AN EXAMINATION INTO THE MARKETS FOR CORPORATE CONTROL: EVIDENCE ON MERGER AND ACQUISITION DEALS INVOLVING QATARI COMPANIES

Virginia Bodolica*

Abstract

Although a rich body of literature on acquisition deals and their distinguishing features exists in Western business settings, the current understanding of the governance discipline instituted by the market for corporate control in the emerging and rapidly growing economy of Qatar is severely underdeveloped. As the country is seeking to achieve its vision of becoming a preferred financial hub in the MENA region by hosting mega sport events and attracting significant foreign investments, the importance of the local market for corporate control as an external governance mechanism cannot be neglected. This study seeks to contribute to the building of a contextual knowledge in the field by providing empirical evidence on M&A transactions involving Qatari targets and acquirers. The collected data are analyzed in terms of both the idiosyncrasies of participating companies (i.e., industry and public/private status of target and acquiring firms; features of repetitive acquirers) and specific deal characteristics (i.e., absolute number and dollar value; diversifying versus consolidating, domestic versus cross-border, and synergistic versus disciplinary acquisitions; size of control premium; mode of financing; type of antitakeover defenses). Several recommendations for future research directions on M&A activities in Qatar are provided in the concluding section of the article**.

Keywords: Market for Corporate Control, Corporate Governance Discipline, Merger and Acquisition Deals, Acquirers, Targets, Qatar

**American University of Sharjah, School of Business and Management, Department of Management, P.O. Box 26666, Sharjah, United Arab Emirates,*
Tel: (971) 6 515 2308
Fax: (971) 6 558 5065
Email: virginia.bodolica@hec.ca
***This research was conducted while the author was on a Visiting Research Fellowship at the London School of Economics Middle East Center. The author would like to acknowledge with thanks the invaluable support of the fellowship in making this research project possible. I am particularly grateful to Dr. Robert Lowe, the Manager of the Middle East Center at the London School of Economics, for his support and encouragement.*

1 Introduction

Over the past decades, the frequent occurrence of corporate failures and decision makers' misconduct has led to an enhanced scholarly interest in corporate governance practices of today's organizations. In light of the dominant agency principle of separation of ownership and control, the importance of building a comprehensive system of corporate governance started to be increasingly emphasized for the purpose of tightening the alignment of managers' and shareholders' interests and securing the sustainability of corporations. Along with the multiple mechanisms of internal monitoring, such as board of directors' supervision, performance-based executive compensation, and family-related or concentrated ownership structures (Bodolica and Spraggon, 2010), the efficiency of markets for corporate control as an external governance instrument became a central topic for empirical investigation (Hopner and Jackson, 2006). As Spraggon and Bodolica (2011) noted, merger and acquisition (M&A) activities can discipline not only the underperforming companies by transforming them into potential takeover targets but also the executives of acquiring firms who initiate value-destroying acquisitions by displacing them from their top management positions.

Nowadays, a vast body of academic literature on acquisition transactions and their distinguishing features exists, particularly in North American and Western European business settings. Researchers have made significant progress in examining a variety of M&A-related topics regarding the governance function of Western markets for corporate control (Hopner and Jackson, 2006; Bethel et al., 1998), the performance implications of conducting acquisitions during merger waves (Alexandridis et al., 2012; Duchin and Schmidt, 2013), the association between acquisition activities and executive compensation (Bodolica and Spraggon, 2009a,b; Spraggon and

Bodolica, 2011), the size of control premium and method of payment used in M&A deals (Lee and Choi, 1992; Uddin and Boateng, 2009), the acquisition of private versus publicly-traded targets (Fuller et al. 2002; Capron and Shen, 2007), the occurrence of cross-border versus domestic transactions (Chen et al., 2009; Ferreira et al., 2010), the experience effect of multiple versus single acquirers (Aktas et al., 2013; DeYoung, 1997), the abnormal returns ensuing from diversifying versus industry focusing deals (Nankervis and Singh, 2012; Cornett et al., 2003), and the target hostility and effectiveness of antitakeover defenses (Song and Walkling, 1993; Fiss et al., 2012).

Only recently scholars began focusing their attention on analyzing the behavior of acquiring and target companies originating from emerging markets such as Malaysia (Nurhazrina and Wee, 2013), Colombia (Andonova et al., 2013), and various Eastern European countries (Franks et al., 2012). Yet, the current knowledge on the governance discipline instituted by the market for corporate control in an emerging but rapidly growing economy of the Middle East and North Africa (MENA) region, namely Qatar, is severely underdeveloped. Although in the last couple of years Qatar has enjoyed an increased research consideration in the areas of ethics, governance and economics (Al Naimi et al., 2012; Ali and Al-Aswad, 2012; Baydoun et al., 2013), a search for the specific literature on M&A deals involving Qatari firms produced only one investigation that was performed by Al-Kaabi et al. (2010). Relying on data gathered via semi-structured interviews, the authors discussed a single case study of Qatar Telecom to highlight the company's internationalization strategy which was pursued mainly through cross-border acquisitions.

With a total population of about 1.7 million, the small country of Qatar has experienced a rapid economic growth in the past decades reaching one of the highest GDP per capita in the world, particularly due to its rich oil and natural gas reserves (Ali and Al-Aswad, 2012). Qatar is a member of the vibrant Gulf Cooperation Council (GCC) along with the other five member states including Kuwait, Bahrain, Oman, Saudi Arabia, and the United Arab Emirates. Considering that less than 10% of the total employed population is represented by Qatari nationals whose job-related behavioral patterns are characterized more by prestige than efficiency rationales (Williams et al., 2011), the country's labor market relies heavily on self-initiated expatriates originating principally from South-East Asia (Scurry et al., 2013). Qatar has a small national stock market with only 41 corporations being listed on Qatar Exchange, while the majority of companies operate in the private sector. The predominant ownership structures of Qatari organizations are concentrated or family-related and there is a significant involvement of the state in corporate control (Zain and Kassim, 2012).

Baydoun et al. (2013) examined the efficacy of the corporate governance regime in five GCC countries, excluding Saudi Arabia, in terms of three main categories including shareholder rights and obligations, information transparency, and internal management structure and rewards. Relying on the 2005 survey of the Organization for Economic Cooperation and Development, their results showed that Qatar received the lowest rating based on the average score across all categories. The authors found that issues associated with violation of shareholder rights were not adequately addressed, audit and board nominating committees were lacking, and there were low levels of disclosure of financial information in Qatar. According to Baydoun et al. (2013), the reinforcement of the national governance legislation should occur by following the model of the rule-based regime operating in the United States (Spraggon et al., 2013). Al Naimi et al. (2012) performed a descriptive content analysis of annual reports of Qatari listed companies to analyze their reporting of activities related to corporate social responsibilities. Noting that human resources and product development topics were well covered while issues related to the environment were never discussed in corporate reports, the study encouraged more investigation for understanding the reasons behind these disclosure practices of Qatari firms.

In order to achieve its vision of becoming a sought-after financial hub in the MENA region, Ali and Al-Aswad (2012) recommended that Qatar ought to engage into the path of economic diversification, build a coherent legal infrastructure, and develop an efficient labor market framework where the magnitude of compensation offered to the local public-sector workforce should be weighed against cost effectiveness concerns and issues of economic sustainability. As Qatar is preparing to host the 2022 World Cup, Abuzayed (2013) studied the impact of the announcement of this mega sport event on stock market returns of local organizations. Finding that the service sector was the most affected, the author suggested that decision makers ought to involve more consistently in promotional activities to amass significant foreign investments for covering up the costs of hosting such mega events.

Prior research in Qatari settings seems to agree on the need to further explore this market and enhance its governance infrastructure for stimulating a larger influx of financial resources from abroad. Due to its economic prosperity, Qatar can attract more foreign investors but they are likely to demand higher standards of transparency and accountability. Chahine and Safieddine (2008) showed that countries with illiquid financial markets which provide weak external control could turn to internal mechanisms of monitoring. Yet, since the internal corporate governance system in Qatar is still underdeveloped (Baydoun et al., 2013) the importance of the local market for corporate control should not be neglected.

Therefore, this study seeks to contribute to the building of a contextual knowledge base in the field by providing empirical evidence on M&A transactions that involved acquiring and target firms from Qatar.

This article is structured in the following manner. The next section reviews the key findings from prior literature on M&A deals and their characteristics. Section three describes the study methodology and the main sources used for data collection purposes. The article proceeds with the discussion of data analyses and results which are presented in a separate fashion for Qatari acquirers and targets. Recommendations for future research directions on M&A activities in Qatar are provided in the concluding section.

2 Literature review

Noting that M&A activities typically occur at various levels of frequency and intensity, Bodolica and Spraggon (2009a) identified six merger waves each of them being subjected to a different logic and featuring specific characteristics. The first four merger waves spread over a period of 100 years to come to an end at the beginning of 90s, evolving from horizontal, consolidating and debt-financed deals to more diversified, conglomerate and hostile acquisitions. According to Weston and Chen (1994), this period has witnessed an important shift from an era of heavy leveraging as a mechanism to discourage takeover attempts to an entirely new epoch of financial restructuring and equitizing. The fifth M&A wave can be described by the usage of equity financing and antitakeover defenses, while the most recent wave of 2004-2007 became entirely global in nature to give rise to bidders from emerging markets. Alexandridis et al. (2012) offered some empirical evidence on the sixth merger wave to identify its distinctive features in terms of lower acquirers' acquisitiveness, less target overvaluation, more rationality in M&A-related behavior, larger cash components in deals' financing and lower control premiums.

Recently, Andonova et al. (2013) discussed the strategic connotation of the specific timing for carrying out acquisitions earlier or later in the wave to extract either first mover or late mover advantages. Using a sample of 145 Colombian privately-held acquiring companies, the authors provided significant support for strategic waiting where acquirers which performed M&As later in a wave benefited from more acquisition experience and knowledge about the target. Therefore, these firms exhibited stronger post-acquisition performance as opposed to companies that involved in acquisition deals at the peak of a wave to generate the lowest level of return on assets. The presence of multiple agency problems in transactions initiated during periods of high merger intensity, such as poorer quality of analysts' predictions, weaker monitoring and lower penalties for value-decreasing acquisitions, was also highlighted in the study of Duchin and Schmidt (2013). The corporate governance standards and post-deal performance was found to be significantly weaker for merger-wave acquirers relative to non in-wave acquirers, leading to the conduct of bad acquisitions.

The market for corporate control hypothesis suggests that M&A deals operate as external governance instruments that take place for disciplining non-efficient target firms whose lower market value compared to real value allows acquiring companies to earn abnormal returns (Bodolica and Spraggon, 2009a; Hopner and Jackson, 2006). Yet, the empirical support for this hypothesis is not consistent, with some studies confirming and others rejecting it in various cultural and regulatory settings. On the one hand, reporting that activist investors' block share purchases in diversified and poorly performing American companies were followed by increases in operating profitability and decreases in M&A transactions, Bethel et al. (1998) corroborated the governance role of the market for partial corporate control in the United States. On the other hand, finding that financial performance was not a distinguishing characteristic between acquired and non-target firms, Tsagkanos et al. (2008) concluded that acquisition deals in Greece occurred mostly for strategic rather than disciplining purposes.

Bodolica and Spraggon (2009a) conducted a comprehensive review of the empirical literature on M&A activities and their association with the executive compensation of acquiring and target firms. The results of their analysis indicated that top management teams in acquiring companies extracted significant compensation benefits from the conduct of M&As even when these deals had value-destroying effects for shareholders. Moreover, the threat of takeover increased the implementation of golden parachutes in target firms, while the equity-based compensation of target managers reduced their hostility towards a deal. Other researchers focused more specifically on the examination of M&A features to demonstrate that a suboptimal selection of the premium magnitude (i.e., overpayment for the target) and mode of acquisition financing (i.e., share exchanges), which typically generated negative returns to acquiring shareholders (Blackburn et al., 1997), exerted a disciplining effect on the executives of acquiring companies. Relying on a large sample of deals conducted by Canadian acquirers, scholars showed that higher acquisition premiums and stock-based financing were likely to translate into a higher rate of adoption of long-term incentive plans rather than compensation protection devices and an increase of the proportion of equity-based disincentives at the expense of stock option incentives in executive pay packages (Bodolica and Spraggon, 2009b; Spraggon and Bodolica, 2011).

Using a sample of 373 cross-border acquisitions, Uddin and Boateng (2009) performed an empirical investigation to examine how specific M&A features influenced the short-term performance of British acquirers. The study demonstrated that cash-based and industry-related deals and acquisitions of targets which were privately-held and originated from North American rather than European locations led to higher firm performance in the short-run. However, this evidence built on British samples was only partially confirmed in an American corporate setting. Analyzing 539 US bidders which completed multiple acquisitions over a short period of time, Fuller et al. (2002) reported that returns to acquiring shareholders were higher when a stock-based (rather than cash-related) method of payment was offered and when purchasing a private business entity. The association between acquirers' returns and targets' private/public status was also examined by Capron and Shen (2007) who employed a sample of multinational bidders and found that the post-merger performance was higher for companies that bought privately-held rather than publicly-traded firms.

Scholarly research also showed that important governance implications can be extracted from the conduct of cross-border, rather than domestic, and multiple, rather than single, deals. For a large sample of takeover bids announced over the 1998-2005 period in nine countries from East Asia, Chen et al. (2009) found that the occurrence of cross-border M&As was influenced by financing constraints incurred by the acquiring firm. Cross-border acquisitions were favored by bidders which had better access to external financing, with the exception of family-owned and state-controlled enterprises which opted for domestic deals to avoid diluting their management control in the company. According to Ferreira et al. (2010), the incidence of cross-border transactions increased under the presence of foreign institutional ownership, particularly in countries with underdeveloped markets for corporate control and weaker regulatory environments. In an empirical inquiry of 300,000 M&As that took place between 1992-2009, Aktas et al. (2013) showed that repetitive acquirers extracted significant learning benefits from conducting successive acquisitions, especially under the condition of deals' similarity and CEO continuity. These findings are consistent with the experience effect observed in earlier studies which demonstrated the presence of important cost efficiencies ensuing from the completion of frequent acquisitions in the American banking industry at the end of 80s (DeYoung, 1997).

Yet, substantial disagreements exist in the literature with regard to the presence of principal-agent conflicts of interest in the context of conglomerate acquisitions. This ongoing scholarly tension on whether unrelated transactions generate wealth-enhancing or value-destroying consequences for acquiring shareholders was discussed in detail in the review article by Bodolica and Spraggon (2009a). While some researchers demonstrated that focused acquiring companies produced significant synergistic effects to outperform unrelated acquirers (Shim, 2011) which earned negative abnormal returns (Cornett et al., 2003), others did not find that the costs of industrial diversification outweighed its benefits (Shekhar, 2005). For instance, having examined 446 Australian deals over the 2000-2007 period, Nankervis and Singh (2012) did not report any statistically significant differences in terms of announcement-related abnormal returns between acquisitions that were diversifying in nature and those that were pursuing industry specialization.

The predominance of hostile deals in the fourth merger wave has increased the number of studies on targets' hostility and antitakeover measures, contributing to the further enrichment of the complex M&A-related literature. According to Demidova (2007), despite the young nature of the market for corporate control in Russia, the number of hostile deals in this emerging economy was higher than in most countries of the European Union. Defining different antitakeover defenses (i.e., preventive, operational and universal) and discussing their respective costs and benefits, Demidova (2007) showed that, although the usage of these mechanisms was limited in the Russian context, managers rarely employed multiple defenses in combination and tended to implement them post-factum. While the disciplinary role of hostile acquisitions was generally corroborated in empirical settings (Song and Walkling, 1993; Kohler, 2012), the effectiveness of antitakeover measures in creating stockholder wealth is still open to debate as witnessed by the inconsistency of results obtained by recent inquiries into the topic. Thus, antitakeover laws were found to inhibit corporate innovation (Atanassov, 2013), golden parachutes continued to spread across firms despite being seen as a controversial practice (Fiss et al., 2012), whereas the presence of staggered boards did not play any role in M&A transactions undertaken by real estate investment trusts (Campbell et al., 2011).

3 Study method

In this study, two major databases were accessed for data collection purposes, namely Thomson ONE issued by Thomson Financial and Zephyr published by Bureau van Dijk. Both databases provide comprehensive information on M&As worldwide that were completed, announced, and rumored and offer data to analyze both deal characteristics and financial aspects of companies engaged in these transactions. Initially, each of the two databases was used to extract separate lists of Qatari acquirers and targets that involved in M&A deals over the past decades. Subsequently, the information generated via Thomson One and Zephyr databases was compared and assessed to secure the reliability of analyzed data.

Since Thomson One and Zephyr employ slightly different methods of reporting, several variations in M&A-related data were encountered between the two databases. These variations are discussed below in greater detail. Thomson One tends to provide relevant information which is related specifically to M&A transactions, while Zephyr is broader in scope featuring other deals such as joint ventures, initial public offerings, and capital increases pursued through a variety of means. The specific statistics regarding Qatari companies involved in M&A deals that were obtained using Thomson One database are reported in Table 1.

Table 1. Qatari M&A data generated using Thomson One database

Reported information	Acquirers		Targets	
	#	%	#	%
TOTAL M&A deals:	306	100	163	100
• **Completed M&A deals**	**182**	**59.5**	**94**	**57.7**
• Uncompleted M&A deals:	124	40.5	69	42.3
▪ Pending	83	66.9	54	78.3
▪ Unknown status	20	16.1	3	4.3
▪ Rumor	8	6.5	1	1.5
▪ Withdrawn	7	5.7	3	4.3
▪ Intended/Dis-rumor	6	4.8	3	4.3
▪ Search for buyer disclosed	0	0	5	7.3

A general search for Qatari acquirers produced a total of 306 deals, of which 59.5% were completed and 40.5% were uncompleted. The 182 completed deals are either acquisitions of majority (from 51% to 100%) / minority (from 3.5% to 49%) stakes or mergers undertaken by companies located in Qatar. Out of the 124 uncompleted transactions initiated by Qatari acquirers, 66.9% were pending, 16.1% had an unknown status, 6.5% were rumored, 5.7% were withdrawn, and 4.8% were either intended or dis-rumored. As far as the M&A deals involving Qatari targets are concerned, out of the 163 total transactions reported on Thomson One 57.7% were completed (where an acquirer sought to buy a stake in, or merge with, a Qatari firm) and 42.3% were uncompleted. As many as 78.3% of the 69 uncompleted transactions with Qatari targets were pending, while the remainder had a disclosed search for buyer (7.3%), had an unknown status (4.3%), were withdrawn (4.3%), were intended or dis-rumored (4.3%), or were rumored (1.5%).

Table 2 reproduces data that were obtained using Zephyr database. In total, 564 deals with Qatari acquirers were generated of which 44.5% were completed and 55.5% – uncompleted. The 251 completed deals included not only mergers and acquisitions of majority or minority interest (70.9%), but also joint ventures (6.4%) and multiple situations when a Qatari firm was merely one of the multiple acquirers involved (13.5%), when the minority stake or acquisition was unknown (7.6%), or when the acquirer was undisclosed (1.6%). A total of 313 deals were reported as uncompleted of which 40.5% were announced, 21.7% were rumored, 29.4% were rumored and expired, and the remainder was pending or awaiting regulatory approval (2.6% and 3.8%, respectively).

Table 2. Qatari M&A data generated using Zephyr database

Reported information	Acquirers		Targets	
	#	%	#	%
TOTAL deals:	564	100	316	100
• Completed deals:	251	44.5	126	39.9
▪ Multiple acquirers/targets	34	13.5	1	0.8
▪ Minority stake/acquisition unknown	19	7.6	8	6.4
▪ Joint ventures	16	6.4	28	22.2
▪ Acquirer/target undisclosed	4	1.6	0	0
▪ Initial public offering	0	0	21	16.7
▪ Capital increase	0	0	25	19.8
▪ **Completed M&A deals**	**178**	**70.9**	**43**	**34.1**
• Uncompleted deals:	313	55.5	190	60.1
▪ Announced	127	40.5	97	51.1
▪ Pending	8	2.6	6	3.1
▪ Pending – awaiting approval	12	3.8	10	5.3
▪ Rumor	68	21.7	10	5.3
▪ Rumor – expired	92	29.4	63	33.1
▪ Rumor informal/withdrawn	6	2	4	2.1

Similar observations can be made with regard to transactions that involved target companies from Qatar (see Table 2). Out of the 316 reported deals, there were more uncompleted (60.1%) than completed (39.9%) transactions. The 190 uncompleted deals included transactions that were announced (51.1%), expired (33.1%), rumored (5.3%), awaiting regulatory approval (5.3%), pending (3.1%), and withdrawn (2.1%). Concerning the 126 deals with Qatari targets that were disclosed on Zephyr as completed, many were joint ventures (22.2%), initial public offerings (16.7%), and capital increases effectuated through rights issues or capital placements (19.8%).

Given the uncertain nature of uncompleted deals, this study focused exclusively on M&A transactions that were reported as finalized at the date when the data collection process was carried out. This article also aims to emphasize the governance discipline of markets for corporate control that is brought about by M&A deals rather than initial public offerings, joint ventures, or capital increases achieved via different means. For the purpose of ensuring consistency of data analyses, the study evaluated the completed deals conducted with Qatari acquirers and targets that were obtained using Thomson One database. Yet, in the case of missing data on a specific aspect of a given M&A transaction, the availability of required information was cross-checked on Zephyr database to provide a more complete account about the market for corporate control in Qatar.

4 Results and analysis

The two following sub-sections provide empirical evidence concerning M&A deals that involved acquirers and targets from Qatar. In particular, M&As are analyzed in terms of absolute numbers and dollar values of transactions, industrial sectors and public/private status of acquiring and target firms, features of repetitive acquirers that conducted multiples deals, diversifying versus consolidating transactions, domestic versus cross-border acquisitions, size of control premium and type of method of payment used, synergistic versus disciplinary deals (or target company's management attitude), and antitakeover defenses deployed to prevent the transaction.

4.1 M&As conducted by Qatari acquirers

A total of 182 M&A deals were conducted by Qatari acquirers, with the first reported deal being completed in April 1996 and the most recent one being finalized in July 2013 (see Table 3). Due to the lack of earlier data, there is no confirmation of existence in Qatar of the first four merger waves (with the fourth wave ending in 1989) identified by Bodolica and Spraggon (2009a). Although some nascent evidence exists with regard to the fifth merger wave (1992–2001), only seven deals with relatively low dollar values (between US$ 2.18 and 549.75 million) were conducted by Qatari acquirers in this time interval. The Qatari data are also not supportive of the sixth merger wave which emerged in 2003 and ended in 2007 (Alexandridis et al., 2012; Bodolica and Spraggon, 2009a), since the M&A activity in the country began to manifest with higher frequency and magnitude starting from 2007 onwards.

Table 3. Number and value of M&A deals completed by Qatari acquirers

Year	**#**	**Value (mln. US$)**		**M&A period**	**#**	**Value (mln. US$)**	**t-test (2) – (1)**
		Min	**Max**				
< 08/2013	15	100.00	1,974.01	**(2)**	156	Min = 5.80	*Equal variances*
2012	34	96.99	1,853.23	< 08/		Max = 9,569.48	*assumed:*
2011	22	6.85	275.00	2013-		Mean = 860.61	Mean difference =
2010	23	16.93	2,719.00	2007			728.97*
2009	17	7.50	9,569.48				t = 1.793
2008	24	5.80	3,482.84				
2007	21	12.30	3,800.66				*Equal variances*
2006	5	9.89	127.43	**(1)**	26	Min = 0.64	*not assumed:*
2005	6	0.64	236.30	1996-		Max = 549.75	Mean difference =
2004	4	192.29	245.63	2006		Mean = 131.64	728.97***
2003	4	14.86	22.03				t = 3.780
2000	2	2.18/?	2.18/?				
1999	3	10.00	549.75				
1997	1	164.81	164.81				
1996	1	42.00	42.00				

Note:
? – missing values
* – significance at the $p < 0.10$ level
** – significance at the $p < 0.05$ level
*** – significance at the $p < 0.01$ level

The statistics reproduced in Table 3 point to a different conclusion regarding the specific timing of markets for corporate control in Qatar. The analyses indicate that two M&A-related periods can be identified in Qatar, namely prior to 2007 and following 2006. The former period is characterized by a low or non-existent M&A activity, while the latter can be distinguished due to its relatively high merger intensity. The post-2006 period in the country has witnessed the completion of 156 deals by Qatari acquirers, as opposed to only 26 deals over the ten preceding years. Concerning the M&As' magnitude after 2006, the maximum value of transactions approached or exceeded US$ 2 billion, with the exception of the year 2011. The two pick years in terms of the maximum deal value (over US$ 9,569 million) and acquisition frequency (34 deals) were 2009 and 2012, respectively.

During this merger-intense period, the absolute record breaker was Qatar Investment Authority, a sovereign wealth fund created in 2005, which conducted a transaction worth US$ 9.5 billion to increase its ownership stake in Germany-based Volkswagen AG from 2% to 17%. It is worth noting that despite the financial recession which hit the Gulf region at the end of 2008, M&A deals continued to occur at the same yearly frequency of more than 20 deals, with only a slight reduction in the number of acquisitions completed in 2009 (i.e., 17 deals). This finding suggests that the credit crunch has actually represented a good opportunity for cash-rich Qatari acquirers to buy undervalued target companies.

The t-test for equality of means was performed to compare the mean dollar values of transactions between the pre-2007 and post-2006 periods. The results of the t-test indicate that the mean difference of US$ 728.97 million is statistically significant both when the equality of means is assumed and not assumed (at the 10% and 1% levels, respectively). Therefore, all the subsequent analyses of deals completed by Qatari acquiring firms are presented and contrasted across these two M&A periods.

Table 4 reports the industrial sectors in which Qatari acquirers operated at the time when they completed their acquisitions. The most active initiators of M&A deals, both prior to and following the year 2007, were financial companies (with 9 and 87 deals, respectively). These acquirers were followed by firms from the automobile industry (6 deals), for the first M&A period, and real estate and construction companies (21 deals), for the second merger-related period. Qatari corporations from the energy sector have also manifested an increased interest in the conduct of M&A deals, particularly between 2008 and 2012.

Table 4. Industrial sectors of Qatari acquirers (# of firms)

Industrial sectors of acquirers	M&A period									Total
	(1)	(2) ≥ '07								
	'96-'06	'07	'08	'09	'10	'11	'12	<08 /'13	Total (2)	
Financials	**9**	12	13	9	10	11	23	9	**87**	**96**
Real estate & construction	**0**	2	5	2	6	4	1	1	**21**	**21**
Energy, oil & gas	**1**	0	2	1	2	1	3	0	**9**	**10**
Automobile	**6**	2	0	1	0	0	0	0	**3**	**9**
Telecommunications	**1**	2	1	2	0	0	2	0	**7**	**8**
Chemicals & metals	**3**	2	0	0	1	1	0	0	**4**	**7**
Media & advertisement	**0**	0	1	0	1	1	2	2	**7**	**7**
Hospitality	**0**	0	2	0	0	0	2	3	**7**	**7**
Transportation	**3**	0	0	0	1	2	0	0	**3**	**6**
Government agency	**3**	0	0	1	0	0	1	0	**2**	**5**
Consumer prod. & retail	**0**	1	0	1	0	2	0	0	**4**	**4**
High technology	**0**	0	0	0	2	0	0	0	**2**	**2**

Concerning the public status of the acquiring company, the evidence shows that in each of the two identified M&A-related periods the vast majority of acquirers (73.1%) were private firms or governmental agencies, while the remaining (26.9%) companies were public. With regard to prior acquisition experience of Qatari firms, it is notable that 19.1% and 17.8% of companies in the pre-2007 and post-2006 periods, respectively, were repetitive acquirers (see Table 5). The number of times these organizations conducted acquisitions oscillated between two and as many as 14. While repetitive acquirers most commonly involved in two M&A deals (3 firms before 2007 and 13 firms after 2006), corporations such as Jaidah Group, Qatar Sports Investments, QEWC, Investor Group, Qatari Diar RE Invest Co, and QInvest LLC have recently completed between three and eight transactions. In line with Al-Kaabi et al. (2010) who have noted Qtel's favorable attitude towards M&As for market development purposes, Table 5 shows that over the past six years the company conducted seven different acquisitions. From 2007 onwards, Qatar Investment Authority involved in a record number of deals (n = 14), followed by Qatar Holding LLC (n = 13), and QNB (n = 10).

Table 5. Number and name of repetitive Qatari acquirers in each M&A period

Item	**M&A period**					
	(1) ≤ '06			**(2) ≥ '07**		
# of times	**# of firms**	**% of firms**	**Acquirers' name**	**# of firms**	**% of firms**	**Acquirers' name**
2 times	3	11.5	Qatar Shipping Co, State of Qatar, QIPCO Holding	13	8.3	Al Khaliji Commercial Bank, Al Meera Consumer Goods Co, Barwa Bank, Barwa Real Estate Co, Commercial Bank of Qatar, Delta(Two)Ltd, Ghanim Bin Saad Al Saad & Sons, Hassad Food Co, Katara Hospitality Co, Lusail International Media Co, Qatar Foundation, Qatar Luxury Group, Qatar Media Services Co
3 times	1	3.8	Qatar Islamic Bank	4	2.6	Barwa International, Jaidah Group, Qatar Sports Investments, Salam Intl Invest Ltd
4 times	0	0		3	1.9	Qatar Steel Co, QEWC, QNH Co
5 times	1	3.8	Jaidah Group	1	0.6	Investor Group
7 times	0	0		2	1.3	Qatari Diar RE Invest Co, Qtel
8 times	0	0		2	1.3	Qatar First Investment Bank, QInvest LLC
10 times	0	0		1	0.6	QNB
13 times	0	0		1	0.6	Qatar Holding LLC
14 times	0	0		1	0.6	Qatar Investment Authority
Total	**5**	**19.1**		**28**	**17.8**	

Further, this study examined the industrial relatedness of the acquiring and target firms (Spraggon and Bodolica, 2011) to conclude about the cross- versus intra-industry nature of Qatari M&A deals. In particular, a transaction was considered consolidating (where the acquirer seeks to strengthen its competitive position within the same industry) if the four digits of the primary SIC code of the acquirer and the target were equal, and diversifying, otherwise. As shown in Table 6, the majority of deals (over 74%) in both periods involved companies from different industries. This evidence demonstrates that Qatari acquirers were primarily concerned with diversifying their portfolio of investment in order to reduce financial risk (Bodolica and Spraggon, 2009a). While only three consolidating M&As were undertaken before 2007, the most active industrial sectors for consolidation purposes in the post-2006 period were banks (35%), followed by hotels and motels (15%), telephone communications, except radiotelephone (10%), and television broadcasting stations (10%).

Table 6. Diversifying versus consolidating deals completed by Qatari acquirers

Cross- versus intra-industry deals		**M&A period**			
		(1) ≤ '06		**(2) ≥ '07**	
SIC	**SIC description**	**#**	**%**	**#**	**%**
Diversifying (cross-industry deals)		23	88.6	116	74.4
Consolidating (intra-industry deals):		3	11.4	40	25.6
3312	Steel works, blast furnaces, & rolling mills	0	0	2	5
4412	Deep sea foreign transportation of freight	0	0	1	2.5
4813	Telephone communications, except radiotelephone	1	33.3	4	10
4833	Television broadcasting stations	0	0	4	10
4911	Electric services	0	0	2	5
5411	Grocery stores	0	0	1	2.5
6000	Banks	1	33.3	14	35
6282	Investment advice	0	0	1	2.5
6311	Life insurance	0	0	1	2.5
6552	Land sub-dividers & developers, except cemeteries	0	0	3	7.5
6799	Investors	1	33.4	1	2.5
7011	Hotels and motels	0	0	6	15

Table 7 displays the absolute and relative figures regarding the conduct of domestic versus cross-border transactions by Qatari acquiring companies. Due to the smallness of the national market for corporate control (Chahine and Safieddine, 2008), it is not surprising that about 77% of all completed deals involved a non-Qatari target. In the post-2006 period, more M&As were undertaken within the GCC region as opposed to the pre-2007 period (16.7 and 5%, respectively). Although some target firms were domiciled in the broader MENA region, the large majority of cross-border deals involved companies from outside this region (80% and 66.6% for the first and second period, respectively). In both M&A-related periods, the most attractive nations for acquisition purposes were France, UK and Germany with over 62% of firms originating from these European countries, followed by Asian targets mainly from India, Pakistan, Singapore, and Indonesia (21.2%).

Table 7. Domestic versus cross-border deals conducted by Qatari acquirers

Domestic versus cross-border deals	M&A period			
	(1) ≤ ’06		(2) ≥ ’07	
	#	%	#	%
Domestic deals:	6	23.1	36	23.1
Cross-border deals:	20	76.9	120	76.9
• Within GCC region	1	5	20	16.7
• Outside GCC but within MENA region	3	15	20	16.7
• Global (i.e., outside MENA region):	16	80	80	66.6
~ Australia	1	6.25	1	1.3
~ Europe (e.g., France, UK, Germany)	10	62.5	53	66.2
~ Asia (e.g., India, Pakistan, Singapore, Indonesia)	4	25	17	21.2
~ North America (e.g., US, Canada)	1	6.25	7	8.8
~ Latin America (e.g., Brazil)	0	0	2	2.5

Two important characteristics of M&As are the magnitude of the acquisition premium offered to target shareholders and the method of payment used in the transaction (Bodolica and Spraggon, 2009b). Three different time intervals are typically used to calculate the size of the premium, namely one day, one week, and four weeks prior to the announcement of the deal (see Table 8). The reported numbers suggest that Qatari acquirers paid relatively low acquisition premiums, particularly after 2006 where the size of the minimum premium offered in a deal reached a negative extreme of -71% for each of the three types of measurement. The average premium magnitude offered by Qatari firms in both pre- and post-2007 periods (18.5%, 16.5%, 14.5% and 3%, -1%, -3%, respectively) is remarkably lower than the average premium of about 30% reported in prior studies (Spraggon and Bodolica, 2011; Hartzell et al., 2004).Yet, caution has to be exercised when interpreting these results because many values of acquisition premiums were missing in Thompson One database.

Table 8. Size of the acquisition premium (%)* and method of payment offered in the deal

Size	M&A period											
	(1) ≤ ’06						(2) ≥ ’07					
	Premium 1 day		Premium 1 week		Premium 4 weeks		Premium 1 day		Premium 1 week		Premium 4 weeks	
Min	6		0		-3		-71		-71		-77	
Max	31		33		32		25		25		28	
Values	Cash		Stock		Unspecified		Cash		Stock		Unspecified	
	#	%	#	%	#	%	#	%	#	%	#	%
	14	53.9	1	3.8	11	42.3	57	36.5	4	2.6	95	60.9
Note: * – there are many missing values												

An interesting observation pertains to the method of payment that was used by Qatari companies to finance their acquisitions. In the first and second M&A periods, a large number of transactions had an unspecified mode of financing (42.3% and 60.9%, respectively). Of the remaining deals, the predominant form of payment was cash (53.9% and 36.5%, respectively) as opposed to stock financing which was almost non-existent (1 and 4 deals, respectively). These findings suggest that Qatari acquirers were either cash-rich, especially considering the country’s tax-free environment which exempts local firms from the payment of taxes on capital gains, or interested in the conduct of cash-based acquisitions since they require less documentation and are faster to conclude (Bodolica and Spraggon, 2009a,b). Contrary to the widespread occurrence of combined cash and stock deals demonstrated in the international M&A literature (Spraggon and Bodolica, 2011), there is no evidence of mixed methods of deal payment in Qatar.

Table 9. Target company's attitude towards the deal and antitakeover defenses used

M&A period											
(1) ≤ '06						(2) ≥ '07					
Friendly		Neutral		Hostile		Friendly		Neutral		Hostile	
#	%	#	%	#	%	#	%	#	%	#	%
23	88.5	3	11.5	0	0	144	92.3	12	7.7	0	0
Antitakeover defenses: White knight, back-end, flip-over, greenmail, litigation, pacman, poison pill, proxy fight, white squire, and voting plan											
None						None					

As illustrated in Table 9, the vast majority of deals in both pre-2007 and post-2006 M&A periods were synergistic or friendly (88.5% and 92.3%, respectively), with only few deals having a neutral attitude (11.5% and 7.7%, respectively). Since in none of the completed transactions in either of the two periods the management or the board of directors of the target company displayed a hostile attitude, it can be concluded that no disciplinary transactions were undertaken by Qatari acquirers. Finally, a large variety of antitakeover defenses was examined in the study, including the white knight, back-end, flip-over, greenmail, litigation, pacman, poison pill, proxy fight, white squire, and voting plan defense that can be used by a target firm to make the takeover more difficult and expensive for a bidder (Demidova, 2007). However, since these defenses are typically used in the case of target hostility and given the lack of disciplinary transactions in Qatar, none of these defenses has been deployed by targets to prevent a M&A deal.

4.2 M&As involving Qatari targets

Table 10 reproduces the number and dollar value of completed transactions that involved target companies from Qatar. It is worth noting that there were less M&A deals conducted with Qatari targets (n = 94) than with Qatari acquirers (n = 182). The first reported acquisition of a target firm from Qatar occurred in December 1990, while the most recent deal was finalized in July 2013. Between 1990 and 2006, two to maximum three acquisitions were occurring yearly, while these figures almost doubled (n = 5) and tripled (n = 9) in 2007 in 2008, respectively. The most significant deal in terms of dollar magnitude was the merger (worth US$ 1.1 billion) of two national providers of water transportation services, namely Qatar Shipping Co and Qatar Navigation Co. From 2009 till 2012, the number of deals with Qatari targets was established at around ten per year, with a record number of 14 acquisitions being reported in 2011.

These findings suggest that, similar to the evidence generated on Qatari acquirers, two major periods of M&As involving Qatari target companies emerge. The first period of relatively low merger activity (28 deals) ended in 2006, while the second more intense period (66 deals) started in 2007 and continues till present days. The maximum value of transactions conducted in the second merger-related period was two times higher than in the first period (US$ 1,104.02 million and US$ 549.75 million, respectively). However, it is critical to acknowledge that for many reported M&As, the dollar value was missing in Thompson One database. The outcomes of the t-test for equality of means of deal values between the post-2006 (US$ 173.04 million) and pre-2007 (US$ 153.98 million) periods indicate that the mean difference of US$ 19.06 million is not statistically significant.

To secure that these insignificant findings are not sensitive to the type of information included in the retained database, similar analyses were performed employing the values of M&A deals that were reported in Zephyr database. Although there were still many missing values, the results of the t-test for equality of means between the second (US$ 316.43 million) and the first (US$ 189.58 million) merger-related periods show that the mean difference of US$ 126.85 million is not statistically significant both when equal variances are assumed (t = 1.000) and not assumed (t = 1.211). Hence, these findings may be driven more by the amount of missing deal values, which do not allow generating reliable conclusions, rather than by the type of database used. Yet, for the sake of consistency of data presentation in line with the previous sub-section on Qatari acquirers, the subsequent analyses of transactions with Qatari targets are discussed and compared across the two M&A-related periods.

Table 10. Number and values*of M&A deals involving Qatari targets

Year	#	M&A period	#	Value (mln. US$)	t-test (2) – (1)
< 08/2013 2012 2011 2010 2009 2008 2007	5 11 14 12 10 9 5	**(2)** < 08/2013 - 2007	66	Min = 0.57 Max = 1,104.02 Mean = 173.04	*Equal variances assumed:* Mean difference = 19.06 (not significant) t = 0.152 *Equal variances not assumed:* Mean difference = 19.06 (not significant) t = 0.168
2006 2004 2003 2002 2001 2000 1999 1997 1995-96 1992-93 1990-91	2 3 2 3 3 3 3 2 2 3 2	**(1)** 1990-2006	28	Min = 0.63 Max = 549.75 Mean = 153.98	

Note:
* – there is a large amount of missing deal values

From the point of view of local and foreign acquirers, the most attractive Qatari targets in earlier times were originating from the energy and oil and gas (n = 12) sector (see Table 11). However, the most recent acquisitions were directed towards companies activating in the real estate and construction industry (n = 24). Overall, these results are comparable with the evidence built on Qatari acquirers since in both cases the three most active sectors for M&A purposes were financials, energy and oil and gas, and real estate and construction. Findings also suggest that, in both the post-2006 and pre-2007 periods, the majority of Qatari firms that were taken over in an M&A transaction were private entities (86.4% and 92.9%, respectively) and only 9 and 2 companies, respectively, had a public status on the acquisition day.

Table 11. Industrial sectors of Qatari targets (# of firms)

Industrial sectors of targets	M&A period									Total
	(1)	(2) ≥ ’07								
	’90-’06	’07	’08	’09	’10	’11	’12	<08 /’13	Total (2)	
Financials	**4**	0	1	5	0	5	1	1	**13**	**17**
Real estate & construction	**1**	4	1	2	6	3	7	1	**24**	**25**
Energy, oil & gas	**12**	1	0	2	3	1	0	1	**8**	**20**
Automobile	**1**	0	0	0	0	0	0	0	**0**	**1**
Chemicals & metals	**7**	0	1	0	1	1	0	0	**3**	**10**
Media & advertisement	**2**	0	0	0	0	2	0	0	**2**	**4**
Hospitality	**0**	0	0	0	0	0	0	2	**2**	**2**
Transportation	**1**	0	3	1	1	1	1	0	**7**	**8**
Consumer prod. & retail	**0**	0	3	0	0	1	2	0	**6**	**6**
High technology	**0**	0	0	0	1	0	0	0	**1**	**1**

Table 12 illustrates the type of acquisitions involving Qatari target firms which were either diversifying or consolidating in nature. As shown, for a large majority of both earlier and more recent transactions, targets and acquirers were originating from different industrial sectors (64.3% and 74.2%, respectively). Only in a limited number of instances (10 and 17 deals, respectively) Qatari targets were used by acquiring companies for the purpose of consolidating their position in the same industry. The established target-acquirer relatedness in the crude petroleum and natural gas (7 deals) and banking (3 deals) sectors indicates that these two industries were the most common candidates for consolidation across both M&A-related periods.

Table 12. Diversifying versus consolidating deals involving Qatari targets

Cross- versus intra-industry deals		M&A period			
		(1) ≤ ’06		(2) ≥ ’07	
SIC	**SIC description**	**#**	**%**	**#**	**%**
Diversifying (cross-industry deals)		18	64.3	49	74.2
Consolidating (intra-industry deals):		10	35.7	17	25.8
1311	Crude petroleum and natural gas	5	50	2	11.8
2911	Petroleum refining	1	10	0	0
3534	Elevators and moving stairways	0	0	1	5.9
4213	Trucking, except local	0	0	1	5.9
4412	Deep sea foreign transportation of freight	0	0	2	11.8
4833	Television broadcasting stations	0	0	1	5.9
4911	Electric services	0	0	2	11.8
5411	Grocery stores	0	0	1	5.9
6000	Banks	2	20	1	5.9
6231	Security and commodity exchanges	0	0	1	5.9
6282	Investment advice	1	10	0	0
6552	Land sub-dividers & developers, except cemeteries	0	0	1	5.9
6798	Real estate investment trusts	0	0	1	5.9
6799	Investors	1	10	0	0
7011	Hotels and motels	0	0	2	11.8
8711	Engineering services	0	0	1	5.9

Contrary to the evidence produced on recent Qatari acquirers, the majority of acquisitions of targets from Qatar that occurred after 2006 were undertaken by domestic (54.5%) rather than foreign companies. Yet, as indicated in Table 13, in earlier years cross-border transactions were occurring at a higher frequency (78.6%) with as many as 72.7% of acquiring firms originating from outside the MENA region, followed by companies located in other GCC member states (27.3%). In the post-2006 period, the most common global acquirers of Qatari targets were of European (33.3%), Asian (12.5%), and North American (12.5%) descent.

Table 13. Domestic versus cross-border deals involving Qatari targets

Domestic-versus cross-border deals	M&A period			
	(1) ≤ ’06		(2) ≥ ’07	
	#	**%**	**#**	**%**
Domestic deals:	6	21.4	36	54.5
Cross-border deals:	22	78.6	30	45.5
• Within GCC region	6	27.3	5	16.7
• Outside GCC but within MENA region	0	0	1	3.3
• Global (i.e., outside MENA region):	16	72.7	24	80
~ Africa (e.g., South Africa)	2	12.5	1	4.2
~ Europe (e.g., France, UK, Germany, Denmark)	4	25	8	33.3
~ Asia (e.g., Hong Kong, India, Singapore, Japan)	4	25	3	12.5
~ North America (e.g., US, Canada)	5	31.3	3	12.5
~ Unknown nationality	1	6.2	9	37.5

The key findings on the premium size and payment mode characterizing M&A deals that involved targets from Qatar are represented in Table 14. Due to a large amount of missing values, the results regarding acquisition premiums that were offered to shareholders of Qatari targets are inconclusive. As far as the method of payment is concerned, the evidence is consistent with the above analysis of transactions initiated by Qatari acquiring companies. Letting aside all the deals with an unspecified method of financing (78.6% and 50% for the first and second period, respectively), about 44% of post-2006 acquisitions of firms from Qatar were financed in cash, representing an important increase from 17.8% of cash-based deals completed in the pre-2007 period. In both M&A-related periods, there were only few stock-financed deals (5 overall) and no transactions with combined cash-stock payment.

Table 14. Acquisition premium (%)* and method of payment offered to Qatari targets

Size	M&A period											
	(1) ≤ ’06						(2) ≥ ’07					
	Premium 1 day		Premium 1 week		Premium 4 weeks		Premium 1 day		Premium 1 week		Premium 4 weeks	
Min	missing		Missing		Missing		5		-4		-11	
Max	missing		Missing		Missing		16		missing		23	
Values	Cash		Stock		Unspecified		Cash		Stock		Unspecified	
	#	%	#	%	#	%	#	%	#	%	#	%
	5	17.8	1	3.6	22	78.6	29	43.9	4	6.1	33	50
Note: * – there is a large amount of missing premium values												

Finally, the attitude of target management and board of directors towards the deal and the type of antitakeover defenses used by Qatari targets are illustrated in Table 15. In line with the prior conclusion drawn for Qatari acquirers, the vast majority of acquisitions with targets from Qatar were synergistic, both before 2007 and after 2006 (78.6% and 83.3%, respectively). In both periods, there were only 17 transactions with a neutral status and no deals at all where the target company displayed a hostile attitude. Due to a total lack of disciplinary M&As, none of the ten examined antitakeover defenses (see Table 15) was deployed by Qatari targets to thwart the impending acquisition.

Table 15. Attitude towards the deal and antitakeover defenses used by Qatari targets

M&A period											
(1) ≤ ’06						(2) ≥ ’07					
Friendly		Neutral		Hostile		Friendly		Neutral		Hostile	
#	%	#	%	#	%	#	%	#	%	#	%
22	78.6	6	21.4	0	0	55	83.3	11	16.7	0	0
Antitakeover defenses: White knight, back-end, flip-over, greenmail, litigation, pacman, poison pill, proxy fight, white squire, and voting plan											
None						None					

5 Conclusion and future research

This article aims to enhance the contextual knowledge on global markets for corporate control by examining the completed M&A endeavors that involved acquiring and target companies from Qatar. The key results ensuing from this study are as follows. Qatar is characterized by a relatively low M&A activity in terms of both deals’ number and value, representing an underdeveloped market for corporate control which provides an insufficient corporate governance discipline for firms operating in the country. This finding is consistent with the research outcomes extracted from other emerging markets such as Lebanon (Chahine and Safieddine, 2008) and Russia (Demidova, 2007). Contrary to the international evidence that points to the existence of six merger waves (Bodolica and Spraggon, 2009a), the Qatari data suggest the identification of two distinctive periods of relatively low (prior to 2007) and high (after 2006) merger intensity.

With regard to acquiring firms from Qatar, the results indicate that the most active buyers were privately-held companies operating in financial sectors, the M&A experience of repetitive acquirers oscillated between two and 14 deals, and the majority of transactions were industry diversifying, cross-border, cash-financed and friendly, which resulted in the payment of low control premiums and did not require the usage of antitakeover defenses. Concerning Qatari targets, the evidence provided in this article indicates that the most attractive firms for acquisition purposes had a private status and originated from the real estate and construction and energy, oil and gas industries, the majority of targets were part of diversifying deals, more firms were recently bought by domestic rather than cross-border acquirers, and a large percentage of targets received low premiums that were paid in cash, exhibited a friendly attitude and did not deploy any antitakeover mechanism.

Given the country’s rapid pace of economic development and its importance on the regional and global scene, more empirical investigations should be conducted on Qatar in general, and its market for corporate control, in particular. Underlining the increasing competition to well-established brands originating from the BRICOland, Bell (2009) called for more scholarly attention to be paid to Arabian Knights such as Qatar, which is home to two internationally acclaimed brands in broadcasting (i.e., Al Jazeera) and airline (i.e., Qatar Airways) industries. Future research can explore the motives behind the initiation of M&As in Qatar and estimate their consequences in terms of potential gains or losses to acquiring and target shareholders. In a recent study of 156 transactions, Datta et al. (2013) reported that target owners benefited, while the acquiring shareholders suffered, from the conduct of M&A activities in highly-regulated utility sectors in Europe.

Moreover, the question of whether the previously demonstrated association of privately-held targets with higher abnormal returns in acquiring firms (Capron and Shen, 2007) can be confirmed in Qatari settings is worthy of further exploration. The analysis of the reasons associated with the payment of relatively low acquisition premiums to shareholders of Qatari targets merits a separate discussion. Since some foreign acquirers that enjoyed better tax advantages relative to American bidders were found to offer higher premiums (Lee and Choi, 1992), a possible path of future inquiry may be the examination of whether the magnitude of control premiums is affected by specific accounting treatments.

Similar to other emerging economies (Demidova, 2007), to play an effective governance role for local business entities the Qatari market for corporate control ought to experience further development and regulation for expanding the methods of undertaking M&A deals and clarifying shareholder wealth implications of using various antitakeover defenses. In the case of passive markets for corporate control the governance discipline inflicted by takeover transactions can be substituted by internal mechanisms of monitoring, such as board of directors' vigilance and ownership by managers and directors (Campbell et al., 2011). Consistent with Franks et al. (2012) who found that in countries with inactive financial markets family and concentrated ownership tends to persist over time, Qatari companies are likely to continue relying on internal means of monitoring by preserving their family status or concentrated shareholding structures to compensate for the lack of external governance devices. To operate effectively as an integrative part of the complex national corporate governance system, the market for corporate control and the associated takeover regulation in Qatar cannot be developed in isolation. According to Hopner and Jackson (2006), an advancement of such kind requires taking into account the specificities of the local banking system, financial institutions, corporate bylaws, and dominant ideologies in the country.

References

1. Abuzayed, B. (2013), "Sport and emerging capital markets: Market reaction to the 2022 World Cup announcement", *International Journal of Islamic and Middle Eastern Finance and Management*, Vol. 6 No. 2, pp. 122–141.
2. Aktas, N., de Bodt, E., and Roll, R. (2013), "Learning from repetitive acquisitions: Evidence from the time between deals", *Journal of Financial Economics*, Vol. 108 No. 1, pp. 99–117.
3. Alexandridis, G., Mavrovitis, C. F., and Travlos, N. G. (2012), "How have M&As changed? Evidence from the sixth merger wave", *European Journal of Finance*, Vol. 18 No. 8, pp. 663–688.
4. Ali, A. and Al-Aswad, S. (2012), "Persian Gulf-based SWFs and financial hubs in Bahrain, Dubai and Qatar: A case of competitive branding", *World Economics*, Vol. 13 No. 3, pp. 109–125.
5. Al-Kaabi, Demirbag, M., and Tatoglu, E. (2010), "International market entry strategies of emerging market MNEs: A case study of Qatar telecom", *Journal of East-West Business*, Vol. 16 No. 2, pp. 146–170.
6. Al Naimi, H. A., Mohammed, H., and Momin, M. A. (2012), "Corporate social responsibility in Qatar: A descriptive analysis", *Social Responsibility Journal*, Vol. 8 No. 4, pp. 511–526.
7. Andonova, V., Rodriguez, Y., and Sanchez, I. D. (2013). When waiting is strategic: Evidence from Colombian M&As 1995–2008. *Journal of Business Research*, Vol. 66 No. 10, pp. 1736–1742.
8. Atanassov, J. (2013), "Do hostile takeovers stifle innovation? Evidence from antitakeover legislation and corporate patenting", *Journal of Finance*, Vol. 68 No. 3, pp. 1097–1131.
9. Baydoun, N., Maguire, W., Ryan, N., and Willett, R. (2013), "Corporate governance in five Arabian Gulf countries", *Managerial Auditing Journal*, Vol. 28 No. 1, pp. 7–22.
10. Bell, J. (2009), "BRICOland brands: The rise of the new multinationals", *Journal of Business Strategy*, Vol. 30 No. 6, pp. 27–35.
11. Bethel, J. E., Porter Liebeskind, J., and Opler, T. (1998), "Block share purchases and corporate performance", *Journal of Finance*, Vol. 53 No. 2, pp. 605–634.
12. Blackburn, V. L., Dark, F. H., and Hanson, R. C. (1997), "Mergers, method of payment, and returns to manager- and owner-controlled firms", *Financial Review*, Vol. 32 No. 3, pp. 569–589.
13. Bodolica, V. and Spraggon, M. (2010), "Contractual and relational family firm governance: Substitution or complementarity?", *Corporate Ownership and Control*, Vol. 8 No. 1, pp. 497–507.
14. Bodolica, V. and Spraggon, M. (2009a), "Merger and acquisition transactions and executive compensation: A review of the empirical evidence", *Academy of Management Annals*, Vol. 3 No. 1, pp. 109–181.
15. Bodolica, V. and Spraggon, M. (2009b), "The implementation of special attributes of CEO compensation contracts around M&A transactions", *Strategic Management Journal*, Vol. 30 No. 9, pp. 985–1011.
16. Campbell, R. D., Ghosh, C., Petrova, M., and Sirmans, C. F. (2011), "Corporate governance and performance in the market for corporate control: The case of REITs", *Journal of Real Estate Finance and Economics*, Vol. 42, pp. 451–480.
17. Capron, L. and Shen, J.-C. (2007), "Acquisitions of private vs. public firms: Private information, target selection, and acquirer returns", *Strategic Management Journal*, Vol. 28 No. 9, pp. 891–911.
18. Chahine, S. and Safieddine, A. (2008), "Corporate governance and the external monitoring of banks in Lebanon", *Corporate Governance*, Vol. 8 No. 3, pp. 258–270.

19. Chen, Y.-R., Huang, Y.-L., and Chen, C.-N. (2009), "Financing constraints, ownership control, and cross-border M&As: Evidence from nine East Asian economies", *Corporate Governance: An International Review*, Vol. 17 No. 6, pp. 665–680.
20. Cornett, M. M., Hovakimian, G., Palia, D., and Tehranian, H. (2003), "The impact of the manager-shareholder conflict on acquiring bank returns", *Journal of Banking and Finance*, Vol. 27, pp. 103–131.
21. Datta, S., Kodwani, D., and Viney, H. (2013), "Shareholder wealth creation following M&A: Evidence from European utility sectors", *Applied Financial Economics*, Vol. 23 No. 10, pp. 891–900.
22. Demidova, E. (2007), "Hostile takeovers and defenses against them in Russia", *Problems of Economic Transition*, Vol. 50 No. 5, pp. 44–60.
23. DeYoung, R. (1997), "Bank mergers, x-efficiency, and the market for corporate control", *Managerial Finance*, Vol. 23 No. 1, pp. 32–47.
24. Duchin, R. and Schmidt, B. (2013), "Riding the merger wave: Uncertainty, reduced monitoring, and bad acquisitions", *Journal of Financial Economics*, Vol. 107 No. 1, pp. 69–88.
25. Ferreira, M. A., Massa, M., and Matos, P. (2010), "Shareholders at the gate? Institutional investors and cross-border mergers and acquisitions", *Review of Financial Studies*, Vol. 23 No. 2, pp. 601–644.
26. Fiss, P. C., Kennedy, M. T., and Davis, G. F. (2012), How golden parachutes unfolded: Diffusion and variation of a controversial practice", *Organization Science*, Vol. 23 No. 4, pp. 1077–1099.
27. Franks, J., Mayer, C., Volpin, P., and Wagner, H. F. (2012), "The life cycle of family ownership: International evidence", *Review of Financial Studies*, Vol. 25 No. 6, pp. 1675–1712.
28. Fuller, K., Netter, J., and Stegemoller, M. (2002), "What do returns to acquiring firms tell us? Evidence from firms that make many acquisitions", *Journal of Finance*, Vol. 57 No. 4, pp. 1763–1793.
29. Hartzell, J. C., Ofek, E. and Yermack, D. (2004), "What's in it for me? CEOs whose firms are acquired", *Review of Financial Studies*, Vol. 17 No. 1, pp. 37–61.
30. Hopner, M. and Jackson, G. (2006), "Revisiting the Mannesmann takeover: How markets for corporate control emerge", *European Management Review*, Vol. 3 No. 3, pp. 142–155.
31. Kohler, M. (2012), "Ownership structure, regulation and the market for corporate control in the EU banking sector", *European Journal of Law and Economics*, Vol. 34 No. 1, pp. 173–196.
32. Lee, C. and Choi, F. D. S. (1992), "Effects of alternative goodwill treatments on merger premia: Further empirical evidence", *Journal of International Financial Management and Accounting*, Vol. 4 No. 3, pp. 220–236.
33. Nankervis, M. and Singh, H. (2012), "The diversification discount and takeovers: Some Australian evidence", *International Journal of Managerial Finance*, Vol. 8 No. 1, pp. 36–57.
34. Nurhazrina, M. R. and Wee, C. P. (2013), "Shareholder wealth effects of M&As: The third wave from Malaysia", *International Journal of Managerial Finance*, Vol. 9 No. 1, pp. 49–69.
35. Scurry, T., Rodriguez, J. K., and Bailouni, S. (2013), "Narratives of identity of self-initiated expatriates in Qatar", *Career Development International*, Vol. 18 No. 1, pp. 12–33.
36. Shekhar, C. (2005), "Takeovers, ownership, and shareholder wealth – the Australian evidence", *Review of Accounting and Finance*, Vol. 4 No. 3, pp. 101–120.
37. Shim, J. (2011), "Mergers & acquisitions, diversification and performance in the U.S. property-liability insurance industry", *Journal of Financial Services Research*, Vol. 39 No. 3, pp. 119–144.
38. Song, M. H. and Walkling, R.A. (1993), "The impact of managerial ownership on acquisition attempts and target shareholder wealth", *Journal of Financial and Quantitative Analysis*, Vol. 28 No. 4, pp. 439–457.
39. Spraggon, M., Bodolica, V., and Brodtkorb, T. (2013), "Executive compensation and board of directors' disclosure in Canadian publicly-listed corporations", *Corporate Ownership and Control*, Vol. 10 No. 3, pp. 188–199.
40. Spraggon, M. and Bodolica, V. (2011), "Post-acquisition structuring of CEO pay packages: Incentives and punishments", *Strategic Organization*, Vol. 9 No. 3, pp. 187–221.
41. Tsagkanos, A., Georgopoulos, A., Siriopoulos, C., and Koumanakos, E. (2008), "Identification of Greek takeover targets and coherent policy implications", *Review of Development Economics*, Vol. 12 No. 1, pp. 180–192.
42. Uddin, M. and Boateng, A. (2009), "An analysis of short-run performance of cross-border mergers and acquisitions: Evidence from the UK acquiring firms", *Review of Accounting and Finance*, Vol. 8 No. 4, pp. 431–453.
43. Weston, J. F. and Chen, Y. (1994), "A tale of two eras", *Business Economics*, Vol. 29 No. 1, pp. 27–33.
44. Williams, J., Bhanugopan, R., and Fish, A. (2011), "Localization of human resources in the State of Qatar: Emerging issues and research agenda", *Education, Business and Society: Contemporary Middle Eastern Issues*, Vol. 4 No. 3, pp. 193–206.
45. Zain, M. and Kassim, N. M. (2012), "Strategies of family businesses in a newly globalized developing economy", *Journal of Family Business Management*, Vol. 2 No. 2, pp. 147–165.