

CHAPTER 3: Research Methodology

The study was aimed at addressing two research questions:

Q1. How did the level of competition, government regulation and technology created the strategic and economic motivations for the M&A?

Q2. Did the M&As had positive economic and strategic impacts on the firms involved?

The study was conducted in two different parts for Q1 and Q2 respectively. The first part involved an analysis of the strategic and economic considerations of the M&A in the industry. This was done through a chronological analysis on the effect of competition, government regulations and technology prior to the M&A period that drove the cellular sector in the telecommunications industry. This is strictly a qualitative analysis.

The second part involved a secondary data analysis on the impact of the M&A on Maxis-TIMECel and Celcom-TMB (TMTouch). The economic impact of the M&A was measured through the change in profitability of the firms. Profitability was measured using Return on Asset (ROA), Return on Equity (ROE) and Return on Sales ratios. The strategic impact of the M&A was measured through change in market shares and firms' capital and operational efficiency. Capital and operational efficiencies were measured through CAPEX/sales and OPEX/sales ratios respectively.