MEASURING THE PERFORMANCE OF MERGERS AND ACQUISITIONS THROUGH THE CHANGE MANAGEMENT, ORGANISATIONAL CULTURE, AND POWER

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ESMAEIL ABDULLAH AL HASHMI

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ABSTRACT

This study aimed to determine the effects of change management on the performance of mergers and acquisitions (M&A) in the United Arab Emirates (UAE) banking sector. The study also examined the mediating effect of organisational culture and power in explaining the relationship between the studied variables. A quantitative approach was employed in this study. The sample consist of 229 respondents, who were selected using simple random sampling. Aquestionnaire was used as the instrument to collect survey responses. Data were analysed using Partial Least Squares Structural Equation Modelling (PLS-SEM) to test relationships between the studied variables. The findings reveal that change management has positive and significant effects on M&A performance ($\beta = 0.287$, $t= 3.269$, $p < 0.001$). It also has significant and positive effects on both organisational culture ($\beta = 0.518$, $t= 7.800$, $p < 0.000$) and power ($\beta = 0.158$, $t= 3.811$, $p < 0.000$). Meanwhile, organisational culture has positive and significant effects on the M&A performance ($\beta = 0.455$, $t= 7.998$, $p < 0.000$). On the other hand, power has no significant effects on M&A performance. Mediation analysis reveals that organisational culture has partially mediated the relationship between change management and M&A performance ($\beta = 0.239$, $t = 3.247$, $p < 0.001$), while power has shown no mediation effects. The study concludes that change management, supported by organisational cultural alignment, is crucial for M&A performance, suggesting that in order to improve corporate restructuring exercise, business should focus on enhancing these key areas. The implication of this study is to provide empirical evidence on how change management, organisational culture, and power can shape M&A performance to ensure smooth and successful corporate restructuring.

MENGUKUR PRESTASI PENGGABUNGAN DAN PENGAMBILALIHAN MELALUI PERANAN PENGURUSAN PERUBAHAN, BUDAYA ORGANISASI DAN KUASA

ABSTRAK

Kajian ini bertujuan untuk menentukan kesan pengurusan perubahan terhadap prestasi penggabungan dan pemerolehan (M&A) dalam sektor perbankan Emiriah Arab Bersatu (UAE). Kajian ini juga meneliti kesan pengantaraan budaya organisasi dan kuasa dalam menjelaskan hubungan antara pemboleh ubah yang dikaji. Pendekatan kuantitatif digunakan dalam kajian ini. Sampel terdiri daripada 229 responden, yang dipilih menggunakan pensampelan rawak mudah. Soal selidik digunakan sebagai instrumen untuk mengumpul maklum balas tinjauan. Data dianalisis menggunakan Pemodelan Persamaan Struktur Kuasa Dua Terkecil Separa (PLS-SEM) untuk menguji hubungan antara pembolehubah yang dikaji. Dapatan kajian menunjukkan bahawa pengurusan perubahan mempunyai kesan positif dan signifikan terhadap prestasi M&A ($\beta = 0.287$, $t= 3.269$, $p < 0.001$). Ia juga mempunyai kesan positif dan signifikan terhadap budaya organisasi ($\beta = 0.518$, $t= 7.800$, $p < 0.000$) dan kuasa ($\beta = 0.158$, $t= 3.811$, $p < 0.000$). Sementara itu, budaya organisasi mempunyai kesan positif dan signifikan terhadap prestasi M&A ($\beta = 0.455$, $t= 7.998$, $p < 0.000$). Sebaliknya, kuasa tidak menunjukkan kesan signifikan terhadap prestasi M&A. Analisis pengantaraan menunjukkan bahawa budaya organisasi mengatara secara separa hubungan antara pengurusan perubahan dan prestasi M&A ($\beta = 0.239$, $t = 3.247$, $p < 0.001$), manakala kuasa tidak menunjukkan sebarang kesan pengantaraan. Kajian ini menyimpulkan bahawa pengurusan perubahan, yang disokong oleh penyelarasan budaya organisasi, adalah penting untuk prestasi M&A. Ini mencadangkan bahawa untuk meningkatkan latihan penyusunan semula korporat, perniagaan harus memberi tumpuan kepada memperkukuh bidang utama ini. Implikasi kajian ini adalah untuk memberikan bukti empirikal tentang bagaimana pengurusan perubahan, budaya organisasi dan kuasa dapat membentuk prestasi M&A bagi memastikan penyusunan semula korporat berjalan lancar dan berjaya.

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LIST OF ABBREVIATIONS

CMF	Change Management Framework
CMS	Conflict Management Style
DV	Dependent Variable
EBI	Emirates Bank International
FTA	Free Trade Agreements
GCC	Gulf Cooperation Council
HR	Human Resource
IT	Information Technology
IV	Independent Variable
LS	Leadership Style
M&As	Mergers and Acquisitions
NBD	National Bank of Dubai
SEM	Structural Equational Modelling
UAE	Unite Arab Emirates

CHAPTER 1

INTRODUCTION

1.1 Introduction

Worldwide, mergers and acquisitions (M&A) activities have persisted as a predominant growth strategy for most companies (Ahammad, 2023). On the other hand, change management factors (human resource integration, leadership styles, and conflict management styles) are globally known to significantly affect Power, organizational culture, and the performance of mergers and acquisitions. Batista (2023) highlights that most Mergers and Acquisitions are initiated to enhance company performance, create strategic alliances, and build strong organizations. Originally, the most active center for merger and acquisitions (M&A) movement in the Middle East was the United Arab Emirates, where 50 transactions were reported from 1996 to 2001 (Elmassri, Elrazaz, & Ahmed, 2024). A considerable number of the Mergers and Acquisitions activities that have taken place in the banking industry in the United Arab Emirates involve players such as Ahli United Bank, which has a clear growth strategy through acquisitions, and Mashreq Bank (Elmassri et al., 2024). The total number of M&A transactions in different industries In UAE includes the banking industry at 49, followed by business services at 21, oil and gas at 20, insurance at 17, food-related businesses at 14, and wholesale trade at 11 (Elmassri et al., 2024). Today, there are increased significant opportunities for consolidation, corporate restructuring, competitive forces, and greater corporate governance. Essentially, the United Arab Emirates government has undertaken favorable actions towards mergers and acquisitions, which has improved understanding for creating measurable increases in shareholder value and business transparency. Batista (2023) presents that between 40%-80% of merged entities fail to meet their objectives due to gaps in change management, particularly in human resource integration and leadership, and the poorly adopted conflict management styles. This chapter will discuss the background of the study, problem statement, purpose, specific objectives, research questions, research hypotheses, the scope of the study, the significance of the study, operational definition of key terms, thesis structure, and chapter summary.

1.2 Background of the Research

Change management is the systematic approach and application of knowledge, tools, and resources to deal with change (Lawton & Pratt, 2023). It involves defining and adopting corporate strategies, structures, procedures, and technologies to handle changes in external conditions and the business environment. The Change Management framework involves transitioning people, processes, and resources to achieve better outcomes. Change management can also be defined as the process through which a company creates value from change. It requires an analytical approach that considers all the areas that traditional M&A overlooks in the M&A process, including people and values, processes, and technologies.

Over the past five years, there has been a dramatic change in the number of mergers and acquisitions. This has entailed a global amplification within the first three-quarters of 2018 of more than 39% from the previous year, and more than $2.5 trillion worth of Mergers and Acquisitions deals announced worldwide (Ashkenas, 2019). As acquisitions increased globally by 6 percent in 2018, companies and emerging firms grew at an annual rate of 26 percent. The main objectives of mergers and acquisitions in the current sense are to realize growth, improve the financial situation of the partner banks, and gain a better position in the market. One of the prime reasons for bank mergers is to reduce costs, extend the range of products and services, increase market share, and participate in privatization.

In the modern era, globalization and market change have increased competition among organizations, thereby prompting them, through change management efforts, to be dynamic and adaptable and to continually change and update their systems. Ulrich (2019) contended that the primary difference between organizations that succeed and those that fail is the ability to respond to the pace of change. Change management amid mergers and acquisitions can be extremely difficult for directors. Banks that have failed to understand their unique culture in innovation, authority, and operations have been unsuccessful in different merging groups.

For M&As to be effective, change management must involve the employees. Nothing sends shockwaves among employees than being informed that their company is being acquired. The mere thought of another firm lurking or hoovering around makes employees defensive and concerned about whose job will first go out. As such, managers have to actively talk with their employees, preferably face to face, to bring a human aspect to the process (Altassan, 2023). Change managers also stand to learn about the company's internal operations and culture by actively interviewing large employee populations. Surveys could also serve the same purpose and perhaps reveal more information if it is confidential. A well-thought-out survey, in combination with the interview findings, can paint a clear picture of what is happening (Alanazi & Yusof, 2021). At the end of it, a comprehensive report should be published showing insightful findings such as cultural differences and process disparities, among other issues, which should be handed in to the stakeholders (Patel, 2024). This process should be done on both sides to ensure everyone is on board.

In this study, change management factors (human resource integration, Leadership styles (IVs), and Conflict management styles) have been assumed to significantly affect organizational culture, Power, and the performance of mergers and acquisitions in the UAE banking sector. Human resource integration involves combining all the systems associated with managing human resources in an organization to work effectively together for the best results (Sairmaly, 2023). This comprises individual employee integration after being transferred and integrated into a new organizational context due to a merger and acquisition process. The integration process justifies the difference between successful and unsuccessful mergers. A strong post-merger integration process can help organizations rise above any problems in the development and design of a merger. The integration process can be difficult and tiresome; however, it is worthwhile. Banking managers have an obligation towards handling all human resource issues, cultural differences, finances, and rising pressure.

Salim (2020) holds that a merger's human strategy is to make an early and quick decision about employees at an early stage. Although decisions related to employees are always tough, the bank needs to make them as early as possible. This should be done with the human resource teams of both organizations. The banks ought to do their best to retain the best talent. Additionally, there should be task integration and rebranding whereby, the human resource and marketing department can work alongside the integration team to formulate and consolidate new human resource structures, plans, policies, and marketing strategies for the organization.

Leadership style involves a leader's behavioral pattern that enables them to manage their employees by directing and motivating them towards a common vision. In this regard, leaders accomplish organizational objectives by motivating employees to work towards the common goal and focusing on their well-being. In as much as leadership styles determine how leaders implement plans and strategies to accomplish given objectives while accounting for teams' well-being, previous researchers have failed to expound all this. In this context, understanding the effect of leadership style is imperative for mergers and acquisitions to perform effectively. Ideally, integration leadership readiness is a critical success factor for pre-close integration planning, a flawless day one, and maximum value capture and integration in the first few years post-close. Regrettably, some UAE banking leaders bring limited integration experience, especially with large or complex mergers (Ullah & Rashid, 2024). It is fundamental to examine the nature and influence of leadership styles on the integration of merging companies and their employees during the post-merger.

On the other hand, conflict management styles involve the different strategies adopted by the banking industry to predict, avoid, control, and deal with change. Li (2023), in this sense, called for a clear understanding of the common drivers in conflict and their influence on mergers. According to Asdar (2023), the common conflict management styles employed by banks include integrating, compromising, dominating, avoiding, and obliging, which will be discussed in depth in Chapter 2. Merging banks impacts working groups, individuals, customers, and the entire organization. They present cultural and political challenges, disrupt trust, and often generate anxiety and conflict. Successfully navigating a merger requires a clear vision and strategy and a strong leadership that can handle all arising conflicts.

Companies regularly use M&A as their primary growth strategy to expand their markets and achieve higher market penetration together with operational advantages. M&A activities went through significant growth patterns during the last several decades due to economic fluctuations and technological progress alongside regulatory reforms. The worldwide M&A transaction value reached $2.5 trillion in 2018 which represented a 39% increase from the previous year (Potynska, 2024). The rising number of M&A transactions demonstrates that businesses utilize this method as their prime strategy to advance their growth and transform market sectors.

M&A worldwide has received vital support from banks operating within the sector. Banking organizations conduct M&A transactions to enhance their market reach and boost their business position and regulatory compliance adaptability. Traditional banks deploy acquisitions of technology firms through digital banking and fintech solutions to maintain their markets against competitors. Research by Han[1]a and Zhang (2024) indicated that M&A transactions produce failing results in 40% to 80% cases because of inadequate integration planning together with cultural mismatches and leadership transition issues (Potynska, 2024).

The UAE banking industry has experienced a progressively rising number of mergers during the last twenty years because of economic diversification initiatives and government rule changes as well as market requirements for financial sector stability enhancement. Lootah et al. (2024) reported that the banking sector in the UAE saw approximately 50 mergers as a main industry trend throughout the 1990s until 2001. When Emirates Bank International (EBI) merged with National Bank of Dubai (NBD) in 2007 they created Emirates NBD which became the largest banking group in the regional market at that time (Lootah et al., 2024). As a part of its economic development strategy the UAE government actively supports M&A activity in the banking field. The UAE Central Bank has enacted laws to boost bank mergers because these mergers enhance liquidity and financial stability together with corporate governance benchmarks (Lootah et al., 2024). The banking sector needed to consolidate as a response to external market pressures which include global economic downturns as well as digital transformation and foreign competition from international banks.

There are various factors that have driven the development of M&A in the UAE Banking Sector. Regulatory authorities have functioned as a fundamental factor behind prompting financial institutions to pursue bank mergers (Lootah et al., 2024). The

Central Bank of the UAE developed supportive regulations to enable banking institutions pursue mergers which boost their financial stability while permitting global business competition. New banking regulations adopted by the Central Bank of the UAE have increased the appeal of mergers for expansion and improved financial strength among institutions.

UAE banks have stepped up M&A activity because of growing pressure from their marketplace competitors. Local banking institutions pursue mergers because foreign banks and alternative financial service providers entered their market which drove them to increase market penetration and achieve operational efficiency (Darayseh & Alsharari, 2023). Banks achieve resource optimization and cost reduction and enhance their service offerings to clients through consolidation methods.

Technical innovation serves as a fundamental factor pushing M&A growth in the UAE banking industry. Traditional banks need to modernize their operations because digital banking expansion and fintech solutions together with artificial intelligence represent a necessary business requirement (Darayseh & Alsharari, 2023). Financial institutions merge and acquire other entities to integrate modern technology platforms which enhances both digital services and customer experiences and streamlines their digital service platforms (Shaik Masood & Jithendra, 2024). The UAE Vision 2030 economic diversification initiatives have driven banking institutions to combine forces through mergers and acquisitions. The government's economic vision of promoting financial institution stability benefits from M&A by creating resilient banking operations that withstand global market uncertainties and economic changes.

Bank mergers have various benefits. The prime component for taking on M&A is built-in generating value. This is considered the utmost advantage of M&A where merged entities produce the best possible corporate governance procedures, which enables banks to serve customer needs with excellence and more efficiency in security, accountability, and transparency. The success of M&A operates on practices and regulations reinstated by the firm's board of directors. Additionally, mergers help institutions reach higher profitability levels and greater market values due to the increased market share. By combining with other banks, the acquiring increasing their portion of the overall market, which results in more revenue generation and consequently, higher share values. A larger market is not only visualized in the form of a larger population, but also access to a larger geographical area. This expanded reach benefits customers by allowing the employees to access services throughout the nation (Musah et al., 2020).

M&As also allows banks to benefit from economies of scale, that result in reduced operational costs. The banks can then offer more competitive products and services while still maintaining profitability. Mergers allow banks to gain access to talent, technical know-how and best practices, which enhances the efficiency and effectiveness of their operations, and minimizing the likelihood of inefficiencies that are more common in smaller branches. M&As also provide banks with larger capital bases, which allows them to offer larger loan and financial services to customers. Businesses and individuals benefit substantially from such financing. Merged banks are also able to offer broader variety of financial products including mutual funds, loans, insurance products and various other types of deposits. Finally, bank mergers also allow for enhanced financial health, which reduces the need for government capital injections.

This significantly benefits government by freeing up funds for other development projects (Credit Mantri, 2023). To enjoy the benefits of mergers and acquisitions, it is wise for banks to manage both change and employees in a timely and satisfactory manner while in the merging process.

Many banking mergers experience multiple difficulties which negatively affect their positive outcome despite all their advantages. Bank mergers encounter their largest challenge through cultural conflicts that develop between financial institutions. Financial institutions that merge encounter employee-related conflicts due to their different corporate cultures because workers experience difficulties in adapting to new management methods as well as operational processes and organizational requirements. The cultural differences between companies create inefficiencies while decreasing employee morale and causing increased employee personnel shifts (McKinsey & Company 2020).

Organizations face challenges when integrating their leadership teams during M&A transactions particularly when executive roles receive unclear definitions. Organizational conflicts in decision-making results from absence of strategic alignment between leadership teams causing deterioration in post-merger operational efficiency and performance (Forbes, 2021). Employee refusal to adapt to adjustments stands as an important impediment which prevents the achievement of successful integration programs. Employees typically view mergers negatively because they cause worries about job eliminations and forced adjustments in responsibilities and heightened workload responsibilities. Post-merger success becomes difficult to achieve when change management strategies are absent since employees resist changes and business operations face disruption (Asdar, 2023).

Integration issues create added complexity in the process of M&A transactions specifically among banking operations. The process of uniting IT systems and financial services alongside customer service platform integration demands major time-based and resource-based investments. The integration process proves difficult for numerous banks which subsequently causes operational inefficiencies together with customer dissatisfaction (Deloitte 2022).

Studies have shown that mergers at times fail to add value due to cultural and financial reasons (McNevin, 2024). There are numerous reasons why M&As fail but the main ones are value destruction, poor integration process, lack of a management plan and unrealistic expectations among others. When two banks merger they can have differences in ideas on how the new company should be like leading to disagreements and conflicts. When each bank has its own culture, values and operational setup, and the management fails to find a clear path of uniting the firms, then the merger is likely to fail. Likewise, when banks fail to integrate their operations by planning and taking time to map out the integration process and also ensure compatibility of existing cultures or even establishment of new ones, then employees, customers and shareholders are likely to become frustrated.

The consequence is high-profile failure and financial crippling, which badly damage the bank's reputation. Nevertheless, bankers and executives can misjudge the future of a market and end up overpaying. For example, Microsoft paid $6.3 billion for the digital marketing company, Quantize, but finally took a $6.2 billion write-down for it in 2013. In fact, according to an analysis of 2500 deals completed between 2013 and 2018 by Kumar and Sharma (2019), the larger the transaction, the more likely it is to fail. The other financial reasons why mergers fail to add value according to McNevin (2024) are intervention, fear, and greed. He explained that even when two companies agree to the terms and conditions of a merger or acquisition, third parties with ulterior motives can interfere, adding restrictions that prevent a merger from becoming final or achieving its intended objectives.

According to Schermerhorn et al. (2020), "managing change" firstly implies implementing change in a planned and managed structure via agents, individuals, and groups to resolve organizational performance problems or realize performance opportunities. The change that needs to be managed is bounded and controlled by the organization. Secondly, change occurs when events outside the organization trigger change. In this case, "change management" implies the organizational response to change where there is limited control over the change by the organization. Kotter (2019) states that producing a change is about 80 percent leadership, i.e. establishing direction, aligning, motivating, and inspiring people - and about 20 percent management, i.e. planning, budgeting, organizing, and problem-solving.

Rayakwar, Gaur, and Kumar (2022) asserted that plenty of prospective bank mergers and acquisitions only look at the two banks on paper without taking their people or culture into account. Failure to assess cultural fit (not just financial fit) is one reason why many bank mergers ultimately fail. Throughout the merger and acquisition process, the relevant parties should ensure they thoroughly communicate and doublecheck that employees are adapting to the change. Execution risk is another major danger in bank mergers to the level where banking executives don't commit enough time and resources to bring the two banking platforms together. When this occurs, the resulting impact on their customers causes the newly merged bank to fail completely. This mistake is avoidable by dedicating enough resources for a full integration of the two financial institutions (Dumiter et al., 2023).

While undergoing an M&A event at the bank, there is need to pay attention to the impact it has on customers. Especially, with smaller community banks, customers often respond very emotionally to a bank acquisition. Therefore, it is essential to manage customer perception with regular and careful communication. In addition, once the merger or acquisition is fully underway, is important to consider the impact on customers at every stage. Particularly, anything from changing technology platforms to financial products could impact your customers negatively if no attention is given (Knezevic, 2020). A final danger to consider during your next merger or acquisition is the risk and compliance culture of each bank involved. The different banking compliance and federal banking regulations indicate that mismatched risk cultures clash during a bank merger negatively affect the profitability of the business.

Nonetheless, M&As can also be very beneficial to customers. For instance, the merger of two small inbound banks tends to improve call response time, since the combined banks would have additional resource flexibility that would allow for scheduling customers. Mergers also result in reduction in service charges and transaction fees due to the improved economies of scale (Umashankar, Bahadir, & Bharadwaj, 2022). As such, managers also have the responsibility of communicating such advantages to customers to mitigate the negative connotations that mergers and acquisitions often have. Given the very many change factors that come into play during mergers and acquisitions, this study aims to examine the effect of change management factors (human resource integration, leadership styles, and conflict management styles) on Power, organizational culture, and the performance of mergers and acquisitions in the UAE banking sector.

Theoretically, this research was based on two theories, the theory of wealth transfer as advanced by Palomino et al. (2022) and the Bolman and Deal proposition, which states that a leader should expected to view organizational challenges through the main lenses (Structural- change management, which addresses Human Resource and a political approach for conflict management). The leader may use one Frame (implying a behavioral approach) for a time and then switch to another. Change management, however, faces many problems in M&As due to different styles of authority, differing cultures, and diverse consequences on human capital assets (Samad, 2021). Merging banks must overcome internal or external threats, for example, consolidation during difficult financial conditions, the desire for globalization, pressure from cultural and political forces, changes in innovation, growing competition, and deregulation. Thus, individual banks should be part of mergers and acquisitions as part of a corporate strategy to improve synergy, diversify, improve market penetration, and improve business performance thus ensuring sustainability in the business.

1.3 Problem Statement

While organizational change is a continuous experience, many critical factors involved in the merging process are rarely considered (Wanza, 2020). The Performance of mergers and acquisitions can be either positive or negative through profits, return on assets, and the company's share price. In the previous years, businesses have spent a staggering 5.9 trillion dollars worldwide on mergers and acquisitions (M&A), which is equivalent to a $3.3 trillion annual average for the previous decade.

Despite the increasing adoption of use of M&As among businesses as a strategic tool for organizational growth, Harvard Business Review (2022) has found that 70% to 90% or more of these M&As fail to achieve the results expected. Occasionally, such failure is ascribed to culture mismatches, arising conflicts, poor leadership, and human resource factors (Graham, 2020; Siddiqui & Farooq, 2022). Other contributing factors include poor post-merger/acquisition integration, leading to employee anxiety, and management turnover. According to Siddiqui and Farooq (2022), majority of senior personnel in companies highlight culture and communication as the two main areas that cause mergers to fail. Leadership and human resource integration are critical components in the performance of mergers and acquisitions (M&A). Though this integration is critical, the issue of the interaction of these organizational factors in the determination of the outcome of M&A has not received adequate attention in the literature especially in the UAE banking industry.

Current literature ignores the indispensable role of human-related factors and their effect on M&A performance, either by failing to recognize managing change as a distinct and unique management skill or by reviewing M&A performance in the light of financial and operational aspects only and not human related variables, like leadership styles and integration of human resources and handling the conflicts that transpire in the process (Knezevic, 2020; Long & Cooke, 2023; Tunsi, 2023). Moreover, there are limited empirical studies that have clearly analyzed the mediational role of organizational culture and power in the connection amid change management performance and M&A performance (Dzenopoljac et al., 2022). This gives rise to an observable theoretical and reality lag that is especially present in the UAE, banking institutions are inclined toward mergers to comply with regulations, reach economies of scale and address external competition.

In particular, little is known about the extent to which change management mechanisms influence the development of post-merger performance by means of acting on organizational culture and power structures. The UAE banking sector has not effectively applied all these change management factors given that there is still an incomplete understanding of what M&A leadership is and how M&A leadership influences M&A outcomes (Paulina, 2020; Hashmi & Latip, 2024) Although the case of merger between the Emirates Bank International (EBI) and the National Bank of Dubai (NBD) has been reported as successful scenario; the shift in the performance outcome has been reported in other mergers in the UAE banking sector due to the situation of employee resistance, scarcity of headship leadership and cultural imbalance (Dzenopoljac et al., 2022; Hashmi & Latip, 2024). Also, the issue of poor leadership of merged banks in the UAE is evident in poor communication, unwise rebranding, uncertainty, selfishness, corruption, and haphazard planning (Salim, 2020; Hashmi & Latip, 2024). Although management has often tried to rebrand organizations and to communicate the schedules of change management, there has been a continued lack of direction in the merged banks (UAE News, 2020). Furthermore, the mediation role of organizational culture and Power on the combination of human resource integration, leadership styles, and conflict management styles with their effect on mergers and acquisitions performance has not been studied extensively in the UAE context by previous researchers (Hashmi & Latip, 2024). For this reason, there is a need to examine the effect of change management (human resource integration, leadership styles, and conflict management styles) on the performance of mergers and acquisitions in the UAE banking sector and on organizational culture and Power in the UAE Banking sector, as well the effect of organizational culture and Power on the performance of mergers and acquisitions in the UAE banking sector. That creates the necessity of a more detailed and context-sensitive model which considers the combination of change management practices with cultural and power processes to forecast and advance M&A performance (Dzenopoljac et al., 2022; Hashmi & Latip, 2024).

Such a research gap is important to bridge, both to make theoretical contributions and to provide an underpinning of practical decision-making in post-merger integration. Through explicit investigation of relationship between human resource integration, styles of leadership, conflict management styles, organizational culture, power, and the M&A performance, this study will attempt to offer comprehensive and empirically verified framework that can lead the UAE banking institutions to successful transformation. This is precisely the same with the research objectives and questions of this research, in that the research seeks to understand and find out the mechanisms of post-merger performance promotion or below the performance in a very dynamic financial computing environment.

1.4 Research Objectives (RO)

In this study, there are seven research objectives raised to investigate the management of change in M&As in the banking industry using the merger of Emirates Bank International (EBI) and National Bank of Dubai (NBD) as examples. These research objectives are as follows:

RO1: To examine the effect of change management (human resource integration, leadership styles, and conflict management styles) on the performance of mergers and acquisitions in the UAE banking sector.

RO2: To investigate the effect of change management (human resource integration, leadership styles, and conflict management styles) on organizational culture in UAE banking.

RO3: To examine the effect of change management (human resource integration, leadership styles, and conflict management styles) on Power in the UAE banking industry.

RO4: To assess the effect of organizational culture on the performance of mergers and acquisitions in the UAE banking sector.

RO5: To assess the effect of Power on the performance of mergers and acquisitions in the UAE banking sector.

RO6: To investigate mediation effect of organizational culture on the relationship between organization factors (human resource integration, leadership style, and conflict management style) and the performance of mergers and acquisitions.

RO7: To investigate mediation effect of Power on the relationship between change management (human resource integration, leadership style, and conflict management style) and the performance of mergers and acquisitions.

1.5 Research Questions (RQ)

In this study, there are seven research questions to investigate Emirates Bank International (EBI) and National Bank of Dubai (NBD) post-merger change management. These research questions are as follows:

RQ1: What is the effect of change management (human resource integration, leadership styles, and conflict management styles) on the performance of mergers and acquisitions in the UAE Banking sector?

RQ2: What is the effect of change management (human resource integration, leadership styles, and conflict management styles) on organizational culture in UAE Banking?

RQ3: What is the effect of change management (human resource integration, leadership styles, and conflict management styles) on Power in the UAE banking industry?

RQ4: What is the effect of organizational culture on the performance of mergers and acquisitions in the UAE banking sector?

RQ5: What is the effect of Power on the performance of mergers and acquisitions in the UAE banking sector?

RQ6: Does organizational culture mediate the relationship between change management (human resource integration, leadership style, and conflict management style) and the performance of mergers and acquisitions in the UAE banking industry?

RQ7: Does Power mediate the relationship between change management (human resource integration, leadership style, and conflict management style) and the performance of mergers and acquisitions in the UAE banking industry?

1.6 Operational Definitions

The following are the operational definitions to be used in this study.

i. **Change Management:**

It is a systematic approach to dealing with the transition or transformation of an organization's goals, processes, or technologies. In this study, it will be measured by human resource integration, leadership style, and conflict management style. The purpose of change management is to implement strategies for effecting change, controlling change, and helping people to adapt to change.

ii. **Human Resource Integration:**

In line with the study, Integration of Human Resources refers to the process of combining all the systems to do with managing human resources in an organization for productivity to earn a good result (Tunsi, 2023). This study will analyze the important strategic initiatives related to employee engagement processes, the merged organization, and how it faced the challenges of integrating the other core resources for the success of the organization.

iii. Leadership Style:

This study defined leadership style as the manner and approach of providing direction, implementing plans, and motivating people. Based on Salim (2020), this study may provide insight into the importance of strategic integration of merger activities with a focus on task and human integration. In this regard, it will be vital to look into managerial, and senior executives who run the financial, internal processes, and marketing resource integration in order to establish the extent of the success and failure thereof in the wake of this merger.

iv. Conflict Management Styles:

Conflict management is coined in this study as the way of handling effective communication, problem-resolving abilities, and good negotiating skills to restore the focus to the organization's overall goals. Salim (2013) writes that it is vital to understand the conflict management style the merged organizations adopted immediately after the merger decision and how it faced the challenges of integrating the other core resources for the success of the firm.

v. Mergers and Acquisitions:

According to Wan and Yiu (2009), an acquisition is the purchase of one organization by another organization for expansion, profitability, diversification, or market share. On the other hand, a merger is an agreement entered into by two organizations to combine the systems, structures, cultures, and operations of two companies and have them function as one. The EBI-NBD merger thus provides a unique case for this study.

vi. The Performance of Mergers and Acquisitions:

It can be positive or negative depending on the return on assets, profits, company's share price; accounting measures such as sales, return on investments; or managers' subjective assessments of performance.

Mergers and acquisitions mean greater financial strength for both companies involved in the transaction. Having greater economic Power can lead to higher market share, more influence over customers, and reduced competitive threats. In most cases, bigger companies are harder to compete against.

vii. Organizational Culture:

Organizational culture refers to a set of beliefs, values, behavior patterns, myths, and symbols that organizations subscribe to (Elrod & Tippett, 2010). Organizational culture is also defined as the informal consciousness developed by members within an organization as they establish external and internal integration of an organization (Bulat et al., 2024). According to Salim (2020), in the case of the EBI–NBD in Dubai, the human and cultural integration of the two organizations comes from the congruence of cultures or effective acculturalization, which will lead to improved employee satisfaction and integration

viii. Power:

Bashin (2021) refers to Power as the "*potential ability of a person or group to exercise control or authority over another person or group or the positional power that comes because of the position of a manager in the company or an organization*". Organizational Power is the ability that you have to influence the behavior of employees in any organization. The Power is measured by the extent the person can use his/ her influence to get that stakeholder to do something that he or she would otherwise prefer not to do.

1.7 Research Significance

The study is theoretical and managerially important due to addressing the effects of the change management factors on M&As performance through the mediating roles played by organizational culture and power in the banking industry in the UAE.

1.7.1 Theoretical Significance

The current research paper will be able to contribute to the scholarship on the topic of performance management in M&As because it combines the three aspects of change management-- human resource integration, leadership styles, and conflict management styles--into one framework. Although there are studies in the literature that centralize aspects of M&As related to financial aspects and even structural issues, this study will concentrate on human and organizational dynamics though this part is still not explored sufficiently, in addition to the background of UAE banking.

Moreover, the study refers to the multi-frame model of Bolman and Deal and the wealth transfer theory that could provide a multi-dimensional lens to perceive the influence of change initiatives on the after-merger outcomes. Contributing to researches that conceptually support the mediating effects of organizational culture and power, the current study closes a gap in the existing body of literature by providing a novel consideration into what drives success or failure of M&A. The study will review these change-management models and develop a practical model for change management during M&As (Vaaheranta, 2022). The analysis will also determine the success factors for the management of change and outline strategies to gauge the success of organizational change management based on the proposed model. The findings of this research will help managers execute the desired changes in M&As within the Gulf Cooperation Council (GCC) nations generally and in the UAE specifically. The study also advances theory in that, it proposed and verified a theoretical framework that one can apply in future situations when performing a cross-sector or cross-national research.

1.7.2 Methodological Significance

Methodologically, this research study offers in terms of the use of a quantitative design backed by Structural Equation Modeling (SEM) to measure the existence of both direct and mediated associations amid complex organizational variables. The addition of mediation analysis enables a interesting capability to understand some of the mechanisms involved in change management practices effecting M&A outcomes. Moreover, the measurement model employed in the study is valid, and the constructs specific to the M&A context of UAE banks present an excellent methodological model that can be replicated in the industry or other countries in further research. The rigour of the methodology allows increasing the internal validity and generalizability of findings.

1.7.3 Empirical Significance

Empirically, this study covers research gaps in the literature of M&A in the Middle East with a critical focus on the banking industry in the UAE wherein mergers are being prompted by regulation, economic and technological factors. Although past research was mostly Western based, the study will give context-based evidence on the workings of change management processes in high power-distance and culturally diverse settings. The dataset utilized (based on 229 employees of merged banking institutions) is simultaneously grounded and possessing real-world information to enrich the views regarding the dynamics of post-merger integration and more effectively model the behavior of organizations in similar institutional backgrounds.

1.7.4 Managerial Significance

In practical terms, it can be said that the results of this research give a useful insight to the executives, change managers, HR leaders, and policymakers involved in planning and implementation of merger in the banking sector. The findings offer a practical interpretation of the ways a successful leadership, integrated structure of the human resource, proper conflict handling methods can reduce the resistance, unify the corporate cultures and stabilize power mining during the integration process.

This study also provides UAE financial institutions with a validated structure which they can use in measuring and to enhance post-merger integration mechanisms. Managers will have an opportunity to determine the organizational preparedness, create proactive interventions, and track indicators of use-related success in real-time using this model. The study is useful for the merger of EBI and NBD in that it will empower both management and employees around the world to comprehend the impacts of change management following the merger and associated changes occurring within organizations. The study also provides insights into how leadership can create organizational cultural change, structural change, and human capital change and, subsequently, create a flexible organization that is nationally and globally competitive (Diawati et al., 2023). This is particularly important as the pace of change is more rapid than ever before because of the continually changing industry conditions (Rayakwar et al., 2022). By discussing universal post-merger issues that may include the disaffection of the employees, lack of leadership clarity, and poor cultural fit, the research provides guidelines that can be followed in more sustainable and successful M&A results.

1.8 Research Structure

This paper provides a structured framework to present ideas in a logical manner which enables readers to deeply comprehend the various aspects of the research problem. Chapter 1 (introduction) introduces the study by discussing its background together with the research problem and objectives and research questions. The chapter establishes the pivotal role of the study along with describing its complete research boundaries. Chapter 2 (literature review) section presents a review of theories and existing research concerning M&A procedures together with change management alongside organizational culture and power dynamics systems. The research study uses the introduced conceptual framework and developed hypotheses to build its analytical structure. Chapter 3 (methodology) of the research presents a detailed explanation about the research design as well as data collection procedures sampling protocols and analytical instruments utilized for the study. SEM serves as the main analytical tool thanks to the valid methodological justification provided in this research.

Chapter 4 (results) presents the analytical results based on statistical findings obtained from the empirical study. The interpretations are supported through tabular data, visual elements and detailed findings explanations. The fifth chapter consists of three main parts including a discussion section that ties findings to their objectives while reviewing related literature then provides recommendations. The conclusion presents theoretical and practical outcomes and explains the study constraints followed by suggestions for policyholders and business management personnel along with future research guidance. The research presents these sections collaboratively to ensure consistent implementation and thorough examination of M&A success in the UAE banking sector under change management conditions.

1.9 Summary

The Initial chapter of the study started with a discussion of the research overview and its concepts. Firstly, this part had the study background, which together with the problem of the study identified the challenges faced by mergers and acquisitions in UAE banking companies and their need to bring about development in UAE.

Secondly, the objectives and questions of the research were also mentioned in the study which led to the scope and limitations of the study. This chapter also presented the conceptual framework as the heart of the study. The main definitions and chapter summary were also included.