

**HORIZONTAL ACQUISITION AND EFFECTIVENESS OF FIRMS IN THE BREWERY INDUSTRY IN  
SOUTH-SOUTH NIGERIA**

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**Abstract**

*This study examined horizontal acquisition and effectiveness of firms in the brewery industry in South-South Nigeria. The aim of the study was to determine the relationship between horizontal acquisition and effectiveness (productivity, market share and customer retention) of firms in the brewery industry in South-South Nigeria. Three research questions and hypotheses were developed to address the objectives of the study. The study adopted the survey research design. The population of the study consisted of 151 managers of the six (6) registered beverage companies in South-South Nigeria. All the members of the population were used as the sample size for the study. The instrument used in collecting data from the respondents was a questionnaire which was structured on a 5 point Likert-type scale such as strongly agree, agree, undecided, disagree and strongly disagree. The data collected were analyzed statistically while the hypotheses were tested using Pearson Correlation Coefficient (r). The bivariate analysis was performed with the aid of the SPSS 23 version. The findings revealed that horizontal acquisition has a significant relationship with productivity of firms in the brewery industries in South-South Nigeria. The study also found a significant relationship between horizontal acquisition and market share of firms in the brewery industries in South-South Nigeria. The study also discovered a significant relationship between horizontal acquisition and customer retention of firms in the brewery industries in South-South Nigeria. Based on these findings, it was concluded that horizontal acquisition significantly enhances the effectiveness of brewery firms in terms of increasing their productivity, market share and customer retention. Based on these findings and conclusion, it was recommended that brewery firms in South-South Nigeria should acquire existing firms in the same line of business when the opportunity arise as it would enhance their effectiveness in terms of increasing their productivity, market share, and customer retention.*

## Introduction

Organizations strive to expand their business operations within their line of business or outside their line of business. Horizontal acquisition occurs when one company purchases another company along the same supply chain (Dinc & Erel, 2010). For instance, beverage company such as Pepsico, acquired a group of restaurant chains including Pizza Hut and Taco Bell in the 1980s to extend its managerial economies of scope across its distribution system (Dorsey & Boland, 2009). Also, Nigerian Breweries Plc. acquired Sona Breweries in 2007, as well as 33 Breweries and Life Breweries. Horizontal integration can be used as a strategy to achieve organizational effectiveness. Every organization, irrespective of the sector it belongs, set out its goals which it intends to achieve. The degree to which an organization achieves its set goals is termed "organizational effectiveness" (Brenner, 2009). Chowdhury (2009) stated that organizational effectiveness is all about doing the right thing, completing task and achieving business goals. Elmuti (2007) stated that effective organization functions smoothly, acquires the needed resources to function efficiently, satisfies its customers and stakeholders and produce the desired results.

A company that acquires existing company in the same industry stands a better chance of increasing its economies of scale, productivity, market share and profitability which are essential ingredients for achieving organizational effectiveness (Hofer & Baba, 2018). Mata and Portugal (2004) argued that a company is more likely to grow its market share and profit margin if it acquires an existing firm in the same industry particularly those that have made name for themselves over the years. Watson et al (2018) posited that horizontal acquisition is more profitable than establishing a new branch in a different location because the acquiring company stands to benefit from the existing customer base and image of the acquired company. It is against this backdrop that this study examines the relationship between horizontal acquisition and effectiveness of firms in the brewery industry in South-South Nigeria.

## Statement of the Problem

Considering the unpredictable nature of the environment and the desire for growth, some brewery companies have been compelled to expand their operations across their supply chain, increase their market share and achieve organizational effectiveness through horizontal acquisition. For instance, Nigerian Breweries Plc. acquired Sona Breweries in 2007, as well as 33 Breweries and Life Breweries, bringing its brand portfolio to 11 brands. However, ever since these brewery companies embraced horizontal acquisition, it is still not clear whether this strategy has helped to achieve organizational effectiveness. Some empirical studies (e.g. Liargovas and Repousis, 2016; Rain et al, 2014; Mboroto, 2013; Mishra & Chandra, 2010; Kithitu et al, 2012) have been conducted on horizontal acquisition strategy of business firms but most of these studies relate the concept to firm performance in the petroleum industry, banking industry, pharmaceutical industry and hospitals in China, Greece, Kenya and India while studies that relate horizontal acquisition to effectiveness of firms in the brewery industry in South-South Nigeria are absent. This has created a gap in literature which this study intends to fill and contribute to the existing stock of knowledge on horizontal acquisition strategy.

### **Objectives of the Study**

The main objective of this study is to examine the relationship between horizontal acquisition and effectiveness of firms in the brewery industry in South-South Nigeria. In order to achieve this objective, the study intends to:

1. determine the relationship between horizontal acquisition and productivity of firms in brewery industries in South-South Nigeria;
2. ascertain the relationship between horizontal acquisition and market share of firms in brewery industry in South-South Nigeria;
3. Identify the relationship between horizontal acquisition and customer retention of firms in brewery industry in South-South Nigeria.

### **Research Questions**

The following research questions are raised to address the objectives of this study:

1. To what extent does horizontal acquisition enhance the productivity of firms in brewery industries in South-South Nigeria?
2. What is the relationship between horizontal acquisition and market share of firms in brewery industry in South-South Nigeria?
3. To what extent does horizontal acquisition contribute to customer retention of firms in brewery industry in South-South Nigeria?

### **Hypotheses**

The following hypotheses are postulated in this study:

**Ho<sub>1</sub>:** There is no significant relationship between horizontal acquisition and productivity of firms in brewery industry in South-South Nigeria.

**Ho<sub>2</sub>:** There is no significant relationship between horizontal acquisition and market share of firms in brewery industry in South-South Nigeria.

**Ho<sub>3</sub>:** There is no significant relationship between horizontal acquisition and customer retention of firms in brewery industry in South-South Nigeria.

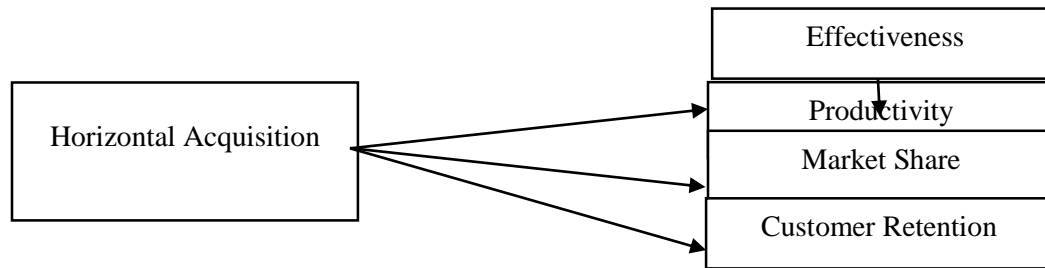
### **Scope of the Study**

The content scope of this study was restricted to horizontal acquisition and effectiveness of firms in brewery industry. The geographical scope of this study was limited to firms in the brewery industry in the South-South Geopolitical Zone of Nigeria. The South-South Zone is made up of six states namely; Akwa Ibom State, Bayelsa State, Cross River State, Delta State, Edo State and Rivers State. The unit scope was made up of managers of the brewery companies in the South-South Geopolitical Zone of Nigeria.

### **Significance of the Study**

The study would be relevant to brewery companies in South-South Nigeria as it would sensitize them on how horizontal acquisition can help to achieve organizational effectiveness. This study would enlighten top executives on how horizontal acquisition can help to increase their organizational productivity, market share and profitability. Prospective investors would also find this study useful as it would enlighten them on how they can use acquisition strategy to enter into the brewery industry and achieve organizational effectiveness. Students, lecturers, researchers and academic consultants would find this study useful as it will serve as a good

reference material for further studies. The study would also contribute to the existing literature on horizontal acquisition and effectiveness of firms and fill the gap in literature.



**Fig 1: Operational Conceptual** model of the relationship between horizontal acquisition and effectiveness of firms

**Source:** Researcher’s Operationalization, 2023.

## Review of Related Literature

### Conceptual Review

#### Concept of Horizontal Acquisition

Horizontal acquisition occurs when one company purchases another company along the same supply chain (Ahmed & Nadeem, 2015). Dinc and Erel in Nharu (2016) defined horizontal acquisition as the purchase of another company by a larger entity. A typical example of horizontal acquisition is the case of Coke Cola Company, a beverage company that acquired Chi Nigeria Limited in 2012. Another example is Pepsico, a beverage company that acquired a group of restaurant chains including Pizza Hut and Taco Bell in the 1980s to extend its managerial economies of scope across its distribution system (Dorsey & Boland, 2009). In 2007, Nigerian Breweries Plc. acquired Sona Breweries bringing its brand portfolio to 11 brands. Morck et al in Pozzi and Vassilopoulos (2006) noted that acquiring firms that engage in takeovers, experience negative returns as an immediate value adjustment to their future expected performance when they announce unrelated acquisitions.

Buying a company within the same line of business is the easiest way of expand economies of scale (Mata & Portugal, 2002). Li (1995) stated that a company that buys an existing company within the same supply chain immediately acquire the market share of the company, claims the company’s existing customer base and brand image. The new owner will be treated by government as the old one with regards to licensing (Nwidobie, 2013).

Apart from the advantages of horizontal acquisition, there are also some disadvantages as buying an existing company would make the new owner’s domestic or foreign operations in that particular market to be separate from the rest of his or her brand image (Arasa & Gideon, 2015). Also, buying an existing company that is thriving is quite expensive (Zekiri, 2016). Zekiri, (2016) explained that although buying an established company within the same supply chain is quite expensive, however, the benefit derived from this strategy is that the new owner is buying a company with an established name. Ortilieb (2020) argued that buying an existing company within the same line of production enables the new owner to take full control of the target firm.

Horizontal acquisition is seen as part of business growth because it is more beneficial to take over the operations of an existing firm and niche compared to expanding on its own (Olutola, 1999).

#### Concept of Organizational Effectiveness

Organizational effectiveness captures organizational performance plus the myriad internal performance outcomes normally associated with more efficient operations and other external measures that relate to considerations that are broader than those simply associated with economic valuation (either by shareholders, managers, or customers) (Cameron & Moore, 2004). Brenner (2009) defined organizational effectiveness as the degree to which an organization achieves its set goals. Mitchell (2012) stated that the key areas of organizational effectiveness include talent management, leadership development, organization design and structure, design of measurements and scorecards, implementation of change and transformation, deploying smart processes and smart technology to manage the firms' human capital and the formulation of the broader human resources agenda. Kwak (2008) stated that an effective organization is one that is thorough and efficient, runs smoothly and function well to produce the desired result to attain business goals. Every organization wants to attain a high degree of effectiveness. According to Guzzo (2006), effectiveness is the ability to produce the desired results.

### **Measures of Organizational Effectiveness**

There are several indices used to measure organizational effectiveness in literature. However, in this study, organizational effectiveness is measured using productivity, market share and customer retention.

### **Productivity**

Productivity is reaching the highest level of performance with the least expenditure of resources (Mali, in Anyadike, 2013). Mali in Anyadike (2013) defined organizational productivity as the measure of how well resources are brought together in an organization and utilized for the accomplishment of the desired result. It is the ratio of output to input; the higher the numerical value of this ratio, the greater the productivity (Onah in Anyadike, 2013). Managers have continued to strategize to increase organizational productivity following the pressure being mounted on them by owners and shareholders of their company (Mitchell, 2012). This failure has continued to trouble managers and making them feel incompetence in their managerial job (Cameron & Moore, 2004). Even some owners and shareholders have begun to lose patience and faith in the ability of their managers to drive the company forward in terms of increasing organizational productivity. As the pressure intensified, it becomes necessary for managers to review their human resource management practices to ascertain whether or not they are in line with international standard (Anyadike, 2013).

### **Market Share**

Market share is the percentage or proportion of the total available market or market segment that is being served by a company (Kotler & Armstrong, 2004). Market share is determined by dividing a brand's sales volume by the total category sales volume. It is necessary to commission market research (generally desk/secondary research) to determine the firm's market share. A company's market share can be ascertained by calculating the sales made by the company at a given period and divide the figure by the total sales of the industry over the same period. The result which is expressed in percentage enables the company to know how customers value its products in relation to competitors' offerings. For instance, if a company like Toyota sold N200 million worth of cars in Nigeria for the year 2017, and the total cars sold in Nigeria was

N400 million at the same period, Toyota's Nigeria market share for cars would be 50%. Market share growth is one of the most important criteria used to measure organizational effectiveness (Misumi & Peterson, 2005). The effectiveness of a firm can be measured by the proportion of the market that the firm is able to capture in relation to competitors (Misumi & Peterson, 2005).

### **Customer Retention**

Customer retention is an effort made by companies to ensure that its customers do not switch over to competitors' products and services (Ocloo & Tsetse, 2013). Malla (2014) defined customer retention as a strategic process of keeping existing customers and not letting them to defect to other organizations for business. Customer retention is crucial to firms because 5% improvement in customer retention rate can cause an increase in profitability of between 25% and 85% (in terms of net present value), depending on the industry (Reichheld & Sasser, in Ocloo & Tsetse, 2013). Oyeniyi and Joachim (2008) posited that a retained customer will always show resistance to competitors' enticement and will be able to give both solicited and unsolicited referral. Stun and Thiry in Oyeniyi and Joachim (2008) stated that retained customers demonstrates immunity to competitive pull. For example, customers may not pay attention to competitors' advertising or make any form of comparison (Stun & Thiry, in Oyeniyi & Joachim, 2008). A customer may, however, graduate from being a client, to supporter and finally an advocate of the firm (Oyeniyi & Joachim, 2008).

### **Horizontal Acquisition and Effectiveness of Firms**

Available literature has showed the relationship between horizontal acquisition strategy and effectiveness of firms. According to Olutola (1999), horizontal acquisition is a horizontal integration strategy that has the potentials of achieving organizational effectiveness. Calegario et al (2015) noted that instead of starting up a new company in a different location, it is more profitable for a company to buy an existing company within the same supply chain. Dhanaraj and Beamish (2006) agreed that it is better to horizontally acquire an established company and build on its image than to start up a new venture in a new location. Johnson and Tellis (2008) argued that a company stands a better chance of expanding its market share and achieving organizational effectiveness when it acquires an existing firm in the same industry than to start a new business on their own.

However, Ortilieb (2020) argued that a company that acquires an existing firm in the same industry starts to make sales from day one while those that start their own company from the scratch need to embark on extensive advertising in order to capture some portion of the market for themselves. Gutierrez and Machuca (2017) noted that customers are always skeptical of trying a new product for fear that the product might not satisfy their needs better than the existing product they use to buy. Hofer and Baba (2018) stated that a company that acquires existing company in the same industry stands a better chance of increasing its economies of scale, productivity, market share and profitability which are essential ingredients for achieving organizational effectiveness. Mata and Portugal (2004) argued that a company is more likely to grow its market share and profit margin if it acquires an existing firm in the same industry particularly those that have made name for themselves over the years. Watson et al (2018) posited that horizontal acquisition is more profitable than establishing a new branch in a different location because the acquiring company stands to benefit from the existing customer base and image of the acquired company.

## Theoretical Review

This study adopted the resource-based view which was developed by Barney in 1991. The RBV theory states that all organizations have in their possession several untapped resources with potential that make them superior over competitors and also enables increased performance when properly combined. Resource-based view explains that the possession of strategic resources provides an organization with a golden opportunity to develop competitive advantage over its rivals (Barney in Edwards, 2017). According to Barney, a strategic resource is an asset that is valuable, rare, difficult to imitate and not substitutable. Martin-de-Castro, et al in King and Grace (2008) defined resources are defined as those elements, inputs or factors from which the firm performs its activities. These resources are static by nature and as such they do not evolve but rather they wear out after continued use (Martin-de-Castro et al, in King & Grace, 2008).

The resource-based view allows an organization to leverage upon its inward capabilities which are rare and inimitable to achieve competitive edge over the other organizations (Oladimeji and Udosen, 2019). Resource-based view advocates that superior resources and capabilities of an organization that accommodates sustainability of competitive advantage (King & Grace, 2008). Capabilities arises from the combination and coordination of different resources (Grants, in King & Grace, 2008), and are embedded in organizational process or routines (Leonard-Barton, in King & Grace, 2008). Prahalad and Hamel, in King & Grace (2008) stated that capabilities arise from the system of social interaction which represents a continuous feedback between tacit and explicit knowledge. Doving and Gooderham (2008) stated that the success of any horizontal acquisition strategies depends on how well both parties combine their resources and expertise.

## Empirical Review

Some related empirical studies have been conducted on horizontal acquisition and organizational effectiveness. For instance, Zhang et al (2019) studied the post-acquisition integration of emerging multinational corporations in China. The researchers adopted the cross-sectional survey research design where a structured questionnaire to obtain data from managers of multinational companies in China. The data collected were analyzed using percentage and frequency tables, mean and standard deviation, t-test, Chi-Square, ANOVA and regression analysis. After analyzing the data collected, the researchers discovered that there is significant difference in the marketing and financial performance of multinational companies before and after the adoption of horizontal integration. The study revealed that marketing and financial performance of multinational companies has improved significantly since the adoption of horizontal integration strategy.

Kithinji (2017) carried out a study to determine the effects of acquisition on financial performance of non-listed banks in Kenya. The study adopted the survey research design where data were collected from top level managers of non-listed banks in Kenya. The researcher used a structured questionnaire as the main instrument for data collection while descriptive statistics such as percentage and frequency counts, mean, standard deviation and regression analysis were used for data analysis. After analyzing the data collected, the researcher discovered that horizontal acquisition has significant effect on the profitability of non-listed banks in Kenya.

The study also revealed that horizontal acquisition has significant effective on return on investment of non-listed banks in Kenya. The study equally reported that horizontal acquisition has significant impact on return on assets of non-listed banks in Kenya. The study concluded that acquisition has significant effect on financial performance of non-listed banks in Kenya and acquisitions on the financial performance of petroleum firms in Kenya. Their study employed Mboroto (2013) explored the effect of mergers the survey research design where questionnaire was used to elicit data from top managers in petroleum firms in Kenya.

The data collected were analyzed using percentage and frequency counts, mean, standard deviation, Pearson Product Moment Correlation Coefficient and regression analysis. The findings revealed that mergers have a significant positive relationship with the profitability of petroleum firms in Kenya. The study also revealed that mergers have a significant positive relationship with the profitability of petroleum firms in Kenya. The study concluded that mergers and acquisitions have significant effect on the financial performance of petroleum firms in Kenya.

Kithitu et al (2012) examined the role of mergers and acquisitions in improving the performance of commercial banks in Kenya. The researchers adopted the descriptive survey research design where data were collected from managers in commercial banks in Kenya. The instrument used in collecting data from the respondents was a structured questionnaire while the percentage and frequency tables, mean, standard deviation and regression analysis were used for data analysis. The findings revealed that horizontal merger significantly improve the performance of commercial banks in Kenya. The study revealed that acquisition significantly improve the performance of commercial banks in India.

Mishra and Chandra (2010) examined the impact of mergers and acquisition on the performance of pharmaceutical industry in India. Their study employed the descriptive survey research design where questionnaire was used to elicit data from owners of pharmaceutical stores that have embarked on mergers and acquisition. The data collected were analyzed using percentage and frequency tables, mean and standard deviation while the hypotheses were tested using the Chi-square and the SPSS software program. After analyzing the data collected, the researchers found that mergers has significant impact on performance of pharmaceutical industry in India. The study also revealed that acquisition has significant impact on performance of pharmaceutical industry in India.

### **Gap in Reviewed Literature**

From the literature reviewed, it was observed that a good number of studies have been conducted on horizontal acquisition of business firms but none of these studies relate the concept to effectiveness of firms in the brewery industry in South-South Nigeria. Most of the empirical studies (e.g. Liargovas and Repousis, 2016; Rain et al, 2014; Mboroto, 2013; Mishra & Chandra, 2010; Kithitu et al, 2012) conducted on horizontal acquisition relate the concept to firm performance in the petroleum industry, banking industry, pharmaceutical industry and hospitals in China, Greece, Kenya and India while studies that relate horizontal acquisition to organizational effectiveness of brewery companies in South-South Nigeria are absent. This has created a gap in literature which this study intended to fill and contribute to the existing stock of knowledge on horizontal acquisition strategy.

### **Methodology**

#### **Methods**



The survey research design was adopted in this study. The population of this study comprised 151 managers of the six (6) registered brewery companies in South-South Nigeria. The six brewery companies were spread across the six states in the South-South Zone namely; Akwa Ibom State, Cross River State, Delta State, Edo State State, Bayelsa State and Rivers State. The managers include general managers, strategic managers, tactical managers, operational managers, human resource managers, production managers, marketing managers, logistic managers, sales managers and finance managers. The census sampling technique was adopted where all the 151 managers were used as the sample size for the study. A structured questionnaire was used to collect data from the respondents. The questionnaire was structured on a 5 Likert type scale namely: Strongly Agree (SA), Agree (A), Undecided (U), Disagree (D) and Strongly Disagree (SD). The face and content analysis was used to determine the validity of the instrument (questionnaire) while the Cronbach Alpha method was used to test the reliability of the instrument.

The instrument (questionnaire) was administered to the respondents (managers) of the six registered brewery companies in South-South Nigeria. A total of 151 questionnaires was administered to the respondents and 112 copies were retrieved from them which represents 74% collection rate. The data collected were analyzed statistically while the hypotheses were tested using the Spearman Rank Correlation Coefficient ( $\rho$ ). The analysis was performed with the aid of the SPSS software program version 23.0.

## Empirical Results and Discussion

### Results

The results of the correlation analysis carried out on the study variables are presented in this section. The SPSS version 23.0 was used to correlate the independent and dependent variables of the study and the results are presented in accordance to the research questions and hypotheses.

### Research Question 1

To what extent does horizontal acquisition enhance the productivity of firms in brewery industries in South-South Nigeria?

### Hypothesis 1

**Ho<sub>1</sub>:** There is no significant relationship between horizontal acquisition and higher productivity of firms in brewery industries in South-South Nigeria.

The responses received to research question one were used to test the first hypothesis (Ho<sub>1</sub>) using the Pearson correlation which was computed with the aid of the SPSS software program. The result of the SPSS correlation analysis is presented in table 1 below:

**Table 1: Result of bivariate analysis between horizontal acquisition and higher productivity of firms in the brewery industry**

	Horizontal Acquisition	Higher Productivity

Pearson (r)	Horizontal Acquisition	Correlation	1.000	.817**
		Coefficient	.	.001
		Sig. (2 tailed)	112	112
		N		
	Higher Productivity	Correlation	.817**	1.000
		Coefficient	.001	.
		Sig. (2 tailed)	112	112
		N		

\*\*Correlation is significant at 0.01 levels (2 tailed)

\*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-Generated Output, 2023

Table 1 shows the result of the bivariate analysis performed between horizontal acquisition and higher productivity of firms in brewery industry in South-South Nigeria. The result shows a very strong positive relationship between horizontal acquisition and productivity of firms in the brewery industries ( $r = .817^{**}$ ) and this correlation is significant at 0.01 level as signified by the symbol \*\*. Hence, the null hypothesis ( $H_{01}$ ) is rejected and the alternate hypothesis is accepted. This means that we then accept that there is a very strong positive and significant relationship between horizontal acquisition and higher productivity of firms in the brewery industry in South-South Nigeria.

**Research Question 2**

What is the relationship between horizontal acquisition and market share of firms in brewery industry in South-South Nigeria?

**Hypothesis 2**

**H<sub>02</sub>:** There is no significant relationship between horizontal acquisition and market share of firms in brewery industry in South-South Nigeria.

The responses received to research question two were used to test the second hypothesis (**H<sub>02</sub>**): using the Pearson correlation which was computed with the aid of the SPSS software program. The result of the SPSS correlation analysis is presented in table 2 below:

**Table 2: Result of bivariate analysis between horizontal acquisition and market share of firms in the brewery industry**

			Horizontal Acquisition	Market Share
Pearso n (r)	Horizontal Acquisition	Correlation	1.000	.823**
		Coefficient	.	.001
		Sig. (2 tailed)	112	112
		N		
	Market Share	Correlation	.823**	1.000
		Coefficient	.001	.
		Sig. (2 tailed)	112	112
		N		

\*\*Correlation is significant at 0.01 levels (2 tailed)

\*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-Generated Output, 2023

Table 2 presents the result of the bivariate analysis carried out between horizontal acquisition and market share of firms in the brewery industry in South-South Nigeria. The result shows a very strong positive correlation between horizontal acquisition and market share of firms in the brewery industry ( $r = .823^{**}$ ) and this correlation is significant at 0.01 level as indicated by the symbol \*\*. Based on this result, the null hypothesis ( $H_{02}$ ) is rejected and the alternate hypothesis is accepted. This implies that we then accept that there is a very strong positive and significant relationship between horizontal acquisition and market share of firms in brewery industry in South-South Nigeria.

### Research Question 3

To what extent does horizontal acquisition contribute to customer retention of firms in brewery industry in South-South Nigeria?

### Hypothesis 3

$H_{03}$ : There is no significant relationship between horizontal acquisition and customer retention of firms in brewery industry in South-South Nigeria.

**Table 3: Result of bivariate analysis between horizontal acquisition and customer retention of firms in the brewery industry**

			Horizontal Acquisition	Customer Retention
Pearson (r)	Horizontal Acquisition	Correlation	1.000	.810**
		Coefficient	.	.001
		Sig. (2 tailed)	112	112
	N			
	Customer Retention	Correlation	.810**	1.000
		Coefficient	.001	.
Sig. (2 tailed)		112	112	
N				

\*\*Correlation is significant at 0.01 levels (2 tailed)

\*Correlation is significant at 0.05 levels (2 tailed)

Source: SPSS-Generated Output, 2023

Table 3 contains the result of the bivariate analysis carried out between horizontal acquisition and customer retention of firms in the brewery industries in South-South Nigeria. The result indicates that horizontal acquisition has a very strong and positive correlation with customer retention of firms in the brewery industry ( $r = .810^{**}$ ) and this correlation is significant at 0.01 level as signified by the symbol \*\*. Based on this result, the null hypothesis ( $H_{03}$ ) is rejected and the alternate hypothesis is accepted. This means that we then accept that there is a very strong positive and significant relationship between horizontal acquisition and customer retention of firms in the brewery industry in South-South Nigeria.

### Discussion of Findings

This study found a very strong positive and significant relationship between horizontal acquisition and productivity of firms in the brewery industry in South-South Nigeria. This finding emerged from the result of the bivariate analysis carried out on the two variables in the first hypothesis. The result showed a very strong positive relationship between horizontal acquisition and higher productivity of firms in the brewery industries ( $r = .817^{**}$ ) and this correlation is

significant at 0.01 level. Hence, the null hypothesis ( $H_{01}$ ) was rejected and the alternate hypothesis was accepted. This means that we then accepted that there is a very strong positive and significant relationship between horizontal acquisition and productivity of firms in the brewery industries in South-South Nigeria. This finding is supported by Arian and Stulz (2011), Liargovas and Repousis (2016) and Kithitu, Cheluget, Keraro and Mokamba (2012) as their studies revealed that horizontal acquisition strategy significantly lead to productivity of firms.

This study also found a very strong positive and significant relationship between horizontal acquisition and market share of firms in the brewery industry in South-South Nigeria. This finding was emanated from the result of the bivariate analysis carried out on the two variables in the second hypothesis. The result showed a very strong positive correlation between horizontal acquisition and market share of firms in the brewery industry ( $r = .823^{**}$ ) and this correlation is significant at 0.01 level. Based on this result, the null hypothesis ( $H_{02}$ ) was rejected and the alternate hypothesis was accepted. This implies that we then accepted that there is a very strong positive and significant relationship between horizontal acquisition and market share of brewery companies. This finding is supported by Mishra and Chandra (2010) and Zhang, Enang and Sminia (2019) as both studies revealed that a company that acquires an existing company in the same industry would increase its market share and market segment.

A very strong positive and significant relationship was reported between horizontal acquisition and customer retention of firms in brewery industry in South-South Nigeria. This finding was deduced from the result of the bivariate analysis carried out on the two variables in the third hypothesis. The result revealed that horizontal acquisition has a very strong and positive correlation with customer retention of firms in brewery industry ( $r = .810^{**}$ ) and this correlation is significant at 0.01 level. Based on this result, the null hypothesis ( $H_{03}$ ) was rejected and the alternate hypothesis was accepted. This means that we then accepted that there is a very strong positive and significant relationship between horizontal acquisition and customer retention of firms in brewery industry in South-South Nigeria.

This finding is supported by Nwidobie (2013), Jayaram (2014), Kithinji (2017) and Mboroto (2013) as their studies reported that horizontal acquisition strategy significantly increase the level of customer retention of firms.

## **Conclusion and Recommendations**

### **Conclusion**

This study examined horizontal acquisition and effectiveness of firms in the brewery industry in South-South Nigeria. The results of this study showed that horizontal acquisition has a significant relationship with productivity of firms in brewery industry in South-South Nigeria. The study also found a significant relationship between horizontal acquisition and market share of firms in brewery industry in South-South Nigeria.

The study equally reported a significant relationship between horizontal acquisition and customer retention of firms in the brewery industry in South-South Nigeria. Based on these findings, it is concluded that horizontal acquisition significantly relate to effectiveness of firms in the brewery industry in South-South Nigeria.

### **Recommendations**

In line with the findings and conclusion, the following recommendations are made:

1. That, firms in the brewery industry in South-South Nigeria should adopt horizontal acquisition strategy whenever the opportunity arises as it would enable them achieve organizational effectiveness.
2. That, firms in brewery industry in South-South Nigeria should acquire existing firms in the same line of business particularly those that are facing huge financial debts and crisis as this strategic move would expand their business operations and increase their productivity.
3. That, Nigerian brewery firms that are doing well in the industry should acquire their competitors that are struggling in the industry as this would enable them capture their existing customers and increase their market share.
4. That, firms in brewery industry in South-South Nigeria should acquire their competitors that put up their businesses for sale as it would help them to increase their customer retention rate and achieve business growth.
5. Finally, it is recommended that brewery companies in South-South Nigeria should acquire their existing competitors that are facing huge challenges as it would enable them expand their business operations and achieve organizational efficiency.

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