



UNIVERSITI PUTRA MALAYSIA

**EFFECT OF MERGER AND ACQUISITION ON ACQUIRER BANKS IN
THE MIDDLE EAST AND NORTH AFRICA REGION**

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GSM 2019 23



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By

SAMEER MOHAMMED A SINDI

**Thesis Submitted to Putra Business School in Fulfilment of the Requirement for
the Degree of Doctor of Philosophy**

May 2019

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DEDICATION

This PhD research thesis is dedicated to my family members, especially to my father Mohammed; my mother Salwa and my wife Mona for their patience, encouragement and support.



Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfilment of the requirement for the degree of Doctor of Philosophy

EFFECT OF MERGER AND ACQUISITION ON ACQUIRER BANKS IN THE MIDDLE EAST AND NORTH AFRICA REGION

By

SAMEER MOHAMMED A SINDI

May 2019

Chairman : Bany Ariffin Amin Noordin, DBA
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The trends associated with merger and acquisitions in the Middle East and North Africa region have changed in the last decade and increased significantly. Most of the existing merger and acquisitions studies tend to focus on the effects of merger and acquisitions in banking in developed countries, and limited studies have examined the effects of merger and acquisitions in banking in developing countries such as the Middle East and North Africa countries. In addition, there is considerable debate among many researchers regarding the benefits afforded to economic efficiency especially through growth in both scale and scope as a result of merger and acquisitions activities. Therefore, a comprehensive examination of the effects of merger and acquisitions on acquirer banks in the Middle East and North Africa region has been undertaken in this study by investigating and analysing four main effects: the short term effect, long term effect, efficiency effect and risk effect.

Different methods were employed to achieve the objectives of this study. The event study method examined the short term effect, using financial ratios to investigate the long term effect, data envelope analysis to examine the efficiency effect, and applying total risk and market risk to measure the risk effect of merger and acquisitions on acquirer banks in the Middle East and North Africa region.

The findings from the study found that some banks experienced positive or negative abnormal returns during merger and acquisition announcements in the region. However, these positive or negative abnormal returns were not statistically significant. Although, the financial ratio results for all acquirer banks indicated that five ratios were negatively affected, and two ratios were positively affected as a result of merger and acquisition deals in the region. However, these positive or negative effects were not statistically significant. All three efficiency levels (revenue, cost, and profit) in banks changed following merger and acquisition deals. The results from conducting both the parametric and non-parametric tests indicated the difference in profit, revenue and cost efficiency

of the acquirer banks were not statistically significant. Similarly, the mean of the total relative risk ratio and beta for all acquirer banks suggested that the total relative risk ratio experienced a slight increase following merger and acquisition deals whereas, beta experienced a slight decrease after merger and acquisition deals. Although similar to the above findings, the results from the parametric and non-parametric tests indicated that the difference in the total relative risk ratio and the beta of the acquirer banks were not statistically significant.

Therefore, based on the overall findings and results, this study concludes that the merger and acquisition effects (i.e., the short-term, long-term, efficiency and risk) did not play a significant role in the acquirer banks following merger and acquisition deals in the Middle East and North Africa region. The most prominent factor affecting the outcome of merger and acquisition deals related to the agency problem which could explain why some banks in developing countries remain interested in banking merger and acquisition deals.

The empirical findings of this study are expected to contribute significantly to the existing knowledge regarding merger and acquisitions in the banking industry in the Middle East and North Africa region, particularly for policymakers, managers and stakeholders of banks. Additionally, the findings and results of this study will also assist various stakeholders in the industry such as investors, creditors, employees, bankers and others in understanding the importance of merger and acquisitions in the Middle East and North Africa region.

Abstrak tesis yang dikemukakan kepada Senat Universiti Putra Malaysia sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

KESAN PENGGABUNGAN DAN PENGAMBILALIHAN BAGI PEMEROLEH DI WILAYAH TIMUR TENGGARA BARAT DAN TENGGARA UTAMA

Oleh

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Mei 2019

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Trend yang berkaitan dengan penggabungan dan pengambilalihan di rantau Timur Tengah dan Afrika Utara telah berubah dalam dekad yang lalu dan meningkat dengan ketara. Kebanyakan kajian penggabungan dan pengambilalihan yang ada cenderung untuk memberi tumpuan kepada kesan penggabungan dan pengambilalihan dalam perbankan di negara maju, dan namun kajian yang mengkaji kesan penggabungan dan pengambilalihan dalam perbankan di negara-negara berkembang seperti negara-negara Timur Tengah dan Afrika Utara masih terhad. Selain itu, terdapat banyak perdebatan di kalangan penyelidik mengenai faedah yang diberikan kepada kecekapan ekonomi terutamanya melalui pertumbuhan dalam kedua-dua skala dan skop hasil daripada aktiviti penggabungan dan pengambilalihan. Oleh itu, kajian komprehensif mengenai kesan penggabungan dan pengambilalihan ke atas bank di rantau Timur Tengah dan Afrika Utara telah dilaksanakan untuk menyiasat dan menganalisis empat kesan utama yang terhasil dari proses penggabungan dan pengambilalihan: kesan jangka pendek, kesan jangka panjang, kesan risiko dan kecekapan.

Terdapat empat kaedah yang berbeza yang telah digunakan untuk mencapai matlamat kajian ini. Kaedah kajian peristiwa yang mengkaji kesan jangka pendek, menggunakan nisbah kewangan untuk mengkaji kesan jangka panjang, analisis *data envelopment* untuk mengkaji kesan kecekapan, dan menggunakan jumlah risiko dan risiko pasaran untuk mengukur kesan risiko penggabungan dan pengambilalihan ke atas bank di kawasan Timur Tengah dan Afrika Utara.

Penemuan kajian mendapati beberapa bank mengalami pulangan positif atau negatif semasa penggabungan dan pengambilalihan di rantau ini. Walau bagaimanapun, pulangan abnormal positif atau negatif tidak signifikan secara statistik. Namun begitu, nisbah kewangan untuk semua bank menunjukkan bahawa lima nisbah telah terjejas secara negatif, dan dua nisbah secara positif akibat daripada percantuman dan pengambilalihan di rantau ini. Disamping itu, ketiga-tiga jenis tahap kecekapan yang diukur dengan teknik *Data Envelopment* (pendapatan, kos, dan keuntungan) di bank

berubah secara tidak signifikan berikutan penggabungan dan pengambilalihan. Begitu juga, purata nisbah risiko relatif dan beta bagi semua bank menunjukkan jumlah nisbah risiko relatif mengalami sedikit peningkatan berikutan penggabungan dan pengambilalihan sementara beta mengalami penurunan sedikit selepas perjanjian penggabungan dan pengambilalihan. Secara keseluruhan, hasil daripada ujian parametrik dan bukan parametrik menunjukkan bahawa perbezaan dalam jumlah nisbah risiko relatif dan beta bank yang terlibat adalah tidak signifikan secara statistik.

Oleh itu, berdasarkan penemuan dan hasil keseluruhan, kajian ini membuat kesimpulan bahawa proses penggabungan dan pengambilalihan di rantau Timur Tengah dan Afrika Utara tidak mempunyai kesan jangka pendek, jangka panjang, kecekapan dan risiko. Faktor yang mungkin boleh menjelaskan situasi ini adalah masalah agensi yang dihadapi di kalangan bank setempat. Kajian yang lepas ada menunjukkan bahawa masalah agensi boleh menyebabkan pihak bank cenderung untuk menjalankan aktiviti penggabungan dan pengambilalihan tanpa prospek positif.

Penemuan empirikal kajian ini dijangka menyumbang dengan ketara kepada pengetahuan sedia ada mengenai penggabungan dan pengambilalihan dalam industri perbankan di rantau Timur Tengah dan Afrika Utara, khususnya bagi penggubal dasar, pengurus dan pihak berkepentingan bank. Di samping itu, penemuan dan hasil kajian ini juga akan membantu pelbagai pihak berkepentingan dalam industri seperti pelabur, pemiutang, pekerja, bank dan lain-lain dalam memahami kepentingan penggabungan dan pengambilalihan di rantau Timur Tengah dan Afrika Utara.

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I certify that a Thesis Examination Committee has met on 10 May 2019 to conduct the final examination of Sameer Mohammed A Sindi on his thesis entitled “Effect of Merger and Acquisition on Acquirer Banks in the Middle East and North Africa Region” in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the student be awarded the Degree of Doctor of Philosophy.

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LIST OF ABBREVIATIONS

M&As	Merger and Acquisitions
MENA	Middle East and North Africa
DEA	Data Envelopment Analysis
AR	Abnormal Return
AARs	Average Abnormal Returns
CARs	Cumulative Abnormal Returns
ACARs	Average Cumulative Abnormal Returns
IMAA	The Institute of Mergers & Acquisitions and Alliances
OECD	Organization for Economic Cooperation and Development
GCC	Gulf Cooperation Council
SFA	Stochastic Frontier Approach
DFA	Distribution Free Approach
TFA	Tick Frontier Approach
FDH	Free Disposal Hull analysis
ROE	Return on Equity
NFM	Net Financial Margin
CAP	Capitalisation Ratio
EFF	Cost to Income Ratio (Efficiency)
LOANS	Lending Activity
PROV	Loan Loss Provisions to Total Loans
RISK	Loan Loss Provisions to Net Interest Revenue (Risk profile)
DMU	Decision-Making Unit
VRS	Variable Returns to Scale
PTE	Pure Technical Efficiency

TRR	Total Relative Risk
WTO	World Trade Organisation
FDI	Foreign Direct Investment



CHAPTER 1

INTRODUCTION

1.1 Introduction

Mergers and acquisitions (M&As) consider one of the essential business strategies for the growth and expansion of firms in various industries worldwide. Moreover, M&As are considered recurring events in the organisational life of many large corporate enterprises and are often associated with strategic investment decisions. A merger is described as the consolidation of more than two firms into one legal unity, whereas for an acquisition, the target firm is not integrated into the acquirer but instead, becomes a subsidiary (Shim and Okamuro, 2011). During the last few decades, M&As have evolved to become valuable instruments and tools used in the financial industry mostly after large financial institutions have fallen out locally and internationally, caused by profound changes in the banking sector worldwide (Gattoufi, Sakr, & Omran, 2008).

Also, M&As are considered useful methods to achieve growth and improve the profitability of firms. According to the fundamental theory surrounding M&As, the acquirer and target firms will achieve positive gains such as improving their operating performance and financial performance after merger and acquisition transactions (Gattoufi, Al-Muharrami, and Al-Kiyumi, 2009). Heffernan (2006) indicated that there are three primary motivations for a firm to become involved in M&A activities. First, the maximisation of shareholder wealth which can be achieved through operational efficiencies (i.e., cost reductions) or increasing market concentration (i.e., increase market power). The second motivation, managerial self-interest, is accomplished when managers decide to become involved in M&As to achieve their personal goals on account of the firm's goals. The last motivation includes several factors, such as changes in the banking industry structure and changes in regulations, which lead to creating an attractive business environment to take advantage of M&As. Likewise, Trompenaars and Asser (2010) indicated that M&As for firms lead to significant benefits such as global business expansion. Calipha, Tarba, and Brock (2010) suggested that many firms aim to accomplish growth and create sustainable value through M&A activities.

Similarly, Assaf, Barros, and Ibiwoye (2012) highlighted that diversification, along with economies of scale and technological transfers, may motivate firms to involve in mergers and acquisitions deals. Likewise, Meyer and Thaijongrak (2013) found that firms in emerging economies were often involved in M&As deals in domestic and international markets. Yang and Hu (2016) mentioned that firms in emerging economies are involved in M&As to achieve business expansion to compete with other firms.

This chapter provides an introduction which gives general information on M&As and the global issues and trend of M&As. Then, it discusses the problem statement which highlights the protentional gaps. In addition, it presents the research questions and research objectives. Also, it shows the study significance which indicates the importance

of the study and how it can contribute to the policymakers, decision makers, and stakeholders in acquirers in the MENA region. Furthermore, this chapter presents the scope of the study, which consists of 35 acquirer listed banks participate in M&A activities in the MENA region. Lastly, this chapter gives information on the organization of this study and includes graphical structure for this study.

1.2 Global M&A Issues and Trends

Except for a few years during the last few decades, M&A deals globally have experienced substantial growth with the value and number of mergers and acquisitions deals reaching a significant level. Likewise, the banking sector has also faced profound changes reflected by the collapse of large financial institutions, distinguished by the high concentration of M&As globally (Gattoufi et al., 2008). M&As are one of the key strategies which are often employed by firms to accomplish rapid and consistent growth. Moreover, globalisation, liberalisation, technological changes, and a highly competitive business environment are also helping to drive M&As (Turk-Ariss, 2009). Furthermore, reasons such as the financial crisis have prompted banks to become actively involved in M&As as a key strategy to remain competitive, expand, and to grow the business.

As announced by the Institute of Mergers & Acquisitions and Alliances (IMAA), firms globally had undertaken 40,000 transactions with a value of more than USD 3.5 trillion in November 2018. IMAA also predicted at the time, that the number of M&A transactions was expected to decrease by 12% in 2018 compared to 2017 and the value of transactions to increase by 7% (up to USD 4.0 trillion) globally, in 2018 compared to 2017 (refer to Figure 1.1).

Sonenshine and Reynolds (2014) mentioned that cross-border mergers were increasing in developing markets even though the majority of cross-border merger deals occurred in developed countries. Developing countries also contribute significantly to global economic growth. They also mentioned that the OECD¹ (2009), forecasted that 60% of the world's economy would be generated by developing and emerging economies by 2030.

Notwithstanding, the International Monetary Fund² (2016) indicated that the growth rate (4.2%) in developing economies in 2016 was more than double the growth rate in developed economies (1.6%) for the same year. Furthermore, based on their prediction, emerging economies are expected to contribute more compared to developed economies towards economic growth worldwide.

¹ OECD "Organisation for Economic Co-operation and Development is comprised of 30-member countries sharing a commitment to democratic government and the market economy" OECD (2009).

² IMF "International Monetary Fund, World Economic Outlook Report, (2016)".

In the MENA region, there are significant geopolitical differences which have major significance globally given the different countries diverse economic structures and resources (Gattoufi et al., 2009). Also, for these countries to attach and align themselves to the World Trade Organisation (WTO), as a requirement, the banking systems in most MENA countries need to engage in significant economic reform to improve their economies and national financial systems, which lead to develop the performance of the banking system. This was seen as a significant strategic issue for these countries (Gattoufi et al., 2009).

Since the 1970s, the economic performance of the MENA region has been reflected through the changes brought about in the price of oil. The MENA region experienced changes in the oil price through rising oil prices during the 1970s and during the first decade of the twentieth century, with a decline in oil prices between the 1980s and 1990s. These changes were reflected across various industry sectors of the economy in these countries. For example, when oil price increased, on average, the banking sector experienced a 15% annual increase in deposits between 2002 and 2005. However, in the case of a decline in oil prices, the MENA countries needed to consider other means, such as M&A activities, to improve and enhance their economic growth (Gattoufi et al., 2008).

Since the last decade, the trends associated with M&As in the MENA region have changed over the years and have increased significantly. According to the IMAA, M&A transactions in the MENA region have risen sharply from 200 in 2002 to 800 in 2016, with a value of more than USD 50 billion (refer to Figure1.2).

In addition, the banking industry has the largest deal sizes of M&As compared to other industries in the MENA region in 2018 (refer to Figure1.3). Therefore, the banking industry is considering to be a strong participator in M&As compared to other industries in the MENA region.

M&As can further assist firms to improve their skilled workforce, which is considered in many organisations to be a crucial goal towards improving the management and efficiency of the business. This helps to facilitate better decision making by management and in achieving better results and benefits for shareholders. According to Dymski (2002), firms engaged in M&A activities tend to improve their financial position and enhance production by increasing the level of financial resources. Indeed, M&A activities provide the opportunity for firms to implement expansion and growth strategies, to access and establish new markets, and increase sales and increase profits.

On the other side, Jensen (1986) proposed that some managers are looking to increase firm size by making it even larger than the optimal size by engaging in M&A deals which may cause negative impacts such as destroying the firm's value. Further, Stulz (1990) indicated that some managers destroy the firm's value by approving merger and acquisition deals to maintain a significant level of prestige and power associated with operating a large firm. Grinstein and Hribar (2004) also indicated that CEOs in the bidding firm get a merger incentive if the M&A creates value or do not create value for the shareholder wealth of acquirer firms. Nguyen, Yung, and Sun (2012) implied that

M&A motivated by empire-building incentives lead to critically decreasing the firm's value in the longer term. Besides, Maas, Heugens, and Reus (2018) indicated that M&As which are driven by empire-building could affect the acquirers and shareholders negatively following M&A deals.

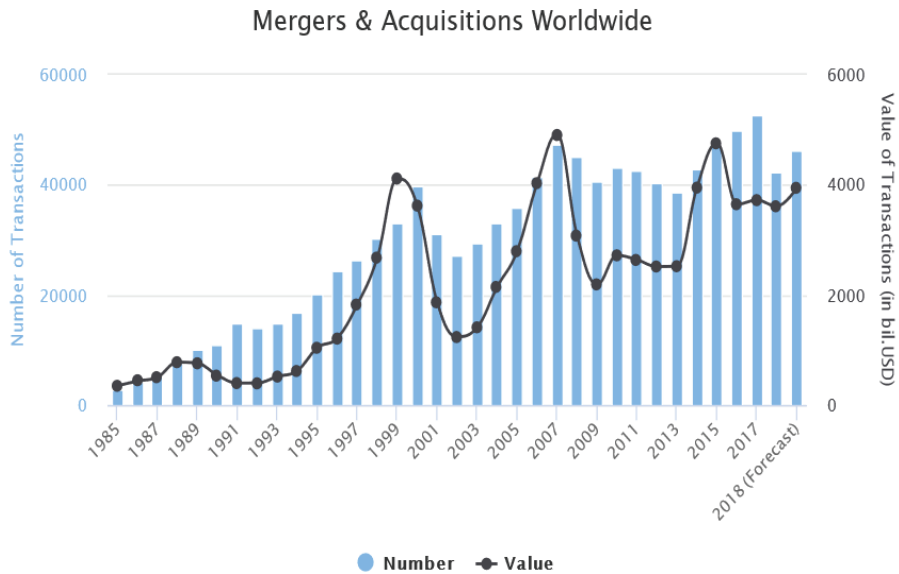


Figure 1.1: Value and number of M&A deals Worldwide.
(Source: “The Institute of Mergers & Acquisitions and Alliances” (IMAA))

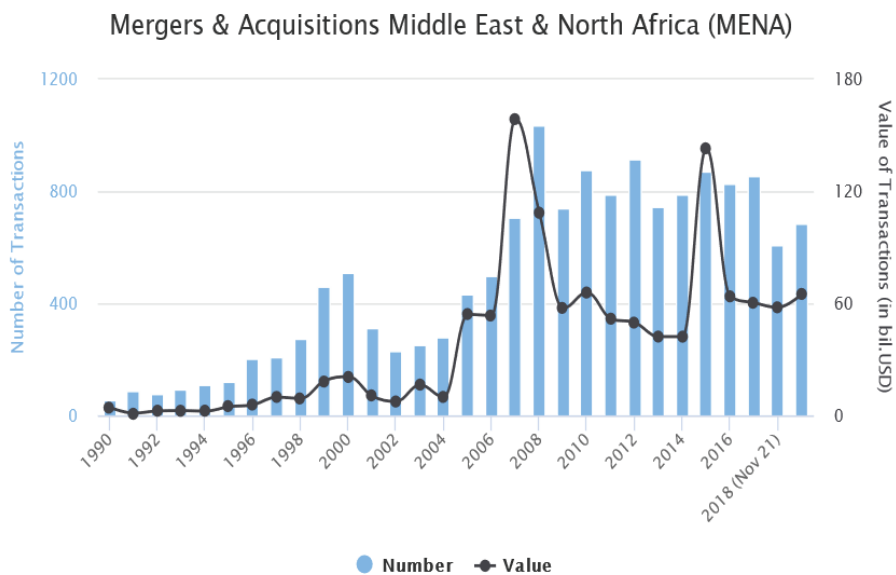


Figure 1.2: Value and number of M&A deals in the MENA region.
(Source: “The Institute of Mergers & Acquisitions and Alliances” (IMAA))

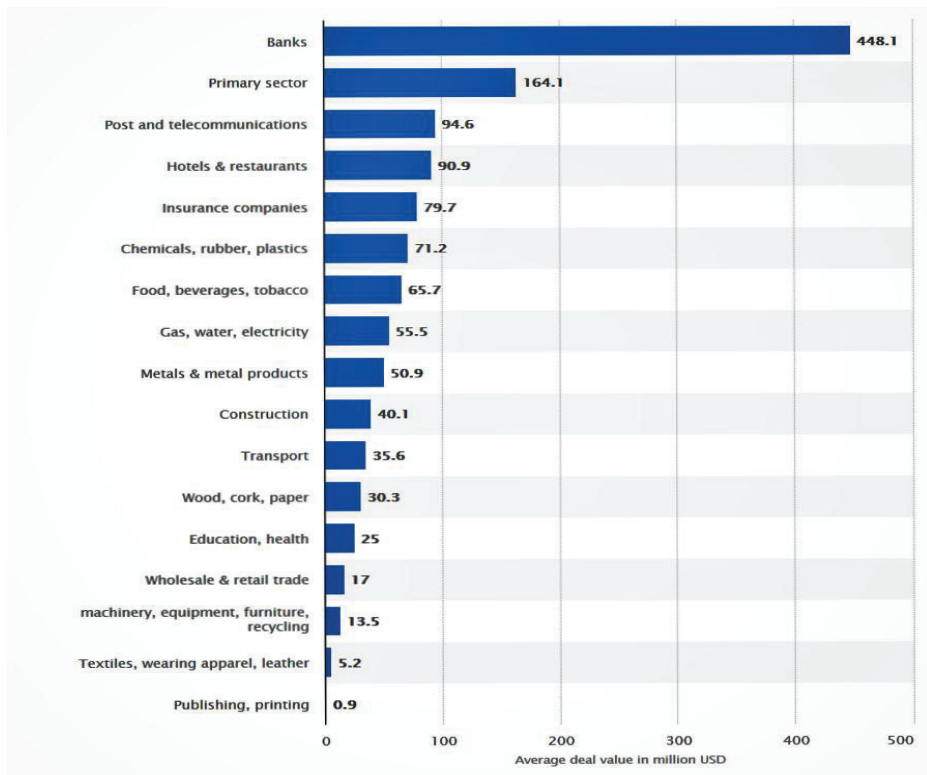


Figure 1.3: Average merger & acquisition deal sizes in industries in the MENA region in 2018.

(Source: Statista, 2019)

Olson and Zoubi (2011) mentioned that the MENA region is considered to be an essential area of research for several factors. First, the MENA region is distinguished by its rapid growth with regards to its population size and wealth and represents a bridge between Asia and Europe. Secondly, the region has relatively young, underdeveloped banking sectors since the majority of banks were established during the early 1970s or later. Lastly, the region consists of countries from the Gulf Cooperation Council (GCC) and Arab countries of the Near East and North Africa, which are considered to be rapidly expanding, oil-rich countries. Interestingly, both Islamic banks and conventional banks are running in most of the MENA countries. Also of note, Boussaada and Karmani (2015) suggested that the ownership structure (State banks dominated the banking industry) in the financial system in the MENA region is one of the main reasons to study the banking sector in this region.

1.3 Problem Statement

Since the early 1990s, many countries situated in the Middle East (ME) region have attempted to enhance their economic growth by applying recently established policies to

attract overseas investment (Metwalli and Tang, 2007). As a result, M&A transactions in MENA countries over the last ten years have increased significantly (IMAA, 2017). According to IMAA³, M&As transactions in MENA countries have increased significantly from 100 in 2002 to over 400 in 2018 with a value of more than USD 60 billion (refer to Figure 1.2).

Most of the previous M&A literature focused on studies undertaken in developed countries. As a result, many of the M&A suggestions and recommendations are based on the findings from the data samples of acquirer or target firms from developed countries. Moreover, Achim (2015) highlighted that “studies assessing the issue of M&As in developing countries are scarce”, and further mentioned that most previous studies tended to discuss and investigate this issue in the context of developed countries. Furthermore, he highlighted that the findings and results from the developing countries might differ from the developed countries, thereby emphasising that future studies should investigate M&A issues in developing countries. On the other hand, Jia (2018) indicated ever since the late 1990s, M&A deals conducted in emerging economies have experienced rapid growth and further mentioned that acquirers from developing economies play a major role in the cross-border merger and acquisition market. Also, he highlighted that past literature was incomplete, given it focused more on developed countries. Therefore, this study intends to close this gap by examining and analysing the effects of M&A deals on acquirer banks in developing countries (MENA region).

The effects of M&A deals on the target and acquirer banks have been discussed by researchers and published in many articles in business journals. Most of these articles have investigated the effects of M&A deals on the acquirer banks in developed countries, and limited studies have investigated the effects of M&As on the acquirer banks in developing countries such as the Middle East countries and GCC countries.

Previous studies have revealed inconclusive findings regarding both the short-term and long-term effects of M&A on acquirer banks. Some previous studies indicated that M&As had affected the acquirer banks positively. Whereas, other studies suggested that M&As have affected the acquirer banks negatively. Notwithstanding, some studies highlighted that no significant effects resulted from M&As on the acquirer banks. Therefore, even though previous studies show that the shareholders of target firms may benefit from M&As, the evidence for acquirers remains controversial. Accordingly, this study aims to investigate the short and long-term effects of M&As on acquirer banks in the MENA region to determine if the evidence from the MENA emerging market is consistent compared to studies from a developed market perspective.

Nonetheless, there is considerable debate among many researchers regarding the benefits afforded to economic efficiency, especially through growth in both scale and scope, considered as the primary driver for M&As. Although, published studies in the MENA region of the benefits associated with economic efficiency resulting from M&As are

³(IMAA) “The Institute of Mergers & Acquisitions and Alliances”.

limited. Accordingly, this study also investigates the impact of M&A deals on profit efficiency (revenue and cost) of acquirer banks in the MENA region.

Notwithstanding, there are a number of significant benefits for acquirer firms to be actively engaged in cross-border M&A. For instance, Kiyamaz and Mukherjee (2000) reported that inter-country diversification is considered as the main benefit for cross-border M&A, leading to many advantages namely; reduces risk, tax differentials, improves governance systems, technology and the level of development in the market for firms. Consequently, these benefits will lead towards creating wealth gains of acquirer firms. Many researchers in previous studies have supported this fact, suggesting that international diversification through M&As within a similar sector is more successful in decreasing the level of risk which in turn, helps to increase firm value. On the other hand, some studies indicated that the disadvantages caused by cross-border M&A deals could offset the advantages. Accordingly, this study investigates the effects of M&A on the risk level of acquirer banks in the MENA region.

The primary purpose and contribution of this study will help to close the gaps that have been discussed above in providing detailed examination and analysis of the M&A effects on acquirer banks in the MENA region. Additionally, this study will also focus on analysing four primary effects: the short-term effects, long-term effects, efficiency effects, and the risk effects of M&As in the MENA region.

1.4 Research Questions

This study aims to answer the following questions:

1. What is the short-term impact on the acquirer banks caused by M&A in the MENA region?
2. What is the long-term impact on the acquirer banks caused by M&A in the MENA region?
3. What are the efficiency effects on the acquirer banks caused by M&A in the MENA region?
4. How is the risk level of the acquirer banks affected by M&A deals in the MENA region?

1.5 Research Objectives

This study aims to accomplish the following:

1. To investigate the short-term effects of M&A on acquirer banks in the MENA region.
2. To examine the long-term effects of M&A on acquirer banks in the MENA region
3. To investigate the efficiency effects of M&A on acquirer banks in the MENA region.

4. To examine the risk effects of M&A on acquirer banks in the MENA region.

1.6 Significance of the Study

To the best of the researcher's knowledge, based on the previous researches and studies, this is the first study to perform an integrated examination and analysis of the impact of M&As on the performance of acquirer banks in the MENA region, focusing on the short term, long term, efficiency and risk effects. This integrated analysis provides a clear picture of the overall effects of M&A on the performance of acquirer banks in the MENA region. Therefore, the findings of this study contribute to M&As studies and practices in closing the gaps indicated in this study. Likewise, this study will serve as a reference for future studies in the area of M&As in the MENA region. Also, this study contributes to the growing literature on M&As value generation and benefits for banks in developing countries by concentrating on the short term, long term, efficiency and risk effects of M&As on acquirer banks in the MENA.

Moreover, this study provides a practical contribution to policymakers, decision makers and stakeholders in acquirer banks by presenting evidence of existing corporate governance issues, particularly for agency-related problems in the MENA region, and how these can lead to unsuccessful M&A activities. Furthermore, this study provides some possible solutions for decision makers in acquirer banks to address and tackle these problems first before becoming involved in M&As to help increase their chance of success in future M&A activities.

1.7 Scope of this Study

The scope of this study includes 35 acquirer listed banks involved in M&As deals in the MENA region between 2000 and 2012. The acquirer banks are from different countries in the MENA region which include: Saudi Arabia, the United Arab Emirates (UAE), Qatar, Kuwait, Bahrain, Egypt, Tunisia, and Lebanon.

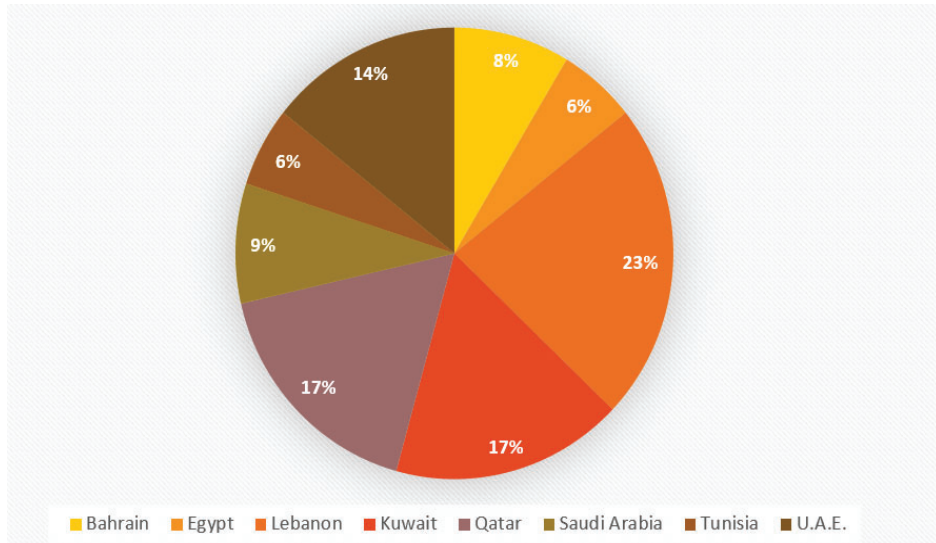


Figure 1.4: Merger and Acquisitions deals in the MENA.

1.8 Organisation of this Study

This study is organised into six chapters. The first chapter introduces the study and presents background on M&As, global trends followed by the problem statement, research questions, research objectives and scope, and contributions of the study. Chapter two provides information on banking in the MENA region, which includes an overview of the MENA region, financial systems and development in the MENA, and banking institutions in MENA countries. Chapter three reviews the literature on banking M&As, its status within the MENA region and theories. Chapter three also presents information on the definitions and types of M&A and the motivation of banks to involve in M&As. Chapter four presents the research design, data sources, sample and the methods of analysis which include: measuring the short effects, long-term effects, the efficiency effects, and the risk effects of M&As in the MENA region. Chapter five presents and discusses the findings and results of the study followed by chapter six, which provides an overall summary of the study, including conclusions, recommendations and limitations of the study. Graphical structure for this thesis is presented below in Figure 1.5.

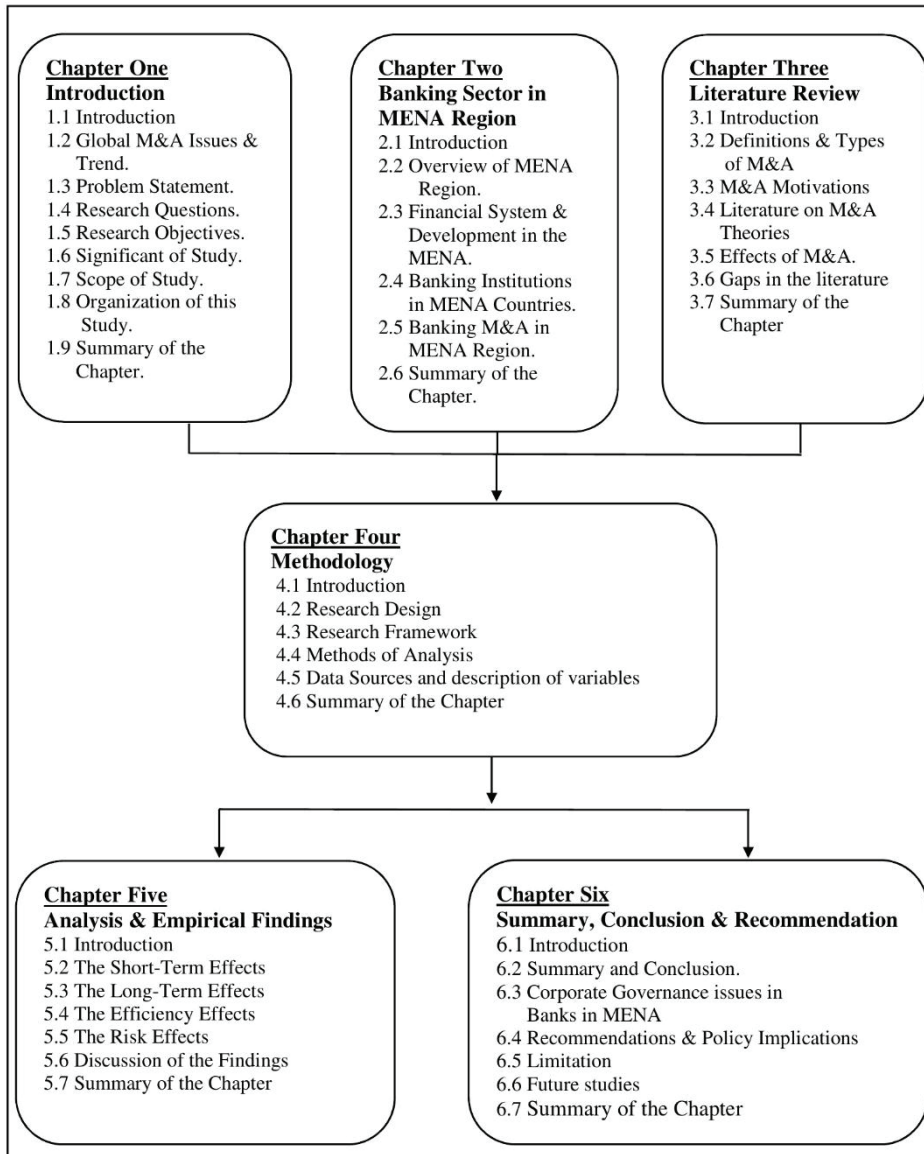


Figure 1.5: Graphical structure for this study.

1.9 Summary of the Chapter

Merger and acquisitions are one of the key strategies which are often employed by firms to accomplish rapid and consistent growth. The trends associated with merger and acquisitions in the MENA region have changed in the last decade and increased significantly. This chapter provided an introduction which gives general information on M&As, the global issues and trend of M&As. Also, it highlighted the gaps in previous studies and indicated that this study focuses on analysing four primary effects: the short-term effects, long-term effects, efficiency effects and the risk effects of M&As in the MENA region. Besides, this chapter presented four main research questions and objectives. Also, it showed the importance of the study and how it contributed to the policymakers, decision makers, and stakeholders in acquirers in the MENA region. In addition, this chapter presented the scope of study which includes 35 acquirer banks involved in M&A deals in the MENA countries. Also, this chapter provided information on the organization of this study and included a graphical structure for this study.

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LIST OF PUBLICATIONS

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