



Impact of Merger on Employment Contracts: Case study on the merger of SABB and Alawwal Bank

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Abstract

Bank mergers are one manifestation of financial globalization characterized by economic blocs, and they have increased in Arab countries, including the Kingdom of Saudi Arabia, particularly since its membership in the World Trade Organization and the existence of an open competitive market with foreign institutions having highly competitive and sophisticated capabilities. Mergers have become an important instrument for restructuring to increase resilience in a competitive context. The restructuring may impact bank employees' employment contracts, affecting their performance. As a result, the study examined the impact of the SABB and Alawwal Bank merger on employment contracts as a case study of bank mergers in the Kingdom of Saudi Arabia. The study discovered that Saudi law did not define mergers but referred to how the merger is carried out. It was also discovered that SABB and Alawwal Bank have merged by addition, while there is a gap in Article 18 of the Labor Law that allows the merged company to place the responsibility for ensuring the workers' benefits on the merging company. Merger and internal reorganization processes may result in job losses, particularly if merging banks focus on work culture, training, and qualification. Based on the previous outcomes, the researcher feels that the merger is an effective solution for failing institutions that are threatened with insolvency, taking into consideration that the Kingdom's commercial markets remained completely open after joining the World Trade Organization, in addition to increased competition and the presence of major local and foreign giant banks inside the Kingdom.

Keywords: Merger, banks, employees, merged companies, merging companies, employment contract.

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1. Introduction and Research Problem:

The current era is defined as the era of major economic entities, so the merger is one of the most significant transformations witnessed by the global financial and banking sector, as it is one of the fundamental manifestations of financial globalization, as well as one of the challenges for the banking sector in terms of enhancing competitiveness and supporting the ability to increasingly use advanced technology and the innovative financial and banking products it produces. Merger operations first began on a big scale in the United States, followed by developed countries in Europe and Japan. There are also similar cases in some developing countries such as India, Pakistan, and Ghana, and several Arab countries such as Saudi Arabia, Egypt, Bahrain, and others, especially after joining the World Trade Organization and the emergence of giant economic blocs such as the European Union and the Association of Southeast Asian Nations, especially those that faced financial crises, considering that merger and acquisition of banks is one of the means of restructuring to promote banks' competitiveness and optimize their ability to face risks in the context of an open competitive market with international institutions having strong and developed competitive capabilities.

The problem of research resides in the organizational limitations in addressing the merger process and the related contracts, as it has not been fully regulated. Based on this organizational weakness, several concerns arise about the legal implications of the merger for the merged bank, and the merging bank, in

terms of the fate of the employment contract concluded by the merged company, which is the subject of our research.

Research Objectives:

- Emphasize the impacts of the merger in general, as well as the employment contracts in the merged banks and the issues of restructuring in particular, so that the legislator can adopt laws that regulate that matter in a specific and unambiguous manner within the texts of the Companies Law.
- Identify the problems resulting from the merger; the merger process eliminates a legal person (the merged bank) and its interests, as well as the employment contracts and the benefits they receive in the merged bank and the risk of losing those benefits in the merging bank or the new bank.
- Provide legal and practical solutions to the problems that result from mergers concerning employment contracts.

The Importance of the Study:

- There is a scarcity of research on the influence of mergers on employment contracts in banks in Arabic countries.
- Study the impact of restructuring banks involved in the merger on the employment contracts of the employees working at the merged banks.

Scope of the Study:

SABB and Alawwal Bank in the Kingdom of Saudi Arabia.

Research Methodology:

The descriptive, inductive, and comparative analytical approach to analyze the texts of the Saudi Companies Law and compare it with the texts in force in some laws, such as the Egyptian and French laws.

2. Previous Studies:

By comparing Indian and international studies conducted on mergers and acquisitions from 2001 to 2017, it was noted that the majority of research work on mergers and acquisitions is concentrated in the United States of America and Europe and that Indian research was not able to keep pace with international standards in the field of bank mergers and acquisitions. In some other countries, research has concentrated on mergers and acquisitions (Rathore & Verma, 2018). Internal mergers and restructuring have resulted in a reduction in the size of the workforce in the manufacturing sector, while cross-border mergers and acquisitions have a much weaker effect on the industrial sector, as well as changes in ownership associated with local mergers and acquisitions. Internal restructuring processes typically result in job losses, but such processes show an interesting sectoral variation (Lehto, E., & Bockerman, 2008). Mergers and acquisitions have a beneficial impact on the expansion of total assets and equity profitability in existing commercial banks in Nigeria (Giwa, Onodi, & Ezinando, 2023). Banking mergers in light of globalization are an imperative for small banks, as well as an agreement to maximize large banks' returns, improve their competitiveness, increase their ability to apply banking technology, reduce the cost of performing banking services, and restructure banks to deal with globalization (Ali, 2023). Work culture, training, performance reviews, transfers, promotions, and bonuses all have an impact on employee performance following mergers or acquisitions. To ensure mergers and acquisitions succeed, banks must effectively communicate with staff and give proper training to assist them in adapting to cultural and structural changes (Bikram, 2023). Mergers among Gulf banks are an urgent necessity for the survival of small banks. They eliminate economic reliance by releasing small banks from unilateral dependence on large banks. (Afana, 2019.). Mergers and acquisitions have a negative and significant relationship with net profit margins. Mergers and acquisitions have a positive, although statistically insignificant relationship with commercial bank return on assets in Ghana. There is no definitive data on the influence of mergers and acquisitions on bank performance. Therefore, they do not necessarily lead to improving banks' financial performance (Musah, Abdulai, and Baffour, 2020). The Arab banking sector is particularly in need of banking mergers

and acquisitions due to its small size and inability to compete, and its response to the requirements of financial globalization is still limited, as mergers in Arab countries remain an option, and the mergers that did occur were characterized by their small number and were limited to large banks owning small banks (Siyam, 2014). The merger of Aldar Properties influences overall financial performance since it has a positive impact on both liquidity and profitability ratios, but no impact on activity ratios (Badida 2021). There is a minor rise in the new bank's capital before the merger, There is a very significant rise in capital, profits, and revenues after the merger (Sherif& Babiker, 2018). There is no statistically significant relationship between the merger of companies and the profits achieved, as well as there is no statistically significant relationship between the merger of companies and their performance (Al-Dabbas, 2012). There is no legislative treatment of some issues raised by merger cases despite the issuance of the new Companies Law of 1437 AH. The provisions of the Law did not address the right of creditors of the merging company to object as creditors of the merged company, or the protection of the objecting minority of shareholders and partners (Al Ruwais, 2017). Mergers are an important element of bank operations; however, several factors induce employee tension, including insecurity, fear of job loss, job changes, compensation, changes in management, workload, and working hours (Joshi & Goyal, 2012). The mergers improved Saradar Bank's liquidity. The merger has a positive impact on management efficiency and bank assets quality (Zahir 2015). The merger successfully increased bank profits (Dovi 2017). The merged companies' return on equity decreased both before and after the mergers. The merger had no effect on the net profit margin, but it did alter the return on assets and return on shares (Jallow, Masazing, & Basit, 2017). There is no positive impact of the bank merger on operational efficiency, return on assets, or return on equity. There is a positive impact of the bank merger related to the adequacy of capital, market share of credit facilities, and market share of deposits (Khazali, 2014). The merger leads to a rise in the value of the company after the merger in a way that exceeds the total values of the two merged companies before the merger (Mashjel & Balasem, 2016).

3. Research Plan:

The legal logic requires that, before addressing the effects of the merger and the restructuring challenges it presents to the banks involved in the merger, we first learn about the merger and its methods, as well as its positive and negative effects in general in the preface, and then address the merger's impact on the merged bank's employment contracts.

3.1. Preface:

- **Concept of Merger:**

The linguistic meaning of merging: is "Addition" or Combination" (Mohammed, 1993, 253), whereas merging implies legally: a contract under which one or more companies are combined with another existing company, so the legal personality of the combined company is removed and called (merged) and all its assets and liabilities are transferred to the (merging) company (Al-Yaseen, 2016, p. 206), or two or more companies are merged, and the legal personalities of all these companies are removed and all their assets and liabilities are transferred to the new company (A.Osman, 2015, p.11).

- **Bank Merger:**

It is a legal process, in which two or more banks work and compete in the same field, merge. This merger is accomplished by uniting them in a new bank that replaces them, or by absorbing one into the other. The merged bank loses its legal personality and independence while becoming under the umbrella of the merging bank, which retains its legal personality. As a result, the merged bank's assets and liabilities are added to those of the merging bank (Khazali, 2015, p.48). This is exactly what happened in the case of our research, where SABB lost its legal personality but Alawwal Bank kept its legal personality and name.

- **Merger Methods (Lameh, 2017, 172-182):**

- **Merger by Addition:** In this method, the merging company that retains its legal personality absorbs the merged company that loses this personality (Abu Zeina, 2012, p. 17). The process is usually followed by an

increase in the capital of the first one, and this is what happened in the case of our research where SABB lost its legal personality as being the merged bank, and the legal personality of Alawwal Bank remained as is it because it is the merging bank.

- **Merger by Combination:** In this method, the two companies are dissolved, and each loses its legal personality, resulting in the formation of a new legal person (Hammad, 2012, p. 30), with all of the merging banks' assets and liabilities transferred to the newly established bank. The assets and liabilities of the merging banks are considered shares in the new bank.

- **Merger Effects:**

- **The effects of the merger for the merged bank:** The merger shall result in dissolving the merged bank and vanishing its legal personality, as well as its inability to acquire rights and assume obligations, while its assets shall remain in existence and devolve to the merging bank, where the merged bank's legal entity ends and its physical entity and economic project remain in front of others.

- **The effects of the merger on the merging bank:**

- The merger results in that the merging bank replacing the merged banks with their rights and obligations based on the idea of the general successor (Ayyad, 2016, p. 23), except for real estate and patents owned by the merged bank, where they are not transferred until after the procedures for transferring the register with the land authorities and the commercial registry are finalized.

- The merger increases the capital of the merging bank by in-kind shares. Against these shares, the merging bank issues in-kind shares to be distributed to the shareholders in the merged bank as shareholders in the merging bank.

The effects of the merger for the workers and employees: The merger in the comparative legislation does not affect the employment contracts concluded by the merged bank, as the employment contracts continue by the force of law, as stipulated in the Egyptian legislation in Article (9) of the Labor Law. This was confirmed by the ruling of the Egyptian Court of Cassation in its judgment issued on 26/12/1981, but it declared in the same judgment **two important principles**; "The rules and provisions contained in the contracts and regulations of the merging bank before the merger must not be applied to the workers of the merged bank, as long as their contracts and the regulations that were applied to them did not include similar rules and provisions, and the workers of the merged company cannot be considered workers at the merging bank before the merger took place."

- **Positive effects of merger (Al-Touni, 2007, pp. 81-83):**

- Establish large new banks that raise the level of efficiency and quality.

- Merger is the optimum alternative for struggling small banks threatened with insolvency and increases their ability to challenge risks in light of the era of major economic entities. (Makki, 2021, P. 60).

- Enhance the competitiveness of banks at the local and global levels, especially after joining the World Trade Organization, and the existence of an open competitive market with foreign institutions having strong and developed competitive capabilities.

- Benefit from the technical and administrative expertise of merging banks (Mashjel & Balasem, 2016, p. 50).

- The merger entails reducing the costs of production and services provided due to the large size of banks.

- The merger reduces financial and operational risks and improves the quality of production and services.

- The merger helps facilitate access to finance from relevant banking institutions.

- **Negative effects of merger:**

- Increase the possibility of banks monopolizing the economic and service sectors (Ibrahim 2010, p. 300).
- The merger increases social and economic risks by reorganizing and restructuring these banks, resulting in layoffs and a high unemployment rate in society.
- If the merger is between fragile banks and businesses to escape from financial, financing, operational, and marketing crises, it increases risks and harms shareholders' and stakeholders' rights.
- Increase the burden of financial costs borne by the merging bank to restructure the merged bank if the latter suffers from troubles (AlAhli Bank, 2005, p. 23).

3.2. Second Topic: Impact of the merger on the contracts of merged banks:

The bank enters into numerous contracts to fulfill its goals, and the merger results in the termination of the merged bank's legal personality and the transfer of its full financial liabilities to the merging bank or the new bank, raising the following question: What happens to the contracts after the merger?

The Saudi Companies Law did not regulate the impact of the merger on the contracts of the merged company, while Egyptian and French law addressed the impact of the merger of companies on leases and employment contracts rather than other contracts.

If the merger results in the expiration of the company and the termination of its legal personality, this does not mean discharging it from the contracts it concluded before the merger but the contracts remain in place and valid. ¹If the merging company or the new company replaces the merged company in all of its rights, obligations, and contracts and is responsible for the implementation of those contracts, including employment, lease, agency, and insurance (Ismail, 2017, pp. 27-50), and concession contracts, we will limit this study to the employment contract as one of the common contracts in all companies affected by the merger, as follows:

- **Impact of the merger on the employment contract (Abu Zeina, 2012, 305-319):**

The employment contract is regarded as one of the most important contracts in the bank, and the worker is protected in all countries by a law known as the Labor Law, which, in the Kingdom of Saudi Arabia, aims to protect the worker from the risks associated with arbitrary layoffs. Did it protect the workers when the company merged?

Despite the importance of the employment contract, there is no explicit provision in the Saudi Companies Law addressing its influence on company mergers. This motivated the researcher to investigate the general norms governing the Labor Law. Does the employment contract continue to have effects on the merging or new company as a result of the merger, even if it was concluded with the merged company before the merger or ends with the merger?

The premise is that the employment contract is one of the contracts of personal consideration, in which the personality of each party is considered by the other party. However, the economic view has changed the nature of the interaction between the two parties from a personal relationship to an institutional relationship in which the worker has been connected with the work establishment rather than the employer, according to Article No. 79 of the Saudi Labor Law.² It is clear from the text of that article that the employment contract is related to the establishment rather than the employer. Therefore, the contract

¹ The Egyptian Court of Cassation ruled with the continuation of the contracts concluded by the merged company before the merger and its replacement by the merging company, Appeal in Cassation No.13449, 81st Judicial Year, Session dated 5/8/2015.

²Article 79 of the Saudi Labor Law, issued by the Royal Decree No. (M/51), dated 23/08/1426 AH, as amended by Royal Decree No. (M/134) dated 27/1/1440 AH, stipulates that: "The employment contract shall not expire by the death of the employer unless his person has been taken into consideration in concluding the contract, but shall expire with the death or incapacity of the worker in accordance with a medical report approved by the competent health authority or the authorized physician designated by the employer."

does not cease with a change in the employer, whether the change is due to the sale of the establishment³, or the death of the employer and the transfer of ownership to a new heir unless his personality is considered and stipulated in the contract. The rationale for the continuation of the employment contract is to ensure the worker's stability at work, as well as to prioritize his affiliation with the establishment over his association with the employer.

The new Saudi Labor Law explicitly stipulates in Article (18) the continuation of the employment contract even in the event of changing the owner or changing the legal form of the establishment, whether by merger or partition. This is understood as the Saudi regulator's keenness in the provisions of the Labor Law to continue the employment relationship and link it to the establishment rather than the owner of the establishment, and that the merger does not terminate the employment contract, but rather continues and moves all its successors from the merged company to the merging company, even if there is no clause in the employment contract or the merger document to that effect, because the text of Article (18)⁴ of the Labor Law is considered a public law, i.e. one of the essential rules that cannot be broken since the merger has the impact of replacing the merged companies with the merging companies in all contracts and liabilities.

As for the rights of workers arising from the period preceding the merger, such as wages and the end of service gratuity due on the date of transfer of ownership, the successor and predecessor shall be jointly liable in⁵ accordance with Article (18) of the aforementioned Saudi Labor Law. The worker is deemed a creditor of those rights against the merged company, and as such, he has the same right to contest the merger decision as the creditors. If the merging firm does not offer him enough guarantees to pay his dues to the merged company, he must make a complaint within 30 days of the date of the merger declaration. (Al-Ruwais, 1438AH,251).

Article (18) of the Saudi Labor Law is concerned with protecting the rights of the worker in the merged company in the period before the merger, as it includes solidarity between the merged company (the predecessor) and the merging company (the successor) in paying the worker's dues in the period before the merger. However, it included a gap that weakens this solidarity for the worker, which is a waiver that releases the predecessor from his obligation to guarantee by agreeing with the successor (the merging company) that the worker's rights before the transfer of the establishment by merging or partition shall be transferred to the new owner (the merging company). This agreement shall be concluded under the worker's written consent, and if he does not agree, he may request termination of his contract and get his dues. We can see that this part of Article (18) weakened the worker's guarantee.

³ Egyptian Cassation No. 15846, 84th Judicial Year, Session dated 17/4/2016, Appeal in Cassation No. 1494, 80th Judicial Year, Session dated 18/3/2018.

⁴Article 18 of the Saudi Labor Law, issued by the Royal Decree No. (M/51), dated 23/08/1426 AH, as amended by Royal Decree No. (M/134) dated 27/1/1440 AH, stipulates that "If the ownership of a firm is transferred to a new owner or a change takes place in its legal form through merger, partition or otherwise, the work contracts shall remain in force in both cases and service shall be deemed continuous. As for workers' rights accrued for the period before the change such as wages or unrealized end-of-service award on the date of transfer of ownership and other rights, the predecessor and the successor shall be jointly and severally liable. However, in the case of transfer of ownership of individual firms, for any reason, the predecessor and the successor may agree to transfer all the previous rights of the worker to the new owner with the written consent of the worker. If the worker disapproves, he may request the termination of his contract and collect his dues from the predecessor."

⁵ The Egyptian Court of Cassation ruled with the responsibility of the merging company in solidarity with previous employers in the implementation of the obligations arising from the contracts of the workers of the merged companies, Appeal in Cassation No. 8064, 82nd Judicial Year, Session dated 11/6/2014.

French law according to the Article (L.122-12)⁶ of the French Labor Law, as amended by the law issued on January 18, 1991, and Article (L1224-1)⁷ included the provision for the transfer of individual employment contracts from the merged company to the merging company or the new company by force of law, with the same content without any change, according to Article L.1224-12 of the French Labor Law⁸, such as the seniority acquired in the merged company, while collective employment contracts⁹ expire upon merger¹⁰. It authorized layoffs, provided that they were in conformity with legal texts and did not involve arbitrariness (Nassima, 254, 2017).

Concerning the existence of an agreement with the employees of the merged company on specific privileges, Article (L. 2261-9)¹¹ of the French Labor Law stipulated the continuity of this agreement if a merger¹², transfer, cancellation, or change in business takes place, until a new replacement agreement enters into force. In the absence of an agreement, the concessions remain in force for one year from the end of the notice period (Osman, 2015, p.363). If the agreement is not replaced or a new agreement is concluded within the time frame specified in the first paragraph, the employees of the merged companies retain the individual benefits they have acquired, under the agreement. Upon the expiration of those deadlines, new negotiations begin within three months from the date of claim, either to adapt to the newly applicable traditional provisions or to develop new provisions.

Egyptian Law: Article No. (85) of the Labor Law No. (91) of 1959 stipulates that: "The dissolution, liquidation, closure, or bankruptcy of the establishment, merging the establishment with another or devolving it by inheritance, bequeathal, donation, or sale, or other such disposals, shall not prevent fulfilling all the obligations arising according to the law. Except for the cases of liquidation, bankruptcy, and the licensed final closure, the employment contracts of the establishment workers shall continue. The successor shall be responsible jointly¹³ with the previous business owners for the implementation of all the aforementioned obligations."

⁶ L.122-12 du code travail "S'il survient une modification dans la situation juridique de l'employeur, notamment par succession, vente, fusion, transformation du fonds, mise en société, tous les contrats de travail en cours au jour de la modification subsistent entre le nouvel employeur et le personnel de l'entreprise".

⁷ L.1224-1 du Code du travail : " Lorsque survient une modification dans la situation juridique de l'employeur, notamment par succession, vente, fusion, transformation du fonds, mise en société de l'entreprise, tous les contrats de travail en cours au jour de la modification subsistent entre le nouvel employeur et le personnel de l'entreprise".

⁸ L.1224-12 du Code du travail: "La cessation de l'entreprise, sauf cas de force majeure, ne libère pas l'employeur de l'obligation de respecter le délai-congé et de verser, s'il y a lieu, l'indemnité prévue à l'article L. 122-9".

⁹<https://www.associationmodeemploi.fr/article/fusion-d-associations-quel-impact-sur-les-contrats-de-travail.70139>

¹⁰ Cass. soc., 7 juin 1967, Bull. civ. IV, n° 378. 1522. This decision acknowledged the continuation of individual contracts and excluded collective contracts, cited, Margin No. 1521 Abdelkarim Osman, 2015, p. 363.

¹¹ L.2261-14 du Code de travail "Lorsque l'application d'une convention ou d'un accord est mise en cause dans une entreprise déterminée en raison notamment d'une fusion, d'une cession, d'une scission ou d'un changement d'activité, cette convention ou cet accord continue de produire effet jusqu'à l'entrée en vigueur de la convention ou de l'accord qui lui est substitué ou, à défaut, pendant une durée d'un an à compter de l'expiration du délai de préavis prévu à l'article L. 2261-9, sauf clause prévoyant une durée supérieure".

¹² Egyptian Cassation, Appeal in Cassation No. 213, Year 71, Session dated 27/11/2013, Appeal in Cassation No. 11842, 88th Judicial Year, Session dated 5/3/2019.

¹³ The Egyptian Court of Cassation ruled that the effect of the merger of one establishment in another establishes the responsibility of the merging company in solidarity with previous employers in the implementation of all obligations arising from the contracts of the workers of the merged companies, Appeal in Cassation No. 8064, 82nd Judicial Year, Session dated 11/6/2014.

It is clear from the aforementioned text that the article explicitly stipulates the transfer¹⁴ of employment contracts from the merged company to the merging or new company, even if there is no provision in these contracts or the merger contract requires so¹⁵.

Egyptian law is consistent with French law in the transfer of employment contracts to the merging company or the new company by the force of law¹⁶ Egyptian law considers this rule a peremptory norm of public order, and that the matter does not depend on the consent of the worker or the new employer. The purpose of the law is to ensure the stability of the worker in his work, and to protect him, especially after the worker's relationship with the institution has become greater than his relationship with the employer, until the employment contract has almost been affected in terms of the contractual status (Al-Masri, 2007, 322).

This provision has been confirmed again in Article (9) of the Egyptian Labor Law No. (137) of 1981, as amended by Law No. (12) of 2003¹⁷. This rule applies to employment contracts governed by the Labor Law. Employment contracts subject to Civil Law are subject to the general rules, which state that the employment contract is not terminated by force of law by the transfer of the establishment to its particular successor. The particular successor is not obligated to the employment contract if it does not agree to this when he was aware of it at the time of the establishment's transfer (Nassima, 2017, 262).

In line with the French regulator, the Egyptian regulator has permitted the dismissal of some employees following the merger, as long as the terms of the employment contract or labor law are not breached and there is no arbitrariness.

Some Egyptian jurisprudence has pointed out that individual employment contracts are transferred by merger to the merging company or the new company rather than collective labor agreements (A.Osman, 2015, p.363) stipulated by the Egyptian legislator in Articles 152¹⁸ and 156¹⁹ of the Egyptian Labor Law No. (12) of 2003.

4. Conclusion

The research dealt with the impact of the merger of SABB and Alawwal Bank as a case study of the merger of banks, given the Kingdom's recent experience of the phenomenon of merger between companies in many sectors, including the banking sector, due to the increase the intensity of competition between economic entities at the local and global level, and to overcome the difficulties facing small banks, especially after

¹⁴ Egyptian Court of Cassation, Appeal in Cassation No. 13449, year 81, session dated 5/8/2015.

¹⁵ Egyptian Court of Cassation, Appeal in Cassation No. 27, year 51, session dated 26/12/1981, Y. 32, I. 2, P. 2423, J. 442.

¹⁶ Egyptian Court of Cassation ruled that the transfer of ownership of the establishment by any act, even by merger, shall result in the continuation of its workers' contracts with the new employer by force of law, Appeal in Cassation No. 213, year 71, session dated 11/27/2013.

¹⁷ Article 9 of the Egyptian Labor Law No. 137 of 1981, as amended by Law No. 12 of 2003, stipulates that: "The dissolution, liquidation, closure, or bankruptcy of the establishment, merging the establishment with another or devolving it by inheritance, bequeathal, donation, or sale, even by public auction- or by assigning or leasing it, or other such disposals, shall not prevent fulfilling all the obligations arising according to the law. Except for the cases of liquidation, bankruptcy, and the licensed final closure, the employment contracts of the establishment workers shall continue. The successor shall be responsible jointly with the previous business owners for the implementation of all the aforementioned obligations."

¹⁸Article (152) of the Egyptian Labor Law No. 137 of 1981, as amended by Law No. 12 of 2003, stipulates that: "The collective labor agreement shall be an agreement regulating labor conditions and terms and employment provisions. It shall be signed between one or more trade union organizations and the employer or a group of employers, or one or more of their organizations."

¹⁹ Article (156) of the Egyptian Labor Law No. 137 of 1981, as amended by Law No. 12 of 2003, stipulates that: "The two parties to the agreement shall follow the course of the collective agreement for its renewal, three months before the expiry of its period. If the latter period lapses without agreeing on the renewal, the validity of the agreement shall extend for three months and negotiation shall continue for its renewal. If two months lapse without reaching an agreement, either party to the agreement may then bring the matter before the concerned administrative authority to take steps as necessary toward following the mediation procedures according to the provisions of article (170) of the present law."

joining the World Trade Organization. It was found that the merger leads to vanishing of the moral personality of merged banks, which affects their employees. The study reached the following results:

- The Saudi Law did not define the merger and it only refers to how the merger is carried out.
- The SABB and Alawwal Bank merger is a merger by addition that resulted in the demise of SABB's moral personality and the survival of the legal personality of Alawwal Bank.
- Mergers and internal restructurings may cause employment losses.
- The merger increases the merging bank's capital by the number of shares transferred from the merged bank, whereas the new bank is founded with new capital and legal personality.
- The merger allows for the establishment of massive banking institutions capable of surviving and competing in the era of financial globalization.
- There is a gap in Article 18 of the Labor Law that allows the merging company to place the burden of guarantee for the worker's dues on the merged company.

5. Recommendations:

- Based on the above findings, the researcher recommends increasing bank mergers as the best solution for troubled and threatened banks in light of Vision 2030 for the development of the financial sector and the full opening of commercial markets in light of competition and the presence of large local and foreign giant banks in the Kingdom.
- Mergers should be completed in well-planned phases and steps.
- Developing human resources to find banking cadres capable of keeping up with technical advances in banking.

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