Comparative Analysis of the Impact of Mergers and Acquisitions on Financial Efficiency of Listed Telecommunication Companies in Sri Lanka

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"Mergers & Acquisitions" might be the most popular subject over the most recent decade around the world. A merger is a combination of two companies to form a new company, while an acquisition is the purchase of one company by another in which no new company is formed. In many cases, organizations resort to mergers or acquisitions on the grounds that they believe it is the easiest and fastest way to growth. Despite the fact that this perspective is acceptable to a certain degree, numerous acquisitions don't deliver expected results. This paper used gross earnings, profit after tax and net assets of the listed telecommunication companies to determine financial efficiency by comparing pre-mergers and acquisitions with the post-mergers and acquisitions for the period under review. For this paper, two listed telecommunication companies were selected from the Colombo Stock Exchange listed company directory. The subsidiary of such companies was selected using convenient and judgmental sample selection methods. Data were collected from the published annual reports and accounts and were analyzed applying t-test statistics through statistical package for social sciences. However, to increase financial efficiency, the study recommends that the companies should be more aggressive in their profit drive for enhanced financial position to get the advantage of post mergers and acquisitions.

Keywords: Financial Efficiency, Mergers and Acquisitions, Telecommunication, Subsidiary