

# **The Impact of Mergers on the Financial Performance of the Jordanian Public Shareholding Companies**

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**Al-Zaytoonah University of Jordan, 2020**

## **Abstract**

The study aimed to examine the impact of mergers on the financial performance of the Jordanian Public Shareholding Companies. Data was collected for a sample of 10 Jordanian non-financial public merging firms that were engaged in legal merger deals between years 2000 and 2013. Event study methodology was applied to examine a period of three years before and after the merger. Four measures of financial performance were used which are return on assets (ROA), return on equity (ROE), earnings per share (EPS) and net profit margin (NPM). Two methods were used in the examination, which are the change model and the intercept model using raw data, and industry- adjusted data. The results in general showed no significant impact on the financial performance of merging firms using the change model, whereas significant impact on ROA and NPM of the industry-adjusted firms using the intercept model. The study recommends a more thorough examination of mergers in Jordan using different measures.

**Keywords:** Mergers, financial performance, Jordanian Public Shareholding Companies