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Managerial Synergies and Financial Performance: A Case of Selected Commercial Banks in Kenya

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Abstract

The financial performance of commercial banks in Kenya has been fluctuating over the last decade despite the significance of these financial institutions. The overall trend of financial performance (measured by Return on Equity in year 2018 to year 2022) has been inconsistent and largely erratic, with the lowest ratio recorded being 14.1% in 2018: this improved slightly in year 2019 then rose to 14.9% before dropping to 13.9% in 2020. The highest Return on Equity (at 25.6%) was recorded in the year 2022. Although the banking sector has documented growth in Assets, financial performance (in terms of Profitability) has been declining in the recent past. This decline has been mainly attributed to increased loan loss provisions, higher operating expenses, and reduced interest income. As a consequence of alterations in the operational environment, a number of commercial banks in Kenya have been compelled to bolster stability and augmenting financial performance. Hence, the study sought to assess the effect of managerial synergies on the financial performance of commercial banks in Kenya. The study was anchored on Theory of Misvaluation. The study adopted a positivist research philosophy and a causal/explanatory research design. The target population consisted of 13 commercial banks that had undergone mergers and acquisitions in Kenya over the 11-year time scope (2008-2019). The study was a census of the 13 Commercial banks; panel data was used-this was obtained from the audited financial statements, and Central Bank of Kenya supervisory reports. A data extraction tool was used to collect data. Using STATA software (version 14.0), data was analysed utilizing descriptive statistics, correlation analysis, and panel regression analysis. The study found that managerial synergies significantly affected financial performance ($P = 0.001$). The study concludes that a change in managerial synergies significantly affect financial performance of commercial banks in Kenya. In view of the findings, the study recommends that the managements of commercial banks should strive to make use of the policies concerning development by collaborating with the government and other stakeholders whenever possible, especially in education and training which are essential for the success of any business.

Keywords: *Managerial synergies, financial performance, mergers and acquisitions, commercial banks and Kenyan banking sector.*

1.0 Introduction and Background

Commercial banks are central to economic productivity and growth because they provide a medium of exchange, facilitate trade, mobilize savings, allocate financial resources to productive sectors, monitor investments, support corporate governance, and spread risk through diversified banking services (Chen & Sivakumar, 2021). In Kenya, commercial banks also provide financial support to enterprises and households, thereby contributing to investment, business expansion, and economic stability (Lukilah & Wekesa, 2021). Despite this strategic role, the financial performance of commercial banks in Kenya has shown periods of decline, particularly when profitability indicators are considered (Central Bank of Kenya, 2019). The sector has recorded growth in assets, but profitability has been affected by increased loan loss provisions, rising operating expenses, reduced interest income, liquidity pressure, and changing market conditions. These performance pressures have encouraged commercial banks to pursue strategic responses, including mergers and acquisitions, as a way of improving stability, competitiveness, resource capacity, and long-term financial performance.

The banking sector has experienced an increasing trend of mergers and acquisitions over the past decade, attracting scholarly interest on the factors driving this consolidation and its effect on performance (Githaiga, 2020). The sector recorded strong pre-tax profits of Ksh. 152.3 billion in 2018, surpassing previous earnings before the introduction of interest rate controls, but performance trends have remained uneven across banks. The changing operating environment, marked by globalization, technological advancement, regulatory reforms, changing customer expectations, and intensified competition, has made it difficult for many banks to operate effectively in isolation. Consequently, mergers and acquisitions have become important strategic options through which commercial banks seek to strengthen capital bases, expand distribution channels, increase market share, improve operational efficiency, and adopt better management practices (CBK, 2019; Kaol, 2017).

Managerial synergies are particularly important in explaining why mergers and acquisitions may improve the financial performance of commercial banks (Gachigo, Ondigo, Aduda & Onsomu, 2023). Managerial synergy arises when the combined entity benefits from superior managerial skills, stronger leadership capacity, better decision-making systems, improved governance structures, and enhanced coordination of resources. In the banking sector, such synergies emerges when experienced managers from the acquiring or merged institution introduce stronger credit controls, improved risk management systems, better cost control mechanisms, stronger customer relationship strategies, and more effective operational procedures (Mutembei, 2020). Since many commercial banks operate in a highly regulated and competitive environment, managerial capacity becomes a key driver of post-merger success. The acquisition of skills, technologies, knowledge, and resources beyond a firm's existing boundaries is increasingly necessary because many of the capabilities required for current and future competitiveness are found outside the direct control of individual firms (Kahihu, Wachira, & Muathe, 2021). Therefore, mergers and acquisitions allow banks to combine managerial strengths and address weaknesses that may have limited performance before consolidation.

Management synergy is concerned with the sharing and integration of strategic organizational and operational management activities and capabilities (Geetha, 2020). It arises as a result of the ability of those charged with deciding to integrate two organizational outfits to come up with a competitive advantage in the new organization founded after the merger and acquisition (Feldman and Hernandez, 2021). It is assumed that companies have different management level combinations that, when merged, bring about efficiency in managing the operations of the new outfit. The need for managerial synergies is further supported by the increased competition in the banking industry (Central Bank of Kenya, 2020). Commercial banks are facing fast-changing global markets, digital transformation, changing customer preferences, regulatory demands, and growing pressure to improve profitability (Diener & Paek, 2021). Under such conditions, managers must think beyond the internal boundaries of their firms and seek strategic partnerships, acquisitions, and operational combinations that provide access to superior expertise and capabilities. Managerial synergies therefore support banks by improving strategic planning, aligning business operations, streamlining decision-making, and strengthening the implementation of post-merger integration (Kori, Muathe, & Maina, 2020).

Globally, merger and acquisition activity in the banking sector has been shaped by financial crises, regulatory changes, technological shifts, restructuring, and the search for efficiency. In Europe, the banking industry has undergone major transformation through merger waves, sovereign debt crises, restructuring, and legal, auditing, and accounting reforms (Notteboom, Pallis & Rodrigue, 2021). In Malaysia, banking consolidation was promoted after the 1985–1986 recession, which exposed weak commercial banks and finance companies to insolvency and distress (Ab-Hamid, Abdul-Rahman, Abdul-Majid, & Janor, 2018). In Africa, mergers and acquisitions have increased, although the market remains smaller compared to other global regions (Amewu & Alagidede, 2021). Growth has been supported by activity in energy, mining, utilities, and financial services. Cross-border mergers are often linked to firms with strong intangible assets, research capacity, and the need to spread fixed costs across larger markets (Sá, 2021). South Africa has remained a leading target country for inbound merger and acquisition deals, while Nigeria has experienced notable merger and acquisition growth in the financial sector.

In Kenya, the commercial banking sector has undergone significant reforms over the past decade through improved regulation, stronger supervisory institutions, increased financial products, and expansion of customized services (Mwaniki, 2015). Despite these reforms, some Kenyan commercial banks remain poorly capitalized and continue to struggle with statutory requirements such as capital adequacy and liquidity (Bundi & Ngali, 2021). Tier III locally owned banks also hold relatively small market shares, which limits their competitiveness (Central Bank of Kenya, 2020). These weaknesses create a strong basis for consolidation because mergers and acquisitions can enable banks to pool capital, improve managerial capability, expand markets, and strengthen operational resilience.

1.1 Research Problem

Commercial banks are key to Kenya's economy through financial service provision, employment creation, credit creation, and resource mobilization, with sector assets rising to Ksh. 6.0 trillion in 2020 despite a GDP contribution decline from 6.2% in 2019 to 5.5% in 2020 (World Bank, 2019; World Bank, 2020; CBK, 2020). Managerial synergies are integral in the relationship between mergers and acquisitions and the financial performance of commercial banks because they determine how effectively merged banks combine leadership skills, technical expertise, decision-making structures, operational systems, and governance practices. In the Kenyan banking sector, performance has remained unstable despite growth in assets, with profitability affected by loan loss provisions, operating expenses, reduced interest income, and changing market conditions (CBK, 2018; CBK, 2022). This has made mergers and acquisitions an important strategic response for banks seeking to improve financial stability and profitability. Through managerial synergies, merged banks can strengthen cost control, improve credit management, enhance resource allocation, streamline operations, and adopt better strategic practices. Evidence suggests that M&A synergies may improve financial performance through cost savings, revenue growth, economies of scale, market expansion, broader product offerings, and risk diversification (Neamat, 2022; Patrick, Makolo & Kamau, 2022; Yanan et al., 2016; Gachigo, Ondigo, Aduda & Onsomu, 2023; Akhtar et al., 2022).

The increased attention on managerial synergies is also informed by mixed empirical findings on whether managerial synergies as a results on mergers and acquisitions improve bank performance. While studies in Pakistan, Nepal, the USA, Egypt, Nigeria, and Kenya have reported a positive and significant relationship between M&A synergies and financial performance, differences in geographic settings, methodologies, variables, bank size, liquidity risk, and post-merger integration periods create gaps that require further investigation (Tamoor & Tariq, 2018; Shrestha, Thapa & Phuyal, 2017; Yanan et al., 2016; Ismail et al., 2014; Onutu & Yahaya, 2016; Kimetto, 2019). In Kenya, limited evidence has examined the long-run effect of M&A synergies on consolidated commercial banks while controlling for firm size and liquidity risk. Therefore, managerial synergies provide a strong basis for assessing whether merged banks achieve better financial performance through improved management capacity, stronger coordination, better use of resources, and enhanced operational efficiency over time. This formed a good basis for the broad question informing the study: do the managerial synergies significantly affect financial performance of selected commercial banks in Kenya?

1.2 Objective of the Study

To analyze the effect of managerial synergies on financial performance of commercial banks in Kenya.

1.3 Research Hypothesis

H_0: Managerial synergies do not have a significant effect on the financial performance of selected commercial banks in Kenya.

1.4 Value of the Study

This study is of significance in the field of business, finance, and management because it examines how managerial synergies arising from mergers and acquisitions influence the financial performance of commercial banks in Kenya. The study provides an important understanding of how improved management structures can enhance cost control, resource allocation, risk management, operational efficiency, profitability, and long-term financial stability. To policymakers and regulators such as the CBK, CMA, and Kenya Bankers Association, the study offers information that will guide the formulation of policies and regulatory frameworks that encourage mergers and acquisitions to yield stronger managerial integration and improved institutional performance. To practitioners, especially bank managers, owners and shareholders,

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the findings provide practical guidance on how to maximize post-merger benefits through effective leadership, staff integration, strategic planning, and better coordination of resources. In addition, the study contributes to finance theory by strengthening the understanding of how managerial capabilities act as a mechanism through which mergers and acquisitions affect financial performance, thereby offering a useful foundation for future scholars and academicians interested in banking consolidation, managerial synergies, and financial performance in Kenya and related markets.

1.5 Scope of the Study

The study examined the effect of managerial synergies on the financial performance of commercial banks in Kenya. The study was anchored on Misvaluation Theory. It focused on the head offices of 13 purposively selected commercial banks in Kenya: these were banks that underwent mergers and acquisitions between year 2008 and year 2019. The selection was based on banks with complete three-year pre-merger and three-year post-merger financial data.

2.0 Literature Review

The study reviewed theoretical and empirical literature in order to lay the study into its proper perspective.

2.1 Theoretical Review

The study was anchored on Theory of Misvaluation. Theory is associated with Rhodes-Kropf and Viswanathan (2004) and Shleifer and Vishny (2003). The theory recognizes the link between mispricing and mergers and acquisition activity and contends that currently high (low) industry valuations increase (decrease) stock merger activity because mergers are a high fixed cost. Accordingly, it claimed that in order to achieve synergy and maximize profits, it is desirable to choose assets or enterprises that are cheap and operate inside an inefficient market. By acquiring these assets, the firm will be able to get them at a lower purchase price. However, purchasers see an opportunity to enhance financial or operational parameters, hence potentially increasing the enterprise value of the company in the future and yielding advantages for the buyers. According to this theory, mergers will be caused by overvaluation in certain companies leading to many firms using overvalued stock to acquire other firms. Shleifer and Vishny (2003) exclude the efficient capital market assumption and explain merger waves as a result of differences in the evaluations of a company's shares its managers know their true value, the market overestimates their value (Mueller, 2012).

This Model is heavily embedded in investor irrationality and differences between manager and shareholder objectives. As such the acquirer firm would be relatively being overvalued to the target firm and the acquirer managers exploit market sentiments due to which investors overestimate the synergies from their combination. To maintain the market perception, the managers, engage in value-destroying activities such as unwarranted acquisitions, earning management including unprofitable investments. The relevance of this theory is the perception that in M&A, rational managers operate in inefficient markets to exploit the mis-valuation. Although their model makes the extreme assumption that mergers are purely driven by stock market mis-valuation and that no real synergies exist between the combining firms, it appears to unify many of the empirical findings of takeover activity and its characteristics. Ultimately, the model draws an empirical justification that focuses on the effects of market misevaluation on mergers acquisitions, and takeovers.

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Equally, researchers will be eager to empirically investigate the, effects of managerial behavioural biases on acquisitions.

2.2 Empirical Review

Several scholars have paid keen attention to the effect of managerial synergies arising from mergers and acquisition on performance outcomes posted by firms across the world. For instance, Feldman and Hernandez (2021) examined the extent that synergies were realized following mergers and acquisition transactions through typologies, lifecycle and value generation. Ogada, Njuguna and Achoki (2016) examined different effects that synergy had on financial performance of merged commercial banks in Kenya. It is noted that African companies have been able to consolidate their positions in the market for enhanced market accessibility and competitiveness. Anticipation of Mergers and acquisitions have resulted in positive abnormal returns due to the anticipation of value creation post-merger. The study noted that the moment a merger process has occurred; it is not obvious that the newly formed organization achieved synergies since the two companies ultimately operate as one unit to realize such synergies. Through a mixed research design and a census, it was established that synergistic gains were large for efficiency synergies as compared to synergy from complementary resources which was substantially lower and almost no evidence could be found for the existence of market power synergy.

In another study, Paulo, Edson and Aneirson (2015) examined the level of efficiency arising following completion of mergers and acquisitions in Brazil following the concentration of previous studies done on United States of America, United Kingdom and Canada. The study employed a scientific literature review through Data Envelopment Analysis (DEA). It was noted that firms plan and execute mergers and acquisitions with the aim of leveraging on managerial competency and skills to realize growth and improved financial performance. Through managerial synergies created through Mergers and Acquisitions, firm were found to realize quick way of realizing the desired growth rates. The study concluded that some M&A cases analyzed were erroneously considered efficient when traditional methods were used. However, only four of these were considered efficient when GPDEA models were employed.

Gattoufi, Al-Muharrami and Al-Kiyumi (2019) examined the impact that M&As have on efficiency of commercial banks in the Gulf Cooperation Council (GCC) countries. It was noted that reasons and motivations for M&A can be categorized into: Shareholders wealth maximization which can be achieved through improved cost reductions (efficiency) and improved economies of scale as the organization becomes large. The second reason for M&As was identified as managerial self-interest. This arises in situations where management uses M&As to further their personal interests at the expense of shareholders' wealth maximization. Other factors include: changes in banking sector structure like increasing capital requirements among others. The study adopted Data Envelopment Analysis to assess the relative efficiency of those banks that went through M&A, compared to their competitors that did not experience such consolidation. The findings indicated that consolidation had a positive, though limited, effect on the overall technical efficiency of those banks that went through consolidation, compared to those that did not undergo similar operations.

Tuomaala (2022) examined if companies could utilize mergers and acquisitions to create value for their shareholders. Data was collected to measure how merger and acquisition announcements influenced stock prices of companies engaging in them. This data was then compared with a suitable benchmark to measure if value has been created. The chosen benchmark is the OMX25

Helsinki index, which represents stock price progression of the biggest and mostly traded Finnish companies in Helsinki stock exchange. The empirical part of this research is conducted by using a quantitative analysis, while utilising time frame setting which is popular in event study method. The study found that companies can create value for their shareholders. However, the results suggested that value is only created once, on the announcement day, after which value starts to be destroyed. This may be linked to transitory imperfections in market valuation levels due to risen volatility following the M&A announcement. Nonetheless, results were glaring, and shareholders can use M&A announcements to realize substantial profits. The research conducted in Finland differs contextually from the present study, and thus, the results cannot be extrapolated to the Kenyan context due to the dissimilarities in operational procedures between Finland and Kenya.

2.3 Conceptual Framework

Figure 1 shows the conceptual framework the study used to link managerial synergies and financial performance.

Figure 1: Conceptual Framework

Source: Researcher, 2026

3.0 Methodology

3.1 Research Philosophy

The study adopted a positivist research philosophy to objectively examine the relationship between managerial synergies and financial performance of commercial banks. This approach was appropriate because it relies on factual, observable, and measurable data, allowing the researcher to test hypotheses statistically and determine whether managerial synergies arising from mergers and acquisitions significantly influence bank performance (Saunders, Lewis, & Thornhill, 2007; Bryman, 2012; Park, Konge, & Artino, 2020).

3.2 Research Design

The study adopted an explanatory research design. In view of this design, the research effort sought to examine the cause-effect link between managerial synergies arising from mergers and acquisitions and financial performance of selected commercial banks in Kenya. This design was appropriate because it enabled the researcher to determine whether changes in managerial synergies could explain variations in bank performance through hypothesis testing and statistical analysis. Since the study used panel data and controlled relevant variables, the design supported a structured assessment of cause-and-effect relationships and helped establish the extent to which merger-related managerial improvements contributed to the financial performance of merged commercial banks (Lavrakas, 2008; Saunders et al., 2009).

3.3 Data Analysis

Data analysis was conducted using STATA version 14.0 through both descriptive and inferential statistics. Descriptive statistics, including means, standard deviations, frequencies, and percentages, were used to summarize the basic characteristics of the study variables and present the data clearly. Inferential analysis involved Pearson's correlation analysis to determine the strength and direction of relationships between variables, while panel regression analysis was used to test the study hypotheses and establish the effect of managerial synergies on financial performance.

The following model was used to show the relationship between the variables.

$$\mathbf{FP_{it} = \alpha + \beta MS_{it} + \varepsilon_{it}} \qquad (1)$$

Where:

$\mathbf{FP_{it}}$ = Financial Performance (ROE) of commercial banks i at time t.

α = Constant term.

$\mathbf{MS_{it}}$ = Managerial synergy at time t.

B = Coefficients of the explanatory variables.

$\boldsymbol{\varepsilon_{it}}$ = Error term.

3.4 Diagnostic Tests

The study conducted key diagnostic tests to confirm the suitability of the panel regression model for estimating the effect of managerial synergies on financial performance. Normality was tested using the Shapiro-Wilk test, where the null hypothesis was that the residuals were normally distributed; normality was accepted when the p-value was greater than 0.05 and rejected when the p-value was less than 0.05. Heteroscedasticity was tested using the Breusch-Pagan test, where the null hypothesis was that the error variance was constant; if the p-value was greater than 0.05, homoscedasticity was confirmed, while a p-value below 0.05 indicated heteroscedasticity, requiring robust standard errors or an alternative estimator. Autocorrelation was tested using the Wooldridge test for serial correlation in panel data, where the null hypothesis was that there was no serial correlation; a p-value above 0.05 indicated absence of autocorrelation, while a p-value below 0.05 indicated serial correlation. Stationarity was tested using a unit root test, such as the Augmented Dickey-Fuller test, where the null hypothesis was that the variable had a unit root; stationarity was confirmed when the p-value was below 0.05, while a p-value above 0.05 suggested non-stationarity and the need for differencing or transformation. Finally, model specification was tested using the Hausman test to choose between the fixed effect and random effect models; a p-value greater than 0.05 supported the random effect model, while a p-value below 0.05 supported the fixed effect model.

4.0 Findings and Discussion

The section documents key results, findings arising thereof and an interaction with literature via discussion.

4.1 Descriptive Statistics

Descriptive statistics was captured in this section which was based on maximum and minimum values, mean and standard deviation. Table 1 contains descriptive statistics for data employed in the analysis.

Table 1: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ROE	572	.1879131	.1116196	.107	0.236
Managerial Synergy	572	.3509192	.0402068	.254	.446

Source: Research Data (2023)

Return on Equity had a mean value of 0.1879131 with a std dev of 0.1116196 and a minimum and maximum values of 0.107 and 0.236 respectively. The positive minimum and maximum values indicated that the commercial banks were profitable. These findings are consistent with the findings of a study by Kaur and Kaur (2019) who reported positive ROE values for banks post-merger, indicating profitability in line with your results.

Managerial synergy had a mean of 0.352 with a std. dev of 0.402 while the minimum and maximum values were 0.254 and 0.446 respectively. The positive observation implied the banks reported increased operating income during the study period. The positive managerial synergy finding is consistent with findings of Murithi et al. (2023) which revealed enhanced managerial efficiency in Kenyan banks following mergers and acquisitions. Revenue synergy had a mean of 0.342 with a std. dev of 0.092 and the minimum and maximum values were 0.257 and 0.669 respectively. The positive observation implied the banks increased their revenue income during the study period.

4.2 Correlation Analysis

The study used Pearson's correlation analysis to determine the direction, strength, and significance of the relationship between managerial synergies and financial performance. The correlation coefficient was interpreted from -1 to +1, where positive values indicated a direct relationship, negative values indicated an inverse relationship, and values closer to 1 showed stronger association. Table 2 shows correlation results.

Table 2: Correlation Matrix Results

	FP	MS
FP	1.000	
MS	0.6457*	1.000

***Correlation is significant at P <0.05 level of significance**

The study found a positive and significant association between managerial synergies and financial performance measured by ROE, with a correlation coefficient of r = 0.6457 and p = 0.000 at the 0.05 significance level. This indicated that managerial synergies had a moderate positive association with financial performance, meaning that improvement in managerial synergies was linked to better bank performance. The finding agreed with those of Cheruyot and Ntoiti (2015),

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Sekabira (2013), and Al-Taani (2013), who also reported a positive relationship between managerial synergies and financial performance, but contradicted Vatavua (2015) and Saad et al. (2014), who found a negative relationship.

4.3 Diagnostic Test Results

Various diagnostic tests were conducted as a precursor for panel regression analysis. Normality was tested using the Shapiro-Wilk test, where p-values for the study variables were above 0.05, leading to the conclusion that the variables were normally distributed. Heteroscedasticity was tested using the Modified Wald/Breusch-Pagan test and yielded a chi-square value of 1267.61 and p = 0.0000, the null hypothesis of constant variance was rejected, confirming heteroscedasticity and the study addressed this using the Feasible Generalized Least Squares (FGLS) model. Autocorrelation was tested using the Wooldridge test, which produced F(1,25) = 1.258 and p = 0.2728; since the p-value was above 0.05, the study concluded that there was no first-order autocorrelation. Moreover, stationarity was tested using Fisher-type unit root tests, where the p-values were below 0.05, leading to rejection of the null hypothesis of unit roots and confirming that the variables were stationary. Finally, model specification was tested using the Hausman test, which produced $\chi^2 = 18.52$ and p = 0.2131; since the p-value was above 0.05, the study thus selected the random effects model as the appropriate estimation model.

4.4 Panel Regression analysis

The study assessed the direct effect of managerial synergy on the financial performance of commercial banks in Kenya, measured using ROE. Table 3 shows the panel regression analysis results.

Table 3: Mergers and Acquisitions and Return on Equity

ROE	**Coefficient**	**Std. Error**	**Z**	**P>|z|**	**Model**
Management synergy	.2120206	.0175869	12.06	0.000	
-Cons	.074556	.0181967	4.10	0.000	
Statistics	**Model 1a**				
Wald chi2(4)	19.43				
Prob> chi2	0.012				

Source: Study Data (2023)

The findings show that management synergies has a statistically significant positive effect on the ROE of commercial banks in Kenya (P<0.05). This led to the rejection of the null hypothesis (H0). The study thus finds that managerial synergies significantly affect the financial performance of commercial banks in Kenya. The findings align with previous empirical studies that have shown a statistically significant and favourable correlation between managerial synergies and financial success (Feldman and Hernandez, 2021; Ogada et al., 2016; Paulo et al., 2015; Gattoufi et al., 2019). The researchers, situated in diverse geographic locations, have shown a noteworthy and statistically significant correlation between managerial synergies and financial success, which was measured utilising ROA and ROE as proxies.

5.0 Conclusion

In view of the findings arising from the study (primarily hypothesis testing), the study makes various conclusions which are noteworthy. Managerial synergies had a statistically significant effect on the financial performance of commercial banks in Kenya. Consequently, the study concludes that a change in the management synergies significantly affected the financial performance of commercial banks in Kenya. The study concluded that an increase in management synergies led to an increase in the financial performance of commercial banks in Kenya.

6.0 Recommendations

The study found that management synergies have a positive and significant effect on financial performance. Therefore, in view of the review findings the study recommends that the management should strive hard to make use of the policies concerning development by collaborating with the government and other stakeholders whenever possible, especially in education and training which are essential for the success of any business. Therefore, the study recommends that bank management teams should actively engage with the Ministry of Finance, and the Central Bank of Kenya to leverage policies aimed at professional development. Specifically, managements of commercial banks should seek opportunities for collaboration in education and training programs that enhance managerial skills and leadership capabilities.

In addition, the following recommendations are worthy. The partnerships with institutions such as the Kenya Institute of Bankers and relevant industry associations are recommended to provide essential training resources and support the continuous development of management teams, thereby contributing to the overall success of the business. In addition, given that management synergies positively affect financial performance, firms should invest in the human capital of their management through various strategies. For instance, investing in training allows bank staff to develop new skills and accumulate the knowledge they need to achieve specific organizational and personal goals with the priority being to train managers so that they can be able to cope with the challenges which hinder business success as a results of mergers and acquisitions.

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