Research Paper

MAXIMIZING GROWTH VALUE THROUGH MERGERS AND ACQUISITIONS

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Abstract

The purpose of this research is to examine Merger and acquisition impact on Size, Profitability, Shareholders wealth, Market share and Segments in USA Technology companies. The research is conducted on 100 companies listed under Technology sector at NASDAQ which covered the period of 2010-2014, total observations of 100 firms-years. The dependent variables are Size, Profitability, Shareholders wealth, Market share and Segments and independent variables is Pre and Post Merger and Acquisition. The research employed Descriptive Pearson correlation coefficient and Paired T-Test and the findings shows only dividends and products to be positively correlated while all other variables found to be insignificant relation with merger and acquisition activity.

Key Terms: Merger and Acquisition, Growth Value, Size, Segments, Profitability, Market Share, Shareholders’ Wealth, Technology Sector

1. Introduction

During financial crisis a sharp increase in Mergers and Acquisitions activity has been noticed in the High Technology Sector (Jørgensen and Jørgensen, 2010). Despite of constant mergers in high tech industry companies face the same problems of financial distress, operation inefficiency and losing market share because of poor corporate governance practices, inefficient risk management, more reliance on public funds, poor infrastructure, weak regulation and reporting, inefficient credit assessment skills and unprofessionalism which might lead to illiquidity in the industry (Kaufeler, 2012). These were the particular issues of the study with reference to Tech sector of United States of America.

Although Tritt (2011) states that still the companies faces the same problem at their post-merger situations do Bad credit assessment, poor infrastructure and joining of diversified
cultures make the companies suffer from the same consequences. So seeing to the issue this study aimed to determine the components of Mergers and Acquisitions through which the growth is usually maximized (Motis, 2007). This study proves to be assistance provider for the author to be aware of latest dimensions of the pros and cons of mergers and acquisitions and the way how it is placing an impact on the indicators of growth. Furthermore this study will also benefit the corporate sector to be aware about the consequences of merger and acquisition as a growth strategy and lastly, the research students to be benefitted from valuable literature and strong tested result through a wider portraying conceptual framework (Roberts, Wallace and Moles, 2012).

The specific objectives of this research are as follows;

- To measure the impact of mergers and acquisitions on maximizing growth through shareholder's wealth.
- To gauge the impact of mergers and acquisitions on maximizing growth through firm's size.
- To investigate the impact of mergers and acquisitions on maximizing growth through Segmentation.
- To examine the impact of mergers and acquisitions for the maximization of growth by profitability.
- To observe the impact of mergers and acquisitions for growth maximization through market share.

2. Literature Review

2.1 Definitions of Key Concepts

Mergers and Acquisitions is a strategy adopted by the company to race in the vibrant business world. Although in last couple of decades, a number of studies had discussed the implementation and meaningful discussion of Mergers and Acquisitions in the Business World (Abbas, Hunjra, Azam, Iijaz and Zahid, 2014).

Mergers and Acquisitions is compilation of a popular strategy used by companies for numerous years, but the accomplishment of this strategy has been restricted as numerous papers have shown that, on usual, firms make less or no value by doing acquisitions (Hitt, Harrison and Ireland, 2009). According to Bouroui and Li (2014) are corporate strategy tools for achieving organic growth and corporate expansion.

The Initial concept behind Mergers and Acquisitions is about two companies together are of more value than those two companies when they are separate entities (Alam, Khan and Zafar, 2014). According to Marimuthu (2008) and Gaughan (2002) defines Mergers as the assets of two different entities invested or put together and these assets will be controlled or conducted by only one company and the company being controlling the joint assets would be one of these companies or both companies would combined their assets or one company would acquire the other company (Lai, Ling, Eng, Cheng and Ting, 2015). McDonald, Coulthard and Lange (2005) states Mergers and Acquisition is a dominant growth strategy globally. A merger is a conjunction of two companies generally same size decide and agree to combined their assets to move forward for a new organization rather than operating separately (Raza, Sultan, Latif, Rafiq, Khan and Huda, 2015).

2.2 Empirical Review

According to Park and Jang (2011) Mergers and Acquisitions is observed as an effective strategy for the growth of the firm as Mergers and acquisitions accommodate firms to achieve their desired size. Although, the consistent growth after Mergers and Acquisition can be questioned as the post Mergers and Acquisitions integration is a difficult process. In sequence to gauge
whether Merger and Acquisition is an effective factor for making consistent growth in restaurant firms this study investigates the post M&A firm growth with Non M&A firm growth through examining financial data from 1980 to 2007, the study scrutinized the sales growth of the restaurant firms within a time span of 5 years after M&A. The findings of the study shows the post M&A growth patterns varied across time periods and firm sizes. The study further discovers that both large and small practice significantly positive sales growth in the post years of Mergers and Acquisitions. Although this positive effect entirely disappeared during or after the third year post of Mergers and Acquisitions and the firms with M&A and without M&A shows the same growth patterns between 3 to 5 years after an M&A. Furthermore, this research provides significant information Post M&A growth information regarding restaurants firms which also help practically for firms taking M&A into consideration (Park and Jang, 2011). This study cannot mirror the entire impact of mergers and acquisitions as this study only addresses the restaurants industry. Furthermore, the framework adopted for this study is not that effective to exactly measure the impact as healthier framework which would comprise of more effective variables like firm size, profitability, Growth etc (Weston, 2001; Kaplan and Weisbach, 1992).

Doytch and Caken (2011) conducted a research to investigate the impact of mergers and acquisitions sales on economic growth. The examination is conducted on the sector basis: primary, services and manufacturing. Mergers and Acquisitions sales are disaggregated by sectors and even into cross borders and domestic Mergers and Acquisitions sales. The group of the OECD countries is tested. After the application of a Generalized Method of Moments (GMM) estimator, as the study finds no support from the hypothesis that Mergers and Acquisition is a key contributor to economy growth, besides just the growth of services sector. Moreover, financial and non-financial domestic services M&A, places a positive effect on services growth. While primary and manufacturing M&A places negative impact on their own sector growth rates even at the aggregate economic level, the impact of Merger and Acquisition on growth is also negative (Doytch and Caken, 2011). The research adopted a very nominal time period, to be out with a more exact outcome a wider time span should be adopted to be out with a more exact outcome. Furthermore, a more effective and efficient framework is needed than the one which is adopted for this research like Financial gauges, size to be out with a more effective outcome as been opted by Kumar and Bansal (2015) and Cartwright (2006).

Akinbuli and Kelilume (2013) believe that a strategic way out to financial distress in corporate organizations is Mergers and Acquisitions. Although this statement of thought was a presumption, which has not been empirically tested through a research study, corporate firms facing difficulties in present times generally followed or been obligated by regulators to follow the way of extensive growth through mergers and acquisitions, it seems that as the only left option to liquidation. So Akinbuli and Kelilume (2013) try to fill this literature gap through investigating the impacts of Mergers and Acquisition on profitability, efficiency and Growth of Corporate Firms in the post M&A environment of the Nigerian Banking Industry. A random of 10 incorporated banks were been opted through simple random sampling techniques and this data was been tested through using key financial ratios. The Findings of the study shows the concept that mergers and acquisitions is not a prima facie solution to the problem of the financial distress in corporate firms. The study further discovers that while mergers and acquisitions lead to profitability and growth in some firms but operating efficiency will suffers in at-least in the short term in the post Mergers and Acquisition entity. The study also provide evidences that Mergers and Acquisitions provided only a temporary way out to financial distress and no solution at all to operating indiscipline. This research covers a very small sample which will definitely not cover all the aspects of the topic. Moreover, the framework for this study is not that sufficient to address the impact of Mergers and Acquisitions as variables like Sales, Number of Customers as been considered by Schoenberg, (2006) and Antikainen, (2008).

Luypaert and Huyghebaert (2008) conducted a research which empirically examines the determinants of growth through Mergers and Acquisitions in a traditional continental European country, Belgium. To make an analysis they use data of 378 in private and listed bidders which make 816 Mergers and Acquisition during 1997-2005, and then made a comparison of this sample with the companies that did not pursue any external growth. Through analyzing firm
factors, industry and aggregate variables, we are also able to measure what motives are crucial in the acquiring decisions. The result of the study shows that intangible capital and firm size have significantly positive impact on the Mergers and Acquisitions decision while bank loans and ownership has negative impact. Moreover, Mergers and Acquisitions are more significantly in companies where servings are operating at a relatively low scale, which are less concentrated and which were usually deregulated. However aggregated financial conditions and industry growth places no impact, while the determinants of the M&A decisions differ to some extent in low against high growth industries (Luypaert and Huigungbaert, 2008). The research adopted a very nominal time period, to be out with a more exact outcome a wider time span should be adopted to be out with a more exact outcome. Furthermore, a more effective and efficient framework is needed than the one which is adopted for this research like Financial gauges, size to be out with a more effective outcome has been opted by Wang and Moini (2012) and Swaminathan (2002).

Sehleanu (2014) defines Mergers and Acquisitions in his research as a rarely lead to the uplift of the company’s market strength, which is mirrored in a firm’s capacity to set up the product’s selling price or to uplift its incentive. These processes permit the decline of the competitive pressure through retreating numerous competitors or lifting obstacles when entering markets. A sequence of operations have a mainstream objective is the betterment of the spirited position of the firm, capitalizing or utilizing the incentives of the target enterprise. Although the paper target is to present the microeconomic determinants of mergers and acquisitions tested from the viewpoint of the uplift in market strength (Sehleanu, 2014). The research adopted a very nominal time period, to be out with a more exact outcome a wider time span should be adopted to be out with a more exact outcome. Furthermore, a more effective and efficient framework is needed than the one which is adopted for this research like Financial gauges, size to be out with a more effective outcome has been opted by Wang and Moini (2012) and Swaminathan (2002).

The study conducted by Moeller, Schlingamann and Stulz (2003) tested a sample of 12,023 acquisition done by public firms within a time span of 1980-2001. The equally weighted abnormal announcement of return would be 1.1% but the acquiring-firm shareholders will go to lose $25.2 on per announcement. This paper suggests that the existence size of the firm places vital impact on acquisition announcement returns. Further it was also found that the acquiring firm return would roughly be around two percent points higher from the immature acquirers irrespective of the form of financing apart from the firm is it public or private and the size is vigorous to firm and deal with characteristics which will not be reserved over time (Moeller, Schlingamann and Stulz, 2003). The Research adopted a very nominal time period, to be out with a more exact outcome a wider time span should be adopted to be out with a more exact outcome. Furthermore, a more effective and efficient framework is needed than the one which is adopted for this research like Financial gauges, size to be out with a more effective outcome has been opted Mergers by Dilshad (2013) and (Ma, Pagan and Chu 2009).

2.3 Conceptual Framework

Based on agency cost theory, stakeholder theory, empire building theory, valuation theory and above review of empirical literature, the following conceptual framework is developed for the study:

![Conceptual Framework]

- Shareholder’s Wealth
- Size
- Segment
- Profitability
- Market Share
- Pre
- M & A
- Post
2.3.1 Shareholders' Wealth and Merger and Acquisition

Shareholders' wealth is referred as the economic value generated for the shareholders of merged companies in result of the Mergers and Acquisitions activity. According to the study conducted by Akit, Hamzah and Ahmad (2015) shareholders' wealth is the present value of the expected return that shareholders will make from the firms they have made an investment. Though measures to gauge shareholders' wealth are dividend payout and stock price which can be used as proxy for the study as according to (Azhagaiah & Priya, 2008; Bawa & Kaur, 2013). Oladipupo and Okafor (2011) also mention that the essentials and basic principles of the business corporation are to maximize the wealth of the shareholders. In this study, we will explain that managers of a corporation can generate the wealth of the shareholders through the distribution of the cash flows generated through the worthy trading amongst the dividend payments and retentions within the company as they view is also been supported by Iqbal, Waseem and Asad (2014) and Sarwar (2013).

2.3.2 Size and Merger and Acquisition

Wit (2005) firm size has been discussed as lognormal distributions. Ijiri and Simon (1971) was the pioneer amongst the handful of those studies focusing on the impact of Mergers and acquisition on firm size although the result of his study does not found a significant positive impact in their findings. Singh (1975) found from the second quintile upwards, the chances of getting declined monotonically with size, being like at first but more instantly once the highest classes are reached. Likely, Aaronovitch and Sawyer (1975) supported the findings that amongst the large companies, the size, and probability of acquisition are related inversely. Merger, according to Bajo and Salas (1999), is almost always the principal contributor to the variance of the growth of firms, since merger is behind most cases of outstandingly rapid growth. Although the research conducted by Cefis, Marsili and Schenk (2008) Size did not positively impact on shareholders' wealth. So after having a mix analysis regarding the relevancy of size as a gauge for measuring the impact, this study includes it in the conceptual framework for testing its relevancy to the topic.

2.3.3 Profitability and Merger and Acquisition

Carree and Thurik, (1994) tested the operating performance on parameters such as profitability, efficiency, growth, and research and development, and found that the financial performance in respect of Profit was higher in the post-merger period. Scherer (1988) found that most of the firms did not show significant improvement in long-term Profit after acquisition. Franks and Sugiarto (2000) showed that the target firms' shareholders benefit and the bidding firms' shareholders lose. Pawaskar (2001) found that the acquiring firms performed better than that of the industry average in terms of Profit. Martynova et al. (2006) concluded that the acquiring and target firms significantly outperformed the median peers in their industry prior to the takeovers, but the Profit of the combined firm after the merger decreased significantly following the takeover. Mantravadi and Reddy (2007) found that the M&A seem to have had a slightly positive impact on the Profit of the acquiring firms in banking and financial service industry, the pharmaceuticals, textiles, and electrical equipment sectors. Mishra and Chandra (2010) found that the acquiring firms did not have any significant impact on Profit in the long-run. So this mix view regarding the size urges me to include profitability in my conceptual framework to be out with more perfect outcomes in the context of my topic.

2.3.4 Market Share and Merger and Acquisition

Mergers and Acquisitions are used in improving company's competitiveness and gaining competitive advantage over other firms through gaining greater market share, broadening the portfolio to reduce business risk, entering new markets and geographies, and capitalizing on
economies of scale (Saboo, Sidharth, Sunil and Gopi, 2009). An early study by Goldberg (1973), using a sample of 44 mergers by advertising intensive firms in 15 different industries, observed insignificant changes in market shares over an average of 3½ years after undertaking the merger. By contrast, Mueller (1985; 1986,) using a sample of 209 mergers by US manufacturing companies, reports a significant decline in the market share of merging firms in the US over an average of 11 years following the merger. Moreover, significant declines in market shares were observed for both horizontal and non-horizontal mergers, with larger falls reported for the latter. Kamerbeek (2009) also found that horizontal mergers lead to a significant reduction in market shares for the acquired firm. However, no significant changes were reported for firms acquired in non-horizontal mergers. Though, this variable will also be taken into consideration for the conceptual framework of my study as it is also a crucial indicator for measuring growth value Mboroto and Njuguna (2013).

2.3.5 Segments and Merger and Acquisition

A number of studies have been examined to gauge the impact of mergers and acquisitions to retain and gain number of segments using market share data (Mueller, 1985). Mitchell and Stafford (2001) gather companies in numerous industries of undergone mergers in the last decade to grab the advantage of new investments and customer defection. As segments defection after mergers can also place a direct impact on overall merger performance like value and profitability (Calipha, Shlomo and Brock, 2010). Segments may react significantly to the Mergers and Acquisitions as segments actions, and M&A parties reconsidering their initial intentions, affect integration strategies. This shows that the impact that customers have on M&A’s are both results of their own actions, and also of the expectations that the M&A parties have on customers. With a focus on business-to-business relationships, this thesis describes M&A parties’ and customers’ expectations and activities related to M&As (Oberg, 2008). This measure will accurately reflect the impact on growth through mergers and acquisitions as been adapted by Hoorn and Hoorn (2011) and Omarsyah and Kiswani (2015).

3. Research Design and Methodology

This is a descriptive explanatory research though Mayr and Walter (2007) criticizes descriptive explanatory research design for it being not confidential and weak in privacy because subjects are not that authentic when they realize that the need to update the researcher what actually he wants to hear. However, this study is completely based on the collection of secondary data which means no encounter with the respondents so this criticism wills not going limit my study. This research secondary data is considered because of it being time saving and cheap as fast internet streaming as it has make things more accessible. Further it was also been considered because of been cost saving compared to primary research as internet has make the things accessible cheaply. Since, data for my research is entirely collected from the published annual reports of the sample companies which are easily accessible through internet. Further, Cross-sectional is a sort of observational study that involves the data analysis gathered from a population, or a representative subset, at one specific point in time (Olsen, 2004). Though, it is opted for this study as it portrays a good, quick picture of prevalence of exposing and prevalence of outcome for the chosen 100 company samples.

The entire population for this study is 457 Technology companies registered in NASDAQ which will be examined within the time span of 2010-2014. Though entire population haven’t been studied because the scenario can be examined through the chosen sample besides studying the entire population as studying the entire population would be way time consuming and maybe couldn’t complete within the time research time frame. Furthermore, Convenience sampling is used for this research due to unavailability of sufficient mergers available within the time frame so the acquirer Technology companies registered in NASDAQ available within the span of research.

Three forms of data analysis are used for this study descriptive statistics, correlation analysis and paired T-Test. Descriptive statistical is a brief descriptive coefficients set that summarized the given data set (Nicholas, 2006). Correlation analysis is often used to examine
the relationship between two variables whether they are strong or weak (TAYLOR, 1990). A paired t-test is used to compare two population means where you have two samples in which observations in one sample can be paired with observations in the other sample (McDonald, 2014). As for this Statistical package for social sciences analysis will conduct a cross sectional analysis within the time span of 2010-2014 for a 100 technology companies registered in NASDAQ.

4. Results and Discussion

As depicted in Table 1, Technology companies registered in NASDAQ makes an average uplift of 0.03% in Company's Gross profit and the standard deviation is 0.214556 for pre and 0.2132841 for post-merger. While the net profit of the technology companies has also experiences an appreciation of 0.05% and the standard deviation is 0.1748247 and 0.6356821. The Asset turnover ratio shows an average efficiency downfall of 0.01043% with the standard deviation of 0.494651 and 0.485135. The No of employees faces a decline with 2.18% and the standard deviation is 444.1806 and 430.423248. The sales experience a cut off of an average of -0.3422 and the standard deviation is 0.2162359 and 0.2369439. The segments increases 0.07% and the standard deviation is 1.2979 and 1.3133. The stock price also appreciates with an average of 0.06% and the standard deviation is 64.1891760 and 64.6017574. The dividend also uplifts with an average of 0.0729 and the standard deviation is 0.40640 and 0.486602.

<table>
<thead>
<tr>
<th>Pair</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pre Gross Profit</td>
<td>.57568</td>
</tr>
<tr>
<td></td>
<td>Post Gross Profit</td>
<td>.575978</td>
</tr>
<tr>
<td>2</td>
<td>Pre Net Profit</td>
<td>.135510</td>
</tr>
<tr>
<td></td>
<td>Post Net Profit</td>
<td>.189950</td>
</tr>
<tr>
<td>3</td>
<td>Pre Asset Turn Over</td>
<td>.73286</td>
</tr>
<tr>
<td></td>
<td>Post Asset Turn Over</td>
<td>.72243</td>
</tr>
<tr>
<td>4</td>
<td>Pre No OF Employees</td>
<td>494.507</td>
</tr>
<tr>
<td></td>
<td>Post No OF Employees</td>
<td>492.3277</td>
</tr>
<tr>
<td>5</td>
<td>Pre Sales Growth</td>
<td>.145260</td>
</tr>
<tr>
<td></td>
<td>Post Sales Growth</td>
<td>.141838</td>
</tr>
<tr>
<td>6</td>
<td>Pre Products</td>
<td>11.080</td>
</tr>
<tr>
<td></td>
<td>Post Products</td>
<td>11.850</td>
</tr>
<tr>
<td>7</td>
<td>Pre Segments</td>
<td>2.180</td>
</tr>
<tr>
<td></td>
<td>Post Segments</td>
<td>2.250</td>
</tr>
<tr>
<td>8</td>
<td>Pre Stock Price</td>
<td>48.081987</td>
</tr>
<tr>
<td></td>
<td>Post Stock Price</td>
<td>48.142446</td>
</tr>
<tr>
<td>9</td>
<td>Pre Dividend</td>
<td>.2321</td>
</tr>
<tr>
<td></td>
<td>Post Dividend</td>
<td>.3050</td>
</tr>
</tbody>
</table>

As shown in Table 2, the Gross profit variable is positive correlated with Merger and Acquisition activity and the relationship strength amongst the two variables is 0.968 is strong. Moreover, the Gross profit is has significant relationship with 0.00 which is less than 0.05. However the result shows that Merger and Acquisition activity places determining impacts on the gross earnings of Technology companies registered in NASDAQ which is supported by valuation theory of Mergers and Acquisitions. Further, my findings are also similar to the findings of Hagendorff, Nieto and Wall (2012) and Mboroto (2012).

The Net Profit variable is positively correlated with economic growth and the strength of the relation is weak with 0.151. Furthermore, the Net Profit has insignificant relationship with 0.135 which is higher than 0.05. Hence, the statistics shows that the merger and acquisition activity results crucially in volatility of net profits for the technology companies
registered in NASDAQ which is also backed by valuation theory. These finding is also be supported by Martynova et al. (2006) and Pawaskar (2001).

The Asset Turnover ratio variable is positively correlated with Merger and Acquisition activity and the strength of the relation is strong with 0.944. Furthermore, the Asset Turnover has significant relationship with 0.00 which is less than 0.05. Therefore, the statistics shows that the merger and acquisition activity significantly related with efficiency for the technology companies registered in NASDAQ which is also backed by valuation theory. These finding is also be supported by Cefis, Marsili and Schenk (2008).

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pre Variable – Post Variable</th>
<th>N</th>
<th>Correlation</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 1</td>
<td>Pre Gross Profit – Post Gross Profit</td>
<td>100</td>
<td>.968</td>
<td>.000</td>
</tr>
<tr>
<td>Pair 2</td>
<td>Pre Net Profit – Post Net Profit</td>
<td>100</td>
<td>.151</td>
<td>.135</td>
</tr>
<tr>
<td>Pair 3</td>
<td>Pre Asset Turn over – Post Asset Turn Over</td>
<td>100</td>
<td>.944</td>
<td>.000</td>
</tr>
<tr>
<td>Pair 4</td>
<td>Pre No Of Employees – Post No Of Employees</td>
<td>100</td>
<td>.977</td>
<td>.000</td>
</tr>
<tr>
<td>Pair 5</td>
<td>Pre Sales Growth – Post Sales Growth</td>
<td>100</td>
<td>.214</td>
<td>.033</td>
</tr>
<tr>
<td>Pair 6</td>
<td>Pre Products – Post Products</td>
<td>100</td>
<td>.966</td>
<td>.000</td>
</tr>
<tr>
<td>Pair 7</td>
<td>Pre Segments – Post Segments</td>
<td>100</td>
<td>.933</td>
<td>.000</td>
</tr>
<tr>
<td>Pair 8</td>
<td>Pre Stock Price – Post Stock Price</td>
<td>100</td>
<td>1.000</td>
<td>.000</td>
</tr>
<tr>
<td>Pair 9</td>
<td>Pre Dividend – Post Dividend</td>
<td>100</td>
<td>.940</td>
<td>.000</td>
</tr>
</tbody>
</table>

The No. of Employees variable is positively correlated with Merger and Acquisition activity and the strength of the relation is weak with 0.151. Furthermore, the No. of employees has significant relationship with 0.000 which is less than 0.05. Consequently, the result above indicates that the merger and acquisition results in increasing No. of employees which is also backed by stakeholders theory. These finding is also be supported by Mantravadi and Reddy (2008).

The Sales Growth variable is positively correlated with Merger and Acquisition activity and the strength of the relation is strong with 0.214. Thus, the Sales Growth has insignificant relationship with 0.033 which is less than 0.05. Therefore, the statistics shows that the merger and acquisition prominently result in increasing the sales growth in technology companies registered in NASDAQ which is also backed by Empire building theory. These finding is also be supported by Mboroto (2012).

The product variable is positively correlated with Merger and Acquisition activity and the strength of the relation is strong with 0.966. Furthermore, the Net Profit has insignificant relationship with 0.135 which is higher than 0.05. Hence, the statistics shows that the merger and acquisition activity results crucially in volatility of net profits for the technology companies registered in NASDAQ which is also backed by valuation theory. These finding is also be supported by Mitchell and Stafford (2001).

The Segments variable is positive correlated with Merger and Acquisition activity and the relationship strength amongst the two variables is 0.933 is strong. Moreover, the segments have significant relationship with 0.00 which is less than 0.05. Hence, the result indicates that Merger and Acquisition activity results in the increment of the segments for the acquirer which is supported by Empire Building theory of Mergers and Acquisitions. Further, my findings are also similar to the findings of (Homburg and Buceruis, 2005).

The Stock Price variable is positive correlated with Merger and Acquisition activity and the relationship strength amongst the two variables is 1.000 is weak. Moreover, the Stock price has significant relationship with 0.00 which is less than 0.05. However, it was noted from the results that Merger and Acquisition activity significantly related with the appreciation in share prices of Technology companies registered in NASDAQ which is supported by valuation theory of Mergers and Acquisitions. Further, my findings are also similar to the findings of Hoorn and Hoorn (2011).

The dividend variable is positive correlated with Merger and Acquisition activity and the relationship strength amongst the two variables is 0.940 is strong. Moreover, the Dividend is has significant relationship with 0.00 which is less than 0.05. However the result shows that
Merger and Acquisition activity results in the uplift of announced dividends for Technology companies registered in NASDAQ which is supported by valuation theory of Mergers and Acquisitions. Further, my findings are also similar to the findings of Omarsyah and Kiswani (2015).

**Table 3: Paired T-Test**

<table>
<thead>
<tr>
<th>Pair</th>
<th>Pre Variable – Post Variable</th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>Sig. (2-tailed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pair 1</td>
<td>Pre Gross Profit – Post Gross Profit</td>
<td>-.0002980</td>
<td>.0544867</td>
<td>.956</td>
</tr>
<tr>
<td>Pair 2</td>
<td>Pre Net Profit – Post Net Profit</td>
<td>-.0544400</td>
<td>.6333905</td>
<td>.392</td>
</tr>
<tr>
<td>Pair 3</td>
<td>Pre Asset Turnover – Post Asset Turnover</td>
<td>.010430</td>
<td>.163749</td>
<td>.526</td>
</tr>
<tr>
<td>Pair 4</td>
<td>Pre No Of Employees – Post No Of Employees</td>
<td>2.17930</td>
<td>94.75075</td>
<td>.819</td>
</tr>
<tr>
<td>Pair 5</td>
<td>Pre Sales Growth – Post Sales Growth</td>
<td>.0034221</td>
<td>.2845550</td>
<td>.905</td>
</tr>
<tr>
<td>Pair 6</td>
<td>Pre Products – Post Products</td>
<td>-.7700</td>
<td>2.8705</td>
<td>.009</td>
</tr>
<tr>
<td>Pair 7</td>
<td>Pre Segments – Post Segments</td>
<td>-.0700</td>
<td>.4768</td>
<td>.145</td>
</tr>
<tr>
<td>Pair 8</td>
<td>Pre Stock Price – Post Stock Price</td>
<td>-.0604590</td>
<td>1.3913906</td>
<td>.665</td>
</tr>
<tr>
<td>Pair 9</td>
<td>Pre Dividend – Post Dividend</td>
<td>-.07290</td>
<td>.17386</td>
<td>.000</td>
</tr>
</tbody>
</table>

Most of the Mergers and Acquisitions in technology companies experience an average negative gross profit of -0.0002% (Table 3) after the merger and acquisition activity and the standard deviation is 0.114 (Table 3) which shows that the data is perfectly distributed. Further, the significance value is 0.956 (Table 3) which is high than the significance level of 0.05. This shows that Mergers and Acquisition activity do not have a significant relation with Gross profits of the technology companies registered in NASDAQ. So the result illustrates that the merger and acquisition activity do not places any significant impact on the earnings and all together profits of the sample companies. Similar, results were found from the study of Mishra and Chandra (2010) and unlike results were found in the study of Cefis, Marsili and Schenk (2008).

With reference to Table 3, Mergers and Acquisitions taken place in technology sector of NASDAQ faces an average negative profit after tax of -0.054% after the merger and acquisition activity and the standard deviation is 0.633 which shows that the data is appropriately distributed. Moreover, the significance value is 0.392 which is high than the significance level of 0.05. The result indicates that Mergers and Acquisition activity do not have a significant relation with Net profits of the NASDAQ technology companies. So the result defines that the merger and acquisition activity do not places any significant impact on the company’s profit after subtracting all the expenses and taxes of the sample companies chosen for the study. Likely results were found from the research of Mantravadi and Reddy (2008) and unlike results were found in the study of Scherer (1988).

As indicated in Table 3, Mergers and Acquisitions occurs in technology sector of NASDAQ faces an average positive Asset turnover with the value of 0.010 which indicates that 1% of Asset Turnover efficiency is experienced by the sample companies and the standard deviation is 0.163 which shows that the data is appropriately distributed. Moreover, the significance value is 0.526 which is high than the significance level of 0.05. The result finds out that Mergers and Acquisition experiences no significant Asset efficiency in NASDAQ technology companies. So the result defines that the merger and acquisition activity do not places any significant impact on the company’s asset in the sample companies chosen for the study. Likely results were found from the research of Pawaskar (2001) Martynova et al. (2007).

Table 3 shows that most of the Mergers and Acquisitions in technology companies experience an average Increase in No. of employees 2.17 after the merger and acquisition activity and the standard deviation is 94.75 which shows that the data is not perfectly distributed. Further, the significance value is 0.819 which is high than the significance level of 0.05. This shows that Mergers and Acquisition practices do not result in increasing No. of Employees for the acquirer in the technology sector registered in NASDAQ. So the result defines that the merger and acquisition activity do not places any significant impact on the No. of employees. Though, the findings of the study were similar to the findings of Baldwin and Gorecki (1990) and (Saboo and Gopi, 2009).
Mergers and Acquisitions occurs in technology sector of NASDAQ faces an average positive Sales Growth with the value of 0.003 which indicates that 0.3% of Sales Growth is experienced by the sample companies after indulging themselves in M&Q activities and the standard deviation is 0.234 which shows that the data is appropriately distributed (Table 3). Moreover, the significance value is 0.145 (Table 3) which is high than the significance level of 0.05. The result finds out that Mergers and Acquisition experiences no significant increment in Sales Growth for the Acquiring companies registered in NASDAQ technology companies. Likely results were found from the research of Mantravadi and Reddy (2008) and Mboroto (2012).

Table 3 shows that Mergers and Acquisitions occurs in technology sector of NASDAQ faces an average decline in Products with the value of -0.77 which indicates that 77% of decline in products after Mergers and Acquisitions activity in the sample companies and the standard deviation is 2.87 which shows that the data is not appropriately distributed. Moreover, the significance value is 0.009 which is low than the significance level of 0.05. The result finds out that Mergers and Acquisition experiences negative impacts in the products for the NASDAQ technology companies. So the result defines that the merger and acquisition activity places significant impact on the company's products in the sample companies chosen for the study. Likely results were found from the research of Kamerbeek (2009) and Mboroto and Njuguna (2013).

As revealed in Table 3, Mergers and Acquisitions occurs in technology sector of NASDAQ faces an average positive segments with the value of 0.700 which indicates that 70% of the mergers and acquisitions lead to increase in segments are experienced by the sample companies and the standard deviation is 0.476 which shows that the data is appropriately distributed. Moreover, the significance value is 0.145 which is high than the significance level of 0.05. The result finds out that Mergers and Acquisition experiences no significant Asset efficiency in NASDAQ technology companies. So the result defines that the merger and acquisition activity do not places any significant impact on the company's asset in the sample companies chosen for the study. Likely results were found from the research of Mitchell and Stafford (2001) and (Homburg and Buceruis, 2005).

As indicated in Table 3, Mergers and Acquisitions occurs in technology sector of NASDAQ faces an average positive Stock price with the value of -0.06 which indicates that a decline of average 6% is experienced in the stock prices of the sample companies and the standard deviation is 1.39 which shows that the data is not appropriately distributed. Moreover, the significance value is 0.66 which is high than the significance level of 0.05. The result finds out that Mergers and Acquisition can affect the stock prices negatively but the impact is not significant in NASDAQ technology companies. So the result defines that the merger and acquisition activity do not places any significant impact on the company's stock price in the sample companies chosen for this research. Likely results were found from the research of Iqbal, Waseem and Asad (2014) and Sarwar (2013).

Table 3 indicates that Mergers and Acquisitions occurs in technology sector of NASDAQ faces an average negative effect on announced dividends with the value of -0.07 which indicates a 7% decline is been observed in announced dividends are experienced by the sample companies and the standard deviation is 0.17 which shows that the data is appropriately distributed. Moreover, the significance value is 0.00 which is lower than the significance level of 0.05. The result finds out that Mergers and Acquisition experiences significant dividend decline in the NASDAQ technology companies. Further the result defines that the merger and acquisition activity places significant impact on the company's announced dividends in which eventually impacts the shareholders wealth. Likely results were found from the research of Azhagaiah & Priya, (2008) and Bawa & Kaur, (2013).

5. Conclusion

Technology companies registered in NASDAQ makes an average uplift in Profitability in result of the Merger and Acquisition activity. Since, Gross profit recorded to be significantly related with the mergers and acquisition activity. Since, Net profit found to be insignificant relationship with Merger and Acquisition activity. However the result shows that Merger and Acquisition activity places determining impacts on the gross earnings of Technology companies registered in
NASDAQ which is supported by valuation theory of Mergers and Acquisitions. Further, the result indicates that Mergers and Acquisition activity do not have a significant relation with Net profits of the NASDAQ technology companies.

The Asset turnover ratio shows an average efficiency downfall of 0.01% and The No of employees faces a decline with 2.18% in result of Merger and Acquisition activity. The study indicates a significant relationship between Size and Merger and Acquisitions activity. The result finds out that Mergers and Acquisition experiences no significant Asset efficiency in NASDAQ technology companies. So the result defines that the merger and acquisition activity do not places any significant impact on the company's asset in the sample companies chosen for the study. This shows that Mergers and Acquisition practices do not result in increasing No. of Employees for the acquirer in the technology sector registered in NASDAQ. So the result defines that the merger and acquisition activity do not places any significant impact on the No. of employees.

The stock price also appreciates with an average of 0.06% and the dividend also uplifts with an average of 0.0729. Shareholders wealth found to be positively significant with the mergers and acquisitions. The result finds out that Mergers and Acquisition experiences no significant Asset efficiency in NASDAQ technology companies. So the result defines that the merger and acquisition activity do not places any significant impact on the company's asset in the sample companies chosen for the study. The result finds out that Mergers and Acquisition can affect the stock prices negatively but the impact is not significant in NASDAQ technology companies. So the result defines that the merger and acquisition activity do not places any significant impact on the company's stock price in the sample companies chosen for this research.

The sales experience a cut off of an average of -0.3422 which indicates that engaging in Mergers and Acquisition will lead to cut off in sales of the Technology companies registered in NASDAQ. Thus, the Sales Growth has insignificant relationship with Mergers and Acquisitions. The result finds out that Mergers and Acquisition experiences no significant increment in Sales Growth for the Acquiring companies registered in NASDAQ technology companies.

The segments increase 0.07% which shows the growth of the companies. The Segments and Mergers and acquisitions found to have significant relationship. The result indicates that Merger and Acquisition activity results in the increment of the segments for the acquirer which is supported by Empire Building theory of Mergers and Acquisitions.

Reference


