QATAR UNIVERSITY

COLLEGE OF BUSINESS AND ECONOMICS

# IMPACT OF MERGER AND ACQUISITION STRATEGIES ON BUSINESS GROWTH IN QATAR AND GLOBAL MARKETS

BY

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ABSTRACT

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Title: Impact of Merger and Acquisition Strategies on Business Growth in Qatar and Global Markets

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Increased globalization and competition in various industries has led to the rise of mergers and acquisitions for companies seeking competitive edge. The objective of this study is to investigate the impact of mergers and acquisitions (M&A) on business growth in Qatar and global markets. The study adopted a quantitative research design approach to understand the post-M&A performance dynamics, examining key variables such as revenue growth and return on investment (ROI). The survey also explores other factors influenced by M&A, like market share, profitability, liquidity, and leverage. The study's population encompassed four Qatar-based companies and three global companies involved in M&A transactions since 2009. The study used secondary data from financial reports as well the regulatory authorities' annual reports of the merged companies before and after merging with competitors. Descriptive statistics compared pre- and post-merger values, offering insights into changes in business performance and operations. Correlation analysis assessed associations between variables before and after mergers, while regression analysis explored their relationship with business growth. Findings indicate M&A boost revenue growth in Qatar-based firms, even though exceptions exist among international corporations. Qatar firms showed no significant ROI improvement post-merger, unlike Verizon Inc. Market share increased for all the companies post-merger, indicating enhanced market dominance. Likewise, profitability ratios decreased for most companies except Verizon Inc. Liquidity ratios also decreased post-merger, except for AT&T Inc., while leverage varied. Correlation analysis revealed positive relationships between market share and growth pre- and post-merger, with ROI showing a weaker pre-merger negative correlation, shifting to a weaker positive correlation post-merger. Pre-merger regression had limited explanatory power (19.1% variance), contrasting with post-merger (86.3%). None of the variables were statistically significant pre-merger, but post-merger, ROI and leverage showed positive but insignificant relationships with business growth. The findings highlight M&A's varied impact on business growth, emphasizing the importance of integration management and strategic planning for maximizing benefits and driving sustainable growth in Qatar and global markets.

**Key words:** Mergers and acquisitions, business growth, Qatar, global markets, integration management, strategic planning, and sustainable growth.

# DEDICATION

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# CHAPTER 1: INTRODUCTION

## 1.1 Background of the Study

Contemporary business landscape is undergoing a significant transformation, driving entities to reassess their strategies to remain competitive and meaningful. Consequently, businesses worldwide are increasingly adopting mergers and acquisitions (M&A) as an adaptive tool to the constantly changing environment. However, studies examining the connection between M&A and financial performance have created a debate regarding their impact on the value of the acquired and acquiring firms. Some researchers argue that M&A transactions increase the value of the acquiring entities, particularly in the long term (Jallow et al., 2017; Borodin et al., 2020). Conversely, others suggest that both the acquiring as well as the targeted entities report value appreciation. As a result, M&A have become almost daily events in today's corporate sector, motivated by the desire to maximize shareholder value. However, some factors beyond shareholder wealth, such as governmental regulations, may influence the outcomes of M&A transactions.

In Qatar also, M&A activities are essential drivers of economic growth and transformation in recent years. In order to reduce its reliance on hydrocarbons and diversify its economy, Qatar has actively pursued M&A strategies to increase its market share in important industries and take advantage of new opportunities. Initiatives like Qatar National strategy 2030, which set forward the nation's strategy for economic development, have encouraged businesses to form partnerships with international counterparts in order to boost competitiveness and spur innovation. As a result, there has been an increase in cross-border M&A transactions in Qatar, especially in sectors including banking, energy, real estate, and telecommunications. Given Qatar's pivotal location within the GCC and its goals for economic expansion and diversification, it is critical to comprehend how M&A activity affects an entity's ability to establish and expand its operations. Research in this area can reveal the dynamics of post-merger integration, the consequences for regulations, and the general efficacy of M&A strategies in promoting business growth and value creation.

### *1.1.1 Mergers and Acquisition (M&A)*

M&A are commonly used term referring to the legal unification of businesses to function as a single company. Mulherin et al. (2017) define an acquisition as the ability to control a company after purchasing the majority stake without establishing a new enterprise, whereas a merger combines two existing companies to create a new one while maintaining their identities. However, Piesse et al. (2022) contend that the meanings of a merger, acquisition, and takeover are comparable. They all refer to an offer that the bidding firms make to the target firms' shareholders.

The three main types of M&A transactions include conglomerate, vertical, and horizontal mergers. Companies in the same industry, typically rivals providing comparable products or services merge through the horizontal type of merger (Jiang, 2019). Conversely, vertical mergers occur between companies that provide entirely unrelated products or services that are used as inputs to produce another product. Lastly, companies that manufacture unrelated items join to become conglomerates (Rahman et al., 2021). The primary motivation of M&A are to expand a firm’s market share, foster innovation and reduce the risks associated with new product development, maximize efficiency through large-scale manufacturing economies, and alter the competitive landscape of the industry.

### *1.1.2 Business Growth*

Business growth is the degree to which the company's financial goals have been met. A company's capability to effectively utilize its resources to undertake a range of commercial operations in order to produce income is measured by the growth of its business. Business expansion also demonstrates the overall financial viability of the company. Another approach to assess an entity's competitiveness entails comparing its business growth to that of other companies in the same sector. A variety of metrics, such as profit growth, market share, firm size, and return on equity (ROE), can be used to measure the expansion of a business. Since revenue growth is one of the most often used indicators of company growth, it will be used in this study's computation of listed businesses' business growth. Revenue growth is particularly prominent among these indicators, as it reflects the percentage change in revenue over a given period. Hence, revenue growth is selected as the primary metric for assessing the business growth of listed companies in this study.

#### *1.1.3 Mergers & Acquisitions and Business Growth*

According to existing research, there is a lot of variation in the relationship between M&A and the expansion of a company's operations. For example, Bolouprem and Ogege (2019) claim that M&A can lower cost considerably and, in turn, boost financial entities' growth, but it could not result in cost reductions for other organizations. Additionally, Kumar et al. (2019) contend that while M&A increases profitability, there are drawbacks as well, such as the emergence of monopolies and synergies. Another research by Manne (2019), the acquiring firms' average operational profit per employee increased following the acquisition. These findings showed that while earnings are positively impacted by both types of mergers, the timing and size of these effects vary. On the other hand, Sing and Das (2018) found no evidence of a vital association between commercial banks’ ratios before and after the merger, leading them to conclude that mergers did not improve banks' financial performance. Many companies engage in mergers and acquisitions (M&As) to raise their value, as these transactions can significantly boost a company's revenue and profitability.

### 1.2 Research Problem Statement

Numerous researches on M&A have been conducted, and the results have been conflicting and unclear regarding how M&A affects an organization's ability to conduct business. For example, a survey by Friesen (2005) on the impact of a horizontal merger between Air France and KLM noted that stockholders of the company that was bidding, Air France, saw very little gain, but stockholders of KLM saw significant positive anomalous returns. To ascertain if major acquisitions provide value to acquiring firms Teti and Tului (2020) conducted research. The study's conclusion was that, for both the acquiring company and the shareholders, big acquisitions typically result in zero net present value investments. Haryanto et al. (2013) study, which discovered that acquiring firms obtained a massive positive outcome, was in conflict with this one.

Locally in GCC and Qatar, Al-Hares and Saleem (2017) looked at how M&A affected Islamic banks' financial performance. They found that while performance was driven by a number of factors, M&A had limited effects of their efficiency and competitiveness. According to Khan and Awan's (2019) analysis, mergers and acquisitions (M&A) show a favorable, albeit not statistically significant, link with company value for listed insurance businesses. Thus, this study’s target entails determining how M&A tactics affect the expansion of businesses across various markets and industries. The research moreover aims to examine the motives propelling corporations to adopt these tactics. Understanding these motives is crucial for deciphering the contemporary business environment's dynamics.

### 1.3 Objective of the Study

The study’s primary intention was to establish the impact of M&A on business growth in Qatar and global markets. It is guided by the research question: How do M&A strategies affect the growth of firms in Qatar and the global business environment.

### 1.4 Significance of the Study

Scholars who wish to explore the same topic may find the survey's conclusions useful as a reference. The study might also assist academics and researchers in identifying areas of this field that need more research, which could inspire and direct them to carry out additional investigations. The study might assist the management in keeping up to speed with current industry practices, because the business environment in which the businesses operate is so dynamic. The information could help in anticipating and guaranteeing optimal timing for mergers and acquisitions, benefiting both the shareholders and the management. The regulator may find this study useful in determining how best to reduce risks and in developing suitable regulations. This could serve as guidance for the government when it comes to M&A regulations and policy-making. For institutions and investors looking to make merger or acquisition choices, this report is crucial.

## CHAPTER 2: LITERATURE REVIEW

### 2.1 Background

The role and significance of mergers and acquisitions have garnered significant attention in research over the years. Mergers and Acquisitions (M&A) are strategic initiatives involving combining two or more companies seeking to achieve various goals like synergies, enhance market power, and access valuable resources. As emphasized by Candra et al. (2021), the execution of M&A strategies enables companies to attain accelerated growth essential in becoming competitive in the international marketplace. Angwin et al. (2022) further assert that the M&A processes benefit the acquired company more than the shareholders of the purchasing entities. This insight challenges the conventional belief that M&A improves the well-being of all parties involved in the process. Thus, this underscores the intricate dynamics and multifaceted outcomes associated with M&A activities, adding a layer of complexity to comprehending their impact on enterprises' well-being, especially growth.

### 2.2 Motivations for Merger and Acquisitions

Numerous studies have sought to understand the motivations driving mergers and acquisitions, revealing a multifaceted landscape shaped by diverse factors. A research by Chiu et al. (2022) explores the integration and implementation of M&A as an innovative approach for sustainable competitive advantage through synergy and agency. The authors emphasize the significance of M&A in driving competitive advantages, shedding light on the dynamic landscape of motives that extend beyond traditional financial gains. This highlights the multifaceted nature of M&A motivations, encompassing strategic considerations, brand positioning, and long-term sustainability. In a retrospective evaluation of merger motives, Majumdar et al. (2020) highlight the pursuit of greater-scale economies and economies of scope as fundamental drivers. This indicates that when firms with complementary assets merge, synergies can lead to efficiencies, especially in technology-related activities. The pooling of resources not only achieves scale but can also strategically curtail technology deployment. Further studies underscore firms' strategic considerations when engaging in M&A activities. For instance, in their energy sector focus, Niemczyk et al. (2022) highlight the changing motives from positional approaches to resource approaches, particularly in the context of the green economy. This perspective aligns with the evolving priorities in the energy sector, where environmental sustainability and resource utilization take precedence in M&A decision-making. Rani et al. (2020) reveal that:  resource integration, accelerated expansion, quick entry into overseas markets, and brand integration are the key drivers of M&A decisions in Asia and globally. Suryaningrum et al. (2023) also highlight that firms implement M&A strategies to achieve synergy, market power, resource acquisition, diversification, and innovation. As Andriuškevičius and Štreimikienė (2020) note, as of 2020, diversifying M&A has risen to 81.5 % from 61.5% in 1995. In addition, the domestic M&As rose to approximately 70 %, with cross-border M&As summing up to around 30 %. The M&A motives reflect the complex interplay of factors that drive companies towards cross-border M&A, emphasizing the importance of resource optimization for global market penetration.

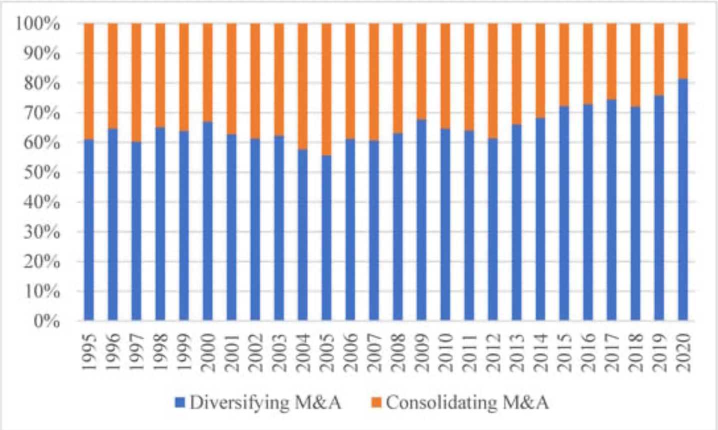

Figure 1. M&A Rise in the Energy Industry

Source: https://www.mdpi.com/1996-1073/14/8/2158

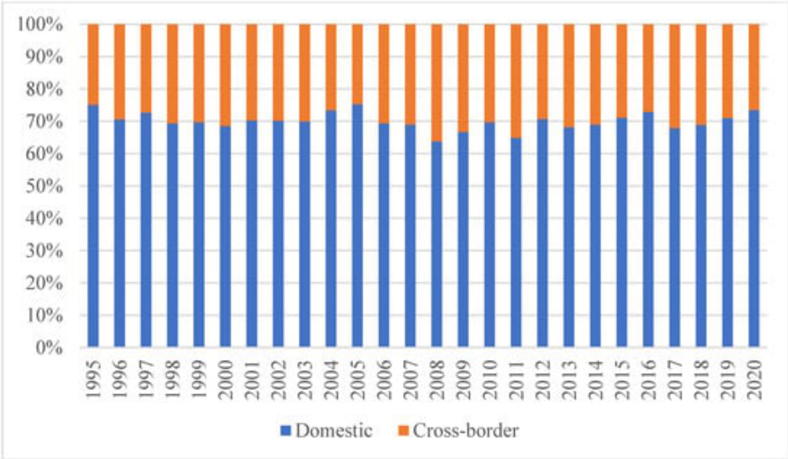


Figure 2. M&As Rise in the Energy Industry

Source: https://www.mdpi.com/1996-1073/14/8/2158

## 2.3 Types of Mergers and Acquisitions

### *2.3.1 Horizontal Merger and Acquisitions*

M&A play a significant role in shaping the global business landscape and understanding the different types of M&A is crucial for businesses. Horizontal M&A refers to consolidating companies operating in the same industry or producing similar products. Jiang (2019) highlights the prevalence of horizontal M&A, especially among early-stage enterprises. Between 2000 and 2017, horizontal M&A accounted for 41.63% of all M&A moves. However, Fathollahi et al. (2022) raise concerns about the anticompetitive effects of horizontal acquisitions. Acquisitions are often expected to reduce the intensity of industry competition. However, Fathollahi et al. (2022) contend that they boost the merging firms' purchasing power compared to suppliers. This highlights the delicate balance between achieving operational efficiency and potential anticompetitive consequences in horizontal M&A decisions.

### *2.3.2 Vertical Merger and Acquisitions*

Vertical M&A, on the other hand, involves integrating companies operating at different production or distribution chain stages. Stöhr et al. (2019) explore the U.S. media industry's experience with vertical and horizontal mergers, particularly during the Golden Age. The study suggests that while horizontal concentration on certain market stages may be anticompetitive, vertical integration, as observed in major studios during the Studio Era, tends to be more harmful. The heightened bargaining power, product differentiation, and expanded international distribution from vertical integration raise significant antitrust concerns. This perspective underscores the multifaceted nature of the effects of vertical M&A on market dynamics and rivalry within the media sector.

### *2.3.3 Cross-Border Merger and Acquisitions*

Moreover, cross-border M&A involves integrating companies from different countries, presenting unique challenges and opportunities. Yin and Tian (2023) explore the double-edged sword of cross-border M&A, particularly in China. While these mergers help entities to acquire a competitive edge over rivals, aggressive engagement in cross-border M&A can lead to declining innovation performance. Rahman et al. (2021) further explore how cross-border M&A affects a company's performance and marketing capabilities. According to the study, businesses might increase their marketing effectiveness after a merger, demonstrating certain genuine synergies. While the improvement might be small, it shows the complexity of cross-border M&A strategies. Therefore, firms navigating through the M&A spectrum should make wise decisions to stand a chance of achieving long-term success in a highly volatile international marketplace.

## 2.4 Exploratory Theory of Mergers and Acquisitions

### *2.4.1 Agency Theory*

Agency theory (the managerial theoretical framework), is a prevalent framework for analyzing mergers and acquisitions, particularly the dynamics between the executives and corporate management. The theory posits that M&A motives may not solely aim to maximize company and shareholder value but may also be driven by managerial self-interest (Rani et al., 2020). The managerial theory posits that M&A can serve as a means for managers to pursue personal objectives, such as portfolio diversification, acquiring assets for increased control, and satisfying professional ego. Separating ownership and control creates multiple agency problems, leading to opportunistic actions by management. As a result, M&A motives can be categorized into synergy and agency. Building on agency theory, Suryaningrum et al. (2023) explore the relationship between principals (shareholders) and agents (managers) in M&A. The study reveals potential conflicts of interest, indicating that managers may not always align with shareholder interests, resulting in agency costs. Despite examining various factors, the study shows no significant effect on managerial ability, suggesting that conflicts within the company may not immediately impact operating performance in the post-M&A period. Moreover, while agency theory's perspective sheds light on the opportunistic actions of management, it may oversimplify the motivations behind M&A, potentially neglecting genuine efforts to create value.

#### *2.4.2 Synergy Hypothesis*

The synergy theory is one of the explanations for why businesses engage in M&A. According to the theory, the combined entity’s value is greater than that of the two separate enterprises before a merger or acquisition (Candra et al., 2021). The effect of the synergy potentials generate value in organizations that merge since they combine their resources to pursue specific short-and long-term goals. These synergies showcase the additional value resulting from the transaction. Therefore, the main goal of every M&A should be to create value for shareholders equal to or greater than the acquisition cost. Essentially, businesses should only use synergies as justification for M&A transactions.

M&A transactions, guided by the synergy theory, can yield several benefits. According to Candra et al. (2021), operational advantages, often referred to as operational synergy, can be attained when the competencies of the merging entities complement each other. Sogomi et al. (2022) further highlight economies of scale as another significant advantage of M&A. The combined entity benefits from larger economies of scale, lowering production costs as fixed costs are distributed across both companies. This can enhance efficiency and competitiveness in the market. Additionally, M&A transactions can result in benefits related to the economies of scope. This entails the capability of the combined company to diversify its operations, potentially accessing new markets or expanding product/service offerings. The broader scope can enhance business growth and resilience in today's fast-paced international marketplace. The M&A benefits underscore the strategic significance of synergy in the corporate sector. However, the synergy hypothesis might ignore the complexities created by managing post-M&A integration. Therefore, while significant strides have been made in understanding the financial and motivational aspects of M&A, there is a need for a more comprehensive and integrative theoretical approach.

**2.5 M&A in the Global Business Environment**

The global business environment is a multifaceted and interconnected framework that encapsulates the conditions and factors influencing business operations on an international scale. It comprises various features that shape the landscape within which organizations operate. According to Kyove et al. (2021), the global business environment involves the integration of economic, political, cultural, and technological elements across national boundaries, creating a complex network of interactions. This emphasizes that globalization is a key driver, fostering an environment where businesses must navigate a globalized marketplace. M&A in the global business environment constitute a strategic and complex phenomenon shaped by various factors. According to a study by Majumdar et al. (2020), M&A

activities are influenced by economic and financial considerations, with firms seeking synergies and efficiencies. In addition, the research by Vinogradova (2021) emphasizes the responsibility of financial markets in shaping the outcomes of M&A transactions, highlighting the importance of market conditions and investor reactions. However, the challenges and uncertainties inherent in M&A are explored by Jin (2023), who asserts that the success of these transactions is contingent on effective due diligence and post-merger integration. This reveals the critical role that economic, financial, and international factors play M&A decisions. This underscores the importance of a holistic understanding for organizations seeking to merge with their rivals or purchase them.

***2.5.1 Mergers and Acquisitions Trends across Global Regions***

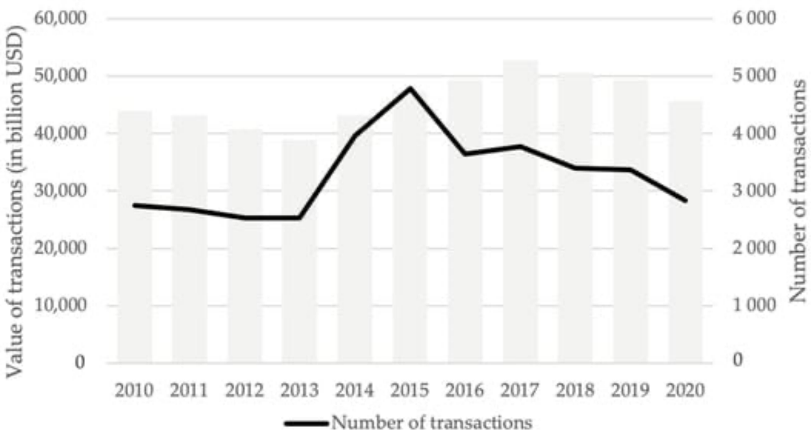

Figure 3. M&As Worldwide

Source: https://www.mdpi.com/2673-7116/1/2/8

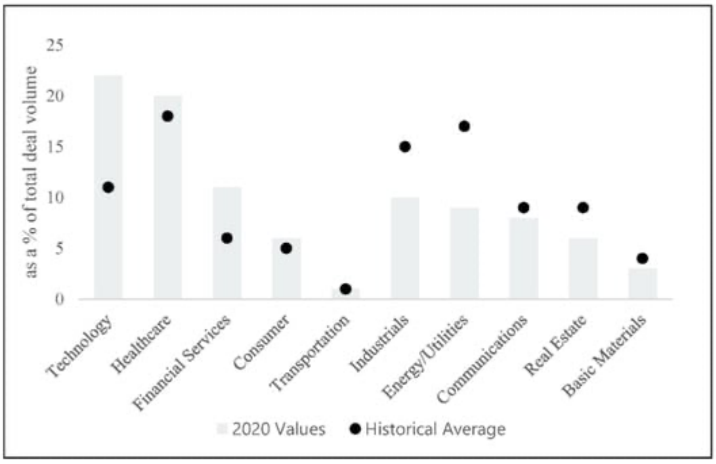


Figure 4. GlobaL M&A Activity Across Industries

Source: https://www.mdpi.com/2673-7116/1/2/8

Over the last decades, mergers and acquisitions have fluctuated across diverse industries and regions. Tarba et al. (2020) provide a global perspective on M&A, emphasizing the cultural, economic, and regulatory factors that shape cross-border transactions. According to the authors, successful global M&A requires a deep understanding of local contexts and effective integration strategies. This foundational work highlights the importance of cultural intelligence in navigating diverse global markets. Glambosky et al. (2020) further examine the wealth effects of M&A transactions, focusing on the U.S. market. The findings highlight dividend-paying acquirers' role in enhancing post-M&A return on assets. Similarly, Zámborský et al. (2021) analyze the motivations and performance outcomes of cross-border M&A involving Asian firms. Their findings underscore the role of strategic motives and environmental factors like country regulatory measures in shaping M&A outcomes in the Asian context. However, Jin (2023) notes that the success rate of M&As is low, which calls for understanding the factors leading to success or failure. The determinants highlighted in the research include effective due diligence, strategic planning, and post-merger integration strategies tailored to the local business environment. This emphasizes the importance of aligning M&A strategies with the unique characteristics of the local market. While motivations, challenges, and success determinants have been studied, the consequential effects of M&As on business growth remain largely unexplored.

### *2.5.2 Mergers and Acquisitions in Qatar*

In Qatar, M&A has gained popularity in recent years, gaining traction, particularly in sectors like finance and real estate. In their study, Ibrahimi et al. (2021) explores the value creation in M&A in the Middle East and North Africa (MENA). The survey reveals that targeted entities gain more value than the acquirers in international deals. However, in domestic M&As, the acquirers profit more than the target. Similarly, Gupta et al. (2021) contend that mergers add value to acquiring firms.

Numerous studies have explored sectors or industries that have witnessed significant M&A operations in Qatar. For example, Khan and Awan (2019) investigate the impact of M&A on the IT sector in Qatar, focusing on Microsoft-Skype technologies as well as the instant messaging applications, like Facebook and WhatsApp. The findings from surveys among Qatar University students indicate that M&A positively impacts the brand equity of IT firms' products and services. M&A in Qatar's banking sector have also been a subject of extensive research. A study by Sara (2021) explores the impact of M&As in the Banking industry, focusing on the merger between Barwa Bank and International Bank of Qatar. The researcher concludes that the degree of client satisfaction and the perceived quality of the services in the banking sector in Qatar are directly and significantly impacted by mergers and acquisitions.

Ullah et al. (2023) further investigates the impact of M&A on the operational performance and stability of Islamic banks in Qatar. While the research findings reveal a positive influence of M&A on the post-merger performance of Islamic banks, stability does not experience a similar improvement. Similarly, a study by Al-Binali (2023) indicates no financial gains created by M&A activities. The above observations create the need for additional studies to examine the impact of M&A on entities' monetary well-being. Aysan et al. (2022) offer another unique perspective by exploring the implications of merging fundamentally different types of banks, that is, Islamic and conventional. According to the findings, by combining the advantages of both organizations, Islamic and conventional banks may be able to gain a competitive edge and even improve their financial performance. However, the success of such mergers depends on giving regulatory obstacles, cultural differences, and other issues serious thought.

Some factors that may influence the outcomes of M&A in Qatar include the regulatory environment, cultural compatibility, strategic fit, and post-merger integration. For instance, PWC (2024) analyzes the role of regulatory bodies like the Qatar Financial Markets Authority (QFMA) in regulating and facilitating various transactions in Qatar. The author argues that the QFMA has adopted a proactive approach to ensure transparency, fairness, and efficiency in the M&A market. Moreover, the QFMA has various rules and guidelines to encourage local and foreign participation in the securities market.

## 2.6 Impact on Business Growth

### *2.6.1 Revenue Growth*

Measuring business growth involves a multifaceted evaluation of various key performance indicators. These indicators provide insights into the effectiveness of business strategies in achieving long-term sustainability and success. Revenue growth remains a fundamental metric for evaluating the favorable outcome of business strategic decisions. According to a study by Ramli et al. (2022), sustained revenue growth is essential for long-term success. The authors argue that companies with consistent revenue growth outperform their peers. Farida and Setiawan (2022) further highlight strategic decisions, innovation, and effective market positioning as critical drivers for sustained revenue growth. Conversely, poorly executed strategies may lead to stagnation or decline in revenue. A holistic assessment of revenue growth post-M&As provides a detailed view of the transaction's effect on the company's top line.

### *2.6.2 Market Share*

Market share is another vital measure reflecting the competitive positioning of a company. Bhattacharya et al. (2022) argue that market share indicates the firm's dominance within its industry. Farida and Setiawan (2022) further highlight the strategic importance of market share in achieving economies of scale and cost advantages. They argue that businesses with higher market share often have greater bargaining power, enabling them to influence industry dynamics. Thus, enterprises achieve sustained growth and profitability when they maintain or expand their market share.

### *2.6.3 Customer Acquisition and Retention*

Acquiring new customers is vital to business growth, influencing revenue streams and market expansion. Almohaimmeed (2019) emphasizes the significance of customer acquisition in their study on customer retention and profitability. The author contends that successful customer acquisition strategies contribute to immediate sales and long-term customer loyalty, fostering sustained business growth. Customer retention is equally critical since it is less costly than obtaining new ones via extensive marketing. In their research, Lamela-Orcasitas and Garcia-Madariaga (2023) emphasize the economic value of customer retention strategies. They argue that loyal patrons generate repetitive sales and serve as advocates, contributing to a company's sustained growth and positive reputation.

### *2.6.4 Profit Margin*

Profit margin is a key monetary measure since it assesses the efficiency of business operations and the ability to generate profits. In their Balanced Scorecard framework, Lee et al. (2023) explain the importance of using financial measures, such as profit margins, to analyze a company's overall performance. The survey stresses the importance of aligning financial metrics with entities' strategic goals since such an approach creates growth and value. However, effective integration and careful management of cost structures are vital in achieving sustainable profit margins. Thus, companies that effectively manage these metrics are better positioned to navigate the complexities of the business environment, foster growth as well as create long-term value for stakeholders.

**2.7 Research Gap**

While significant strides have been made in understanding the financial and motivational aspects of M&A, there is a need for a more comprehensive and integrative approach. A notable gap in the existing literature on M&As in Qatar and the global market environment exists in the insufficient exploration of their impact on business growth. While motivations, challenges, and success determinants have been studied, the consequential effects of M&As on business growth remain largely unexplored. Understanding the post-merger impact on key performance measures, including revenue growth and market share. Likewise, profitability is crucial for comprehensively assessing the success and sustainability of M&A activities in Qatar and the international market environment. Current research focuses on bridging this gap, providing a more holistic knowledge of the complete M&A lifecycle in the Qatari business context.

# CHAPTER 3: METHODOLOGY

## 3.1 Background

This chapter states the systematic approach employed to investigate the impact of merger and acquisition (M&A) strategies on business growth. The chapter provides an explanation of the quantitative methods used in the model. It details the selection criteria for data sources, the survey and target population, data collection approaches, and the analytical tools applied. In order to emphasize transparency, the chapter discusses limitations and mitigation strategies, ensuring the integrity of the research.

## 3.2 Research Design

### *3.2.1 Quantitative Research Design*

The quantitative aspect of this research employs a focused approach to financial analysis, explicitly targeting the financial statements of companies involved in merger and acquisition (M&A) activities. The study concentrates on specific financial variables, including but not limited to growth in sales, profit margins, return on investment (ROI), as well as market share. These indicators offer a quantitative lens through which the results of M&A strategies on business growth can be objectively evaluated. A comparative analysis will be conducted, comparing the companies' pre and post-M&A monetary well-being to discern the influence of M&A strategies on business growth. According to Tenny et al. (2022), quantitative research entails using numerical measurements to assess relationships between variables. In studying the M&A strategies on business growth, using financial metrics enables precise quantification, facilitating a detailed examination of the relationships between strategic decisions and financial outcomes. This comparative assessment unveils patterns and trends in financial indicators, shedding light on the tangible outcomes of M&A activities on the companies' economic landscape. In addition to traditional financial metrics, the quantitative research design delves into assessing synergies and operational efficiencies resulting from M&A strategies. The above elements contribute to an in-depth understanding of the holistic impact of M&A on business growth, extending beyond conventional financial measures.

### *3.2.2 Target Population*

The survey's target population comprises companies that have undergone mergers and acquisitions. This includes four Qatar-based companies and three global companies involved in M&A transactions since 2009.

Table 1.Target Population

| **Merger and Acquisition** | **Country** | **Year** |
| --- | --- | --- |
| QNB Group's acquisition of Finanbank | Qatar | 2016 |
| Industries Qatar's acquisition of Qatar Petroleum's stake in Qatar Fertiliser Company | Qatar | 2020 |
| Masraf Al Rayan's legal merger with Al Khalij Commercial Bank | Qatar | 2021 |
| Barwa Real Estate Group's merger with Qatar Real Estate Investment Co | Qatar | 2009 |
| Verizon Communications Inc.'s acquisition of Vodafone Group Plc's interest in Verizon Wireless | United States and United Kingdome | 2014 |
| H.J. Heinz Company and Kraft Foods Group's merger | United States | 2015 |
| AT&T Inc.'s acquisition of Time Warner Inc. | United States | 2018 |

QNB Group, IQ, MAR, and Barwa Real Estate Group were selected due to their prominence and historical involvement in M&A within the Qatari business landscape. These Qatar-based companies represent a unique context influenced by regional dynamics. On the other hand, Verizon Communications Inc., Heinz and Kraft Foods Group, and AT&T and Time

Warner Inc. provide a comparative global perspective on M&As. The international companies were chosen due to the significance of their M&A undertakings in multiple markets, like the United States and the United Kingdom. The rationale for selecting these firms encompassed finding companies that had undergone M&A over the last 15 years, regardless of the outcomes, ensuring relevance to the study. However, companies whose comprehensive and publicly accessible data on M&A and financial performance are not available were excluded. The researchers further adopted a purposive sampling, selecting companies based on their strategic significance, representation of diverse industries, and availability of comprehensive data. This approach ensured that the cases chosen offered vital view of the influence of M&A on business growth.

## 3.3 Data collection

### *3.3.1 Quantitative Data*

The quantitative data collection for this study focuses on financial metrics, involving a meticulous process of gathering data from publicly available sources to cross-examine role of M&A strategies on business growth. Financial data will be sourced from various publicly available documents and reports. Annual reports, financial statements, and official corporate documents from selected Qatar-based and global companies, such as QNB Group, Industries Qatar, and Verizon Communications Inc., serve as the primary sources of quantitative information. Financial statements, including income statements and balance sheets will be thoroughly examined. This involves extracting quantitative data on key financial metrics such as revenue, net profit, EBITDA, and other relevant indicators. Ratio analysis will be employed to assess the economic well-being of the selected companies. Key financial ratios, such as profitability ratios (net profit margin), liquidity ratios, and leverage ratios, will be calculated to provide a quantitative ground to cross-examine the influence of past M&A on entities' financial performance. Historical financial data will be subjected to trend analysis to identify patterns and changes. This method allows for examining trends in revenue growth, profitability, and other financial metrics before and after the M&A transactions. Rigorous quality control measures will be implemented to ensure the reliability of the quantitative data. These include cross-referencing data from a myriad of resources, validating calculations, and conducting sensitivity analyses to assess the robustness of the findings.

### *3.3.2 Selection Criteria*

The selection criteria for all data sources in this study are meticulously defined to ensure relevance, credibility, and diversity of perspectives. For scholarly articles, only peer-reviewed publications from reputable academic journals will be considered, ensuring a foundation in rigorous research methodologies and theoretical frameworks. Reports and official documents from the selected companies involved in M&A will be included depending on their accessibility, completeness, and relevance to the investigation. Case studies will be chosen for their specificity to the selected M&A transactions, emphasizing depth and contextual richness. This stringent selection process aims to boost the overall credibility of the study by incorporating a comprehensive range of high-quality data sources.

## 3.4 Data Analysis

### *3.4.1 Quantitative Data Analysis*

The analysis will employ descriptive statistics in quantitative data to provide a comprehensive overview. Calculating means, medians, standard deviations, and ranges will allow for a nuanced understanding of key financial metrics' central tendencies and variations. Visualization of trends through graphs and charts will enable researchers to identify patterns in the data, portraying the business growth trajectories pre- and post-M&A. Furthermore, comparative analysis will be conducted using paired t-tests to rigorously assess the statistical significance of variations in monetary metrics before and after M&A transactions. Regression analysis will further identify influential factors affecting business growth, highlighting the nuanced relationships between M&A strategies as well as multiple financial outcomes.

### *3.4.2 Limitations and Mitigations*

The research study will face several limitations that will impact the depth and generalizability of findings. Firstly, the limited availability of detailed financial data for private companies will restrict a comprehensive analysis, potentially introducing bias towards publicly traded firms. Additionally, the influence of currency fluctuations and accounting differences will pose challenges in comparing financial metrics across diverse regions and accounting standards. Lastly, the generalizability of findings to other areas will be constrained by the specific contextual factors surrounding the chosen Qatar-based companies. In order to address these limitations, the study will incorporate robust mitigation strategies. Rigorous data verification processes will be implemented to enhance the findings' the credibility (Chen et al., 2019). This will involve cross-examining financial data from vast resources, ensuring data consistency, and minimizing the impact of potential errors. An explicit acknowledgment of external factors, such as currency fluctuations and accounting differences, will be embedded throughout the analysis and interpretation of results. This transparent approach will provide a nuanced understanding of the limitations and encourage cautious interpretation of findings. By implementing these mitigation strategies, the study will strive to enhance the validity and applicability of its conclusions despite inherent challenges.

### 3.5 Conclusion

Chapter 3 elucidates the meticulous methodology to be used in the study. The mixed-method approach promises a holistic investigation by incorporating qualitative and quantitative dimensions. While acknowledging inherent limitations, the chapter introduces rigorous mitigation strategies to enhance the validity of findings. With transparency as its cornerstone, the detailed methodology sets the stage for a robust analysis in chapter four.

# CHAPTER 4: RESULTS AND FINDINGS

This section focuses on analyzing the secondary data collected from multiple sources, including entities' financial reports and annual findings of regulatory authorities, to examine the effects of M&A on business growth in both Qatar and global markets. In understanding the post-M&A performance dynamics, several key variables are examined. The dependent variable, "revenue growth," quantifies the percentage increase in revenue over a specified period, serving as a comprehensive metric of a company's expansion and success following M&A activities. On the other hand, the independent variables encompass a diverse set of financial and operational measures. These variables include return on investment (ROI) as a key measure of the efficiency of capital utilization post-M&A, market share signifying the competitive positioning and market dominance achieved by the company, net profit margin as a tool of measuring profitability, current ratio as an indicator of the company's ability to comfortably repay and handle short-term liabilities, and debt ratio as a measure of the company's leverage. Through a comprehensive analysis of these independent variables and their impact on the dependent variable of revenue growth, an excellent comprehension of the effects of M&A activities on business growth can be achieved. The findings were presented through descriptive statistics, correlation examination, and regression analysis, illustrated in tables in the following sections.

## 4.1 Descriptive Statistics

This section outlines the descriptive outcomes of the survey before and after the merger.

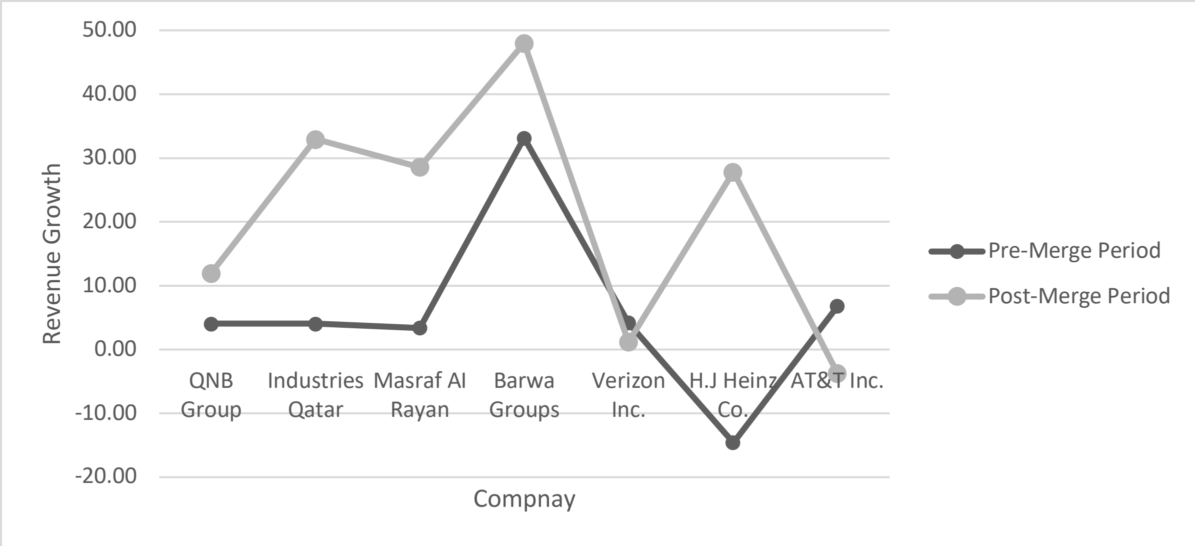


Figure 5.Comparison of Revenue Growth pre-merger and post-merger

Analysis of the companies’ revenue growth before and after merger discovered that all the M & A undertakings increased revenue for all companies in Qatar except for two international companies, Verizon Inc. and AT&T. Heinz and Industries Qatar recorded the highest increase in revenue by 42% and 28%, respectively after the merger. Only international corporations, Verizon Inc and AT&T recorded the lowest growth in revenue. The evidence in figure 4.1 further demonstrates that M&A operations stimulate revenue growth.

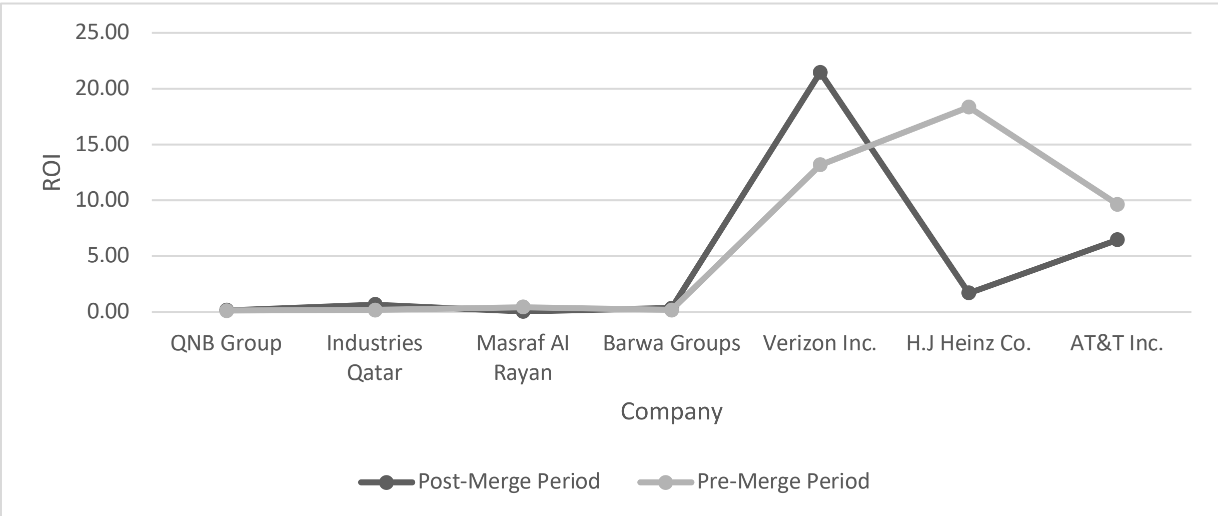


Figure 6. Comparison of ROI pre- and post-merger

Figure 6 shows ROI of companies before and post merging with their rivals. The analysis indicate that none of the Qatar companies recorded a significant improvement in ROI. Only

Verizon Inc. reported growth in ROI following an M&A operation. Further, results shows that Industries Qatar also reported a rise ROI ratio after a merger. Likewise, Barwa and QNB Group recorded a slight ROI increase after a merger. However, Masraf AL Rayan, AT&T, and H.J Heinz Co. experienced a drastic decline in ROI after merger.

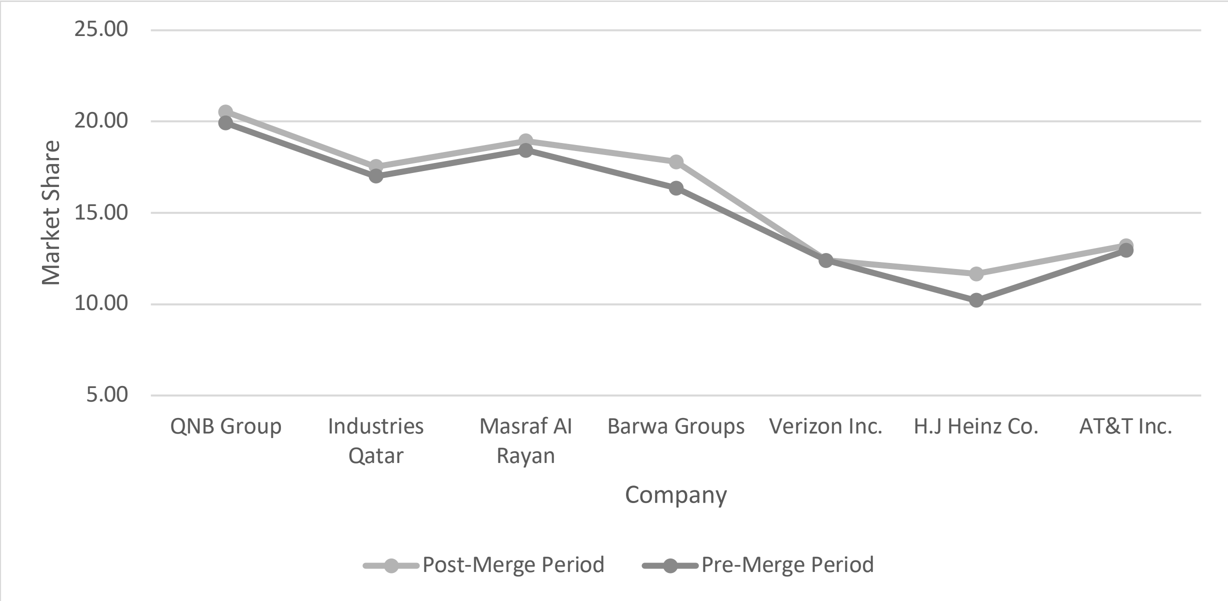


Figure 7. Comparison of Market Share Pre-and Post-Merger

Figure 7 illustrates market share as measured in logarithm of all assets before and after merger. From the analysis, companies reported a rise in their market share following mergers. The outcomes indicated that Barwa Groups and H.J Heinz reported the most growth in market share. Generally, the observation imply that market share measured in total assets witnessed growth after merger.

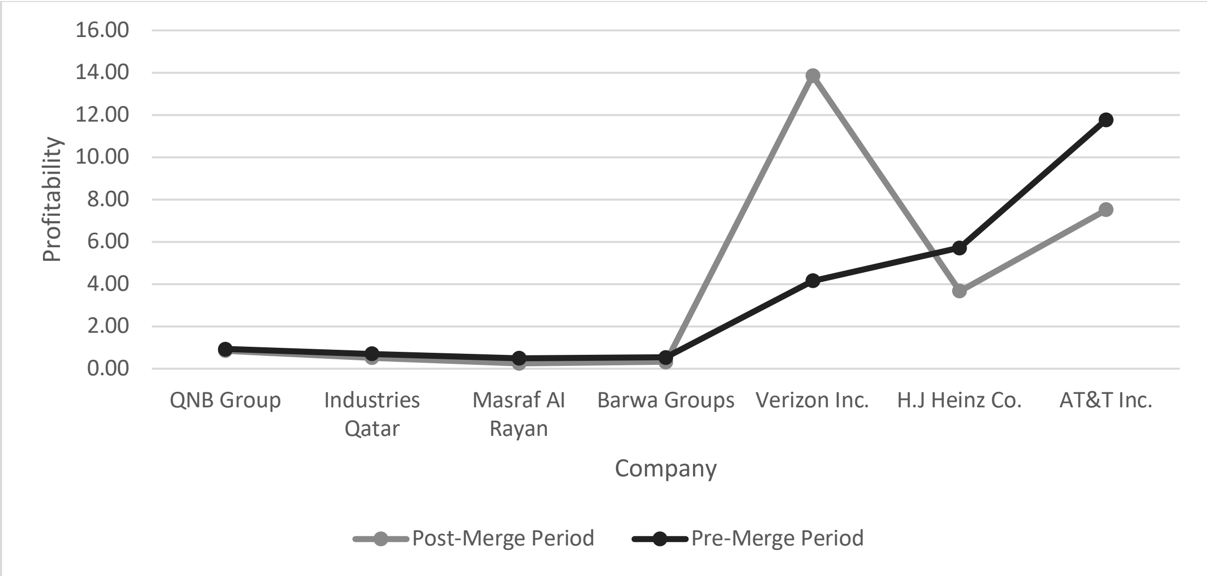


Figure 8. Company Profitability pre-merger and post-merger

Data analysis revealed that companies' profitability ration increased after merger for all the companies except for Verizon Inc. which declined. However, Verizon Inc. reported the highest increase in overall profitability after merger. Although, this is unexpected, results imply that M&A might not boosts firms' profitability.

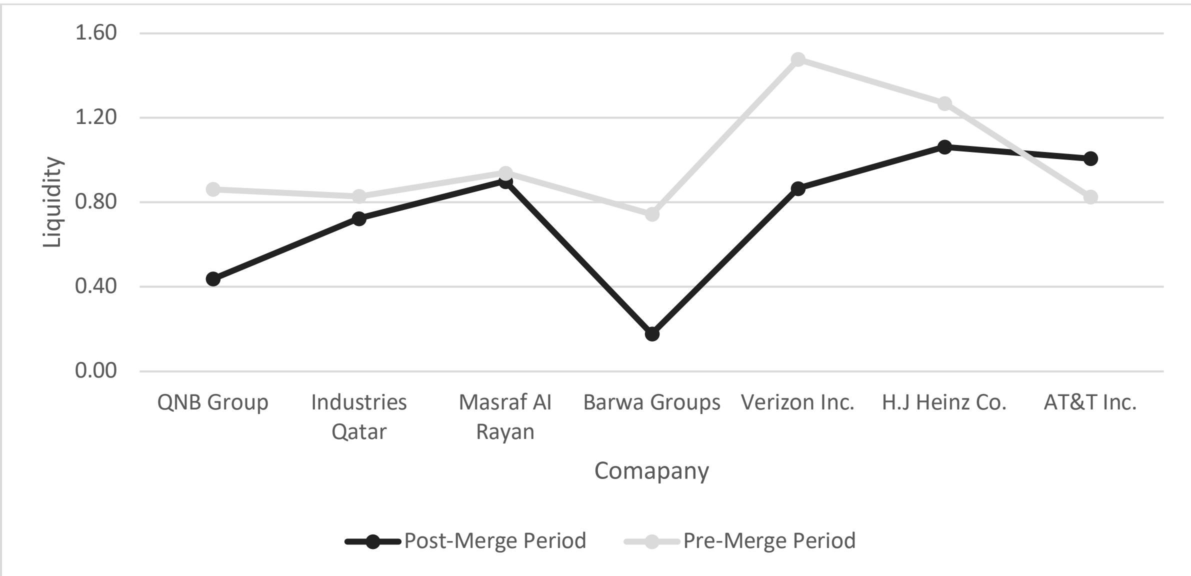


Figure 9. Firm Liquidity pre-merger and post-merger

Figure 9 shows how M&A shapes companies' liquidity. The assessment demonstrated that, with the exception of AT&T, all firms reported a decline in average profitability after merger. Interestingly, AT&T Inc. witnessed the highest rise in liquidity after merger. Although, this is unexpected, the findings suggest that M&A may not improve firms' liquidity.

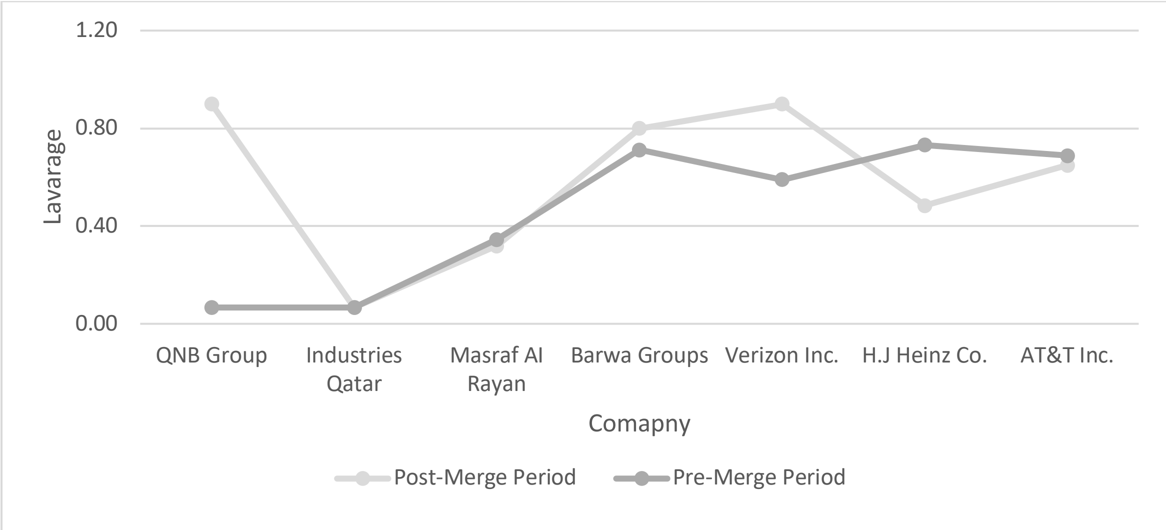


Figure 10. Company's Leverage pre-and post-merger

Figure 10 illustrates entities' leverages measured in the form of debt ratio prior and after merger. The evaluation discovered that Barwa Group and Verizon followed by QNB Inc. reported the lowest debt ratio following a merger. Analysis further discovered that AT&T operated at highest leverage after merging with other entities. The findings illustrate how mergers shape entities well-being since less leveraged companies attract more investors compared to more leveraged ones.

**4.2 Sampled Descriptive-statistics**

The survey employed descriptive statistics to demonstrate the pre- and post-merger values to determine if there were any changes and how this affected the business growth and performance of these companies that had either merged or undergone acquisitions. The findings of descriptive-statistics are presented in the following table.

Table 2. Sampled Descriptive-statistics before and after Merger

| | Mean | Std. Deviation | Variance |
|---|---|---|---|
| Revenue Growth Pre-Merger | 5.86 | 14.03 | 196.71 |
| Revenue Growth Post-Merger | 20.96 | 18.53 | 343.49 |
| ROI Pre-Merger | 6.02 | 7.64 | 58.39 |

| | | | |
|---|---|---|---|
| ROI Post-Merger | 4.40 | 7.85 | 61.66 |
| Market Share Pre-Merger | 15.32 | 3.54 | 12.53 |
| Market Share Post- Merger | 16.01 | 3.52 | 12.40 |
| Profitability Pre-Merger | 3.47 | 4.21 | 17.72 |
| Profitability Post-Merger | 3.86 | 5.15 | 26.54 |
| Liquidity Pre-Merger | .99 | .27 | .07 |
| Liquidity Post-Merger | .74 | .32 | .10 |
| Leverage Pre-Merger | .46 | .30 | .09 |
| Leverage Post-Merger | .59 | .32 | .10 |
| Valid N (listwise) | | | |

From the findings illustrated on table 2, before the mergers, the average revenue growth was relatively modest, with a mean of 5.86. However, post-merger witnessed an increase in revenue growth, with the mean rising to 20.96. The Standard Deviation (SD) however, also slightly rose from 14.03 to 18.53 after the merger. This suggests that mergers had a positive impact on revenue expansion, potentially through synergies, increased market reach, or enhanced operational efficiency. The higher standard deviation post-merger suggests that while average revenue growth increased, there was also greater variability in performance among the companies, potentially reflecting differences in the success of merger integration or market conditions.

Market share, both pre- and post-merger, remained relatively stable, with means of 15.32 and 16.01 respectively. This suggests that while mergers may have led to revenue growth, they did not significantly alter the companies' competitive positions within their respective markets. Maintaining market share could be seen as a positive outcome, indicating successful consolidation without sacrificing competitive positioning. Market share, both pre- and post-merger, exhibited relatively low variability, with standard deviations of 3.54 and 3.52 respectively. This suggests a consistent competitive position among the companies studied, with limited fluctuations in market share despite merger activities. Interestingly, the return on investment (ROI) showed a slight decrease post-merger, with the mean dropping from 6.02 to

4.40. While revenue increased, this reduction in ROI could indicate challenges in effectively deploying capital or integrating acquired assets into existing operations. It may also reflect initial integration costs or transitional difficulties.

Profitability metrics also showed improvements post-merger, with profitability increasing from 3.47 to 3.86 on average. This suggests that while revenue growth accelerated, companies were able to maintain or even enhance their profitability, indicating efficient post-merger operations and cost management strategies. While the mean profitability increased post-merger, the higher standard deviation implies greater dispersion in profitability performance among the companies. On the liquidity front, there was a notable decrease post-merger, with the mean liquidity ratio dropping from 0.99 to 0.74. This could indicate challenges in managing short-term obligations or a shift in resource allocation towards long-term investments post-merger. The standard deviation of the liquidity ratio increased from 0.27 pre-merger to 0.32 post-merger, indicating greater variability in liquidity positions among the companies. This suggests that post-merger, some companies may have faced challenges in maintaining short-term liquidity, possibly due to changes in cash flow dynamics or investment priorities.

Conversely, leverage increased post-merger, with the mean leverage ratio rising from 0.46 to 0.59. This suggests that companies may have relied more on debt financing to support growth initiatives or merger-related activities. While increased leverage can amplify returns, it also exposes companies to higher financial risks, necessitating careful management of debt levels. The standard deviation of leverage ratios remained relatively consistent, with values of 0.30 pre-merger and 0.32 post-merger. This suggests a similar level of variability in leverage levels both before and after mergers, indicating ongoing complexities in managing debt levels and financial risk.

### 4.3 Correlation Analysis

The survey employed Pearson correlation to determine the variables' association before and after merger and acquisition of companies. Table 3 highlight the results of correlation before merger.

#### *4.3.1 Correlation Analysis Pre-Merger*

Table 3. Correlation analysis Pre merger

*Correlations*

| | | Revenue Growth Pre-Merger | ROI Pre-Merger | Market Share Pre-Merger | Profitability Pre-Merger | Liquidity Pre-Merger | Leverage Pre-Merger |
|---|---|---|---|---|---|---|---|
| Revenue Growth Pre-Merger | Pearson Correlation | 1 | -.599 | .391 | -.289 | -.555 | .121 |
| | Sig. (2-tailed) | | .156 | .386 | .529 | .196 | .796 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| ROI Pre-Merger | Pearson Correlation | -.599 | 1 | -.943** | .662 | .779* | .653 |
| | Sig. (2-tailed) | .156 | | .001 | .105 | .039 | .112 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| Market Share Pre-Merger | Pearson Correlation | .391 | -.943** | 1 | -.694 | -.645 | -.775* |
| | Sig. (2-tailed) | .386 | .001 | | .084 | .118 | .041 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| Profitability Pre-Merger | Pearson Correlation | -.289 | .662 | -.694 | 1 | .182 | .573 |
| | Sig. (2-tailed) | .529 | .105 | .084 | | .697 | .178 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| Liquidity Pre-Merger | Pearson Correlation | -.555 | .779* | -.645 | .182 | 1 | .328 |
| | Sig. (2-tailed) | .196 | .039 | .118 | .697 | | .472 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| Leverage Pre-Merger | Pearson Correlation | .121 | .653 | -.775* | .573 | .328 | 1 |
| | Sig. (2-tailed) | .796 | .112 | .041 | .178 | .472 | |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |

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

*. Correlation is significant at the 0.05 level (2-tailed).

Correlation analysis before the M & A, revealed a negative relationship between ROI and business growth as well as organizational performance (r= -.599, p = .156). However, the assessment discovered a positive correlation between Market share and business growth ((r= -.391, p = .386). The results also noted a negative correlation between liquidity and entities' business growth (r= -.555, p=.196). Further, correlation results demonstrated a positive relationship between leverage and firms' financial performance (p= .121, p=.796). Finally, correlation analysis discovered a negative relationship between profitability and organizational financial performance of (p= -.289, p=.529).

#### *4.3.2 Correlational Analysis Post Merger*

Table 4. Correlation analysis post-merger

*Correlations*

| | | Revenue Growth Post-Merger | ROI Post-Merger | Market Share Post- Merger | Profitability Post-Merger | Liquidity Post-Merger | Leverage Post-Merger |
|---|---|---|---|---|---|---|---|
| Revenue Growth Post-Merger | Pearson Correlation | 1 | -.636 | .407 | -.743 | -.512 | -.392 |
| | Sig. (2-tailed) | | .125 | .365 | .056 | .240 | .384 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| ROI Post-Merger | Pearson Correlation | -.636 | 1 | -.606 | .964** | .314 | .446 |
| | Sig. (2-tailed) | .125 | | .150 | <.001 | .493 | .315 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| Market Share Post- Merger | Pearson Correlation | .407 | -.606 | 1 | -.746 | -.666 | -.094 |
| | Sig. (2-tailed) | .365 | .150 | | .054 | .102 | .841 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| Profitability Post-Merger | Pearson Correlation | -.743 | .964** | -.746 | 1 | .458 | .448 |
| | Sig. (2-tailed) | .056 | <.001 | .054 | | .301 | .313 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| Liquidity Post-Merger | Pearson Correlation | -.512 | .314 | -.666 | .458 | 1 | -.369 |
| | Sig. (2-tailed) | .240 | .493 | .102 | .301 | | .415 |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |
| Leverage Post-Merger | Pearson Correlation | -.392 | .446 | -.094 | .448 | -.369 | 1 |
| | Sig. (2-tailed) | .384 | .315 | .841 | .313 | .415 | |
| | N | 7 | 7 | 7 | 7 | 7 | 7 |

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

Correlation analysis after the merger indicated a positive association between market and business of insurance companies (r= .407, p = .365). The coefficient's value increased, indicating a stronger association after merger. This implies that companies gaining market dominance through mergers may also experience increased revenue as a result. Strong Negative Correlation with Revenue Growth Post-Merger (r = -0.743, p = 0.056), indicates increased profitability post-merger is associated with business growth. This may suggest a trade-off between maximizing profitability and revenue expansion following mergers. Besides, negative relationship with liquidity (r = -0.512, p = 0.240) suggests that a rise in liquidity post-merger is associated with lower growth. This may indicate that companies with strong liquidity positions after merging may prioritize liquidity management over growth. There is also weak negative leverage (-0.392, p = 0.384) correlation suggesting that higher leverage post-merger is associated with lower business growth. This implies that companies relying heavily on debt financing may experience constraints in revenue expansion post-merger.

**4.4 Regression analysis**

Table 4.5 displays the R square outcomes, where business was subjected to regression against ROI, market share, profitability, liquidity, and leverage. A 5% significance level was used to execute regression analysis. Table 5 lists the findings.

Table 5. Model summary pre-merger and post-merger

*Model Summary*

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|---|---|---|---|---|
| **Pre-Merger** | .930[a] | .865 | .191 | 12.618 |
| **Post-merger** | .989[a] | .977 | .863 | 6.853 |

Table 5 indicates that the value of $R^2$ before merger was .191, demonstrating that only 19.1 percent of the deviations in business growth of these companies are explained by changes in ROI, Market Share, profitability, liquidity and leverage. The $R^2$ outcome after merge was 86.3%, massively varying from the pre-merger value. The significant change in R square before and after merger demonstrated improved explanatory power of the predictor variables.

Table 6 presents the ANOVA output of the study.

Table 6. ANOVA

*ANOVA[a]*

| | | Sum of Squares | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| **Pre-Merger** | Regression | 1021.054 | 5 | 204.211 | 1.283 | .582[b] |
| | Residual | 159.225 | 1 | 159.225 | | |
| | Total | 1180.279 | 6 | | | |
| **Post-Merger** | Regression | 2013.981 | 5 | 402.796 | 8.576 | .253[b] |
| | Residual | 46.968 | 1 | 46.968 | | |
| | Total | 2060.949 | 6 | | | |

The significance value is greater than $p = 0.05$, both before and after the merger. Thus, results before and after merge were not statistically significant.

The regression finding of the model before merge and acquisition is indicated in table 7.

Table 7. Model Coefficients before Merge and Acquisition

*Coefficients*[a]

| Model | | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 28.479 | 110.403 | | .258 | .839 |
| | ROI Pre-Merger | -4.036 | 3.319 | -2.199 | -1.216 | .438 |
| | Market Share Pre-Merger | -2.612 | 5.854 | -.659 | -.446 | .733 |
| | Profitability Pre-Merger | .558 | 2.327 | .167 | .240 | .850 |
| | Liquidity Pre-Merger | 22.484 | 45.963 | .438 | .489 | .710 |
| | Leverage Pre-Merger | 38.140 | 29.932 | .807 | 1.274 | .424 |

a. Dependent Variable: Revenue Growth Pre-Merger

With a significance threshold set at 5%, any independent variable with a significance value exceeding it is deemed not statistically significant. It was found that no variable was statistically significant to explain the financial performance of firms operating in Qatar and globally at a 5% level of significance. The outcomes reveal that ROI and market share have a positive but not statistically significant association with financial performance. Liquidity, Profitability, as well as Leverage have a negative and statistically insignificant relationship with entities' financial well-being. The pre-M&A regression equation before was:

$$Y = 28.48 – 4.04X1 – 2.61X2 + .558X3 + 22.48X4 + 38.14X5$$

Where, Y = Business Growth, as represented by revenue growth.

The regression model above indicates that the constant = .077, implying that if selected dependent variables zero, financial performance measured as revenue growth will be 28.48%. Before merger, unit rise in ROI would reduce financial performance by 4.04%. A unit rise in market share would cause a fall in financial performance of a company by 2.61%.

Again, a unit increase in profitability would raise performance 0.558%. Also, a unit increase liquidity would lead to a 22.48% increase in terms of financial performance. Finally, a unit increase in leverage would boost performance by 38.14%.

Table 8shows the regression results of the post M&A model

Table 8. Model Coefficients post merge and acquisition

*Coefficients[a]*

| Model | | Unstandardized Coefficients | | Standardized Coefficients | | |
|---|---|---|---|---|---|---|
| | | B | Std. Error | Beta | t | Sig. |
| 1 | (Constant) | 161.313 | 34.050 | | 4.738 | .132 |
| | ROI Post-Merger | 6.140 | 2.403 | 2.602 | 2.555 | .238 |
| | Market Share Post-Merger | -6.397 | 1.783 | -1.216 | -3.588 | .173 |
| | Profitability Post-Merger | -14.646 | 4.923 | -4.071 | -2.975 | .206 |
| | Liquidity Post-Merger | -14.394 | 20.513 | -.251 | -.702 | .610 |
| | Leverage Post-Merger | 3.782 | 18.992 | .064 | .199 | .875 |

a. Dependent Variable: Revenue Growth Post-Merger

Regression findings post M&A shows that ROI and leverage have a positive and statistically insignificant association with financial performance. For ROI there was a shift in the coefficient from -4.036 to 6.140 after M&A. The leverage coefficient also, although positive, had a significant reduction from 38.14 to 3.782 after merger. The results of market share maintained a negative and statistically insignificant relationship with firm value. Coefficient decreased from -2.612 to -6.397 after M&A. Profitability had a negative and statistically insignificant relationship with financial performance. For profitability the regression coefficient reduced significantly from .558 to -14.646 after merge and acquisition. Results further showed that liquidity has a negative and statistically insignificant ties with firm value. The coefficient decreased from 22.484 to -14.394 during post-merger.

Thus, the regression equation post merge and acquisition was:

$Y = 161.31 + 6.14X1 – 6.39X2 – 14.64X3 -14.39X4 + 3.78X5$

The estimated regression model above had a constant = 161, meaning if the selected dependent variables are zero, financial performance company after merger and acquisition as measured revenue, a 161% growth will be reported. A unit increase in ROI would boost financial performance by 6.145. A unit rise in market share would lower financial performance by 6.39%. Further, a unit increase in profitability and liquidity after merger would lead to a decrease in financial performance by 14.64%, and 1439%, respectively. Finally, a unit rise in leverage would raise firm value by 3.78%.

# CHAPTER 5: DISCUSSION AND CONCLUSION

## 5.1 Chapter Introduction

The chapter summarizes the survey's observations, discussing of result and deriving conclusion from the findings. Further, it entails recommendations that shape to M & A undertakings in Qatar. It also highlights the study's limitations, creating a room for additional research of the topic.

## 5.2 Summary and Discussion of Research Findings

### *5.2.1 Summary*

The study's general objective was to determine the effects of mergers and acquisitions on business growth in Qatar and global market. It focused on a quantitative approach, which focused on determining the relationship between M&A and the business growth of four Qatar-based companies and three global companies involved in mergers and acquisitions since 2009. The sample was selected using the purposive method which involved finding companies that had had undergone M&A over the last 15 years, and based on their strategic significance, representation of diverse industries, and availability of comprehensive data. Secondary data, three years before and three years after the event was retrieved from firms' financial reports, official websites and regulatory authority annual reports. An analysis of the data was performed through use of the Microsoft Excel and Statistical Package for Social Sciences (SPSS) version 29 software. Descriptive, correlation and regression analysis methods were used to establish the influence of M&A on business growth of companies in Qatar and international marketplaces.

### *5.2.2 Discussion*

Among the seven companies examined, only Verizon Inc. demonstrated an increase in return on investment (ROI) following the merger or acquisition event. This could be an indication the formidable challenges encountered by companies in effectively deploying capital and assimilating acquired assets into their pre-existing operational frameworks after M&A.

Descriptive results also indicated a decrease in the average values for ROI from 6.02 before merger to 4.40 after merger. This decline suggests that companies, including those in Qatar and globally, encountered obstacles in achieving optimal returns on invested capital following M&A transactions. Moreover, the results of the correlation analysis reveal a negative and statistically insignificant association between return on assets (ROA) and performance ($r = -0.636$, $p > 0.01$). This finding suggests that an increase in ROI did not correspond to commensurate enhancements in overall performance metrics. On contrary, Mashkour et al., (2021) also performed a similar survey on the effect of M&A on financial performance of companies operating in Qatar. Their study noted a rise in the mean return on assets after mergers. This outcome implies that the post-merger period witnessed a higher performance compared to the pre-merger period. These findings highlight the importance of meticulous post-M&A integration strategies, emphasizing the need for careful capital allocation, operational alignment, and cultural integration. Furthermore, the challenges faced in optimizing ROI shows the critical role of effective management practices and strategic decision-making in navigating the complexities of post-M&A environments.

Similarly, profitability metrics showed divergent trends among the sampled companies. All companies recorded a decrease in their profitability after the merger or acquisition, except Verizon Inc. Descriptive statistics show a slight average decrease from 3.47 to 3.86 after merger or acquisition. The decline in profitability observed across most companies underscores the importance of efficient post-merger operations, cost management strategies, and revenue optimization initiatives in sustaining profitability in the aftermath of M&A transactions. A high profitability ratio is typically associated with financial stability and resilience against market fluctuations and economic uncertainties. The findings emphasize the critical role of proactive management practices in navigating the challenges posed by post-M&A environments and ensuring the long-term financial health of companies. Furthermore, the regression analysis revealed a decrease in the coefficient for profitability from 0.55 to -14.64 after the merger or acquisition. This change indicates that companies did not generate higher profits after merging with others, underscoring the adverse effect of M&A undertakings on entities' profitability. Moreover, the P value for profitability after the merger was 0.238, higher than the significance level of 0.05, indicating that the merger or acquisition had a limited influence on the business growth of these companies. This finding suggests that while M&A transactions may lead to changes in profitability, their impact on overall business growth may be limited, highlighting the need for comprehensive evaluation and strategic planning.

Similarly, evaluation of the companies' leverage discovered that the post-merger leverage rose slightly to 0.59 from 0.46. Before merge, leverage had a positive and insignificant relationship with business growth companies. After post merge and acquisition regression results showed that leverage the beta coefficients improved significantly. The analysis also shed light on the impact of M&A activities on liquidity and leverage ratios. The decrease in liquidity post-merger, except for AT&T Inc., underscores the challenges companies face in managing short-term obligations and cash flow dynamics amidst integration efforts. Similarly, the increase in leverage post-merger suggests a heightened reliance on debt financing to support growth initiatives and merger-related activities. While increased leverage can amplify returns, it also exposes companies to higher financial risks, necessitating prudent debt management strategies and risk mitigation measures.

Central to study findings is the discernible positive impact of M&A activities on revenue growth, particularly pronounced among Qatar-based companies. This augmentation in revenue post-merger highlights the strategic prowess of M&A transactions in catalyzing business expansion and penetrating markets. While Qatar-based companies experienced significant revenue growth, certain international corporations, including Verizon Inc. and AT&T, did not witness commensurate increases, illustrating the contextual complexities that shape M&A outcomes. Furthermore, analysis revealed a consistent uptick in market share post-merger, indicative of the boosted competitive standing of the amalgamated entities. This shows the strategic impetus driving M&A transactions, the attainment of market dominance and the harnessing of economies of scale. These findings elucidate how successful mergers can fortify market presence and consolidate industry leadership, thereby fortifying long-term viability and competitive edge.

### 5.3 Conclusion and Recommendations

The investigation demonstrates that merging places firms, including those offering insurance services in an excellent position to achieve the desired growth. M&A operations enable firms to identify synergies arising from economies of scale, increasing efficiency and diversifying operational threats. The study established that the profitability, and market share improved of the merged firm. Acquisitions boost revenue by absorbing a major competitor, thereby increasing market share and dominance. The increased market reach also enable entities to enjoy economies of scale. M&A allow firms to grow outwardly by gaining access to vast resources. This accelerates an entity's expansion, achieving the growth levels that were previous limited by financial constraints.

The assessment of companies' ROI before and after the merger showed that the average ROI also decreased for seven of the firms after merging with competitors. Similarly, liquidity and leverage metrics also exhibited declines in several companies, indicating challenges in capital utilization and financial management post-M&A. These findings underscore the importance of proactive strategies to address integration challenges and optimize financial performance in the aftermath of merging or acquiring other entities. In light of this research findings, the survey recommends several policies to augment the efficacy of M&A practices in Qatar.

Firstly, regulatory authorities should institute robust oversight mechanisms to engender transparency, accountability, and regulatory compliance in M&A transactions. Secondly, policymaker's ought to champion initiatives aimed at fostering an enabling business environment, facilitating M&A activities, and incentivizing strategic investments. Thirdly, industry stakeholders must prioritize capacity-building endeavors, knowledge dissemination platforms, and best practice sharing to bolster M&A readiness and execution capabilities. Lastly, policymakers must cultivate a culture of innovation and entrepreneurialism, encouraging companies to explore M&A opportunities as strategic growth enablers in the rapidly evolving global arena.

### 5.4 Limitations and Future Research

While the investigation offers invaluable insights regarding how M&A activities shape business growth and operations, it is not devoid of limitations. Firstly, the sample size and scope of the study may constrain the generalizability of the findings to broader contexts. Secondly, study reliance on secondary data sources may introduce biases inherent in the data collection process. Lastly, focus on financial and operational metrics may inadvertently overlook other qualitative conditions that affect post-M&A performance, such as organizational culture, leadership dynamics, and market positioning.

Future research endeavors could redress these limitations by leveraging larger sample sizes, adopting longitudinal study designs, and integrating qualitative research methodologies to provide detailed explanations of the multifaceted nature of M&A transactions. Additionally, exploring the impact of contextual factors, including regulatory environments, sector dynamics, and market aspects on M&A outcomes could further enrich our comprehension of the intricacies surrounding M&A practices.

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APPENDICES

## Appendix 1: Data Collections

| **Bura Groups** | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|---|---|---|
| Revenue | - | 554,339 | 1,109,372 | 1,102,115 | 2,954,102 | 5,465,453 | 4,675,377 | 2,496,964 |
| Cost of Investment | | 1,415,203 | 4,157,023 | 3,097,100 | 3,678,434 | 6,048,411 | 2,861,036 | 2,671,292 |
| Net Profit | | 452,533 | 561,824 | 305,874 | 743,347 | 1,411,092 | 1,449,670 | 1,156,712 |
| Current assets | | 3,386,484 | 3,619,547 | 3,873,359 | 6,032,853 | 13,957,429 | 6,499,233 | 4,117,098 |
| current liabilities | | 1,543,201 | 11,428,021 | 15,112,294 | 26,973,981 | 56,389,134 | 50,789,095 | 36,937,000 |
| total liabilities | | 2,845,750 | 12,470,712 | 19,544,626 | 29,129,713 | 60,881,494 | 53,275,532 | 36,937,205 |
| total assets | | 5,309,152 | 15,695,603 | 24,317,143 | 34,892,831 | 73,982,187 | 66,210,383 | 50,239,531 |

| **Masraf Al Rayan** | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|
| Revenue | 3,892,669 | 4,376,857 | 4,297,325 | 4,275,299 | 4,595,201 | 6,495,079 | 8,889,430 |
| Cost of Investment | | 19,531,132 | 4,157,023 | 3,097,100 | 33,101,602 | 31,822,536 | 38,947,529 |
| Net Profit | | 2,139,509 | 2,110,268 | 2,117,395 | 1,730,705 | 1,363,251 | 1,479,995 |
| Current assets | | 96,218,258 | 96,081,231 | 109,913,326 | 170,160,221 | 162,557,377 | 160,364,889 |
| current liabilities | | 27,513,362 | 30,177,143 | 41,693,373 | 45,874,883 | 49,067,196 | 49,949,857 |
| total liabilities | | 29,520,379 | 32,054,488 | 44,061,887 | 51,724,798 | 54,696,394 | 54,593,596 |
| total assets | | 97,294,213 | 96,458,634 | 110,437,568 | 174,154,716 | 167,533,213 | 164,199,535 |

| **Inustries Inc** | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 4,674,300 | 4,628,483 | 5,791,018 | 5,095,823 | 7,399,718 | 14,169,123 | 18,793,594 | 11,744,032 |
| Cost of Investment | | 20,286,788 | 19,292,792 | 18,208,374 | 8,390,579 | 8,399,910 | 9,021,679 | 8,731,468 |
| Net Profit | | 3,315,402 | 5,029,816 | 2,574,613 | 8,090,097 | 1,843,778 | 8,815,364 | 4,722,789 |
| Current assets | | 11,139,959 | 14,338,980 | 14,191,335 | 13,550,141 | 21,023,289 | 23,898,626 | 20,333,979 |
| current liabilities | | 1,043,263 | 1,374,201 | 1,272,029 | 1,527,192 | 2,073,484 | 2,223,990 | 2,270,105 |
| total liabilities | | 1,242,358 | 1,579,225 | 1,640,491 | 2,271,952 | 2,797,413 | 2,985,214 | 3,076,274 |
| total assets | | 11,139,959 | 37,069,688 | 35,870,317 | 35,884,955 | 42,307,701 | 45,004,762 | 43,052,615 |

| **QNB Group** | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 9,149,731 | 11,559,740 | 9,951,851 | 9,923,961 | 17,887,115 | 17,888,225 | 18,793,594 | 11,744,032 |
| Cost of Investment | | 84,142,643 | 64,164,791 | 74,899,709 | 80,333,905 | 97,975,449 | 95,070,521 | 103,015,784 |
| Net Profit | | 9,537,260 | 9,675,194 | 9,675,194 | 12,404,279 | 13,141,070 | 13,883,337 | 14,460,800 |
| Current assets | | 438,307,171 | 424,940,867 | 467,908,346 | 704,747,254 | 809,343,857 | 860,704,511 | 932,540,065 |
| current liabilities | | 381,269,592 | 362,478,140 | 403,933,305 | 621,083,864 | 704,051,399 | 2,223,990 | 2,270,105 |
| total liabilities | | 389,758,824 | 372,757,928 | 413,023,134 | 648,841,097 | 732,331,650 | 773,922,878 | 849,978,523 |
| total assets | | 443,486,108 | 428,278,089 | 472,044,087 | 719,694,515 | 811,077,990 | 862,197,599 | 944,697,691 |

| Company | Measure | 2006 | 2007 | 2008 | Mean | 2009 | 2010 | 2011 | 2012 | Mean |
|---|---|---|---|---|---|---|---|---|---|---|
| Barwa Groups | Revenue Growth | 0.00 | 100.13 | -0.65 | 33.16 | 168.04 | 85.01 | -14.46 | -46.59 | 48.00 |
| | ROI | 0.32 | 0.14 | 0.10 | 0.18 | 0.20 | 0.23 | 0.51 | 0.43 | 0.34 |
| | Market Share | 15.48 | 16.57 | 17.01 | 16.35 | 17.37 | 18.12 | 18.01 | 17.73 | 17.81 |
| | Profitability | 0.82 | 0.51 | 0.28 | 0.53 | 0.25 | 0.26 | 0.31 | 0.46 | 0.32 |
| | Liquidity | 0.54 | 0.92 | 0.77 | 0.74 | 0.22 | 0.25 | 0.13 | 0.11 | 0.18 |
| | Laverage | 0.54 | 0.79 | 0.80 | 0.71 | 0.83 | 0.82 | 0.80 | 0.74 | 0.80 |

| | | Pre-Merge Period | | | | Merger Period | Post-Merge Period | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | **Measure** | **2011** | **2012** | **2013** | **Mean** | **2014** | **2015** | **2016** | **2017** | **Mean** |
| Verizon Inc. | Revenue Growth | 4.04 | 4.48 | 4.06 | 4.20 | 5.42 | 3.57 | -4.29 | 0.04 | 1.19 |
| | ROI | 9.42 | 9.64 | 20.47 | 13.18 | 15.84 | 27.39 | 23.80 | 18.81 | 21.46 |
| | Market Share | 12.35 | 12.32 | 12.52 | 12.40 | 12.36 | 12.41 | 12.41 | 12.46 | 12.41 |
| | Profitability | 2.17 | 0.76 | 9.54 | 4.16 | 7.57 | 13.58 | 10.42 | 23.88 | 13.86 |
| | Liquidity | 1.01 | 0.79 | 2.63 | 1.48 | 1.05 | 0.64 | 0.87 | 0.91 | 0.87 |
| | Laverage | 0.50 | 0.62 | 0.65 | 0.59 | 0.94 | 0.93 | 0.90 | 0.83 | 0.90 |

| | | Pre-Merge Period | | | | Merger Period | Post-Merge Period | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | **Measure** | **2012** | **2013** | **2014** | **Mean** | **2015** | **2016** | **2017** | **2018** | **Mean** |
| H.J Heinz Co. | Revenue Growth | -1.64 | -36.90 | -5.26 | -14.60 | 67.90 | 43.42 | -0.85 | 0.74 | 27.80 |
| | ROI | 34.94 | 11.47 | 8.64 | 18.35 | 4.67 | 6.31 | 6.77 | -10.99 | 1.69 |
| | Market Share | 10.05 | 10.05 | 10.51 | 10.20 | 11.72 | 11.70 | 11.70 | 11.55 | 11.67 |
| | Profitability | 8.96 | 8.79 | -0.58 | 5.72 | -1.45 | 12.99 | 41.96 | -38.80 | 3.68 |
| | Liquidity | 1.34 | 1.44 | 1.03 | 1.27 | 1.41 | 0.92 | 0.71 | 1.21 | 1.06 |
| | Laverage | 0.85 | 0.78 | 0.57 | 0.73 | 0.46 | 0.52 | 0.45 | 0.50 | 0.48 |

| | | Pre-Merge Period | | | | Merger Period | Post-Merge Period | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Company** | **Measure** | **2015** | **2016** | **2017** | **Mean** | **2018** | **2019** | **2020** | **2021** | **Mean** |
| AT&T Inc. | Revenue Growth | 10.84 | 11.57 | -1.98 | 6.81 | 6.36 | 6.11 | -21.05 | -6.30 | -3.72 |
| | ROI | 11.63 | 9.73 | 7.59 | 9.65 | 7.75 | 7.92 | 2.44 | 7.67 | 6.45 |
| | Market Share | 12.91 | 12.91 | 13.00 | 12.94 | 13.18 | 13.22 | 13.17 | 13.22 | 13.20 |
| | Profitability | 9.09 | 7.92 | 18.34 | 11.78 | 11.34 | 7.67 | -3.75 | 14.83 | 7.52 |
| | Liquidity | 0.75 | 0.76 | 0.97 | 0.83 | 0.80 | 0.80 | 0.82 | 1.61 | 1.01 |
| | Laverage | 0.69 | 0.69 | 0.68 | 0.69 | 0.64 | 0.63 | 0.66 | 0.67 | 0.65 |