

## Abstract

There are many advantages that come with the application of the merger strategy, but at the same time, there are disadvantages that come with it. The disadvantages are not building blocks to success of government parastatals with respect to parastatals mergers. As will be seen from the study below, mergers have a short-term and long-term effect with respect to job-losses. This will mostly affect the semiskilled work-force, whereas the highly-skilled workforce and the managers will be forced to take pay-cuts. This will definitely have an effect on the standards of living of those affected in the process. At the same time, the research reveals that, the merger strategy on government parastatals will bring about the issue of nepotism and ethnicity in the merged parastatals. It will affect many and will make the getting of services purely on tribal basis and on the 'who-knows-who' basis. This is a great hindrance to the development of any nation, and will definitely be of great hindrance to the development of Kenya as a nation. The ugly head of corruption will also be witnessed when the government merges the parastatals. Corruption has been known to run institutions down, and the same is likely to be witnessed by the Kenyan government in its bid to reduce the number of parastatals through the merging strategy