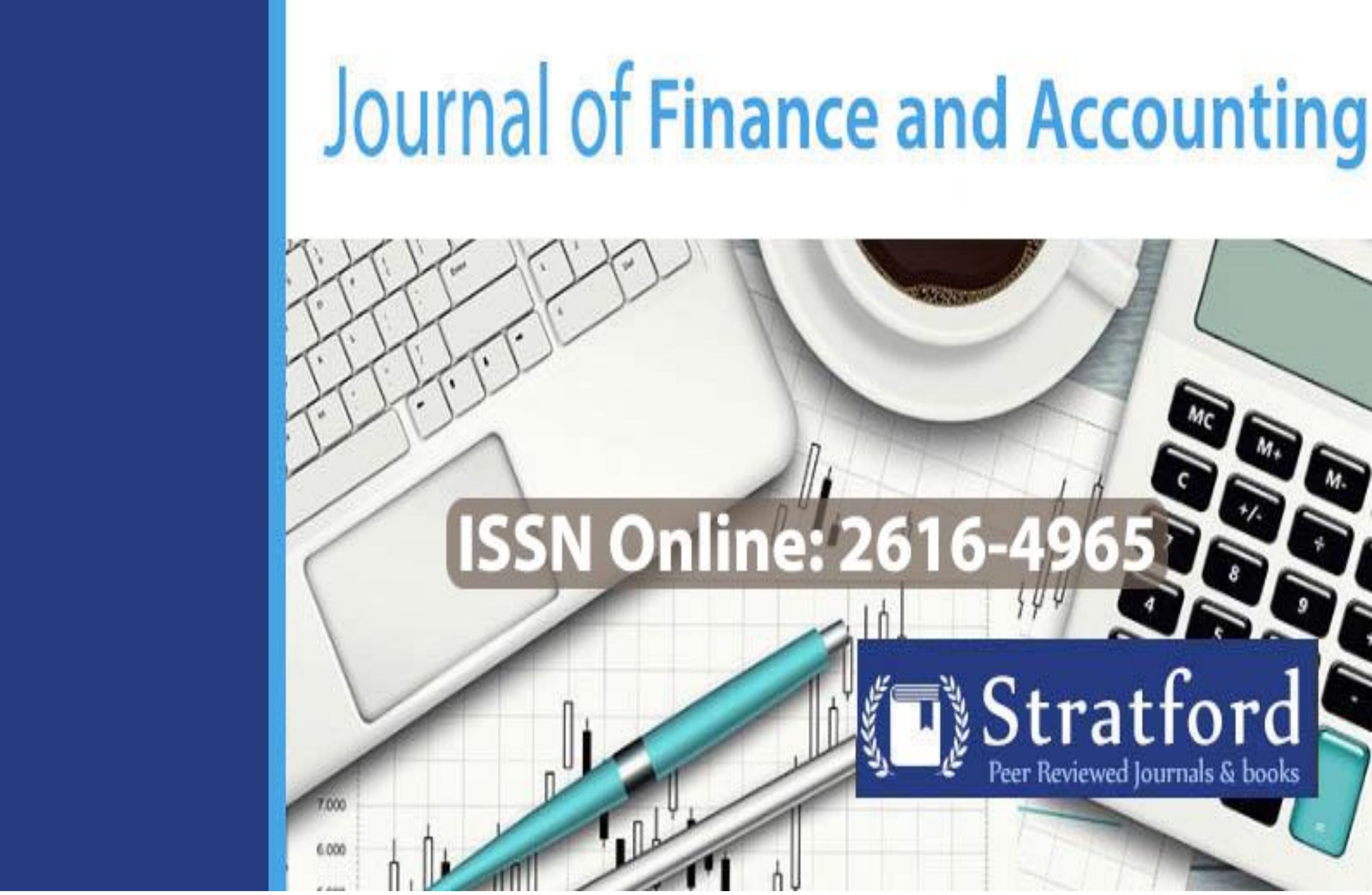

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Effect of Acquisition on Financial Performance of Financial Institutions in Rwanda; A Case of I&M Bank Rwanda

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Abstract

The objective of this study was to analyse the effect of acquisition on financial performance of financial institutions in Rwanda. Many financial institutions undergone acquisition and their financial performance has been increased significantly, but it is not proven if it is due to acquisition or other factors. In conducting this research, three objectives laid out to assess the effect of strategy change management upon acquisition on financial performance of financial institutions in I&M Bank Rwanda; to investigate the effect of market share management upon acquisition on financial performance of financial institutions in I&M Bank Rwanda and to determine the effect of change in risk management upon acquisition on financial performance of financial institutions in I&M Bank Rwanda. The sample size is 208 selected using purposive sampling. Primary data used for data collection. Data analysed using SPSS. Out of the total 208 questionnaires distributed: 189 questionnaires were completed and returned by the respondents, representing 91.3% of the total. The model's coefficient of determination, denoted as R squared, is 0.511 indicates that 51.1% of the variability in financial Performance of I&M Bank, explained by the strategy change management. R squared of 0.584 indicates that 58.4% of the variability in financial Performance of I&M Bank explained market share management. The findings revealed that 48.6 % of the financial Performance of I&M Bank explained by degree of risk management. The findings indicated that there is a strong positive correlation ($r=0.715$, $p<0.05$) between strategy change management and financial performance. Similarly, a positive and significant correlation ($r=0.764$, $p<0.05$) between market share management and financial performance. Furthermore, a sturdy positive correlation ($r=0.697$, $p<0.05$) exists between the degree of risk management and financial performance. Board Member at I&M Bank Rwanda are recommended to continue fostering a culture of effective strategy change management. Ensure clear and frequent communication of strategic changes to employees, aligning roles with new strategies, and prioritizing well-planned execution.

Key words: *acquisition, strategy change management, market share management, risk management, financial performance*

1. Introduction

Nowadays, the global economy undertake mergers and acquisition as the way Organisation utilise conquer across the world where companies gain improved market competition in order to attain incremental market share, enlarging portfolio perspective in as well as new market penetration expansion in geographical scope coverage and embracing economy improvement to ensure M&A strategies considered in order companies undergo competition to overcome environment business setbacks (Abbas & Hunjra, 2014).

The worldwide volume of Acquisitions (M&A's) has been increasing lately, and the mergers and acquisitions activity is likely to be driven by companies looking to strengthen their businesses, especially during periods of prolonged uncertainty (Cristerna and Ventresca, 2020).

Mergers and acquisition (M&A) is a tool that is significantly important that enable companies to combine efforts and grow very fast compared the previous singleness while ensuring returns to owners and investors as well (Sherman, 2011) from perspective view, merger and acquisition strongly provide powerfulness to the financial institutions to improve return on asset (ROA) and return on equity (ROE) to ensure improved effectiveness of the banking industry attained.

I&M Bank Rwanda has officially entered the Rwandan market by acquiring a controlling stake in Banque Commerciale du Rwanda (also known as BCR), one of the country's most innovative commercial banks. The I&M Bank Rwanda Group, which includes Bank One Ltd. in Mauritius and I&M Bank Rwanda (T) Ltd. in Tanzania, has expanded internationally with its latest purchase.
As a researcher, I analysed if this impact on the financial effectiveness is due to acquisition or other factors.

1.2 Objectives of the Study

The general objective of this study was to analyse the effect of acquisition on financial performance of financial institutions in Rwanda.

Specific objective of the study

i. To assess the effect of strategy change management upon acquisition on financial performance of I&M Bank Rwanda.

ii. To investigate the effect of market share management upon acquisition on financial performance of I&M Bank Rwanda.

iii. To determine the effect of change in risk management upon acquisition on financial performance of I&M Bank Rwanda.

1.3 Research hypotheses

The followings are the null hypotheses of the study formulated based on research objectives:

Ho1: There is no significant effect of strategy change management upon acquisition on financial performance of I&M Bank Rwanda.

Ho2: There is no significant effect of market share management upon acquisition on financial performance of I&M Bank Rwanda.

Ho3: There is no significant effect of change in risk management upon acquisition on financial performance of I&M Bank Rwanda.

2. Literature review

2.1 Conceptual Review

This section examines the link in between the indicators of both variables (dependent or independent) defined within the theoretical foundation, and how they relate to the background of concepts delivered.

Acquisition

An acquisition occurs when one company, known as the acquiring company or acquirer, purchases the majority stake (or all) of the assets and/or shares of another company, known as the target company or acquired company. The target company may continue to exist as a separate legal entity, or it could be fully absorbed into the acquiring company (Abbas & Hunjra, 2014).

Strategy Change management

Strategic alignment is defined as a dynamic process adopted by organizations to realign their operations to beta competition and or take advantage of both internal and external environments that would affect its performance (Muthini, 2012).

Market share management

Market share is understood to be undertake an organization's revenue in respect to the sales of the entire industry gradually, over time (Bingilar & Ifurueze, 2016). Market share rise in revenue for fixed period of time which may be attributed to an improvement in services cost, the sales of additional goods or both (Coad, Segarra & Travel, 2016).

Degree of risk management

Banks exist in order to take hazards associated with their clientele. By providing risk management products and services to its customers; many risks are added to each operation, these products and services are priced accordingly, based on the estimation of the expenses of managing the risks inherent in each transaction. Since banks are risk intermediaries, they retain an inventory of risk that should be measured responsibly as a means of ensuring that the risk exposure does not intimidate the bank's solvency. It is also widely accepted within existing literature that M&A activities alter the risks of acquiring banks, particularly the risks of large banks whose credit or liquidity problems may affect many other institutions (Casu *et al*., 2015; Laeven *et al*., 2016; Vallascas &Hagendorff, 2011; Weiß *et al*., 2014).

Financial performance

Financial performance is the level of performance of a business over a specified period of time, put into terms of overall profits and losses during that time. The outcomes of corporate plans and actions may be judged in objective monetary terms via the use of financial performance evaluation, which is available to decision makers. It's quantifiable in that use of financial ratios which depict the company's ability to generate economic value and improve its operations (Olaniyan, Efuntade & Efuntade, 2017).

2.2. Empirical Review

In their study Gupta and Banerjee (2017) looked at how acquisitions and mergers have altered financial results in India. Seven separate Indian merger and acquisitions businesses were used to experimentally assess the sensitivity between 2006 and 2012. SPSS employs a t-test on financial ratios as part of its data analysis and processing in order to determine the study's relevance. The research shows that financial success does not increase after a merger. Furthermore, measures of liquidity and profitability fell for the population of interest.

Al-Hroot (2016) undertook an investigation to examine how the merger affected the bottom lines of seven representative Jordanian industrial enterprises during the years 2000 and 2014. The importance of the prior to and following financial results of the chosen enterprises was evaluated using financial ratios and a statistical method known as a paired t-test. Market share, profitability, and liquidity did not significantly increase for the merged Jordanian industrial firms, according to the report.

Moctar (2015) studied how consolidation in the banking industry in West Africa affected its bottom line. Two types of banks make up the study's representative sample. The financial statements of the sample group were mined for secondary data. Analysis of the data shows that mergers and acquisitions have a negative impact on financial performance as measured by return on investment (ROI), investment valuation ratio (IVR), return on equity (ROE), and liquid ratio. The research also showed that sustainable monetary growth was possible.

Abbas (2014) looked at how consolidation has impacted Pakistani banks' bottom lines. Ten different banks that are currently in the process of merging were chosen at random for this research. Accounting ratios were computed and analysed for the years 2006-2011 to accomplish the study's goals. SPSS's paired t-test is employed for statistical analysis. In terms of financial performance, the analysis found no significant distinction among the pre- and post-merger periods.

Harwood Nakola and Nyaana (2016) looked at how the National Bank of Kenya's recent restructure has affected its bottom line. The study's goals were accomplished via the use of a questionnaire and publicly available financial information. This demonstrates the non-negligible favourable impact that organizational reorganization has on financial performance. Based on the research available, we can say that post-merger and acquisition activity was affected by the financial institutions' performance. The post-merger financial performance of banks has not been shown to increase significantly or even somewhat by certain research. This research shall be the first in Jordan to compare the pre- and post-merger growth of the banking industry, and it the first to use ratio analysis to compare the two time periods. Cash flow ratio, liquidity ratios, profit ratio, and leverage ratio are the ratios employed in this analysis.

Moctar and Chen (2015) studied how consolidation in the banking industry in West Africa affected its bottom line. Two types of banks make up the study's representative sample. The financial statements of the sample group were mined for secondary data. Analysis of the data shows that mergers and acquisitions have a negative impact on financial performance when measured using metrics like as return on investment, return on equity, and liquidity ratios. The research also showed that sustainable monetary growth was possible.

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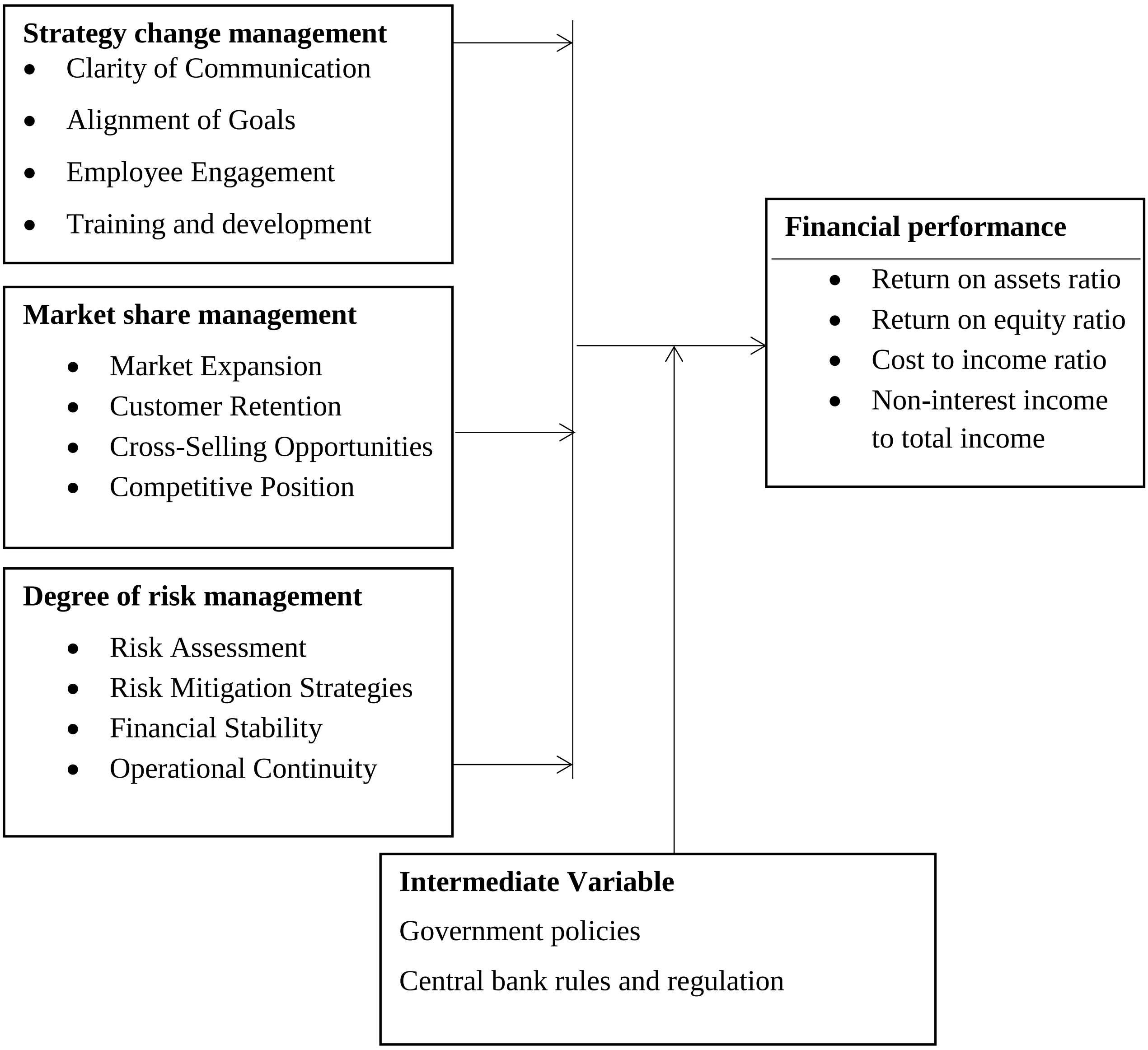
2.3 Conceptual framework

It is a map for the hypotheses of the research. It lays out the research questions, goals, and hypotheses, as well as the variables, connections, and assumptions that guided the research like a road map.

Independent variables **Dependent variable**

Acquisition



Source: Researcher, 2023

Figure 1: Conceptual framework of the study

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3. Research methodology

From the perspective view, the design used qualitative and quantitative approaches. The total target population under this study is 433 employees of I&M Bank-Rwanda. This study has adopted the sample size calculation formula of Solvin.

The purposive sampling technique used in selecting some staff as the respondents who could meet the purpose of the study. The purposive sampling technique applied by the researcher by using her judgments in selecting 208 staff members as the respondents.

Data collection tools were documentary, questionnaire and interview guide. For descriptive statistics, A 5-point scale was utilized for respondents to indicate their level of agreement or disagreement, with options ranging from 1 for Strongly Disagree to 5 for Strongly Agree. The mean values were then interpreted within specific ranges: from 1.0 to 1.80 as very low,1.90 to 2.60 as low mean, 2.70 to 3.40 as neutral, 3.50 to 4.20 as high mean, and 4.30 to 5.0 as very high mean. To determine the homogeneity or heterogeneity of the data, the standard deviation was considered. If the standard deviation was less than or equal to 0.5, the data was classified as homogenous. Conversely, if the standard deviation exceeded 0.5, the data was categorized as heterogeneous.

Inferential statistics the best in retrieving the relationship correlation between components of mergers and acquisition on financial performance of financial institutions in Rwanda. and its variables.

4. Research findings

Chapter Four of the research report presents the results of the study and the data analysis process. The findings related to the research objectives were discussed using descriptive and inferential analysis, with the assistance of the Statistical Package for Social Sciences (SPSS) for data processing.

Table 1: Response rate

Questionnaires	Frequency	Percent
Returned	189	91.3
Unreturned	4	2.2
Incomplete	9	4.3
Total	**208**	**100.0**

Source: Field data, August 2023

Table 1 provides information on the response rate of the distributed questionnaires. It presents the frequency and percentage of returned, unreturned, and incomplete questionnaires. According to the table, out of the total 208 questionnaires distributed: 189 questionnaires were completed and returned by the respondents, representing 91.3% of the total. 4 questionnaire was not returned by the participants, accounting for 2.2% of the total. 9 questionnaires were returned but deemed incomplete, making up 4.3% of the total. The high response rate of 91.3% indicates a strong level of participation and engagement from the respondents in the study. This indicates a favorable response from the participants, as a significant majority completed and returned the questionnaires.

Table 2: The effect of strategy change management upon acquisition on financial performance of I&M Bank Rwanda.

	SD		D		N		A		SA		Mean	Std.
	fi	%	fi	%	fi	%	fi	%	fi	%		Dev.
The acquisition of I&M Bank Rwanda has led to clear communication of strategic changes to employees.	8	4.2	10	5.3	10	5.3	56	29.6	105	55.6	4.27	1.07
The management effectively implemented new strategies following the acquisition in I&M Bank Rwanda.	6	3.2	10	5.3	19	10.1	64	33.9	90	47.6	4.17	1.02
The acquisition has positively influenced the alignment of employee roles and responsibilities with the new strategies in I&M Bank Rwanda.	8	4.2	12	6.3	14	7.4	49	25.9	106	56.1	4.23	1.11
The change management process during the acquisition was well-planned and executed in I&M Bank Rwanda.	9	4.8	11	5.8	12	6.3	76	40.2	81	42.9	4.11	1.07
The acquisition has resulted in a continuous transition of operations without significant disorders in I&M Bank Rwanda.	14	7.4	8	4.2	18	9.5	55	29.1	94	49.7	4.10	1.20
There are adequate training and support to adapt to the new strategic changes after the acquisition in I&M Bank Rwanda.	5	2.6	22	11.6	5	2.6	71	37.6	86	45.5	4.12	1.09
Overall											**4.17**	**1.09**

SD: Strongly Disagree, D: Disagree, N: Neutral, A: Agree and SA: Strongly Agree

Source: Field data, August 2023

Table 2 presents the outcomes concerning the impact of strategy change management on the financial performance of I&M Bank Rwanda after its acquisition, providing information on respondents' perceptions of various aspects related to strategy change management and their corresponding frequencies, percentages, mean scores, and standard deviations. The acquisition of I&M Bank Rwanda has resulted in effective communication of strategic changes to employees, with 55.6% strongly agreeing and 29.6% agreeing that these changes have been clearly communicated, accompanied by a very high mean score of 4.27 and a standard deviation of 1.07, indicating heterogeneity in responses.

In terms of the management's implementation of new strategies following the acquisition, 47.6% of respondents strongly agree and 33.9% agree, yielding a high mean score of 4.17 with a standard deviation of 1.02, indicating heterogeneity in viewpoints. The alignment of employee roles and responsibilities with new strategies post-acquisition has been positively influenced, as indicated by 56.1% who strongly agree and 25.9% who agree, reflecting a very high mean score of 4.23 and a standard deviation of 1.11, demonstrating heterogeneity in opinions. Moreover, the change management process during the acquisition is perceived as well-planned and executed by 42.9% of respondents who strongly agree and 40.2% who agree, with a high mean score of 4.11 and a standard deviation of 1.07, underlining the heterogeneity of responses.

Furthermore, in terms of the continuous transition of operations after the acquisition, 49.7% agree and 29.1% strongly agree that there have been no significant disruptions, with a high mean score of 4.10 and a standard deviation of 1.20, indicating heterogeneity in perspectives. Additionally, respondents also note the presence of adequate training and support for adapting to new strategic changes post-acquisition, with 37.6% agreeing and 45.5% strongly agreeing, resulting in a high mean score of 4.12 and a standard deviation of 1.09, indicating heterogeneity in viewpoints.

Table 3: The effect of market share management upon acquisition on financial performance of I&M Bank Rwanda.

	SD		D		N		A		SA		Mean	Std.
	fi	%	fi	%	fi	%	fi	%	fi	%		Dev.
The acquisition has expanded the market presence and visibility of I&M Bank Rwanda.	12	6.3	7	3.7	7	3.7	74	39.2	89	47.1	4.17	1.10
The acquisition has led to effective integration of the acquired institutions' customer base into I&M Bank Rwanda's operations.	7	3.7	11	5.8	20	10.6	66	34.9	85	45.0	4.12	1.06
The acquisition has improved the competitiveness of I&M Bank Rwanda in the financial market.	12	6.3	11	5.8	6	3.2	74	39.2	86	45.5	4.12	1.13
The acquisition has positively impacted customer retention and loyalty for I&M Bank Rwanda.	20	10.6	13	6.9	17	9.0	62	32.8	77	40.7	3.86	1.31
The market share of I&M Bank Rwanda has increased as a result of the acquisition.	10	5.3	11	5.8	11	5.8	68	36.0	89	47.1	4.14	1.11
The acquisition has facilitated the sharing of best practices and expertise between the acquired institutions and I&M Bank Rwanda.	8	4.2	16	8.5	10	5.3	85	45.0	70	37.0	4.02	1.07
Overall											**4.07**	**1.13**

SD: Strongly Disagree, D: Disagree, N: Neutral, A: Agree and SA: Strongly Agree

Source: Field data, August 2023

Table 3 provides an in-depth analysis of the effects of market share management on I&M Bank Rwanda's financial performance following its acquisition. The table presents respondents' perceptions across various dimensions of this management strategy. The acquisition's influence on I&M Bank Rwanda's market presence and visibility is underlined by 47.1% strongly agreeing and 39.2% agreeing, resulting in a high mean score of 4.17 and a standard deviation of 1.10, reflecting heterogeneous responses. Similarly, the acquisition's successful integration of acquired institutions' customer base into I&M Bank Rwanda's operations provided strongly agreeing and agreeing responses from 45.0% and 34.9% of respondents, respectively, yielding a high mean score of 4.12 and a standard deviation of 1.06, portraying heterogeneous viewpoints.

Furthermore, the heightened competitiveness in the financial market due to the acquisition aligns with 45.5% strongly agreeing and 39.2% agreeing, leading to a high mean score of 4.12 and a standard deviation of 1.13, indicating heterogeneous responses. The positive effects on customer retention and loyalty are showed by 40.7% agreeing and 32.8% strongly

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agreeing, resulting in a high mean score of 3.86 and a standard deviation of 1.31, representing heterogeneous opinions. The acquisition's contribution to an expanded market share for I&M Bank Rwanda is evident, with 47.1% strongly agreeing and 36.0% agreeing. This dimension registers a high mean score of 4.14 and a standard deviation of 1.11, reflecting heterogeneous responses.

Additionally, the acquisition facilitates the exchange of best practices and expertise between acquired institutions and I&M Bank Rwanda, with 37.0% agreeing and 45.0% strongly agreeing. This aspect obtains a high mean score of 4.02 and a standard deviation of 1.07, reflecting heterogeneous perspectives. Overall, this category yields a high mean score of 4.07 with a standard deviation of 1.13, highlighting the presence of heterogeneous responses.

Table 4: The effect of change in risk management upon acquisition on financial performance of I&M Bank Rwanda.

	SD		D		N		A		SA		Mean	Std.
	fi	%	fi	%	fi	%	fi	%	fi	%		Dev.
The acquisition process in I&M Bank Rwanda effectively identified and addressed potential risks associated with the change.	4	2.1	14	7.4	10	5.3	78	41.3	83	43.9	4.17	0.98
The risk management strategies implemented during the acquisition have minimized adverse effects on the organization.	13	6.9	7	3.7	12	6.3	71	37.6	86	45.5	4.11	1.13
The acquisition has led to a comprehensive assessment of potential risks and uncertainties in I&M Bank Rwanda.	6	3.2	18	9.5	10	5.3	74	39.2	81	42.9	4.09	1.07
The risk management measures taken during the acquisition have contributed to a smooth integration of operations in I&M Bank Rwanda.	6	3.2	17	9.0	17	9.0	65	34.4	84	44.4	4.08	1.09
The risk management practices have safeguarded the financial stability of I&M Bank Rwanda during and after the acquisition.	17	9.0	17	9.0	18	9.5	65	34.4	72	38.1	3.84	1.28
The acquisition has led to proactive planning for potential risks, which has positively impacted decision-making in I&M Bank Rwanda.	11	5.8	10	5.3	16	8.5	93	49.2	59	31.2	3.95	1.07
Overall											**4.04**	**1.10**

SD: Strongly Disagree, D: Disagree, N: Neutral, A: Agree and SA: Strongly Agree

Source: Field data, August 2023

The outcomes of the effect of changes in risk management on I&M Bank Rwanda's financial performance following its acquisition are summarized in Table 4. This table provides a detailed breakdown of respondents' viewpoints regarding different dimensions of risk management changes. The acquisition process at I&M Bank Rwanda is noteworthy for its efficient identification and mitigation of potential risks associated with the transition, with 43.9% agreeing and 41.3% strongly agreeing. This aspect records a high mean score of 4.17, accompanied by a standard deviation of 0.98, indicating a degree of heterogeneous responses.

Similarly, the risk management strategies implemented during the acquisition successfully minimized adverse effects, with 45.5% strongly agreeing and 37.6% agreeing, yielding a high mean score of 4.11 and a standard deviation of 1.13, reflecting heterogeneous viewpoints. The acquisition's impact extends to a comprehensive assessment of potential risks and uncertainties, with 42.9% agreeing and 39.2% strongly agreeing. This dimension is marked by a high mean score of 4.09 and a standard deviation of 1.07, illustrating heterogeneous responses.

Likewise, the risk management measures during the acquisition facilitated the smooth integration of operations, obtaining a mean score of 4.08 with a standard deviation of 1.09, reflecting heterogeneous viewpoints. Furthermore, the practices of risk management have played a crucial role in maintaining I&M Bank Rwanda's financial stability during and after the acquisition, supported by 38.1% agreeing and 34.4% strongly agreeing. This aspect receives a high mean score of 3.84 and a standard deviation of 1.28, indicating heterogeneous responses. Additionally, the acquisition led to proactive planning for potential risks, influencing decision-making positively, with 49.2% strongly agreeing and 31.2% agreeing, yielding a high mean score of 3.95 and a standard deviation of 1.07, indicating heterogeneous perspectives. Overall, this category achieves a mean score of 4.04 with a standard deviation of 1.10, revealing the presence of heterogeneous opinions.

Table 4.5: Respondents view on financial performance of I&M Bank Rwanda.

	SD		D		N		A		SA		Mean	Std.
	fi	%	fi	%	fi	%	fi	%	fi	%		Dev.
The financial performance of I&M Bank Rwanda has improved since the acquisition.	12	6.3	8	4.2	13	6.9	92	48.7	64	33.9	3.99	1.07
The acquisition has positively affected key financial indicators, such as revenue and profitability, for I&M Bank Rwanda.	4	2.1	6	3.2	11	5.8	84	44.4	84	44.4	4.26	0.87
The acquisition has led to efficient resource allocation and utilization in I&M Bank Rwanda.	7	3.7	15	7.9	3	1.6	74	39.2	90	47.6	4.19	1.05
The acquisition has enhanced the financial stability and sustainability of I&M Bank Rwanda.	8	4.2	19	10.1	4	2.1	77	40.7	81	42.9	4.08	1.11
The acquisition has resulted in a competitive advantage for I&M Bank Rwanda in the financial industry.	6	3.2	9	4.8	3	1.6	46	24.3	125	66.1	4.46	0.98
The financial performance of I&M Bank Rwanda has been positively influenced by the strategic decisions made during the acquisition.	9	4.8	9	4.8	2	1.1	99	52.4	70	37.0	4.12	1.00
Overall											**4.18**	**1.01**

SD: Strongly Disagree, D: Disagree, N: Neutral, A: Agree and SA: Strongly Agree

Source: Field data, August 2023

Table 5 illustrates the financial performance of I&M Bank Rwanda post-acquisition. The data reveals various aspects related to the bank's financial status and the impact of the acquisition. The financial performance of I&M Bank Rwanda has witnessed improvement since the acquisition, with 48.7% agreeing and 33.9% strongly agreeing. This dimension registers a high mean score of 3.99 and a standard deviation of 1.07, indicating heterogeneous responses. The acquisition's positive influence on key financial indicators, including revenue and profitability, is evident with 44.4% agreeing and 44.4% strongly agreeing, resulting in a very high mean score of 4.26 and a standard deviation of 0.87, reflecting heterogeneous viewpoints.

Efficient resource allocation and utilization have been facilitated by the acquisition, garnering 39.2% agreeing and 47.6% strongly agreeing, achieving a high mean score of 4.19 and a standard deviation of 1.05, illustrating heterogeneous responses. The financial stability and sustainability of I&M Bank Rwanda have been strengthened by the acquisition, supported by 40.7% agreeing and 42.9% strongly agreeing. This aspect receives a high mean score of 4.08 and a standard deviation of 1.11, reflecting heterogeneous opinions. Furthermore, a competitive advantage in the financial industry has resulted from the acquisition, with 24.3% agreeing and 66.1% strongly agreeing. This dimension attains a very high mean score of 4.46 and a standard deviation of 0.98, indicating heterogeneous perspectives.

The strategic decisions made during the acquisition have positively influenced the financial performance, as supported by 52.4% strongly agreeing and 37.0% agreeing. This dimension obtains a high mean score of 4.12 and a standard deviation of 1.00, showcasing heterogeneous viewpoints. Overall, this category records a high mean score of 4.18 with a standard deviation of 1.01, reflecting the presence of heterogeneous opinions.

Table 6: Correlations

		Strategy change management	Market share management	Degree of Risk management	Financial Performance of financial institutions
Strategy change management	Pearson Correlation	1	.703**	.716**	.715**
	Sig. (2-tailed)		.000	.000	.000
	N		189	189	189
Market share management	Pearson Correlation		1	.855**	.764**
	Sig. (2-tailed)			.000	.000
	N			189	189
Degree of Risk management	Pearson Correlation			1	.697**
	Sig. (2-tailed)				.000
	N				189
Financial Performance of financial institutions	Pearson Correlation				1
	Sig. (2-tailed)				
	N				189

**. Correlation is significant at the 0.01 level (2-tailed).

Source: Field data, August 2023

The correlation matrix in Table 6 illustrates the links among key variables: strategy change management, market share management, degree of risk management, and financial performance of financial institutions. The Pearson correlation coefficients provide clarity about the strength and direction of these connections. To begin, there is a strong positive correlation ($r=0.715$, $p<0.05$) between strategy change management and financial performance. This indicates that skillfully handling changes in strategy post-acquisition is linked to improved financial outcomes. Successful adjustment to new strategies aligns with enhanced financial performance. Similarly, a positive and significant correlation ($r=0.764$, $p<0.05$) between market share management and financial performance emphasizes the relationship between effective expansion of market share and better financial results. Proficient management of market presence contributes to improved financial performance. Furthermore, a sturdy positive correlation ($r=0.697$, $p<0.05$) exists between the degree of risk management and financial performance. This implies that thorough risk management after an acquisition is associated with better financial outcomes. Efficiently mitigating risks is crucial for achieving positive financial performance.

The research carried out by Rusibana and Mazimpaka (2021) strongly aligns with the discoveries derived from the correlation matrix in Table 4.6. Their study explores into how mergers and acquisitions impact bank earnings, mirroring the observed connections among strategy change management, market share management, risk management degree, and financial performance. This alignment highlights the importance of wise choices, market growth, and proficient risk management in improving financial results after acquisitions.

5. Conclusion

This study aimed to assess how acquisitions influence financial performance of I&M Bank Rwanda. The study successfully met its specific goals, shedding light on the crucial roles of strategy change management, market share management, and degree of risk management enhancements in shaping financial outcomes. Results aligned with the hypotheses tested. Strategy change management exhibited a significant impact on financial performance, aligned by strong correlations between strategic shifts and improved financial results. Similarly, market share management displayed positive effects, supported by strong positive correlations and ANOVA outcomes. Furthermore, changes in risk management positively affected financial performance, emphasizing the significance of adept risk handling during acquisitions. The study indicated the importance of adept strategy adjustments, market expansion, and effective risk management for successful acquisitions. These interconnected elements jointly contribute to strengthened financial performance of I&M Bank Rwanda.

6. Recommendations

Board Member at I&M Bank Rwanda recommended to continue fostering a culture of effective strategy change management. Ensure clear and frequent communication of strategic changes to employees, aligning roles with new strategies, and prioritizing well-planned execution.

It is recommended for I&M Bank Rwanda to continue prioritizing strategy change management, market share expansion, and risk management practices. Sustaining effective communication, optimal resource allocation, and proactive risk mitigation will ensure consistent financial performance enhancements post-acquisition.

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