizations culture as influenced by government is a significant factor to be considered in corporate competitiveness of the organization especially during mergers as shown by the Nigerian banking sector. This study adds more to the knowledge and understanding on organizational culture and corporate competitiveness. Drawing from the resource based theory; this study provides explanation for the existence of firm specific assets and capabilities that are important to the preparation of firm strategy and with organizational change that comes with mergers in the banks to achieve competitive advantage and sustainability. The dynamic capability theory shows that the organizational processes by which resources are utilized to create growth and adaptation within changing environments and permit the renewal and reconfiguration of a firm's resources due to cultural change during mergers affects their competitiveness and growth. Also, positive or negative organizational culture during organisations merger can lead to sustainable competitive advantage if the resource base created is not imitated over a long period of time and the rent are sustained which thereby influences and organisations competitiveness. The theories have been used to explain specific areas of organizational culture and how they are indicators for corporate competitiveness.

The paper recommends that the CBN should in future take over ailing banks, manage them and sell to avoid bringing together banks with different ideology (culture). In some cases, the CBN should consider outright liquidation of some ailing banks as mergers only prolong the process of liquidation. In addition, in formulating policies, Government should ensure that they are in line with international practices to enable our banks to compete internationally. Corporate mergers though supposed to strengthen the banks fortunes and competitiveness if not well managed leads to weaknesses in the banks hence it is recommended that

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strict ethics and guidelines be followed by banks during the freezing, change and unfreezing stages of the banks operations.

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