

The general objective of this study was to examine the effects Mergers and Acquisitions (M&A) on growth of commercial banks in Kenya between the periods 2000 to 2010. The specific objectives were; to determine the effect that M&A deals have had on growth of assets; to determine the effect that M&A deals have had on growth of profitability; to determine the effect that M&A deals have had on growth of shareholders value and to determine the effect of merger and acquisition in achieving synergy for commercial banks in Kenya. The study will help the researcher to find out the effects M&A on growth for commercial banks in Kenya. The study will serve as a reference to other researchers who may wish to carry out further research in related area. It will serve as guide to any other banks which have not merged so as to pursue the strategy of growth through merger and acquisition. The population of the study comprised of 15 commercial banks which have successfully completed merger and acquisition transactions since the year 2000-2010. The design of this research was a survey. A survey research seeks to obtain information that describes existing phenomena by asking individuals about their perception, attitude, and behavior of values. The research instrument for collection of data was a questionnaire consisting of structured and unstructured questions. Secondary data was also used to obtain the required information. Documentary secondary data included reports to shareholders, administrative and public records. The data collected was recorded, coded, presented and analysis done. Descriptive statistics such as percentages, frequencies, measures of central tendency such as means, and median was used to analyse the data through the Statistical Package for Social Sciences (SPSS). Comparison and analysis of ratios was used to compare the effect of mergers on growth in assets, profitability and shareholders' value during the pre-merger period and post-merger period. The Wilcoxon Signed Ranks Test was used to determine the significant difference in growth before and after the merger activity and this will be done by the use of SPSS. The output was presented in the form of tables, bar chart, pie charts, frequencies, percentages and graphs. The findings indicated that the variable which was significant on growth of commercial banks through mergers and acquisition was shareholders value and the growth in profitability. Results from respondents indicated that the main reason why the bank undertook merger was growth in shareholders' value and growth in profitability. The measures of growth that were significant as a result mergers and acquisitions was profitability and achievement of synergy. Therefore banks should pursue external growth through mergers and acquisition but they should emphasize on the growth in profitability and shareholders value achievement.