Mergers and Acquisitions (M&A) in Selected States of Gulf Cooperation Council (GCC)

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Abstract

This study seeks to provide comprehensive, comparative and contemporary information on selected states of the Gulf Cooperation Council; it was formed in 1981 to promote the development of infrastructure and economy of Arab countries. Firms from emerging and pre-emerging markets have been dominating the developed countries since 2003 at an annual rate of 27 percent. Even though the selected countries share a common heritage, and similar economy but they have different contributions to M&A. The market of United Arab Emirates is very much active then, Egypt and Kuwait. Findings show that in last decade UAE has 1042 announced M&A deals out of which 82% transactions are completed; discloses that UAE is offering an appropriate environment to the foreign firms to perform M&A activities. On the other hand, Kuwait and Egypt have completed 70% of the announced deals in the last 10 years. Interestingly, in the path to industrialization and globalization, firms from UAE have invested 28% of the total transactions in service industry correspondingly; firms from Egypt and Kuwait have invested 23% and 26% respectively of total investments in Building and Construction. Findings also show that firms from Kuwait are investing 30% of their total investments in the financial institution from the last 10 years, which is huge in comparison to other states. However, it is suggested that in comparison UAE has the highest number of value-based M&A deals in the last decade and it attracts more domestic and foreign direct investment by major stakeholders.

Keywords: Mergers, Acquisitions, Globalization, Industrialization

Introduction

Over the past few years, M&As have become a prominent corporate strategy among countries across the globe. Several transactions and volume both have risen dramatically. Not only in the frontier markets, but emerging markets are also playing a significant role in the increased activities of M&As. According to the latest study, globally there is a 6 percent increase in several acquisitions while taking companies of emerging markets into comparison they have gone up by 26 percent. Previously, activities of M&As were only considered in developed markets as a business objective to gain maximum possible market share. (Gaughan, 2005) (Ma, Pagán, & Chu, 2009).Mostly

M&As activities are originated from companies in developed markets as stated in the latest research of global activities of M&As.

Comparing M&A deals of emerging and frontier markets with developed markets are dissimilar in the following ways: Firstly, a weak legitimate system in emerging and frontier markets which could not safeguard the interests of shareholders and welfare of the consumers. Weak law and enforcement system affect the shareholders' interest. (Ma, Pagán, & Chu, 2009)(La Porta, Lopez De Silanes, & Shleifer, 1999) (Ahmed, Ahmed, & Kanwal, 2018). Secondly, there is a dissimilarity of organizational structure in the companies of developed, emerging and frontier markets due to different cultures, traditions, and cooperate governance. (Tadesse & Kwok, 2006) (Ahmed, Ahmed, & Kanwal, 2018) (Denis & McConnell, 2002)

Shifting pattern of M&A activities from developed countries to emerging and frontier markets have been observed in the recent study. In 2002, an increment of 19 percent has been observed in the transactions conducted between developed countries and developing countries; which is beyond the industry average. (Rothenbuecher & Hoyningen-Huene, 2008) The findings of paper also reveal that companies from emerging markets which are engaged in M&A activities are creating unique pressures on the companies of developed markets, this is why it is now challenging for companies from the developed world to maintain their positions to sustain in the market.

Countries from the emerging market are striving to boost up their growth in M&As deals, according to the study of Global activities of M&As', following are the countries from the emerging market which are continuing to shift the paradigm at an overwhelming rate. These countries include Russia, Malaysia, India, United Arab Emirates, China and South Africa.

The increasing trends of M&As in emerging and frontier markets' countries are putting pressures on the profit margins for the firms on both sides. Companies from emerging and frontier markets are entering the developed countries by acquiring firms with the latest technology and taking the benefit of their innovation. Correspondingly, firms from developed markets are entering the emerging markets to gain benefits of cost efficiency, cheap labour, and to avail economies of scale.

However, motivations of M&As vary from country to country, but the increasing trend of activities of M&As in emerging and frontier market shows that shortly it can be a potential threat to the companies in developed markets.

According to Fortune Global 500, firms from emerging markets have been dominating the developed countries since 2003 at an annual rate of 27 percent.

Many countries from developed markets, emerging markets and frontier markets have participated massively in the global strategy of cross border M&A, and this particular field of research is being focused in academic studies from the 1980s. (Mager & Meyer-Fackler, 2017) However, a limited amount of data sets are available for a few countries which include United Kingdom, United States, Germany, Canada and other markets. Countries from GCC (Gulf Cooperation Council) have also contributed so much to this global strategy but the market of GCC has been unnoticed for this specific field of study, where countries participated in transactions as either acquirer or as targets. We are unable to determine any contemporary and comprehensive data specifically on countries from GCC focusing on the activities on M&A. This study attempts to concentrate on this gap of data and contributes to the existing literature. This paper seeks to provide latest, comprehensive information of M&A for three countries of GCC i.e. Egypt, United Arab Emirates and Kuwait; and comparison among them. The focus of this study is to look at the growth of the three countries in 10 years from January 2008 to December 2017.

GCC was formed in the year 1981, to promote the development of infrastructure and economy of Arab countries; the countries of GCC share the common heritage (Holes, 2001). The basic aim of the Gulf Cooperation Council (GCC) is to develop economies across its member states and ensure the prosperity of them (Gattouffi, Al-Muharrami, & Shamas, 2014). Member countries of GCC also share similar governance structures, political conditions, and traditions. In 2016, a combined GDP of $1.4 trillion has been observed by GCC by the estimates of IMF (International Monetary Fund); bringing it to the level of South Korea and Canada. Also, by the estimates of IMF, GCC has reserves of over $3 trillion which could help the member states in policymaking and their implementation. Conversely, MSCI (Morgan Stanley Capital International) has classified the three states namely United Arab Emirates, Qatar, and Saudi Arabia as under-developed or emerging markets considering the financial position, and it has also classified Oman, Kuwait, Bahrain as frontier markets or pre-emerging markets; However, their reserves according to the estimates of IMF and economic activities are very much considerable. (Dowling & Vanwalleghema, 2018)

Member countries of GCC have recently entered the process of modernizing their economy; in which they are considering several ways and strategies to earn income from other sources rather than relying on oil exploration industry only. The process of economic evolution involves pursuing a new source of revenue if they consider the post-carbon era. Many member states of GCC including Kuwait, United Arab Emirates, Saudi Arabia, Oman and Bahrain have pursued a global approach to diversify and revolutionize their economies by adopting cross border mergers and acquisitions to earn revenues away from the extraction of fuel. Countries from GCC are entering into the global strategy of M&A at an overwhelming rate because of two main reasons, firstly the member states have accumulated high liquidity due to rise in the prices of petroleum products includes oil and gas, and they have limited opportunities to invest (Gattouffi, Al-Muharrrami, & Shamas, 2014). And the second factor of increased activities of M&A is to earn a higher rate of return by investing and seeking an opportunity to diversify the risk in other countries (Ravichandran, 2009).

In ten years from 2005 till 2014, the collective value of cross border M&As were approximately $245 billion and within ten years, 103 nations were targeted in which acquisitions were completed. (Dowling & Vanwalleghema, 2018)

Several Motivations and Reasons for M&A

Various motives can be observed from country to country and it also depends on the market. Countries from frontier market may have different motive for M&A and countries from emerging and developed markets may have different motive for M&A.

Countries in developed markets commonly acquire the firms which are operating in frontier or emerging markets to avail low cost of production, and to create new opportunities and take benefit of them, cheap labour is one of them. Generally, the aim of the firms from developed markets is to maximize their presence and expand their operations in those markets where growth opportunities are high. The aim is to take advantage of low-cost production (cheap labour) for manufacturing and services as well. However, there is a constant threat from the emerging markets to developed markets because they can also use the same technique of acquiring in frontier markets to strengthen their position and widen their presence.

On the other hand, countries in the developing markets concentrate on cutting edge technology. Firms from these countries enter the developed markets to gain goodwill and improve their operations with the help of technology. Companies from emerging markets usually merge with the firm in a developed market to gain presence in the developed market, increasing cliental, and enhancing market share. Through this strategy, they can grow their operations and business activities. The goal of developing countries' firms is to merge with the giant company from a developed market to provide them cost-cutting environment leading towards high profitability and creating employment opportunities for their country, bringing up the standard of living, and boosting up the economy. This strategy is mostly an amazing deal for the targeted firm. (Rothenbuecher & Hoyningen-Huene, 2008)

The strategy of M&As is mainly focused on maximizing shareholders' value, enhancing the productivity of the firm, improving the performance (financially, economically and operationally), getting advantage of synergies and other managerial motives are also there. (Gattoufi, Al-Muharrami, & Al-Kiyumi, 2009)

The acquirer can acquire the targeted firm in the following two ways; it could either purchase total assets of the targeted company or through a statutory merger. In case of purchase of assets, the acquiring firm can either buy the assets or it can become legally accountable to pay off the debts of the targeted firm. In the case of a statutory merger, shares of the targeted firm are exchanged for the shares of the acquiring firm, leading to the dissolution of the target firm legally. (Gattoufi, Al-Muharrami, & Al-Kiyumi, 2009)

Methodology

Relevant data were obtained from Thomson Financial Services Worldwide Mergers and Acquisitions database. Thomson Reuters is the most reliable, comprehensive and up-to-date database, and it is considered a detailed source of information globally for M&A. In this study, all the transactions of M&A are taken into consideration from the period January 2008 till December 2017, in which either the acquirer or the target firm was located in Kuwait, UAE, or Egypt. The data is being analysed through descriptive statistics because this technique enables a reader to understand a brief description of the activities of M&A in selected three countries of GCC in 10 years.

Result and Discussion

In the last ten years from January 2008 till December 2017, deals of M&As have shown a fluctuating trend in all the three countries including UAE, Egypt and Kuwait. As shown in Table 1, several deals that were announced and completed are fluctuating. For UAE, the highest number of transactions were announced in the year 2011 i.e. 126 and a maximum number of transactions were completed in the same year which is 109. For Egypt, the highest number of deals was announced in the year 2015, which is 117, out of which 97 were completed. For Kuwait, the highest number of transactions can be observed in 2015 and 2008, out of which 54 were completed in 2015 and 74 were completed in 2008.

The lowest activity of M&As can be observed in the year 2009 for UAE and Egypt only, where announced deals in the whole year were 71 and 65 respectively. For Kuwait, the lowest number of transactions can be observed in the year 2016 that is 34 deals in a whole year.

Table 1	M&A activities in UAE, Egypt & Kuwait											
Years	UAE				EGYPT				KUWAIT			
	Announced	Completed	Pending	Withdrawn	Announced	Completed	Pending	Withdrawn	Announced	Completed	Pending	Withdrawn
2017	122	91	30	1	80	50	26	4	37	26	11	0
2016	104	89	14	1	93	70	20	3	34	25	7	2
2015	103	82	16	5	117	97	15	5	87	54	33	0
2014	110	95	12	3	107	77	21	9	64	44	19	1
2013	102	83	18	1	75	56	17	2	50	36	11	3
2012	102	84	16	2	98	75	20	3	50	29	20	1
2011	126	109	14	3	91	66	18	7	54	39	15	0
2010	81	66	12	3	112	60	47	5	46	31	10	5
2009	71	57	10	4	65	51	10	4	51	44	2	5
2008	121	103	16	2	103	80	21	2	87	74	11	2
Total	**1042**	**859**	**158**	**25**	**941**	**682**	**215**	**44**	**560**	**402**	**139**	**19**

In all the three countries, the fluctuating trend is common. Interestingly, the ratio of withdrawn deals is also similar among all three nations. Activities of withdrawn deals are not more than or equals to 10 in any particular year; and this trend can be observed in all the three countries of GCC, in the whole tenure of 10 years

UAE has performed so well in 2011 with 126 announced deals which dropped after 2011, but in the last year, the position is being stabilized by announcing 122 deals out of which only 1 deal is being withdrawn. In comparison, Egypt has well performed in the year 2015, with the highest number of announced deals. Kuwait has a unique point here in 2015, where zero transactions were withdrawn. However, the highest number of transactions are in 2015 and 2008.

In the last 10 years, 1042 total deals were announced in UAE out of which 859 were completed and only 25 were withdrawn. For Egypt, 941 deals were announced in the last decade and out of the 682 deals were completed and 44 deals were withdrawn. In Kuwait, 560 transactions were announced and out of the 402 was completed and only 19 were withdrawn.

We can also observe the effects of the global financial recession on the emerging and pre- emerging markets through table 1. It can be visibly seen that in 2008, all the three countries were performing really well on transactions on M&As. However, in 2009 announced deals of M&As have dropped dramatically in all the three countries. In UAE the number of announced deals dropped from 121 to 71, in Egypt number of announced transactions were dropped from 103 to 65 and in Kuwait, the announced number of activities dropped to 51 from 87.

Calculation Table 1	Total	UAE	EGYPT	KUWAIT
Announced	2543	41%	37%	22%
Completed	1943	44%	35%	21%
Pending	512	31%	42%	27%
Withdrawn	88	28%	50%	22%

Considering calculations of table 1 in percentages terms, UAE has the highest percentage of announced deals as well as completed transactions; which discloses that UAE is offering an appropriate environment to the foreign firms to perform M&A activities.

Table 2	**Total M&A activities in UAE, Egypt & Kuwait(Jan 2008 - Dec 2017)**			
	Announced	**Completed**	**Pending**	**Withdrawn**
UAE	1,042	859	158	25
EGYPT	941	682	215	44
KUWAIT	560	402	139	19
Total	**2,543**	**1,943**	**512**	**88**

Taking table 2 and table 3 into consideration, it can be observed that in the tenure from January 2008 till December 2017, more than 80 percent transactions of M&As were realized in UAE, that makes up to 859 transactions and only 2 percent deals were withdrawn i.e. 25 transactions. Table 2 and 3, also shows that in Egypt and Kuwait more than 70 percent announced transactions were completed and the ratio of withdrawal is very minimal, that is 5 percent in Egypt and only 3 percent in Kuwait; that makes up to 44 and 19 transactions respectively.

Table 3	**Percentages of M&A activities (Jan 2008- Dec 2017)**		
	Completed	**Pending**	**Withdrawn**
UAE	82%	15%	2%
EGYPT	72%	23%	5%
KUWAIT	72%	25%	3%

Table 3 also shows that in Kuwait, maximum number of transactions were realized and are in completion process that is 25 percent of announced deals from the period January 2008 to December 2017 as compared to UAE and Egypt.

Table 4	M&A deals in Million US Dollars (Jan 2008- Dec 2017)			
	Announced	**Completed**	**Pending**	Withdrawn
UAE	79,685	62,221	10,122	7,342
EGYPT	47,058	35,601	6,512	4,945
KUWAIT	39,305	20,709	5,021	13,575
Total	**166,048**	**118,531**	**21,655**	**25,862**

Volume of all M&A activities occurred in the last decade is exhibited in table 4. By table 2 and 4, the number of announced transactions in UAE is 1042 which has a total value of USD 79, 685 million, out of which 859 deals were realized having the total worth of USD 62,221 million that is 82 percent of the total. While talking about Egypt, in the last 10 years 941 deals were announced with the total value of USD 47, 058 million and from that total amount, USD 35, 601 million worth deals were completed that makes up to 682 deals; that is 72 percent of the total. Taking Kuwait into consideration, in the last decade 560 deals were announced with the total value of USD 39, 305 million, and 72 percent transactions were completed with the total value of USD 20, 709 million. Evidently, market of UAE is proactive in the deals of M&A as compared other two states of GCC (Kuwait and Egypt).

Table 5	Percentages of M&A deals in UAE, Egypt & Kuwait in total (Jan 2008- Dec 2017)			
	Announced	**Completed**	**Pending**	**Withdrawn**
UAE	48%	52%	47%	28%
EGYPT	28%	30%	30%	19%
KUWAIT	24%	17%	23%	52%

Apparently, in the total volume of M&A activities in the three selected states of GCC, UAE has the maximum contribution in the last decade. UAE has contributed about 48 percent with announced activities; correspondingly UAE has the highest percentage of completion of announced activities which is 52 percent of the total completed activities in all the three selected countries of GCC. Considering table 5, after UAE, market of Egypt is performing well to complete its announced transactions which constitute the total percentage of 30 in comparison of 52 deals from UAE. And Kuwait has the lowest total percentage of 17 in completing the announced deals in the last decade from January 2008 to December 2017. Noteworthy, Kuwait has the highest percentage of withdrawals as compared to UAE and Egypt that is 52 percent.

Table 6	M&A by the industry of the target firms, Jan 2008 - Dec 2017											
	Services	**Financial**	**Natural Resources**	Energy & Infrastru **products**	**Food & Beverages and other consumable**	**Automobile and components**	**Building & Construction**	**Electronics & Machinery**	**Pharmaceutical**	**Textile**	**Other**	**Total**
UAE	282	151	24	147	68	11	156	75	51	9	43	**1017**
EGYPT	136	147	50	73	88	10	208	46	84	22	33	**897**
KUWAIT	89	161	32	30	16	0	142	36	30	1	4	**541**
Total	**507**	**459**	**106**	**250**	**172**	**21**	**506**	**157**	**165**	**32**	**80**	

UAE and Egypt are from emerging market and Kuwait is from Frontier market. Despite the fact UAE, Egypt and Kuwait have almost similar economies because they are members of GCC. Member countries of GCC shares similar governance structures, political conditions, and traditions. These three selected countries share almost similar characteristics as well, which includes GDP growth rate, labour force, inflation rate, etc. However, these countries are targeting industries of different natures to pursue the global strategy of M&A. Table 6 shows a number of activities in the last decade of all the three selected countries from GCC to different industries as their target company and table 7 shows the percentage of investments from UAE, Egypt and Kuwait in the respective industries being an acquirer.

Table 7 Percentages of M&A by the industry of the target firms, Jan 2008 - Dec 2017

	Services	Financial	Natural Resources	Energy & Infrastructure	Food & Beverages and other consumable products	Automobile	Building & Construction	Electronics & Machinery	Pharmaceutical	Textile
UAE	28%	15%	2%	14%	7%	1%	15%	7%	5%	1%
EGYPT	15%	16%	6%	8%	10%	1%	23%	5%	9%	2%
KUWAIT	16%	30%	6%	6%	3%	0%	26%	7%	6%	0%

All the three countries have chosen target firms from service industry, which includes, advertising and marketing, telecommunications, professional services, brokerage services, health care and hospitals, hotels, lodges, real estates, home furnishing, recreation, publishing, leisure, travels and tours etc. From the total number of transactions, UAE has chosen 282 firms as the target firms from service industry which makes up to 28 percent. Egypt has preferred 136 transactions of M&A from service industry that is 15 percent and Kuwait has participated in 89 deals of M&A from the service industry which is 16 percent in comparison. After service industry, Building and construction is the second most invested industry. In a total of 506 deals, firms from UAE, acquired many firms from building and construction industry and made up to 156 deals, companies from Egypt have acquired many firms and made up to 208 deals; firms from Kuwait were acquirer in 142 deals. In percentage terms, 15 percent has been invested by the market of UAE, 23 percent has been invested by Egypt and 26 percent has been invested by Kuwait. After Service industry and Building & construction, third most popular target industry is financials which includes, credit institutions, banks, asset management firms and other financial institutions. Out of 1017 transactions of UAE, 151 deals were of financials approximately 15 percent. Financial sector of UAE has also observed landmark deals in 2017 with the total value of $14.8 billion mergers of National Bank of Abu Dhabi and First Gulf Bank (Hanania, Zeid; Kayyali, Nadim, 2017).

Egypt has invested about 16 percent (147 transactions). And Kuwait has invested the maximum percentage in Financials which is 30 with 161 transactions. Firms from all the three selected countries have also contributed to the industry of infrastructure and energy. UAE has invested about 14 percent of the total, Egypt has invested about 8 percent and Kuwait has invested 6 percent of the total. The lowest investment can be observed from the table 6 and 7 in Automobile and Textile industry which 1 percent from UAE, 3 percent in total from Egypt and zero from Kuwait.

In the last year, activities in technology and e-commerce have also been witnessed, well known Amazon has acquired Souq.com and achieved a noteworthy milestone in this specific region. (Hanania, Zeid; Kayyali, Nadim, 2017)

Table 8	Economic Profile of UAE, Egypt & Kuwait		
	UAE	**EGYPT**	**KUWAIT**
Ease of doing business Rank	21	128	96
Foreign Direct Investment (in USD millions)	139,581.60	3,668.90	611.76
Corruption Index (points)	71	32	39
Corruption Rank	21	117	85
Inflation Rate	2.70%	21.90%	1.07%
Total Population (in millions)	9.4	96.2	4.1
GDP per capita (in USD)	41,197.17	2,785.00	33,545.60
Annual Growth rate of GDP	0.8%	5.40%	-2.50%
Labour force (Thousands)	6447.14	31149.15	2253.09
Unemployment rate	1.72%	10.60%	2.08%
Exchange Rate	AED 3.6732	EGP 35985.3	KWD 611.76
Exports (in USD millions)	4,295,807	2,479	3,019,647
Imports (in USD millions)	3,138,382	6,322	1,606,482

Table 8 exhibits the economic profile of the three-member states of GCC, through the economic profiles we can access and compare which of the three countries performing better using the global strategy of M&A. Table 8 provides the concise and comprehensive picture of economies of UAE, Egypt and Kuwait. All the three countries are different in terms of total population and per capita income. Considering population, Egypt has the highest population among the three-member states of GCC which is 96.2 million. However, in the other two countries, it is much less in comparison. Talking about Gross Domestic Product per capita, it is highest in UAE with $ 41, 197.17; $33, 545.60 of Kuwait and lowest of $2,785 of Egypt. It could be because Egypt is heavily populated among the three states.

Correspondingly, annual growth rate of GDP of UAE is 0.8 percent, Egypt has the highest rate of 5.40 percent in the year 2017 and Kuwait has a negative percentage which is -2.50 percent. The economy of Kuwait is small and depends mostly on petroleum industry and almost half of the country's GDP depends on oil and petroleum products (Ariss Turk, Rezvanian, & Mehdian M, 2007). Taking ease of doing business into consideration, UAE has 21st rank out of 190 ranks in ease of doing business generated by World Bank, that shows that in UAE there are fewer complexities to establish and operate a business. Egypt has the highest rank among the three selected countries of GCC, that is 128th out of 190, which means doing business in Egypt is very complex in comparison, this is why we have observed less number of M&A activities in the last 10 years. Doing business in Kuwait is not as easy in the UAE, because Kuwait has 96th rank out of 190 ranks. However, doing business in Kuwait is much simpler and easy as compared to Egypt which has a rank of 128.

Table 8 also shows the corruption perception index, if the country scores near to zero that country is highly corrupt. Among the three countries, UAE has the lowest index points that are 21, which means UAE is the highly corrupt state among the three selected countries. Kuwait has 39 index points and the lowest corrupt country is Egypt with 32 index points. Taking Foreign Direct Investments into consideration, in 2017 UAE received $ 139,581.60 million in terms of FDI, Egypt is at the second rank in terms of FDI with $ 3,668.90 million and Kuwait received the lowest of $ 611.76 million in all the three countries, there can be various reasons of this low level of FDI even though Kuwait has less corruption, with moderately complex regulations of doing business. The possible reason for this could be that Kuwait belongs to Frontier according to MSCI market because of less development in infrastructure and technology.

Table 8 reveals the inflation rate in the year 2017, Egypt has the highest rate of inflation among the three countries which is 21.90 percent. Interestingly, Kuwait has the lowest inflation rate of 1.07 percent. However, the UAE lies between the two with a 2.70 percent inflation rate in the year 2017. Table 8 also shows net exports and imports of the three countries. Turkey, Iraq, India, Japan, Saudi Arabia, United States, Pakistan, Indonesia, Oman and Belgium are the key exporting partners of UAE, Egypt and Kuwait. And among the three countries, UAE has highest exports of $ 4,295,807 million in 2017. Kuwait has the less amount of exports then UAE, that is $ 3,019,647 million in 2017. And in the last year Egypt has the lowest exports of $2,479 million.

Talking about the importing partners of UAE, Egypt and Kuwait following countries are trading partners. List includes, China, Turkey, India, Unites States, United Kingdom, Italy, Japan and South Korea. Among the three member countries of GCC, UAE has the highest amount of net imports as wee which is $ 3,138,382 million, Kuwait has less amount of imports $1,606,482 million in the last year and Egypt has the lowest amount of imports among the three countries which is $6,322 million, but its more than its exports.

Conclusion & Policy Implications

Around the world, activities of M&A have grown considerably over the last 20 years, not only the transactions have gone up but the amount alongside volume have also increased. This study constitutes the contemporary and comprehensive information of Mergers and Acquisitions in selected states that includes UAE, Kuwait, Egypt from January 2008 to December 2017. We have witnessed that contribution in M&A activities across the globe has increased mainly because of the emerging concept of globalization, utilizing the low cost of production and seeking opportunities of investment whilst minimizing the risk by investing in diverse countries, to compete with the developed world and so is the case with UAE, Kuwait and Egypt. Activities of CBM&A have increased exponentially due to the emergence of globalization (Ravichandran, 2009).

Businesses from the Gulf region - particularly UAE as a whole is appearing to be more vigorous, resilient and optimistic than ever before as we are approaching decennial of the global financial crisis. UAE has managed to heighten its position in M&A activities and it is being considered as a regional hub for investments across the region and outside despite unstable economy and geopolitical issues (Hanania, Zeid; Kayyali, Nadim, 2017). UAE is considered a hub for M&A activities due to more than 21% of the deals are directed through the country. GCC has intensified the amount of M&A activities mainly because of external investment liberalization and economic reforms' trends, investments of numerous governments to diversify government incomes such as Saudi Public Investment Fund, Abu Dhabi Investment Authority, and Dubai Holdings (Ravichandran, 2009).

The states of GCC have achieved significant advancement towards economic integration and merging criteria on almost all fronts (Espinoza, Prasad, & Williams, 2011) (AlKholifey & Alreshan, 2010)

According to market studies, countries from GCC have the potential to become one of the world's most rapidly growing online markets. Member states of GCC are also contributing a lot to the energy sector and infrastructure and rolling out energy programs like solar and wind energy projects for the development of this sector. Although there is economic instability and petroleum prices are uncertain which has minimally affected the growth of countries of GCC in the short run but a long run we expect the member countries to grow at a rapid pace in terms of M&A activities shortly; this is because firms and governments are trying to improve the penetration of local companies by acquiring overseas assets and gaining maximum market share. This is because industrialists focus on the advantages and benefits brought by M&A (Gattouffi, Al-Muharrrami, & Shamas, 2014). We expect the selected countries UAE, Kuwait and Egypt to grow in terms of M&A deals based on the approach to technology, cheap labour, globalization, diversification, of investments deregulation of industries to attract FDI and to take advantage of the low cost of productions.

Increased number of activities in UAE, Kuwait and Egypt is providing many investment opportunities to potential investors from Asia, Africa and other parts of the world. However, investors must examine certain attributes before investing in countries. They must be aware of repercussions of cultural similarities and differences, and assessment of corporate environment should be made to plan strategies accordingly.

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