ASSESSING PRE- AND POST-MERGER FINANCIAL PERFORMANCE: A GLOBAL STUDY OF B2B COMPANIES ACROSS FOUR SECTORS

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Abstract

This study contributes to the understanding of the financial performance associated with mergers and acquisitions (M&A) in the business-to-business (B2B) sectors, an area of strategic and economic significance. It examines the pre- and post-merger financial performance of ten randomly selected companies in four distinct B2B sectors, all publicly listed on the National Stock Exchange (NSE) of India. The dataset includes eight years of financial data — four years before and after each M&A event. Sectoral financial ratios such as net profit margin (NPM), return on equity (ROE), and return on assets (ROA) are analysed using descriptive statistics and paired sample correlation to identify performance variations. The use of a convenience sample allows for a longer observation period and a deeper understanding of sector-level differences. The results indicate that post-merger financial performance is significantly determined by both the nature of the acquisition and the specific sector in which the company operates, offering valuable insights for academics, practitioners, and policymakers engaged in strategic financial analysis.

Keywords: Financial Performance, Merger, Synergy, Business-to-Business, Financial Metrics

Authors' individual contribution: The Author is responsible for all the contributions to the paper according to CRediT (Contributor Roles Taxonomy) standards.

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1. INTRODUCTION

In today's competitive and fast-evolving business environment, mergers and acquisitions (M&As) have become a common approach for companies seeking to grow, enhance operational capabilities, and strengthen their market position. Business-to-business (B2B) industries, particularly in sectors such as energy, consumer goods, hospitality and tourism, and technology business services, are increasingly turning to M&A as a pathway to achieve strategic goals. These sectors make significant contributions to economic development and are constantly changing due to market dynamics, technological advances, and changing business models. M&A activities offer opportunities for companies in these sectors to reallocate resources, increase scale, and respond to changing demands.

Despite the widespread use of M&As, the actual financial performance of these transactions is not always consistent or predictable. Companies often undertake mergers with expectations of cost efficiency, broader market reach, and improved profitability, but the success of such outcomes varies based on factors such as sector-specific characteristics and the nature of the transaction. For example, while one company may experience significant gains in profit margins post-merger, another in a different sector may struggle with integration challenges that reduce financial efficiency. This variation underscores the need for a more focused assessment of pre- and post-merger financial performance across B2B sectors. This study is motivated by the need to gain a deeper understanding of the financial performance of M&As. By comparing pre- and post-merger financial

performance, the study aims to help company stakeholders, investors, and analysts understand whether the strategic intent behind such deals translates into actual performance improvements. It also adds value to the academic literature by examining cross-sectoral differences that are often overlooked in broader M&A research.

The key research question underlying this study is:

RQ: How do mergers and acquisitions impact the financial performance of companies in various B2B sectors?

The objective of this study is to examine the strategic rationale for M&A in four different B2B sectors and assess their impact on the financial performance of listed companies. Using a comparative approach based on descriptive statistics and paired sample correlation, the study analyzes industry differences in financial performance by examining key performance indicators over a four-year period before and after a merger. The objective is to assess whether M&A transactions generate measurable financial synergies and to identify patterns that differentiate the performance of such transactions in different industry contexts.

The remainder of this paper is organized as follows. Section 2 gives a review of the relevant literature, providing a conceptual framework by examining previous M&A and corporate restructuring events. Section 3 details the research methodology, outlining the data sources, analytical techniques, and evaluation metrics employed. Section 4 presents the empirical findings, interpreting the financial impact of M&A across sectors. Section 5 discusses the implications of the results, and finally, Section 6 provides concluding remarks, summarizing key insights and implications for both research and practice.

2. LITERATURE REVIEW

The most frequently cited definition of M&A is given by Manne (1965), who stated that it is the combination of two business organizations to achieve a specific business objective. Although the terms “merger” and “acquisition” are frequently used synonymously, they are not the same. Furthermore, according to Copeland et al. (1983), a merger or acquisition occurs when two or more organizations combine to form a single organization. Financial performance, according to Healy et al. (1992), is a measurement of how well a company uses the resources from its main line of business to produce revenue. Liquidity, profitability, and solvency are the three factors used to evaluate a company’s financial performance in M&A (Saboo & Gopi, 2009). Synergy is one of the ideas that explains the occurrences of M&A. According to Sirower and Sahni (2006) and Ficery et al. (2007), synergy refers to the types of responses that occur when two or more things combine to produce a significant effect. However, according to Alexandritis et al. (2010), increasing synergies through M&A is the main objective of these business combinations to increase shareholder wealth. Acquisitions driven by achieving synergy will result in positive overall returns. There are three different kinds of synergies: 1) price-related synergy, which results in collusive synergy; 2) cost-of-production-related synergy, which results in financial synergy; and 3) production-related synergy.

The study by Rao-Nicholson and Salaber (2016) looks at how M&A affects the financial performance of businesses in developing nations. With an emphasis on financial statistics like profit margins, return on equity (ROE), and return on assets (ROA), the researchers examined data from a variety of businesses. According to the research, while integration-related problems may initially cause a drop in financial performance, businesses usually see long-term increases in efficiency and profitability. A study by Kumar (2009) looks at the financial impact of M&A in the Indian corporate sector, focusing on how profitability, liquidity, and market value change post-merger. The study’s findings are contradictory; while some businesses experience notable financial gains following mergers, others struggle because of integration problems and cultural mismatches. A study by Agrawal et al. (1992) challenges the conventional wisdom that mergers typically result in unfavorable financial consequences for acquirers by reexamining the post-merger performance of acquiring organizations. The study shows that while short-term performance may decline, long-term financial performance frequently increases, especially in terms of cost savings and market share. This is achieved by employing a more sophisticated approach and a larger dataset. Some studies focus on profitability, shareholder performance and total market value, examine the financial success of UK companies following mergers, and show that while some companies do improve their financial performance, others face revaluation and integration issues that have mixed effects.

Carbonara and Caiazza (2009) offer an additional perspective by focusing on the impact of M&A on company performance in the consumer goods sector, with a particular emphasis on cultural integration and knowledge transfer. Their research underscores that while financial synergies are often the primary focus, the success of M&A also heavily depends on the integration of organizational cultures and the effective management of knowledge within the merged entities. They argue that failure to align cultures can lead to significant disruptions, affecting employee morale and operational efficiency. Their study further elaborates on how cross-border M&A, particularly in the consumer goods sector, faces additional challenges due to differences in national cultures and regulatory environments. They emphasize that successful M&A require not only financial and operational alignment, but also a deep understanding of cultural and institutional factors.

The study by Kumar (2012) also sheds light on the evolving landscape of M&A in the consumer goods sector. Kumar’s (2012) research points to the increasing role of private equity and the loosening of lending standards as catalysts for M&A activity, particularly in the post-2008 period. Meanwhile, Carbonara and Caiazza (2009) emphasize the growing importance of understanding cultural dynamics, especially in cross-border mergers, where the differences in national cultures can either make or break the success of the integration process.

In conclusion, the literature on M&A in the consumer goods sector underscores a multi-faceted approach where financial, operational, and cultural factors all play pivotal roles. The works of Kumar (2012) and Carbonara and Caiazza (2009) together provide a comprehensive understanding of the complexities involved in M&A, highlighting that

the true success of such ventures lies in balancing financial objectives with effective cultural integration and knowledge management.

Pre-merger financial ratio analysis is essential to assess the financial viability and compatibility of potential merger partners. Financial ratios such as profitability, liquidity, and leverage are often used to assess the financial strength and operating performance of firms before entering into a merger. Existing research highlights that a comprehensive assessment of these ratios can reveal potential synergies and risks associated with a merger. The literature has extensively studied how pre-merger ratio analysis helps determine the fair value of the target company, which is critical during negotiations and decision-making processes.

Evaluating post-merger performance is crucial to understanding the success of mergers. The literature discusses the application of financial ratio analysis to post-merger performance assessment, focusing on ratios related to profitability, operating efficiency, and leverage. The findings indicate that while some mergers result in improved financial ratios, reflecting successful integration and synergy realization, others show little or no improvement or even a decline in financial performance, highlighting the importance of ongoing monitoring and management of financial performance to ensure long-term success in combined organizations.

Cultural integration is a vital factor in the success of M&As. The literature explores the challenges that arise when merging organizations with different cultural backgrounds, including organizational and national cultures, and highlights that cultural mismatch can lead to conflicts, low employee morale, and ultimately merger failure. Effective cultural integration strategies, such as clear communication and aligned leadership, are critical to a smooth transition and achieving the desired post-merger synergies.

M&As are increasingly recognized as a catalyst for innovation by facilitating the transfer of technology, knowledge, and best practices between merging companies. Existing research demonstrates how M&As can stimulate product and service innovation, thereby enhancing a company's competitiveness. Successful integration of innovative practices post-merger is essential for realizing the full potential of M&As.

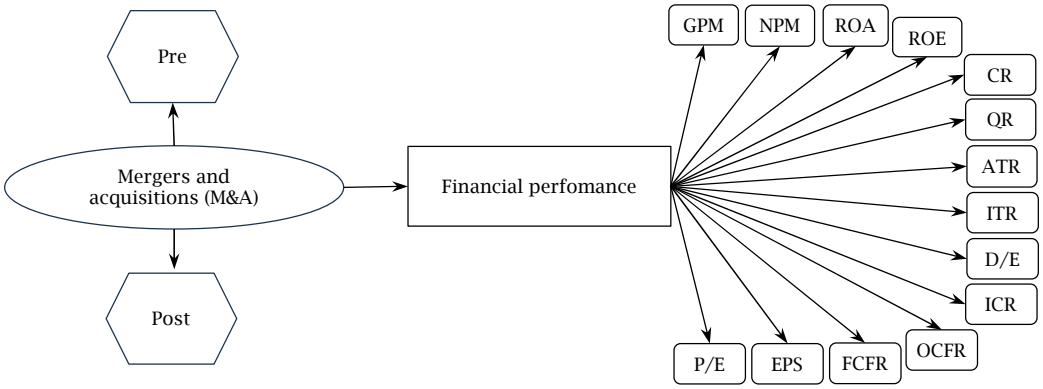
Risk management is a critical component of M&As, especially in industry sectors where operational and financial risks predominate. The literature analyzes various risks associated with M&As, including those related to operational integration, financial performance, and reputation, and highlights the importance of implementing comprehensive risk management strategies to mitigate these risks and ensure long-term merger success.

M&A in the hospitality industry are primarily driven by the need for strategic growth, market expansion, and brand portfolio diversification. M&A enable companies to achieve economies of scale, increase competitiveness, and gain access to new markets and customer bases. M&A in the hospitality industry serve not only as a growth tool, but also as a strategy for companies to adapt to the rapidly changing global market. And, successful M&As can significantly strengthen a company's market presence and operational efficiency.

M&A are key strategic tools used by companies in the business services sector to achieve growth, diversify portfolios, and enhance competitive advantage in an environment of rapid technological advancement and globalization. The financial performance of acquiring companies post-M&A can vary significantly, with some studies highlighting improvements in key metrics like earnings per share (EPS) and ROE, while others report declines due to integration challenges and high acquisition costs (McGaughan & Chengalur-Smith, 2021). For instance, Salesforce's acquisition of Slack, though aimed at enhancing product offerings and expanding the customer base, faced scrutiny over its high acquisition price and integration complexities. Similarly, Microsoft's acquisition of LinkedIn initially impacted profitability due to the significant investments required for integration. Successful M&A in the sector hinges on effective synergy realization and smooth integration, with studies underscoring the importance of cultural alignment and compatibility of business models. The integration of International Business Machines Corporation's (IBM's) acquisition of Red Hat exemplifies how complex processes can ultimately bolster market positions, while Oracle's acquisition of NetSuite illustrates challenges in integrating cloud-based services with legacy systems, leading to long-term improvements in financial performance (Bettinazzi et al., 2020). M&A deals are also driven by the need for market expansion and technological advancements, as seen in SAP's purchase of Qualtrics and HCL Technologies' acquisition of DXC Technology's US public sector business, which provided access to new customer bases and cutting-edge technologies (Anderson et al., 2017). Although M&A can create long-term shareholder value, short-term volatility and uncertainty in stock prices are common (Martinez-Blasco et al., 2017). The acquisition of Cerner by Oracle, for instance, was a strategic move into the healthcare information technology (IT) market, but initially faced investor scepticism due to the significant investment required (Popowitz, 2022). Overall, the literature suggests that while M&A can drive significant strategic and financial benefits, achieving these benefits requires meticulous pre-merger planning and effective post-merger integration to overcome challenges and realize synergies.

The conceptual representation of the solution to the research question is shown in Figure 1. Various metrics have been used to assess financial performance. ROA, or how the directors of the company use the company's assets to generate profits, is the primary variable used in this project. Furthermore, the second variable is ROE, a financial ratio that shows how much profit the company produces relative to the total amount of capital provided by the shareholders. The third metric is EPS, which measures a company's profitability by allocating its profit to each outstanding share of common stock (Wilkinson, 2013). The final figure is the net profit margin (NPM), which is the total amount a company makes from its sales revenue after deducting all operating expenses. According to each sector, the additional ratios are considered to make the study more reliable.

Figure 1. Conceptual framework



Source: Authors' elaboration.

3. RESEARCH METHODOLOGY

3.1. Research design

It's descriptive and analytical research aimed at examining the impact of M&A on the financial performance of B2B companies in the energy sector, consumer goods sector, hospitality and tourism sector, and technology and business service sector. The financial metrics applied to evaluate areas below:

1. *Liquidity ratios*: Current ratio (CR), quick ratio (QR).

2. *Profitability ratios*: Return on assets (ROA), return on equity (ROE), net profit margin (NPM), gross profit margin (GPM).

3. *Solvency ratios*: Debt-to-equity (D/E) ratio, interest coverage ratio (ICR).

4. *Efficiency ratios*: Inventory turnover (ITR), asset turnover (ATR).

5. *Market ratios*: Earnings per share (EPS), price-to-earnings (P/E) ratio.

These ratios will be used to analyze the financial statements of the companies pre- and post-merger to understand how their performance was affected.

3.2. Data collection

This study is based on secondary data obtained from a sample of publicly listed companies that underwent M&A between 2004 and 2024.

The analysis is based on financial data extracted from publicly available financial statements of selected B2B companies, including balance sheets, income statements, and cash flow statements. The dataset covers a time frame of four years before and after each merger or acquisition event.

Table 1. The sectors and the companies selected by their corporate actions

Sectors	*Companies*
Energy sector	Chevron and Noble Energy; NextEra Energy and Gulf Power Company from Southern Company; Iberdrola's Subsidiary, Avangrid, and PNM Resource; Schneider Electric and the Electrical & Automation Business of Larsen & Toubro; ConocoPhillips and Concho Resources; Duke Energy and Piedmont Natural Gas; BP and Lightsource BP; Enel and EnerNOC; Brookfield Renewable Partners and TerraForm Power; American Electric Power (AEP) and Sempra Renewables.
Consumer goods sector	Sherwin-Williams and Valspar; Berry Global's and RPC Group; Givaudan's and Naturex; International Flavors & Fragrances (IFF) and Frutarom Merger; Ingredion's and Penford Corporation; Symrise's and Diana Group; Ashland's and International Speciality Products (ISP); Brenntag's and Multisol Group; Univar and Nexeo Solutions; Archer Daniels Midland (ADM) and Wild Flavors.
Hospitality and tourism sector	Amadeus and TravelClick; Hilton Worldwide Holdings and Anbang Insurance Group's Waldorf Astoria New York; Expedia (US) and Orbitz Worldwide; Sodexo (France) and Centerplate (2017); Marriott International (US) and Starwood Hotels and Resorts Worldwide; Hyatt Hotels Corporation and Two Roads Hospitality; InterContinental Hotels Group (IHG) and Kimpton Hotels & Restaurants; AccorHotels and FRHI Hotels & Resorts; Wyndham Worldwide Corporation and La Quinta Holdings Inc.; Booking Holdings and Momondo Group.
Technology and business service sector	Oracle and NetSuite; Microsoft and LinkedIn; SAP and Qualtrics; Accenture and Fjord; Tata Consultancy Services (TCS) and Cognizant; HCL Technologies and DXC Technology's US Public; Salesforce and Slack Technologies; IBM Acquisition of Red Hat; Tech Mahindra and Satyam Computer services; Infosys and Panaya.

Source: Authors' elaboration.

4. RESEARCH RESULTS

4.1. Energy sector

4.1.1. Descriptive analysis of the energy sector

Following Chevron's $13 billion acquisition of Noble Energy in 2020, Chevron's GPM increased by 20.67%, reflecting higher profitability per unit of revenue, though rising standard deviation suggests increased variability. NPM showed a notable increase of 53.63%, indicating strong net profitability, but higher volatility post-merger may stem from integration challenges or market shifts. ROA improved significantly by 150.37%, demonstrating enhanced asset efficiency, though variability suggests operational adjustments. ROE increased by 150.43%, indicating a significant increase in shareholder returns, although with greater unpredictability due to shifts in capital structure.

Table 2. Chevron's pre-merger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
Chevron	GPM	20.46%	1.53%	24.69%	4.61%	20.67%
	NPM	4.42%	4.44%	6.78%	8.29%	53.63%
	ROA	2.68%	3.14%	6.71%	7.24%	150.37%
	ROE	4.60%	4.67%	11.52%	11.65%	150.43%
	CR	1.1	0.17%	1.26%	0.11%	14.55%
	QR	0.94	0.17%	1.08%	0.13%	14.89%
	D/E	0.55	0.10%	0.70%	0.25%	27.27%
	EPS	$3.46	$3.48	$9.18	$6.56	165.03%
	P/E	0.52	1.89	2.2	0.6	323.08%

Source: Authors' elaboration.

Liquidity improved, with the CR rising by 14.55%, and the QR by 14.89%, reflecting stronger short-term financial health and stability. The D/E ratio increased by 27.27%, indicating higher leverage and financial risk, as reflected in its increased variability. EPS rose sharply by 165.03%, though its higher standard deviation suggests fluctuations in earnings or outstanding shares. The P/E ratio soared by 323.08%, signalling strong market confidence in Chevron's future growth, with reduced post-merger valuation volatility.

Table 3. NextEra's pre-merger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
NextEra	GPM	35.87%	1.19%	38.88%	2.14%	8.40%
	NPM	26.03%	11.40%	18.32%	0.31%	-29.63%
	ROA	4.50%	1.73%	2.63%	0.27%	-41.56%
	ROE	14.77%	5.41%	7.88%	0.35%	-46.65%
	CR	0.86	0.08%	0.83%	0.06%	-3.49%
	QR	0.63	0.07%	0.64%	0.07%	1.59%
	D/E	0.17	0.01%	0.14%	0.01%	-17.65%
	EPS	$4.29	$1.43	$2.89	$0.31	-32.64%
	P/E	41.7	11.58	98.43	2.89	136.04

Source: Authors' elaboration.

Following the merger, NextEra's GPM increased by 8.40%, reflecting improved profitability per unit of revenue, though higher variability suggests operational adjustments. NPM decreased by 29.63%, indicating a decline in net margin, possibly due to integration costs or lower-than-expected results at Gulf Power despite lower volatility. ROA decreased by 41.56%, reflecting less efficient asset utilization, while a lower standard deviation suggests stabilization post-merger. ROE dropped by 46.65%, indicating a decline in shareholder returns, with reduced variability pointing to more consistent, but lower returns, potentially due to integration challenges.

Liquidity showed minor shifts, with CR declining by 3.49% and QR increasing slightly by 1.59%, reflecting stable short-term financial management. The D/E ratio fell by 17.65%, suggesting reduced leverage with consistent debt management. EPS dropped by 32.64%, reflecting lower, but more stable earnings post-merger, potentially due to higher costs or lower revenue. Despite declining earnings, the P/E ratio surged by 136.04%, indicating strong market confidence in NextEra's future growth, with reduced valuation volatility.

Table 4. Iberdrola's pre-merger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
Iberdrola	GPM	28.08%	0.53%	42.09%	0.51%	49.91%
	NPM	8.53%	0.33%	10.57%	2.16%	23.88%
	ROA	2.72%	0.17%	2.08%	0.57%	-23.53%
	ROE	7.06%	0.45%	5.14%	1.44%	-27.22%
	CR	1.16	0.02%	1.23%	0.02%	6.03%
	QR	1.12	0.02%	0.84%	0.01%	-25.00%
	D/E	0.3	0.02%	0.19%	0.01%	-36.67%
	EPS	€0.53	€0.10	€2.65	€0.59	400.00%
	P/E	14.96	0.53	19.16	6.51	28.08%

Source: Authors' elaboration.

After the acquisition, Iberdrola's GPM increased by 49.91%, indicating strong profitability growth with minimal volatility. NPM increased by 23.88%, though higher volatility suggests integration challenges or performance variations in the acquired entity. ROA decreased by 23.53%, reflecting reduced asset efficiency, with greater variability indicating fluctuating asset performance. ROE decreased by 27.22%, with increased volatility in shareholder returns, likely due to capital structure adjustments.

Liquidity showed mixed trends, with CR increasing by 6.03%, indicating improved short-term financial strength, while QR decreased by 25.00%, signaling a decrease in the ability to meet obligations without reserves. The D/E ratio decreased by 36.67%, reflecting lower leverage with stable debt management. EPS soared by 400.00%, suggesting substantial earnings growth, though higher variability indicates performance fluctuations post-merger. The 28.08% increase in the P/E ratio reflects increased market confidence, with higher volatility likely due to the market's reaction to the acquisition.

Table 5. Schneider's pre-merger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
Schneider Electric	GPM	30.81%	0.43%	31.94%	0.64%	3.67%
	NPM	8.23%	0.91%	9.27%	0.50%	12.61%
	ROA	5.88%	0.66%	5.84%	0.63%	-0.68%
	ROE	15.25%	1.70%	15.64%	1.69%	2.56%
	CR	1.14	0.03%	1.23%	0.03%	7.89%
	QR	0.97	0.02%	1.05%	0.02%	8.25%
	D/E	0.67	0.01%	0.63%	0.03%	-5.97%
	EPS	$3.96	$0.63	$4.73	$0.38	19.44%
	P/E	17.71	1.5	18.07	0.51	2.03%

Source: Authors' elaboration.

Schneider Electric's GPM showed a modest increase of 3.67%, indicating a slight improvement in profitability, although higher volatility points to integration issues. NPM increased by 12.61%, and the decrease in standard deviation indicates a more stable NPM after the acquisition. ROA decreased slightly by 0.68%, reflecting minimal loss in efficiency in asset utilization, while ROE improved by 2.56%, showing consistent returns to shareholders.

Liquidity strengthened, with a 7.89% rise in CR and an 8.25% increase in QR, both indicating improved short-term financial health with stable management. The D/E ratio declined 5.97%, although rising volatility suggests fluctuations in debt management post-acquisition. EPS grew by 19.44%, reflecting higher EPS with greater stability. The P/E ratio rose 2.03%, suggesting a slight improvement in market valuation with reduced volatility.

Table 6. Conoco Phillip's pre-merger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
Conoco Phillips	GPM	28.90%	6.85%	30.75%	5.70%	6.40%
	NPM	4.23%	13.42%	9.58%	14.97%	126.59%
	ROA	3.13%	6.60%	8.78%	9.52%	180.13%
	ROE	6.75%	11.97%	17.45%	17.68%	158.52%
	CR	0.98	0.20%	1.20%	0.08%	22.45%
	QR	0.91	0.17%	1.12%	0.07%	23.08%
	D/E	0.44	0.09%	0.63%	0.26%	43.18%
	EPS	$2.83	$4.21	$8.50	$8.40	200.71%
	P/E	-6.57	37.84	-6.36	4.74	3.17%

Source: Authors' elaboration.

Conoco Phillip's GPM rose by 6.40%, indicating improved profitability with reduced variability, suggesting post-acquisition stability. NPM surged by 126.59%, though increased standard deviation signals greater net margin fluctuation due to operational changes. ROA jumped 180.13%, reflecting enhanced asset efficiency, but with higher variability. ROE increased by 158.52%, though greater volatility suggests equity structure adjustments or operational shifts.

Liquidity improved, with a 22.45% rise in CR and a 23.08% increase in QR, both showing enhanced financial health with stable management. The D/E ratio climbed 43.18%, indicating higher leverage and financial risk, with increased variability post-acquisition. EPS soared by 200.71%, reflecting substantial earnings growth, but with heightened volatility. A slight 3.17% rise in the P/E ratio suggests minor market valuation improvement, with reduced variability post-merger.

Duke Energy's GPM declined by 0.74%, though lower variability suggests more stable profit margins post-acquisition (see Table 7). NPM fell by 1.99%, with higher volatility indicating operational or integration challenges. ROA dropped 17.13%, reflecting reduced asset efficiency and increased performance unpredictability. ROE declined 19.36%, with greater variability pointing to less predictable equity returns.

Liquidity weakened, with CR falling 12.33% and QR dropping 6.00%, though both showed more stable management. D/E rose 7.94%, indicating higher leverage with stable debt levels. EPS declined sharply by 29.92%, with increased volatility, while a 42.82% rise in the P/E ratio suggests higher market valuation despite earnings fluctuations.

Table 7. Duke Energy's pre-merger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
Duke Energy	GPM	31.06%	0.92%	30.83%	0.49%	-0.74%
	NPM	12.57%	2.06%	12.32%	4.42%	-1.99%
	ROA	2.16%	0.29%	1.79%	0.61%	-17.13%
	ROE	6.25%	0.82%	5.04%	1.74%	-19.36%
	CR	0.73	0.03%	0.64%	0.02%	-12.33%
	QR	0.5	0.03%	0.47%	0.02%	-6.00%
	D/E	1.26	0.05%	1.36%	0.02%	7.94%
	EPS	$3.71	$0.52	$2.60	$1.26	-29.92%
	P/E	76.95	8.09	109.92	30.63	42.82%

Source: Authors' elaboration.

Table 8. British Petroleums's pre-merger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
British Petroleum	GPM	25.10%	2.47%	20.28%	10.28%	-19.18%
	NPM	3.00%	2.49%	5.78%	11.29%	92.67%
	ROA	2.19%	1.38%	-0.10%	4.99%	-104.57%
	ROE	4.24%	3.03%	-1.37%	15.08%	-132.22%
	CR	0.79	0.01	0.85	0.05	7.59%
	QR	0.45	0.01	0.64	0.17	42.22%
	D/E	0.83	0.15	0.31	0.3	-62.65%
	EPS	8.17	1.98	9.83	2.02	20.31%
	P/E	1.75	0.03	2.09	0.05	19.43%

Source: Authors' elaboration.

British Petroleums's GPM declined by 19.18%, reflecting lower revenue retention and increased profit margin volatility due to integration challenges. NPM surged 92.67%, indicating higher net profitability, though increased variability suggests fluctuating expenses post-merger. ROA fell sharply by 104.57%, with rising unpredictability in asset efficiency. ROE declined 132.22%, highlighting instability in equity returns, likely from financial strain or integration difficulties.

Liquidity improved, with CR up 7.59% and QR rising 42.22%, though both showed increased volatility. The D/E ratio dropped 62.65%, reducing leverage, but increasing financial unpredictability. EPS grew 20.31%, though with higher volatility, while a 19.43% rise in the P/E ratio indicates stronger market valuation amid fluctuating expectations.

Table 9. Enel's premerger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
Enel	GPM	24.34%	1.49%	23.78%	0.79%	-2.31%
	NPM	4.06%	1.50%	3.63%	0.18%	-10.59%
	ROA	2.03%	0.80%	2.63%	0.81%	29.56%
	ROE	6.68%	2.30%	9.58%	2.94%	43.47%
	CR	0.76	0.08	0.88	0.04	15.79%
	QR	0.68	0.08	0.8	0.03	17.65%
	D/E	0.44	0.04	0.73	0.26	65.91%
	EPS	13.64	0.97	25.39	7.81	86.09%
	P/E	2.33	0.18	2.63	0.02	12.88%

Source: Authors' elaboration.

Enel's GPM declined by 2.31%, though reduced variability suggests more stable margins post-merger. NPM dropped by 10.59%, but a lower standard deviation indicates stabilized net profitability. ROA increased by 29.56%, reflecting more efficient asset utilization with consistent returns. ROE rose by 43.47%, though higher variability suggests less predictable shareholder returns.

Liquidity improved, with the CR up 15.79% and the QR rising 17.65%, both showing increased stability. The D/E ratio surged by 65.91%, indicating higher leverage with increased variability. EPS grew by 86.09%, though greater earnings volatility is reflected in the sharp rise in standard deviation.

Brookfield's GPM declined by 18.95%, indicating lower retained revenue and increased post-merger variability (see Table 10). NPM fell by 14.85%, suggesting higher costs offset revenue gains, with greater fluctuations in net profitability. ROA rose slightly by 1.85%, showing minimal change in asset efficiency, while ROE declined, reflecting reduced shareholder returns with increased volatility. Liquidity weakened as the CR and QR dropped by 5%, though their stable standard deviations suggest consistent conditions. The D/E ratio remained unchanged, indicating a stable capital structure and leverage strategy post-merger.

Table 10. Brookfield's premerger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
Brookfield	GPM	27.88%	3.70%	22.60%	6.53%	-18.95%
	NPM	-4.11%	2.48%	-4.72%	3.01%	-14.85%
	ROA	-0.54%	0.34%	-0.53%	0.34%	1.85%
	ROE	-2.20%	1.45%	-2.87%	1.71%	-30.45%
	CR	0.4	0.01	0.38	0.01	-5.00%
	QR	0.4	0.01	0.38	0.01	-5.00%
	D/E	0.13	0.01	0.13	0.01	0.00%
	EPS	NA	NA	NA	NA	NA
	P/E	3.06	0.1	3.59	0.24	17.32

Source: Authors' elaboration.

Table 11. AEP's premerger and post-merger mean and standard deviation of ratios

Company	Ratio	Pre-merger		Post-merger		Change in mean, %
		Mean	Std. dev.	Mean	Std. dev.	
AEP	GPM	17.49%	0.66%	20.74%	0.36%	18.54%
	NPM	13.07%	0.72%	13.90%	2.31%	6.35%
	ROA	2.52%	0.12%	2.60%	0.24%	3.17%
	ROE	9.50%	0.41%	10.51%	0.82%	10.63%
	CR	0.45	0	0.47	0.01	4.44%
	QR	0.31	0.01	0.34	0.01	9.38%
	D/E	0.19	0.01	0.19	0.02	0.00%
	EPS	15.8	0.08	16.67	2.11	5.51%
	P/E	2.77	0.03	3.04	0.18	9.75

Source: Authors' elaboration

For AEP, GPM improved by 18.54% after the merger, reflecting better cost control and efficiency, with stable performance marked by a lower standard deviation. NPM grew by 6.35%, though the higher standard deviation suggests increased profit volatility due to integration costs or fluctuating revenues. ROA and ROE increased by 3.17% and 10.63%, respectively, showing minor improvements in asset and equity utilization.

Liquidity improved slightly, with CR up by 4.44% and QR by 9.38%, though the standard deviation suggests some instability. The D/E ratio remained stable, while EPS rose by 5.51%, despite increased volatility. The P/E ratio rose by 9.75%, with greater variability in market valuation.

4.1.2. Paired sample correlation of the energy sector

Correlation indicates the strength and direction of the linear relationship between pre-merger and post-merger values. The t-statistic shows the ratio of the difference between the means of two periods relative to the variability in the data. The p-value indicates statistical significance (p-value below 0.05 is typically considered significant). Correlation analysis indicates different financial results depending on the mergers. Weak to moderate correlations in the Chevron acquisition of Noble Energy suggest inconsistent results, with declines in GPM and NPM, indicating inconsistent results with decreases in GPM, NPM, and liquidity, but a positive impact on EPS. The NextEra Energy merger shows a strong positive correlation between EPS and dividend payout, highlighting the profitability benefits, although other metrics are mixed. Avangrid's acquisition of PNM Resource significantly improved profitability, asset utilization, liquidity, and shareholder return. The acquisition of Schneider Electric shows a strong correlation between earnings and liquidity, indicating effective integration. The ConocoPhillips acquisition had inconsistent results, with weaker liquidity correlations, but a positive impact on dividend payouts. Duke Energy's results are inconsistent, benefiting EPS and dividend payout, but with weaker links in other areas. BP's expansion in Light Source BP mirrors the NextEra trend, showing a strong correlation between EPS and dividend payouts. Enel's acquisition of EnerNOC suggests overall financial improvement, though some indicators show weaker correlations, hinting at integration challenges. AEP's acquisition of Sempra Renewables has yielded strong positive correlations across most metrics, indicating overall financial gains.

4.2. Consumer goods sector

4.2.1. Descriptive analysis of financial ratios of consumer goods sector (Pre- and post-merger)

In Table 12, the pairs refer to the pre- and post-merger financial results of the companies in the respective sector.

Table 12. Descriptive analysis (pre- and post-merger) — Consumer goods companies

Pair	Ratio	Pre/ Post	Mean	N	Std. dev.	Std. err. mean
Pair 1	ROE	Pre	18.74%	40	38.72%	0.061
		Post	16.53%	40	12.28%	0.019
Pair 2	ROI	Pre	9.28%	40	10.15%	0.016
		Post	7.03%	40	4.56%	0.007
Pair 3	GPM	Pre	28.62%	40	14.37%	0.023
		Post	28.29%	40	11.92%	0.019
Pair 4	NPM	Pre	5.88%	40	4.94%	0.008
		Post	5.91%	40	4.75%	0.008
Pair 5	ATR	Pre	1.28	40	0.58	0.092
		Post	0.94	40	0.45	0.071
Pair 6	ROA	Pre	6.15%	40	4.78%	0.008
		Post	4.94%	40	3.01%	0.005
Pair 7	D/E	Pre	1.42	40	11.14	1.761
		Post	1.29	40	1.01	0.159
Pair 8	EPS	Pre	$8.92	40	21.97	3.474
		Post	$12.10	40	24.84	3.927

Source: Authors' elaboration.

The key findings regarding the pre- and post-acquisition financial performance of companies in the consumer goods sector are as follows:

- *Pair 1, ROE:* There was a noticeable drop in ROE after the merger, from 18.74% to 16.53%. However, the dramatic reduction in standard deviation shows that the post-merger performance is much more stable and predictable, even though profitability has slightly dipped.
- *Pair 2, ROI:* ROI also decreases post-merger, but it's important to note that the post-merger ROI has become far more consistent, with a significant reduction in standard deviation (from 10.15% to 4.56%). This suggests that while the company isn't generating as much ROI, the returns are more reliable.
- *Pair 3, GPM:* The GPM remains almost the same post-merger, with only a minor decrease. The lower standard deviation post-merger signals slightly improved consistency in generating profits from sales.
- *Pair 4, NPM:* NPM shows minimal change in pre- and post-merger. Both the mean and standard deviation remain quite stable, indicating that the net profitability of the company has neither improved nor deteriorated significantly after the merger.
- *Pair 5, ATR:* ATR ratio clearly drops post-merger, indicating that the company is using its assets less efficiently to generate sales. However,

the reduced standard deviation suggests that even though efficiency dropped, it became more consistent post-merger.

• *Pair 6, ROA:* ROA declines post-merger, meaning the company is generating less return from its assets. Yet, the decrease in standard deviation suggests that the company's ROA became more predictable after the merger, despite the lower returns.

• *Pair 7, D/E:* There is a slight reduction in the D/E ratio post-merger, indicating a slight decrease in leverage. What's more interesting is the massive drop in standard deviation, which suggests the company has significantly stabilized its debt levels after the merger.

• *Pair 8, EPS:* EPS shows a substantial increase in post-merger, indicating higher profitability for shareholders. However, the increase in standard deviation highlights those earnings becoming more volatile post-merger, which could signal either stronger growth opportunities or increased risks.

Overall reflection:

• The profitability ratios (*ROE, ROI, ROA*) generally show a decline post-merger, but with reduced standard deviations, meaning the company became more stable even though profitability fell slightly.

• Efficiency ratios (*ATR*) reflect a clear drop in performance, though they became more consistent after the merger.

• The leverage ratio (*D/E*) shows a favorable post-merger outcome with improved stability in the company's debt levels.

• Finally, *EPS* improved significantly post-merger, though with higher variability, indicating possible uncertainties in post-merger earnings.

4.2.2. Paired sample correlation of consumer goods sector

Below in Table 13, a paired correlation test of pre- and post-merger coefficients is presented.

Table 13. Pair of pre-merger and post-merger ratio correlation — Consumer goods companies

Particulars	*Pair 1*	*Pair 2*	*Pair 3*	*Pair 4*	*Pair 5*	*Pair 6*	*Pair 7*	*Pair 8*
	ROE	*ROI*	*GPM*	*NPM*	*ATR*	*ROA*	*D/E*	*EPS*
Correlation	0.4355899	0.508542	0.951926	0.407699	0.729304	0.359956	-0.39576	0.939227
Count	40	40	40	40	40	40	40	40
T-statistic	2.9830256	3.640803	19.15625	2.752362	6.570874	2.378338	-2.65656	16.86523
Significance level	0.00496	0.00081	0.00000	0.00902	0.00000	0.02252	0.01148	0.00000

Source: Authors' elaboration.

Table 13 presents the following results:

• *Pair 1, ROE:* Since the significance level is less than 0.05 (p-value = 0.00496), the results are statistically significant. The positive correlation (0.43559) indicates a moderate positive relationship between pre- and post-merger ROE, suggesting that ROE improved post-merger with statistical confidence.

• *Pair 2, ROI:* With a p-value of 0.00081, this result is statistically significant. The correlation of 0.50854 shows a moderately strong positive relationship, suggesting that ROI improved post-merger. The increase in ROI appears to be reliable.

• *Pair 3, GPM:* The significance level is zero, indicating extremely strong statistical significance. The very high positive correlation (0.95193) between pre- and post-merger GPM suggests that the GPM substantially increased post-merger.

• *Pair 4, NPM:* The p-value (0.00902) is below 0.05, meaning the result is statistically significant. The moderate positive correlation (0.4077) suggests an improvement in NPM post-merger, though the relationship is not as strong as with GPM.

• *Pair 5, ATR:* The correlation of 0.7293 shows a strong positive relationship, and the result is statistically significant with a p-value of 0.00000. This suggests a considerable improvement in ATR post-merger.

• *Pair 6, ROA:* The significance level is 0.02252, this result is statistically significant. The weak positive correlation (0.35996) indicates a small improvement in ROA post-merger, but the effect is not very pronounced.

• *Pair 7, D/E:* The negative correlation (-0.3958) combined with the statistically significant result (p-value = 0.01148) indicates that the D/E ratio worsened post-merger. This suggests an increase in leverage after the merger.

• *Pair 8, EPS:* The very strong positive correlation (0.93923) and extremely significant result (p-value = 0.00000) indicate a substantial increase in EPS post-merger. The merger likely had a very positive impact on EPS.

However, out of eight pairs:

• Six pairs (*ROE, ROI, GPM, NPM, ATR, EPS*) show a positive and significant correlation, indicating improvements post-merger.

• One pair (*D/E*) shows a negative correlation, suggesting a higher leverage post-merger.

• One pair (*ROA*) shows a relatively weak improvement in ROA.

4.3. Hospitality and tourism sector

4.3.1. Descriptive analysis of financial ratios of the hospitality and tourism sector (Pre- and post-merger)

The descriptive analysis of financial ratios for the companies involved in mergers within the hospitality and tourism sector reveals a mixed impact post-merger (see Table 14 below). For example, Marriott International (US) experienced significant growth and market expansion following its $13.6 billion merger with Starwood Hotels and Resorts Worldwide, making it the largest hotel company globally. The merger enhanced Marriott's presence in the luxury and international markets while strengthening its loyalty program through the integration of Starwood Preferred Guest (SPG) into Marriott Bonvoy.

4.3.2. Paired sample correlation of the hospitality and tourism sector

The paired sample correlation analysis (see Table 15 below) reveals varied relationships between different financial metrics. For instance, a strong positive correlation between ROA and certain financial variables suggests asset efficiency is closely tied to post-merger financial performance. However, weaker NPM correlations indicate profitability is influenced by external factors like market conditions, government contracts, and research and development investments. Mergers in the hospitality and tourism sector are driven by technological advancement, market expansion, and synergies. While they enhance financial performance and competitiveness, they also increase financial leverage and integration challenges. Success depends on effectively combining strengths, managing risks, and navigating regulatory and geopolitical complexities.

Table 14. Descriptive analysis pre- and post-merger) — Hospitality and tourism sector companies

Pair	*Ratio*	*Pre/Post*	*Mean*	*N*	*Std. dev.*	*Std. err. mean*
Pair 1	*ROE*	Pre	9.11%	37	90.66%	0.149
		Post	13.22%	40	34.95%	0.055
Pair 2	*ROI*	Pre	34.49%	37	167.45%	0.275
		Post	46.11%	40	261.70%	0.414
Pair 3	*GPM*	Pre	51.75%	39	28.45%	0.046
		Post	58.72%	40	37.00%	0.058
Pair 4	*NPM*	Pre	10.83%	39	9.41%	0.015
		Post	6.52%	40	27.54%	0.044
Pair 5	*ATR*	Pre	0.75	37	0.57	0.093
		Post	0.56	40	0.37	0.051
Pair 6	*D/E*	Pre	0.53	37	3.71	0.609
		Post	2.53	40	4.74	0.750
Pair 7	*EPS*	Pre	7.90	37	17.57	2.888
		Post	7.92	40	22.27	3.522

Source: Authors' elaboration.

Table 15. Pair of pre-merger and post-merger ratio correlation — Hospitality and tourism sector companies

Particulars	*Pair 1*	*Pair 2*	*Pair 3*	*Pair 4*	*Pair 5*	*Pair 6*	*Pair 7*
	ROE	*ROI*	*GPM*	*NPM*	*ATR*	*ROA*	*EPS*
Correlation	0.07905	0.97048	0.49617	-0.01986	0.16172	0.03914	0.73510
Count	37	37	39	39	37	37	37
T-statistic	0.46911	23.80671	3.47615	-0.12082	0.96953	0.23173	6.41464
Significance level	0.64190	0.00000	0.00132	0.90448	0.33893	0.81810	0.00000

Source: Authors' elaboration.

4.4. Technology and business service sector

4.4.1. Descriptive analysis of financial ratios of technology and business service sector (Pre- and post-merger)

A descriptive analysis of the financial ratios for the companies involved in mergers in the business service sector reveals mixed post-merger impacts.

Table 16. Descriptive analysis (pre- and post-merger) — Technology and business services companies

Pair	*Ratio*	*Pre/ Post*	*Mean*	*N*	*Std. dev.*	*Std. err. mean*
Pair 1	*ROE*	Pre	29.17%	40	19.32%	0.031
		Post	26.62%	40	16.43%	0.026
Pair 2	*NPM*	Pre	18.06%	40	10.02%	0.016
		Post	17.05%	40	7.76%	0.012
Pair 3	*EPS*	Pre	$34.49	40	52.10	8.238
		Post	$25.73	40	30.31	4.792
Pair 4	*ROA*	Pre	13.23%	40	7.89%	0.012
		Post	12.77%	40	8.61%	0.014

Source: Authors' elaboration.

Table 16 presents the following results:

• *ROE:* The average ROE decreased from 29.17% pre-merger to 26.62% post-merger. Although modest, the decline suggests that the companies experienced a slight decline in their ability to generate ROE post-merger. The standard deviation also decreased from 19.32% to 16.43%, indicating that the variability in the companies' ROEs post-merger was reduced, suggesting more stable performance across the board.

• *NPM:* The average NPM dropped from 18.06% pre-merger to 17.05% post-merger. This indicates a slight decline in overall profitability following mergers. The standard deviation also decreased, from 10.02% to 7.76%, suggesting that the variability in profit margins across the companies reduced, pointing towards a more uniform impact of the mergers on profitability.

• *EPS:* There was a significant decrease in the average EPS, from $34.49 pre-merger to $25.73 post-merger. This suggests that, on average, the earnings attributed to each share were lower after the merger, which could be a result of increased shares outstanding or lower overall earnings. The standard deviation decreased significantly, from 52.10 to 30.31, indicating less variability in EPS among the companies post-merger.

• *ROA:* The average ROA showed a slight decrease from 13.23% pre-merger to 12.77% post-merger. This suggests a marginal decline in how efficiently the companies were using their assets to generate profits after the merger. The standard deviation increased slightly from 7.89% to 8.61%, indicating a slight increase in the variability of ROA among the companies, suggesting that the mergers had different impacts on asset utilization across the companies.

4.4.2. Paired sample correlation of technology and business service sector

Paired sample correlation analysis reveals various relationships between different financial metrics of companies in the business services sector (see Table 17 below).

Table 17. Pair of pre-merger and post-merger ratio correlation — Business services sector companies

Particulars	*Pair 1*	*Pair 2*	*Pair 3*	*Pair 4*
	EPS	*ROA*	*ROE*	*NPM*
Correlation	0.786554	0.768579	0.448395	0.663889-
Count	40	40	40	40
T-Statistic	7.85178	7.405707	3.092397	5.472469
Significance level	0,00000	0.00000	0.00371	0.00000

Source: Authors' elaboration

Table 17 presents the following results:

• *EPS:* The correlation coefficient between the pre- and post-merger EPS is 0.786554, indicating a strong positive relationship between the two sets of EPS data. This suggests that companies with high EPS before the merger tended to maintain high EPS after the merger. The t-statistic = 7.85178 and a significance level of 0.00000 indicate that this correlation is statistically significant, meaning that the relationship between pre- and post-merger EPS is not due to random chance. This implies that EPS is a consistent financial metric across the merger process for these companies, reflecting stable earnings performance.

• *ROA:* The correlation coefficient between pre- and post-merger ROA is 0.768579, which also indicates a strong positive relationship. This suggests that companies with better asset utilization before the merger continued to perform similarly post-merger. The t-statistic of 7.405707 and a significance level of 0.00000 confirm that this correlation is statistically significant. This result suggests that ROA is a stable metric across the merger process, and companies generally maintained their efficiency in utilizing assets after the merger.

• *ROE:* The correlation coefficient for ROE is 0.448395, indicating a moderate positive relationship between pre- and post-merger ROE. While this suggests some consistency in how companies generate returns on equity before and after the merger, the relationship is not as strong as seen with EPS and ROA. The t-statistic = 3.092397 and a significance level of 0.00371 indicate that this correlation is statistically significant. This suggests that while there is a relationship between pre- and post-merger ROE, it is weaker, implying that equity returns may be influenced by factors related to the merger process or other external variables.

• *NPM:* The correlation coefficient for NPM is 0.663889, showing a moderate to strong positive relationship between pre- and post-merger profit margins. This suggests that companies with higher profitability before the merger tended to maintain relatively high margins afterwards. The t-statistic of 5.472469 and a significance level of 0.00000 confirm that this correlation is statistically significant. This indicates that NPM is a relatively consistent metric across the merger process, reflecting stable profitability.

5. DISCUSSION

The analysis of M&A within the researched sectors provides nuanced insights into the post-merger financial performance of selected firms. While M&A activities hold the potential to enhance competitive positioning and long-term value creation, the realized outcomes are highly contingent on effective integration, strategic coherence, and robust risk management practices.

5.1. Implications by financial ratio groups

The implications for ratio groups are as follows:

1. *Profitability ratios:* An analysis of the post-merger profitability ratios (ROE, ROI, and ROA) reveals an overall decline. This downward trend may reflect the immediate financial burden of integration, restructuring costs, and operational disruptions typically associated with post-merger transitions. Nonetheless, a reduction in standard deviations across these metrics post-merger suggests increased financial stability. Such stability could stem from more disciplined risk control, gradual realization of synergies, and enhanced operational maturity in the longer term.

2. *Efficiency ratios*: The ATR ratio, a key measure of operational efficiency, also exhibited a decline following M&A activity. This indicates short-term inefficiencies likely induced by the complexities of aligning disparate systems, supply chains, and management structures. However, post-merger consistency in the ATR values suggests that operational performance stabilizes over time, albeit at a slightly lower efficiency level. These findings point to the transitional nature of efficiency losses and underline the importance of integration planning.

3. *Leverage ratio:* The D/E ratio demonstrated improved stability in the post-merger period, indicating prudent management of capital structure. The ability to maintain or improve leverage metrics post-merger suggests that the merged entities effectively leveraged enhanced financial capabilities — such as improved cash flows, access to capital, and consolidated assets—to optimize debt levels. This is particularly significant in capital-intensive sectors like energy, where financial leverage plays a critical role in sustaining long-term growth.

4. *EPS:* EPS improved substantially after the mergers, signalling enhanced shareholder value driven by revenue growth, operational synergies, or broader market access. However, the heightened variability in EPS also reveals post-merger uncertainty, potentially due to market volatility, integration risks, or unexpected expenditures. This volatility underscores the critical role of strategic alignment and integration effectiveness in sustaining EPS gains.

5.2. Overall implications

Collectively, these findings illustrate that while M&A can offer significant long-term benefits, financial stability and enhanced shareholder returns — short-term disruptions are common. Variability in post-merger outcomes across companies and sectors highlights the importance of thorough due diligence, strategic fit, and customized integration frameworks. Effective M&A execution is not only a financial transaction, but a complex organizational

transformation requiring precise planning, cross-functional coordination, and adaptability to sector-specific challenges.

The overall implications are as follows:

• *Strategic alignment and due diligence:* Companies considering M&A should prioritize the strategic alignment of the merging organizations. Thorough due diligence is essential to ensure that the potential benefits of the merger are fully realized and achievable. This includes a comprehensive analysis of the target company's operational processes, financial health, and cultural fit. Merging companies should also develop a clear strategic plan outlining how the new entity will achieve its goals.

• *Effective integration planning:* Performance declines post-merger are often due to integration challenges. Companies should develop detailed integration plans that address key areas such as operations, technology, and corporate culture to mitigate these risks. This plan should include clear timelines, roles, and success metrics. Additionally, companies should consider establishing dedicated integration teams focused on aligning systems and processes across the merged entities.

• *Risk management and financial leverage:* Managing financial leverage is crucial, especially in capital-intensive industries like energy. Post-merger, companies should closely monitor debt levels and explore ways to optimize their capital structure. This might involve leveraging synergies to boost cash flow, divesting non-core assets, or refinancing existing debt. Companies should also implement robust risk management practices to address merger-related risks, including market volatility and regulatory changes.

• *Focus on long-term value creation:* While short-term financial performance is important, companies should continue to emphasize long-term value creation. This involves regularly reviewing and adjusting strategies to ensure the merged entity is on track to achieve its growth objectives. Companies should also be willing to invest in technology and innovation to stay competitive in rapidly evolving industries.

• *Monitoring and adaptation:* Post-merger, it is crucial to monitor the performance of the merged entity against the objectives set during the merger process. This includes tracking financial metrics, operational efficiency, and market positioning. Companies must remain flexible in their approach to new opportunities and challenges, ensuring the long-term sustainability of the merger's benefits.

6. CONCLUSION

The analysis of M&A in the energy, consumer goods, hospitality and tourism, and technology and business service industries, reveals the complex nature of these strategic transactions. While M&A activities have the potential to significantly enhance financial performance, the outcomes can vary widely depending on critical factors such as the success of integration, alignment of strategy, and the effectiveness of risk management. Key findings indicate that although profitability and efficiency ratios may experience a temporary decline post-merger, the long-term stability of these companies generally improves. This stability, coupled with an increase in EPS, suggests that mergers can enhance shareholder value despite initial challenges. However, the mixed results observed in companies like ConocoPhillips, Sodexo's acquisition of Centerplate, and Univar's acquisition of Nexeo Solutions highlight the necessity of a nuanced approach to M&A. Success in M&A hinges on careful planning, execution, and the ability to navigate the regulatory and geopolitical landscapes. While mergers offer numerous advantages, such as increased market share, improved technology, and operational efficiencies, these benefits are not always guaranteed. The success of these transactions largely depends on the ability of the merged entities to integrate operations, manage financial leverage, and adapt to industry-specific challenges. This study is confined to M&A that occurred between 2004 and 2024 within selected sectors and a limited sample of publicly listed companies. As such, the findings may not fully represent the broader M&A activity across these sectors. Variations in business size, competitive intensity, regulatory frameworks, and country-specific economic environments may influence the outcomes of M&A differently, limiting the generalizability of the results across global contexts.

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