

Achieving Corporate Growth Through Mergers and Acquisitions: The Experience Of Lever Brothers Nigeria PLC.

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ABSTRACT

The incidence of Mergers and Acquisitions in Nigeria is a recent phenomenon. The best known case to-date is that of lever Brothers Nigeria PLC and Lipton Nigeria Limited. However this is not to say that there have not been prior and other successful cases of mergers and Acquisitions in Nigeria.

Notwithstanding the apparent success of the previous experiments in Mergers and Acquisitions, the arrangement is still not very popular in Nigeria. Many entrepreneurs tend against Mergers and Acquisitions because they believe that it is impracticable in Nigeria. Others think that one of Nigeria's major business handicap is the inability to work together through strategic alliances.

Thus many business firms in the country are obsessed with the idea of cutting a niche for themselves by depending solely on internal funds to finance their growth and expansion. When retained earnings becomes inadequate and external funding becomes inevitable, they have had to resort to raising same albeit at prohibitive cost, from the banks or through recapitalisation. However, the high implicit cost of these sources of external funds often has a negative impact on many firm's growth objectives.

Recent happenings in the Nigerian business sector, especially in the financial sector, have forced businesses to begin to reconsider Mergers and Acquisition as a means of achieving corporate growth and expansion.

This study is aimed at investigating the possibility of Nigerian firms achieving corporate growth through the process of Mergers and Acquisitions, using the experience of Lever Brothers as a test case. We stated and tested the hypothesis that firms can achieve corporate growth through mergers and acquisitions which manifests in enhanced profits, reduced cost of production and better management efficiency.

In all three cases, the result was positive, thus we concluded that mergers and acquisitions is capable of altering business firms completely. If properly done, it could bring about positivity in the firm that engages in it, in particular, and the whole economy as a whole. This is so because it brings about the optimum re-allocation of resources. Thus assets, people and products may be transferred to more productive uses.

The methodology of the study was based on the use of financial ratio analysis and the **T - test** for the hypothesis testing. The study is divided into five chapters. Chapter one is the introduction, chapters two, three and four deals with the literature review, methodology and the Data analysis respectively finally, chapter five contains the Conclusion which also includes recommendations for further research.