Australian Journal of Business and Management Research
New South Wales Research Centre Australia (NSWRCA)

Volume. 6, Issue. 2, (45-61) ISSN (Online): 1839 - 0846

Determinants of Cross-Border Inbound and Outbound Mergers and Acquisitions

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Received:19 July, 2021
Final Revision: 15 March, 2022
Accepted: 20 March, 2022
e Published: 21 May 2022
10.52283/NSWRCA.AJBMR.20220602A04

Abstract

Mergers and Acquisitions being an inorganic activity is foremost choice of growth and expansion by the Corporates irrespective of a sector or country it belongs to. It is specifically interesting but at the same time involves lot of due diligence procedures by the firms for undergoing the mergers and acquisitions. Firms now-a-days are involved in Domestic, Inbound and Outbound (Cross-Border) M & A due to various reasons which can be categorised into various determinants of Mergers and Acquisitions. Past Literature has described the determinants of M & A but the research is inadequate particularly for Inbound and Outbound Mergers and Acquisitions. The research has reserved Scopus as database for extracting the research papers on determinants of mergers and acquisitions for the years 1996 to 2021. The methodology includes certain tools which are used for searching the determinants of M & A comprising of Keyword Analysis, Citation Analysis, Network Analysis, Bibliometric Analysis and explaining the determinants exclusively by historical analysis. The study is discussing the emergent literature on determinants of Cross-Border Inbound and Outbound Mergers and Acquisitions. The key implications of the study precise that the determinants of inbound and outbound mergers and acquisitions are different for various sectors, country specific and also firm specific. The sector to which a firm belongs together with macro economic and firm specific determinants shape the decision of entering into mergers and acquisitions by a firm. Also, all the determinants are not postively impacting the decision of mergers and acquisitions.

Keywords: Mergers and Acquisitions, Determinants, Inbound, Outbound, Bibliometric, Firm-Specific, Macro-Economic, Cross-Border
JEL Classification Codes: F23, F65, G34, L25

I. Introduction

Mergers and Acquisitions is a process of unification of Firms bringing out a new merged entity or formation of a new corporate. This is one of the most convoluted activity for a Corporate involving end to end persistence; failing it can lead to elongated losses and Corporate may even get wound up in certain cases. Mergers and Acquisitions is not a novel exercise taken up by the Firms, it has been existing since ages but it is mounting its speed as the business is facing lot of competitiveness due to changes in business environment and economy. Be it Global Financial Crisis, Dot Com Bubble Burst, Stock Market crashes and now the most recent Pandemic, Covid 19 has become factors impacting the life of people and Corporate activities to considerable magnitude as well. In this turbulent atmosphere, firms need to be ready with all the skills and strategies with digital speed, whether they are organic activities or inorganic activities like mergers and acquisitions for pioneering tandem of advancement.

Earlier times, the history of mergers and acquisitions started before World War-I which took place from 1914 to 1918, whereby Germans Banks in Berlin started acquiring smaller banks. Also, German banks now grew globally by funding the Corporates involved in Mergers and Acquisitions (Kling, 2006). The reason for Merger gaining popularity at that time were macroeconomic variables, cost efficiency in form of economies of scale, success of prior mergers and the emerging market structure. The whole era was having seven noteworthy M & A

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waves starting from year 1880. These mergers and acquisitions waves were more constraining and focussed towards the developed nations (Bertrand & Bestschinger, 2012). First merger wave in years 1880 to 1904 emerged from Europe created monopolies in form of horizontal mergers among firms. Second merger Wave in years 1919 to 1929 directed Oligopolies by vertical mergers. The Third merger wave in years 1950 to 1960 paved way for big Conglomerate mergers (or diversifications) in firms. Fourth merger wave in years 1983 to 1989, known as Mega Merger Wave created hostile takeover deals and leveraged buyouts (LBOs) for technical evolvement in electronics, bio chemistry industry and junk bond market took place. Fourth wave served purpose of Corporate governance to protect interests of shareholders during takeover (Goldstein, 2000) and there was pressure on inefficient managers to perform better. Fifth merger wave in years 1993 to 2000, developed new types of mergers named as "Cross Border Mergers and Acquisitions" or "Strategic Restructuring**"** as economies became global by expanding in international boundaries; attracted FDI, stock markets were developing, also the internet and telecommunication sectors (IT Sector) has reached pinnacles of success (Yurtoglu & Zulehner, 2003; Kang & Johansson, 2000; Nagano & Yuan, 2013; Nagano, 2013; Reddy, 2015). After this, Sixth Wave of mergers erupted in year 2003. In 2000 year, as dot com bubble burst with huge fall in stock market, fifth wave come to an end. The Sixth merger wave from 2001 to 2008, stock market started booming, capital was available at cheaper rates providing liquidity in market and the over valued firms acquired less over valued firms. In 2008, credit and financing became scarce due to subprime mortgage crisis, which lead to recession in world and M & A Sixth wave ended there (Alexandridis, Mavrovitis & Travlos, 2012; Corderio, 2014). After Great Recession of 2009, stock market grew and finance was available in market, firms started spending money and induged in M & A. Seventh merger wave initiated in years 2010 onwards, Technology acquisition was major motivation for M & A in Technology, Healthcare, Lifesciences and Finance Sectors.

According to Companies Act, 1956, "Cross-Border (or Trans-Border) M & A are allowed only if the transferor is a foreign company". In comparision, the Companies Act, 2013 explains Cross Border merger among an Indian Corporate and a Foreign Corporate, in the location allowed under the jurisdiction of central government together with RBI. In such case the payment to be made can be any cash or depository receipts (stock) or hybrid, so as to provide easy exit to the shareholders, who do not want to continue in merged Corporate. Also, the Income Tax Act facilitates Cross-Border M & A by allowing tax exemptions for mergers where the transferee is the Indian Corporate but it do not grant such exemption in cases if the tranferee Corporate is a Foreign entity, which is further permitted in Companies Act, 2013. Noelia- Sarah Reynolds (ne'e Schnurr) and Sati Teerikangas (2016) studied two cases of domestic mergers of Northern Europe, one case of academic merger and other one Corporate merger and explored the experience of employees in both the types. According to them, domestic mergers also bear certain features of Cross-Border M & A, so the definition or meaning of Cross-Border M & A should be expanded.

From Bain's M and A Survey (2021), shown in Figure.1, it is clear that there can be certain challenges in success path of M & A starting from finding people with right knowledge regarding M & A till the board approval.

On the other hand, the motives for M & A for Indian Firms (developing nation) are different from those of developed economies. The reason for entering into M & A for the developing firms is to fulfil the limited resources, technology or any other specific advantage, which are the challenges in M & A, shown in Figure.1, whereas the developed nations enter into M & A for seeking ownership benefits. So, there arises a strong need to develop the theory and to study the global strategies of developing nations including India.

Mergers & Acquisition Challenges

Source: Author's Compilation from Bain's M&A Survey, 2021 (n=291)

Figure 1. Challenges of Mergers and Acquisition

The research method is a combination of historical analysis and bibliometric analysis used in this domain. While exploring M & A motives in India (Verma & Bhattacharya, 2019) pointed out that the Mergers and Acquisitions served as growth engine in providing strategic resources, assets, rapid market expansion and other gains. He also pointed out that the reasons for the failure of Mergers and Acquisitions can be due to the reasons like clarity to decide should the firm go for Strategic Alliance or Mergers and Acquisitions, the types of strategies to be adopted, limited knowledge regarding M & A due diligence procedures, cultural inconsiderateness, and lack of managerial capabilities. At the same time, there is a requirement of rational instead of emotional methodology to be adopted while proposing M & A for a firm. The theory justified for successful M & A is "Rational, emotion, risk-taking ability and culture (RERC MA Theory)" (Srivastava, 2018). Dhingra (2019) confined that firm characteristic are important determinants of mergers and acquisitions. This study is contributing to the literature in terms of review of literature on determinants of inbound and outbound mergers and acquisitions, which is less frequent in M & A literature and the same can be taken as base to test these factors empirically for Inbound and Outbound Mergers and Acquisitions.

II. Review of Literature and Historical Analysis

The determinants of cross border mergers and acquisitions when studied from the past literature explained that there are factors which help a firm as well as country to facilitate globalisation or entering into merger and acquisition transaction. These determinants are studied by the researchers in contexts of different countries and firm specific characterisitics. Wilson and Vencatachellum (2016) states that the explicit study which has examined cross border merger and acquisition in Africa is study by (Agbloyor, 2011). Attah- Boakye, Guney, Hernandez-Perdomo, Mun (2020) expressed their concern that the legal, regulatory determinants and economic freedom are not examined in the studies of Cross Border M & A. The macroeconomic determinants of Outbound M & A like GDP, Gross Capital Formation for economies are less researched area (Asghar & Gupta, 2018). Zhang and Daly (2011) pointed that 2000 onwards China attracted lot of FDI and got endulged in M & A activities thereby making the study of factors impacting Outbound M & A in China a broiling topic. The study by (Danzon, Epstein & Nicholson, 2007) bring into notice the inter industry disparity and do not include intra industry disparity in their study.

Kumar Sahu and Agarwal (2017) found that main determinants of mergers and acquisitions in Indian Pharmaceutical sector are import and export intensity, size of firm and research & development. They further stated that the small size as well as large size firms should be motivated to have multinational affiliation and increased exports so that they can strive in international markets through mergers and acquisitions. As per realisation of (Agrawal & Sensarma, 2007) cash flow, concentration of industry and opportunity for growth are major determinants of M & A in an economy. Reddy (2015) claimed that in context of Cross-Border Mergers and Acquisitions, India is progressing ensuing China in all the major categories. On the basis of literature the determinants of Inbound and Outbound Mergers and Acquisitions can be classified into macro-economic determinants and firm specific determinants.

Macroeconomic Determinants:

Country Trade Restrictiveness or Openness

Kyrkilis and Pantelidis (2003) confirmed that there is positive relationship between freedom of international trade and outflow of foreign investment. As, the capital mobility increases leading to funding of M & A and also an economy engaged actively in exports have more knowledge regarding products, operations, processes and technology abroad and the firms can easily compete with the import demanding firms in international boundaries. On the contrary, Johanson and Tellis (2008) made an opposite declaration that M & A success has more possibilities in emerging markets having less degree of openness, thereby promising less risk and the markets which are more closed in location to home market. Also, they elaborated that the mode of entry into foreign market should have greater controls to achieve success in Mergers & Acquisitions.

Growth of Economy or Gross Domestic Product

While evaluating the factors impacting Cross-Border M & As between Asian and European nations in years 1999 to 2004, the major macro-economic determinants which were found include country openness, financial deepening and exchange rate fluctuations (Aminian, Campart & Ptisfer, 2005). Globerman and Shapiro (2005) emphasised that one of the significant determinant of FDI in form of greenfield investment is economic growth, which further leads to increase in Outbound M & A. He futher stated that this also motivates the domestic companies to expand locally, it can be organic or domestic M & As. Bae and Hwang (1997) shed light on topic that economic growth of prior year triggers development of economy which enhances the production by local firm and the domestic firm then looks for foreign market to avoid competition among domestic firms. This is a common key concern among Indian and Chinese firms, where due to rapid growth in economy, the resources and inputs needed are becoming scarce, UNCTAD (2006: 164). It was evidenced by Liang, Ningxu and Jie (2018) that GDP, GDP growth rate, money supply and inflation are the macro-economic variables which have positive impact on inbound and outbound acquisitions for Asian nations. He has taken GDP per capita difference as proxy for labor cost which is again coming positively significant concluded that labor cost savings motivates Inbound Mergers and Acquisitions. Existing theoretical as well as empirical literature illustrates that there are significant macro and micro level determinants of Cross-Border M & A which are different for emerging and developed nations in certain frameworks.

Exports of a Country

Lipsey and Weiss (1981) have shown significant direct relationshion between exports and FDI in USA for a study of 14 industries. Blonigen (2001) found both substitutions and complementary relationship between exports of automobile parts of Japan to USA and FDI. Oberhofer and Pfaffermayr (2013) also noted down the complemantary association between exports and outbound M & A in Austria. Thomas and Narayanan (2017) elaborated that there exists positive relationship between exports and OFDI. On the contrary, Brainard (1997) claimed that that trade barriers and transport cost favours M & A and FDI activities in a study of USA.

Governance and Legal System

Giovanni has taken an aggregate index of Governance including law, corruption control, voilence absence, effectiveness of government, political stability, accountability and quality regulations. According to Attah-Boakye, Guney, Hernandez-Perdomo, Mun (2020) the withdrawal of M & A deals tend to reduce with more economic freedom and good legal or governance environment but if legal or governance environment improves in acquiring Corporate country then withdrawal chances for deals increases.

Fedderke and Romm (2006) commended that the determinants of acquisition can be classified into policy related factors, namely, infrastructure, country openness, regulation of product market, tax rate for corporates and on other hand non policy related factors such as economic & political stability, country distance, size of market, factor proportion in a nation. The factors including IPR, politcal environment, legal protection, economy's macroeconomic indicators impact the entry mode or M & A choice for a firm, Luo (2001). A cross border acquisition can be intiated only when both country accept the terms of trade between them includig the legal and governance system, constitutional structure, legal regulations, Blonigen (1997); Feito – Ruiz and Menéndez-Requejo (2011); Barbopoulos, Paudyal and Pescetto (2012)

Terms of Trade

An enigmatic detail found in literature of FDI and M & A is that FDI and Trade flow are in similar trend though traditional theory of trade explains that two types of flow should be alternates among them. Trade cost are considered while entering in foreign nation by a firm, Markusen (1997). Giovanni (2002) explained context of Trade vs FDI with the help of Gravity Model.

Quality of Information

Portes, Rey and Oh (2001) determine the trade flows by using gravity model and taking information proxies as distance, telephone traffic among both nations and the bank branches number in foreign nation. Also on similar proposal, Kay (1999) applied gravity model on Bilateral Foreign Direct Investment Flow for lesser number of countries during 1982 to 1994. He has taken information proxy as distance among nations and concluded that the trade costs can be avoided for information if there is good quality information available among nations. Therefore, information plays a crucial role in determining inbound and outbound Mergers and Acquisitions.

Taxation Rules

Louri (2001) specified that relative taxation impacts negatively but not significantly on FDI. The same result was shown by Blonigen and Davies (2001) that inbound and outbound Mergers and Acquisitions of USA when measured from 1966 to 1992 for 65 nations, there was negative impact of tax treaties on M & A.

Instability of Exchange Rate

There exists positive association between real exchange rate volatility and FDI, assuming that there are no shocks impacting the country, Goldberg and Kolstad (1995). The currency unions largely impacts bilateral trade inflows and outflows, Rose (2000). Giovanni (2002) has calculated bilateral RER(real exchange rate) by NER (nominal exchange rate) and CPI (consumer price index). The appreciation and depreciation by taking log difference w.r.t time period t and t-1, he signifies that exchange rate impacts significantly M & A decisions by the firms.

Abundance of Skills or Knowledge

Blonigen, Davies and Head (2003) proposed "knowledge- capital model" which explains that the firms always search for skilled and constructive labor, an economy having relatively skilled and productive employees draws FDI to a nation. On the contrary, nations already having skilled labor can start firm or acquire firms where unskilled labor is available at low cost, thereby leading to comparative advantage issue. Dhingra and Kapil (2019) elaborated that skilled labor is an important factor in determining the intensity of M & A in a country.

Shared Common Language

Language is a crucial component for understanding and explaining any organisation process. When cross – border mergers and acquisitions are intiated, the deals take place between two firms which belong to different nations having different languages, leading to a barrier of easy trade. According to Giovanni (2002) common language is considered an important determinant of mergers and acquisitions as the managers of the acquirer company and target company can easily communicate and process the deal.

Similarity in Culture

Globerman and Shapiro (2005), incorporated two variables for cultural distance when evaluated by regressing them on M & A flows resulted in positive relationship between culture similarity and foreign capital inflows and outflows.

Geographical Distance among Countries

The geographical distance can be factor promoting mergers and acquisitions activity, if two countries are close to each other in terms of location thereby leading to various benefits in form of cost saving, efficiency and other benefits, Giovanni (2002).

Stronger Protection of Investors

Globerman and Shapiro (2005), shareholders protection serves M & A inflows and outflows in a country. Neto, Brandão and Cerquira (2010) explained that investor protection index has significant impact on mergers and acquisitions inflow and outflow.

Size of Country

Economic prosperity can be impacted by global economic policy uncertainity leading to increase in inward FDI in an economy, Canh, Binh, Thanh and Schinckus (2020). Asian economies attracted outbound mergers and acquisitions from China around 74.4% of its total OFDI in 2015. One of the important determinant was Asian countries infrastructure, Iqbal, Sami and Turay (2019).

Domestic market Mergers and Acquisitions number

Giovanni (2002) cleared that the level of domestic market mergers and acquisitions also impact the decisions taken by the acquirers whether to involve in cross-border M & A in a particular nation. He introduced GDP in regression thereby depicting that the nation if has economic growth will go for domestic M & A which will further leads to cross – border mergers and acquisitions probable in the country.

Prosperity of Financial Market

In a developing country, majorily Firms desirous of expanding business depend upon funding facilities by banks, financial institutions, private institutions. They need funds on less cost so, as to expand product lines, diversify in markets and other decisions. Financial deepness of markets can be measured in terms of size as well as liquidity, such markets offer funds or capital to firms for investments. Development of financial markets grow domestic market and also the relation of domestic markets with global markets in form of mergers and acquisitions, greenfield investment projects. Variable used commonly by most of studies is ratio of stock market size to GDP of economy, this variable do not give clarity on accessibility of private sector credit. Giovanni (2002) measured financial depth of a market by analysing two variables, stock market capitalisation which is stock market size ratio to GDP and other variable considered by him was credit given to the private sector measured by ratio of private credit to GDP. Both the variable were found positively impacting the decision of IFDI & OFDI, also inbound and outbound mergers and acquisitions.

Makoni (2017) inbound FDI is impacted by capitalisation of stock market and assets of commercial bank, domestic credit granted to private sector. Liang, Ningxu and Jie (2018), inbound mergers and acquisitions are impacted positively by financial openness comprising of credit to private and capitalisation of stock market whereas outbound mergers and acquisitions are not influenced by financial openness of the host nation in Asian nations.

Firm- Specific Determinants

Firm Size

Dessyllas and Hughes (2005) explored that acquirer firms are large in size. In Pharmaceutical and Biotechnology sector M & A, small firm are expected to take part in mergers and acqusitions to earn economies instead large size firm take part in M & A. Small firms are more successful in merger and acquisition than large size firms, Johnson and Tellis (2008). Duflos and Pfister (2008) explained that the motivation is different for different size of acquirer and target firm. Large aquirer firms involve in M & A to increase their growth. The post acquisition financial performance of Indian pharmaceutical firms is dependent on firm size. On the contrary, Moeller and Schlingemann (2004) found that the acquisitions are impacted by firm size as small firm gained and performed more when announce merger and acquisition but the large firms have loses on announcement of M & A. Large firms have to pay more premium which is negative synergy.

Firm Age

According to Duflos and Pfister (2008), acquirer firms and the target firms in Pharmaceutical sector are younger firms, who intend to expand rapidly, interested in mergers and acquisitions. Lin, Huang, Liu (2010) elaborated that a firm’s age can be determined on the basis of its number of patents as enough number of patents implies less motivation to innovate and engage itself in Mergers and Acquisitions. Siddharthan and Pandit (1998); Burch, Nanda and Narayanan (2004) established that the experience gained by firm impacts its corporate restructuring decision.

Tobin’s Q

Investments in form of mergers as well as non merger increase for growth indicators like Tobin’s q. Also, Firm’s capital stock rate of return is more than the cost of capital for the firms involved in M & A and if Tobin’s q value is more than 1 and then the firm decides to go for M & A or invest, Andrade and Strafford (2004). Jovanovic and Rousseau (2002), stated that the firms having lower q are acquired by higher q firm. Andrade and Stafford (2004) apportioned the data in high tobin q and low tobin q firms, concluded that there exists positive relationship between high tobin q and investment in form of mergers and acquisitions and also other investments. Thus, Tobin’s q is an important determinant of cross-border M & A.

Leverage or Capital Structure of Firm

Higher degree of leverage impacts occurance of mergers and acquisition decision by Firm’s Managers because of high debt present in the firm, Dessyllas and Hughes (2005). Leverage impacts negatively investment in research and development activity, Hall (1988). Bopkin and Onumah (2009) explained that leverage is an important factor impacting firm’s capital investment decision, it negatively impacts investment to be made by firm. Das and Kapil (2015) confirmed that the firms having low debt are aquirers in the global markets.

Firm’s Profitability

The firm’s profitability which is operating in technology industry defines the probability of its mergers and acquisition decision, Dessyllas and Hughes (2005). In Pharmaceutical Sector, there exists positive reationship between cash to sales ratio, another measure of financial wellness of firm and acquisitions, Danzon, Epstein and Nicholson (2007). Burch, Nanda and Narayanan (2004) proclaimed that firms invests their earnings or profits in acquisitions in technology sector. On the contrary, Andrade and Stafford stated that the firm's decision of mergers and acquisitions is not impacted by its profitability but other investment decision of a firm are impacted by profitability.

Earnings Instability or Volatility

Raman and Shahrur (2008), the firms enter into association with the suppliers and the customers, which instead of improving volatility enhances it. Arend (2004) clarified that the stock market price volatility can be diminished with regulated alliance which impacts a firm's earning volatility. The banks when finds high volatility in its earnings, they expand their revenue through non interest based earnings, which prevents volatility, Stiroh (2004). On the opposite argument, Goddard, Mckillpo and Wilson (2008) states that the volatility in earnings of bank increases when it expands its fee based earnings.

The earning volatility can not be reduced through diversification in international markets by the firms, Burgman (1996); Chkir and Cosset (2001). The stock returns volatility make it unable for firms to make predictability regarding their earnings, Lim and Park (2011). The firm donot decide on its own the mode of entering into international market, will it be joint venture, mergers and acquisitions, strategic alliances, greenfield investment, entering new product line or any other mode of FDI. Bharti Aitel example can be quoted here, where Aitel acquired South African Telecom Company "Zain" to expand in international markets as domestic market get satiated.

Firm's expenditure on research and development

Mishra and Chandra (2010) have given a different perspective that research and development can impact sometimes negatively and other times positively the firm's decision to involve in mergers and acquisitions. The other point of view was given by Dessyllas and Hughes (2005), technology firms which are very active in mergers and acquisitions possess knowledge knack and low degree of research and development. On the same lines, Blonginen and Taylor (2000); Danzon, Epstein and Nicholson (2007); Duflos and Pfister (2008) also concluded that firms having high probability of mergers and acquisitions are investing less in research and development.

Louri (2001), Research and Development intensity has positive but insignificant association with mergers and acquisitions activity. Vyas, Narayanan and Ramanathan (2012) stated that R & D has positive and significant effect on M & A. Thomas and Narayanan (2017) the firms involved in outbound acquisitions make high investments in research and developments and high level of R & D imports.

Intangible Assets

The characteristics of Firm like size of firm, intangible assets including technology advancement of firm are considered significant factor determining inbound and outbound mergers and acquisitions, Lall (1991); Blomstrom and Lipsey (1991); Pradhan (2004); Kumar (2008). Melitz (2003); Helpman, Melitz and Yeaple (2004) examined that the determinants of mergers and acquisitions are not dependent on industry specific factor like research and dvelopment expenditure but it is impacted significantly by firm specific productivity.

Excess Capacity or Patent Expiration

Pandit and Siddharthan (1998) observed that the firm's decision for technology acquisitions is driven by capacity expansion. Danzon, Epstein and Nicholson (2007), mergers and acquisitions in Pharmaceutical and Biotech Sector, are driven by excessive capacity in forms of drugs which are in pipelines and the patents which will be expired. In their study, they have included drug's age (i.e., the drugs which are about to expire), which has direct impact on entering into mergers and acquisitions in order to prevent the revenue and increase productivity of the labor by patent expiry. Duflos and Pfister (2008) the aquirer firms have low Tobin's q, less research and development, more number of "radical patents", also, target firms too have large number of "radical patents". Before merger and acquisition, the acquirer company further increase their research and development. Thus, mergers and acquisitions activity is dependent on excess capacity or patent expiration.

Intensity of Advertisement

It was confirmed by Siddharthan and Pandit (1998) that advertisement intensity effects positively mergers and acquisitions decisions among large size Indian Corporates. Wang and Moini (2012) established that Danish Firms are seeking for mergers and acquisitions as a strategy to expand the business, enrich the product mix, economies of scale, expanding location wise, increasing knowledge base, expertise. According to them in order to be successful in M & A, firms sometimes show overconfidence and indulge in replications.

Foreign Affiliation

After economic reforms, as a result of globalisation, more firms are becoming multinational enterprises thereby producing for other nations. In sectors like Pharmaceutical, biotech, Telecommunication in India, 100 % FDI is encouraged. Once a firm is Multinational firm, it has established brand name, better know how and technology, intangible assets, resources, moreover firms are motivated to make investment in mergers and acquisitions and thereby seek growth. According to Burch, Nanda and Narayanan (2004), automobile firm's growth and development is having positive relationship with foreign equity in capital.

Business Group Affiliation

A business firm remains cautious while licensing its technology, if a firm is a part of business group then there are no chances of leakages of any intangible asset or technology. The firms who are business group affiliated are aware about the internal market scenario of foreign markets, which equip them to initiate mergers and acquisitions, La Porta, Lopez, Shleifer and Vishny (1997). Chittoor, Sarkar, Ray and Aulakh (2009) explained that the business Groups help the firms on their international markets by refining the effect of previous resources invested in the international market. Business group affiliated firms are considered more innovative in their processes and adaptive to the external environment and institutional framework, Yiu, Bruton and Lu (2005); Nelson (2008). Firms which are a part of business groups have urging power with a country's government, Lincoln, Gerlach and Ahmadjian (1996). Firms affiliated to business groups have more incentives to implement mergers and acquisitions strategies.

III. Research Methodology

Baumeister and Leary (1997); Wong et al. (2013) explains that systematic review gives the reason for review and the mistakes conducted in review, thereby provides guidelines for review

Describing Keywords

For an inclusive research the keywords selected are: "inbound mergers and acquisitions", "outbound mergers and acquisitions", "cross border mergers and acquisitions", "determinants of cross border mergers and acquisitions", "trans border mergers and acquisitions". The objective is to investigate the studies analysing determinants of cross border or inbound and outbound mergers and acquisitions over a period of 25 years during the period 1996 to 2021.

Designated Database

The online platforms or databases which are offering the studies related to mergers and acquisitions are Science Direct, Scopus and Web of Science. The database designated for the study is Scopus which is having biggest collection of studies related to the given topic. The journals are published by Emerald, Science Direct, Elsevier, Springer, Wiley, Taylor and Francis, Sage, Proquest, EBSCO. The extracted number of research papers specifically related to determinants of inbound and outbound mergers and acquisitions are 240 after screening the research papers from the collection of determinants of M & A, 500 in number.

Descriptive Statistics

In this section the statistics related to inbound and outbound mergers and acquisitions are presented and elaborated by way of *Keyword Analysis*- most frequent studied keywords, year-wise publication, Journal publication, *Citation Analysis*- Journal citation analysis, Author wise citation analysis. The information for analysis has been retrieved from Scopus and ABDC.

Network Analysis

Network Analysis is used in the study to examine the keywords used and the citations of journals. It helps us to identify which keyword is used in the study period of 1996 till 2021 in M & A research and which journals have published this research. The same is presented wonderfully with the help of Vosviewer, which captures metadata files and present the same in network diagram of keywords.

Bibliometric Analysis

Bibliometric Anaysis has been conducted to study the most cited author publication and the journals which have published and citations for these published research papers for topic- Determinants of Inbound and Outbound Mergers and Acquisition and Determinants of Cross Border Mergers and Acquisitions. Files with .txt extension are used and data which is repossesed from Scopus, ABDC and the software used is Vosviewer.

IV. Data Analysis

The data of last 25 years from 1996 to 2021 is presented in form of keywords statistics. All the keywords used in mergers and acquisitions research are noted and presented in form of Table.1, which shows all the keywords which appeared in M & A studies till date. It was found in Figure.2 that most frequently researched word is m & a with around 104 studies been used. After that next more frequently used words are: transaction, 82 times; cross border merger 61 times onwards. This indicates that cross border merger is a phenomena which is occuring in nations is emphasied in the studies as well. Figure.3 shows the acquisitions and cross border acquisition as researched areas by looking at the score of these words in the diagram.

Table 1: Search of Keywords with occurences from Source

Keywords	Occurrences	Keywords	Occurrences	Keywords	Occurrences
Acquirer	38	Interaction	78	Merger Performance	26
Acquisition Activity	53	Investment	48	Merger Plan	26
Acquisition Announcement	20	Investor	39	Merger Policy	180
Acquisition Deal	13	Large Merger	11	Merger Premium	22
Acquisition Decision	12	M & A	104	Merger Proposal	23
Acquisition Performance	24	M & A Deal	15	Merger Rate	120
Acquisition Process	32	M & As	35	Merger Regulation	74
Acquisition Strategy	18	Market Concentration	11	Merger Remedy	49
Acquisition Transaction	18	Market Power	27	Merger Review	55
Acquisitions	39	Market Share	28	Merger Scenario	36
Announcement	39	Merger & Acquisition	34	Merger Strategy	27
Bank Merger	53	Merger Acquisition	16	Merger Success	16
Bank Mergers	13	Merger Agreement	25	Merger Transaction	12
Barrier	17	Merger Analysis	101	Merger Waves	32
Buyer	14	Merger Announcement	51	Multiple Merger	11
Cluster	113	Merger Arbitrage	29	Organizational Merger	18
Competition	166	Merger Assessment	14	Performance	189
Competition Policy	34	Merger Case	72	Post-Merger Integration	143
Concentration	47	Merger Control	297	Post-Merger Performance	37

Conglomerate Merger	21	Merger Deal	28	Post-Merger Period	14
Corporate Merger	38	Merger Decision	55	Proposed Merger	23
Cross Border Merger	61	Merger Effect	41	Reform	59
Deal	45	Merger Efficiency	17	Regulation	74
Determinant	44	Merger Enforcement	41	Regulator	20
Diversification	18	Merger Event	50	Restructuring	30
Empirical Analysis	44	Merger Failure	11	Reverse Merger	17
Empirical Evidence	35	Merger History	53	Shareholder	60
Empirical Investigation	13	Merger Incentive	12	Shock	42
Empirical Study	32	Merger Integration	17	Stock Market	20
Eu Merger Control	58	Merger Law	26	Successful Merger	17
European Merger Control	38	Merger Litigation	14	Target Firm	15
Financial Performance	73	Merger Model	35	Transaction	67
Firm Performance	12	Merger Movement	50	Transnational Merger	12
Globalization	11	Merger Negotiation	32	United States	24
Horizontal Merger	68	Merger Origin	24	Value Creation	17
India	51	Merger Paradox	21	Vertical Merger	19

Author's own compilation

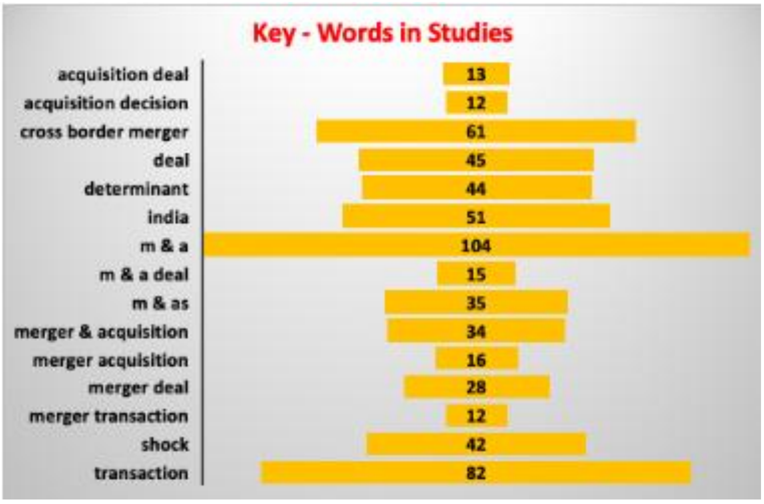

Figure 2: Keywords of Mergers and Acquisitions Studies
Author's own compilation

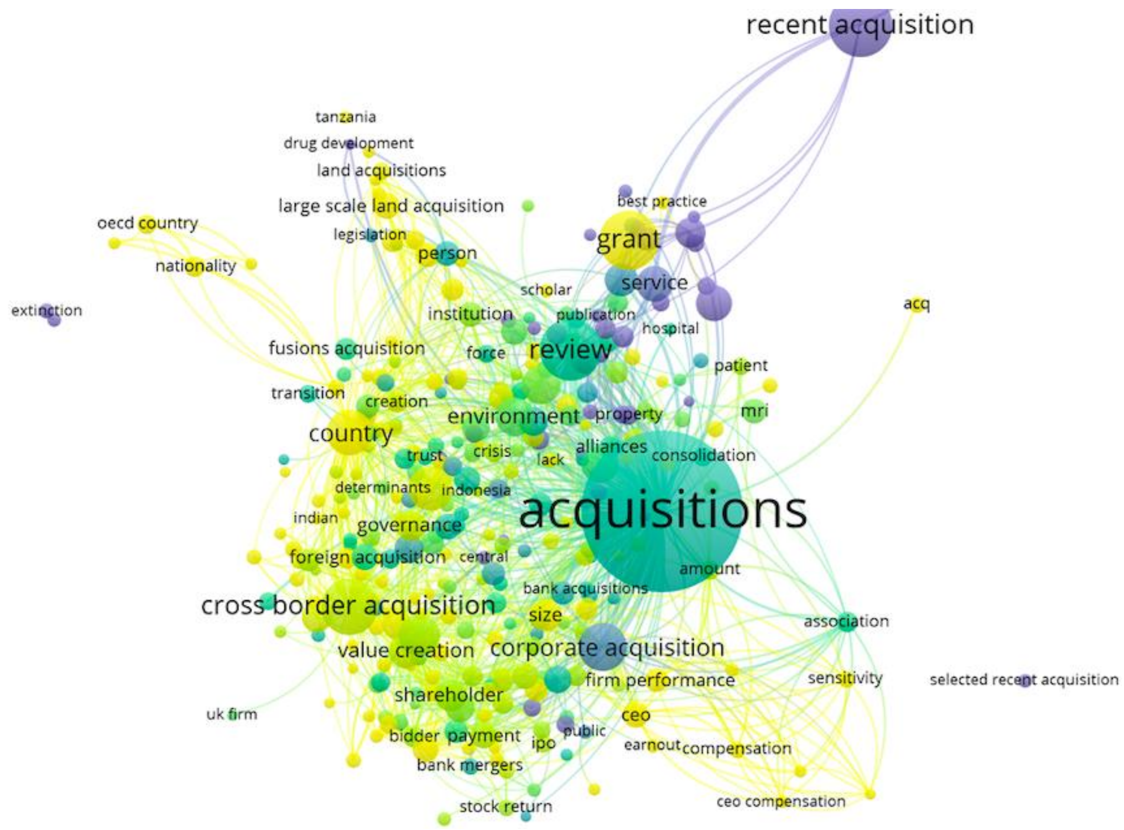

Figure 3: Keyword Network Diagram
Author's own compilation

Year-wise number of publications can be observed from 1996 to 2021, in Figure.4, where maximum research papers are published are in the year 2016 after that the next maximum publication was in the year 2017,i.e., around 20 studies, the next highest in 2021 as 17 studies and in other years also the number of studies are carefully shown in the diagram. This gives us insights regarding the studies published till date in the chosen database, Scopus in the given topic.

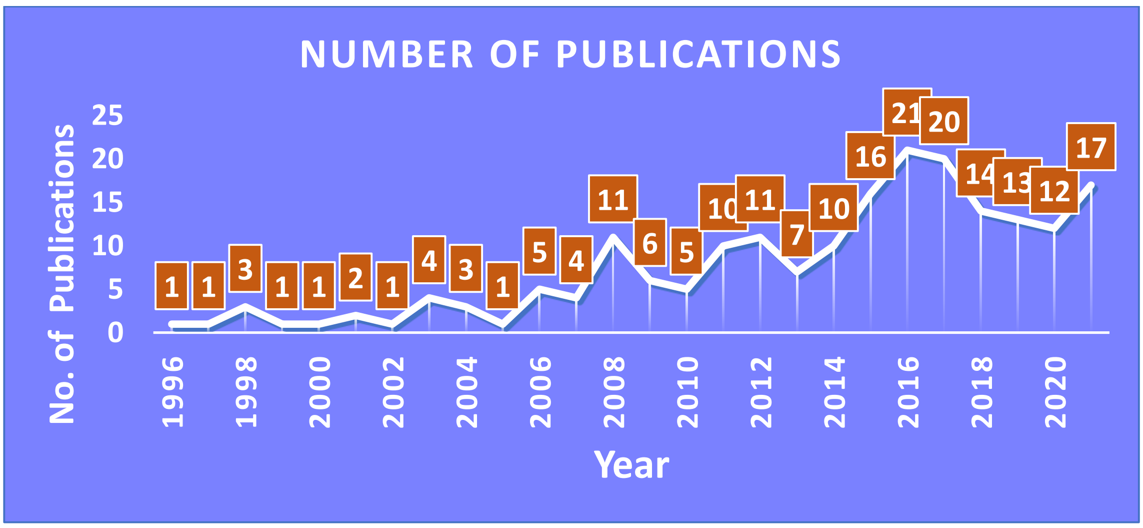

Figure 4: Year-Wise Publication of Studies in Cross Border Mergers & Acquisitions
Author's own compilation

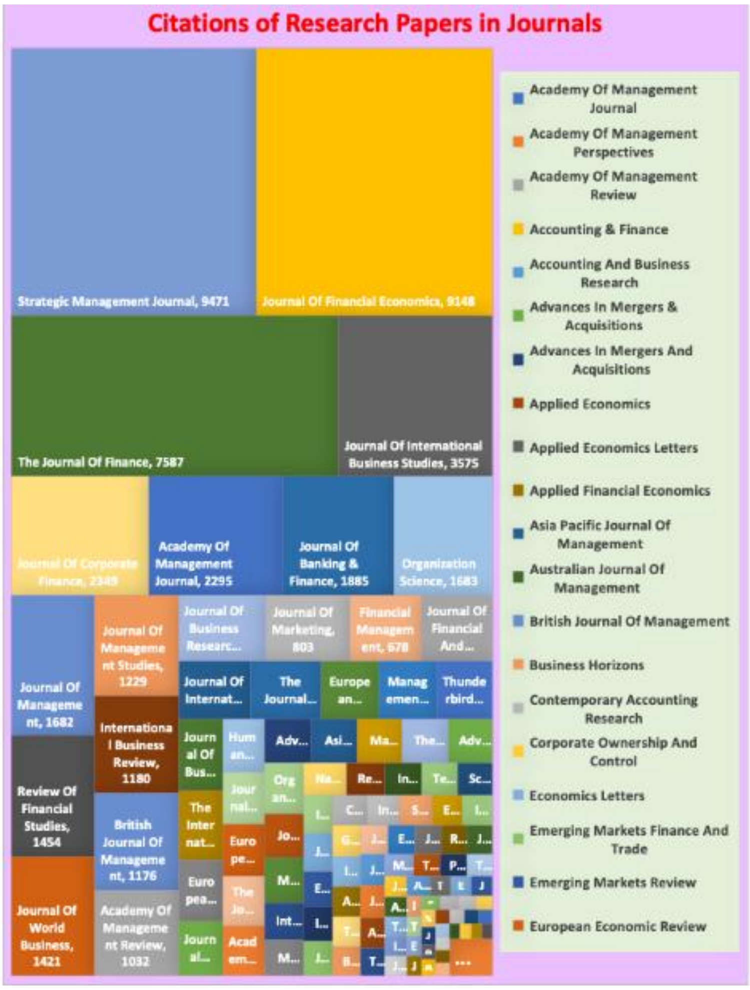

Figure 5: Citations of Studies of M & A in Journals
Author's own compilation

The Journals which have published the studies of mergers and acquisitions and are on scopus database as well are collated and shown in Figure.5 with the citation number of studies published in every individual journal. It gives us immense idea that all the studies which are published till date in the particular are associated with which eminent journal.

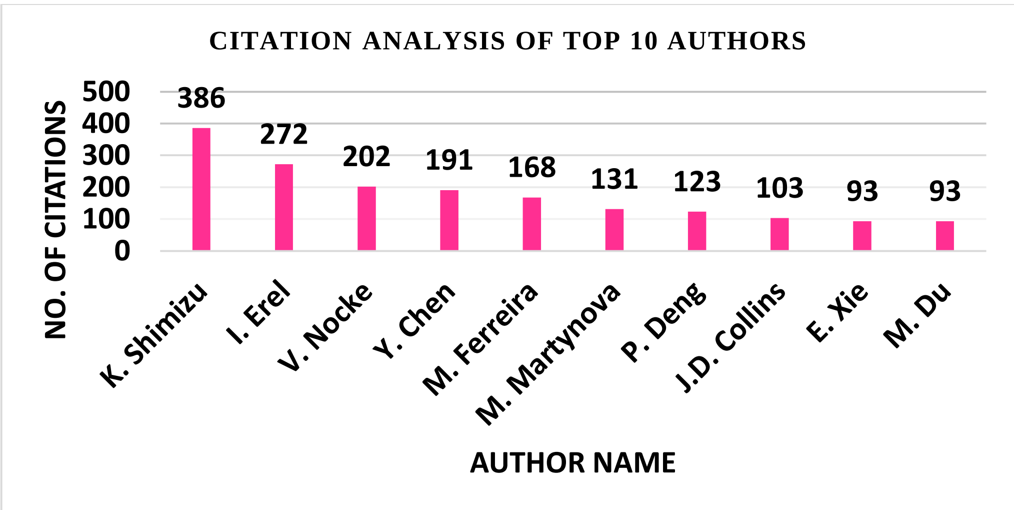

Figure 6: Citations of Top 10 Authors in Cross Border Mergers and Acquisitions
Author's own compilation

The Citation Analysis of top ten authors in the field of determinants of cross border mergers and acquisitions alongwith the number of citations of all the authors are displayed in the Figure.6, which further throws light on the huge number of citations of certain authors which are very old studies and thereby frequently referred by the authors writing their research in the same area. K. Shimizu as most cited author with 386 citations, after him, I. Erel with 272 citations and then V.Nocke with 202 citations and other valued authors and researchers.

V. Conclusion

According to the research study, the determinants of Inbound and Outbound mergers and acquisitions are not same. Also, after globalisation and other economic reforms by the government, the developed and developing economies are more actively engaged in mergers and acquisitions to the extent that almost each sector has shown instances of M & A in different economies. The factor like openness of a country has mixed results, stating that certain scholars explained that less open countries have more M & A and vice versa, more economic growth has tendency of a greater number of mergers and acquisitions in a country. Exports of a country legal and governance system, trade terms, information quality, shared language, Cultural Similarity, Investor Protection, Size of country, number of domestic M & A, prosperity of Financial market, Intangible assets, Advertisement Expenses, Business group affiliation are positive and significant determinant for Inbound and Outbound M & A. The determinants including Leverage or Capital Structure, Excess Capacity are negatively influencing occurrence of Cross Border M & A. On the other hand, the determinants like Taxation Regime, Exchange rate volatility, Skill abundance, Geographical Distance, Firm Size, Firm Age, Tobin's q, Firm's Profitability, Earnings volatility, R & D intensity, Foreign Affiliation has mixed effects, i.e., certain research studies found empirically that it has positive relation and others showed these factors negatively influencing Inbound and Outbound M & A deals.

VI. Implications of Research

The outcomes from the research study established that the determinants of mergers and acquisitions are common but not the same for both inbound and outbound mergers and acquisitions in terms of each determinant as well their impact whether positive or negative is different. Certain determinants of M & A have positive impacts to enter inbound & outbound deals and others are showing negative influence while initiating the inbound & outbound mergers and acquisitions, also, there are determinants which have shown mixed results for M & A, Dhingra and Kapil (2021). Also, Srivastava (2018); Dhingra (2019); Das and Kapil (2015) found that the firm specific characteristics are most significant determinant of cross-border or trans-border M & A. Cross Border mergers and acquisitions on the other hand are impacted by macro-economic environment of a country, it is considered first factor to determine inbound and outbound mergers and acquisitions, Giovanni (2005); Boateng, Naraidoo and Uddin (2011).

VII. Limitations and Future Directions

The study has tried to incorporate the results of the research studies from years 1996 to 2021 from the all the listed and prominent journals related to the topic, "Determinants of Mergers and Acquisitions" only. Except that, there are other areas as well related to Mergers and Acquisitions which can be researched like the human resource perspective of mergers and acquisitions, legal compliances standpoint of mergers and acquisitions, economic activities relation towards mergers and acquisitions and substantially more. This will enrich and built-up a new area interconnected to Mergers and Acquisitions.

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