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[Value Creation or Destruction? Evaluating M&A Outcomes in Pakistan's Financial and Non-Financial Sectors]

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ABSTRACT

This study investigates the impact of mergers and acquisitions (M&As) on the performance of firms listed on the Pakistan Stock Exchange. A sample of 13 companies, engaged in M&A activities between 2009 and 2020, was analyzed. The study covers a four-year window—two years before and two years after each merger or acquisition. Firm performance was evaluated using three key indicators: Modified Value Added Intellectual Coefficient (MVAIC), Return on Investment (ROI), and Net Profit Margin (NPM). Simple ratio analysis was employed to compare pre- and post-M&A performance. The findings reveal a decline in ROI and NPM following M&A events, whereas MVAIC showed a positive trend, suggesting an improvement in intellectual capital efficiency post-merger. These results highlight a mixed impact of M&As on firm performance in the Pakistani context.

Introduction

Mergers and acquisitions are being widely used by firms to improve competition, increase market share, and reduce costs for better long-term financial performance. In the last few decades, firms have been increasingly relying on corporate restructuring M&As instead of internal development to grow. In the case of Pakistan, M&As became more prominent after the economic liberalization and reforms in the banking, textile, and industrial sectors. These activities are done to enhance operational synergies, improve resource allocation, improve capability of firms, and strengthen firm capability. Regardless, the actual impact of such activities in restructuring on firm performance is still of great concern in both academic and practical realms.

This study specifically targets publicly traded companies in Pakistan that experienced mergers and acquisitions (M&As) between the years 2009 and 2020. Their performance is evaluated using financial metrics like Return on Investment, Net Profit Margin, and Intellectual Capital using the MVAIC model. This research aims to confirm that corporate M&As do enhance firm value and operational efficiency by assessing financial performance in the years leading up to and following the mergers. The time frame of 2009–2020 was selected intentionally to ensure the availability, consistency, and comparability of data throughout a complete performance cycle, including two years before and two years after each merger. Additionally, numerous M&A transactions that took place after 2020 are still in the early stages of post-merger integration, and a significant amount of post-merger financial data, particularly audited annual reports covering a stable two-year period, is not yet available. Therefore, considering post-2020 M&As could have resulted in incomplete or biased conclusions. Concentrating on the 2009–2020 timeframe facilitates a robust and reliable assessment of the impacts of M&As.

Global literature has provided varied findings on the effectiveness of M&As, but there is a scarcity of evidence from emerging markets such as Pakistan. Considering Pakistan's rapidly changing but unpredictable economic landscape, the impact of M&As is important for stakeholders, including investors, managers, regulators, and policymakers. Therefore, this study's impacts are anticipated not only on the literature but also on the practical considerations of the scholarly community in the domains of corporate finance and strategic management.

Importance of the Study

Given the context of emerging markets like Pakistan, grasping the ramifications of mergers and acquisitions (M&As) is particularly important these days for the corporate world, especially for the growing firms. Regardless of the increasing prevalence of M&As, there is limited research done on its effectiveness on improving firm performance in the case of Pakistan. This is the purpose of the study: to provide evidence on the relationship between M&As and the financial and intellectual performance of firms listed in Pakistan Stock Exchange (PSX).

This research holds significance because it can advance informed decisions on the firm level, the policy level, and the level of investment. Strategic corporate managers can use these results to discern whether mergers and acquisitions actually deliver on their promises, like better operational efficiency, higher profitability, or increased shareholder value. This research gives investors the means to evaluate performance after the merger, leading to better-informed decisions on capital investment. Understanding whether M&As foster or impede market equilibrium, as well as economic growth, tell policymakers and financial regulators the impact of such actions on the stability of the economy. Additionally, the variable of Intellectual Capital, gauged by the Modified Value-Added Intellectual Coefficient (MVAIC), injects a new perspective into the conventional financial measurement. Intangible drivers of success for firms such as human capital, structural effectiveness, and relational abilities are increasingly being identified as intellectual assets. Measuring M&As in terms of these skills yields a broader insight into post-merger performance.

Statement of the Problem

Within the Pakistani economy, where the business environment consists of financial and non-financial companies doing business in a tumultuous economic environment, the efficacy of M&As is unclear and not well investigated. One of the root issues is that there is no tangible proof to support whether M&As indeed lead to enhanced firm performance in Pakistan. Although international research has yielded inconsistent results—some points towards positive results, others towards value destruction—few pieces of research have examined Pakistan's distinctive institutional, regulatory, and market environments. Further, previous research has tended to overlook intellectual capital's role in post-merger performance, opting for conventional financial performance metrics such as Return on Investment (ROI) and Profit Margins. Thus, the principal issue discussed in this research is the dearth of empirical, Pakistan-based data on how M&As influence firm performance, particularly when measured with financial and intellectual measures of performance. This research aims to find out if those firms that experienced M&As between 2009 and 2020 have exhibited quantifiable improvements in ROI, Profit Margins, and Intellectual Capital, or if the mergers yielded disappointing financial results.

Research Gap of the Study

In spite of the widespread global expansion of mergers and acquisitions (M&As) as strategic business instruments, there is a significant research dearth in the context of emerging economies, including Pakistan. The majority of empirical studies on the determinants and outcomes of M&A have been carried out within developed economies with comparatively stable regulatory environments and developed capital markets. Consequently, their results may not be directly transferable to the Pakistani environment, which is marked by market instability, changing corporate governance, and sector diversity.

The second gap is the excessive dependence on conventional performance measures like Return on Investment (ROI) and Net Profit Margin (NPM). Though these are crucial, they do not measure intangible assets like intellectual capital, which is instrumental in driving firm performance after the merger. There are a limited number of studies that have used the Modified Value-Added Intellectual Coefficient (MVAIC) model to examine how human, structural, and relational capital is affected by M&As. In a knowledge economy, ignoring these aspects reduces the breadth and profundity of performance measurement.

Additionally, existing literature often generalizes M&A outcomes without distinguishing between financial and non-financial sectors. This presents a challenge, as industry-specific dynamics can significantly influence post-merger performance. This study seeks to fill these critical gaps by evaluating M&A performance through both conventional financial indicators and intellectual capital metrics

Research Objectives

The main purpose of this research is to explore the effects of mergers and acquisitions (M&As) on firm performance for companies listed on the Pakistan Stock Exchange (PSX). The research will analyze if M&As have led to quantifiable improvements in firm performance by comparing pre- and post-merger statistics on major performance indicators.

To be more precise, the research will seek to:

1. Analyze the financial performance of companies prior to and subsequent to M&As in terms of conventional measures like Return on Investment (ROI) and Net Profit Margin (NPM).

2. Analyze the effects of M&As on intellectual capital, employing the Modified Value-Added Intellectual Coefficient (MVAIC) model, which establishes the effectiveness of human capital, structural capital, relational capital, and capital employed.

3. Compare the performance results of M&As within financial and non-financial sectors in Pakistan, establishing sectoral patterns.

4. Examine if the effect of M&As varies in the short term, especially in the two years leading up to and after the merger.

5. Determine if M&As are an effective strategic tool for enhancing profitability and operational effectiveness in the Pakistani corporate arena.

By achieving these objectives, the study will offer both theoretical contributions to M&A literature and practical insights for corporate decision-makers, investors, and policymakers. It will also establish whether intellectual capital should be given greater importance in evaluating M&A success, especially in developing economies where intangible assets play a growing role in business performance.

Research Hypothesis

This study is guided by a series of hypotheses designed to empirically test the impact of mergers and acquisitions (M&As) on firm performance. The hypotheses are developed in line with the study's objectives and are tested using data from Pakistani firms that underwent M&As between 2009 and 2020. These hypotheses aim to evaluate both financial and intellectual aspects of corporate performance.

H_1: There is a significant difference in Return on Investment (ROI) before and after the merger or acquisition.

H_2: There is a significant difference in Net Profit Margin (NPM) before and after the merger or acquisition.

H_3: There is a significant improvement in Intellectual Capital—measured by the Modified Value-Added Intellectual Coefficient (MVAIC)—after the merger or acquisition.

H_4: The impact of M&As on firm performance differs between financial and non-financial sectors in Pakistan.

H_5: M&As lead to short-term financial improvement, measurable within two years after the merger.

Limitations

This deals with tax and non-tax companies of Pakistan and tries to address the impact of mergers and acquisitions on the wealth and performance of companies. The essential limitations during this examination are data collection especially before the merger because the annual reports of some companies are not available before the merger and on the other hand time and possessions will also affect and become great obstacles to research. The result of this study can only be disseminated in Pakistan.

Literature Review

The effect of mergers and acquisitions (M&A) on firm performance has been a widely studied topic in the fields of finance, management, and economics. M&A activities are typically pursued by firms aiming to achieve growth, gain competitive advantage, or realize synergies. Yet, the actual impact of these transactions on firm performance remains a subject of debate and empirical investigation.

Early research on M&A focused on the promise of value creation through synergies such as cost reductions, enhanced market power, and improved resource allocation. Studies like those by Andrade, Mitchell, and Stafford (2001) suggested that, on average, acquiring firms do not always realize positive gains, especially in terms of stock market returns immediately following the announcement of an acquisition (Mall, P., & Gupta, K. 2019). This finding hinted that the anticipated benefits might be overestimated or offset by integration difficulties and managerial challenges González-Torres, T., et al (2020).

Subsequent empirical work has tried to disentangle the factors that influence whether an M&A leads to performance improvement. For instance, the role of relatedness between merging firms has been highlighted, showing that acquisitions within related industries tend to produce better operational outcomes than unrelated diversifications (Klok, Y., Kroon, D. P., & Khapova, S. N. (2023). Kush, M. (2022) argued that strategic fit and cultural compatibility significantly affect post-merger integration and thus overall firm performance (Liu, H., Li, Y., Yang, R., & Li, X. 2021).

More recent studies have also examined the long-term effects of M&A on various performance metrics such as profitability, productivity, and shareholder value (Min, Z.

2023). While some research finds that well-executed mergers can lead to sustained improvements, others report that many mergers fail to deliver expected benefits, leading to declines in firm value and efficiency. The complexity of integration processes, combined with overpayment and hubris by acquiring managers, often undermines the potential gains Njika, M. (2025)..

In addition to financial performance, the effect of M&A on innovation and employee outcomes has gained attention. Some studies suggest that mergers may stifle innovation due to disruptions and loss of key talent, while others point to opportunities for combining complementary capabilities to foster innovation (Kostal, V. 2025).

Research on mergers and acquisitions (M&A) reveals mixed impacts on firm performance across different industries and contexts. Studies such as Irfan et al. (2014) and Ashfaq et al (2014) find that while liquidity might improve post-M&A, profitability and solvency often decline in the short term, suggesting potential long-term effects remain unclear. Zia, B., & Khan, S. (2016) highlight that firm size, profit margins, and capital utilization positively influence the likelihood of M&A in Pakistan's textile sector, whereas capital structure can act as a deterrent.

Sector-specific findings vary: Tripathi (2017) notes efficiency gains in Indian FMCG firms post-M&A but no clear labor income benefits, while Adhikari and Kavanagh (2023) observe uneven financial improvements in Nepalese banks, particularly in earnings per share. Borodin and Islyam (2020) report a decline in return on sales after M&A in US and European firms, with no consistent performance enhancement, partly influenced by economic conditions.

The complexity of M&A outcomes is further emphasized by Renneboog and Vansteenkiste (2019), who point to CEO overconfidence, acquirer-target fit, and shareholder activism as key determinants of post-takeover success, though overall returns often fail to sustain long term. Employee-related effects are explored by Thakur, B., & Lamsal, R. (2023), indicating that work culture, training, and communication critically influence staff performance after mergers.

Customer perspectives also matter: Alvarez-Gonzalez and Otero-Neira (2020) find that M&A affects customer satisfaction, loyalty, and brand perception, with marketing playing a vital role in integration. Managerial capability is another crucial factor; Cui (2020) shows that firms with strong operational leadership and industry focus tend to realize better long-term benefits from acquisitions.

Event studies like those by Mall and Gupta (2019) and Kush (2022) and Zuhri, S., et al (2020) demonstrates short-term stock market reactions to M&A announcements, often positive but not consistently translating into long-term shareholder wealth. Webster (2023) adds that external shocks like the COVID-19 pandemic have altered M&A dynamics, particularly in technology sectors, affecting goodwill valuations and market stability.

Cross-border M&A, discussed by Erel and Jang (2022), faces challenges due to institutional and cultural differences but remains a significant portion of global activity. Finally, Welch and Pavicevic (2020) call for deeper exploration of the pre-deal phase, emphasizing the need to understand the evolving processes and decisions that shape M&A outcomes beyond static analyses.

Overall, the literature presents a nuanced picture: M&A can positively affect firm performance, but success depends heavily on factors like strategic fit, execution quality, and management capability. The mixed empirical findings emphasize that mergers are not guaranteed shortcuts to growth or efficiency and require careful planning and integration to realize their full potential.

Methodology

This study provides a relative analysis of the selected merger and acquisition during the pre and post period. Al-Zamin leasing Modarba merged with Invest Capital Investment Bank Limited, Askari Leasing Limited with Askari Bank Limited, Shaheen Cotton Mills with Shahzad Textile Mills Limited. in 2011. Royal Bank of Scotland merged with Faysal Bank, Atlas Bank with Summit Bank in 2012. Azam Textile Mills Limited had been merged with Saritow Spinning Mills Ltd and Colony Mills Limited. with Colony Textile Mills Limited. In 2016, Libas textile mills with Ghani global glass limited, Fazal Limited Textile Mills with Gadoon Textile Mills Limited. While in 2017, Standard Chartered Leasing Limited merged with Orix Leasing Pakistan Limited. Packcem Limited merged with Bestway Cement Limited, Associate Service Limited with Macter International Limited, NIB Bank with MCB Bank and IGI Investment Bank Limited merged with IGI Insurance Limited in 2018.

Data Source

From all these companies the data was collected and analyzed two years before merging and two years after merging in this research. The data is collected from a secondary source of annual reports of financial and non-financial companies of Pakistan listed on the stock exchange. The data is collected from the annual financial reports of all companies. The data is examined with the help of ratio analysis by making comparison of the ratio with the previous year.

Data Measurement

The study measures the Company's performance with three variables. These variables inform us about the productivity of the companies before and after the merger. The variables we use in our research are return on investment (ROI), profit margin ratio and intellectual capital, but the most important variable in our study is intellectual capital. Modified value-added IQ (MVAIC) is used as a measure of intellectual capital and is measured by human capital efficiency (HCE), structural capital efficiency (SCE), relational capital efficiency (RCE), and of capital employed (CEE). The effect of mergers and acquisitions on firm performance was examined by collecting data two years before the merger and two years after the merger.

Variables

- Intellectual capital
- Return of investment
- Net profit margin

Intellectual Capital

Intellectual property is the value of a corporation and includes knowledge, business orientation of experience or any property that can provide the company with energetic benefit. Intellectual capital is measured as an asset and, in general, can be defined as the collection of all the information assets that a company currently has and that can be used to obtain profits, increase new customers, generate new products or advance the

business. It is the sum of employee competency, executive processes and other intangibles that are part of a corporation's baseline.
IQ can be measured using the modified value-added IQ model.

MVAIC = HCE+SCE+RCE+CEE

HCE: HCE is an indicator of the added value of human resources used by the company.
SCE: represents the extent to which the value creation of companies was produced by structural capital.
RCE: RCE provides us with the input through each unit of relational capital for added value in the business.
CEE: gives us the implication that each unit of physical capital has in the added value of the company.
HCE = VA/HC, SCE = SC/VA, RCE = RC/VA, CEE = VA/CE
VA= operating profit + cost of employees + depreciation + amortization
HC= wages + salaries + all incentives paid to employees
RC = marketing cost of the company
CE = total assets of the company
SC = VA-HC

Return of investment

The return on investment index measures the performance of any business and is used to calculate the competence of an investment or contrast the efficiency of a series of diverse investments. ROI directly measures the sum of the return on a particular investment, compared to the cost of the investment.
ROI = Earnings before interest and taxes / capital employed

Net Profit Margin

Net profit margin is the proportion of profit left after subtracting all expenses from sales. The dimension indicates the amount of turnover that a company can obtain from its total sales. The net sales fraction in the equation is gross sales minus any sales subtractions, such as sales allowances.
Net profit margin = net profit/revenue*100

Results

Performance of Mergers and Acquisitions

Limited Capital Investment Bank

The following data analysis aims to measure the performance of the limited equity investment bank before and after the merger. The data collected and analyzed is from (2009-10 and 2012-13) two years before and after the merger. The analysis is carried out with the help of the following three indicators or variables: ROI, profit margin and intellectual capital.

Below are figures and ratios related to return on investment, profit margin and intellectual capital based on a four-year period, including the pre- and post-M&A periods?

Variables	Pre-Merger		Post-Merger	
Years	2019	2010	2012	2013
MVAIC	130,352,770	236,862,780	331599663	5146237
ROI	-0.010293464	0.0573607	-1.11564	0.047598
NPG	-10.4882	1.140774	-11.7448	33.02818

The figures show good business performance. Both MVAIC and the profit margin were in good health after the merger. The merger agreement is determined to be successful in advancing fiscal performance and results in an increase in profitability altitude and ROI observed as a downward trend.

Askari Bank Limited

In 2011 there was also the merger of Askari bank. The data samples for the analysis are from two years before and after the merger, i.e. 2009-10 before and 2012-13 after. We analyzed data from 2009 to 2013. To analyze performance we take into account three variables: ROI, profit margin and intellectual capital (MVAIC).

Variables	Pre-Merger		Post-Merger	
Years	2009	2010	2012	2013
MVAIC	4712748	6799019	7920302.6	41879911.6
ROI	0.002512194	0.0072266	0.135729	0.878592
NPG	13.76063	6.251824	4.96759	3.874313

The indicators show positive and healthy increases after the merger, the increase graph indicates that the overall performance of the bank after the merger increased exponentially.

Shahzad Textile Mills Limited

Cotton textile mills merged with Shahzad textile mills in 2011. To analyze the impact of the merger, we took into account the following variables: ROI, MVAIC and profit margin. And it compiled numerical data from 2009-10 before and 2012-13 after said merger.

Variables	Pre-Merger		Post-Merger	
Years	2009	2010	2012	2013
MVAIC	52248811.63	78,390,549	269118282.2	336,530,142
ROI	0.005090	0.004471	0.091883	0.125888
NPG	-1.28375	32.28171	33.9478	33.99901

Numerical analysis of the table indicates that MVAIC had increased very well but two other indicators had not increased. The merger had the least impact on the company's overall performance. The period covered by the textile factory found that the merger had a negative impact on the financial performance of the companies. After the merger, profitability ratios decreased in the short term. The merger has a negative impact on the fiscal performance of manufacturing companies. The factory used in the merger has declared less results in monetary performance

Faysal Bank Limited

Royal Bank of Scotland ceased operations and merged with Faysal Bank in 2012. To analyze the overall merger process on the health of Faysal Bank's business, we collected and analyzed data over a period of four years, 2 years before the fusion. and two years after the merger (2010-2014).

Variables	Pre-Merger		Post-Merger	
Years	2010	2011	2013	2014
MVAIC	4049751.6	4786063.909	7609407.797	21045721.85
ROI	0.094178199	0.0221316	0.005953	0.006399
NPG	7.832939	6.669936	4.344972	6.124114

Before the M&A, the return on investment and profit margin were good compared to after the merger. Therefore, the overall performance of banks is not very good after the merger. Increased intellectual capital, but could not perform very well after the merger in terms of return on investment and profit margin. It is concluded that the merger does not result in a significant improvement in fiscal performance. Pre- and post-merger financial performance showed that the merger positively affects monetary performance, but not at a transcendent level.

Summit Bank Limited

Variables	Pre-Merger		Post-Merger	
Years	2010	2011	2013	2014
MVAIC	1611417.94	10055	10065	4000880.603
ROI	0.062655346	-0.019076	-0.07545	-0.09477
NPG	-54.6889	-6.34533	-23.4849	-16.8271

From the figures it is concluded that the ROI and profit margin are decreasing after the merger. The total money invested could not produce any return. And the cost of the products and services is higher and they could not generate a good amount of profit.

Intellectual capital gained a positive trend after the merger and there is some expansion in monetary performance after the merger. But the other two variables are becoming negative, so it is concluded that the overall performance of the bank decreased after the merger and the profitability shows a decreasing trend.

Saritow Spinning Mills Limited

Let's take a look at the figures before and after the merger of Saritow Spinning Mills Limited. The factors that we are going to take into account are MVAIC, ROI and profit margin.

Variables	Pre-Merger		Post-Merger	
Years	2011	2012	2014	2015
MVAIC	291778456.4	321879466.7	408231538.5	351032227.5
ROI	0.081462822	-7.279769	1.146792	0.54634
NPG	50.29794	4.285416	5.506748	1.667444

The intellectual capital is quite good before and after the merger, there is not that much difference in MVAIC before and after the merger, and its increase in 2014 after the merger but in 2015 MVAIC is lower than the previous year, but overall MVAIC has a good performance after the merger. The performance of the company according to all variables and measures increases after the merger in 2014 compared to the year 2012 before the merger, but in 2015 the performance of the company was not very good or increased compared to the previous year. The findings indicated that the merger has no notable impact on fiscal performance and there is some improvement in profitability ratios compared to the previous year.

Cologne Textile Mills Limited

The company merged in 2015. MVAIC increases after merging in 2016, but there is not that much difference in MVAIC of 2017 and 2014.

Variables	Pre-Merger		Post-Merger	
Years	2013	2014	2016	2017
MVAIC	934222.45	1369141.7	1416875.999	1352567.98
ROI	0.008643504	-0.121349	-0.04645	-0.05154

NPG	-0.91988	0.844002	-0.91988	0.844002

The performance of the company based on ROI and profit margin after merging both the ROI and profit margin are negative which means the performance of the company is not very good and it lost money in terms of investment and also the company's profit margin is not enough to meet its needs. and expectations. The company's profit is negative after the merger. The merger remains negative for financial performance and resulted in a decrease in different profitability ratios.

Gadoon Limited Textile Mills

Merged in 2016, the value of intellectual capital increases after the merger. MVAIC of 2018 is higher compared to 2017, both are post-merger years and the value of 2017 is high compared to 15 and 14 years before merger.

Variables	**Pre-Merger**		**Post-Merger**	
Years	2014	2015	2017	2018
MVAIC	2233965.356	2127949.063	2757704.425	3946147.239
ROI	0.081462822	0.0485255	-0.01209	0.127919
NPG	50.29794	30.05948	-37.7097	60.32809

The value of intellectual capital increases after the merger. MVAIC of 2018 is higher compared to 2017, both are post-merger years and the value of 2017 is high compared to 15 and 14 years before merger. Therefore, the company's performance in terms of ROI, profit margin and MVAIC for the year 2018 is quite good. But in 2017, the return on investment and profit margin are negative, so the company has average performance after merging, so it is basically a mixed result of performance.

Orix Leasing Pakistan Limited

Variables	**Pre-Merger**		**Post-Merger**	
Years	2015	2016	2018	2019
MVAIC	1,143,863,546	1,419,999,498	2,089,568,135	2,717,587,312
ROI	0.041920969	0.044473	0.072424	0.101317
NPG	16.18523	19.41532	23.92651	39.88158

The company merged in 2017. The intellectual capital of orix leasing increases very well after the merger. Its intellectual workforce increases after the merger. Therefore, the company's performance is generally very good in all variables MVAIVC, ROI and profit margin. The company meets performance expectations after the merger very well. Profitability and performance increase after the merger. This merger was healthier for the Orix leasing company.

Bestway Cement Limited

Variables	**Pre-Merger**		**Post-Merger**	
Years	2016	2017	2019	2020
MVAIC	14762118.78	22533017.05	20568001.44	18793980.24
ROI	0.179142392	0.2508307	0.218719	0.194079
NPG	29.42772	25.98457	24.88047	18.83769

MVAIC of the company decreases after the merger in 2019 and 2020 the MVAIC of 2020 is less compared to 2019. It should have increased but it decreased. The ROI and profit margin were good before the merger period.

The company's performance according to all variables is not good. MVAIC, ROI and profit margin ratio decreased after the M&A. The bottom line is that, to some extent, the mergers that did occur remained valueless and resulted in less marginal improvement in profitability.

Macter International Limited

Variables	Pre-Merger		Post-Merger	
Years	2016	2017	2019	2020
MVAIC	1003903.481	1087572.503	1510600.484	1415883.242
ROI	0.09304497	0.170847	0.198979	0.073369
NPG	4.355377	4.800911	6.0763	2.60763

MVAIC of the company has increased after the M&A. The ROI and Profit Margin of 2019 are too good but the ROI and PROFIT MARGIN of 2020 are very bad and the company could not perform well that year.

The company's overall performance across all variables in 2019 was very good. The company's performance was good compared to previous years, but in 2020 the company's performance is bad in terms of all variables. This merger agreement was successful in improving financial performance and resulted in an increase in the level of profitability.

MCB Bank Limited

Variables	Pre-Merger		Post-Merger	
Years	2016	2017	2019	2020
MVAIC	11247475.29	10692878.31	16422319.22	18141818.21
ROI	0.30717261	0.2547202	0.214794	0.2547202
NPG	38. 45147	36.49169	33,79105	31,467

The company's MVAIC after the merger increased. The company's performance in terms of return on investment and profit margin is not low after the merger compared to before the merger.

So the overall performance of the company in the form of intellectual capital, return on investment and profit margin. MVAIC contributes very well to company performance after M&A. But the company's return on investment and profit margin cannot contribute as well after merging in 2019 and 2020. The merger has a negative impact on the financial performance of the bank and the profitability ratio decreased in the short term.

IGI Insurance Limited

Variables	Pre-Merger		Post-Merger	
Years	2016	2017	2019	2020
MVAIC	39135.21085	555661.3062	314009.9336	517360.2593
ROI	0.014356673	0.1463296	-0.09903	-0.03083
NPG	0.263184	2.8086 19	-1.97563	-5.10497

There is an increase in the value of MVAIC after the merger. The company's MVAIC is not very good before merging. The ROI and profit are negative after the company's merger in 2019 and 2020. The company could not make any profit or investment after its merger.
Intellectual capital contributes very well to company performance after mergers and acquisitions. But the company's ROI and profit margin cannot contribute as well after merging in 2019 and 2020. Both are negative after merger and acquisition. The company

involved in the merger has reported net results post-merger relative to the industry average. This analysis presents a comparative analysis of several financial performance variables of the acquisition of monetary and non-fiscal businesses.

This section presents a relative analysis of the overall pre- and post-M&A time performance of all companies. Relying on the comparison of the performance of all companies during the pre- and post-M&A periods is not sufficient to reach a final conclusion on whether the variables are solely responsible for the performance. There are situations where some companies were performing quite well before the merger and others were not. When investment and labor force increased, some companies performed better than before the merger, but in some cases labor and investment cannot contribute well to the growth of the company. There are many other factors that determine the growth of the company or could have a negative effect on performance, internal and external factors such as market trends, competition, etc. From MVAIC, ROI and profit margins are not just indicators that determine performance.

According to this study analysis, based on data of companies from financial and non-financial sectors, there are only two companies that are really performing very well after merging and acquiring Shahzad textile mills and Orix leasing Pakistan, limited in all aspects and in accordance with all our variables. While other companies or firms according to our measurements and variables it turns out that if they are performing well on one or two measures, they are performing poorly on the third.

Conclusion

This study was carried out to determine the effect of mergers and acquisitions on the performance of the company and also to compare its performance before and after the merger. Data from nearly 13 companies from the financial and non-financial sectors of Pakistan listed on KSE were analyzed. The variables that were taken for the analysis are the net profit margin, intellectual capital, and return on investment. The net profit margin is almost negative or low after the merger compared to before the merger, in all analyses of the companies. Negative net profit margin: The balance between income and expenses is out of whack. It shows that the money you make from selling your product or services is not enough to cover the cost of making or selling those products or services. The return on investment is also negative or low after the merger compared to before the merger. Negative ROI shows a loss of an invested amount over a specific period of time; you may have less than you expected. The reason for the negative ROI is the poor performance of the company. Profit margin and ROI have a negligible impact on company performance after M&A. The results of intellectual capital are very good in almost all companies. Intellectual capital has a significant impact on company performance after mergers and acquisitions. Study analyzes the data for a short period; therefore, mergers and acquisitions do not have an impact on the company's performance in the short term, but could have an impact on the company's performance in the long term.

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