

Leadership Styles and Performance of Mergers & Acquisitions in the Banking Industry in the UAE.

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ABSTRACT: The coherent study examined the influence of leadership styles on Performance of Mergers & Acquisitions (M&A) in the Banking Industry in the UAE. The inquiry study employed a Descriptive Research Design with a quantitative paradigm. A sample of 299 people were carefully chosen from 1071 persons using Slovenes formula. Evidence was collected by means of questionnaires to institute an opinion investigation. The Researchers garnered data from the field by means of simple random sampling and stratified random sampling strategies. Data was assessed using Descriptive statistics such as tables, frequencies and percentages; and inferential statistics such as Covariance-based Structural Equation Modeling (CB-SEM) using SMART PLS 4. The study results came up with a significant relationship between leadership styles and Performance of Mergers & Acquisitions in the Banking Industry in the UAE. The research project concluded that there is no leadership style that can be supported at the exclusion of others. The banking industry of M&A managers can always choose relevant leadership style according to the prevailing situation for effective management. This can go along way to avoid confusion in the banking sector in the UAE. From the research chore findings, the Researchers recommended that the management of the banking industry of M&A should periodically keep organizing seminars and workshops in order to sensitize the merged employees on the modus operandi on the new created financial organization in the UAE. This can help the new employees of M&A gain knowledge and skills for better performance and have a competitive advantage over other organizations.

KEY WORDS: Leadership Style, Performance of M&A, Banking Industry, UAE.

I. INTRODUCTION

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 s 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 of 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 (Chao, 2018 & Dodre, 2022). 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.

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 (Musah et al., 2020). 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.

Despite the benefits of M&A, studies have shown that mergers at times fail to add value due to cultural and financial reasons (Roll, 2019). 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. For example, Microsoft paid \$6.3 billion for the digital marketing company, Quantize, but finally took a \$6.2 billion wrote-down for it in 2013. The other financial reasons why mergers fail to add value according to Roll (2019) 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) & Gupta (2021) state that producing a change is about 80 percent leadership, i.e. establishing direction, aligning, motivating, and inspiring people and about 20 percent management, that is planning, budgeting, organizing, and problem-solving.

II. METHODS AND MATERIALS

Data Capturing : Real facts used for the research industry were got by means of both primary and secondary chunks of data. Primary data was gotten by using questionnaires to cheery personnel related to the research project. Auxiliary information was got by the use of documented accounts. The study engaged a descriptive examination design using a quantitative modus operandi. Amin (2005) stated that descriptive investigation design is largely used to designate a phenomenon and its data categories. The academic picked a total of 299 people (sample size) by means of Slovenes formula to participate in the survey study.

Sampling methods: The Researchers used stratified random sampling and simple random sampling techniques in the research operation. The study expert used the target population including groups like Bank managers, Supervisors, Bank Tellers, Clients, Local and National Government Officials.

Questionnaire : The questionnaire is a research instrument containing of inter-related cross-examinations organized by the investigator about the research predicament under study grounded on the targets of the survey research study. Items were set and recorded for the contributors to retort with choices as reflected on the likert scale type cross-examinations. This technique was valued because it covers a varied physical space in data assembly; it accumulates a lot of substantiation within a short period of time, and offers greater guarantee regarding confidentiality. Nevertheless, the questionnaire involved some limitations of attrition. There were limited copies that were not returned, although this was fixed by issuing a lot of reproductions than the required number of the sample size for the research activity.

Validity and reliability of research instruments : Validity of the well-thought-out assessment questionnaire was guaranteed by employing content validity Index. Arising from the autopsy of the validity of the instruments, the Researchers got content validity index (CVI) of 0.78 which was well directly more than 0.75 signifying that the tool was valid to garner statistics for the quest study (Amin ,2005). Reliability of the Planned Questionnaire was calculated by means of Cronbach’s alpha coefficient formula yet discerning the variables that had an alpha coefficient of figure bigger than 0.70. Since the reliability calculation got by the Researchers produced 0.78 alpha value, it established that the research tool was firm to produce data needed for the heedful study

Data analysis : Assessment Statistical tools which were involved to analyse data for this checkup study included; Descriptive statistics such as tables, frequencies and percentages; and inferential statistics such as Covariance-based Structural Equation Modeling (CB-SEM) using SMART PLS 4.

III. RESULTS

Demographic Profile of Respondents : The management profile is illustrated in Table 1. It shows that there were more male employees (60.3%) than females (39.7%). In terms of age, (42.0%) of the total respondents were aged 31–40 years, followed by (38.0%) aged 41 & above, and lastly (20.0%) aged 20-30 years. (62.7%) of the respondents were married, (20.7%) of respondents were single, (13.3%) were separated/divorced, and (3.3%) were widowed. The majority of the respondents (38.7%) held postgraduate degrees, (24.7%) completed tertiary education, (21.3%) were bachelor’s degree holders, (12.0%) completed O-Level and (3.3%) completed A-Level. This suggested that the people who supplied information were the right and relevant persons in order for the research study to have its rigor.

Table 1

Demographic Profile of Respondents

Profile	Categories	Frequency	Percentage
Gender	Male	135	60.3
	Female	85	39.7

Age	20-30 Years	43	20.0
	31-40 Years	90	42.0
	41 & above	81	38.0
Marital Status	Married	135	62.7
	Single	45	20.7
	Widowed	7	3.3
	Separated/Divorced	30	13.3
Education	O-Level	28	12.0
	A-Level	7	3.3
	Tertiary	74	24.7
	Degree	46	21.3
	Postgraduate	83	38.7

Source: Primary data (2024)

Descriptive Statistics Analysis : This section provides a commentary on the outcome of the descriptive analysis. By looking at the individual item of all constructs and providing its interpretation, points of discussion can be generated for a better understanding of its implications. To analyze the level of perception, the rule of thumb suggested by Pallant, (2017) is that the rating of the instrument is on the five Likert Scale. Additionally, the level of agreement by respondents is divided into three groups where the mean score between 0 and 2.33 indicates a low value or level of perception, the mean score from 2.34 - 3.66 indicates a moderate level of perception, and the mean score between 3.67 and 5.00 indicates a high level of perception. Descriptive statistics of all the variables are provided in the following subsections.

Table 2

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
LS	299	1	5	3.5243	0.86837

Valid N (listwise) 299

LS Leadership Style

Source: Primary Data (2024)

Leadership Styles : This construct is concerned with a series of structured statements that assess the leadership styles adopted by the banking industry to enhance the performance of mergers and acquisitions. Table 2 presents the mean and standard deviation. A respondent is asked to indicate their opinion which is measured on a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree). Ten indicators were used to measure this construct. The mean score was 3.52 with a standard deviation score of 0.868. This indicates a moderate to high level of perception among respondents according to the scale adopted for this study. This also means that the majority of respondents scored 3 or higher on the scale.

Direct Hypothesis Summary

Table 3

Hypothesis	P values	Results
H ₁ : There is a relationship between leadership style and the performance of mergers and acquisitions	0.000	Significant

Source: Primary Data (2024)

H₁: The hypothesis which was set as “There is a significant relationship between leadership style and the performance of mergers and acquisitions” was accepted. This implied that the leadership style that a manager practices determines the success levels of a banking organization.

IV. DISCUSSION

The results of the study revealed that the effect of Leadership Styles on the performance of M & A in the UAE was significant. This upshot is contrary to the findings of previous Researchers such as Singh & Yadav (2020) who conducted a study on Change management and Development in Namibia and found out that lack of proper identification of the leadership style at a time of a series of challenges may not foster growth of an organisation; a scenario that does not encourage the production of quality goods and services in society. Nonetheless, the outcome was in agreement with the study conducted by Seyed (2019) on leadership styles in Business institutions who found out that most Business institutions use Democratic style of leadership; a scenario that encourages better performance in Business companies. Thus contributing to the development of the country.

V. CONCLUSION

The research project concluded that there is no leadership style that can be supported at the exclusion of others. The banking industry of M&A managers can always choose relevant leadership style according to the prevailing situation for effective management. This can go along way to avoid confusion in the banking sector and encourage Development in the UAE.

Recommendations : The Researchers recommend that the management of the banking industry of M&A should periodically keep organizing seminars and workshops in order to sensitize the merged employees on the modus operandi on the new created financial organization in the UAE. This can help the new employees of M&A gain knowledge and skills for better performance and have a competitive advantage over other organizations.

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