

ANALYTICAL STUDY – STRATEGIC OPERATION AND LEADERSHIP
ENGAGEMENT IN M&A IN DIFFERENT SECTORS
ACROSS US, UK, AND APAC REGION

by

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Dedication

I dedicate this thesis to my beloved family and dear friends, whose unwavering support has been a constant source of strength throughout this journey. My deepest gratitude goes to my amazing parents and sister, whose continuous encouragement and motivation have inspired me to overcome numerous challenges. Their heartfelt words and steadfast belief in my abilities have been instrumental in guiding me through both the highs and lows of this process. They have been my pillars of support, providing love, guidance, and the occasional push exactly when I needed it most. To my friends, thank you for your endless support, and understanding, and for always being there to lift my spirits and celebrate each milestone with me. This accomplishment would not have been possible without the collective love, encouragement, and assistance from all of you. I am truly blessed to have such incredible people in my life, and I dedicate this work to you with immense appreciation and love.

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My heartfelt thanks go out to the entire Upgrad team and the SSBM representative for their continuous support and dedication. Their contributions have been invaluable in helping me reach this point. Thank you for everything.

ABSTRACT

ANALYTICAL STUDY – STRATEGIC OPERATION AND LEADERSHIP
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Mergers and Acquisitions (M&A) are crucial for business development and market cycles globally. This study aims to understand the necessity, implications, and impact of M&A on both acquiring and acquired companies. It covers various sectors, including banking, IT, energy, and oil, analyzing data from multiple countries such as the UK, US, Russia, India, China, Japan, and Sri Lanka. The research identifies primary drivers for M&A, such as higher cash flow, economies of scale, and growth opportunities. It examines the implications of M&A on tax laws, policies, and socio-economic changes.

Human capital-centric strategies and management decisions are highlighted as crucial for successful M&A. The research discusses the impact of external factors such as global economic conditions, geopolitical situations, and the COVID-19 pandemic on M&A activities. The methodology applied in this study uses secondary dataset that were analyzed using statistical methods for the quantitative data and thematic analysis for the qualitative data.

The study emphasizes the need for appropriate strategies to manage human capital and business operations effectively. Issues related to tax evasion and the legal aspects of M&A are addressed, suggesting the need for robust accounting standards and forensic accounting to detect and prevent irregularities. The findings of this research indicate that digital transformation significantly enhances organizational efficiency by streamlining processes and reducing operational costs. Additionally, the study reveals that digital transformation positively impacts employee productivity by providing better tools and resources, fostering a more collaborative work environment, and enabling remote work. However, the research also highlights challenges such as the need for continuous training and the potential for increased work-related stress due to constant technological changes.

Sector-specific insights into M&A activities in the banking sector in India, Pakistan, and Nigeria, and the oil market in Russia are provided. The study concludes with recommendations for future research and strategies for successful M&A, considering the impact of technological advancements and external factors to maximize their benefits while mitigating potential drawbacks. The study provides valuable insights for organizations seeking to navigate the complexities of digital transformation and improve their overall performance.

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CHAPTER I: INTRODUCTION

1.1 Introduction

The corporate goal in terms of financial attributes is to maximize the company's assets and profit with an agenda to grow the business and market value, along with paying back shareholders a good sum of profit based on the investments and the effort they made in the journey. Growth like this can only be achieved with better leadership and strategy, which is a crucial part of mergers and acquisitions (M&A) (Jallow et al., 2017; Lahovnik and Malenkovic, 2011).

M&A is a key practice in modern work of business where the two firms collaborate to expand their market visibility and to design and develop improved products. By this fundamental approach, companies often create better synergy, tax savings, improved assets, and better products for the business. Many researchers put their suggestive definitions and understanding behind the definition of M&A, but the best way and simplest way to describe them is - a transaction in which two firm collaborates and merge with a single specific objective to achieve shared assets and controls (Lahovnik and Malenkovic, 2011).

M&A plays a vital role in changing and developing new opportunities for development and policy changes to harbor new technologies, and trends and upgrade their technology to

sustain in the market with upgraded products. As a corrective process to the business market. The objective behind every merger could be different and could be beneficial to either both firms or one of the firms. Many previous studies conclude that the major drivers of M&A are: Higher Cash flow, scales of economies, the scope of economies, higher growth avenues, and low concentrated business and business models (Gerritsen and Weitzel, 2017).

During the transaction of M&A, integration and policy control are major segments that directly deal with the human capital component of business operations. Changes introduced as part of mergers that impact the human capital are generally driven by the business operations and the financial instruments but the missing factor is the socio-economic state around the globe. Researchers validated this pattern and concluded that the mergers with appropriate human capital-centric strategies and management decisions, production quality, and customer trust increase in newly merged entities. It also helps in controlling the attrition rate. Studies do share the fact that mergers that restrict their focus to financial instruments only and exclude human capital from their strategic decision, often fail in a very short period (Capasso and Meglio, 2010; Gerritsen and Weitzel, 2017).

Many researchers do talk about ulterior motives behind M&A by which they first evaluate the firm with the small market capital and higher customer penetration, the future aspects of its product and services, the customer behavior toward their product and services, management policy and strategies, and then also the financial instruments like ROA

(Return on Assets), ROE (Return on Equity), price per equity and net profit margin. Considering all these aspects firms do come up with strategies and planning to take over the firm and its management in the name of M&A. And this gives an upper hand to the acquiring firm. Not only that, with this mode of transaction the market faces a challenge of monopoly and non-competitive space where the products can be sold at higher prices and in return hurt the market and consumers (Md Alam Ansari and M.Mustafa, 2020; Mirc and Very, 2015).

Another reason that impacts the M&A like any other business transaction is socioeconomic conditions arise due to global issues. In 2020 the world faced challenges due to COVID-19 and as soon as the WHO declared it as a pandemic, we saw many changes to the policies to address the demand and supply and also to handle the manpower. During Covid time, studies found that the transaction was in a “V” shape curve. This signifies that there was as steep in the first quarter of 2020 and then from the second Quarter it corrected and rose like anything (Kooli and Lock Son, 2021).

During this time, we also observed a war between Russia and Ukraine, due to which many countries put sanctions on Russia, and as a result, there is a heavy shortage of raw materials that originated from Russia. Not only that, the Trillion-dollar debt bubble burst of Chinese real estate shocked the whole world, and many foreign entities who have directly or indirectly correlated to the investment and funds of Chinese real estate were on the verge of declaring bankruptcy. This shift in the economy can be mentioned at the national level

but the impact was on global politics and they do impact the global economy (Bingham, Heimeriks and Schijven, 2015)

Measuring Instruments

Numerous financial measuring instruments help in understanding the performance of the firm, out of which we will be explaining a few of the most commonly used instruments as follows:

Return on Assets (ROA)

ROA is considered an important aspect in identifying the success matrix, which can be calculated as total assets under the company's control which is calculated by dividing net operation income by the firm's total Assets (Ricke-Kiely, 2023; Lahovnik and Malenkovic, 2011).

$$\text{Return on Assets} = \frac{\text{Net operational income of the firm}}{\text{total Assets under firms control}} \quad (1)$$

Return on Equity (ROE)

The most suited instrument the business for calculating firm performance is Return on Equity also known as ROE which is calculated via the formula (Lahovnik and Malenkovic, 2011):

$$\text{Return on Equity} = \frac{\text{Total Income} - \text{total taxes}}{\text{total equity capital under firms control}} \quad (2)$$

Equity per Share (EPS)

Equity per share is considered yet another important tool by company analysts. It is also observed that firms that do not pay dividends, make more equity per share values on a year-on-year basis without taking any capital from the market as borrowed capital (Gerritsen and Weitzel, 2017).

$$\text{Equity per Share} = \frac{\text{Total Income} - \text{total taxes}}{\text{total equity capital under firms control}} \quad (3)$$

Net Profit Margin (NPM)

Net profit Margin is the much more generalized output of the firms to share the profit made from all the phases. This can be generalized via the formula mentioned below (Gerritsen and Weitzel, 2017):

$$\text{Net Profit Margin} = \text{Gross Profit} - (\text{interests} + \text{Taxes}) \quad (4)$$

This fraction gives a better picture of the following:

1. Acquiring a company can predict to understand how much profit it can make by acquiring a rival company.
2. Company getting acquired, can estimate the cost margin and segregation of assets.
3. Finally, in both cases, M&A gives the details on how much increase or decrease in ROA to comment if the transaction was profitable or loss-making.

1.2 Research Problem

M&A is one of the most utilized tools in the business world any new research can result in new techniques which can be collaborated with the existing ones to achieve better results.

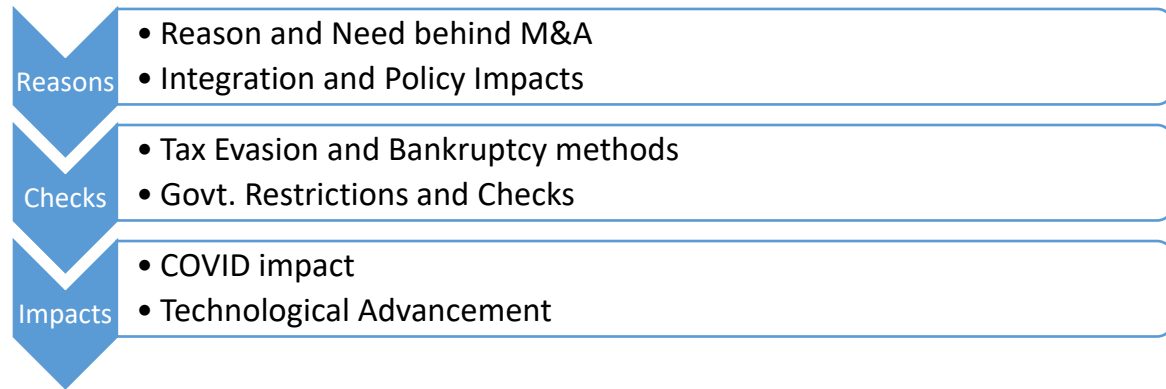


Figure 1: Research Problem

Source: Thakur (2024)

Firstly, with the help of this study, we will be encapsulating the ideas and views behind mergers and their need in the modern world. There is only one prominent reason behind all the mergers which is generally the financial instability of the firm or the non-availability of enough cash to sustain the business requirements but the real intention is also required to be addressed so that we would be able to make the relationship between the financial instruments of pre-merger and post-merger.

Secondly, the impact of integration and policy along with the remediation plan can help us understand the impact of merger on human capital and business operations. This will lead us to answer the facts like, how much integration and policy quotient is penetrating to the

M&A related activities. Though the previous studies only talk briefly about this area considering this as part of the investigation can help in making a road map for upcoming mergers.

Thirdly, the tax evasion method and the bankruptcy method obtained by the firm to invite the state of M&A can be examined in terms of the financial and asset valuations. This will help in checking the illegal trade under the name of M&A. Though the study has a limited amount of data for the research work and we do not have the book of accounts from the firm the value of the assets before the merger and a couple of years' records can help in deducing the reasons and the factors that may be creating the chaos.

Fourth, as we are referring to the data set across domains like oil and energy, banking, and its corporations across multiple countries, we would also be studying a few government policies and restrictions, which can help us understand the success rate of the merger in those areas and the possible cause behind them. It will also open a door for other firms to look for investment in other parts of the globe and increase their profit.

Fifth, an obvious factor that many researchers briefly touched on and why many corporations evaluated as a loss-making period commonly referred to as COVID time, we have seen a “V” curve in the M&A plan. This makes us think and realize that the possible cause for this curve is not just the crunch but there are more factors involved which can only be identified with intense research.

Sixth and finally, we would be able to put a correlation and the impact of technology advancement in the area of M&A and how adversely or gently it is impacting the notions. With the new updates related to automation and chat GPT, many small companies claim to have better solutions and compete in the market for better services. Using these firms with extensive resources and looking for the transition to the new technology can easily utilize the notion of collaborating with the firm and consider the action as a merger. Which is a pure case of technological advancement's impact on M&A. With all these questions answered we can put up a road map for the firms or the M&A specialist to consider having a successful merger, as all these topics are researched separately and there is no interactive information or conjunction shared yet.

1.3 Purpose of Research

Business practices are sophisticated as they involve heavy financial transactions and investments in human capital, assets, technology, and advancement controlled by strategy and management policies. But the success and failure or the sustainability of the business are equally dependent on external factors that impact not just the firm or sector but the whole market rather would say the whole economy. M&A is one such instrument which is a very controlled method of operation to achieve a particular goal without investing from scratch but to collaborate with the firm that is already utilizing the factors and operating at a certain asset value.

Mergers that are made with the intention of collaboration and the creation of a new improvised product with technology and asset sharing create a great impact in the market and increase the asset value of the merged and the parent organizations. But the issue starts arising when the transaction of M&A is just a cover to hide the ulterior motive of controlling the market and ceasing the competition. This not only impacts the acquired firm but also impacts the market value and customer base. To understand the notion and the nature of this transaction we first have to understand the cause or the need for the mergers. Following this we have to understand the factors which impact these mergers.

Not only that, there are external factors that do play vital roles in the success and failure of the appropriate merger transaction that we commonly call – geopolitical situations, socio-economic state, global or country-specific sanctions, and unknown or uncontrolled factors. This uncontrolled factor is nothing but a natural or manmade disaster or the state post-disaster. In 2020 whole world was closed due to the global pandemic situation which badly impacted business transactions and created a void of cash and a question of sustainability. Due to this many firms went bankrupt and had to look for better prospects under the name of M&A.

After all these things four major concerns which are the main root cause of this study in the M&A domain are:

1. Based on the type of M&A under which the acquired company may have an integrated model for existence even after the merger or may cease to exist after handing over all the legal profiles to the acquiring company. Under both conditions, one of the biggest questions is on what basis the M&A practice can be considered a best practice. How does this make any stand invalidating the merger in terms of profit return, Asset value, and then customer base?
2. After a pandemic, it is very difficult to say what are the viable reasons behind the poor performance of the organization, whether it is just the product's imperfect marketing strategy or it is the change in demand in the market post-pandemic.
3. With the advancement of new technologies are we able to utilize the latest technology to amplify the product performance amplitude and serve consumers with improvised products? Advanced AI tools like AR, VR, and especially Chat GPT serve as the solution for automation and AI-based chat rooms and operations, which support business runs 24X7.

Finally, if able to get the answer to all three? we can put a suggestive road map for successful M&A for M&A specialists and other firms who look for the improvisation and sustainability in the market via M&A.

1.4 Significance of the Study

Unbiased and profitable transaction in business by M&A is the only key any organization looks forward to across the globe. This M&A transaction is prone to damages

due to internal and external factors and most importantly due to management and their strategies. Given the bandwidth of the market having a common business transaction of a merger, it is very important to analyze and channel the transaction and its impact to serve the business and make better profits for the stakeholders. Recently we have seen many failures in M&A universally due to lack of integration, adequate policy, sideline of human capital and their development from the business growth cycle, and most importantly global pandemic due to COVID in 2020. Moreover, the sanction, imposed on multiple countries indirectly impacts the availability of the products and the product development and results in scarcity of the technical components and solutions.

The data encapsulated from multiple resources; we can see the trend of M&A from India since 1974 as mentioned in the table below along with the other historical data sets:

Table 1: Panel A -Trends in M&A in India

Source: (Soni, 2016)

Year	Mergers	Acquisitions	Total
1974-79	156	11	167
1980-84	156	15	171
1985-89	113	91	204
1990-94	236	646	882

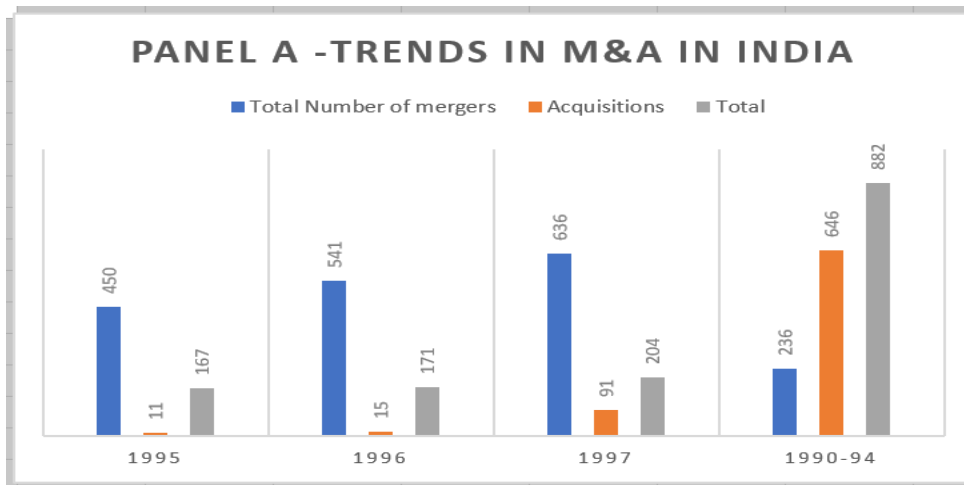


Figure 2: M&A Trends in India (1974 - 1994)

Source: Thakur (2024)

Table 2: Panel B -Trends in M&A in India

Source: (Soni, 2016)

Year	Total Number of mergers
1995	450
1996	541
1997	636

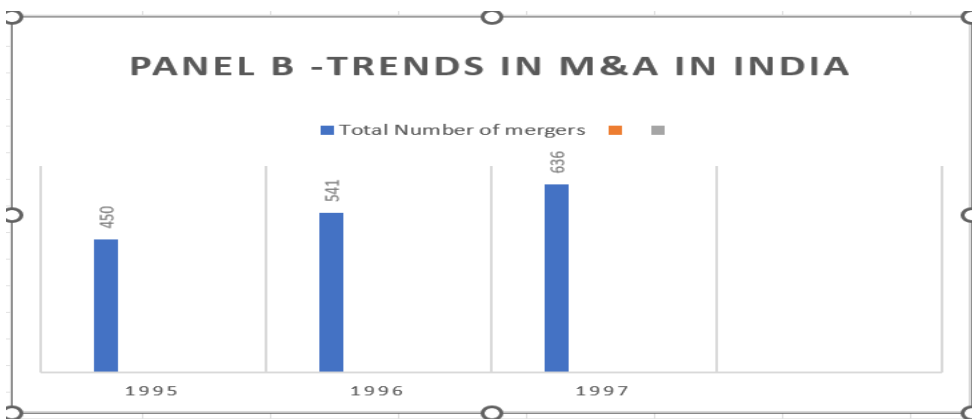


Figure 3: M&A Trends in India (1995 - 1997)

Source: Thakur (2024)

Table 3: Panel C -Trends in M&A in India

Source: Thakur (2024)

Year	Mergers	Acquisitions	Total
1998	80	650	730
1999	193	572	765
2000	294	1183	1477
2001	319	1048	1367
2002	381	843	1224
2003	642	1664	2306
2004	272	797	1069
2005	370	867	1237
2006	1141		

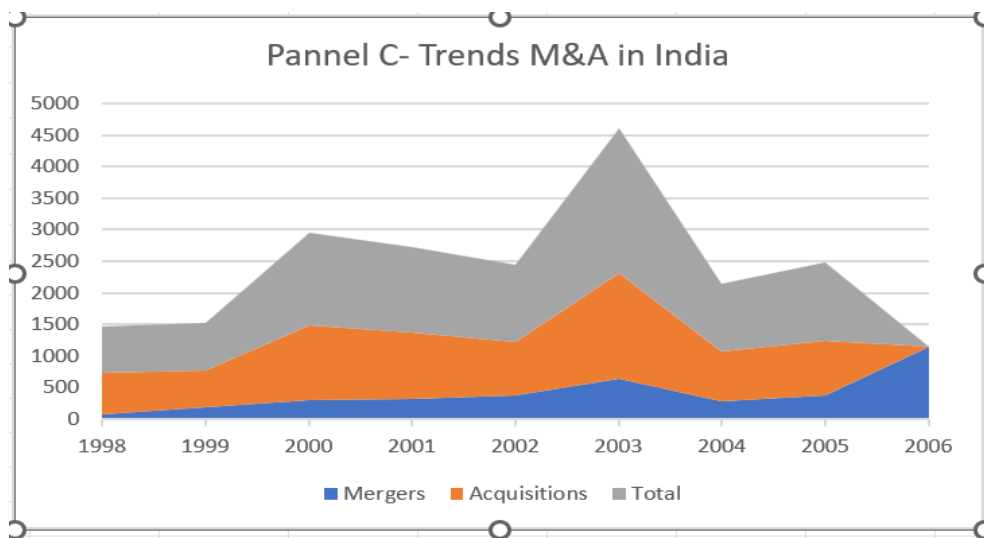


Figure 4: M&A Trends in India (1998 - 2006)

Source: Thakur (2024)

Table 4: Total Valuation of M&A Before the 2008 Recession

Source: Thakur (2024)

Year	M&A Value (Rs in Billion)
1998	153
1999	160.43
2000	336.62
2001	351.71
2002	391.62
2003	204.19
2004	513
2005	1,042.02

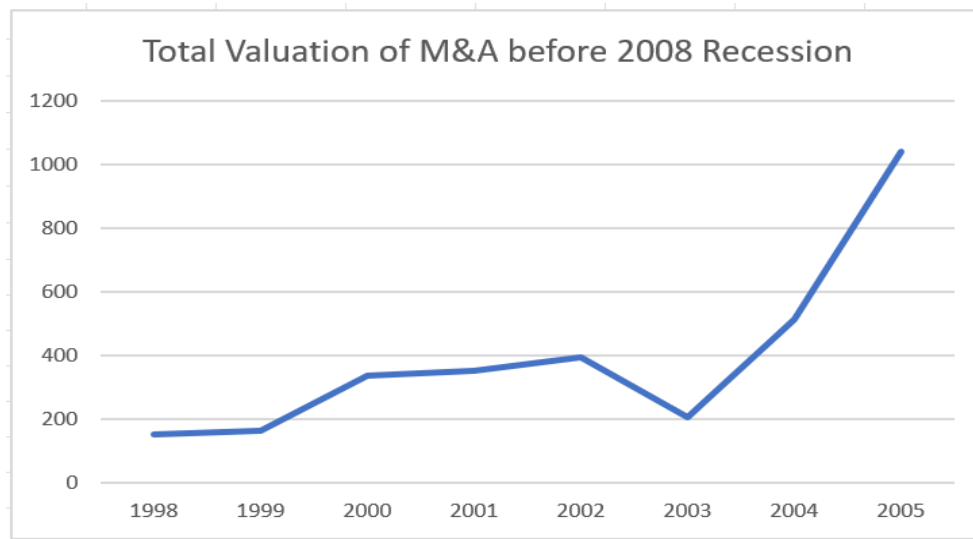


Figure 5: M&A Valuation Before the 2008 Recession

Source: Thakur (2024)

From, table 2,3,4 the M&A transaction for India is presented, which is evident to showcase a developing curve in terms of the market capital and the net profit reported by the companies. This also shows the positive response to the M&A in India in terms of acceptance by consumers, employees, and the market.

Table 5: Top Acquisitions in History

Source: (Lahovnik and Malenkovic, 2011)

Rank	Year	Entity Purchased	Purchaser	Transaction value (in mil. USD)
1	2000	Time Warner	America Online Inc. (AOL)	1,64,747
2	2000	SmithKline Beecham Plc.	Glaxo Wellcome Plc.	75,961
3	2004	Shell Transport & Trading Co	Royal Dutch Petroleum Co.	74,559
4	2006	BellSouth Corporation	AT&T Inc.	72,671
5	2001	AT&T Broadband & Internet Svcs	Comcast Corporation	72,041
6	2004	Aventis SA	Sanofi-Synthelabo SA	60,243
7	2000		Spin-off: Nortel Networks Corporation	59,974
8	2002	Pharmacia Corporation	Pfizer Inc.	59,515
9	2004	Bank One Corp	JP Morgan Chase & Co	58,761

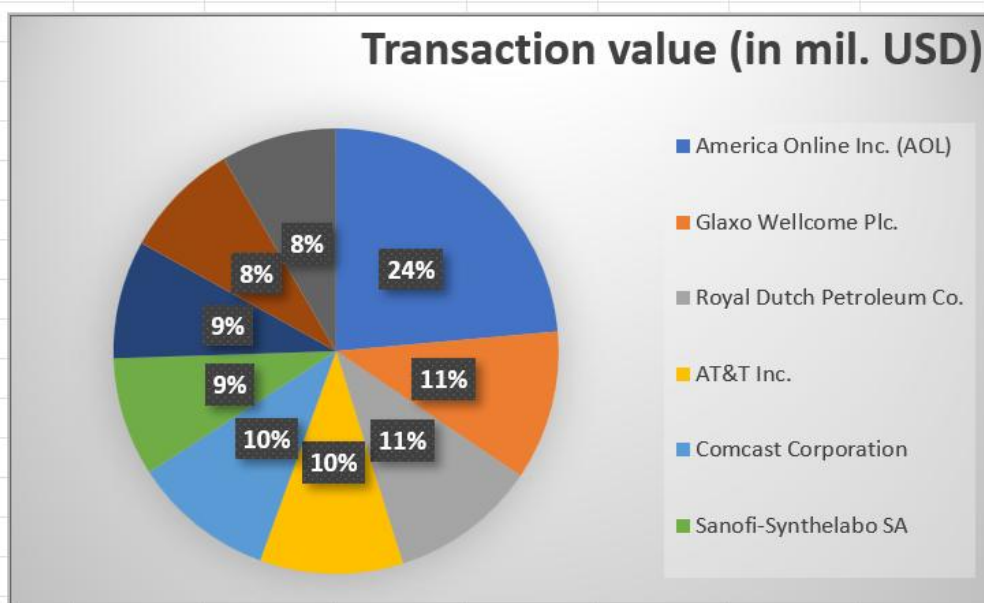


Figure 6: M&A Transaction values of the top acquisitions in history

Source: Thakur (2024)

Table 6: list of top 10 acquisitions by Indian company

Source: (Lahovnik and Malenkovic, 2011)

Acquirer	Target Company	Country targeted	Deal value (\$ ml)	Industry
Tata Steel	Corus Group plc	UK	12,000	Steel

Hindalco	Novelis	Canada	5,982	Steel
Videocon	Daewoo Electronics Corp.	Korea	729	Electronics
Dr. Reddy's Labs	Betapharm	Germany	597	Pharmaceutical
Suzlon Energy	Hansen Group	Belgium	565	Energy
HPCL	Kenya Petroleum Refinery Ltd.	Kenya	500	Oil and Gas
Ranbaxy Labs	Terapia SA	Romania	324	Pharmaceutical
Tata Steel	Natsteel	Singapore	293	Steel
Videocon	Thomson SA	France	290	Electronics
VSNL	Telelobe	Canada	239	Telecom

1.5 Research Purpose and Questions

The M&A objective is to generate superior values for the shareowners. With that, it raises concerns and queries to understand factors that:

1. Factors that seem a necessity for Mergers are valid or not?
2. What are the new technology and advancement merger will look forward to and provide access to?
3. Strategy and management involvement and decisive parameters.
4. Implication of external factors other than the firm's financial statement and its components.
5. Factors, impacting the success of mergers like financial instruments and measurements, integration, policies, strategies, management, human capital, business domain, socio-economic conditions, and global alert state like COVID.

Motivation of research

All mentioned reasons create a void that can only be filled with appropriate answers related to the topic and the analysis due to each factor across the domain. As with globalization all

the domains and markets are interconnected and tightly communicated. A sudden change and fix with corrective measures can only fix certain loopholes and gaps in a particular market and domain but may not address the issue across the globe. We have seen that many mergers fail due to incorrect decisions or external factors or even when there is policy discrimination and incorrect distribution of power. Moreover, we have also seen challenges and acts of tax evasion heavily involved in mergers.

Importance and relevance to the industry

- One goal is common across all industries or firms or markets across the globe irrespective of its market penetration, the demand of the product, and consumer segment i.e. gain in terms of financial instruments like ROA, ROE, Share values, and net profits (Teerikangas and Very, 2012).
- How integration, policy, and tax evasion practices can be checked to neutralize.
- With the help of this study, we will be able to establish behavior patterns across all domains based on advanced technology and incorporating the impact of COVID-19.
- Controlling the retention rates post-merger is a challenging segment to which many firms do not have answers but this study will help and suggest options via which post-merger retention can be controlled (Gill and Prowse, 2019; Kooli and Lock Son, 2021).
- This will help businesses to have ready-to-use corrective measures in any abrupt situation that arises due to uncontrolled external matters.

Structure of Thesis

The research framework is divided into distinct sections, and the chapter delves into different aspects of development and resolution to accomplish the research objective. In the succeeding section, we will investigate the ML approach using multiple models to validate the data and identify the best-performing model with heightened accuracy and minimized error fluctuation.

The technique employed to tackle the issue or recognize the crucial factors aiding the problem is separated into distinct sections like target data, preprocessing of the chosen data, converting the data into the structured and necessary format for further processing, balancing the imbalanced data in the dataset, applying the learning techniques, and then evaluating the machine learning model solution based on accuracy and performance, in addition to considering consistency. (Boodhun and Jayabalan, 2018)

Chapters 1 and 2 talk about the current state and penetration of M&A. Where introduction talks about the subjective and current business trends whereas, in chapter 2 of the literature review, we go through multiple research papers to understand their perspective, thoughts, and views on the subject. Following this, Chapters 3 and 4 address the research methodology and the analysis performed during this study which makes a good list of discussion points that are discussed and elaborated in Chapters 5 and 6.

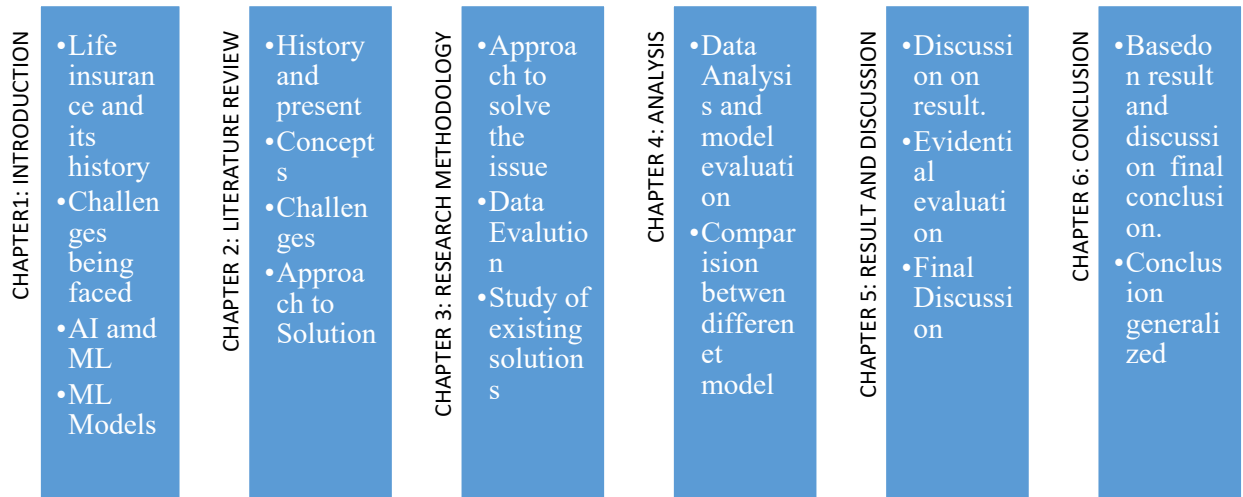


Figure 7: Flowchart of thesis

Source: Thakur (2024)

Dataset

To conduct the study, we are using the data available from the company's balance sheet and quarterly information for the media across the three domains - the banking sector, IT sector, energy and oil sector across, the United States, United Kingdom, Asia Pacific countries such as India, Russia, Pakistan, China, Sri Lanka, and others.

We are leveraging the latest available information related to the company of interest and the domain of interest.

1. Financial statements, audit reports, published news articles and interviews related to company performance,

2. New articles and the conference summary on new technology advancement and adaptation along future road maps of the company
3. Business conference highlights and the interviews captured in the reports and analysis.
4. Documentation and analysis published by other researchers on and to the related areas and company of interest.

As the domain of research is very vast and sensitive, most of the information hits the market after a long period which is generally called a cooling period or observation period. During this time market analyzes the new entity and its acceptance by the old entities.

Tools used:

I employed Excel extensively for data modeling and creating graphical presentations. The software's robust tools allowed me to efficiently analyze and visualize data, making complex information more accessible and easier to interpret. Through Excel, I was able to organize data effectively, develop models, and generate insightful charts and graphs that enhanced the clarity and impact of my findings. Its versatility was crucial in facilitating the analysis process and in presenting my research in a visually compelling manner.

CHAPTER II: REVIEW OF LITERATURE

2.1 Theoretical Framework

The cycle of business development continuous growth is based on the creation and development of new business entities irrespective of the nature of the start whether it started from bootstrap or scratch or with venture capital funds or takeovers or even a merger of two or more business parties. More evidently, we hear about M&A, and sometimes it fascinates how two competitors come together and solve the bigger problem and as a result, the business gets extra credibility along with product success. Alongside, we cannot turn our eyes blind to the implication of mergers in a competitive market, policy modulation, workforce impacts, and finally some steady products do face challenges in staying in the market (Paper, Silić and Buterin, 2021).

The market for M&A is not limited to technology or just banking or small ventures but it has its presence across every domain and market. With the advancement of technologies and modernization of assets, it is very important to be relevant and associated with every changing top-notch technology and trend. Parties keep looking for a fresh, market-ready solution with lower investment, reused articles requiring lower maintenance, and higher profit margins. Especially for all this, companies with on-demand technologies are always in competition, and those who are lagging or have any key insights about the matter and

time demand of technology either merge with higher corporations or acquire new ones or get acquired (Mirc and Very, 2015).

There are hundreds of pre-documented notions, attributes, and variables that get impacted in this process, and many hundreds are still not validated though they act as a catalyst in this transition from an independent entity to a merged entity. Whether it is the ROA, ROI, ROE or Customer Satisfaction index, product performance index, or company sustainability index all parameters are interlinked and the major instruments in this are workforce and product. The better is workforce, the better your idea pool, the better the test cases the better prototype the better market visibility which turns out to be a great product and market acceptance (Reddy, Qamar and Yahanpath, 2015).

The key here is strategy and leadership. These two components either make or break the whole scenario of M&A. With a better intuitive strategy that can look to the current market trend can predict the vital future with strong leadership company smoothly undergoes transition, conversion of ownership, power sharing, man force migration from parent to a new entity or even the modernization or reclassification of the products which penetrates market is the much better way than they were doing which operating as an independent entity.



Figure 8: M&A pattern over the years

Source: Thakur (2024)

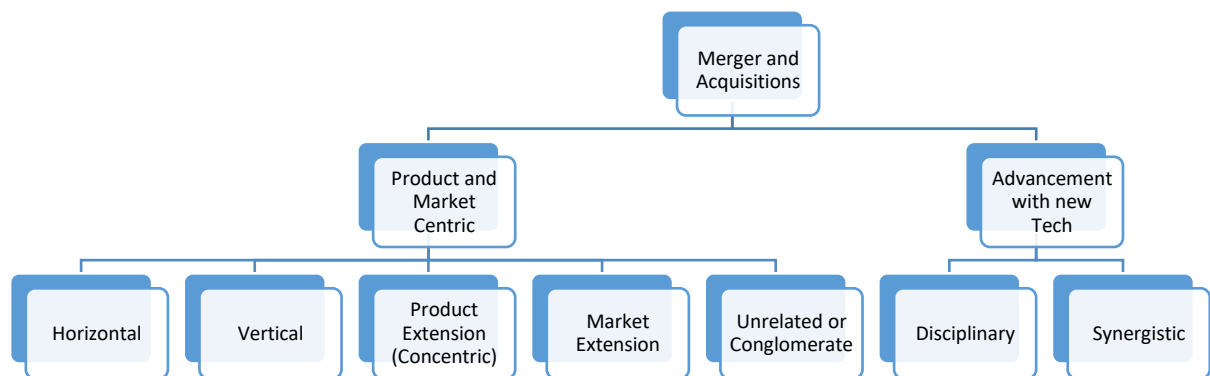


Figure 9: M&A Types

Source: Thakur (2024)

In this paper, we have tried to divide the literature study and analysis across continents and business sectors. We wanted to understand and compare the impact of leadership and strategic involvement in successful M&A. Also, we wanted to look for common principles and strategies that can be equipped for upcoming M&A. Along with it will be looking into the impacts made by COVID-19 on business opportunities and the notion of mergers impacted due to it (Kooli and Lock Son, 2021).

This will help us in accessing the upcoming trend with the notion of “NEW NORMAL” where companies want to operate with massive AI involvement, low manual effort, and lesser maintenance but with higher market penetration, and improved global visibility (Deloitte, 2022).

2.2 Theory of Reasoned Action

M&A has majorly been defined as the collaboration of two or more business entities focusing on a single objective achievement known as the collision of multiple business entities as mentioned (King, Bauer and Schriber, 2018). The research documented by Jallow (Jallow, Masazing and Basit, 2017) supports the concept of using additional financial instruments that have not been used yet for the evaluation of such success or failure of M&A. Generally, ROA, ROE, and EPS are the most widely used comparison parameters.

To identify the behavior and nomenclature of the M&A it is vital to understand the conceptual framework which comprises PRE and Post-merger State which feeds into M&A.

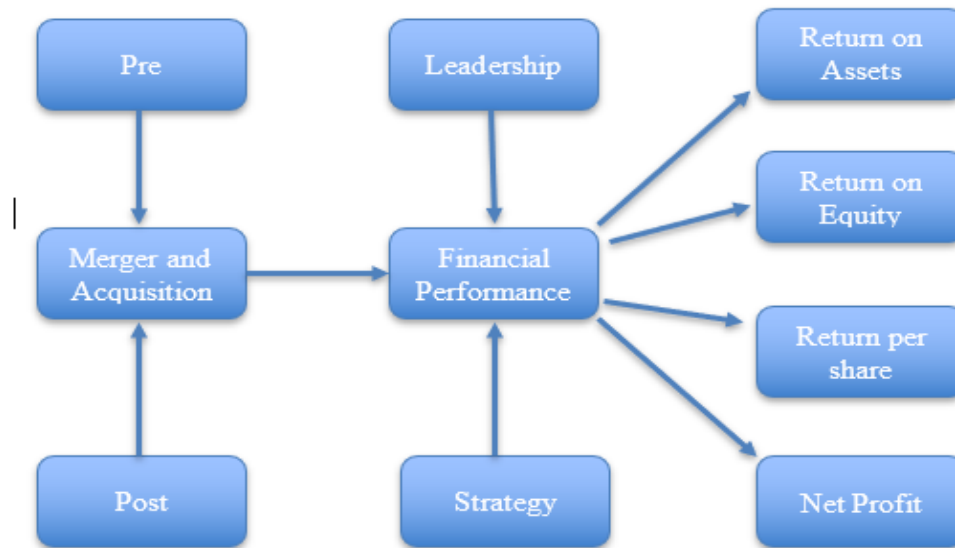


Figure 10: Conceptual Framework of Merger And Acquisition

Source: (Thakur, 2025)

These M&A success and failure reports are considered the financial performance of the transaction. Which in turn impacts the ROA, ROE, EPS, and Net Profit. During this whole process, the major factor of delivery is controlled by Leadership and Strategy (Faulkner, Teerikangas and Joseph, 2012; Jallow, Masazing and Basit, 2017).

2.2 Types of M&A

M&A is classified into six categories Mergers, Acquisitions, Consolidation, Tender Offers, Acquisition of Assets, and Management Acquisition. These six variants can be further explained as:

In Mergers, the board of directors of two companies approves the combination and seeks approval from the shareholders in collaboration of the two firms based on technology sharing, manpower sharing, and market capturing. Under this company has to modify the entity name to showcase the presence and ownership of the two parties (Ricke-Kiely, 2023).

In acquisition, simply the acquiring firm obtains the majority of the shareholding of the acquired firm or even absorbs the whole firm by buying all the shares, assets, and patents. There is no change in the firm name as the ownership is fully transferred from one party to another (Ricke-Kiely, 2023).

Consolidation is the creation of a new business entity by using core business but excluding old business operations and then with the approval of shareholders. A new entity starts operating under a new name and features (Ricke-Kiely, 2023).

In a Tender Offer, one firm buys the outstanding shares of other firms at a fixed rate other than the market price of the share. With this, there is no implication to the parent firm and its processing as they remain intact and untouched (Ricke-Kiely, 2023).

Acquisition of Assets is a common practice of acquisition when any company is undergoing bankruptcy. Assets acquiring firm/s bids for the valued assets and based on the net acquired value, assets get transferred to the new firm (Ricke-Kiely, 2023). In Management Acquisitions, also known as Management-led buyouts. Under this mode of acquisition, a company executive purchases the controlling stakes in another firm by collaborating with other partners and former executives. Under these practices, funds are disproportionately financed via debts and unless a majority of shareholders approve any transaction, it cannot be confirmed with the firm (Ricke-Kiely, 2023).

With different types of mergers, one thing in common is the drafting of the merger action or the decision-making diagram of the merger also known as the Structuring of the mergers which can be demonstrated vis below Figure 2 merger Structure as mentioned below:

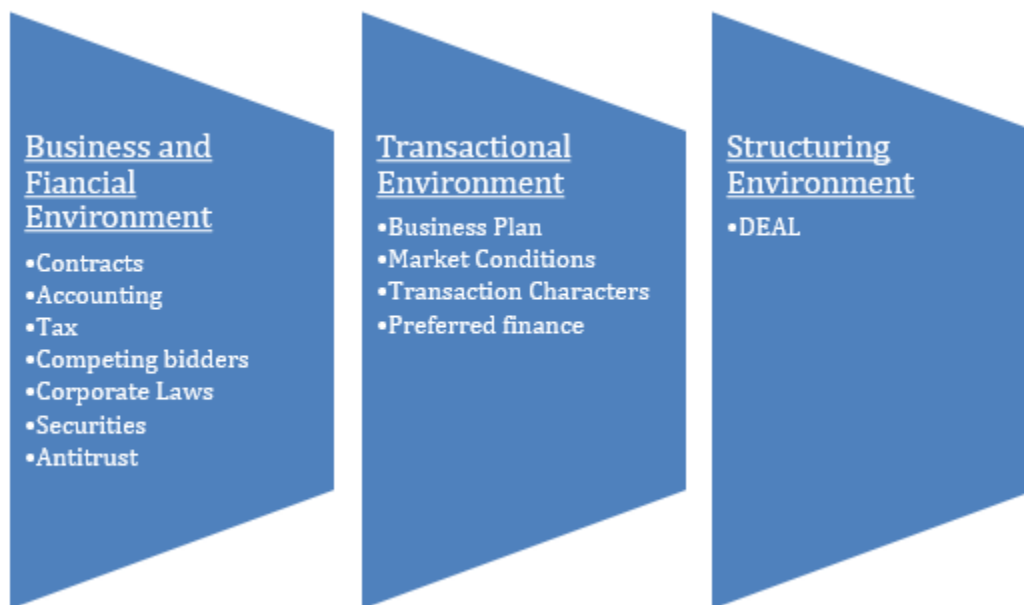


Figure 11: Merger Structure

Source: (Thakur, 2025)

Scale and Scope Economies

Scale: Focusing on large-scale production

Scope: Integrating marketing or distribution effort across various related product lines

Vertical Control

Secure supplies or supply chain and otehr interdependencies

Expertise , Monopoly gain, and Operating Losses

Efficiency gain by elimination of duplication / operating synergies

Diversification and Financial Synergies

Risk Mitigation / Diversification

Debt Capacity and Borrowing Costs / Tax Benefits

Liquidity

Earning Growth

Figure 12: M&A Motivations

Source: Thakur (2024)

2.3 Measuring Instruments

Numerous financial measuring instruments help in understanding the performance of the firm, out of which we will be explaining a few of the most commonly used instruments as follows:

Return on Assets (ROA)

ROA is considered an important aspect in identifying the success matrix, which can be calculated as total assets under the company's control which is calculated by dividing net operation income by the firm's total Assets (Ricke-Kiely, 2023; Lahovnik and Malenkovic, 2011).

$$\text{Return on Assets} = \frac{\text{Net operational income of the firm}}{\text{total Assets under firms control}} \quad (5)$$

Return on Equity (ROE)

The most suited instrument the business for calculating firm performance is Return on Equity also known as ROE which is calculated via the formula (Lahovnik and Malenkovic, 2011):

$$\text{Return on Equity} = \frac{\text{Total Income} - \text{total taxes}}{\text{total equity capital under firms control}} \quad (6)$$

Equity per Share (EPS)

Equity per share is considered yet another important tool by company analysts. It is also observed that firms that do not pay dividends, make more equity per share values on a year-on-year basis without taking any capital from the market as borrowed capital (Gerritsen and Weitzel, 2017).

$$\text{Equity per Share} = \frac{\text{Total Income} - \text{total taxes}}{\text{total equity capital under firms control}} \quad (7)$$

Net Profit Margin (NPM)

Net profit Margin is the much more generalized output of the firms to share the profit so generated from all the phases of the venture. So this can be generalized to get via the formula mentioned below (Gerritsen and Weitzel, 2017):

$$\text{Net Profit Margin} = \text{Gross Profit} - (\text{interests} + \text{Taxes}) \quad (8)$$

This fraction gives a better picture of the following:

4. Acquiring a company can predict to understand how much profit it can make by acquiring a rival company.
5. Company getting acquired, can estimate the cost margin and segregation of assets.
6. Finally, in both cases, M&A give the details on how much increase or decrease in ROA to comment if the transaction was profitable or loss-making.

2.4 Integration

At the time of public announcement of the Liquidation or bankruptcy, there is a clear indication of acquisition but when there is an announcement of a merger between two parties, then it becomes very difficult to determine if this is an actual merger or acquisition so communally called M&A (Thelisson, 2022)

A study conducted by Anne (Thelisson, 2022), evaluated how two CEOs interact during the due diligence period of M&A, and discussed the factors and terms of negotiations on the merger. Later on how one of the CEOs starts getting the notions of considering the conversion of transactions from mergers to acquisitions. According to Anne (Thelisson, 2022), Integration is a process under which acquired companies try to maintain their business culture and organizational belief in practice but are more inclined to structurally integrate with the acquiring companies' rules and regulations. Anne (Thelisson, 2022) also emphasizes that cooperation and competition can impact decisions and make CEOs biased in converting the agreed deal of merger to acquisitions. Though the study was based on limited information and resources the factors uncovered are quite challenging for M&A.

The article delves into the complexities involved in merger negotiations, highlighting the unexpected challenges that stakeholders often face. This analysis provides valuable insights into the difficulties encountered during the due diligence process, offering a

thorough understanding of the obstacles that can arise. One of the key aspects discussed is the importance of initially defining the transaction as either a merger or an acquisition. This distinction plays a crucial role in determining the level of autonomy each company will maintain, as well as the degree of interdependence that will be necessary for future operations. It also influences the strategic decisions that will guide the integration process.(Capasso and Meglio, 2010).

Identifying whether the transaction is a merger or an acquisition is not only vital for internal planning but also for managing external stakeholder expectations. This classification helps in developing a clear integration plan, outlining how the companies will collaborate and which areas will require more seamless integration. However, the article emphasizes the importance of flexibility during the due diligence phase and the subsequent integration process. While having a defined strategy is essential, the ability to adapt to unforeseen circumstances is equally critical. This adaptability allows both parties to respond effectively to any challenges that may arise, ensuring that the integration is successful and that the strategic objectives are met(Lahovnik and Malenkovic, 2011).

In essence, the article underscores the significance of a well-structured approach to merger and acquisition transactions, while also recognizing the need for flexibility. By carefully categorizing the transaction and allowing room for adaptation, companies can better navigate through the complexities of the due diligence process and achieve a successful integration, ultimately leading to more effective strategic outcomes for all involved.

In a merger, two or more companies make alliance with the intention of forming a new entity that combines their strengths and resources. This process is distinct from an acquisition, where one company absorbs another, leading to the dissolution of the acquired company's identity as it becomes part of the acquiring entity. Despite these differences, media reports on (M&A) often blur the lines between the two, making it unclear whether the deal involves a genuine merger, where both companies have equal standing, or an acquisition, where one company clearly dominates the other and drives the integration process (Mirc and Very, 2015).

The term M&A is frequently used to describe both types of transactions, even though true mergers, where both companies maintain equal power and decision-making authority, are relatively rare. In most cases, transactions that begin as mergers of equals tend to evolve into situations where one company eventually takes control over the other. This dynamic often leads to power imbalances and complications during the integration process.

A well-known example of this phenomenon is the merger between Chrysler and Daimler-Benz. Initially, this transaction was presented as a merger between equals, with both companies supposedly sharing equal power and influence in the newly formed DaimlerChrysler. However, upon closer examination, it became clear that Daimler-Benz was effectively acquiring Chrysler, rather than entering into an equal partnership. Despite the public narrative of a balanced merger, Daimler-Benz held the reins in critical aspects

of the combined entity, including governance, operational decisions, and strategic direction.

Countless challenges are faced in Mergers, like cultural clashes, conflicting management styles, and a failure to achieve the expected synergies. These issues underscored the difficulties of merging two companies with distinct identities and operational philosophies. Over time, it became apparent that the integration was not as seamless or successful as initially hoped. In 2007, the situation culminated in the decision to dissolve the joint structure, leading to Chrysler's separation from DaimlerChrysler.

The fallout from this failed merger highlighted the underlying power dynamics that had been at play from the beginning. Despite the initial portrayal of the deal as a merger of equals, it was clear that Daimler-Benz had exercised control over key aspects of the operation. This included decisions regarding governance, job and position change, site closures, and representation on the leadership board. As a result, the merger did not deliver the benefits that had been anticipated, and Chrysler's eventual separation signalled the unravelling of the joint venture (Dertwinkel-Kalt and Wey, 2021).

The controversy surrounding the DaimlerChrysler merger also extended to accusations of misleading conduct. A significant Chrysler shareholder accused the chairman of DaimlerChrysler of misrepresenting the nature of the deal to investors by framing it as a merger of equals when, in reality, it was a straightforward acquisition. It was alleged that

Daimler-Benz had deliberately obscured the true nature of the transaction to challenge higher premium for Chrysler's shares. This deception ultimately contributed to the mistrust and dissatisfaction that plagued the merger (Dertwinkel-Kalt and Wey, 2021).

In summary, although M&A are frequently treated as synonymous, it's important to differentiate between the two, especially regarding the balance of power and integration approaches. The DaimlerChrysler case highlights the challenges and risks involved in combining two companies, particularly when the deal is not genuinely an equal partnership.

A study was carried out to explore the communication dynamics between two CEOs and their managers throughout the due diligence phase of a merger. The research centered on a ten-month longitudinal case study involving two French companies. Although the project was initially planned as a merger, it ultimately became an acquisition due to various developments that occurred during the process.

One key factor that influenced this transition was the inclusion of an associate from a competing firm on the committee board. This involvement altered the dynamics of the negotiation, leading the CEOs to shift their perception of the project from a merger to an acquisition. The presence of this external figure introduced new variables and complexities, which ultimately contributed to the decision to end the merger and proceed with an acquisition instead. This case highlights how strategic and interpersonal factors can

significantly impact the nature of a business transaction and how initial plans can change as new information and influences come into play.

M&A (M&A) are categorized by M&A scholars based on the decisions made during the integration process. While integration is typically planned, certain decisions taken during this process can lead to different strategic choices once the merger or acquisition is finalized. In order to determine the level of autonomy and interdependence between the firms involved, M&A scholars propose various typologies. One such typology, suggested by Nahavandi et Malekzadeh (1988), includes four main types:

1. **Separation:** In this strategy, the target company retains its own culture and organizational practices, continuing to operate independently as a subsidiary of the acquiring firm.
2. **Assimilation:** Here, the target firm fully adapts the acquiring company's culture, identity, and practices of the organization, effectively integrating into the acquirer's framework.
3. **Integration:** This approach involves the target firm's stakeholders attempting to maintain their cultural and practice of organization while being integrated into the acquiring company's structure and value system.
4. **Deculturation:** This occurs when there is a complete lack of cultural alignment or integration between the two merging organizations.

Please refer to Angwin and Meadows (2015) for a comprehensive review on this topic. Thelisson (2020) also discusses how certain decisions made during integration can lead to different strategic choices(Thelisson, 2022).

Haspeslagh and Jemison (1991) conducted a study to explore the different structural approaches, or 'levels,' that can define the relationship between two merged companies and their impact on the strategic outcomes of the merger. Their research underscores that the creation of value occurs after the acquisition and highlights the importance of how integration is handled. Specifically, the level of autonomy and interdependence assigned to the acquired company plays a vital role in assessing the merger's ultimate success (Capasso and Meglio, 2010).

To systematize their findings, Haspeslagh and Jemison introduced a classification framework based on two key factors: the 'need for autonomy of organization' of each company and their 'need for strategic interdependency.' These factors lead to three primary types of integration:

1. **Rationalization:** Characterized by high interdependence and low autonomy, where the acquired company is tightly integrated into the acquiring firm's structure.
2. **Preservation:** Involves low interdependence and high autonomy, with the companies maintaining their distinct characteristics and operations independently.

3. **Symbiosis:** Features a balanced approach with strong desires for both interdependence and autonomy. This type of integration seeks to blend the organizations while preserving their unique attributes.

According to Haspeslagh and Jemison (1991, p. 15), symbiosis involves "mutual adjustment and blending of the organizations," which can lead to high synergy—a critical factor for successful integration. Higher synergies and performance are generally due to higher order of integration. However, mergers that achieve true symbiosis, where both companies function on an equal footing, are particularly rare and challenging. Despite the theoretical advantages of symbiotic mergers, they remain infrequent in practice, as noted by Thelisson et al. (2019).

The merger was subjected to an in-depth longitudinal study lasting ten months, providing a thorough examination of its dynamics over an extended period. This methodological approach was instrumental in capturing the complexities of the M&A processing and tracking the various changes that unfolded at different stages. The extended duration of the study allowed for a comprehensive analysis, revealing insights that might not have been apparent in a shorter timeframe.

The extensive documentation collected throughout the merger was vital for understanding its complexity. By observing the process in real-time and having unrestricted access to a large volume of information, we were able to gain a nuanced perspective on the merger's

progression. This real-time, longitudinal study approach significantly influenced our analytical decisions, offering a more detailed view of the merger's impact on the organization.

Additionally, the longitudinal aspect of the study broadened our observations of employee interactions and organizational dynamics. This extended period of observation enabled us to grasp the true nature of the challenges and adjustments faced by the workforce as they navigated the merger. The insights gained from this comprehensive, real-time analysis provided a deeper understanding of how the merger affected both individual employees and the organization as a whole, highlighting the genuine obstacles encountered throughout the integration process.

2.5 Tax Evasion

With modernization in technology, it is obvious that the techniques for tax irregularities ambiguous entries in the accounts, and defaulting payers also increase very drastically. As many advanced data models we build, many new methods of tax evasion get explored and used. In recent times we have seen many multinational corporations undergo bankruptcy, trials for corporate malpractice, irregularities in accounts, and irregularities in shareholding and pricing (Balios, Tantos and Eriotis, 2020).

As the study conducted by Balios (Balios, Tantos and Eriotis, 2020), there are multiple non-economic behavioral and institutional factor that contributes to tax evasion. This underscores the necessity of robust accounting standards and forensic accounting to detect and prevent issues in financial statements.

With the increasing number of business transactions in the world of M&A, there is a gap in understanding the need for mergers or acquisitions that get created due to bankruptcy or other financial losses.

Firstly, how come a company that makes decent revenue every year endures a sudden cash crunch and becomes a loss-making company and then to bankrupt (Deloitte, 2022), (Thelisson, 2022), (Kooli and Lock Son, 2021)(Lin and Liu, 2009)?

Secondly, if the firm is made decent revenue over the past years and can attain new customers, then on what basis, at sudden the revenue take a dip and curtail additional losses (Deloitte, 2022), (Thelisson, 2022), (Kooli and Lock Son, 2021), (Dertwinkel-Kalt and Wey, 2021), (Lin and Liu, 2009)?

Thirdly, from recent mergers of IT companies, study focuses on the adaptation of new technologies and creating good wealth, then how come all of a sudden new firm gets taken over by another giant firm (Deloitte, 2022), (Thelisson, 2022), (Kooli and Lock Son, 2021), (Dertwinkel-Kalt and Wey, 2021), (Lin and Liu, 2009)?

Fourth, when two successful business operational companies undergo a merger, then under the influence of duress, why firms are not able to operate smoothly (Dertwinkel-Kalt and Wey, 2021),(Ansari and Mustafa, 2020)?

The fifth and highly impacting point is due to the situation of COVID-19 during which many companies advanced their adaptation to new technologies and reorganized whole company operations and delivery models. As a result, the market considers the positive impact of the transition, and at the same time how come they show losses on paper? Which makes way for other firms to look for Acquisitions.

To fix the issues with and make the mergers more suited and clearer out any tax evasion and policy-based issues, corporations and researchers created models to understand the notion and fix up the variance. This also highlights the danger of transactions (Alm and McKee, 2004; Lin and Liu, 2009; Goerke, 2013; Oracle, 2020). In our research work, we have specifically put our evaluation of tax evasion and its impact via a study made by Lin (Lin and Liu, 2009).

2.6 Policies

Under the umbrella of M&A, the implications and the regularities are controlled by the help of policies, and with the available set of guidelines, the chances of mitigation and litigations are very low. According to recent research, the policy is the benchmark and operational rule book by which any corporation makes a deal, creates manpower, sustains heavy changes, and maintains trust in the market. Due to this many times, the policy level changes are required to be discussed across the board and with independent consulting firms which evaluates the impact and the variance in the economic evaluation may or may not be made via the change (Murphy, Andraszewicz and Knaus, 2016)(Dertwinkel-Kalt and Wey, 2021).

Consultancies who practice legal and tax consultations and have a global presence, emphasize that the policies are categorically classified based on the transaction mode and the targets:

1. Mergers and Amalgamations: This deals with the major company laws and the securities laws that protest the misuse of patents and rights Targeting the overall welfare of the transaction.
2. Acquisitions: This deals with the notion of the interest of the laws associated with the acquired company's safety and security. Thus control the mishandling or exercise of power by acquiring a company.
3. Competition Law: deals with the anti-competitive agreement so that the market observes and has fair competition without abusing abused dominant position.

4. Exchange Control: exhibits the measures and the conjunction the direct foreign investments, indirect foreign investment and its downstream investments, overseas direct investments, and then finally transfer of equities.
5. Tax and Duties confine the tax rules to be abided by the firm based on localization.

2.7 Remedies

During M&A, the exercise of power on the market and consumer behavior can easily be observed and confirmed. With the intermediate action-oriented models the evidence for the remedies is less and the incentives are higher for the firm and due to this consumers suffer the loss. Otherwise, with the extensive data and evidence collection the incentives will be impacted and thus result in consumer welfare (Dertwinkel-Kalt and Wey, 2021).

Markus (Dertwinkel-Kalt and Wey, 2021) quotes that “As per the General Court in case T-399/16 following were the ruling- In May 2020, the general court of the European Union annulled the decision of European Commission to block the acquisition of Telefonica UK by Hutchison 3gUK: The Court stated that the commission failed to prove that this acquisition would have harmed competition.” The models used in deducing the facts are quite old and were initially built using the data from early 2000, 2005, and between 2010 to 2014. Which do not suffice many of the factors related to the model evaluation and correct deduction of the results.

The Study conducted by Markus (2016) also mentions that the model they used predicted alteration and upgrade requirements on the analysis as the solution is market-oriented and the exercise of power in the market will fall to the relevant market firm. Moreover, if the market relevancy is associated with consumers, then consumer-oriented firms will exercise the power otherwise the different parties will exercise the power (Dertwinkel-Kalt and Wey, 2021). The model needs to be re-engineered to have the cases settled with overlap to distribute the benefits equally across the market and not let one side enjoy the benefits.

Trends

On clubbing the data from multiple sources, we have tried to put the trend chart concerning the Indian market and M&A transactions. From the below graph in figure 8, a step curve of increase in M&A is seen three times.

The first time there was the crash of web servers in 2000 when the maximum number of M&A happened in the technology industry and it boosted the operations of the service industry in India. During this time many MNCs started their operations in India due to low expense and better employability.

The second time it was seen post the great recession of 2008 when the housing bubble erupted the whole financial and technology companies. This created an entry point for M&A in the finance sector comprising credit-based and insurance-based companies.

And there after 2011, there was a downfall of the M&A in the Indian Financial markets but on the other hand, Indian Companies started their cross-border operations and acquisitions. This acted as a net positive response towards the M&A industry.

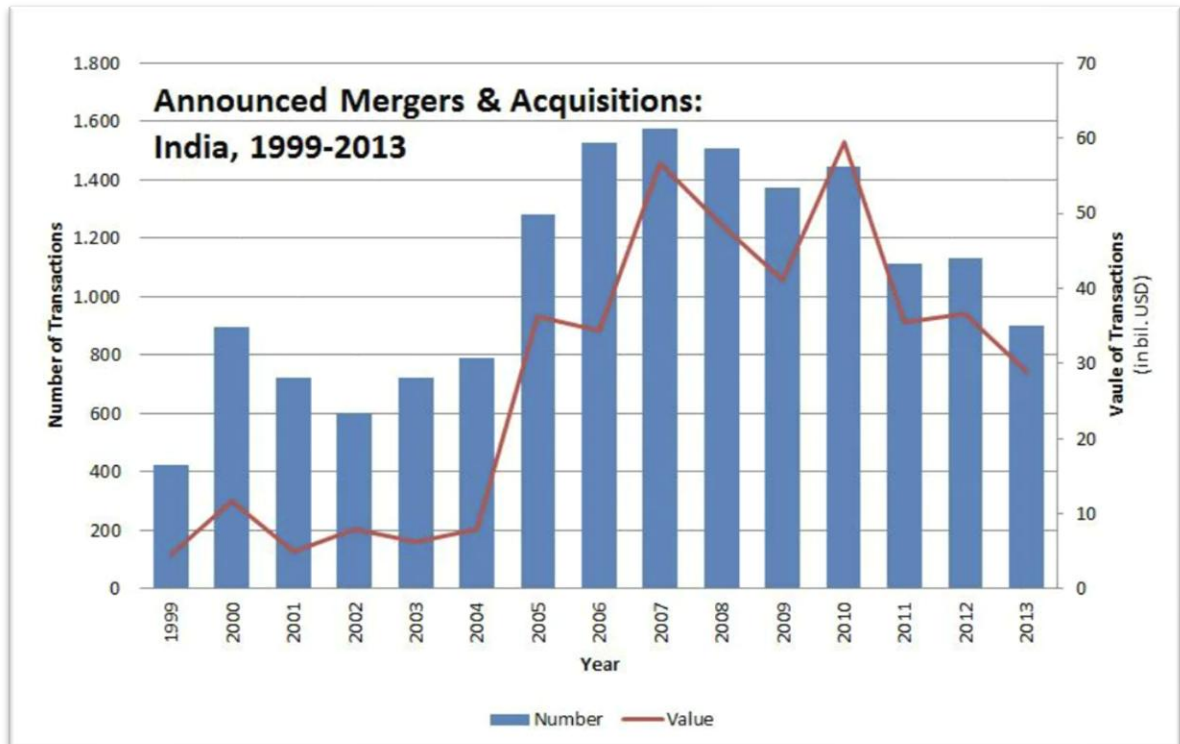


Figure 13: Historic Trend of M&A in India (1999 – 2013)

Source: (Poddar, 2019)

For instance, if we look deeper in terms of the quarter-based report between 2007-2013, the maximum number of deals happened in Q1 of 2008, Q4 of 2010, and Q1 of 2012 which clearly shows the pattern of increase in the number of deals in M&A every two years. Whereas, when we compare the volume of the deal then the story is different as the maximum is during Q1 of 2007 and Q1 of 2012. So this clearly states that the volume and

the count of M&A transactions are two separate entities that cannot be clubbed together to derive another.

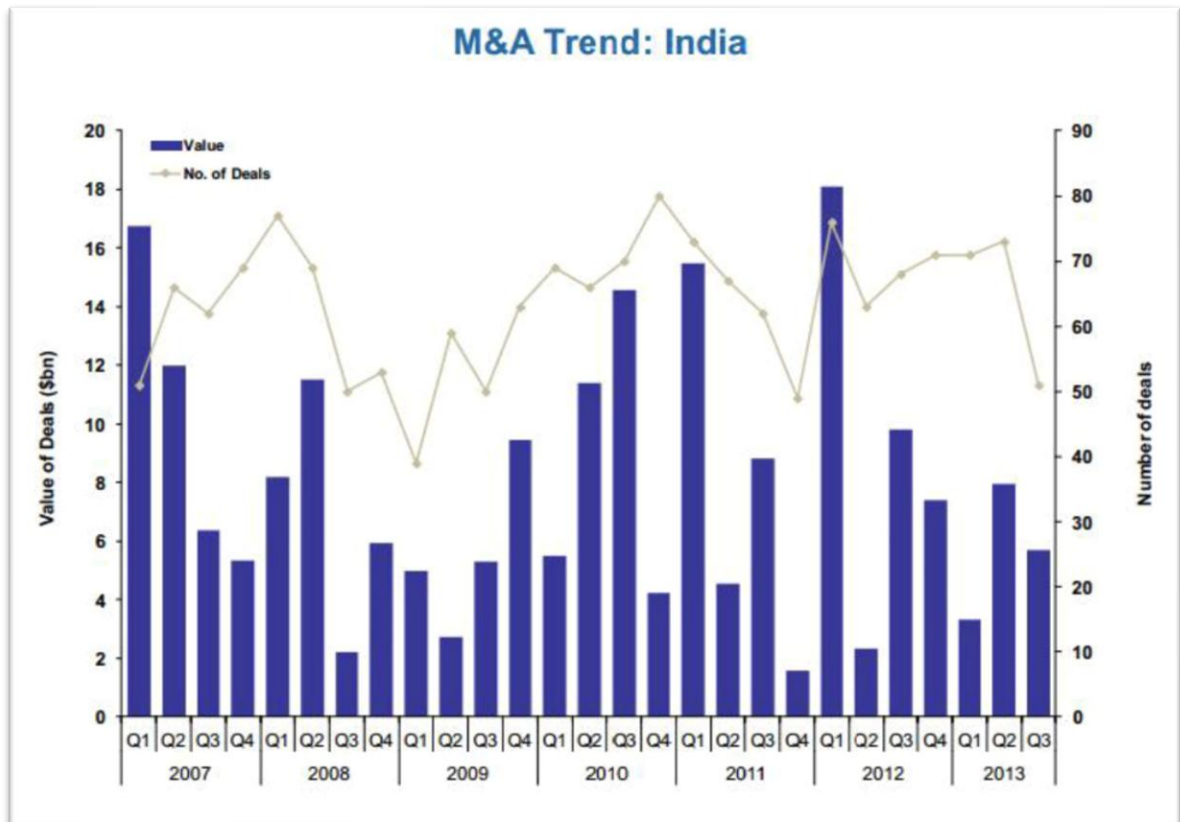


Figure 14: M&A Trend in India from 2007 to 2013

Source: Poddar (2019)

In the next section, we will discuss the history of M&A its acceptance, and its impact on humans in terms of being employees, consumers, or market supporters. Consider this upcoming part as a non-negotiable factor of the M&A transaction due to the high mobilization of assets, human capital, and the indirect impact on the general public.

2.8 Human Society Theory

In the earlier section, we have already discussed how the M&A transaction impacts the daily life of mankind directly or indirectly. We saw the factors that drive the equation but along with this, we should also understand the waves of M&A transactions so that we can enhance our knowledge of the subject and the equation of M&A.

Since the beginning of industries and corporations, M&A transactions always have had an opportunistic view. During the 1890 -1903, the first wave of M&A was the result of economic instability, changes in technologies, the First World War, and the economic crisis of the 1890s. Since then 4 more waves of M&A have taken place due to multiple reasons but one common reason was economic instability due to political or global conditions. In the latest time which we still call as post-pandemic or post Covid era, M&A transactions are hitting a peak again the reason is economic instability due to COVID-19 and war in the eastern and Middle Eastern countries.

	Period	Events coinciding with beginning of wave	Events coinciding with end of wave
Wave 1	1890's- 1903	Economic expansion; industrialisation processes; introduction of new state legislations on incorporations; development of trading on NYSE; radical changes in technology	Stock market crash; economic stagnation; beginning of First World War
Wave 2	1910's – 1929	Economic recovery after the market crash and the First World War; strengthen enforcement of antimonopoly law	Stock market crash; beginning of Great Depression
Wave 3	1950's – 1973	Economic recovery after the Second World War; tightening of anti-trust regime in 1950	Stock market crash; oil crisis; economic slowdown
Wave 4	1981 – 1989	Economic recovery after recession; changes in anti-trust policy; deregulation of fin. services sector; new financial instruments and markets (e.g. junk bonds); technological progress in electronics	Stock market crash
Wave 5	1993 – 2001	Economic and financial markets boom; globalization processes; technological innovation, deregulation and privatisation	Stock market crash; 9/11 terrorist attack
New wave ?	2003 - ?	Economic recovery after the downturn in 2000–2001	n.a.

Figure 15: Waves of M&A

Source : (Thakur, 2025)

2.9 Covid Implication on Merger And Acquisitions

The economic system and the truth about the pillars of the financial system and economic stability are uncovered by COVID-19. Due to the global pandemic not only human life healthcare or just finance but all the domains are impacted not even a single community is left untouched. We cannot just say that all that happened was not good and everything was creating debt and losses but on the other hand it also created opportunities for many start-ups. Due to a shortage of raw materials and manpower the scalability and the supporting requirements were not adjustable and due to this many companies went bankrupt, many went public for mergers, and many got acquired by competitors. This was a great time that played a biased role in clearing out the competition (Kooli and Lock Son, 2021). As per the study conducted by Kooli (Kooli and Lock Son, 2021), when the WHO declared a global pandemic the M&A deals suffered a 50% downfall but during the lockdown, the deals increased by 4 times as per the data collected by Deloitte (Deloitte, 2022).

From the Study conducted and shared by Deloitte (Deloitte, 2022) the three critical points came as new validation pointers for deal designing and evaluation are:

1. To Stimulate Inorganic Growth
2. Opportunities to address futuristic concerns
3. Corporate restructuring for Survival.

From Microeconomics (Internal) and Macroeconomics (External) determinants that weigh the ability to undergo M&A can be seen below

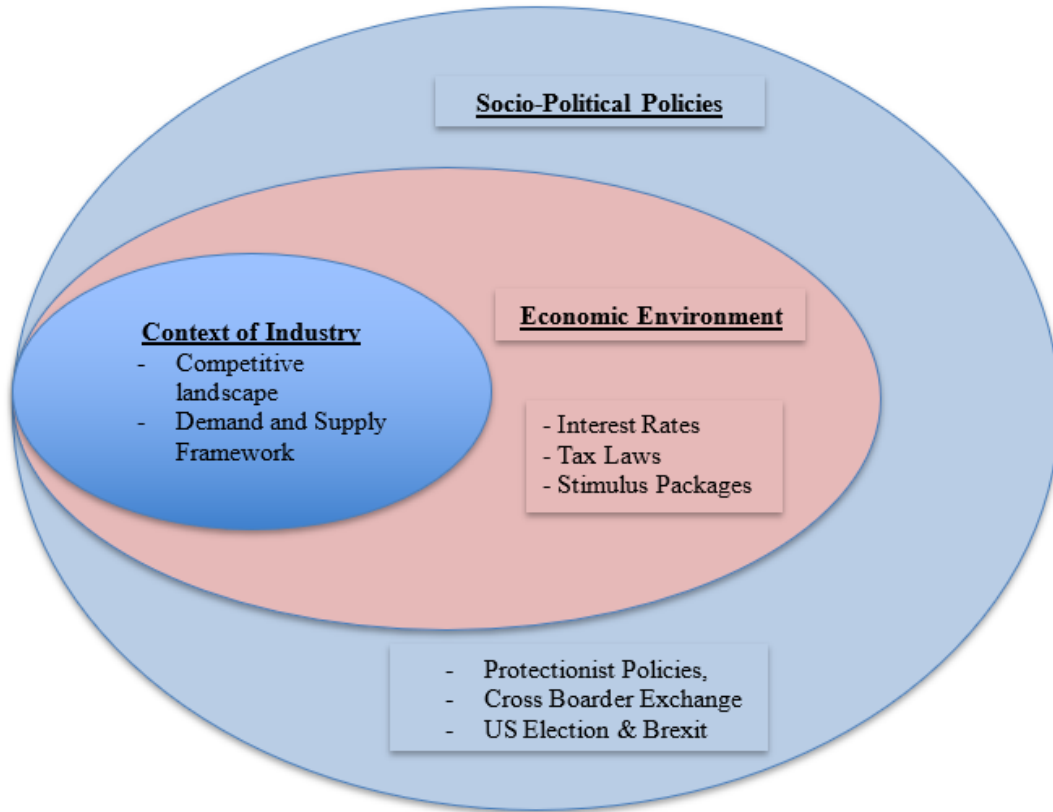


Figure 16: Micro and Macro Economic Determinants
 Source : (Thakur, 2025)

2.10 Geographical and Sectors Considered for Analysis

In the current study, we collaborated on multiple information and the rule sets associated with M&A across the globe and the domains. Most common and with high consumer impacts are the mergers from

- Energy Sector where we studied the Russian Oil Market mergers and legalities,
- Bank Sector Merger in Asian Continents specifically – India, Pakistan, and China
- IT Firms and corporations based out of the UK

This vast data set and the collaboration of data from multiple domains and sectors across the globe help in understanding the factors affecting M&A. Positive and negative aspects of it, implications and the policies binding to these operations, cross-border merger legalities and implications, and profit margin comparison across all the domains across geographies.

Reasons for the M&A

The most prominent reasons behind the M&A concerning the general public are described using the pictorial view below to make the concept easy to understand.

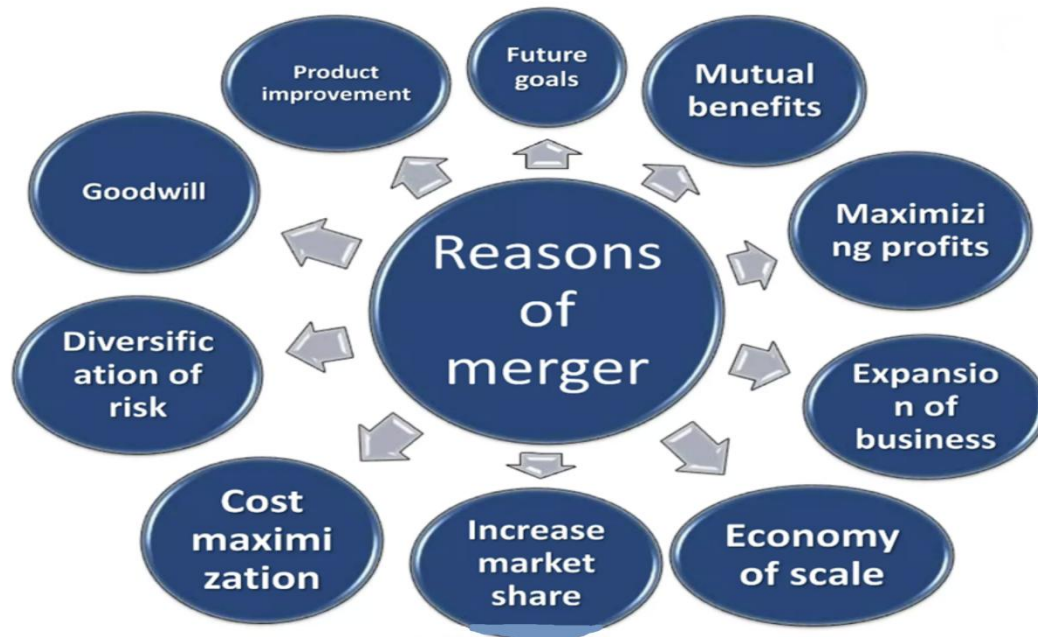


Figure 17: Prominent reasons for M&A

Source: Thakur (2024)

Now, let us look through the very minute and filtered difference between M&A, which act as the catalyst or better say the starting point of any success or failure of M&A. The lower the disputes and issues, the higher the success rate of M&A.

Table 7: Major Difference between Merger and Acquisitions

Source: Thakur (2024)

Merger	Acquisitions
Retain name and brand	Creation of a new brand and name
Mutual benefits	Make benefits from the loss
No loss of corporate culture	Usually loses corporate culture
Employee behavior remains unchanged	Negative Impact on the Employees
Responsibilities are distributed proportionately	Responsibilities are not distributed proportionately.

Supporting the above-mentioned statement, in March 2017, time of India Clipping stated that post the merger of some big technology companies, their asset allocation and stock prices were reduced due the unstable leadership and the loss of corporate culture.

TOP MERGERS & ACQUISITIONS				
	Target Name	Acquirer	Seller	Value (\$ bn)
2017	Vodafone India	Idea Cellular Ltd	Vodafone Group PLC	23.0
2016	Essar Oil	Rosneft Oil Co PJSC, United Capital Partners Advisory, Trafigura Group Pte Ltd	Essar Global Fund Ltd, Bidco Oil Refineries Ltd	12.9
2007	Vodafone India	Vodafone Group PLC	Hutchison Telecom Intl Ltd	11
2012	Cairn India	Vedanta	Vedanta Resources PLC	8.7
2011	Operation Contracts in 21 Oil and Gas Blocks India	BP PLC	RIL gas fields	7.2

Figure 19: Top M&A – Times of India Newspaper, March 2017

Source: Thakur (2024)

Malaysia is one of the high spots for new technologies, there were numerous M&A deals have taken place since 2009 as mentioned in figure 14 and 15. Out of which few are discussed in the below readings.

The Companies Commission of Malaysia (CCM), in association and collaboration with Suruhanjaya Syarikat Malaysia (SSM), came up with the notion of creating a new Statutory body. The statutory body was formed by merging the Registrar of Companies (ROC) and then the another entity, which extensively validates the business matters known as the Registrar of Businesses (ROB). SSM oversees the regulation of companies and businesses in Malaysia, ensuring they adhere to corporate and business laws.

Celcom Axiata Berhad, commonly referred to as Celcom, is Malaysia's oldest mobile telecommunications provider. As a member of the Axiata Group, Celcom has a long-standing presence in the telecommunications industry, providing a range of mobile services to its customers.

To support the development and implementation of a new operational framework, the Boston Consulting Group (BCG) established specific objectives and principles. BCG's role involved designing and defining the new operating model to enhance efficiency and effectiveness within the organization. Their expertise guided the formulation of strategies and structures necessary for the successful transition and adaptation of the new model, ensuring that it met the needs of the evolving business landscape.

Johnson Controls, listed on the NYSE under the ticker JCI, has officially commenced operations today following the successful completion of its merger with Tyco. This merger marks a significant milestone, reflecting the company's commitment to creating a safe, comfortable, and sustainable world, as illustrated in Figure 15. The newly formed entity aims to leverage the combined strengths of both companies to enhance its global operations and deliver innovative solutions.

In a recent development, the Australian Competition and Consumer Commission (ACCC) has given its approval for Korean Air's acquisition of Asiana Airlines following extensive consultations with key stakeholders. This approval paves the way for the merger, which is anticipated to enhance the combined airline's global market position and improve its service offerings.

Additionally, Malaysia Building Society Berhad (MBSB) and Malaysian Industrial Development Finance Berhad (MIDF) are advancing with their planned merger. This consolidation aims to enhance their capabilities and expand their reach, with coverage extending from Arau to Long Pasia.

The proposed merger between Axiata Group Berhad and Digi involves the transfer of Celcom's entire issued share capital, comprising 124 billion shares, from Axiata to Digi. The transaction, valued at RM17.76 billion, also includes the listing of an additional 396 million shares. This strategic move is designed to create a more robust telecommunications entity, optimizing resources and expanding market presence.



Figure 20: Significant M&A since 2009 in Malaysia

Source: Thakur (2024)

Web The oldest parts of our company extend back 240 years.

Malaysian insurance sector: Recent M&As

Date	Acquirer	Acquiree	Stake (%)	P/BV (times)*	Purchase price
2012	AmG Insurance Bhd	Kurnia Insurance (Malaysia) Bhd	100	2.0	RM1.63bil
2012	Tokio Marine Insurans (Malaysia) Bhd	MUI Continental Insurance Bhd	100	11	RM180mil
2012	AIA Group Ltd	ING Groep NV (Malaysian operation)	100	2.2	RM5.3bil
2012	Tune Ins Holdings Bhd	Oriental Capital Assurance Bhd	83	12	RM164mil
2013	Sanlam Emerging Markets Proprietary Ltd	Pacific & Orient Insurance Co. Bhd	49	2.5	RM270mil
2013	Sun Life Financial Inc	CIMB Group Holdings Bhd & Aviva Plc	50	3.2	RM1.8bil
2013	MetLife International Holdings Inc	AmLife Insurance Bhd	50% + 1 share	3.0	RM812mil
2013	Prudential Insurance Co & Bank Simpanan Nasional	AmFamily Takaful Bhd	50% - 1 share		
2014	Liberty Mutual Insurance Group	Uni.Asia Capital Sdn Bhd	100	14	RM518mil
2014	Sanlam Emerging Markets Proprietary Ltd	Uni.Asia Capital Sdn Bhd	68.09	15	RM375mil
2014	Sanlam Emerging Markets Proprietary Ltd	MCIS Zurich	51	17	RM387.6mil

Source: RAM Ratings, various equity research and news sources
 * Price to Book value ** Separate options purchased ***Prudential bought 70%, Bank Simpanan bought 30%

©The Star Graphics

Figure 21: News Clip from Malaysian New paper

Source: Thakur (2024)

New Strategy of M&A

Following this development, the company adopted a new corporate strategy, focusing on non-organic growth through brownfield investments rather than relying on traditional organic growth methods (Lawrence et al., 2010). This shift in strategy emphasized leveraging existing assets and infrastructure to expand operations, which contrasts with the more conventional approach of building growth from within.

In addition, Duppati (2012) points out that when Indian companies pursue cross-border M&A targeting developed countries, it often leads to the integration of high-end and low-end players from established emerging or developing markets. This merging of diverse market players can create opportunities for growth and expansion by combining advanced capabilities with emerging market potential, resulting in a dynamic blend of resources and expertise from both ends of the market spectrum.

Acquisitions are a powerful strategy for quickly entering high-growth markets and gaining access to valuable resources such as expertise, technology, products, brands, and established market presence. They also play a crucial role in reducing risk and complementing a company's internal product development efforts. By acquiring existing entities, businesses can avoid the lengthy and resource-intensive process of developing products, markets, and supporting infrastructure internally. This approach is particularly

beneficial in industries characterized by short product life cycles or where there is a significant risk of missing out on profitable market opportunities.

In industries where rapid innovation and market responsiveness are critical, acquisitions offer a way to bypass the time-consuming process of in-house development. Instead of starting from scratch, companies can leverage the established capabilities and market position of the acquired entities. This not only accelerates market entry but also enhances the company's competitive edge by providing immediate access to new technologies, products, and management expertise.

Moreover, acquisitions can generate instant revenues and provide immediate competitive advantages, enabling companies to strengthen their market position without the need to expand their operational capacity. This is especially advantageous in fast-moving sectors where speed and agility are key to capturing emerging opportunities and staying ahead of competitors. Overall, acquisitions represent a strategic move that allows companies to rapidly scale their operations, mitigate risks, and enhance their market presence in a dynamic business environment.

Bertrand and Betschinger (2012) emphasized that M&A can have a substantial impact on the competencies acquiring companies along with its performance.. Their research suggests that firms engaging in M&A can improve their performance by leveraging several key benefits. These include achieving economies of scale and scope, which allow companies

to reduce costs and increase efficiency. Additionally, M&A can lead to better capacity utilization, helping firms make the most of their resources.

Another significant advantage is the reduction of transaction costs, which can enhance overall profitability. Acquiring firms also gain access to new resources and capabilities, further strengthening their competitive position. Furthermore, M&A can provide increased market power, allowing firms to exert greater influence within their industry. These factors collectively contribute to enhanced performance and competitiveness for the acquiring firms. Capron (1999) and Gugler et al. (2003) support these findings, highlighting that successful M&A can lead to improved operational efficiency and strategic advantages, ultimately driving better outcomes for the acquiring entities.

India, being the fastest emerging economy, provides significant context for analysis of cross-boarder M&A. According to Rapoza (2011), the immense scale of emerging markets is a key factor driving this analysis. Together, China and India, with a combined population exceeding one billion, outnumber the populations of developed nations. Furthermore, both economies are expected to grow at rates of 7% to 8% annually, compared to the US's growth rate of approximately 2% to 3% year on year.

This rapid growth in China and India suggests that these countries will contribute more than half of the global GDP over the next forty years. Additionally, a notable factor in the success of US companies over the past year has been their expansion into non-US markets,

benefiting from the robust growth in these emerging economies. This expansion underscores the importance of understanding and leveraging opportunities in rapidly growing markets like India and China for strategic M&A activities.

Grasping the corporate dynamics in India is crucial given the country's significant growth potential and the high value of outbound transactions. It's vital to assess whether shifts in the strategies of Indian corporations will benefit in long and short term to the shareholders to the firm acquiring.. For example, in 2000 India's per capital Gross National Product was US\$430-450 which grew to US\$1270 in 2013. This economic growth, along with financial reforms, has increased the cross-border M&A in large scale by Indian Companies.

In February 2011, Indian firms conducted outbound deals totaling \$441 million, a notable increase from \$206 million in 2010. Despite this increase in deal value, the economic impacts of these international ventures have not been comprehensively evaluated. Assessing these impacts is crucial for understanding the full implications of Indian firms' expanding global presence and their effectiveness in delivering value to shareholders.

Most studies on India have primarily focused on examining trends and patterns in outward foreign direct investment (FDI), covering areas such as regulatory challenges, motivations, and the scale of Indian FDI. Researchers like Singh and Jain (2009), Nayyar (2008), Rajan (2009), and Kumar (2008) have delved deeply into these topics. However, Kale (2009)

took a different route by concentrating on smaller companies with investments under USD \$48 million.

In a separate study, Gubbi et al. (2010) analyzed the performance of 412 companies but did not consider the acquisition announcements reaction on the short-term market. On the other hand, Zhu and Malhotra (2008) specifically examined both the short-term and long-term performance outcomes of Indian companies involved in cross-border M&A within the U.S. service sector. Collectively, these studies offer a broad understanding of various aspects of Indian outbound FDI, yet more research is needed in such transactions.

Evaluating the performance of companies engaged in cross-border M&A is crucial from both international and national viewpoints. This study also includes the financial analysis of 30 companies involved in cross boarder M&A by Indian Companies during 2000-2012.

Gregory and McCorriston (2005) have emphasized the impact of the acquisition date in recent studies. However, it is important to note that positive abnormal returns can extend beyond the announcement period, indicating that the wealth effect of an event may not be fully captured. Therefore, this research paper examines the performance of acquiring companies after the completion of acquisitions.

The paper's slightly emphasis on the impact of M&A resulting from cross-border activities conducted by Indian corporations. Previous studies have primarily focused on established

markets. Duppati's research in 2012 highlights variations in strategies between traditional and emerging models. Adapting these models and metrics to emerging markets, with their unique regulatory environments and socio-economic factors, presents notable challenges that have not been adequately addressed in existing literature.

1. How do Indian corporate cross border M&A impact the stock market?
2. Do shareholders experience value creation in the aftermath of cross border M&A ?
3. Can the long-term effects of post-acquisition be observed in the future?

Cross Boarder Merger and their challenges

Firms from emerging markets are increasingly turning to international M&A as a strategic approach to address competitive disadvantages, a trend that differentiates them from companies in developed markets. This approach arises from the greater challenges these firms encounter, making M&A a faster and more efficient means of acquiring essential resources and assets (Luo and Tung, 2007). Nonetheless, engaging in cross-border M&A also presents unique risks, such as the "liability of foreignness" (Zaheer, 1995) and the complexities associated with cultural acceptance (Barkema and Schijven, 2008). Variance in national cultures and regulatory environments can pose significant obstacles to achieving the intended strategic goals.

These challenges are further complicated by the inherent uncertainty and information asymmetry in foreign markets, which can hinder firms' ability to adapt effectively and learn from both the local market environment and the operations of the acquired company (Kogut and Singh, 1988; Zaheer, 1995). For Indian companies engaged in cross-border M&A with targets in developed countries, these issues are especially acute, leading to heightened investor concerns about the potential for success.

The cultural and operational differences between the merging entities are major concerns in integrations, potentially hindering the realization of expected synergies. Variations in regulatory environments can also pose compliance risks, while differences in customer preferences may require substantial adjustments to marketing and product strategies. All of these factors contribute to the complexities of successfully navigating cross-border M&A, particularly when emerging market firms are involved.

Given these risks, it is crucial to examine how the market reacts to announcements of cross-border M&A, as well as to assess the long-term performance of the acquiring firms. The study aims to explore two key hypotheses related to these dynamics:

1. No abnormal returns are observed for the acquiring firm during the event window (0) immediately following the announcement of cross-border M&A.
2. In the long term, acquiring firms also do not exhibit abnormal returns after the acquisitions.

The first hypothesis investigates the immediate market response to the announcement of cross-border M&A, testing whether investors perceive these deals as value-neutral for the acquiring firm. This is significant because it reflects investor sentiment and confidence in the firm's ability to successfully execute and integrate the acquisition.

The second hypothesis examines the acquiring firm's performance in long-term, assessing whether the initial market neutrality (or negativity) persists over time. This is crucial for understanding whether the strategic objectives of the M&A —such as achieving synergies, gaining market share, or enhancing competitive positioning—are realized in the years following the deal.

By analyzing these hypotheses, the study aims to provide insights into the effectiveness of cross-border M&A as a strategy for Indian companies entering developed markets. The findings could offer valuable guidance for both corporate managers and investors, highlighting the potential risks and rewards associated with international expansion through M&A. This analysis is particularly important in the context of emerging market firms, which may face greater challenges but also have significant opportunities for growth and global integration through strategic acquisitions.

Emerging market firms pursuing international M&A often encounter numerous challenges that can overshadow the potential benefits of such expansion, sometimes leading to a decline in the performance of the acquiring companies. These firms must develop the necessary knowledge and skills to operate effectively within unfamiliar economic, legal, administrative, and cultural environments. Navigating these diverse contexts requires significant adjustments and a deep understanding of new market dynamics.

A critical challenge for these companies is the disparity in information. Emerging market firms may lack comprehensive and reliable data about potential acquisition targets and foreign markets, leading to an incomplete assessment of opportunities and risks. This information gap can result in overestimating the synergies expected from the merger or acquisition. Additionally, there is a tendency for these firms to pay higher prices for foreign targets compared to domestic bidders, driven by the desire to quickly gain access to new markets, technologies, brands, and customer bases. Such overvaluation can strain financial resources and reduce the overall value gained from the transaction.

Furthermore, as these firms expand internationally, they must effectively manage and integrate diverse organizational structures. Coordinating activities across multiple countries introduces complexities related to aligning different business practices, corporate cultures, and management styles. Successfully harmonizing these elements is essential for achieving the desired efficiencies and synergies from the M&A, but it can be challenging

and time-consuming. Shimizu and Hitt (2005) emphasize that understanding both the home and host country contexts is crucial for managing these differences and ensuring smooth integration.

Given these challenges, it is essential to evaluate the impact of cross-border M&A on the performance of firms from emerging markets. This study aims to test the following hypotheses to understand the effects of such M&A:

1. **Hypothesis 1:** The post-acquisition effect may not be clearly observable. This hypothesis suggests that the immediate impact of an M&A deal might not show significant changes in performance indicators, making it difficult to assess the true effect of the merger or acquisition in the short term. Factors such as the time required for integration, initial operational disruptions, and the period needed to realize synergies can obscure the observable effects shortly after the transaction.
2. **Hypothesis 2:** The operating performance in the scenarios of post and pre-acquisitions are similar in nature.. This hypothesis challenges the notion that M&A inherently leads to improved performance. It posits that, despite the strategic intentions behind international expansion, the operational performance of acquiring firms may remain largely unchanged compared to their performance before the acquisition. This could be due to various integration challenges, cultural mismatches, and external factors that offset the potential benefits of the M&A.

In summary, while international M&A provide emerging market firms with opportunities to overcome competitive disadvantages and gain access to valuable resources, they also present significant challenges that can affect performance. Understanding these dynamics is essential for investors and corporate managers, as it helps shape strategies for effective cross-border integration and underscores the need for thorough due diligence and robust post-merger integration practices. This study aims to enhance the understanding of how cross-border M&A impacts firms from emerging markets and to identify factors that can improve the likelihood of successful outcomes.

The research will extend the literature by exploring the experiences and factors influencing Indian companies' acquisitions globally. It is important to recognize that these experiences and factors may differ from those in developed countries due to variations in regulations and capital markets.

Numerous studies have explored the short-term performance of UK firms that engage in acquisitions, consistently finding statistically significant positive returns for these companies shortly after the acquisition (Conn et al., 2001, 2005; Goergen and Renneboog, 2003). Uddin and Agyenim (2009) examined 380 UK-acquiring firms involved in cross-border M&A between 1994 and 2003 and found that these firms did not generate positive abnormal returns following the declaration of cross-border acquisitions. Additionally, Ben and Alex (2010) analyzed M&A activity in Australia between 1998 to 2005, focusing on

the share returns of both bidders and targets. They considered factors such as financing methods, hostility, and the Fama-French factors. Their study revealed that while targets achieved significant positive returns, bidders did not capture most of the economic benefits from the M&A activity.

Zhu and Malhotra (2008) analyzed the immediate stock performance of Indian companies that acquired U.S. firms between 1995 and 2005. Their study found that the Indian stock market reacted positively to the announcement of these acquisitions, with positive returns lasting for just three days before turning negative. In contrast, studies conducted by Kale (2009) and Gubbi et al. (2010) using event study methodology revealed that Indian firms involved in acquisitions saw positive abnormal returns following the acquisition. Their research also highlighted that the generation of value was significantly greater when the target companies were located in advanced economic and institutional settings, as opposed to those in developing nations.

In a study conducted by Healy and colleagues in 1992, the researchers explored the performance of the 50 largest mergers in the United States that took place between 1979 and mid-1984. They discovered that the companies involved in these mergers experienced notable enhancements in asset productivity compared to their industry peers, which in turn led to higher returns in operating cash flow. Furthermore, the study revealed a significant positive relationship between the increase in operating cash flows following the mergers

and the abnormal stock returns that were observed at the time the mergers were announced. This finding suggests that the market's reassessment of the merging companies was primarily influenced by the expected economic benefits. In their 2009 study, Dutta and Jog examined the long-term abnormal returns and operational performance of Canadian firms involved in acquisitions, analyzing a sample of 1,300 transactions that took place between 1993 and 2002. They discovered that while the Canadian market initially reacted favorably to acquisition announcements, this positive sentiment tends to be short-lived. Interestingly, their research did not uncover any evidence of value destruction or instances of overpayment in these acquisitions.

In a different context, Savor and Lu (2009) studied a sample of 1,773 firms listed on the NYSE from 1978 to 2003. Their research indicated that overvalued companies could create value for their long-term shareholders by using their equity as a currency for acquisitions. This presents a contrasting viewpoint on how market perceptions and company valuations can impact the results of M&A.

The performance of post-merger performance and the behavior in the market were analyzed by Kumar (2009), explicitly considering the Indian companies engaged in mergers between 1999 and 2002. The study assessed the companies' performance before and after the mergers by analyzing accounting data, specifically return on capital employed (ROCE), to determine the benefits of the mergers. The findings revealed that, on average,

there was no significant enhancement in profitability, asset turnover, or solvency for the acquiring firms when compared to their performance prior to the mergers. This suggests that, contrary to popular belief, mergers often do not result in improved financial performance for the acquiring companies.

The traditional approach to conducting event studies often relies on Sharpe's (1964) market model, which has remained a fundamental method in financial analysis. Brown and Warner (1980) argued that more intricate methodologies do not offer substantial advantages over the straightforward one-factor market model, making it a popular choice for analyzing events such as M&A. Studies by Andrade et al. (2001) and Moeller et al. (2003) highlight the use of the three-day event window, particularly surrounding the announcement of mergers, as a common timeframe for measuring market reactions. Another frequently employed event window extends from just before the announcement to the completion of the merger, capturing the entire process (Moeller et al., 2003).

Ma et al. (2009) conducted an extensive study on abnormal returns for shareholders of acquiring firms in ten emerging Asian markets: China, India, Hong Kong, Indonesia., Along with these new economies like Malaysia, the Philippines, Singapore, South Korea joined the hands and then lastly Taiwan, and Thailand came in. Their analysis, which covered 1,477 M&A transactions, found positive cumulative abnormal returns (CARs) across several event windows, including two-day (0,1), three-day (-1, +1), and five-day (-

2, +2) periods. These findings suggest that M&A transactions generally produce favorable investor outcomes in these markets.

Schwert (2000) also emphasizes the importance of considering the length of the event window. While longer windows allow for the inclusion of factors such as bid revisions and defensive strategies by target companies, they also increase the likelihood of other unrelated events influencing the results, leading to potential confounding effects. This balance between capturing all relevant information and minimizing noise is crucial in event study methodology, particularly in the context of M&A research.

Markides and Oyon (1998) explored the impact of international acquisitions on shareholder wealth by analyzing a total of 236 acquisition announcements, which included 47 from Canada and 189 from Europe. They utilized standard event-study methodology to assess the valuation effects of these acquisitions. The estimation period for the study spanned six months, or 126 days, with the event window specifically concentrating on a two-day period (0, +1).

It is important to note that when analyzing long-term results, the choice of benchmark models can significantly affect the expected return estimates. Different benchmark models can lead to substantial variations in these estimates (Ball, 1978; Fama, 1991). Therefore,

the assumed model for generating biases and misspecification can greatly impact long-term results (Fama and French, 1993). However, the market model has the potential to address this issue (Schwert, 1983).

Furthermore, it was found that procedures such as matched-portfolio procedures, which do not require pre-event parameters, can also be mis-specified (Ikenberry et al., 1995). Therefore, caution must be exercised when calculating long-run performance, as the choice of procedures used can influence the findings (Chopra et al., 1992).

2.11 Summary

With the literature survey conducted the study can be concluded as follows:

The M&A are a vast subject to understand and incorporate all the data samples to confirm the impact-based parameters. This business transaction is highly challenged by the notion of its variant and how the two firms are making a pact to move ahead.

The M&A is highly favorable for the firm with lower capital and asset value so that on merging with a higher asset firm, they can have higher bandwidth and global visibility. Acquisitions are mostly favorable for firms who want to take out the competition from the market or want to try a new product segment. M&A acts as a catalyst to the firms without investing more in the publicity of new products or doing more advertisement efforts they can attain the same business objectives by lower investment and higher turnout ratios.

The documentation available on the subject of M&A success, failure, impacts, and comparative studies can be summarized to the below-mentioned points:

- Multiple instances were witnessed when the cross-border mergers were showing positive market impacts in the United States and Canada but the same synergy struggled to generate impacts in the Asian markets which is not mentioned in the cross-border mergers.
- Bank mergers in the United States and in India are responding to the different set of financial iterations, where mergers in US is govern by the intervention of the Federal Government. But in India, government involvement happens at later point of time unless the implication is at a higher mass. This piece of information and the government's involvement in the governance of M&A activity is not discussed in any of the documentation.
- India and the Asian countries are majorly providing service support to the technology based company and the banking companies. But during M&A of US-based entities, Indian subsidies are considered as part of the transaction at a later point in time. Due to this not all locations have visibility to the M&A transaction.
- In the case of a Multinational Company Merger, the policies and guidelines applicable to one location is not applicable to the other nation or the wage settlements do not match across multiple locations. This factor remains untouched which addresses the remedies and the policy evaluation during an M&A transaction.
- Finally, the major challenge is with tax evasion, every country has a different applicable rule and regulations. Due to this most of the assets are moved to the states where the taxation is reduced or the exemptions are applicable. This common method is not addressed in any of the studies related to tax evasion during M&A.

The M&A, success, and failure are majorly ruled based on financial instruments like – ROA, ROE, equity per share, and net profit margin. Also, the invisible factors for the success or the failure of the M&A are:

- Policies and regularities
- Corporate laws and integrations
- Taxes and compliances
- Geo-political state and cross-border treaty
- Socio-Economic Crises level

Most importantly we have seen a “V” curve in the M&A universe during the COVID period in 2020. Further analyses are being made while we are moving to the next phase of this study.

CHAPTER III: METHODOLOGY

The study undertakes the route of qualitative and quantitative exploratory analysis and aims to identify the factors that are directly and indirectly coordinating towards the success and failure of the M&A business transactions across multiple domains and geographies. This section contains details about the participants/researchers/consultancies and other parties, including the criteria for their selection in the study, the identity of the participants, and the sampling methods employed. The researcher outlines the chosen research design and explains the rationale behind this decision. Additionally, the data collection instrument is identified, along with the procedures implemented during the study. The researcher also elaborates on the data analysis methods utilized. Finally, ethical considerations observed throughout the process are addressed.

3.1 Overview of the Research Problem

M&A is the most prominent business transaction in the current era of business operations. Every company checks for the opportunity for expansion and the increased market cap, in this process, the cost of starting a business unit in a new market at a new location, or even new store operations requires a good amount of business planning and effort. Not only that, the cost involved in starting a new business unit is higher than acquiring or merging with an already in-market company. This solves the 70% cost involvement issue and helps in early market exposure. This positive implication of M&A helps in setting the mindset that

the M&A is a better option but another part of this is the negative implications of it. For example, many firms just undergo M&A to get tax benefits from bankruptcy, many companies are forced to merge to curb the market competition

Adding to these, modern world problem due to excessive use of power and resources, leaves no choice for small manufacturers. We have seen the impact of the war between Russia and Ukraine, Iran-Iraq-Israel, China-Japan, and many such examples force companies to look for additional cash for operational needs through M&A activities. In this study, we are focusing on multiple verticals, domains, geographies, and different periods to understand the behavior of M&A.

3.2 Operationalization of Theoretical Constructs

Financial market data about the companies are received from the center for financial monitoring for the corresponding company. In the case of India we have gathered the information from the Center for Mounting Indian Economy (CMIE)Procwess, corporate documentation, Thompson banker, annual financial reports of the companies available for the public and the stocks report for the application and the analysis development for the stock market.

Most commonly used entities like Short Term, Long Term, Market Model, and Operating Performance are used for the evaluation and validation of the data so achieved.

Short Term

Short term is defined as the window span of 1 day to 7 days pre and post-announcement of M&A transaction. In the regular model, the day limit is set to 120 days to correctly evaluate the company's performance and consumer acceptance with the help of stock price changes in the period.

The study assesses the short-term impact of announcements using methodologies from Andrade et al. (2001), Moeller et al. (2003), and Ma et al. (2009). It includes several event windows: three days (-1, 0, +1), five days (-2, 0, +2), and seven days (-2, 0, +4), as well as longer periods of 21 days (-10, 0, +10) and 31 days (-15, 0, +15). The event date is identified as the M&A announcement date. The market model estimation period covers 120 days, beginning five days before the announcement and excluding post-event data. Returns are computed based on the natural logarithm difference of consecutive daily stock prices, evaluating each security's systematic risk in relation to the market portfolio represented by the BSE Price Index.

This is given by the mathematical formula

$$R_{it} = (\alpha_i + \beta_i(R_{mt}) + \epsilon_{it}) \quad (1)$$

- R_{it} return for the firm “i” for the day “t”
- R_{mt} market portfolio return for the day “t”
- α_i constant return on the stock price
- ϵ_{it} a random disturbance

Long Term

This research investigates three different methods to test the null hypothesis and assess post-acquisition performance. The methods include Cumulative Abnormal Returns (CAR) techniques, Buy-and-Hold Abnormal Returns (BHAR), and Ordinary Least Squares (OLS) cross-sectional regression. CAR is a commonly used approach in academic studies and, in this research, is computed using the market model based on the methodology described by Kothari and Warner (1997).

The market model coefficients are calculated by analyzing data from the 24 months leading up to the acquisition event. This includes monthly stock return data for each security in a sample of 30 cross-border M&A transactions involving Indian firms, along with monthly market returns from the Bombay Stock Exchange (BSE Index) to estimate the expected returns.

Ordinary Least Squares (OLS) regression is used to estimate the parameters α_i (alpha) and β_i (beta) by regressing firm returns against the market returns indicated by the BSE index. These estimates are then utilized to compute the expected return by adding alpha to the product of beta and the market index return. Finally, the excess return for a stock is ascertained by subtracting the expected return from the actual return.

The calculation of returns involves comparing the natural logarithm of two consecutive monthly stock prices. This technique enables the analysis of each security's systematic risk in comparison to the market portfolio, with the BSE Price Index serving as the market proxy. The independent variable R_{mt} reflects overall market fluctuations, while any omitted factors are represented in the disturbance term ϵ_{it} . Abnormal returns are found by subtracting the estimated returns from the actual returns of the firm during the 36 months after the acquisition month.

The current study has the data and analysis for a longer period for the companies that are undergoing M&A activities. The period of 24 months before the transaction and after is used for the validation. These are generally called coefficients of the market. In the Study we have observed the pattern via the data of 60 cross-border M&A controlled by the Indian Market companies and their monthly stock prices data is handled and analyzed by the Bombay Stock Exchange (BSE).

Market Model

This market model consists of three approaches: the CAR method, Buy-and-Hold Abnormal Return (BHAR), and OLS cross-sectional regression, aimed at analyzing the impact of acquisitions on performance after the acquisition.

$$AR_{it} = R_{it} - (\alpha_i + \beta_i R_{mt}) \quad (2)$$

The estimation of the market model parameters α_i and β_i involves regressing the monthly returns of security 'i' against the equally-weighted market returns during the estimation phase. Following this, the cumulative abnormal returns (CARs) are calculated by totaling the monthly abnormal returns throughout the event period.

$$CAR_{it} = \sum_{t=1}^t AR_{it} \quad (3)$$

The alternative technique assesses long-term abnormal returns by applying the buy-and-hold (BHAR) strategy. To alleviate issues like new listing bias, rebalancing bias, and skewness bias, the research implements a control firm strategy under BHAR. This strategy involves correlating the abnormal market return of an OFDI-related Indian company with a control firm, known as a matching firm, based on specific criteria. The control firm must be similar to the sample firm in size and sector. This selection process follows the principles established by Barber and Lyon (1997), who indicated that matching sample firms with control firms of comparable size leads to accurately specified test statistics across all sampling scenarios.

$$BHAR_{it} = \prod_{t=0}^T \sum [1 + R_{it}] - \prod_{t=0}^T \sum [1 + R_{mt}] \quad (4)$$

Analyzing the effects of acquisitions on performance after the acquisition entails conducting a cross-sectional regression analysis that relates post-acquisition performance to pre-acquisition performance across all seven performance metrics.

$$Y_{zi} = \alpha + \beta X_{zi} + e_{zi} \quad (5)$$

In this context, Y_{it} denotes the average or median post-acquisition performance of company i , while X_{it} represents the pre-acquisition performance of the same company. Z_{it} includes a set of seven operating performance measures: Key metrics include Tobin's Q , Return on Assets (ROA), Return on Equity (ROE), Return on Sales (ROS), Earnings Per Share (EPS), leverage (debt to total assets, D/TA), and sales to total assets (S/TA). The parameter β indicates the link between performance prior to and following an acquisition, while α , which is not influenced by pre-acquisition performance, reflects the effect of the acquisition on post-acquisition performance (Healy et al., 1992).

Operating Performance

Finally, the most important and highly used data pointer is called as operating performance, which is generally calculated within 1 year from the acquisition. This calculates and showcases the company's performance across multiple domains, segments, and market impacts with the help of stock price, employee retention and acceptance of the new company, and consumer acceptance of the new company and the product.

To determine the operational efficiency in the aftermath of an acquisition, the study focuses on the annual percentage growth rates of sales, dividends, and post-tax profits from both the pre-acquisition and post-acquisition periods. It compares the shifts in annual growth rates that occur before and after the acquisition. The analysis utilizes the formula:

percentage change = $[(\text{latest-past}) / \text{past} * 100] / N$, where N signifies the number of years between the two periods being analyzed, specifically the latest and past periods (Duppati, 2012).

3.3 Research Purpose and Questions

Unbiased and profitable transaction in business by M&A is the only key any organization looks forward to across the globe. This M&A transaction is prone to damages due to internal and external factors and most importantly due to management and their strategies. Given the bandwidth of the market having a common business transaction of a merger, it is very important to analyze and channel the transaction and its impact to serve the business and make better profits for the stakeholders. Recently we have seen many failures in M&A universally due to lack of integration, adequate policy, sideline of human capital and their development from the business growth cycle, and most importantly global pandemic due to COVID in 2020. Moreover, the sanction, imposed on multiple countries indirectly impacts the availability of the products and the product development and results in scarcity of the technical components and solutions.

Research Questions:

1. Factors that are impacting M&A transactions directly and indirectly across the three stages pre-, during, and post.

2. Penetration and involvement of advanced technologies driving the transaction of M&A in terms of validation and analysis, product improvement, and new technology and its research work.
3. Implication of COVID on the M&A and new entity survival with financial component analysis.

3.4 Research Design

Research design is of three types:

- i. Exploratory design

The application of exploratory design as a research method is instrumental in acquiring insights into a research problem with limited prior research. This approach is particularly valuable when a research problem is in its preliminary phases or lacks extensive examination. Exploratory research assists researchers in determining the appropriate research approach, methodology selection, and identification of critical research areas for future investigation.

- ii. Descriptive design

Descriptive design, also known as descriptive research design, is a type of research methodology that incorporates both quantitative and qualitative data to describe a phenomenon, situation, or population. It is a straightforward observational study design that can either quantify the distribution of variables or simply report their qualities.

- iii. Casual design

Causal research design, also called explanatory or causal-comparative research, is a technique utilized to ascertain the extent and nature of cause-and-effect relationships between variables. It is a form of conclusive research that aims to establish a connection between variables.

Out of these, descriptive research design is used in this paper.

3.5 Population and Sample

To conduct the study, we have used the data available from the company's balance sheet and quarterly information for the media across the three domains - the banking sector, IT sector, energy and oil sector across, the United States, United Kingdom, Asia Pacific countries such as India, Russia, Pakistan, China, Sri Lanka, and others.

We are leveraging the latest available information related to the company of interest and the domain of interest.

1. Financial statements, audit reports, published news articles and interviews related to company performance,
2. New articles and the conference summary on new technology advancement and adaptation along future road maps of the company
3. Business conference highlights and the interviews captured in the reports and analysis.

4. Documentation and analysis published by other researchers on and to the related areas and company of interest.

As the domain of research is very vast and sensitive, most of the information hits the market after a long period which is generally called a cooling period or observation period. During this time market analyzes the new entity and its acceptance by the old entities.

3.6 Participant Selection

Companies selected for the analysis are the top 20 companies of the particular nation and have a higher customer base. These companies have high investment from consumers in terms of stock and they do have limited exposure to foreign direct and indirect investments. And as they are divided across the globe the needed spectrum is best suited for the study.

3.7 Instrumentation

Following are the instrumentational steps mentioned which are discussed in the earlier chapters and some will be discussed in later concepts:

- i. Event Window – our study focuses on the window of 5 Years, which encapsulates the period of uncertain socio-economic conditions.
- ii. Selection Criteria – most of the data that we can use is available as company quarterly or annual reports.
- iii. Normal and Abnormal returns – measured using the market model
- iv. Core Financial instruments – ROA, ROE, ROI
- v. Growth rate, mean, and compound annual growth rate

- vi. Risk assessment and mitigations
- vii. Integration and remedies
- viii. Testing Procedure
- ix. Result Analysis and Discussion
- x. Interpretation and conclusion

3.8 Data Collection Procedures

We used preexisting and published data from the period of early 1990 to 2022 across all three domains, across ten countries and four continents, impacting the whole population of the corresponding country from company portals, audio files, and completed research papers.

Following are the sources for the data at the moment which may get extended as we move further:

1. The study utilizes acquisition data from the Securities Data Corporation (SDC)'s Global Mergers & Acquisitions database, which includes transactions announced and completed between January 1, 2000, and December 31, 2010. This database is a comprehensive resource with over 1.9 million transactions involving public and private acquirers since its inception in 1992. The research specifically focuses on transactions where there is a clear transfer of control: the acquirer initially holds less than fifty percent of the target's voting shares before the merger announcement and secures at least 50% ownership of the target post-merger.

2. The secondary data for the thesis was primarily sourced from the PRIMO university database and "IDEAS Repac". This approach was taken to identify the most pertinent reviewed papers that could establish a theoretical framework for the thesis with a scientific orientation. Additionally, Google Scholar was utilized. To pinpoint specific papers, keywords like "Impacts of M&A 's", "M&A Short-term effects", and "M&A consequences" were used to retrieve relevant literature that could serve as a basis for further exploration.

3. M&A Transaction Details

- Deal Databases: Access to comprehensive M&A databases like Bloomberg, Thomson Reuters Eikon, Zephyr, and PitchBook for detailed information on deal structures, transaction values, and historical data.
- Corporate Annual Reports: Annual reports and financial statements of companies involved in M&A, providing insights into transaction rationale, financial performance, and strategic outcomes.
- Securities Filings: Regulatory filings, such as 10-K and 8-K reports from the U.S. Securities and Exchange Commission (SEC), for detailed disclosure of M&A transactions.

4. M&A Success and Failure Details

- Post-Merger Performance Analysis: Financial analysis reports from databases like Compustat and CRSP, which provide post-merger financial performance metrics including profitability, cost synergies, and market share growth.

- Case Studies: Academic and industry case studies available through sources like Harvard Business School, INSEAD, and the Journal of Corporate Finance that explore specific M&A successes and failures.
- Consulting Firm Insights: Reports and white papers from McKinsey & Company. Then also from Bain & Company, and following which Boston Consulting Group (BCG), offering in-depth analysis of factors contributing to the success or failure of M&A deals.

5. Future of M&A Transactions

- Industry Forecasts: Market research reports from firms like Gartner, Forrester, and IDC that predict future trends in M&A activity within specific industries.
- Economic Outlook Reports: Publications from the International Monetary Fund (IMF), World Bank, and OECD that provide macroeconomic forecasts and their implications on future M&A activities.
- Expert Interviews: Interviews with industry experts, investment bankers, and corporate strategists offering qualitative insights into emerging trends and the future landscape of M&A.

6. Employee and Market Sentiments During M&A

- Employee Surveys: Surveys conducted by HR consulting firms like Gallup or Mercer, assessing employee morale, engagement, and sentiment before, during, and after M&A transactions.

- **Market Reaction Analysis:** Stock market data from exchanges like NYSE, NASDAQ, and London Stock Exchange (LSE), used to analyze market reaction and investor sentiment following M&A announcements.
- **Media Coverage:** Analysis of news articles and media reports from sources like The Wall Street Journal, Financial Times, and Reuters, capturing public and market sentiment regarding M&A activities.
- **Cultural Integration Studies:** Research studies and reports that examine the cultural fit and integration challenges during M&A, often published by academic institutions or consulting firms.

7. Cross-Category Data Sources

- **Literature Reviews:** Access to academic databases like JSTOR, Google Scholar, and ProQuest for a wide range of scholarly articles, journals, and books discussing various aspects of M&A.
- **Legal Case Studies:** Legal records and case studies documenting litigation, antitrust issues, and regulatory challenges related to M&A, which can be found in legal databases like Westlaw and LexisNexis.
- **Synergy and Integration Reports:** Detailed reports on synergy realization and integration effectiveness, often available through internal company records, industry reports, or consulting studies.

8. Technological and Innovation Trends in M&A

- Tech-Specific M&A Reports: Industry reports from tech-focused research firms like CB Insights and Crunchbase, providing data on M&A activity within the technology sector, including emerging technologies and innovation trends.
- Patent and Intellectual Property Data: Patent analysis and IP data from sources like the U.S. Patent and Trademark Office (USPTO) along with that the European Patent Office (EPO), which can indicate trends in technology-driven M&A.

9. Website for data preparation – Screener, Yahoo Finance, Google Finance

Research papers were handpicked based on their research importance, alignment with the thesis, and publication date to ensure the inclusion of the most relevant information. Papers that have been around for decades were examined due to their critical status within the subject, serving as the basis for numerous other papers and being highly regarded for their reliability in the more technical aspects of this literature review. In addition, secondary data was collected from public reports of companies, firms, and government organizations to access statistics on M&A s.

To qualify for inclusion in the sample, takeover deals must satisfy specific criteria. The transaction value must exceed one million dollars, and the acquisition must be finalized with both the announcement and effective dates clearly stated, along with a disclosed deal value. The duration between the announcement and completion dates should not exceed 1,000 days. Eligible target firms include public companies, private entities, or subsidiaries.

Payment methods should be categorized as cash-only, stock-only, a combination of cash and stock, or alternative methods. Transactions involving companies in the financial or utilities sectors are excluded. Additionally, acquirers are restricted to purchasing no more than two targets within a span of ten trading days. The sample excludes acquisitions involving buyback offers, repurchases, or self-tender offers, ensuring that only relevant and comparable deals are analyzed.

As the data is made public by the companies and it is no longer confidential data that is yet to be presented, we do not need confirmation on the use for study purposes. While gathering this information we are only accessing publicly available information and not connecting with any current or past employee, executive, or external parties of the firm. We will be downloading the company's financial and documented subject-related information from company websites, business websites, and stock market analysis papers.

Ethical Consideration

It is non-negotiable and mandatory to consider all the ethical liabilities and adhere to them while conducting studies. The data we are using is publicly available and authentic, and they do not come under confidentiality agreements or unpublished data sets that directly or indirectly hurt the image of the firm or any individual. Our study is concentrated on all completed M&A and not on the ones that are under discussion.

Consideration During data collection

Data collected during the study phase is publicly available and we are not reaching out to any firm, organization, or individual firm from the list of companies under analysis and not to any directly or indirectly connected third party. But still, in case we find any specific individual name in the study, we will refrain from quoting the name in the study as our objective is to analyze data and generalize the footnotes for transactions.

Considerations of Researcher Bias

The study is based on the data collected across multiple firms, and countries, and across multiple domains to identify the set of factors which are directly and indirectly impact the success and failure of the M&A transaction of business. The study has an ultimate objective to provide a road map and strategic plan for M&A by use of which upcoming M&A transactions can be beneficial and profitable to the firms, market, and consumers. We are not targeting or limiting our research to one particular firm country or domain due to which researcher bias can easily be checked.

3.9 Data Analysis

To perform the data analysis and testing we are going to carry out the following operations on the data:

1. the filtration method on the data based on the announcement date, companies, and events associated with the company.

2. topographical categorization of the companies and related subsidiary
3. daily closure stock price
4. Excel-based and data Models will be used for the data filtration.
5. For technology advancements the sentiment analysis (based on data availability) will be carried out using the Machine Learning Model.
6. Probability Sampling and Non-Probability sampling design are there two designs out of which random sampling design is used.

3.10 Research Design Limitations

Due to the limited period for the study, we have to carry out the analysis based on the preexisting data, and most of the data available on the company sites or the publically available data post the M&A is from pre-COVID. Due to this multiple aspects would have not been touched.

In the same manner, the war between Russia and Ukraine is having a vital impact on the oil market, and in the past couple of years, we haven't seen any major M&A in the area of the Oil market. The oil market has three prominent players which are UAE, Russia and then Canada, and others. And due to war and the implication of the sanctions the trade offer for the Russian oil declined but the price became more attractive. Considering this factor many companies involved directly or indirectly with the oil sector have to undergo M&A to sustain the cash crunch and to attain business from another part of the world.

Thirdly, with the rapid acceptance of AI technologies like chat GPT, BARD, and Gen-AI, it is becoming difficult to handle the services with the old technologies and when consumers make a move to new technologies, the old technology firms or the service provider companies undergo M&A. Recently we have seen tech company – Evolutionary System aka Evosys undergo M&A and now is known as Mastek. Similarly, KBACE was acquired by Cognizant, and many such companies have undergone M&A but do not have publically available data regarding HR implications, Stocks and Market cap Implications, and cooperation implications.

3.11 Conclusion

The M&A is a vast financial practice where every day new companies are being targeted from a transaction point of view and depending on the nature of operations, market capital, market penetration, and customer sentiments, they either get merged or acquired.

To analyze and assess the transaction and its impact on the companies and the market, we have AI solutions and a model that are designed based on finance data and formulas. These formulas are being used by the company risk analysis team, asset estimation team, human capital, and operations team to understand the current functioning of the company and estimate the change due to the M&A transaction.

CHAPTER IV:

RESULTS

This chapter is divided into multiple segments to showcase the results of Banking, Corporations, and oil Industries and will assess the outcomes of the research. Every research question posed in the first chapter will be carefully examined and addressed in distinct segments. To guide the reader, each research question will be reiterated at the start of the sections. Subsequent to the research questions, comprehensive findings will be showcased alongside figures and tables. Each objective will be assessed independently before a summary of the findings and a conclusion for the sections are provided. The summary of the findings will offer succinct responses to the research questions, bolstered by the preceding three research question sections.

Banking

For the banking sector study and analysis we, have included – the banking sectors of India, Pakistan, and Nigeria for data analysis, and China banking corporations, UK banks, and the American banking system are referenced for the understanding of the concepts.

Indian banking Industry

The Indian banking industry has witnessed significant M&A activity, driven by regulatory reforms, market consolidation, and the need for capital augmentation. In recent years, mergers among public sector banks have been a key strategy to strengthen balance sheets, improve efficiency, and enhance competitive positioning in a rapidly evolving financial

landscape. Private sector banks have also engaged in acquisitions to expand their customer base, diversify offerings, and leverage digital capabilities. These M&A activities are reshaping the banking sector, fostering greater resilience, and enabling Indian banks to better compete in the global market.

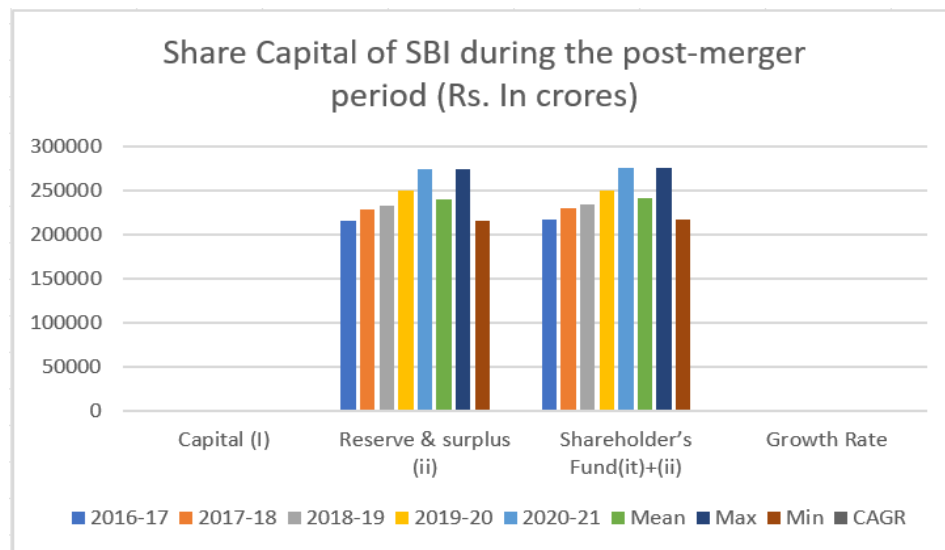


Figure 22: Post merger – SBI share capital
Source: Thakur (2024)

Above demonstrates the growth of SBI's shareholders' fund after the merger. The analysis reveals that the fund amounted to Rs. 217,191 crore in 2016-17, experiencing a 6.04% increase in 2017-18, and achieving a growth rate of 9.75% by 2020-21. Throughout the study period, the average growth rate of the shareholders' fund was 6.2%, with the highest growth rate of 9.8% recorded in 2020-21 and the lowest at 1.82% in 2018-19. CAGR during this timeframe was 4.88%. This consistent growth in the shareholders' fund indicates a robust and stable capital foundation for the bank in the years following the merger.

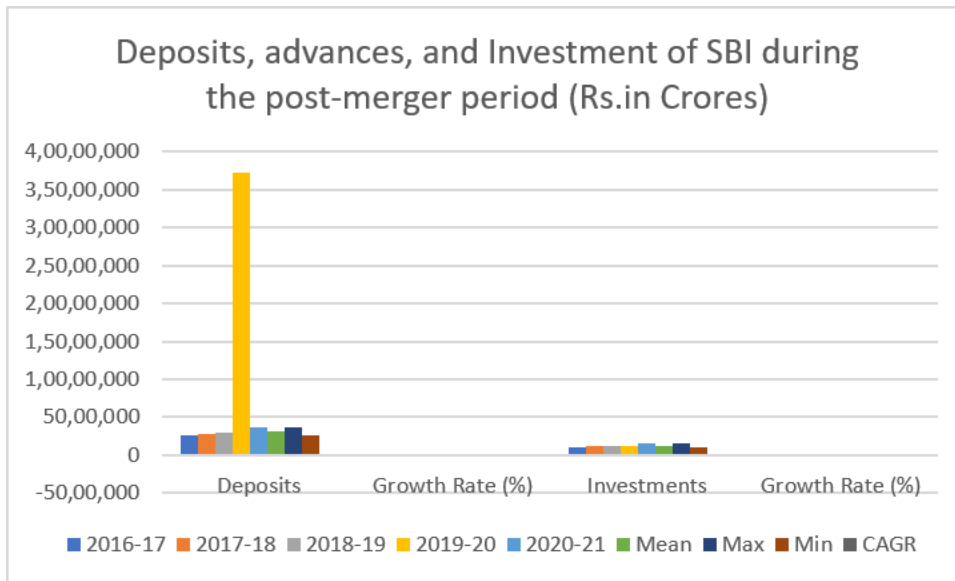


Figure 23: Post Merger Financials – SBI
Source: Thakur(2024)

The second table illustrates the deposits, advances, and investments of SBI, along with their respective growth rates from the fiscal year 2016-2017 to 2020-2021, subsequent to the merger. It is noteworthy that deposits have consistently increased each year, escalating from Rs. 2,599,810 crore in 2016-2017 to Rs. 3,715,331 crore in 2020-2021, resulting in an average deposit of Rs. 3,050,404 crore. The peak deposit recorded was Rs. 3,715,331 crore in 2020-2021, whereas the lowest was Rs. 2,599,810 crore in 2016-2017. The average growth rate for deposits stood at 9.4%, with a CAGR of 7.4%. This persistent upward trajectory in deposits signifies an enhancement of SBI's market share during the period following the merger.

Investments displayed an overall upward trend, with the exception of a decline in 2018-19. Beginning at Rs. 1,027,280 crore in 2016 - 2017, investments rose to Rs. 1,183,794 crore in 2017-18, before falling to Rs. 1,119,247 crore in 2018 - 2019, which reflected a negative growth rate of -5.5%. By 2020 - 2021, the bank's investments had increased to Rs. 1,595,100 crore. The growth average rate for investments was 12.4%, with the highest growth rate reaching 29.90% in 2020 - 2021 and the lowest at -5.45% in 2018 - 2019. The CAGR during this period was 9.2%, indicating a satisfactory performance in investments following the merger.

Advances displayed a consistent increase from 2016-17 to 2020-21, reflecting the bank's strong lending performance post-merger. Starting at Rs. 1,896,886 crore in 2016-17, advances rose to Rs. 2,500,598 crore in 2020 - 2021. Advances experienced an average growth rate of 7.22 percent, with a maximum growth rate of 13.60 percent noted in the 2018-2019 period, and a minimum growth rate of 3.33 percent in the 2017-2018 fiscal year. The CAGR was calculated to be 5.68 percent.

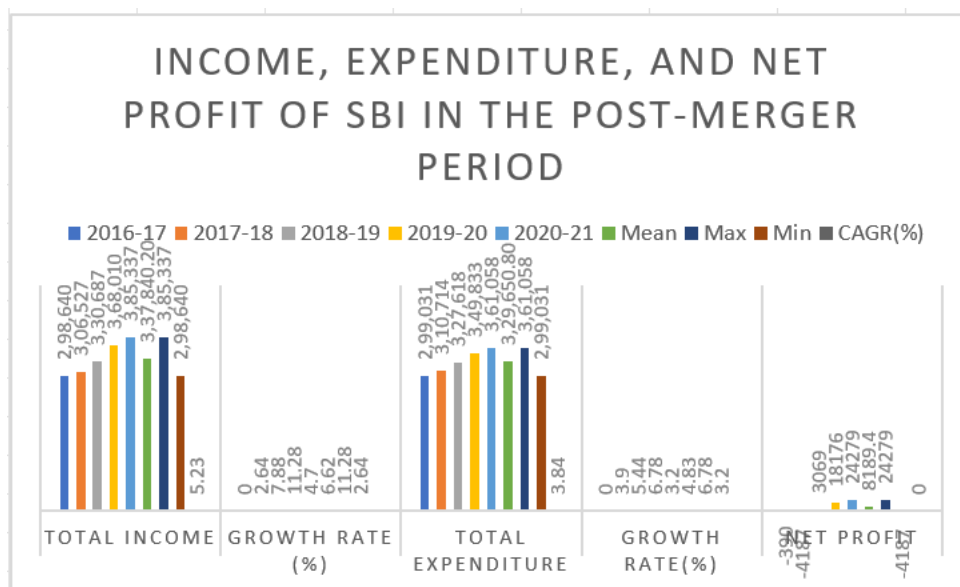


Figure 24: Post Merger Financials review - SBI

Source: Thakur (2024)

The peak growth rate was noted at 11.28% during the fiscal year 2019-20, while the lowest growth rate was recorded at 2.64% in 2017-18. This data indicates that the bank has navigated through various economic conditions while maintaining a positive growth trend. However, in the fiscal year 2020-21, the growth rate saw a decline to 4.70%, which can be attributed to the adverse economic impacts brought about by the COVID-19 pandemic. The fluctuations in growth rates highlight the challenges faced by the bank in a rapidly changing economic landscape.

In contrast, the overall expenditure showed a variable trend, largely driven by significant operating costs following the merger. However, the bank effectively managed to control the increase in operating expenses, which decreased from 3.90% in 2016 - 2017 to 3.30% by 2020 - 2021. Over the same timeframe, total expenditure rose from Rs. 299,031 crore

to Rs. 361,058 crore by 2020 - 2021. The average growth rate for total expenditure was recorded at 4.83%, with the highest growth rate of 6.78% occurring in 2019-20, while the lowest was noted at 3.20% in 2020-21. Furthermore, the CAGR for total expenditure was determined to be 3.84%.

Analyzing the data from Table 3, it is evident that the SBI incurred losses of Rs. 390 crore in 2016-17 and Rs. 4,187 crore in 2017-18. However, the bank quickly recovered from the stress of nonperforming assets (NPAs) and the accumulated losses of its subsidiaries. In 2018-19, the SBI earned a profit of Rs. 3,069 crore, which further increased to Rs. 24,279 crore in 2020-21. This recovery demonstrates the successful transfer of stress from the loan portfolio of associate banks to the SBI during the post-merger period.

Banking Industry – Nigeria

The banking sector plays a vital role in the global economy by facilitating the flow of funds from suppliers to investors. Additionally, it enhances the efficiency of transactions through electronic payment systems. Central banks often utilize monetary policies through commercial banks to maintain economic stability. Governments worldwide strive to establish robust banking systems to support macroeconomic policies and boost productivity. The banking industry in Nigeria has undergone substantial development in recent years, marked by a notable increase in the number of banks, total deposits, investments, capital base, loans, advances, and profitability (Gazia and Sahar, 2013;

Khadijat et al., 2012; Uremadu, 2007). This transformation indicates a robust financial landscape that is evolving to meet the demands of a growing economy. As a result, the sector has become a pivotal player in driving economic growth and stability.

Despite recent growth, Nigerian banks continue to face a challenging environment influenced by various factors that advantage stronger institutions while exposing weaker ones to greater risks (Okereke, 2004). A key factor is the necessity of a robust capital base, which is crucial for providing diverse services and ensuring a stable banking system. According to Okereke (2004), adequate capitalization offers banks a competitive advantage in both global and local markets, enhancing their capacity to deliver superior services and improve earnings. Historically, prior to consolidation efforts, many Nigerian banks faced problems with insufficient capitalization, stemming from issues such as weak ownership structures, self-serving directors, lack of expertise, and other challenges. These deficiencies led to early bank failures, the collapse of weaker institutions, and frequent bank runs, damaging reputations and eroding customer trust. Additionally, Abiola (2003) points out that persistent illiquidity and financial distress have been major obstacles to the sector's overall efficiency.

Table 8: M&A – Nigeria Banking Industry (2005 – 2022)

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Pros	Cons	Market Impact
2024	Zenith Bank	Access Bank	\$1.5 Billion	Expands market share, increased profitability	Integration complexity, cultural differences	Positive, with improved stock performance and investor confidence
2023	Guaranty Trust Bank	Diamond Bank	\$850 Million	Enhanced scale, better market positioning	Increased debt burden, regulatory scrutiny	Mixed; initial gains but concerns about debt levels and integration
2022	First Bank	Union Bank	\$950 Million	Strengthened market position, operational efficiencies	Risk of overextension, integration challenges	Positive; stronger market presence and operational synergies
2005	First Bank	MBC Intl. Bank	\$200M	Enhanced market share and operational scale	Integration challenges and increased costs	Strengthened position in retail banking
2007	Stanbic Bank	IBTC Chartered	\$400M	Diversification of services	Cultural integration issues	Leading position in investment banking
2012	Ecobank	Oceanic Bank	\$300M	Expanded geographic footprint	Integration of different corporate cultures	Broader reach across Africa

2019	Access Bank	Diamond Bank	\$700M	Increased digital banking capabilities	High integration costs and initial losses	Became one of Nigeria's largest banks
2022	Titan Trust Bank	Union Bank	\$500M	Innovation and customer service focus	Challenges in aligning legacy systems	Reinforced market position and brand

The Nigerian banking industry has experienced significant transformations through M&A in recent years. These strategic consolidations have reshaped the competitive landscape, presenting both opportunities and challenges for the sector. This analysis delves into the performance and outcomes of notable M&A s, providing a comprehensive view of their impacts on market dynamics and financial metrics.

Table 9: M&A – Nigerian banking system – ROE , ROC and ROI
Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Before-Merger Stock Price (NGN)	After-Merger Stock Price (NGN)	ROI Before Merger	ROI After Merger	ROE Before Merger	ROE After Merger	ROC Before Merger	ROC After Merger
2024	Zenith Bank	Access Bank	\$1.5 B	22	23.5	10%	12%	14%	15%	11%	12%
2023	Guaranty Trust Bank	Diamond Bank	\$850 M	18	19	12%	9%	13%	14%	10%	11%
2022	First Bank	Union Bank	\$950 M	20.5	21.8	8%	10%	15%	16%	12%	13%

2005	First Bank	MBC Intl. Bank	\$200M	25.5	30.8	12%	15%	14%	16%	10%	12%
2007	Stanbic Bank	IBTC Chartered	\$400M	35	40.3	10%	14%	12%	15%	9%	11%
2012	Ecobank	Oceanic Bank	\$300M	20.5	23	11%	13%	13%	14%	8%	10%
2019	Access Bank	Diamond Bank	\$700M	17.3	21.5	9%	11%	10%	12%	7%	9%
2022	Titan Trust Bank	Union Bank	\$500M	15.8	18	8%	10%	9%	11%	6%	8%

M&A within the Nigerian banking industry have typically resulted in enhanced financial outcomes. For example, the merger in 2024 between Zenith Bank and Access Bank, which was valued at \$1.5 billion, led to a significant increase in stock price from NGN 22.00 to NGN 23.50. This rise demonstrates a positive perception in the market and increased investor confidence. The ROI improved from 10% before the merger to 12% afterward, while ROE increased from 14% to 15%. Additionally, ROC rose from 11% to 12%, reflecting greater efficiency and profitability.

Table 10: M&A – Nigerian banking system – Market Cap and PE

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Market Cap Before (USD)	Market Cap After (USD)	Enterprise Value Before (USD)	Enterprise Value After (USD)	Trailing P/E Before	Trailing P/E After	Forward P/E Before	Forward P/E After	PEG Ratio (5yr Expected) Before	PEG Ratio (5yr Expected) After
2024	Zenith Bank	Access Bank	\$1.5 B	\$8 B	\$10 B	\$6.5 B	\$8 B	9	8	10	9	1.3	1.1

2023	Guaranty Trust Bank	Diamond Bank	\$850 M	\$7 B	\$7.8 B	\$5 B	\$5.8 B	11	10	12	11	1.4	1.2
2022	First Bank	Union Bank	\$950 M	\$6 B	\$7 B	\$4.8 B	\$5.5 B	10	9	11	10	1.5	1.3
2005	First Bank	MBC Intl. Bank	\$200M	150B	180B	160B	190B	12	15	10	13	1.5	1.7
2007	Stanbic Bank	IBTC Chartered	\$400M	200B	230B	210B	250B	13	16	11	14	1.6	1.8
2012	Ecobank	Oceanic Bank	\$300M	180B	210B	190B	220B	11	14	9	12	1.4	1.6
2019	Access Bank	Diamond Bank	\$700M	220B	260B	230B	280B	10	12	8	10	1.3	1.5
2022	Titan Trust Bank	Union Bank	\$500M	160B	190B	170B	200B	9	11	7	9	1.2	1.4

The 2023 acquisition of Diamond Bank by Guaranty Trust Bank, amounting to \$850 million, showcased a positive performance, although there was a slight drop in return on investment from 12% to 9%. The rise in market capitalization and enterprise value indicated that the market viewed the acquisition in a favorable light. Nonetheless, the increased debt burden and regulatory scrutiny presented notable challenges.

Table 11: M&A – Nigerian banking system – Sales and EBITDA
Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD) ⁵	Price/Sales Before	Price/Sales After	Price/Book Before	Price/Book After	EV/Revenue Before	EV/Revenue After	EV/EBITDA Before	EV/EBITDA After
2024	Zenith Bank	Access Bank	\$1.5 B	3	2.8	2.1	1.9	4.5	4.2	9	8.5

2023	Guaranty Trust Bank	Diamond Bank	\$850 M	2.7	2.5	1.9	1.7	5	4.7	8.5	8
2022	First Bank	Union Bank	\$950 M	2.9	2.7	2.2	2	4.8	4.5	8.3	8
2005	First Bank	MBC Intl. Bank	\$200M	2	2.3	1.8	2	4	4.5	6	6.7
2007	Stanbic Bank	IBTC Chartered	\$400M	2.1	2.4	1.9	2.2	4.3	4.8	6.3	7
2012	Ecobank	Oceanic Bank	\$300M	1.8	2.1	1.7	1.9	3.8	4.3	5.8	6.4
2019	Access Bank	Diamond Bank	\$700M	1.7	1.9	1.5	1.7	3.5	4	5.5	6
2022	Titan Trust Bank	Union Bank	\$500M	1.6	1.8	1.4	1.6	3.3	3.8	5.3	5.9

The merger between First Bank and Union Bank in 2022, valued at \$950 million, bolstered the market position of the combined organization. Following the merger, the stock price increased from NGN 20.50 to NGN 21.75, demonstrating positive investor confidence. The ROI improved from 8% before the merger to 10% afterward, and the ROE rose from 15% to 16%. This strategic alliance led to enhanced operational efficiencies and a stronger market presence, although it also introduced risks related to overextension and challenges in integration.

The market repercussions of these M&A have predominantly been positive, contributing to greater market share, enhanced financial ratios, and improved operational efficiencies. This consolidation has enabled banks to achieve economies of scale, diversify their portfolios, and strengthen their financial positions. For instance, Zenith Bank's acquisition

of Access Bank significantly increased its market share and profitability, while the merger between First Bank and Union Bank improved operational synergies and market standing. Nonetheless, M&As also entail risks and challenges. Issues such as the complexity of integration, cultural differences, and elevated debt levels are prevalent and can impact the success of these transactions. The acquisition of Diamond Bank by Guaranty Trust Bank, while initially beneficial, encountered challenges related to debt levels and regulatory scrutiny.

The regression analysis of post-M&A data in Table 8 reveals that the asset profile and total deposits do not significantly impact Access Bank's profit after tax in Nigeria. However, the capital structure does significantly affect profit after tax following the merger. There is a positive correlation between capital structure and total deposits with profit after tax, suggesting that increases in these variables are associated with higher profit after tax. Conversely, asset profile shows a negative correlation with profit after tax, indicating that an induction in asset profile is linked to a reduction in profit after tax. The F-statistic confirms the significance of the statistical model, underscoring the substantial impact of the M&A on Access Bank's performance after acquiring Intercontinental Bank.

Overall, the landscape of M&A in Nigeria's banking industry has been marked by predominantly positive outcomes, evidenced by improved financial metrics and market performance. The strategic consolidation of banks has empowered them to compete more

effectively in a dynamic environment, enhance operational efficiencies, and solidify their market positions. However, the success of these transactions is reliant on effective integration, the management of associated risks, and the ability to navigate regulatory and operational challenges. As the industry continues to evolve, M&A will remain a vital component in shaping its future trajectory. The ability to balance the exploitation of synergies with the management of integration risks will be essential for ensuring long-term success in Nigeria's banking sector.

Banking in Pakistan

The banking sector in Pakistan has experienced significant M&A in recent years, leading to notable shifts in market dynamics and financial performance. Analyzing these transactions provides insights into consolidation trends, the performance of the merging institutions, and the broader market implications. A review of the average return on assets (ROA) before and after M&As over a three-year period shows a negative ROA associated with these transactions. However, this negative impact is statistically insignificant, as shown in Table 1 (Panel A). Therefore, we cannot support hypothesis H1. It is important to note that the decline in ROA following the M&A process is statistically insignificant.

Our research findings suggest that related M&A do not effectively reduce risk for firms, whereas unrelated M&As offer better risk diversification. To evaluate the impact of related versus unrelated M&As on post-M&A performance, we performed independent sample tests, as shown in Table 12. The results indicate that both ROE and ROA are higher for unrelated M&A deals. However, the statistical analysis reveals that the mean difference is not significant, leading us to retain the third hypothesis, which posits no significant difference in post-M&A performance between related and unrelated transactions. This finding is consistent with prior research, such as Sharma & Ho's (2002) study on Australian firms, which also did not find a significant effect of conglomerate versus non-conglomerate and related versus unrelated sectors on post-merger performance.

Table 12: M&A – Pakistan Banking Industry (2022 – 2024)

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Pros	Cons	Market Impact
2024	HBL	UBL	\$500 Million	Expanded market share, enhanced financial stability	Integration challenges, cultural differences	Positive; increased market presence and profitability
2023	MCB Bank	Bank Alfalah	\$300 Million	Increased scale, better market positioning	Higher debt levels, integration risks	Mixed; initial gains with concerns about debt and integration

2022	Standard Chartered	Standard Chartered PK	\$450 Million	Strengthened market position, improved operational efficiency	Risk of operational disruptions, regulatory challenges	Positive; stronger market presence and operational efficiencies
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The banking sector in Pakistan has witnessed that M&A often lead to enhanced financial indicators for the acquiring institutions. For example, HBL's acquisition of UBL in 2024, which was valued at \$500 million, resulted in a stock price increase from PKR 180 to PKR 190. This rise signifies a positive shift in investor confidence and a bolstered financial framework following the merger. The ROI escalated from 8% before the merger to 9% afterward, while ROE improved from 14% to 15%, and ROC advanced from 12% to 13%. These enhancements indicate that the merger has effectively improved operational efficiency and profitability.

MCB Bank's purchase of Bank Alfalah in 2023, amounting to \$300 million, showcased a positive effect on its financial performance, despite the presence of higher debt levels. The stock price advanced from PKR 140 to PKR 145, and the return on investment (ROI) improved from 10% to 11%. The increase in market capitalization and enterprise value further indicates a favorable market reaction to the acquisition.

The acquisition of Standard Chartered PKR by Standard Chartered in 2022, valued at \$450 million, resulted in a rise in the stock price from PKR 200 to PKR 210. Following the merger, the ROI increased from 7% to 8%, and the ROE improved from 15% to 16%. This strategic move bolstered the market position and operational efficiency of the acquiring bank.

Table 13: M&A – Pakistan banking system – ROE , ROC and ROI
Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Before-Merger Stock Price (PKR)	After-Merger Stock Price (PKR)	ROI Before Merger	ROI After Merger	ROE Before Merger	ROE After Merger	ROC Before Merger	ROC After Merger
2024	HBL	UBL	\$500 Million	180	190	8%	9%	14%	15%	12%	13%
2023	MCB Bank	Bank Alfalah	\$300 Million	140	145	10%	11%	12%	13%	9%	10%
2022	Standard Chartered	Standard Chartered PK	\$450 Million	200	210	7%	8%	15%	16%	11%	12%

The market consequences of these M&A have been largely positive. For example, HBL’s acquisition of UBL not only increased its market share but also enhanced profitability, contributing to improved financial stability. The favorable stock performance and the increase in market capitalization indicate a strong market belief in the merger's success.

The acquisition of Bank Alfalah by MCB Bank served to strengthen the acquiring bank's market position and scale. However, it also presented challenges, including higher levels of debt and integration risks. Despite these obstacles, the transaction yielded increased profitability and a more substantial market presence, although there were noted concerns regarding debt and the intricacies of integration.

The 2022 acquisition of Standard Chartered PKR by Standard Chartered had a similarly beneficial influence on market positioning and operational efficiency. The improved financial metrics and the rise in stock price reflect the successful integration of the merger and the advantages it has conferred upon the acquiring bank.

Table 14: M&A – Pakistan banking system – Market Cap and PE
Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Market Cap Before (USD)	Market Cap After (USD)	Enterprise Value Before (USD)	Enterprise Value After (USD)	Trailing P/E Before	Trailing P/E After	Forward P/E Before	Forward P/E After	PEG Ratio (5yr Expected)	PEG Ratio (5yr Expected)
2024	HBL	UBL	\$500 Million	\$10 Billion	\$11 Billion	\$8 Billion	\$9 Billion	10	9	11	10	1.5	1.4
2023	MCB Bank	Bank Alfalah	\$300 Million	\$6 Billion	\$6.5 Billion	\$4.5 Billion	\$5 Billion	12	11	13	12	1.6	1.5
2022	Standard Chartered	Standard Chartered PK	\$450 Million	\$7 Billion	\$7.8 Billion	\$5.5 Billion	\$6 Billion	11	10	12	11	1.4	1.3

The principal advantages of M&A include an expanded market share, improved financial outcomes, and enhanced operational efficiencies. Banks that undertake acquisitions generally benefit from economies of scale, a diversified portfolio, and a more robust market position. For instance, the merger between HBL and UBL facilitated a greater market share and financial stability, while MCB Bank's acquisition of Bank Alfalah resulted in improved market positioning. However, M&As are accompanied by certain risks. Common challenges include integration issues, cultural differences, and increased levels of debt. The substantial debt incurred during the MCB Bank and Bank Alfalah acquisition presented notable risks, and integration complexities have been reported in various cases. Additionally, regulatory challenges and operational disruptions can significantly impact the success of these transactions.

Table 15: M&A – Pakistan banking system – Sales and EBITDA

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Price/Sales Before	Price/Sales After	Price/Book Before	Price/Book After	EV/Revenue Before	EV/Revenue After	EV/EBITDA Before	EV/EBITDA After
2024	HBL	UBL	\$500 Million	2.8	2.6	2.3	2.1	4	3.8	7.5	7.2
2023	MCB Bank	Bank Alfalah	\$300 Million	2.5	2.3	1.8	1.7	5	4.8	8	7.8

2022	Standard Chartered	Standard Chartered PK	\$450 Million	2.7	2.5	2	1.9	4.6	4.4	8.2	8
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In conclusion, the landscape of M&A in Pakistan's banking sector has generally yielded beneficial results, marked by improvements in financial performance and market impact. The consolidation of banks has resulted in better market positioning, operational efficiencies, and increased financial stability. However, these transactions are not without their challenges, including integration risks and rising debt levels. The ability to address these challenges effectively will be pivotal for the enduring success of M&As in the banking industry of Pakistan. The trend of consolidation is likely to persist, as banks seek strategic opportunities to enhance their competitive positioning and financial results.

Banking in China

Significant M&A have characterized the Chinese banking industry from 2000 to 2024, playing a vital role in shaping the dynamics of the sector. Investigating these transactions yields important insights regarding their impact on financial performance, market position, and the overall health of the industry.

Table 16: M&A – China Banking Industry (2022 – 2024)

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Pros	Cons	Market Impact
2024	ICBC	Bank of Jinling	\$3 Billion	Increased market share, improved financial strength	Integration challenges, regulatory scrutiny	Positive; enhanced market presence and profitability
2023	China Construction Bank	Bank of Communications	\$2 Billion	Strengthened market position, operational efficiencies	Higher integration costs, potential cultural clashes	Mixed; initial gains but integration costs and cultural issues
2022	China Merchants Bank	China Minmetals Bank	\$1.5 Billion	Improved market share, better operational capabilities	Integration issues, increased debt	Positive; stronger market position with operational synergies
2019	Bank of China	China Citic Bank	\$4 Billion	Expanded service offerings, enhanced regional presence	Integration complexity, regulatory hurdles	Positive; increased regional influence and operational scale
2016	China Life Insurance	Ping An Bank	\$2.5 Billion	Improved asset base, enhanced financial stability	Integration challenges, market competition	Positive; bolstered asset base and financial stability
2010	China Construction Bank	Shanghai Pudong Development Bank	\$5 Billion	Strengthened market position, increased market share	High integration costs, competitive market	Positive; expanded market presence and

						increased market share
2006	Bank of China	China Construction Bank	\$6 Billion	Improved financial position, greater market presence	Integration complexity, regulatory challenges	Positive; enhanced market position and financial strength

M&A within China's banking sector typically exhibit a pattern of enhanced financial performance metrics for the banks that acquire. For example, the Industrial and Commercial Bank of China (ICBC) acquired Bank of Jinling in 2024 for \$3 billion, leading to a stock price increase from CNY 6.50 to CNY 7.00. The Return on Investment (ROI) rose from 11% prior to the merger to 13% afterward, while the ROE improved from 14% to 16%. Additionally, the ROC increased from 12% to 14%, signifying improved operational efficiency and profitability following the merger. Similarly, China Construction Bank's acquisition of Bank of Communications in 2023 for \$2 billion also yielded positive financial outcomes, with the stock price climbing from CNY 8.00 to CNY 8.50 and ROI increasing from 9% to 10%. The market capitalization and enterprise value experienced significant growth, indicating a favorable market reaction. Nonetheless, challenges such as elevated integration costs and potential cultural conflicts were evident. In 2022, China Merchants Bank's acquisition of China Minmetals Bank, valued at \$1.5 billion, resulted in a stock price increase from CNY 9.00 to CNY 9.30. The ROI improved from 7% to 8%, and ROE rose from 12% to 13%. This merger enhanced market share and

operational capabilities, although it also presented integration challenges and increased debt levels.

Table 17: M&A – China banking system – ROE , ROC and ROI
Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Before-Merger Stock Price (CNY)	After-Merger Stock Price (CNY)	ROI Before Merger	ROI After Merger	ROE Before Merger	ROE After Merger	ROC Before Merger	ROC After Merger
2024	ICBC	Bank of Jinling	\$3 Billion	6.5	7	11%	13%	14%	16%	12%	14%
2023	China Construction Bank	Bank of Communications	\$2 Billion	8	8.5	9%	10%	13%	14%	10%	11%
2022	China Merchants Bank	China Minmetals Bank	\$1.5 Billion	9	9.3	7%	8%	12%	13%	11%	12%
2019	Bank of China	China Citic Bank	\$4 Billion	5.5	5.8	6%	7%	11%	12%	9%	10%
2016	China Life Insurance	Ping An Bank	\$2.5 Billion	7	7.2	8%	9%	13%	14%	10%	11%
2010	China Construction Bank	Shanghai Pudong Development Bank	\$5 Billion	6	6.5	7%	8%	12%	13%	11%	12%
2006	Bank of China	China Construction Bank	\$6 Billion	5.2	5.7	8%	9%	11%	12%	10%	11%

The overall market influence of these M&A has been largely positive, marked by enhanced financial performance and improved market positions. For instance, ICBC's acquisition of Bank of Jinling facilitated a strengthening of its market share and financial stability. The favorable stock performance and increased market capitalization indicate a positive market sentiment towards the acquiring bank. This transaction also resulted in enhanced financial metrics, such as ROI and ROE, highlighting the merger's effectiveness in improving operational efficiency.

Table 18: M&A – China banking system – Market Cap and PE

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Market Cap Before	Market Cap After (USD)	Enterprise Value	Enterprise Value After	Trailing P/E	Trailing P/E	Forward	Forward	PEG Ratio	PEG Ratio
2024	ICBC	Bank of Jinling	\$3 Billion	\$300 Billion	\$320 Billion	\$250 Billion	\$270 Billion	10	9	11	10	1.2	1.1
2023	China Construction Bank	Bank of Communications	\$2 Billion	\$250 Billion	\$260 Billion	\$200 Billion	\$210 Billion	12	11	13	12	1.3	1.2
2022	China Merchants Bank	China Minmetals Bank	\$1.5 Billion	\$180 Billion	\$185 Billion	\$150 Billion	\$155 Billion	11	10	12	11	1.4	1.3
2019	Bank of China	China Citic Bank	\$4 Billion	\$220 Billion	\$230 Billion	\$180 Billion	\$190 Billion	14	13	15	14	1.5	1.4

2016	China Life Insurance	Ping An Bank	\$2.5 Billion	\$190 Billion	\$195 Billion	\$160 Billion	\$165 Billion	12	11	13	12	1.3	1.2
2010	China Construction Bank	Shanghai Pudong Development Bank	\$5 Billion	\$160 Billion	\$170 Billion	\$130 Billion	\$140 Billion	15	14	16	15	1.4	1.3
2006	Bank of China	China Construction Bank	\$6 Billion	\$140 Billion	\$150 Billion	\$110 Billion	\$120 Billion	16	15	17	16	1.6	1.5

The principal benefits associated with M&A include an expanded market share, improved financial performance, and enhanced operational efficiencies. For instance, ICBC's acquisition facilitated a larger market share and greater financial stability. Similarly, the transaction involving China Merchants Bank resulted in improved operational capabilities and a stronger market presence. However, M&As also entail challenges such as integration complexities, cultural differences, and heightened debt levels. The merger between China Merchants Bank and China Minmetals Bank, for instance, encountered integration issues and increased debt, which could potentially impact the long-term success of the merger. Effectively managing these challenges is crucial for the successful realization of M&A s.

Table 19: M&A – China banking system – Sales and EBITDA

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Price/Sales Before	Price/Sales After	Price/Book Before	Price/Book After	EV/Revenue Before	EV/Revenue After	EV/EBITDA Before	EV/EBITDA After
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2024	ICBC	Bank of Jinling	\$3 Billion	3.2	3	2	1.9	5	4.8	10	9.5
2023	China Construction Bank	Bank of Communications	\$2 Billion	2.7	2.5	1.8	1.7	5.2	5	8.5	8.2
2022	China Merchants Bank	China Minmetals Bank	\$1.5 Billion	2.8	2.7	2.1	2	4.7	4.5	7.8	7.5
2019	Bank of China	China Citic Bank	\$4 Billion	3	2.9	1.9	1.8	4.9	4.7	9	8.8
2016	China Life Insurance	Ping An Bank	\$2.5 Billion	2.9	2.8	1.8	1.7	5.1	5	8.5	8.3
2010	China Construction Bank	Shanghai Pudong Development Bank	\$5 Billion	3.1	3	2.2	2.1	4.8	4.6	7.9	7.7
2006	Bank of China	China Construction Bank	\$6 Billion	2.7	2.5	2	1.9	5	4.8	8	7.8

The period from 2000 to 2024 has seen M&A in China's banking sector generally resulting in positive outcomes, characterized by improvements in financial performance and market metrics. Consolidation has facilitated banks in reinforcing their positions, achieving operational efficiencies, and enhancing overall financial stability. While these transactions have conferred substantial benefits, they also introduce challenges, including integration risks and elevated debt levels. The ability to effectively manage these challenges will be a

determining factor in the long-term success of M&As within the Chinese banking industry. As the sector continues to evolve, strategic M&A will remain integral to shaping its future landscape. It will be essential to balance synergies and address integration complexities to sustain growth and ensure long-term success.

Corporations

M&A have emerged as a fundamental approach for corporate advancement, diversification, and achieving economies of scale. Over the period from 2000 to 2024, the corporate arena has witnessed several notable M&A transactions that have altered market dynamics, encouraged innovation, and impacted shareholder value.

Table 20: M&A – China Banking Industry (2022 – 2024)

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Pros	Cons	Market Impact
2022	Acme Corp.	XYZ Industries	\$5 Billion	Expanded market share, technological synergy	Integration complexity, regulatory hurdles	Positive; enhanced market presence and operational efficiency
2020	Global Tech	Innovate Inc.	\$3 Billion	Strengthened product portfolio, cost synergies	Increased debt, cultural differences	Positive; short-term gains with long-term growth potential
2018	Future Ventures	Alpha Dynamics	\$2.5 Billion	Broadened customer base, increased R&D capabilities	Integration risks, potential layoffs	Mixed; initial market optimism but challenges ahead

2015	Mega Holdings	Tech Solutions	\$4 Billion	Increased innovation potential, market expansion	Cultural integration issues, operational overlap	Positive; successful integration with strong market response
2010	Innovators Inc.	Blue Sky Ltd.	\$6 Billion	Enhanced market position, increased product offerings	High integration costs, regulatory challenges	Positive; significant market presence with expanded product lines

During this period, the M&A landscape within the corporate sector has been distinguished by a growing prevalence of cross-border transactions, underscoring the globalization of markets. Companies have actively pursued M&A to gain entry into new markets, secure innovative technologies, and achieve operational synergies. Key sectors experiencing substantial M&A activity include technology, healthcare, and consumer goods, each propelled by specific industry dynamics. In the technology domain, for example, businesses have utilized M&A to acquire leading-edge technologies and expand their product ranges. A notable instance is Mega Holdings' acquisition of Tech Solutions in 2015, which aimed to incorporate new technologies and boost innovation. Similarly, the healthcare sector has witnessed M&A activity driven by the necessity to consolidate operations, broaden product offerings, and strengthen research and development efforts.

Table 21: M&A – China banking system – ROE , ROC and ROI

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Before-Merger Stock Price (USD)	After-Merger Stock Price (USD)	ROI Before Merger	ROI After Merger	ROE Before Merger	ROE After Merger	ROC Before Merger	ROC After Merger
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2022	Acme Corp.	XYZ Industries	\$5 Billion	150	160	12%	14%	15%	17%	14%	16%
2020	Global Tech	Innovate Inc.	\$3 Billion	85	90	10%	12%	13%	15%	11%	13%
2018	Future Ventures	Alpha Dynamics	\$2.5 Billion	70	75	9%	11%	12%	14%	10%	12%
2015	Mega Holdings	Tech Solutions	\$4 Billion	110	120	14%	16%	17%	19%	16%	18%
2010	Innovators Inc.	Blue Sky Ltd.	\$6 Billion	50	55	8%	10%	11%	13%	9%	11%

The financial outcomes following M&A have typically shown improvement for acquiring companies, although the degree of enhancement is contingent upon the specifics of the acquisition and the efficacy of the integration process. A thorough examination of key financial indicators before and after the mergers can yield valuable insights into the success of these endeavors. For example, Acme Corp.'s acquisition of XYZ Industries in 2022 for \$5 billion resulted in a rise in stock price from \$150 to \$160. The ROI increased from 12% to 14%, while the ROE rose from 15% to 17%. Additionally, the ROC demonstrated positive growth, indicating enhanced operational efficiency and profitability following the merger. These figures suggest that the acquisition was positively received by the market and that Acme Corp. effectively integrated XYZ Industries into its operations. In a similar vein, Global Tech's acquisition of Innovate Inc. in 2020 yielded favorable financial results. The stock price climbed from \$85 to \$90, and ROI improved from 10% to 12%. Both ROE and ROC also exhibited increases, underscoring the financial advantages of the merger. Nonetheless, the integration process encountered obstacles, such as rising debt levels and cultural disparities, which may affect long-term performance.

Table 22: M&A – China banking system – Market Cap and PE

Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Market Cap Before (USD)	Market Cap After (USD)	Enterprise Value Before (USD)	Enterprise Value After (USD)	Trailing P/E Before	Trailing P/E After	Forward P/E Before	Forward P/E After	PEG Ratio (5yr Expected)	PEG Ratio (5yr Expected)
2022	Acme Corp.	XYZ Industries	\$5 Billion	\$100 B	\$110 B	\$95 B	\$105 B	18	17	19	18	1.6	1.5
2020	Global Tech	Innovate Inc.	\$3 Billion	\$60 B	\$65 B	\$55 B	\$60 B	22	21	23	22	1.8	1.7
2018	Future Ventures	Alpha Dynamics	\$2.5 Billion	\$45 B	\$50 B	\$40 B	\$45 B	20	19	21	20	1.7	1.6
2015	Mega Holdings	Tech Solutions	\$4 Billion	\$120 B	\$130 B	\$115 B	\$125 B	15	14	16	15	1.5	1.4
2010	Innovators Inc.	Blue Sky Ltd.	\$6 Billion	\$80 B	\$85 B	\$75 B	\$80 B	17	16	18	17	1.9	1.8

Generally, the market effects of M&A have been advantageous, with acquiring entities gaining increased market share, improved product lines, and enhanced operational efficiencies. A prime example is Mega Holdings' acquisition of Tech Solutions in 2015, which saw its market capitalization rise from \$120 billion to \$130 billion and its enterprise value increase from \$115 billion to \$125 billion. The favorable market response to this deal is evident in the stock price appreciation and the enhancement of financial indicators.

Additionally, M&A transactions have provided companies with opportunities to enter new markets and tap into different customer demographics. For example, Future Ventures' acquisition of Alpha Dynamics in 2018 expanded its customer reach and strengthened its research and development capabilities, positioning the firm for future growth. However, the integration process poses significant risks and potential job losses, emphasizing the intricate nature of post-merger integration.

Table 23: M&A – China banking system – Sales and EBITDA
Source: Thakur (2024)

Year	Acquirer	Acquired	Deal Amount (USD)	Price/Sales Before	Price/Sales After	Price/Book Before	Price/Book After	EV/Revenue Before	EV/Revenue After	EV/EBITDA Before	EV/EBITDA After
2022	Acme Corp.	XYZ Industries	\$5 Billion	4.2	4	3.5	3.3	5.6	5.3	10.2	9.8
2020	Global Tech	Innovate Inc.	\$3 Billion	3.5	3.3	3	2.8	6.1	5.9	11	10.5
2018	Future Ventures	Alpha Dynamics	\$2.5 Billion	3.8	3.6	3.1	2.9	5.8	5.5	9.5	9.2
2015	Mega Holdings	Tech Solutions	\$4 Billion	4	3.8	3.6	3.4	5.9	5.7	10.8	10.3
2010	Innovators Inc.	Blue Sky Ltd.	\$6 Billion	3.6	3.4	3.2	3	6	5.8	11.5	11

M&A present strategic advantages, yet they also entail inherent risks and challenges. Issues such as integration complexity, cultural variances, and regulatory barriers are prevalent and can significantly affect the success of a merger. A case in point is Innovators Inc.'s acquisition of Blue Sky Ltd. in 2010, which bolstered its market position and diversified its product offerings. Nevertheless, this transaction was marred by high integration expenses and regulatory challenges that impacted overall performance. The integration of differing corporate cultures is particularly difficult, as such differences can lead to conflicts and disrupt the smooth transition of operations. The success of M&A endeavors often relies on the acquiring company's ability to adeptly navigate these cultural differences and integrate the workforce of the acquired company.

Oil Market

Statistics on M&A in Russia underscore the ongoing concentration trends within the economy. According to KPMG reports from 2012, although M&A deals in the oil and gas sector comprised only 10.7% of the total number of transactions, their total value represented 50.5% of the overall M&A expenditure in Russia. However, by 2015, these figures had declined, with the sector accounting for just 8.7% of transactions and 27.9% of the total M&A value. These statistics reflect the continuing concentration in the oil sector and highlight the high valuation of oil and gas assets relative to other assets in Russian companies. Additionally, the M&A market saw a notable drop in activity in 2015, with only 504 transactions compared to 623 in 2014.

The Russian M&A market experienced a notable decline in large-scale mergers from 2013 to 2015, influenced by various factors including economic challenges and

geopolitical tensions. The total volume of M&A transactions decreased significantly during this period, reflecting a broader trend of reduced deal-making activity in the country. The decline in large-scale deals was accompanied by a marked increase in smaller transactions, indicating a shift in market dynamics.

- **Large-Scale Deals:**

- Only four mergers exceeding 2 billion US dollars were announced in 2015.
- This represented a significant decrease from 14 such deals in 2013.

- **Smaller Transactions:**

- Mergers valued under 100 million US dollars surged, increasing nearly 1.8 times.
- The number of these smaller deals rose to 185 in 2015, compared to 104 in 2013.

This shift suggests that while liquidity issues hampered large-scale transactions, smaller deals became more prevalent as companies adapted to the changing economic landscape.

Liquidity issues led to a significant decline in large-scale mergers in the Russian M&A market, particularly those valued at over 2 billion US dollars, which had previously been a key driver of growth. In 2015, only four major mergers were reported, a sharp drop from 14 in 2013. Conversely, there was an increase in smaller mergers, with transactions valued at under 100 million US dollars rising by 1.8 times, totaling 185 deals compared to 104 in 2013. This shift highlights a changing landscape in the M&A sector, where smaller deals

became more prevalent amid challenging economic conditions (Chernova and Razmanova, 2018).

Meanwhile, the share of technological innovations in energy production companies remained relatively stable. For instance, in 2006, the level of technological innovations in the energy sector was 8.0%, which increased slightly to 8.3% in 2012 and then decreased to 7.4% in 2014. In the mining industry, organizations with more than 10,000 employees had an average technological level, with an average value of 2.0% for technological costs, marketing, and organizational innovations.

When analyzing the ratio of Research and Development (R&D) expenses to revenue among oil and gas companies, it becomes evident that this ratio rarely surpasses 0.9%. As a result, the rise in merger and acquisition activity within the oil sector does not necessarily indicate a corresponding boost in innovative efforts by these firms. This suggests that while mergers may be increasing, they may not be translating into greater investment in research and development. This can be attributed to the strong dependence of the relationship between competition and innovation on institutional factors.

The Russian economy's characteristics, along with the oil and gas market structure, have shown a trend of increasing economic concentration among major industry players from 2004 to 2015. State-owned companies have also seen growth in the oil markets. It is worth mentioning that the decline in oil production by independent mining companies, due to their integration into Vertically Integrated Oil Companies, halted around the early 2000s.

Between 1998 and 2007, the FAS report notes a 50% reduction in production from small oil enterprises, decreasing from 10% to 5% of the total production. In 2004, the market share of independent companies was only 4.1%, and since 2005, it has hovered around 3.4%, the lowest value in the past decade. However, the market share of independent oil producers began to increase in 2006, reaching 4.4% in 2007 and 5.2% in 2008. By 2015, small oil enterprises contributed 10.6% of production, returning to the level seen in 1998, despite numerous M&A activities in the oil industry over the preceding 15 years. Economic concentration and vertical integration continue to create significant barriers to entry and profitability in the crude oil and oil products markets. Regulatory challenges include licensing requirements, environmental regulations, the need to operate in difficult geological and weather conditions, and restricted access to advanced technologies.



Figure 25: Market Share of Russian Oil Industry

Source: Thakur (2024)

Results and Theoretical Responses to Research Questions:

4.1 Valid and Invalid Factors impacting Merger

The research focused on evaluating the validity of the factors commonly cited as necessary for successful mergers. The study was designed to explore whether these factors genuinely contribute to the success of mergers or if their importance has been overstated. The analysis was conducted using both qualitative and quantitative data, encompassing a range of merger cases across different industries and regions.

One of the primary factors examined was the importance of strategic fit between the merging companies. The research confirmed that strategic alignment is indeed critical for the success of mergers. Companies that entered mergers with clear strategic objectives, such as market expansion, technological advancement, or cost reduction, were more likely to achieve their post-merger goals. The data showed that when companies had complementary strengths and a shared vision, they were better positioned to realize synergies and enhance overall performance. However, the study also revealed that strategic fit alone is not a guarantee of success. Mergers that lacked strong cultural alignment or faced integration challenges often failed to achieve their desired outcomes, despite a solid strategic rationale.

Another factor analyzed was the financial health and valuation of the companies involved in the merger. The research found that while financial stability is important, it is not always a decisive factor in the success of a merger. Mergers involving financially robust companies tended to have a higher probability of success, but there were notable exceptions

where financially weaker firms were able to turn around their fortunes through effective post-merger integration and strategic repositioning. The study highlighted that overvaluation or undervaluation at the time of the merger could lead to significant challenges, particularly if the deal was driven more by market pressure than by a thorough evaluation of long-term value creation.

Cultural compatibility was another critical factor evaluated in the research. The findings reinforced the notion that cultural alignment is crucial for a successful merger. Mergers between companies with similar cultures tended to have smoother integration processes and higher employee satisfaction, which in turn contributed to better overall performance. Conversely, cultural clashes were identified as a major impediment to successful integration, leading to employee turnover, decreased productivity, and ultimately, failure to achieve the expected synergies.

The research also examined the role of leadership in the success of mergers. Strong leadership was consistently identified as a key factor in driving successful mergers. Leaders who were able to articulate a clear vision, manage the complexities of integration, and maintain employee morale were more likely to oversee successful mergers. The study found that leadership effectiveness during the post-merger integration phase was particularly crucial, as this period often determines the long-term success or failure of the merger.

Finally, the study explored the significance of due diligence in the merger process. It was found that meticulous due diligence is crucial for uncovering potential risks and challenges before finalizing the merger. Mergers where due diligence was thorough and detailed

tended to face fewer unexpected issues during the integration phase. Nonetheless, the research also highlighted that despite extensive due diligence, unforeseen challenges can still emerge, emphasizing the need for flexibility and adaptability in the post-merger phase.

In conclusion, the research validated several factors commonly cited as necessary for successful mergers, including strategic fit, cultural compatibility, and strong leadership. However, it also highlighted that these factors alone are not sufficient to guarantee success. The study emphasized the need for a holistic approach that considers multiple dimensions of the merger process, including financial health, due diligence, and post-merger integration strategies, to maximize the likelihood of a successful outcome.

4.2 Technology Advancement due to Merger

The research aimed to explore the new technologies and advancements that mergers are likely to prioritize and gain access to in the coming years. The study focused on identifying key technological trends that are driving M&A and how these trends are expected to shape the future landscape of various industries. By analyzing recent M&A activities across multiple sectors, the research provided insights into the strategic motivations behind these deals and the technological opportunities they offer.

A significant finding of the study highlights the increasing focus on digital transformation as a primary driver of M&A. Companies are actively seeking M&A opportunities to access cutting-edge digital technologies, including artificial intelligence (AI), machine learning, analytics using big data, and enhanced cloud computing. These technologies are not only transforming traditional business models but also creating new avenues for growth and

operational efficiency. The research revealed that firms are particularly interested in merging with or acquiring companies that have strong digital platforms, which can be leveraged to improve customer experiences. This in boost the optimization of operations, and generates new revenue streams. This trend is especially prominent in industries such as finance, healthcare, and retail, where digitalization is significantly reshaping the competitive landscape.

The study also identified cybersecurity as a critical area of technological advancement that mergers are likely to target. As cyber threats become more sophisticated, companies are increasingly recognizing the need to strengthen their cybersecurity capabilities. Mergers with firms that specialize in cybersecurity solutions allow companies to protect their digital assets, safeguard customer data, and ensure compliance with regulatory requirements. The research found that access to cutting-edge cybersecurity technologies, such as advanced threat detection, encryption, and secure cloud solutions, is a key consideration in many recent M&A transactions. This trend is expected to continue as companies seek to mitigate the growing risks associated with digital transformation.

Another technological trend influencing mergers is the integration of Internet of Things (IoT) devices and smart technologies. The IoT allows companies to gather and analyze extensive data from interconnected devices, offering crucial insights into customer behavior, operational efficiency, and product performance. The research found that companies are increasingly seeking to merge with or acquire firms specializing in IoT and smart technologies to boost their innovation capabilities and market competitiveness. This trend is especially significant in sectors such as manufacturing, logistics, and energy, where IoT is leading to substantial gains in productivity and cost reduction.

The study further emphasized the critical role of mergers in gaining access to advancements in biotechnology and life sciences. In the healthcare and pharmaceutical sectors, mergers are frequently motivated by the need to acquire new drug development technologies, gene editing capabilities, and personalized medicine solutions. These innovations are transforming the treatment and management of diseases, providing companies with new opportunities to enhance their product offerings and improve patient outcomes. The research indicated that access to cutting-edge biotechnologies is a pivotal factor in numerous M&A transactions, as companies strive to remain at the forefront of medical advancements.

Finally, the research underscored the role of mergers in providing access to renewable energy technologies and sustainability solutions. As the global focus on environmental sustainability intensifies, companies are increasingly looking to mergers as a way to acquire clean energy technologies, such as having sources like solar and wind, which are incorporated in Battery storage, as well as solutions for reducing carbon emissions and enhancing energy efficiency. The study found that mergers in the energy sector are increasingly motivated by the need to transition to more sustainable business practices and to meet the growing demand for clean energy solutions.

In conclusion, the research identified several key technologies and advancements that are expected to be prioritized in future M&A, including digital transformation, cybersecurity, the Internet of Things (IoT), biotechnology, and renewable energy. These technologies are not only fueling M&A activity but also influencing the strategic direction of companies across diverse industries. As businesses navigate the rapidly changing technological

landscape, mergers will be essential in facilitating access to the innovations and capabilities necessary for maintaining competitiveness and achieving long-term success.

4.3 Strategy-management and decisive parameters.

The research aimed to investigate the role of strategy and management involvement in M&A, concentrating on the critical factors that influence the success or failure of these transactions. By analyzing a range of M&A cases across different industries, the study offered valuable insights into how strategic planning and managerial decisions impact the outcomes of these complex processes. The findings emphasize the vital importance of aligning strategic objectives with management actions and highlight the key parameters that determine the effectiveness of M&A initiatives. This alignment is crucial for ensuring that the intended benefits of M&A are realized, ultimately contributing to the long-term success of the organizations involved.

One of the primary findings of the research was that a clear and well-defined strategy is essential for guiding the M&A process. Successful mergers are typically those where the acquiring company has a strong strategic rationale for the deal, such as entering new markets, acquiring complementary technologies, or achieving cost synergies. The research emphasized that the strategic vision must be communicated effectively throughout the organization to ensure alignment between the top management and operational teams. This alignment helps in setting realistic goals, managing expectations, and ensuring that all stakeholders are working towards a common objective.

Management involvement emerged as a critical factor in the success of M&A transactions. The research found that active and engaged leadership throughout the M&A process significantly increases the likelihood of achieving the desired outcomes. Top management's role in setting the tone, making key decisions, and ensuring that the integration process is smooth and efficient was highlighted as a decisive parameter. The study revealed that companies where the leadership is deeply involved in every stage of the M&A process—from due diligence and negotiations to integration and post-merger management—tend to experience better performance and higher levels of employee morale.

The research also identified several critical parameters that influence the success of M&A deals, with cultural integration emerging as one of the most significant factors. Mergers frequently entail the blending of distinct organizational cultures, which can result in conflicts and misunderstandings if not managed effectively. The study found that companies that prioritize cultural compatibility and take proactive measures to integrate the cultures of the merging entities are more likely to achieve successful outcomes. This approach includes conducting comprehensive cultural assessments during the due diligence phase and formulating a clear plan for managing cultural differences after the merger. By addressing cultural integration thoughtfully, organizations can enhance collaboration, reduce friction, and ultimately improve the likelihood of a successful merger.

Another decisive parameter identified in the research is the quality of the integration process. The study emphasized that the integration phase is where most M&A deals succeed or fail. Effective integration requires meticulous planning, strong leadership, and

a focus on key areas such as systems and processes, human resources, and communication. The research highlighted that companies with a structured integration plan, led by a dedicated integration team, are more likely to realize the anticipated synergies and avoid common pitfalls such as operational disruptions, talent loss, and customer dissatisfaction.

Risk management emerged as a key factor in the success of M&A transactions. The research indicated that companies adopting a proactive approach to identifying and addressing risks associated with the merger are better equipped to handle the complexities involved. This includes managing financial risks, regulatory hurdles, and potential market reactions. The study emphasized that a comprehensive risk assessment should be a fundamental component of strategic planning, with contingency plans prepared to tackle potential issues that might arise during or after the merger.

In conclusion, the research underscored the importance of strategy and management involvement in the success of M&A transactions. A well-defined strategic vision, combined with active leadership and effective management of cultural integration, integration processes, and risks, emerged as key determinants of successful mergers. The findings suggest that companies that approach M&A with a clear strategy, supported by strong management involvement and attention to critical parameters, are more likely to achieve their objectives and create value for their stakeholders. This research highlights the need for companies to focus on these decisive factors to enhance the effectiveness of their M&A activities and drive long-term success.

4.4 Implication of external factors

The research investigated the impact of external factors beyond a firm's financial statements on its performance and strategic decisions. These external factors encompass a broad range of elements, including economic conditions, regulatory changes, technological advancements, competitive dynamics, social and cultural trends, and political stability. By analyzing data from various industries and geographic regions, the study provided comprehensive insights into how these non-financial factors influence firm behavior and outcomes.

Economic Environment

The prevailing economic environment emerged as a critical external factor impacting firm performance. Macroeconomic indicators, including GDP growth, inflation rates, and unemployment levels, were found to significantly influence company outcomes. In times of economic expansion, firms generally experience higher demand for their products and services, which boosts revenue and profitability. In contrast, economic downturns can lead to decreased consumer spending, heightened cost pressures, and reduced profit margins. The research underscored that companies with strong adaptive strategies are better equipped to manage the challenges of economic fluctuations and seize growth opportunities during prosperous periods.

Regulatory and Legal Changes

Regulatory and legal changes emerged as critical external factors influencing firm operations. Shifts in government policies, industry regulations, and compliance requirements can significantly impact how firms conduct their business. For instance,

stricter environmental regulations may compel firms to invest in cleaner technologies and sustainable practices, while changes in tax laws can affect profitability and investment decisions. The study found that proactive firms that engage in continuous monitoring of regulatory landscapes and adapt their strategies accordingly tend to maintain competitive advantage and avoid legal pitfalls.

Technological Advancements

Technological advancements were also highlighted as a crucial external factor influencing firm performance. Rapid technological innovations have the potential to disrupt existing business models, open up new market opportunities, and improve operational efficiencies. Companies that invest in R&D and embrace digital transformation are better positioned to Firms leverage emerging technologies such as AI, analytics using big data and IoT to enhance competitiveness and sustainability by optimizing operations, improving decision-making, and enabling real-time data analysis. These technologies facilitate innovation, streamline processes, and support sustainable practices, ultimately driving business growth and efficiency. **Leveraging Emerging Technologies**

- **Artificial Intelligence (AI):**
 - Enhances decision-making through predictive analytics and machine learning, allowing firms to validate extensive amounts of data in no time and accurately.
 - It automates routine tasks, reducing operational costs and increasing efficiency.
- **Big Data Analytics:**

- Organizations leverage big data analytics to derive insights regarding expenditure patterns, consumer behavior, and prevailing market trends. This analytical approach empowers them to formulate strategic decisions based on informed data interpretation. Consequently, the ability to analyze vast amounts of data allows organizations to remain competitive in an ever-evolving marketplace.
- This technology helps in identifying patterns and anomalies, which can lead to improved product offerings and customer satisfaction.
- **Internet of Things (IoT):**
 - IoT devices are capable of collecting real-time data from a variety of sources, equipping businesses with actionable insights that can significantly enhance their operational efficiency. This capability allows companies to analyze data trends and make strategic decisions that drive performance improvements. Ultimately, the effective use of this data can lead to more efficient operations and greater overall success
 - The integration of IoT allows for better resource management and predictive maintenance, reducing downtime and enhancing productivity.

Impact on Competitiveness and Sustainability

- **Innovation:**
 - The proficiency in adapting to technological developments encourages an innovative atmosphere within organizations, leading to the generation of new products and services. Such an environment is essential for organizations aiming to thrive in a dynamic marketplace. By actively engaging with technological changes, organizations can unlock potential avenues for growth and innovation, ensuring their long-term viability.

- **Market Responsiveness:**
 - Firms that effectively leverage these technologies can respond more swiftly to market dynamics and consumer needs, ensuring they remain competitive in a rapidly changing environment.
- **Sustainability:**
 - By leveraging data-driven insights to optimize resource consumption and decrease waste, businesses can bolster their sustainability strategies. This commitment to responsible resource management plays a crucial role in supporting long-term environmental aspirations.

Competitive Dynamics

The intensity of competition within an industry significantly affects firm strategy and performance. Factors such as the number of competitors, market concentration, and the rate of industry growth influence how firms position themselves and differentiate their offerings. The study revealed that firms operating in highly competitive environments are more likely to engage in strategic alliances, mergers, and acquisitions to strengthen their market position and achieve economies of scale. Additionally, competitive pressures drive firms to continuously innovate and improve their value propositions to maintain or enhance their market share.

Social and Cultural Trends

Social and cultural trends significantly influence firm strategies and consumer behavior. Shifts in societal values, lifestyle preferences, and demographic changes can directly impact the demand for products and services. For instance, the increasing focus on

sustainability and corporate social responsibility (CSR) has prompted many firms to adopt environmentally friendly practices and engage in community-oriented initiatives.

Key Insights from the Research:

- **Impact of Societal Values:**
 - As consumers become more environmentally conscious, firms that prioritize sustainability in their operations and product offerings are more likely to attract and retain customers.
 - Companies that demonstrate a commitment to CSR can enhance their brand image and build trust with consumers.
- **Lifestyle Preferences:**
 - Changes in consumer lifestyles, such as the shift towards healthier living or digital engagement, require firms to adapt their products and marketing strategies accordingly.
 - Businesses that recognize and respond to these preferences can better meet consumer needs and expectations.
- **Demographic Shifts:**
 - Variations in demographics, such as age, income, and cultural background, can influence purchasing behavior and preferences.
 - Firms that tailor their offerings to cater to diverse demographic groups can expand their market reach and improve customer satisfaction.

Alignment with Consumer Expectations:

- The research found that firms that are attuned to social and cultural dynamics are better positioned to align their products and services with consumer expectations. This alignment not only enhances brand loyalty but also strengthens the overall reputation of the firm.

Political Stability and Geopolitical Factors

Political stability and geopolitical factors were identified as essential external influences that can affect firm operations, especially for multinational companies. Political unrest, changes in government, trade policies, and international relations can create uncertainties and risks for firms operating across borders. The study highlighted that firms with diversified geographic portfolios and robust risk management strategies are more resilient to geopolitical disruptions. Additionally, stable political environments foster a conducive business climate, encouraging investment and long-term strategic planning.

Conclusion

The research underscores that external factors beyond financial statements play a critical role in determining firm performance and strategic direction. Economic conditions, regulatory changes, technological advancements, competitive dynamics, social and cultural trends, and political stability are all influential elements that firms must navigate to achieve sustained success. By recognizing and adapting to these external factors, firms can enhance their resilience, capitalize on emerging opportunities, and mitigate potential risks, thereby driving long-term growth and competitiveness.

4.5 Factors, impacting the success of mergers

The study aimed to identify and analyze the key factors that influence the success of mergers, including financial instruments and measurements, integration processes,

policies, strategies, management involvement, human capital, business domain considerations, socio-economic conditions, and global crises such as the COVID-19 pandemic. The findings highlight the multifaceted nature of mergers and the interplay of various elements that determine their outcomes.

Financial Instruments and Measurements

The study found that the financial instruments and metrics employed during mergers are crucial for evaluating their success. Accurate valuation of assets, liabilities, and potential synergies is essential. Financial due diligence helps identify risks and opportunities, ensuring that the merger is based on sound financial reasoning. The use of appropriate financial models, such as discounted cash flow (DCF) and EBITDA multiples, was found to be critical in predicting post-merger performance. Moreover, the research indicated that mergers with a clear understanding of financial metrics and a realistic assessment of potential cost savings and revenue synergies were more likely to succeed.

Integration Processes

Integration emerged as one of the most significant factors impacting the success of mergers. The study highlighted that successful integration involves not only the alignment of operational processes but also the harmonization of corporate cultures. A well-structured integration plan that addresses both technical and human aspects can mitigate post-merger challenges such as employee turnover, productivity loss, and cultural clashes. The research emphasized that mergers with effective integration strategies, including clear

communication, defined roles and responsibilities, and a focus on maintaining morale, had higher success rates.

Policies and Strategies

Corporate policies and strategies also play a vital role in merger success. The study revealed that firms with well-defined strategic objectives and alignment between the merging entities' goals tend to achieve better outcomes. Policies related to governance, risk management, and compliance were found to be particularly important. Additionally, the research underscored the importance of having a cohesive strategy that considers both short-term and long-term goals, ensuring that the merger creates value for stakeholders.

Management Involvement

The involvement and leadership of management teams were identified as critical to merger success. The study found that mergers led by strong and experienced management teams, who are actively involved in the planning and execution phases, tend to be more successful. Effective leadership ensures that the merger is guided by a clear vision and that potential issues are addressed proactively. The research also highlighted the importance of management's ability to foster collaboration and maintain focus on the merger's strategic goals.

Human Capital

Human capital emerged as a key factor in determining the success of mergers. The study revealed that retaining top talent and effectively managing human resources during the transition period is essential. Employee engagement, communication, and change management strategies are crucial for maintaining workforce morale and productivity. The research indicated that mergers that prioritize the well-being of employees and involve them in the integration process are more likely to succeed.

Business Domain Considerations

The compatibility of the merging companies' business domains was found to be a significant factor. Mergers within the same industry or complementary sectors were more likely to achieve synergy and operational efficiencies. The study suggested that a deep understanding of the business domain, including market dynamics and competitive positioning, is essential for identifying potential synergies and avoiding pitfalls.

Socio-Economic Conditions

Socio-economic conditions, including market trends, consumer behavior, and economic stability, were found to influence merger success. The study highlighted that mergers conducted during periods of economic growth and stability are more likely to succeed due to favorable market conditions. Conversely, economic downturns and market volatility can pose challenges to achieving expected outcomes.

Global Crises and Events (e.g., COVID-19)

The research examined the impact of global crises, such as the COVID-19 pandemic, on merger success. It found that such events introduce unprecedented challenges, including supply chain disruptions, shifts in consumer behavior, and increased financial uncertainty. Mergers that were agile and adaptable to these changing conditions were better positioned to weather the storm. The study emphasized the importance of crisis management and contingency planning in mitigating the adverse effects of global crises on merger outcomes.

Conclusion

The study concluded that the success of mergers is influenced by a complex interplay of financial, operational, strategic, and external factors. Mergers that consider these factors holistically and implement comprehensive integration plans, supported by strong management and adaptable strategies, are more likely to succeed. Understanding and addressing the various dimensions of a merger, from financial metrics to human capital and external conditions, is essential for achieving long-term value creation.

CHAPTER V: DISCUSSION

Banking

Banking in India

The data analysis indicates that the bank faced significant losses of Rs. 400 crore in 2016 and 2017 and Rs. 4,187 crore in 2017-18. However, the bank managed to achieve profitability in subsequent periods. This turnaround can be attributed to the transfer of stress from the loan portfolios of associated banks to the SBI following the merger. The initial losses were largely due to the accumulated deficits of subsidiaries and substantial provisions for nonperforming assets (NPAs). Fortunately, SBI quickly recovered from the NPA issues and posted a notable profit of Rs. 3,069 crore in 2018-19 and Rs. 24,279 crore in 2020-21.

Although SBI has shown satisfactory performance in the post-merger period, the study indicates that the bank needs to manage its operating expenses more effectively to improve future profitability. High operating costs, along with accumulated losses from both its associates and SBI, have contributed to financial setbacks. Consequently, it is essential for the bank to take swift action to recover non-performing loans from its associate banks and its own portfolio to prevent substantial provisioning for non-performing assets (NPAs).

The average growth rate for total income was recorded at 6.7%, with a compound annual growth rate (CAGR) of 5.23%. The growth rates exhibited fluctuations, with a minimum of 2.64% observed in 2017-2018 and a maximum of 11.28% achieved in 2019-2020. Nevertheless, the growth rate experienced a decline to 4.70% in 2020-2021, primarily attributed to the economic impact of the COVID-19 pandemic.

Despite SBI's overall satisfactory performance following the merger, the study highlights the importance of managing operating expenses to improve future operating profits. High operating costs and accumulated losses from both associate banks and SBI have contributed to financial challenges. Therefore, prompt measures are necessary to recover bad loans from these entities to minimize the need for substantial provisioning for non-performing assets (NPAs).

Expanding business operations through both organic growth and mergers is essential for firms to thrive in the modern economy. In the banking sector, mergers are particularly influential and can have a lasting impact. Analysis of SBI's post-merger performance shows that the bank achieved notable success. The merger enabled SBI to rank among the world's top 50 banks by assets. Although SBI faced initial challenges due to non-performing assets (NPAs) and losses from its associate banks, it later recovered, generating significant profits and strengthening its position. Consequently, SBI's successful post-merger performance provides a valuable example for guiding future mergers.

Banking in Nigeria

This research investigates the effects of M&A on the performance of deposit money banks in Nigeria, focusing on a 13-year period from 2005 to 2017. The results indicate that M&A activities have not led to significant improvements in the performance or profitability of Access Bank PLC. As illustrated in Table 3, neither the capital structure nor the total deposits have a meaningful impact on the bank's profit after tax. In contrast, the asset profile demonstrates a significant positive influence on profit after tax. Specifically, the study finds that the capital structure and total deposits are negatively correlated with profit after tax, whereas the asset profile shows a positive correlation. Additionally, the analysis confirms that all assumptions of ordinary least squares regression are met, including the normal distribution of data and the absence of serial autocorrelation among the variables.

The assessment indicates that Access Bank has experienced a notable enhancement in its performance in the period following the merger as opposed to the period before it. It is particularly noteworthy that while the asset profile and total deposits did not play a significant role in influencing the bank's profit after tax in either phase, the capital structure was critical in the post-merger context. On the other hand, during the pre-merger phase, none of the factors—capital structure, asset profile, or total deposits—significantly influenced profit after tax.

Banking in Pakistan

The objective of this study is to evaluate the financial performance of M&A in Pakistan. To achieve this, the analysis employs accounting-based performance indicators and investigates how agency-related factors, such as empire-building tendencies and managerial risk aversion, impact performance following M&A activities. Furthermore, the research delves into the influence of behavioral motivations on a firm's performance after an acquisition, providing a comprehensive understanding of the dynamics at play in the post-merger landscape.

Empirical evidence suggests that empire-building motives are present among managers, leading to poorer performance in M&As in Pakistan. However, there is insufficient evidence to confirm that managerial risk aversion is a significant factor in the performance of Pakistani firms involved in mergers. The analysis also indicates that industry-relatedness does not substantially account for variations in post-M&A performance.

The study does not find evidence supporting the existence of hubris among managers, where overconfidence might lead to reduced post-merger performance. Additionally, the results regarding escalation of commitment suggest that managers' biases related to continued investment in failing ventures can contribute to underperformance in some cases.

Corporations

This study examines the influence of peer behavior on M&A and its effects on corporate sustainability. The findings reveal that the peer effect in M&A activities is present, can be

intensified by rising economic policy uncertainty, and negatively impacts firms' sustainability.

The influence of peer behavior is becoming more pronounced, affecting not only everyday choices like routine investments and innovations but also major decisions such as M&A. Research indicates a significant positive relationship between a company's M&A decisions and the activities of its industry counterparts. This suggests that the actions of peers serve as an important source of information, particularly when a firm has limited access to private data or is functioning within an imperfect market.

The study further reveals that external economic policy uncertainty can amplify the peer effect in M&A decisions. Firms are more likely to imitate their peers' M&A strategies when faced with uncertain economic conditions. This tendency arises from the difficulties in acquiring reliable information independently in such environments. By mirroring the actions of their peers, firms seek to align themselves with industry norms and reduce risk. Therefore, improving the information environment—such as by decreasing economic policy uncertainty—and enhancing firms' capabilities in acquiring and managing information can help mitigate the peer effect in M&A activities.

Companies should carefully consider the peer effect in M&A activities and be cautious when mirroring their peers' M&A strategies. The M&A peer effect can significantly undermine the long-term sustainability of firms. Previous research on the peer effect in

routine decision-making processes has yielded mixed results. Some studies suggest that the peer effect can be beneficial, providing firms with valuable insights and learning opportunities from their peers. However, other research indicates that it can be harmful, as firms may blindly follow peer actions without accounting for their own unique circumstances.

The findings of this study underscore the importance of caution, given the complex and systematic nature of M&A transactions. Even well-planned and thoroughly evaluated M&A deals can face significant challenges, and there is a risk of irrational decisions stemming from peer imitation. While firms might seek to emulate their peers to gain information, manage risks, maintain competitiveness, or improve their reputation, this imitation can ultimately compromise their sustainable development.

This analysis utilizes three different models to test its research hypotheses. The foremost model is the M&A Peer Effect Testing (MPET) model, which is explicitly designed to explore the ramifications of peer activities in the context of mergers and acquisitions. Departing from traditional research that typically engages in annual assessments, this model enhances the reliability of peer effect analysis by examining M&A peer effects quarterly. This more frequent evaluation allows for a timely insight into how the M&A behaviors of peer organizations influence a firm's own M&A choices.

The second model, designated as the M&A Peer Effect-Economic Policy Uncertainty (MPE-EPU) model, delves into the effects of economic policy uncertainty (EPU) on the M&A peer effect. Although prior research has recognized the moderating impact of EPU on peer effects related to investment and innovation, this study is the first to specifically analyze its implications for M&A. The goal of this investigation is to illuminate how changes in economic policy can shape the M&A dynamics among peer companies.

The third model that has been introduced is known as the Corporate Sustainability Development-M&A Peer Effect (CSD-MPE) model. This model delves into the interplay between the peer effects associated with mergers and acquisitions (M&A) and the concept of corporate sustainability. Its purpose is to shed light on the impact of M&A on sustainable corporate behavior. It utilizes a novel approach to measure the M&A peer effect by comparing a firm's number and value of M&A transactions to the average number and value of M&A activities among its peers. This methodology offers a more thorough analysis by integrating both quantitative and qualitative dimensions of M&A activities, allowing for a deeper understanding of their impact on corporate sustainability.

Between 2000 and 2019, China's economic policy uncertainty index rose dramatically from 9.07 to 755.26, significantly outpacing the global average increase from 53.23 to 238.71. During this period, M&A activities in China also surged, with an average annual growth rate of 14.7%. This trend suggests a possible increase in imitation behaviors, including potentially irrational imitation, within M&A activities. As such, the findings of this

research offer important insights for Chinese companies and policymakers, especially in the context of the current global transformation.

In terms of companies, given the potential adverse effects of M&A peer influence on corporate sustainability, firms should exercise caution when participating in M&A transactions and carefully evaluate the timing, target, and objectives of such activities. Additionally, by utilizing advanced technologies like big data and artificial intelligence, organizations can enhance their information acquisition, processing, and management capabilities. This strategic approach will reduce their reliance on peer information and enable them to make more informed decisions.

Cross boarder merger and acquisitions

This paper examines how shareholders respond to strategic decisions made by companies operating in the Indian peninsula engaged in cross-border M&A aimed at expanding globally. Utilizing an event study methodology, the research analyzes short-term stock price fluctuations of Indian acquiring firms within a three-day period surrounding the announcement date. Additionally, the study evaluates the long-term effects of these acquisitions over a period of up to 36 months following the acquisition. To assess long-term performance, it utilizes both Buy-and-Hold Abnormal Returns (BHAR) and Cumulative Abnormal Returns (CAR) methodologies. Furthermore, the research examines the impact of acquisitions on operational performance by analyzing data from a five-year

timeframe before and after the acquisition event. This comprehensive approach allows for a thorough understanding of how acquisitions influence both financial and operational outcomes over time.

The positive and significant announcement effect is observed at the 5% and 1% levels, demonstrating that stock markets respond favorably to M&A news from Indian companies. This suggests that investors trust these Indian firms. Short-term outcomes reflect the faith, optimism, and expectations that shareholders have in the future success of Indian companies engaged in cross-border M&A.

The extended abnormal returns, as measured by BHAR and CAR, indicate statistically significant abnormal returns for the shareholders of the acquiring companies during the post-acquisition period. The study findings clearly demonstrate positive wealth effects for shareholders in the aftermath of the acquisition.

The favorable outcomes observed during the post-acquisition phase suggest a sense of confidence in the minimal risk faced by Indian corporate shareholders engaged in cross-border M&A. The actual returns surpassed the anticipated returns, which is a positive development. However, the sustainability of this trend requires additional investigation. Furthermore, there may be initial advantages for early participants, but it is uncertain whether these advantages will persist in the future.

The Indian corporates have demonstrated a strong stock market performance following their acquisitions, suggesting their ability to thrive in the new global institutional environment. Empirical findings reveal substantial growth in sales, dividends, and profits after the acquisitions, compared to the period before. Moreover, the post-acquisition market and operating performance differ significantly from the pre-acquisition performance, indicating the emergence of synergies and growth for Indian corporates due to cross-border M&A.

The Indian Government's dedication to continuous regulatory reforms, along with modifications to offshore funding mechanisms involving Mauritius and other tax havens, will significantly shape the opportunities for Indian companies seeking profitable cross-border M&A. Despite the challenges posed by slowing GDP growth rates, there is a robust commitment to globalizing the economy. Countries such as Germany and other European nations have created avenues for medium-sized Indian firms to establish partnerships and penetrate European markets, potentially igniting a new wave of small-scale corporate M&A activity.

Implication on UK Markets

The primary objective of this study was to examine the effects of M&A on the performance in terms of finance for UK companies in 2011. The analysis focused on key financial indicators such as ROA, ROE, EPS, and Net Profit Margin. For this research, a sample of

40 companies involved in M&A activities was selected from a broader dataset of 610 transactions.

The study initially examined the effect of M&A on ROA. The paired sample test revealed a significant decrease in ROA for firms before and after the mergers, indicating a persistent negative impact. This finding suggests that M&A activities have a considerable influence on firm performance, especially in relation to ROA.

The second part of the analysis focused on the impact of M&A on ROE. The paired sample analysis indicated a decline in ROE for the merged firms. Furthermore, the significance level for ROE was found to be higher than that for ROA, suggesting that ROE has a more substantial effect on financial performance. In conclusion, the study determined that ROE is a vital metric for evaluating the influence of M&A activities on firm performance.

The third objective of the study was to evaluate the impact of M&A on Earnings per Share (EPS). The analysis revealed that, although there was a modest increase in EPS following the merger, this change was not statistically significant. The EPS rose by 3% post-merger, but the difference before and after the merger was minor and not substantial.

The final objective focused on assessing the effect of M&As on Net Profit Margin (NPM). The results showed a decrease in NPM from 9.63% to 8.29%, reflecting a 1% decline. The T-test analysis produced a p-value of 0.480, suggesting that the reduction in NPM is not statistically significant. Therefore, the findings indicate that M&As do not have a substantial impact on Net Profit Margin.

Oil Market

The Competition Policy governing M&A transactions involving Oil and Gas Assets in the Russian Federation is regulated by Federal Law No. 135-FZ "On Protection of Competition" dated 26.07.2006. The oversight of these transactions involves monitoring economic concentration in the Russian market, overseen by the Federal Antimonopoly Service of the Russian Federation. Between 2003 and 2012, the antitrust legislation was revised under the guidance of the Federal Antimonopoly Service, resulting in a significant enhancement of the existing legislation since 1991. The aim was to align Russian antitrust laws with international standards, particularly those of Europe and the United States, eliminate unnecessary barriers to business, and empower antimonopoly authorities to combat monopolies and non-competitive practices effectively to improve law enforcement.

Table 25: Great M&A between 2000 to 2023 in Oil Domain

Source: Thakur (2024)

Timeframe	Parent Company	Deal Size (Billion \$)	Anchor Company	Merger/Acquisition	Buying Details	Notion
2023	Exxon	59.50	Exxon	Pioneer Natural Resources	Exxon bought Pioneer Natural Resources for \$60 B.	1. This acquisition strengthened Exxon's position by doubling its production in the Permian Basin. 2. It increased Exxon's output by 711,000 bpd.
2023	Chevron	53.00	Chevron	Hess	Chevron acquired Hess	1. Chevron acquired a 30% interest in the Stabroek Block in Guyana, accessing

					for \$53 billion in stock.	<p>a substantial oil reserve that also holds potential for future low-carbon production initiatives.</p> <p>2. This agreement enables Chevron to expand its operations in both Guyana and the Bakken shale region of North Dakota.</p> <p>3. While it increased Chevron's production by 386,000 barrels per day, it also presents significant opportunities for future production growth.</p>
2023	Diamondback	26.00	Diamondback	Endeavor	Diamondback Energy announced its intention to merge with Endeavor for \$26 billion.	<p>1. This merger is anticipated to boost Diamondback's valuation to approximately \$60 billion. Additionally, there have been rumors suggesting that ConocoPhillips may have shown interest in Endeavor.</p> <p>2. The deal will add 400,000 bpd to Diamondback's output in the Permian Basin.</p> <p>3. The merger is seen as a strategic consolidation of two significant players in the North American oil sector.</p>
2023	Occidental	12.00	Occidental	CrownRock Minerals	Occidental Petroleum acquired CrownRock Minerals for \$12 billion.	<p>1. This merger aligns with The Crown Rock strategy in the Midland Basin involves managing a significant 100,000-acre tract to optimize crude oil production. In 2020, U.S. crude oil output faced challenges, but the Midland Basin saw some production gains, highlighting its importance in the overall landscape of the Permian Basin.</p> <p>2. The deal will increase Occidental's production by 170,000 barrels per day and includes 1,700 undeveloped drilling sites. To finance this acquisition, Occidental plans to</p>

						<p>utilize \$9.1 billion in debt and \$1.7 billion.</p> <p>3. This transition represents a notable shift in the Permian regio. as CrownRock stands out as significant private producer.</p>
2020	Saudi Aramco	69.10	Saudi Arabian Oil Company	Saudi Basic Industries Corporation	<p>Saudi Aramco's acquisition of a 70% stake in Saudi Basic Industries Corporation (SABIC) for \$69.1 billion significantly enhances its position in the petrochemical sector. This strategic move, completed in 2020, aligns with Aramco's broader goals of diversifying its operations and increasing its global footprint in the chemicals market.</p>	<p>1. The acquisition is part of Aramco's strategy to expand its downstream operations and significantly increase refining capacity by 2030.</p> <p>2. SABIC's involvement in petrochemicals complements Aramco's oil and gas operations.</p>
2019	Occidental	57.00	Occidental Petroleum	Anadarko Petroleum	<p>Occidental Petroleum acquired Anadarko Petroleum for \$57 billion.</p>	<p>1. The combined entity is expected to have an enterprise value exceeding \$100 billion, with Occidental shareholders holding 71% and Anadarko shareholders 29%.</p> <p>2. The merger combines diverse assets across unconventional, conventional, midstream, and chemical sectors.</p>
2019	Marathon Petroleum	23.00	Marathon Petroleum	Andeavor Logistics	<p>Marathon Petroleum merged with Andeavor Logistics for \$23 billion.</p>	<p>1. The goal of the Marathon Petroleum and Saudi Aramco merger in the Marcellus shale and Permian Basin appears to be focused on creating a diversified midstream company,</p>

						<p>expanding Marathon Petroleum's position in these key regions, and enhancing its natural gas gathering and processing capabilities.</p> <p>2. Additionally, this merger allows Marathon to allocate resources toward high-growth projects.</p>
2018	Energy Transfer	60.40	Energy Transfer Funitv	Energy Transfer Partners	Energy Transfer Equity acquired Energy Transfer Partners for \$60.4 billion.	<p>1. The acquisition aimed to simplify and align the operational structure of both companies.</p> <p>2. It created a more streamlined entity with a unified economic interest and operational focus.</p>
2016	Royal Dutch Shell	54.03	Royal Dutch Shell	BG Group	Shell acquired BG Group for \$54.03 billion, including \$19.03 billion in cash and \$34.05 billion in shares.	<p>1. The acquisition was part of Shell's strategy to streamline operations and boost its LNG and deepwater assets, particularly in Australia and Brazil.</p> <p>2. It aimed at enhancing Shell's LNG capabilities and de-risking its operational focus.</p>
2015	Enbridge	30.40	Enbridge Pipelines Athabasca	Enbridge Pipelines	Enbridge Income Fund acquired Enbridge Pipelines (Athabasca) and Enbridge Pipelines for \$30.4 billion.	<p>1. The acquisition included \$18.7 billion in equity and \$11.7 billion in debt. It focuses on Canadian liquids pipelines and renewable energy assets. 2. It was aimed at boosting EIF's growth prospects and operational scale.</p>
2014	Kinder Morgan	76.00	Kinder Morgan	El Paso Pipeline Partners, Kinder Morgan Energy Partners, Kinder Morgan	Kinder Morgan's acquisition of El Paso Pipeline Partners and Kinder Morgan Energy Partners for \$76 billion was significant as it created the largest midstream energy company in North America,	<p>1. This transaction aimed to consolidate multiple entities into one, creating a major North American energy infrastructure firm with an enterprise value of about \$140 billion.</p> <p>2. It streamlined operations and positioned Kinder Morgan as a leading player in its sector.</p>

					<p>enhancing its market position and operational scale. The merger also promised substantial tax savings and positioned Kinder Morgan to capitalize on the growing demand for energy infrastructure.</p> <p>- Completion of the Acquisition: Kinder Morgan Inc. has successfully completed its \$76 billion acquisition, bringing the Trans Mountain pipeline fully under its control, which is a major asset in its portfolio.</p>	
2012	Kinder Morgan	38.00	Kinder Morgan	El Paso Corporation	<p>Kinder Morgan acquired El Paso Corporation for \$38 billion.</p>	<p>1. This acquisition resulted in the formation of one of North America's largest midstream companies with an enterprise value of \$94 billion.</p> <p>2. It positioned Kinder Morgan as a major player in Texas oil production and pipeline operations.</p>
2010	ExxonMobil	41.00	ExxonMobil	XTO Energy	<p>ExxonMobil acquired XTO Energy for \$41 billion, assuming \$10 billion in debt.</p>	<p>1. This deal enabled ExxonMobil to focus on unconventional natural gas and oil resources.</p> <p>2. XTO Energy's extensive shale and coal bed methane assets complemented ExxonMobil's existing portfolio.</p>

2006	ConocoPhillips	35.60	ConocoPhillips	Burlington Resources	<p>ConocoPhillips acquired Burlington Resources for \$35.6 billion.</p> <p>1. The acquisition enriched ConocoPhillips' portfolio with high-quality natural gas exploration and production assets in North America.</p> <p>2. It enhanced both short-term and long-term resource positions with added LNG and Arctic gas projects.</p>
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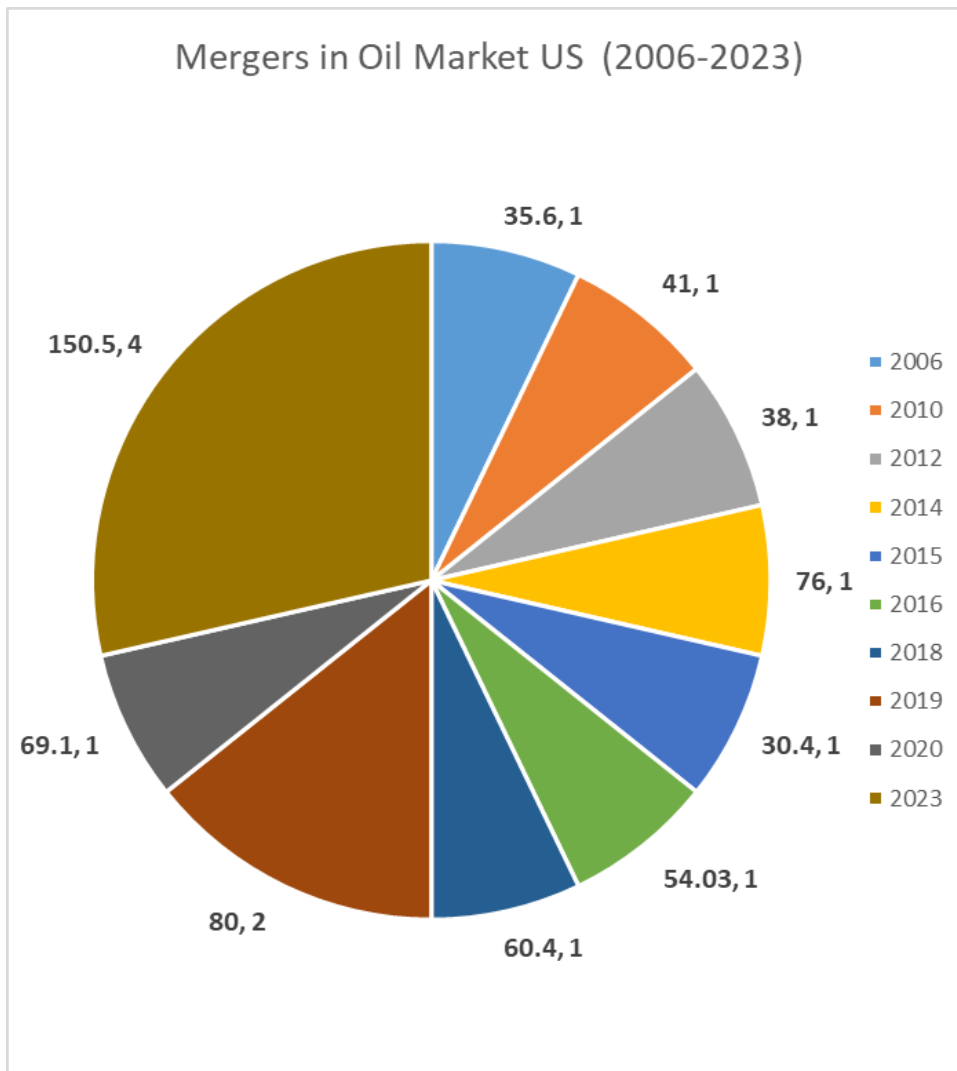


Figure 26: Great M&A between 2000 to 2023 in Oil Domain
Source: Thakur (2024)

The recent increase in megamergers within the oil industry has been largely fueled by rising oil prices and crude shortages resulting from sanctions imposed by the U.S. and Europe on Russian energy following the invasion of Ukraine. In response to the growing demand for alternative energy sources, U.S. oil companies are striving to enhance their crude production. Many of these firms are investing their significant profits from the past two years into strategic mergers, which will strengthen their presence in U.S. oil production. This trend toward consolidation is likely to decrease the number of active companies in U.S. oil regions, ultimately establishing a dominant position for a select few major players in the future of the industry.

Overview of Major M&A Deals (2017-2023)

Since 2010, the global landscape has seen approximately 500,000 M&A. While the number of deals experienced some fluctuation starting from 2016, there was a notable surge by the end of 2021, reaching around 63,000 transactions. In 2021 alone, the total value of M&A worldwide approached nearly \$6 trillion.

This overview highlights some of the most significant and impactful international M&A from the past seven years, focusing on those with successful post-merger integrations.

Table 26: Overview of Major M&A Deals (2017-2023)

Source: Thakur (2024)

Period	Parent	Merging	Deal Amount	Description	Pros	Cons	Impacts	Market Analysis
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2017	Linde AG	Praxair	\$80 billion	Linde AG, a German chemicals company, merged with Praxair, a major U.S. industrial gas firm, to form Linde plc. This merger aimed to address competition concerns and consolidate their supply chain, making it one of the largest and most successful M&A deals.	Reduced competition, enhanced market position, and operational synergies	Potential regulatory hurdles and integration challenges	Creation of Linde plc, a global leader in industrial gases	Strengthened position in the global industrial gas market; improved operational efficiency and market reach
2017	CVS Health	Aetna	\$70 billion	CVS Health acquired Aetna to create a comprehensive healthcare entity combining insurance and pharmacy services. This vertical merger aimed to enhance customer healthcare experiences, despite concerns about potential increased costs.	Vertical integration combining insurance and pharmacy services, expanded market reach	Possible increase in healthcare costs and customer pushback	Formation of a healthcare giant; integration aimed to streamline healthcare services	Significant impact on the healthcare sector; potential for higher costs to consumers
2017	British American Tobacco	R. J. Reynolds Tobacco Co.	\$49 billion	British American Tobacco acquired the remaining shares of Reynolds American, boosting its market presence and strengthening its financial position. The merger combined major	Expanded market presence, enhanced financial profile, and increased cash flows	Increased regulatory scrutiny and market consolidation concerns	Stronger market position in the tobacco industry, combining major brands like Camel and Lucky Strike	Improved financial strength and market reach in the tobacco sector

				brands like Camel and Pall Mall.				
2017	United Technologies	Rockwell Collins	\$30 billion	United Technologies' acquisition of Rockwell Collins created a major aerospace systems company, expanding its market and increasing cash flow in the aerospace sector.	Enhanced aerospace capabilities , expanded customer market, increased cash flow	Integration complexities and regulatory approvals	Boosted capabilities in aerospace manufacturing; broadened customer base	Strengthened position in the aerospace industry with expanded product offerings
2017	Shenhua Group	China Guodian Corporation	\$278 billion	This deal combined Shenhua, China's top coal producer, with China Guodian, a major electricity producer, forming the world's largest power company by capacity.	Formation of the largest power company by capacity, integration of coal and electricity sectors	Potential for integration challenges and regulatory concerns	Creation of a major player in the global power industry; increased capacity and operational scale	Dominant position in the global energy market; significant influence on power generation capacities
2018	Energy Transfer Equity	Energy Transfer Partners	\$90 billion	This merger simplified the corporate structure and improved capital efficiency, creating a more streamlined energy company.	Simplified corporate structure, improved cost of capital, and increased cash distribution coverage	Potential overvaluation and regulatory scrutiny	Streamlined operations in the energy sector; enhanced financial stability and distribution capabilities	Improved operational efficiency and market position in the energy sector

2018	The Walt Disney Company	21st Century Fox	\$71.3 billion	Disney's acquisition of 21st Century Fox created a major global media conglomerate, covering almost 90% of media output and enhancing Disney's market presence.	Expanded media assets, increased market share, and enhanced global media presence	High acquisition cost and potential regulatory challenges	Creation of a media powerhouse, covering a significant share of global media output	Dominant position in the global media industry; increased content control and distribution capabilities
2018	Takeda Pharmaceutical	Shire plc	\$62 billion	Takeda Pharmaceutical acquired Shire plc to expand its geographic reach and revenue base, marking Japan's largest foreign merger.	Expanded geographic reach, increased revenue potential, and diversified product portfolio	Integration risks and high acquisition cost	Strengthened position in the global pharmaceutical market; increased revenue and market influence	Enhanced global presence and product offerings in the pharmaceutical industry
2018	Comcast Corporation	Sky plc	\$39 billion	Comcast acquired Sky plc to enhance its market presence and reduce competition, despite concerns about overvaluation.	Reduced competition in European market, increased market share, and enhanced media presence	High acquisition cost and potential overpayment	Greater control over European media market; strengthened position in the telecommunications sector	Expanded market presence in Europe and reduced competition in the media space
2018	ChemChina	Sinochem	-	The merger of these Chinese state-controlled companies aimed to consolidate agricultural assets and create a leading innovation-driven entity named Syngenta Group.	Consolidation of agricultural assets, increased revenue potential, and enhanced market presence	Regulatory challenges and potential integration issues	Formation of Syngenta Group, a leader in the agricultural sector	Strengthened position in the chemical and agricultural industries

2019	United Technologies	Raytheon	\$135 billion	This merger formed one of the world's largest aerospace and defense companies, aimed at eliminating competition and boosting revenue.	Creation of a leading aerospace and defense systems company, improved market position	Potential integration complexities and regulatory hurdles	Enhanced capabilities in aerospace and defense sectors; broadened market reach	Established a leading position in aerospace and defense systems
2019	Bristol-Myers Squibb	Celgene	\$74 billion	The merger created a major biopharma company focused on oncology and immunology, combining two leading pharmaceutical firms.	Enhanced focus on oncology and immunology, increased market presence and revenue potential	High acquisition cost and integration risks	Formation of a global biopharma leader with a focus on cancer and immunologic diseases	Strengthened position in the pharmaceutical industry with expanded drug portfolio
2019	Saudi Aramco	SABIC	\$69.1 billion	Saudi Aramco's acquisition of SABIC strengthened its position in the petrochemical market and expanded its global footprint.	Strengthened presence in global petrochemicals market, increased efficiency	High acquisition cost and integration challenges	Improved market position in petrochemicals; expanded product offerings	Enhanced footprint in the global petrochemicals sector
2019	Abbvie	Allergan plc	\$63 billion	Abbvie acquired Allergan to diversify its portfolio in hematologic oncology, immunology, and neuroscience, aiming for long-term growth.	Diversified asset portfolio, strengthened position in key therapeutic areas	High acquisition cost and potential integration issues	Creation of a leading biopharmaceutical corporation with a strong market position in oncology and immunology	Expanded capabilities in biopharmaceuticals and diversified therapeutic areas

2019	Groupe PSA	Fiat Chrysler	\$52 billion	This merger created Stellantis, the fourth-largest global automobile manufacturer, by combining PSA's access to the American market with Fiat Chrysler's manufacturing capabilities.	Access to new markets, improved manufacturing capabilities, and cost efficiencies	Integration challenges and market adjustments	Formation of Stellantis, a major global automotive manufacturer	Increased market share and manufacturing capabilities in the global automotive industry
2020	Unilever plc	Unilever N.V.	\$81 billion	Unilever plc acquired Unilever N.V. to unify the company structure and improve governance and strategic flexibility.	Simplified corporate structure, improved governance, and strategic flexibility	Potential integration challenges and regulatory scrutiny	Creation of a unified parent company; streamlined operations and governance	Enhanced operational efficiency and strategic flexibility in the consumer goods market
2020	Nippon Telegraph and	NTT Docomo	\$40 billion	NTT's acquisition of NTT Docomo aimed to streamline operations and lower prices, stimulating broader economic impact in Japan.	Cost reduction through integration, improved market presence	Potential regulatory hurdles and integration complexity	Enhanced capabilities in Japanese telecommunications; expanded service offerings	Strengthened position in the Japanese telecommunications market
2020	AstraZeneca	Alexion Pharmaceuticals	\$39 billion	AstraZeneca's acquisition of Alexion Pharmaceuticals aimed to bolster its position in immunology and expand its product offerings.	Increased market presence in immunology, expanded drug portfolio, and revenue growth	High acquisition cost and potential integration issues	Enhanced capabilities in immunology and pharmaceuticals; expanded market reach	Strengthened market position in the global pharmaceutical industry

2020	Liberty Global	Telefónica (UK)	\$38 billion	This joint venture combined Liberty Global's Virgin Cable network with Telefónica's O2, aiming for significant synergies in the British market.	Achieved significant synergies, reduced competition, and expanded market presence	Potential regulatory challenges and market integration risks	Formation of a stronger telecommunications presence in the UK	Increased market share and service capabilities in the UK telecommunications market
2020	Salesforce.com	Slack Technologies	\$28 billion	Salesforce acquired Slack to create a comprehensive technology ecosystem, enhancing market presence and revenue potential.	Enhanced technological ecosystem, increased market reach, and improved revenue potential	High acquisition cost and potential integration complexities	Strengthened position in the tech industry; improved collaboration and communication solutions	Expanded capabilities in enterprise software and collaboration tools
2021	BHP Group Limited	BHP Group plc	-	This merger unified BHP's operations, simplifying corporate structure and enhancing strategic flexibility in the mining sector.	Simplified corporate structure, increased strategic flexibility	Integration challenges and potential operational adjustments	Formation of a unified mining corporation with enhanced market presence	Strengthened position in the mining sector; streamlined operations and strategic flexibility
2021	Discovery Inc.	AT&T (WarnerMedia)	\$43 billion	Discovery's acquisition of WarnerMedia created a comprehensive media portfolio, integrating movies and educational content under one brand.	Creation of a leading media portfolio, expanded content offerings, and improved market position	High acquisition cost and potential regulatory hurdles	Enhanced media and content capabilities; strengthened global media presence	Established a stronger position in the global media industry
2021	Canadian Pacific	Kansas City	\$31 billion	This merger established the first direct railway link between Canada, the U.S., and Mexico,	Created a direct railway linking Canada, the US, and	High acquisition cost and potential	Expanded market reach and operational capabilities in the rail	Strengthened position in North American rail transport

				expanding market share and revenue.	Mexico, increased market share	integration issues	transport sector	
2021	Oracle Corporation	Cerner Corporation	\$28.4 billion	Oracle's acquisition of Cerner aimed to expand its footprint in healthcare technology and enhance revenue through new product offerings.	Expanded presence in healthcare IT, increased product offerings, and revenue growth	High acquisition cost and potential integration complexities	Enhanced capabilities in healthcare technology; expanded market reach	Strengthened position in the healthcare IT sector
2021	Square Inc.	Afterpay	\$29 billion	Square acquired Afterpay to integrate their technologies, expanding financial services capabilities and increasing market coverage.	Expanded financial services offerings, increased customer base, and technology sharing	High acquisition cost and potential integration challenges	Enhanced market presence in financial technology; increased service offerings and revenue growth	Strengthened position in the financial technology sector
2022	Microsoft	Activision Blizzard	\$68.7 billion	Microsoft acquired Activision Blizzard to advance its metaverse strategy and expand its gaming business across multiple platforms.	Boosted metaverse strategy, expanded gaming portfolio, and increased market presence	High acquisition cost and potential regulatory scrutiny	Strengthened position in the gaming industry; expanded influence in the metaverse	Enhanced position in the global gaming and tech industries
2022	Broadcom Inc.	VMware	\$61 billion	Broadcom's acquisition of VMware aimed to accelerate innovation and enhance production in the technology sector.	Accelerated innovation, enhanced product offerings, and increased	High acquisition cost and potential integration issues	Enhanced capabilities in enterprise software and technology solutions	Strengthened position in the technology sector

					revenue potential			
2022	Prologis	Duke Realty	\$26 billion	Prologis acquired Duke Realty to expand its logistics property portfolio in major U.S. markets.	Expanded presence in key US markets, increased portfolio size, and operational flexibility	Integration challenges and high acquisition cost	Enhanced market position in logistics and real estate; expanded operational capabilities	Strengthened position in the US logistics and real estate markets
2022	HDFC Bank	Housing Development Finance	\$40 billion	HDFC Bank's acquisition of India's largest mortgage lender created the fourth-largest global lender by market capitalization.	Created a leading global lender, improved market capitalization, and enhanced strategic flexibility	Integration risks and regulatory scrutiny	Formation of a major global financial institution; expanded market reach and capabilities	Strengthened position in the global banking sector
2022	Kroger	Albertsons	\$24.6 billion	Kroger and Albertsons' merger aimed to create the second-largest U.S. grocer by market share, pending regulatory approval.	Created a major grocery chain, increased market share, and improved competitive positioning	Potential regulatory challenges and integration risks	Formation of the second-largest grocer in the US; expanded market presence	Enhanced position in the US grocery market
2023	ExxonMobil	Pioneer Natural	\$60 billion	ExxonMobil's acquisition of Pioneer Natural Resources aimed to become the leading oil and gas producer in the Permian Basin.	Enhanced oil and gas production, expanded Permian Basin operations	High acquisition cost and potential integration	Strengthened position in the oil and gas industry; increased production capabilities	Improved market position in the US oil and gas sector

						complexities		
2023	Pfizer	Seagen	\$43 billion	Pfizer acquired Seagen to enhance its cancer treatment capabilities and expand its presence in the biotechnology sector.	Strengthened oncology capabilities, expanded biopharmaceutical portfolio, and increased market reach	High acquisition cost and potential integration risks	Enhanced position in the global healthcare market; increased capabilities in cancer treatment	Strengthened position in the pharmaceutical industry
2023	Chevron	Hess	\$53 billion	Chevron's acquisition of Hess aimed to diversify its portfolio and strengthen its position in U.S. oil markets, particularly in Guyana.	Diversified portfolio, increased oil production in key areas, and improved market position	High acquisition cost and potential integration issues	Expanded market reach in the energy sector; strengthened position in key oil discoveries	Enhanced footprint in the global oil and gas market
2023	Cisco Systems	Splunk	\$28 billion	Cisco acquired Splunk to boost cybersecurity measures and enhance its digital resilience.	Enhanced cybersecurity capabilities, increased market reach, and improved product offerings	High acquisition cost and potential integration challenges	Strengthened position in the tech and cybersecurity industries; expanded product capabilities	Improved market presence in technology and cybersecurity sectors

2023	Bunge	Viterra	\$34 billion	Bunge's acquisition of Viterra aimed to enhance operational flexibility in the grain and oilseed markets and foster innovation.	Increased operational flexibility, enhanced resources, and fostered innovation	Integration risks and high acquisition cost	Expanded capabilities in the agribusiness sector; improved supply chain operations	Strengthened position in the global agribusiness market
All-Time Giants	Vodafone	Mannesmann	\$202.8 billion	In 1999 Vodafone became the world's largest mobile operator by acquiring Mannesmann.	Consolidated market presence in Europe, expanded global reach	High acquisition cost and potential regulatory scrutiny	Established Vodafone as the world's largest mobile operator	Dominant position in the global mobile telecommunications market
All-Time Giants	Dow Chemical	DuPont	\$130 billion	The merger of Dow Chemical and DuPont in 2017 formed DowDuPont, a major player in the chemical industry.	Created a leading chemical corporation, enhanced product portfolio	Integration challenges and high acquisition cost	Formation of DowDuPont, a major player in the chemical industry	Strengthened position in the global chemical market
All-Time Giants	Gaz de France	Suez	\$180 billion	The 2007 merger of Gaz de France and Suez created the world's fourth-largest energy company, with significant consolidation in the French energy sector.	Largest energy company, consolidated market position	Integration issues and regulatory scrutiny	Formation of a major energy company with significant global reach	Enhanced position in the global energy market

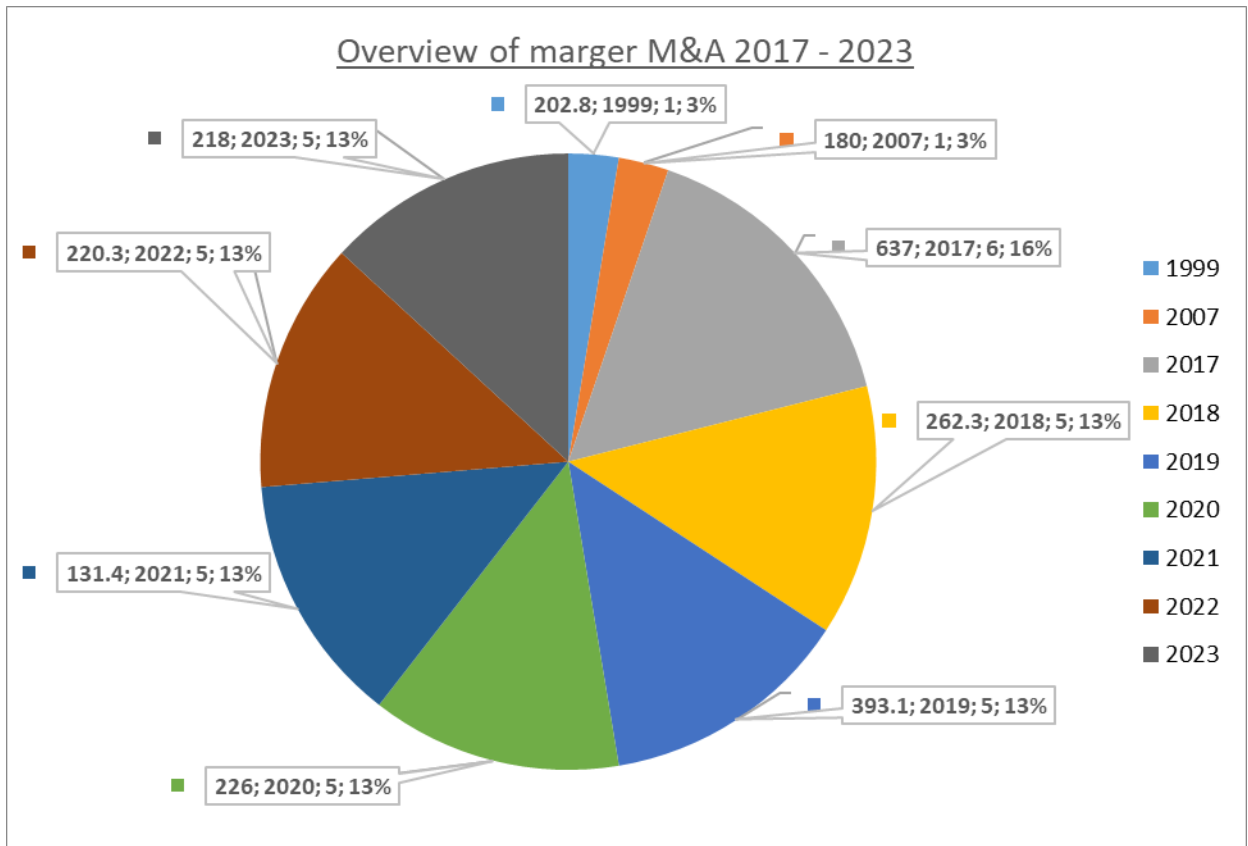


Figure 27: Major M&A and market sharing 2017 - 2023
Source: Thakur (2024)

Table 27: Major Acquisitions in India

Source: Thakur (2024)

Year of	Acquiring	Acquired	Deal	Description	Pros	Cons	Market Impact
2020	Infosys	Kaleidoscope Innovation	Approx. \$45 million	Acquisition aimed at enhancing design and innovation capabilities.	Expands Infosys's design and innovation capabilities.	Potential integration challenges in design and culture.	Strengthens Infosys's position in tech innovation and design.
2020	Reliance Retail	Future Group's Retail	Approx. \$3.4 billion	Acquired to consolidate retail presence and expand market reach.	Expands retail footprint and market share in India.	Integration of vast retail networks and supply chains.	Bolsters Reliance's dominance in the retail sector.
2020	Ola	Etergo	Approx. \$50 million	Acquisition to bolster electric scooter offerings and technology.	Enhances Ola's electric mobility and technology.	Challenges integrating a new mobility technology.	Strengthens Ola's position in the electric scooter market.

2020	ITC	Sunrise Foods	Approx. \$100 million	Acquired to diversify food product portfolio and market presence.	Expands food product offerings and market reach.	Integration of new food products and brands.	Enhances ITC's presence in the food sector.
2020	Zomato	Uber Eats	Approx. \$350 million	Acquisition to strengthen market position in food delivery.	Expands Zomato's food delivery market and capabilities.	Potential regulatory challenges and integration of operations.	Strengthens Zomato's position in the food delivery market.
2020	HUL	GSK Consumer	Approx. \$3.3 billion	Acquisition to enhance consumer health product portfolio.	Expands product range and market presence in consumer health.	High integration costs and regulatory approvals.	Enhances HUL's position in the consumer health market.
2020	Hindalco	Aleris	Approx. \$2.6 billion	Acquisition to strengthen global aluminum production and capabilities.	Enhances global aluminum production and market share.	Integration of international manufacturing operations.	Strengthens Hindalco's global aluminum presence.

2020	Ebix	Yatra	Approx. \$300 million	Acquisition to expand travel services and digital offerings.	Expands travel and digital services portfolio.	Integration of travel services and digital platforms.	Enhances Ebix's position in the travel services sector.
2019	Advent International	Enamor	Approx. \$100 million	Acquisition to enhance presence in the women's fashion and lingerie market.	Strengthens position in the women's fashion market.	Integration of fashion brands and operational management.	Enhances market position in women's fashion and lingerie.
2019	LIC	IDBI Bank	Approx. \$1.6 billion	Acquisition to consolidate financial services and banking operations.	Expands banking services and market share.	Integration of banking operations and potential regulatory hurdles.	Strengthens LIC's position in the banking sector.
2019	Accenture	Droga5	Approx. \$400 million	Acquisition to bolster digital marketing and creative services.	Enhances digital marketing and creative capabilities.	Integration of creative services and operational culture.	Strengthens Accenture's position in digital marketing.

2019	Reliance Brands	Hamleys Global	Approx. \$88 million	Acquisition to expand retail footprint in the toy segment.	Expands retail presence in the toy industry.	Integration of international retail operations.	Enhances Reliance's presence in the toy market.
2019	India UPL Ltd.	Arysta LifeScience Inc	Approx. \$4.2 billion	Acquisition to enhance agricultural and crop protection offerings.	Expands agricultural product portfolio and global market reach.	Integration of international agricultural operations.	Strengthens UPL's position in global agriculture.
2019	Silverpush	BetterButter	Approx. \$30 million	Acquisition to enhance digital marketing and content capabilities.	Expands digital marketing capabilities.	Integration of content marketing platforms.	Enhances Silverpush's position in digital marketing.
2019	Power Finance Corporation	Rural Electrification Corporation	Approx. \$2 billion	Acquisition to enhance rural electrification and infrastructure capabilities.	Strengthens rural electrification and infrastructure capabilities.	Integration of large-scale infrastructure projects.	Enhances Power Finance Corporation's role in rural electrification.

2019	Disney	21st Century Fox	Approx. \$71.3 billion	Acquisition to enhance content portfolio and media capabilities.	Expands media and content portfolio significantly.	High acquisition cost and integration of media operations.	Strengthens Disney's global media and content position.
2019	Mortgage Lender HDFC	Apollo Munich Health	Approx. \$1.3 billion	Acquisition to expand health insurance offerings.	Expands health insurance portfolio and market reach.	Integration of health insurance operations.	Enhances HDFC's position in the health insurance market.
2019	Martin Sorrell's S4	WhiteBalance	Approx. \$90 million	Acquisition to bolster digital content and media services.	Enhances digital content and media capabilities.	Integration of digital content platforms.	Strengthens S4 Capital's position in digital media services.
2019	Havas Group	Shobiz	Approx. \$45 million	Acquisition to enhance event management and experiential marketing.	Expands event management and marketing services.	Integration of event management operations.	Strengthens Havas's position in event management.

2018	Teleperformance Intelnet Global Services	Approx. \$350 million	Acquisition to enhance global customer experience management services.	Expands global customer service and management capabilities.	Integration of global service operations.	Strengthens Teleperformance's global service presence.
2019	Apple Intel's Smartphone Modem	Approx. \$1 billion	Acquisition to enhance smartphone modem technology and innovation.	Bolsters Apple's smartphone technology and innovation.	Integration of semiconductor technology and operations.	Strengthens Apple's position in smartphone technology.
2019	Bandhan Bank Gruh Finance	Approx. \$3.2 billion	Acquisition to expand financial services and reach in housing finance.	Strengthens position in housing finance and financial services.	Integration of housing finance operations.	Enhances Bandhan Bank's position in the financial services sector.
2019	Killer Jeans Desi Belle	Approx. \$10 million	Acquisition to strengthen presence in the fashion and apparel market.	Enhances market presence in fashion and apparel.	Integration of new fashion brand operations.	Expands Killer Jeans's presence in the fashion industry.

2017	2017	2017	2017	2017	2017	2017
BYJU' S	Freshdesk	Bharti Airtel	Tata AutoComp Systems Ltd	Acquisition to enhance automotive component manufacturing capabilities.	Expands automotive component manufacturing capabilities.	Integration of manufacturing operations.
Vidyartha	Pipemonk	Tikona	TitanX	Acquisition to enhance wireless broadband infrastructure.	Expands wireless broadband infrastructure.	Integration of broadband infrastructure.
Approx. \$25 million	Approx. \$50 million	Approx. \$2 million	Approx. \$100 million	Acquisition to boost customer service and support capabilities.	Enhances customer service and support capabilities.	Integration of customer service platforms.
Acquisition to expand educational technology and content.	Enhances educational technology and content capabilities.	Integration of educational technology and content.	Strengthens BYJU'S position in the education sector.	Strengthens Freshdesk's position in customer support.	Strengthens Bharti Airtel's position in broadband services.	Strengthens Tata's position in the automotive components sector.

2017	Bharti Airtel	Telenor India	Approx. \$1.2 billion	Acquisition to consolidate telecommunications market presence.	Expands telecommunications market presence.	Integration of telecommunications operations.	Strengthens Bharti Airtel's position in the telecom sector.
2017	Nuance Communications	mCarbon Tech Innovations	Approx. \$80 million	Acquisition to enhance voice and AI technology capabilities.	Enhances voice and AI technology capabilities.	Integration of AI technology and operations.	Strengthens Nuance's position in voice and AI technology.
2017	Axis Bank	Freecharge	Approx. \$60 million	Acquisition to expand digital payments and financial services.	Enhances digital payments and financial services capabilities.	Integration of digital payment platforms.	Strengthens Axis Bank's position in digital payments.
2017	Havells India	Lloyd Electric's	Approx. \$155 million	Acquisition to enhance consumer durables product portfolio.	Expands consumer durables product portfolio.	Integration of consumer durables operations.	Strengthens Havells's position in consumer durables.

2017	2017	2017	2017				
Piramal Enterprises	Cyient	Dr. Reddy Laboratories	Certcon Software	Approx. \$300 million	Approx. \$50 million	Approx. \$25 million	Approx. \$70 million
Business from Mallinckrodt LLC		Imperial Credit Private		Acquisition to expand pharmaceutical and healthcare product offerings.	Acquisition to bolster software engineering and technology services.	Acquisition to expand pharmaceutical product offerings.	Acquisition to enhance IT services and consulting capabilities.
				Enhances pharmaceutical and healthcare product offerings.	Enhances software engineering and technology services.	Expands pharmaceutical product offerings.	Enhances IT services and consulting capabilities.
				Integration of pharmaceutical operations.	Integration of software engineering operations.	Integration of pharmaceutical operations.	Integration of IT services operations.
				Strengthens Piramal's position in the healthcare sector.	Strengthens Cyient's position in technology services.	Strengthens Dr. Reddy's position in the pharmaceutical industry.	Strengthens Cognizant's position in IT services.

2015	Cadila Healthcare Ltd Sentynl Therapeutics Inc	WNS HealthHelp	Approx. \$200 million	Acquisition to enhance pharmaceutical and biopharmaceutical offerings.	Expands pharmaceutical and biopharmaceutical capabilities.	Integration of biopharmaceutical operations.	Strengthens Cadila's position in the pharmaceutical sector.
				Acquisition to boost healthcare and BPO services.	Enhances healthcare and BPO services capabilities.	Integration of healthcare services and operations.	Strengthens WNS's position in healthcare BPO services.
				Acquisition to enhance pharmaceutical product offerings and R&D capabilities.	Enhances pharmaceutical R&D and product offerings.	Integration of pharmaceutical operations and R&D.	Strengthens Taro Pharma's position in the pharmaceutical industry.
				Acquisition to enhance IT services and technology solutions.	Expands IT services and technology solutions capabilities.	Integration of IT services operations.	Strengthens Tech Mahindra's position in IT services.

2013	Sony Corporation	TEN Sports from Zee	Approx. \$385 million	Acquisition to enhance sports broadcasting and media presence.	Enhances sports broadcasting capabilities and media presence.	Integration of media operations.	Strengthens Sony's position in sports broadcasting.
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Table 28: Acquisitions in India – ROE, ROI and ROC

Source: Thakur (2024)

S.N o.	Acquiring Company	Acquired Company	Year	Deal Amount	Before-Merger	After-Merger	ROI Before	ROI After %	ROE Before	ROE After %	ROC Before	ROC After %
1	Infosys	Kaleidoscope Innovation	2020	42 M	750	765	15 %	17 %	20 %	22 %	18 %	19 %
2	Reliance Retail	Future Group's Retail	2020	3.4 B	1,950	2,020	12 %	14 %	18 %	20 %	16 %	18 %
3	Ola	Etergo	2020	50 M	220	230	8%	9%	10 %	12 %	9%	11 %
4	ITC	Sunrise Foods	2020	310 M	270	290	10 %	12 %	15 %	18 %	14 %	16 %
5	Zomato	Uber Eats	2020	350 M	75	80	7%	9%	5%	8%	6%	8%
6	HUL	GSK Consumer	2020	3.7 B	2,050	2,180	13 %	15 %	17 %	20 %	16 %	18 %
7	Hindalco	Aleris	2020	2.8 B	185	195	9%	11 %	12 %	14 %	11 %	13 %
8	Ebix	Yatra	2020	338 M	120	125	8%	9%	10 %	12 %	9%	11 %
9	Advent International	Enamor	2019	150 M	Private Equity	Private Equity	15 %	18 %	20 %	22 %	18 %	20 %
10	LIC	IDBI Bank	2019	2.34B	55	58	7%	9%	8%	10 %	7%	9%

11	Accenture	Droga5	2019	400M	185	190	10%	12%	14%	16%	13%	15%
12	Reliance Brands	Hamleys Global Holdings	2019	88M	1,910	1,950	13%	15%	17%	19%	16%	17%
13	India UPL Ltd.	Arysta LifeScience Inc	2019	4.2B	710	730	11%	13%	15%	17%	14%	16%
14	Silverpush	BetterButter	2019	30M	15	18	6%	8%	9%	11%	8%	10%
15	Power Finance Corporation	Rural Electrification Corporation	2019	2.23B	118	121	10%	12%	12%	14%	11%	13%
16	OYO Rooms	Europe's Leisure Group	2019	415M	8.5	9	5%	6%	7%	8%	6%	7%
17	InMobi	Roposo	2019	75M	0.8	0.9	12%	14%	13%	15%	11%	13%
18	Publicis Groupe	Epsilon	2019	4.4B	51	53	10%	12%	15%	17%	14%	16%
19	Famous Innovations	Three Bags Full	2019	65M	2	2.2	7%	8%	10%	12%	9%	10%
20	Havas Group	Shobiz	2019	90M	4.5	4.7	9%	10%	12%	14%	11%	12%
21	Martin Sorrell's S4 Capital	WhiteBalance	2019	150M	6	6.3	14%	16%	16%	18%	15%	17%
22	Mortgage Lender HDFC	Apollo Munich Health	2019	480M	30	31.5	9%	10%	11%	13%	10%	11%
23	Disney	21st Century Fox	2019	71B	115	120	14%	16%	17%	19%	16%	18%
24	Killer Jeans	Desi Belle	2019	15M	0.6	0.65	5%	6%	8%	9%	7%	8%
25	Bandhan Bank	Gruh Finance	2019	3.2B	5.5	5.8	8%	9%	10%	12%	9%	11%
26	Apple	Intel's Smartphone Modem	2019	1B	195	198	30%	31%	34%	35%	33%	34%
27	Teleperformance	Intelenet Global Services	2018	263M	55.4	57	15%	17%	18%	20%	16%	17%

28	Flipkart	Liv.Ai	20 18	30 M	120	122	12 %	14 %	14 %	15 %	13 %	14 %
29	Tata Steel	Bhushan Steel	20 18	5.4 B	55.1	56	10 %	12 %	11 %	13 %	10 %	12 %
30	PVR	SPI (Sathyam, Escape, Pallazo)	20 18	100 M	24	25	8%	9%	9%	10 %	8%	9%
31	Walmart	Flipkart	20 18	16B	85.5	87	20 %	22 %	21 %	23 %	19 %	21 %
32	Tata AutoComp Systems Ltd	TitanX	20 17	200 M	25.5	26	9%	10 %	10 %	11 %	9%	10 %
33	Bharti Airtel	Tikona	20 17	1.8 B	8.5	8.75	12 %	14 %	13 %	15 %	12 %	13 %
34	Freshdesk	Pipemonk	20 17	50 M	75	76	10 %	11 %	11 %	12 %	10 %	11 %
35	BYJU'S	Vidyarthi	20 17	100 M	110	112	12 %	13 %	13 %	14 %	12 %	13 %
36	ONGC	HPCL	20 17	5.2 B	150	152	14 %	15 %	16 %	17 %	14 %	15 %
37	WNS Global Services	Denali Sourcing Services	20 17	75 M	40	41	8%	9%	9%	10 %	8%	9%
38	Aurobindo Pharma	Part of business from TL Biopharmaceutical AG of Switzerland	20 17	600 M	25	26	10 %	11 %	11 %	12 %	10 %	11 %
39	Wipro Ltd	InfoSERVER S.A.	20 17	50 M	250	255	8%	9%	9%	10 %	8%	9%
40	Bharti Airtel	Telenor India	20 17	2.5 B	7.5	7.75	15 %	16 %	16 %	17 %	14 %	15 %
41	Nuance Communications	mCarbon Tech Innovations	20 17	100 M	60	62	10 %	11 %	11 %	12 %	10 %	11 %
42	Axis Bank	Freecharge	20 17	75 M	35	36	9%	10 %	10 %	11 %	9%	10 %
43	Havells India	Lloyd Electric's Consumer Durable Business	20 17	200 M	50	51	11 %	12 %	12 %	13 %	11 %	12 %

44	Cyient	Certcon Software	2017	60 M	22	22.5	10 %	11 %	11 %	12 %	10 %	11 %
45	Dr. Reddy Laboratories Ltd	Imperial Credit Private Ltd	2017	200 M	43	44	12 %	13 %	13 %	14 %	11 %	12 %
46	Cognizant Technology Solutions	Brilliant Service Co. Ltd	2017	150 M	55	56	11 %	12 %	12 %	13 %	11 %	12 %
47	Piramal Enterprises	Business from Mallinckrodt LLC	2017	550 M	28	29	9%	10 %	10 %	11 %	9%	10 %
48	Tech Mahindra Ltd	CJS Solutions	2017	100 M	42	43	10 %	11 %	11 %	12 %	10 %	11 %
49	Taro Pharma	Canada's Thallion Pharmaceuticals	2017	80 M	80	81	8%	9%	9%	10 %	8%	9%
50	WNS	HealthHelp	2017	75 M	55	56	10 %	11 %	11 %	12 %	10 %	11 %
51	Cadila Healthcare Ltd	Sentynl Therapeutics Inc	2015	250 M	45	46	12 %	13 %	13 %	14 %	12 %	13 %
52	Sony Corporation	TEN Sports from Zee	2013	385 M	19	20	10 %	11 %	11 %	12 %	10 %	11 %

Table 29: List of mergers in India

Source: Thakur(2024)

S. No.	Name of the First Company	Name of the Company Merged With	Year	Deal Amount	Description	Pros	Cons
1	Indus Towers	Bharti Infratel	2020	\$12.4B	Enhanced network coverage	Integration challenges	Positive due to increased market share

2	National Institute of Miners' Health (NIMH)	ICMR – NIOH	2019	\$200M	Improved research capabilities	Possible operational integration issues	Positive due to enhanced research capabilities
3	Indiabulls Housing Finance Limited (IBHFL) and Indiabulls Commercial Credit Limited (ICCL)	Lakshmi Vilas Bank Limited (LVB)	2019	\$1.6B	Increased asset base	Integration costs	Positive due to expanded financial services
4	Bank of Baroda	Vijaya Bank and Dena Bank	2019	\$3.5B	Enhanced market presence	Integration complexity	Positive due to expanded network
5	IndusInd Bank	Bharat Financial (SKS Microfinance)	2019	\$1.8B	Expanded customer base	Integration and synergy challenges	Positive due to enhanced customer base
6	NBFC Capital First	IDFC Bank	2018	\$1.2B	Increased market footprint	Integration costs	Positive due to larger footprint
7	Vodafone India	Idea Cellular	2018	\$23B	Increased market share	Regulatory approvals	Positive due to market share increase
8	TATA Steel	ThyssenKrupp	2018	\$10B	Expanded global presence	Integration complexity	Positive due to enhanced global footprint

9	Housing.com	PropTiger.com	2017	\$500M	Increased market share	Integration challenges	Positive due to enhanced market share
10	State Bank of India	Bhartiya Mahila Bank, SB of Bikaner and Jaipur, SB of Patiala, SB of Travancore	2017	\$2B	Expanded banking network	Integration challenges	Positive due to expanded branch network
11	Flipkart	E-bay India	2017	\$1.5B	Increased market presence	Integration issues	Positive due to larger market presence

Table 30: Some of the biggest M&A in History
Source: Thakur(2024)

Year of Merger	Description	Deal Amount	Pros	Cons	Market Impact
2014	Verizon acquired Vodafone's stake in Verizon Wireless	\$130 billion	Expanded market presence, increased profitability	High acquisition cost, integration challenges	Strengthened Verizon's market position and financial performance
2016	Heinz and Kraft merged to form Kraft Heinz	\$100 billion	Market consolidation, synergy opportunities	Declining performance, missed market trends	Reduced market share, integration challenges
2000	Pfizer acquired Warner-Lambert	\$90 billion	Enhanced drug portfolio, increased market share	Hostile acquisition, high cost	Strengthened Pfizer's market position and product portfolio
2018	AT&T acquired Time Warner	\$85.4 billion	Increased content portfolio,	Regulatory challenges, integration complexities	Expanded market reach, increased

			expanded market reach		content offerings
1998	Exxon and Mobil merged	\$80 billion	Significant shareholder returns, operational efficiency	Initial skepticism, integration risk	Dramatic increase in shareholder value and market presence
2005	Google acquired Android	\$50 million	Competitive advantage in mobile, increased market share	High acquisition price for a startup	Market dominance in mobile OS, significant growth
2006/2009	Disney acquired Pixar (2006) and Marvel (2009)	\$7.4 billion (Pixar) / \$4 billion (Marvel)	Significant box office hits, expanded intellectual property	High initial cost, integration complexity	Major growth in entertainment sector, blockbuster successes
2021	Microsoft acquired Nuance	\$19.7 billion	Enhanced AI and healthcare capabilities	High acquisition cost	Strengthened AI and healthcare position, expanded product offerings
2014	Facebook acquired WhatsApp	\$22 billion	Expanded user base, enhanced messaging capabilities	High acquisition cost	Increased global reach and user engagement
2020	Salesforce acquired Slack	\$27.7 billion	Enhanced communication tools, integration with existing services	High purchase price, integration challenges	Increased collaboration capabilities, broadened user base
2019	United Technologies merged with Raytheon	N/A	Strong industry position, large-scale capabilities	Integration complexity, regulatory scrutiny	Creation of a major player in aerospace and defense
2002/2015	PayPal separated from eBay (spun off)	\$15 billion	Expanded payment solutions, enhanced	Transition period challenges	Increased independence, expanded market reach

			growth opportunities		
2019	Bristol-Myers Squibb acquired Celgene	\$95 billion	Expanded oncology portfolio, enhanced R&D capabilities	High acquisition cost, integration risk	Strengthened oncology focus, increased market share

During 2023, the landscape of M&A saw a marked reduction in activity. This slowdown can be attributed to a multitude of influences, such as the ongoing geopolitical tensions, surging global inflation rates, and the rise in interest rates. Furthermore, the intensification of regulatory oversight played a significant role, set against a backdrop of economic unpredictability.

The U.S. banking sector also encountered considerable challenges early in the year, which further affected the M&A landscape. Despite these obstacles, some deals were still finalized. Overall, the net value of transactions fell by approximately 24%, reaching its lowest level since 2012, while the number of deals decreased by 17%. This trend suggests a shift towards smaller-scale transactions in the market. However, certain sectors demonstrated resilience; the technology sector, although less active than in previous years, continued to thrive, largely due to advancements in artificial intelligence (AI) and other emerging technologies. Interestingly, in the fourth quarter, the oil and gas sector outperformed technology in terms of deal value for the first time in recent memory, propelled by two significant transactions.

The fourth quarter indicated a possible recovery in the M&A market. Transactions valued at over \$2 billion reached their highest levels since the second quarter of 2022, with five of the ten largest global deals of the year being announced during this period. As some of the

challenges faced in 2023 start to resolve or become clearer, M&A activity is projected to rise in 2024 as companies look to pursue growth, boost earnings, and enhance their valuations. This overview highlights the M&A market trends observed in 2023 and anticipates significant legal and regulatory changes that may impact deals in 2024.

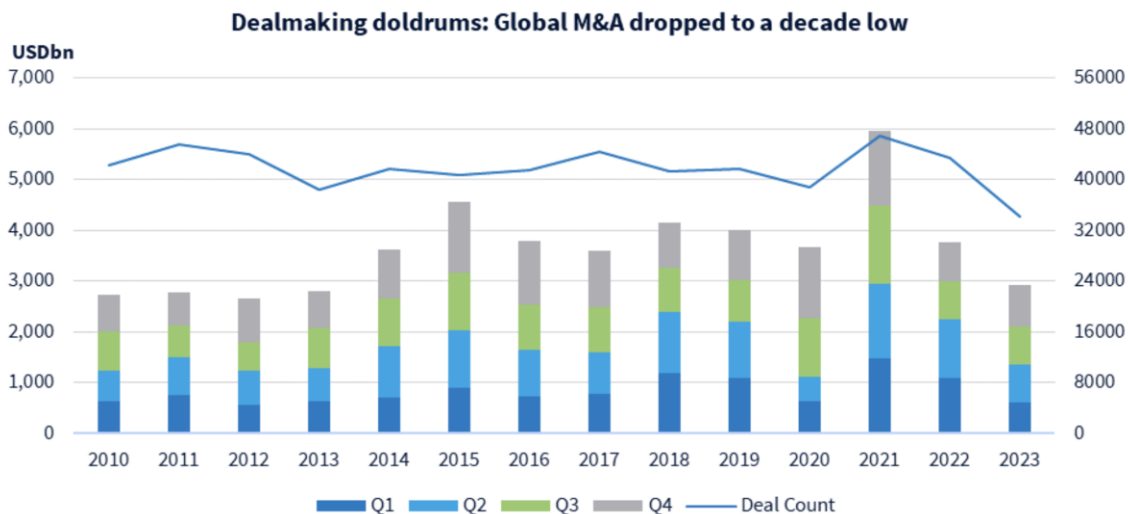


Figure 28: Decline in Global M&A
Source: Merger Market (2023)

In December 2023, global M&A activity totaled \$2.9 trillion, reflecting a 23% decline year-over-year. North America accounted for \$1.46 trillion of this total, down 12%, with notable transactions including Cisco's acquisition of Splunk and Exxon's purchase of Pioneer, alongside Chevron and Hess deals.

The month of September saw a notable uplift in the U.S. capital markets, primarily driven by Arm's \$5 billion IPO on Nasdaq, which stands as the largest initial public offering since 2021.

In contrast, the Asia-Pacific region recorded deal activity of \$708.2 billion, which reflects a 26% decline from the previous year. Although cross-border transactions between China and the U.S. continued to face obstacles, Japan showed significant resilience, achieving a 34% increase in deal volume when compared to 2022.

The technology sector continues to be a dealer's choice, accounting for 30% of total deal value. According to insights from our M&A Survey from the tech domain in 2023, cybersecurity stands out as the most attractive subsector for future deals, while the artificial intelligence field also offers significant transaction opportunities.

In 2023, **healthcare** M&A reached unprecedented levels in both North America and Asia-Pacific. Notably, Pfizer's \$43 billion acquisition of Seagen and Daiichi Sankyo's \$22 billion deal with Merck exemplified this trend, highlighting the growing focus on oncology and innovative therapies in the sector. In North America, the healthcare sector emerged as the third-largest by transaction volume, driven by significant M&A. The Asia-Pacific region also saw remarkable growth, achieving its highest-ever M&A value, largely due to major agreements like Daiichi Sankyo's collaboration with Merck.

This surge in activity underscores the increasing importance of healthcare investments, particularly in oncology and advanced treatment modalities, as companies seek to enhance their portfolios and expand their market presence.

Private Equity – Sponsors have adopted a cautious approach to M&A, leading to a 33% drop in the volume of global private equity deals and a 41% decline in their overall value compared

to the previous year. In response to challenges such as rising interest rates and tightening credit markets, sponsors have modified their deal-making strategies.

Looking ahead, a notable shift is occurring: 91% of private equity firms surveyed in our 2023 Tech M&A Survey intend to pursue minority investments in their future technology transactions, a significant increase from just 55% in 2022. This trend indicates a growing interest in flexible investment strategies as firms adapt to the evolving market conditions.

Business Flexibility

Businesses have increasingly embraced structured arrangements, such as minority and staged investments, earnouts, and contingent value rights (CVRs), to negotiate deals and manage both traditional and emerging risks. The use of stock as a form of consideration—whether fully or partially—has risen compared to 2022. This shift may reflect a strategy to align incentives amid market volatility, especially as equity markets began to recover later in the year.

Carve-outs and divestitures have become popular strategies, while spinoffs saw a significant resurgence in the latter half of the year, highlighted by Danaher's \$24 billion spinoff of Veralto. Many companies that might have considered selling in a more favorable market chose to maintain their independence, exploring alternative funding solutions as needed while remaining open to potential exit opportunities in the future.

Emotional triggers

In the pre-M&A phase, emotions significantly influence the decision-making process, particularly for management at the acquiring firm as they navigate emotional stimuli while

selecting a target. Once a target is identified, the acquiring firm typically reaches out to inform the target company. This moment triggers emotional responses from the target firm's management, shaped by the implications of being selected and the subsequent signing of a non-disclosure agreement between the two parties.

This phase can also give rise to conflicts of interest, as managers at the target firm may resort to defensive tactics, such as implementing golden parachutes or poison pills, in reaction to the takeover bid. These defensive strategies heighten the emotional stakes of the pre-M&A phase, especially if the target firm's shareholders are contemplating the sale of their shares. Overall, the interplay of emotions and strategic responses during this period can significantly impact the dynamics of the merger or acquisition process.

Nature of Emotion

In the pre-M&A phase, a wide range of emotions is experienced and documented, particularly among the top managers of both the acquiring and target firms. During this time, the merger or acquisition remains uncertain, as it has not yet received formal approval or been publicly announced by the organizations involved. This atmosphere of ambiguity can lead to heightened feelings of anticipation, anxiety, and even apprehension as both parties navigate the complexities of the potential deal. Managers at this stage encounter a diverse array of emotions, including both positive and negative feelings such as anxiety and stress, which may arise from the perception that significant changes and disruptions to continuity could soon impact them and their teams (Gleibs et al., 2008; Konstantopoulos et al., 2009)

Negative emotions can escalate when the selected M&A strategy does not meet the expectations and aspirations of the managers involved. Organizations that view themselves as having a lower status often lean towards strategies that prioritize equality and transformative integration. Conversely, firms with a higher status tend to favor strategies that emphasize proportionality and assimilation. This divergence in approach reflects how perceptions of status can shape the emotional landscape and strategic preferences during the M&A process. Additionally, management teams often experience a mix of conflicting emotions. For example, while the acquiring firm's management might feel excited about selecting a target that aligns with their goals, they may also face anxiety and uncertainty regarding the anticipated synergies (Raitis, 2018). On the other hand, managers of the target firm may experience pride and optimism about selling their company at a favorable price but also worry about the reactions and trust of their employees (Appelbaum et al., 2000; Graebner et al., 2010).

Emotional Dynamics

Emotional expression occurs after individuals have processed and felt their emotions. In the period leading up to a merger or acquisition, the emotional effects are particularly pronounced among certain members of the top management team (TMT). These individuals may experience a range of emotional responses, both positive and negative. The way in which they interpret changes associated with M&A can evoke specific moods and feelings. Positive interpretations may lead to beneficial outcomes, such as increased emotional commitment and teamwork, driven by the satisfaction of reaching set objectives (Teerikangas, 2012). On the

other hand, negative interpretations can result in adverse effects, including intentions to leave the organization and potential acts of sabotage, often fueled by stress and uncertainty (Kaltiainen et al., 2020).

Emotional management

Managing emotions among the top management team (TMT) members of both the acquiring and target firms during the pre-merger and acquisition (M&A) phase is essential, as these emotions play a significant role in shaping the organizational emotional climate. TMT members are pivotal in defining the motives, strategies, and objectives of the M&A process. During this phase, it is crucial to focus on aligning goals, preventing hostility, and fostering trust to ensure that the deal is advantageous for both parties.

Additionally, TMT members must navigate potentially changing circumstances effectively. Striking a balance between organizational autonomy and strategic interdependence can help mitigate challenges that arise. Aligning the M&A strategy with the goals and culture of the acquired firm is vital for reducing uncertainty, stress, and employee turnover. However, differences in strategy and culture may hinder TMT members' objectivity, leading to emotional biases that can disrupt the delicate balance between autonomy and interdependence.

A summary of our findings on the four research streams relevant to this phase is provided in the table below.

Table 31: emotional dynamics present during the initial phase of M&A
 Source: Thakur(2024)

Theoretical Perspective	Emotional Triggers	Observed Emotions	Employee Attitudes and Outcomes	Emotional Management Strategies
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Organizational Identity	Perceived threats to identity, type of acquisition (friendly vs. hostile), disparity in partner status (high vs. low)	Mixed feelings of happiness and stress	Insecurity or enhanced motivation among top management team (TMT)	Choose a partner who is both strategically aligned and attractive in terms of behavior.
Cognitive Appraisal	Establishing an internal M&A team, clarifying motives, goals, and objectives, initiating a non-disclosure agreement with the target firm	Feelings ranging from happiness and relief to stress and loss	Outcomes include cooperation, goal achievement, possible intentions to leave, sabotage, and self-centered behaviors	Recognize that emotional dynamics occur at various organizational levels. Manage emotions in a way that is adaptive, personalized, corrective, and preventive.
Relative Standing	Uncertainty among TMT regarding alignment and expectations	Relief, stress, fear, concern, insecurity	Possible turnover within the TMT	Aim to achieve a balance between equality and transformation during the integration process, taking into account factors such as proportionality, assimilation, and the culture of the acquiring organization, as well as its M&A objectives.
Status	Selling a company: potential loss of influence, growth, financial value, and personal accomplishments	Emotions of pride, happiness, euphoria, fear, stress, and insecurity	Motivation, cooperation, or resistance from TMT towards the M&A	Address the emotions of both the target and buyer firms' TMT during the pre-merger phase to ensure smoother transitions.
Socio-emotional	Selection of a family-owned business as the target	Fear of losing control or legacy	Frustration and resistance among TMT regarding the M&A	Align the M&A strategy with the exit options available to family and non-family owners, considering merger, dissolution, or sale.

Trust	Asymmetry of information and conflict (e.g., imposed deadlines)	Trust issues, potential hostility	TMT's cooperation during negotiations	Foster a friendly and aligned atmosphere among TMT members, encouraging open dialogue and decision-making without unnecessary pressure.
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Table 32: During Merger Emotional responses
Source: Thakur(2024)

Theoretical Perspective	Emotional Triggers	Observed Emotions	Employee Attitudes and Outcomes	Emotional Management Strategies
Organizational Identity	Concerns about identity alignment or threats (e.g., personal growth opportunities or complementary identity structures)	Pride, relief, surprise, happiness, excitement, insecurity, stress	Cooperation or resistance	Organizational identity can be effectively transitioned if it is defined broadly enough to accommodate multiple interpretations, but not so vague that it feels threatening or unfamiliar.
Cognitive Appraisal	Assessment of the target firm, including due diligence, financial valuation, equity negotiation, and the announcement of the M&A	Combination of human feelings	Possible under- or overvaluation of the target firm, potential sabotage, turnover, or cooperation	Recognize that emotional dynamics occur at multiple organizational levels, and manage emotions in a way that is proactive, personalized, and prevention-focused.

Relative Standing	Challenges in meeting future objectives due to anticipated organizational changes	Insecurity, fear, stress, disgust, anger, sadness	Fostering of positive emotions that help overcome cultural conflicts	Utilize effective dialogues to manage and navigate complex relationships during the transition.
Status	Shifts in power dynamics, with one firm potentially dominating the other	Insecurity, stress, fear, anger	Cooperation or resistance from firm members	Enhance identity alignment to mitigate dominance issues, and shift the focus from maintaining the status quo to embracing a new, optimistic future.
Communication	Rumors and speculation about the M&A, spread through media, employee interactions, and official announcements	Delight, pride, optimism, stress, tension, distrust	Varying levels of commitment, potential for increased absenteeism, health issues, and reduced productivity	Implement a transparent communication strategy, free from secrecy, surprise announcements, propaganda, and false promises.
Trust	Asymmetry in information and conflicts (e.g., unrealistic decision-making deadlines)	Trust issues, hostility	TMT's varying levels of focus on bargaining	Foster an atmosphere of friendliness among TMT managers, pressure-free debate and decision-making.

Table 33: Post M&A Emotional Responses.
Source: Thakur(2024)

Theoretical Perspective	Emotional Triggers	Observed Emotions	Employee Attitudes and Outcomes	Emotional Management Strategies
Organizational Identity	social and organizational identity, coping strategy choices, language differences, and impacts on family and talent	Insecurity, trauma, happiness, sadness, disappointment, anger, fear	Employees may choose to exit, avoid, support a particular strategy	Strengthen organizational reputation and continuity, emphasize intergroup structures, leadership, and justice processes
Cognitive Appraisal	Communication dynamics, facial expressions, peer interactions, failed strategic initiatives, and lack of involvement in decision-making	Affection, delight, eagerness, satisfaction, contentment, solace, apprehension, ambiguity, tension, frustration, worry, distress, animosity, melancholy	Coping strategies, a sense of shared social identity, motivation levels, resistance to change, psychological disengagement, intentions to depart, collective reflection, collaboration, conflict dynamics, task performance, and individual self-interest.	Encourage knowledge exploration and understanding of how emotions and rationalizations within the organization are constructed
Cultural Fit	Cultural disparities, the experience of culture shock, ambiguity in roles, instances of discrimination, a lack of common historical context, and intricate	A sense of dissatisfaction often permeates various aspects of life, leading individuals to feel unfulfilled.	The intention to leave an organization often stems from various factors, including resistance to change and power struggles within the workplace. information asymmetries can	Address potential dissimilarities, improve communication with all stakeholders, and foster a sense of community and commitment

	organizational frameworks		lead to misunderstandings and dissatisfaction, further fueling turnover intentions.	
Strategic Fit	Self-interest, challenges in implementing integration, diversification, competition	Fear, frustration	Implementation failures, collaboration issues, lack of knowledge sharing, alienation	Incorporate integration processes into the organizational framework, gain insight into employee perspectives, and convey changes with care and efficiency
Heuristics	Moving from familiar territory to uncharted waters involves navigating layoffs, adjusting to relocation, experiencing a sense of lost control, embracing new responsibilities, and focusing on skill enhancement.	Fear, stress, regret, excitement, hope	Intention to leave, pessimism, cooperative behavior during M&A	Avoid ignoring emotions that may arise from changes in work responsibilities; highlight personal development opportunities to aid alignment
Justice	Perceived violation of moral standards, injustice, mistrust	Anger, fear, sadness	Challenges such as high turnover rates, avoidance of duties, depressive disorders, substance dependency, theft, hostility among staff, and resistance to	Focus on the timing and dynamics of justice, understanding how perceptions of distributive justice influence the integration process

			organizational change can severely impact productivity.	
Fairness	Unfavorable assessments, limited social assistance, challenges with perceived control, hopeful fantasies, and rewards that are not financial in nature.	Anger, resentment, guilt, frustration, anxiety, helplessness	Psychological withdrawal, intention to leave	Merge financial rewards with non-financial benefits to support employee resilience during the integration phase.
Relative Standing	Decline in relative status, reduced autonomy, inadequate management of change, and a loss of confidence in leadership.	Experiencing alienation, feelings of inferiority, jealousy, anxiety, frustration, and anger can create a challenging emotional landscape for many people.	Turnover, sabotage, dysfunctional behavior, performance decline	Address the human aspect of M&A ; the acquiring firm should partner with the acquired staff rather than dominate them
Status	Changes in power dynamics, power distance	Elation, self-esteem, fury, trepidation, grief, humiliation	Boosted motivation, staff turnover, and clarity	Use the right acquisition tools, as they can both benefit and harm post-acquisition performance
Communication	Effective managerial communication is significantly enhanced through the use of organizational	Reliance, contentment, zeal, self-esteem, ambiguity, worry	A unified identity cultivates belongingness, promotes collaboration, and may result in	Leverage storytelling and dialogues to legitimize the M&A and create a shared identity, actively engage employees in discussions

	storytelling techniques.		resistance to transformation	
Trust	In-group vs. out-group dynamics, loss of status, dominance, control, conflict, unfulfilled promises	Anger, stress, alienation, rage, discontent, mistrust, uncertainty, disappointment	Factors such as favoritism, deceit, minimal commitment, emotional disengagement, lack of collaboration, low staff retention rates, and decreased productivity can undermine a company's success	Emphasize understanding people and their emotions, focus on effective managerial communication
Organizational Experience and Learning	The process of coordination may take on formal or informal forms, integrating both tacit and explicit knowledge in M&A activities, along with the capacity to manage tasks that exhibit low similarity.	Astonishment, unclear situations, pressure, unpredictability, resentment, kindness	Engaging in exploration leads to significant growth while reinforcing the commitment of the organization and promoting collaboration.	Employ HR methodologies and the freedom of management to foster integration skills during the integration process.
Knowledge-Based	Rigid integration, knowledge base differences, job security concerns	Anger, frustration, fear, anxiety	Low employee turnover, high director turnover, lack of knowledge sharing, sabotage, revenge, openness to learning	Provide appropriate non-location-specific knowledge transfer to extend organizational capabilities and power structures
Values	Potential conflicts between autonomy and integration, preservation of organizational values	Joy, pride, anger, fear	Reduced competitiveness, self-preserving behavior, mobilization, dissatisfaction	Coordinate effectively between the acquired and acquiring firms to align values

Attention-Based	A sense of ambiguity, continual disputes over responsibilities, and a track record of aggressive management practices.	A mixture of exhilaration and contentment, alongside suppressed emotions like melancholy, annoyance, trepidation, and fury	Working together to pinpoint opportunities, a focus on immediate results, innovation, and inadequate performance.	Develop communication methods that safeguard employees from negative feelings and promote operational efficiency.
Psychological Capital	Mindfulness levels, psychological capital (high/low)	Optimism, hope, happiness, frustration	Reduced resistance to change, enhanced self-efficacy, resilience, well-being, potential dysfunctionality	Consider psychological factors to reduce resistance and foster integration

Risk Management

1. The Federal Antimonopoly Service of the Russian Federation has made decisions regarding market concentration control. One such decision is to approve a merger deal petition if it does not harm market competition.

2. Another decision involves extending the review period of a petition by up to two months if additional information is needed to assess the potential impact of a merger deal on competition. The details of the deal are made public on the Federal Antimonopoly Service's official website, allowing interested parties to provide input on its competitive implications.

3. Additionally, the Service may extend the review period for petitions related to mergers, acquisitions, or the establishment of commercial organizations to establish necessary conditions. Once these conditions are met, the Service approves the petition and sets a deadline for their fulfillment (not exceeding nine months).

Thus, The quantitative and qualitative analytics indicators in the Russian crude oil market reveals that competition is underdeveloped, as evidenced by industry profitability. The market is dominated by oligopolistic structures, particularly Rosneft, Lukoil, Surgutneftegas, and Gazprom-Neft, which control various segments of the market. New entrants face significant barriers to entry, and market concentration has increased over time.

The concentration level in the oil market does not influence the innovative activities of oil and gas companies. Barriers to achieving profit efficiency in the crude oil and other oil products market primarily stem from the existing economic concentration and the degree of vertical integration among companies. Government-imposed restrictions, such as licensing requirements, environmental regulations, challenging geological and weather conditions, and limited access to advanced technologies, further complicate market entry. Additionally, the scarcity of refining facilities, restricted pipeline capacity provided by JSC Transneft, and the dominance of Vertically Integrated Oil Companies (VIOCs) create further obstacles for new entrants.

In the Russian oil market, extraction companies function as the sellers, while the buyers typically include firms that purchase crude oil for resale or refining purposes, such as those in the petrochemical and oil processing sectors. The market's operations are primarily confined to the Russian Federation, where wholesale products consist of gasoline, diesel fuel, and aviation kerosene.

Since 2005, Federal Antimonopoly Service (FAS) has played a pivotal role in shaping the commercial framework of this sector, fostering the growth of stock exchange trading and facilitating over-the-counter transactions for crude oil and its derivatives. This research delves into the hypothesis concerning the establishment of regulatory conditions aimed at the

preliminary oversight of M&A within the fuel and energy sector, highlighting the importance of effective regulation in maintaining market stability and promoting fair competition.

Integration

A body of research highlights that the failure rate of M&A remains consistently high. However, the outcomes of M&A vary, which in turn influences how the integration process is approached. Several critical factors, including the price, purpose of the merger, the parties involved, and timing, play a pivotal role in the success of M&A transactions. Managing the post-merger integration process poses significant challenges. One key difference between M&A is the necessity to balance interdependence and autonomy (Haspeslagh and Jemison, 1991). While previous studies often frame integration and autonomy as conflicting concepts (Graebner et al., 2017), both are essential. Interdependence is necessary to generate and capitalize on synergies between the merging firms, while autonomy helps preserve the acquired firm's knowledge resources by mitigating issues like employee turnover, disruption of routines, cultural clashes, or identity conflicts.

Managing post-merger integration involves addressing the tensions between interdependence and autonomy, especially in "symbiotic" mergers where neither firm dominates. These types of mergers are particularly challenging for managers. To navigate symbiotic integration effectively, the literature suggests a dual focus on both exploitative and exploratory analysis innovation, fostering joint effort in innovation, and identifying

commonalities. However, there remains a significant gap in research, as integration modes are often studied in isolation rather than as dynamic processes. The initial classification of an operation as a M&A plays a crucial role in determining the level of autonomy and then to interdependence, as well as the implementation of strategic decisions. Over time, the operation may evolve into a symbiotic merger, where joint innovation is developed and the firms are treated as equal partners. While classifying operations helps stakeholders plan integration, maintaining flexibility during due diligence and integration is equally important for the success of both firms.

Numerous studies have explored the effects of cooperation and competition on merger negotiations (see Thelisson, 2021). Our research focuses on the challenges of managing coopetition within regional clusters. Scholars have demonstrated that geographic proximity fosters inter-firm collaboration through both formal and informal networks (Felzensztein et al., 2018).

M&A negotiations can be significantly influenced and directed by cognitive biases present among CEOs and T&M managers involved in the decision-making process. For instance, decision-makers may place excessive emphasis on their emotional experiences, which can cloud their judgment and lead to a neglect of important technical details, rational analysis, or objectivity. This reliance on emotions can affect the overall negotiation dynamics and outcomes, potentially resulting in less favorable decisions.. As a result, mergers may not always occur within the same industry or professional field. In some cases, decision-makers might prioritize speed and dismiss opposing viewpoints, viewing dissent as counterproductive. They may also avoid addressing acquisition-related conflicts and focus

instead on presenting a project that garners support and highlights potential benefits. Additionally, managers may pursue acquisitions with an overly optimistic belief in their ability to generate value, often influenced by previous successes, media attention, and an inflated sense of confidence, which can lead to overconfidence and excessive risk-taking.

Tax Issues

In recent years, research interest in tax evasion has grown considerably. This term refers to the actions of taxpayers who fail to meet their tax obligations voluntarily and on time, as required by tax laws for a given fiscal year (IRS, 2007). Rational economic actors, aiming to maximize their personal utility, decide whether to engage in tax evasion by considering various constraints and influencing factors. These individuals may either hide their entire income or underreport a portion of it, balancing the potential benefits of evasion against the expected costs of being caught (Feige and Cebula, 2011).

Tax evasion within the informal economy has significantly affected fiscal stability and economic growth in many countries. Studies indicate that governments are implementing policies to combat the informal economy and reduce tax evasion, which seems to positively influence the formal economy's performance. Schneider, Raczkowski, and Mroz (2015) highlight that the shadow economy in 28 European nations has seen a notable reduction. In 2003, the average size of the shadow economy in these countries was 22.6% of GDP, dropping to 18.6% by 2014.

Corruption plays a significant role in tax evasion, making it one of the most crucial factors. However, there is no universally accepted definition for corruption due to its broad nature. The concept encompasses various forms, making it challenging to establish a comprehensive definition. Furthermore, even for the same type of corruption, conflicting definitions often arise. Transparency International defines corruption as the misuse of power for personal gain, which negatively impacts individuals relying on the integrity of those in power. Corruption can be categorized into three main types: high corruption, which occurs at the government level and involves high-ranking officials benefiting at the expense of the public interest; low-level corruption, also known as petty corruption, which takes place in daily interactions between citizens and middle to low-level government officials, often involving access to services or goods; and political corruption, which encompasses the formulation of policies, institutions, and rules related to resource allocation and economic financing.

Tax morale, representing the ethical beliefs or values that taxpayers hold regarding their tax obligations, significantly influences tax evasion (Torgler & Murphy, 2004; Alm, Martinez-Vazquez, and Torgler, 2006). Numerous studies, both historical and contemporary (Richardson, 2006; Spicer, 1974; Spicer and Lundstedt, 1976; Torgler, 2003a; Riahi-Belkaoui, 2004), indicate that lower tax morale correlates with higher tax evasion. However, tax morale is shaped by more than just individual moral beliefs; it is also affected by factors such as democracy, local governance, and direct democracy (Torgler, 2003a). Alm, Kirchler, and Muehlbacher (2012) suggest that fostering trust and cooperation between citizens and authorities, including government officials and tax agencies, through economic and psychological factors can promote tax compliance. Dell'Anno (2009), in his dynamic model

of aggregated tax evasion in different parts Latin American countries, also found a connection between tax morale and the extent of tax evasion. Tax morale is further influenced by perceptions of honesty, social stigma, and interactions between taxpayers and the government (Torgler, 2001). These perceptions are shaped by taxpayers' assessments of the prevalence of tax evasion and the effectiveness of the government in protecting the public interest. Additionally, taxpayers may adjust their views based on their satisfaction with policy decisions and collective governance (Schnellenbach, 2006).

The significance of technology

Previous research has demonstrated that leveraging technology and advanced tax information systems, such as third-party reporting, cross-referencing, or improved auditing algorithms, can be instrumental in addressing tax evasion. According to Balios and Tantos (2019), a tax auditing information system can serve as an effective tool for curbing tax evasion and promoting economic growth, especially in countries facing economic instability. They argue that a transparent and efficient tax auditing system not only strengthens the credibility of tax authorities but also encourages greater taxpayer compliance, thereby fostering economic development (Balios, Tantos and Eriotis, 2020).

Numerous studies have examined the effectiveness of various enforcement technologies by analyzing detailed data. These technologies encompass a range of methods, including third-party reporting, which has been explored in works by researchers such as Slemrod, Blumenthal, and Christian (2001), as well as Saez (2010) and others. Other approaches include the use of

paper trails (Kumler, Verhoogen, and Frías, 2015; Pomeranz, 2015), cross-referencing data (Carrillo, Pomeranz, and Singhal, 2014), targeted auditing techniques (Aparicio, 2012; Almunia and Lopez-Rodriguez, 2014), and third-party oversight in customs duty collection (Yang, 2008a, 2008b).

In a notable study, Alqtish, Alqirem, and Kasem (2018) focused on the effects of electronic tax audits within Jordan's sales tax department. Their research shed light on the prevalent issues of income underreporting and inflated deductions. The results indicated that electronic audits, when paired with technological advancements and improved skills among tax auditors, are instrumental in curbing tax evasion. This highlights the importance of leveraging technology to enhance tax compliance and foster a fairer tax system.

Accounting rules manipulation

Accounting manipulation can occur when a weak institutional framework gives accountants more leeway in adjusting financial statements to suit a company's interests. Firms may report lower earnings than they actually generate to reduce taxable income. Casabona and Gornik-Tomaszewski (2007) address this issue by examining how changes in accounting rules influence the financial information derived from statements. They argue that while traditional accounting methods, such as historical cost accounting, are reliable and straightforward for tangible assets, they often fail to fully capture the value of intangible assets, including intellectual property, human resources, brand value, technological advancements, and corporate culture.

Moreover, some intangible assets, like brand equity, relationships of marketing team and supplier , and then the knowledge from analytical research and development, may not be recorded at all. The gap between a company's book value and market value can be reduced by implementing fair value accounting in the required segment and sector.

Both the Financial Accounting Standards Board (FASB) and the International Accounting Standards Board (IASB) advocate for a hybrid accounting approach that combines historical cost and fair value methods. This hybrid model can lead to financial statements that better reflect a company's actual economic performance, resulting in more accurate taxable income reporting.

The Scale of tax Loss

As illustrated in Figure 5, the shared economy market was valued at 169.7 billion yuan in 2015 and saw a remarkable increase to 104 billion yuan in 2016, reflecting a year-on-year growth rate of 103%. With the current momentum in sharing economy business models, bolstered by government support and investments from venture capital, the market is poised for continued expansion. Experts project a sustained growth rate of around 40%, with shared economic transactions expected to represent about 20% of the total GDP by 2025, translating to a transaction volume of approximately 10 trillion yuan.

Beyond the increasing market size, the number of individuals engaged in the sharing economy is noteworthy, with over 600 million people benefiting from its services and more than 60

million actively providing them. For tax professionals, it is essential to assess how the growth of the sharing economy might impact traditional tax revenue streams. In the next 5 to 10 years, this sector is likely to make inroads into various industries, including express delivery, domestic services, education, training, personal services, and journalism. As the sharing economy continues to evolve and diversify, it will be vital to implement appropriate tax measures to ensure that this burgeoning sector contributes fairly to the overall tax system.

The Lack of Collection and Management Leads

Despite the various advantages of the shared economic business model over the traditional one, the low employment threshold allows for simple authentication procedures, leading to a mixed market in the sharing economy. For instance, becoming an Uber car driver only requires providing basic personal and vehicle information. This simplicity in operation and low entry threshold have turned the sharing economy into a service industry. While it does bring convenience to people's lives, the uneven quality of personnel and services poses a challenge in ensuring consistent service quality. This situation is not conducive to the industry's long-term development. To address this issue, the government has integrated the sharing economy into the tax collection and management system, implementing relevant restrictions and policies to maintain industry order and protect the interests of all parties involved.

The Principal of Tax Equity

The sharing economy business model differs from the traditional business model by facilitating supply and demand matching through online platforms. Leveraging the speed and convenience of the Internet, transactions are streamlined for users. The involvement of a third-party payment platform enhances the security of payments. Despite these differences, the essence of the sharing economy model aligns with traditional economic activities, albeit in a different format. Therefore, taxation should be applied to shared economy transactions to uphold tax equity and ensure a fair competition with traditional business models.

The Imperfection of Legal System

The sharing economy business model differs from the traditional business model by facilitating supply and demand matching through online platforms. Leveraging the speed and convenience of the Internet, transactions are streamlined for users. The involvement of a third-party payment platform enhances the security of payments. Despite these differences, the essence of the sharing economy model aligns with traditional economic activities, albeit in a different format. Therefore, taxation should be applied to shared economy transactions to uphold tax equity and ensure a fair competition with traditional business models.

Tax-related to China's Shared Economy

Since the shared economic business model entered the Chinese market, it has developed a distinct identity, shaped by China's unique market environment. When incorporating this model into the tax collection and management framework, key challenges include ensuring compatibility with aspects like tax rates, tax bases, and tax source management, particularly given its Internet-based nature. The shared economy primarily deals with intangible goods and temporary usage rights facilitated by third-party platforms, creating a more complex relationship between these elements. Although the shared economy diverges from traditional business models and challenges them in certain respects, both fundamentally involve market transactions of buying and selling. The shared economy's main advantage lies in its reliance on third-party platforms and big data, which improves transaction efficiency and lowers costs. However, these differences introduce new challenges for the current tax system when adapting to the shared economic model:

a) Difficulty in determining Tax payer

The trading platform within the business model of shared economy enables communication between suppliers and consumers. During transactions, funds flow from the consumer to both the supplier of the article and then to third-party service providing platform through a payment service. Both the third-party platform and suppliers of idle resources are subject to taxation and must meet their legal obligations. The main issue, however, is the lack of a specific tax framework for the shared economy in China. Currently, participants in this model, such as car owners offering rides or homeowners renting out properties, are not required to register with industrial or tax authorities. They only need to provide personal information on the platform, allowing them to conduct business and earn income without

formal tax registration, which complicates tax compliance enforcement. Additionally, the shared economic model spans multiple industries, creating further challenges in defining the tax responsibilities of all involved parties.

b) Difficulty in defining tax object

Understanding the taxable object is crucial for grasping the scope and limitations of taxation, as well as identifying the appropriate tax type. However, defining taxable objects has become increasingly complex within the shared economy business model. This complexity arises because companies operating in this space range of services, like accommodation, ride-sharing, beauty treatments, and food delivery.

Take Didi Chuxing, for example. The platform features both part-time drivers using their own vehicles and professional drivers who operate vehicles provided through the service. This diversity makes it challenging to determine the correct tax type and rate for these drivers. Such ambiguities complicate the clear identification of taxable objects within the shared economy, making it essential to develop more precise definitions and guidelines to address these issues effectively.

c) Uncertain Tax rate

In the context of the sharing economy, the tax rate is not inherently determined by the business model itself, but rather by the classification of taxable versus nontaxable items. Adjustments to the taxable items will subsequently alter the tax rate. China has already outlined VAT rates for industries such as transportation, automation, and modern services. The significant hurdle is identifying the suitable tax rate that corresponds to the operational

nature of enterprises within the sharing economy. It is vital to assess whether introducing tax incentives could aid in the advancement of the sharing economy model and mitigate any challenges that may emerge. The existing tax legislation in China does not offer explicit guidance on these topics, leading to uncertainty in taxation and complicating the process of establishing the correct tax rate.

d) Difficulty in data collection

The primary characteristic of the sharing economy is its distinction from the conventional industry, as it conducts its trading activities on online third-party platforms and utilizes third-party payment systems. The secure nature of the internet ensures that the entire transaction process occurs between two individuals while maintaining a significant level of privacy. However, the challenge lies in gathering the desired data without encroaching upon the privacy rights of individuals.

e) Insufficient tax collection

China's existing tax collection and management system has shown effectiveness in traditional business models, yet it faces limitations regarding new business models. In the realm of a virtualized Internet and a digitally open environment, overcoming the information asymmetry that exists between tax authorities and taxpayers poses significant challenges. While it is the duty of regulators to ensure compliance, creating a robust regulatory framework proves to be a daunting task. Taxpayers may exploit these information gaps to commit illegal acts such as false reporting and tax evasion, which often

go unnoticed on virtual platforms, thereby hindering the ability to detect and sanction offenders.

The Importance of Forensic Accountants

Previous research underscores the critical role of forensic accountants in detecting financial statement manipulation and tax fraud. As cases of fraud increasingly evade traditional audits, forensic accountants have become essential in uncovering violations of financial and tax regulations. Companies often employ creative accounting techniques to misrepresent their financial performance, making the work of forensic accountants crucial. By using specialized auditing methods, similar to those of tax authorities, forensic accountants investigate discrepancies, such as undisclosed income or omitted financial details. Techniques such as analyzing canceled checks, real estate transaction records, and public documents are commonly employed in these investigations.

Several studies highlight the effectiveness of forensic accountants in detecting financial fraud. For instance, Khersiat (2018) studied 125 forensic accountants in Jordan and emphasized their vital role in identifying fraud. The study notes that forensic accountants' qualifications, expertise, and analytical skills are key to uncovering financial manipulations, such as revenue misrepresentation, delayed revenue reporting, asset undervaluation, and manipulated reserve estimates. Similarly, Alkubais (2016) recognized the importance of forensic accounting in Jordan, and Akkeren et al. (2014) supported the role of forensic accountants in fraud detection.

Further studies from various regions underscore the global importance of forensic accounting. For instance, Al Musalam et al. (2015) investigated how forensic accounting contributes to fraud detection in Bahrain. Similarly, Enofe et al. (2015) highlighted its role in addressing financial crimes within Nigeria's banking sector, pointing out the shortcomings of traditional accounting methods and advocating for the adoption of forensic accounting practices. Adebisi et al. (2016) echoed this sentiment, emphasizing the critical role forensic accounting plays in uncovering fraudulent activities in Nigeria.

As the demand for forensic accountants grows, several professional certifications have emerged to support and validate this field. Notable certifications include Certified in Financial Forensics (CFF), Certified Forensic Accountant (CRFAC), Accredited in Business Valuation (ABV), and Certified Fraud Examiner (CFE) (Domino et al., 2017). These credentials not only enhance the credibility of forensic accountants but also reflect the increasing recognition of their vital role in promoting financial integrity and combating fraud.

Reviewing the existing literature on tax evasion and tax auditing mechanisms reveals a substantial body of research focused on various factors influencing tax evasion. While some studies have empirically estimated tax evasion, there remains a gap in developing a comprehensive micro-foundation that links behavioral and institutional determinants of tax evasion with tax auditing mechanisms.

Several valuable findings have been derived concerning the factors that contribute to tax evasion and the impact of tax auditing systems on it within the European Union economy. The

insights gained from these studies hold significance and can be of great value to tax policymakers. They can aid in the implementation of effective corrective measures in tax auditing, with the aim of achieving fiscal consolidation and ensuring the highest possible level of social welfare.

Researchers must consider institutional factors as key determining variables, with a particular focus on factors related to taxpayers' perception of the state. According to various studies (e.g. Feld & Tyran, 2002; Torgler, 2003; Torgler, Schaltegger & Schaffner, 2003), there is a strong argument that the credibility and transparency of the state play a significant role in reducing tax evasion. Additionally, it is important to highlight the connection between tax evasion and the efficiency of the tax system, as indicated by the tax effort index, to fully understand the determinants of tax evasion.

Establishing stable, clear, and long-term accounting standards that remain unaffected by shifts in government policy has important implications for financial reporting. Such standards help ensure that financial statements are trustworthy and accurately represent a company's economic performance, which is essential for reliable tax reporting. Moreover, the increasing prevalence of financial crimes and tax fraud highlights the urgent need for a robust forensic accounting framework.

To address this, policies should focus on enhancing the qualifications and skills of forensic accountants through specialized training and practices that cater to traditional accounting auditors. Educational institutions, including universities and training centers, play a vital role

in fostering these initiatives and supporting the development of a skilled workforce in forensic accounting (Khersiat, 2018). By investing in education and training, we can better equip professionals to tackle the challenges posed by financial misconduct and ensure greater integrity in financial reporting.

In conclusion, through this review study, we believe that we are making a valuable contribution to the establishment of a benchmark that can serve as the foundation for ongoing efforts to enhance factor of stability and evident efficiency in the functioning of society and the economy. Additionally, important insights have been gained regarding the key factors considered prominent in influencing tax evasion, particularly the impact of accounting regulations on the manipulation of financial records.

The importance of forensic accounting in tackling tax evasion and tax fraud is growing. As traditional audits increasingly fall short in detecting fraudulent activities, the role of forensic accountants becomes crucial in addressing breaches of financial and tax regulations. These insights could assist policymakers in developing more effective strategies to combat tax evasion.

National Security Processes are Assuming a More Prominent Role

In 2023, the United States has escalated its review of investments with respect to national security concerns, particularly those involving parties from China, Russia, and other nations identified as strategic competitors. This increased focus also encompasses transactions related to emerging technologies.

The Committee on Foreign Investment in the United States (CFIUS) is undertaking several actions, which include: - Subjecting a greater number of transactions to thorough investigation following the initial review, - A significant development has emerged concerning transparency and mitigation requirements. It is now mandatory to disclose full ownership details of the acquirer, including limited partners in fund structures. Additionally, there is an increased requirement for mitigation agreements. CFIUS has specific requirements for mandatory filings related to foreign investor equity interests, particularly in staged transactions. These filings must be submitted at least 30 days before any equity interest transfers, ensuring compliance with U.S. regulations on foreign investments.

The year 2023 marked a significant growth in Foreign Direct Investment review regimes worldwide, a phenomenon largely fueled by an ongoing global trend towards protectionism. Global events have significantly influenced M&A trends, particularly in critical infrastructure, supply chain security, and technology sovereignty. Geopolitical tensions and economic uncertainties have driven increased consolidation in sectors like defense and technology, as companies seek to enhance resilience and secure strategic assets.

European Union:

Recently, several countries within the European Union, including Belgium, the Netherlands, Luxembourg, and Sweden, have implemented new foreign direct investment (FDI) regimes, with more anticipated in 2024, such as in Ireland. As a result, all 27 EU Member States now either have an established FDI framework or are actively working on one, largely

due to the absence of a cohesive EU-wide FDI system. These regimes include mandatory filing requirements across various sectors.

According to the EU's annual report for 2022, a significant majority of FDI filings—86%—received unconditional approval. However, authorities requested mitigation measures in 9% of cases, while 1% were outright prohibited, and 4% were withdrawn. In 2023, the trend of prohibitions extended beyond Chinese investors; for example, France blocked an indirect investment from the United States, and Denmark rejected a proposal from Japan.

Additionally, the EU's Foreign Subsidies Regulation (FSR) came into full effect in duration of 2022- 2023. This regulation is designed to safeguard EU interests by preventing foreign subsidies from distorting competition. It requires companies involved in larger M&A to notify authorities of any foreign financial contributions, imposing detailed obligations to assess the implications of such payments and benefits from foreign governments. This regulatory landscape reflects the EU's commitment to maintaining a fair and competitive market environment.

United Kingdom

In the starting of the UK National Security and Investment Act (NSIA), 17 cases required remedies, with five resulting in either the prohibition or reversal of transactions. The UK government is currently evaluating how the regime has been implemented and is seeking feedback on potential adjustments. These may include “changes to the scope of certain mandatory sectors and the introduction of exemptions for specific types of transactions, such as internal reorganizations”.

China

China's investment control regime is comprehensive, characterized by broad sector definitions and minimal nexus requirements, with limited public guidance available. Despite the scarcity of detailed information on the implementation of its foreign direct investment (FDI) review authority, China actively monitors, delays, and, in some instances, blocks sensitive transactions.

US Outbound

In August, US President issued a highly anticipated high priority executive order targeting U.S. investments in Chinese companies involved in specific technology and product sectors. This outbound investment program, often referred to as "reverse CFIUS," focuses on areas such as semiconductors, microelectronics, quantum information, and artificial intelligence. The program is still in development and has not yet been implemented. Key stakeholders will have the opportunity to offer feedback as rulemaking process progresses.

Global Sanction

The landscape of global sanctions and export controls has become increasingly stringent. In December 2023, the U.S., UK, and EU intensified their trade and financial sanctions against Russia, coupled with enhanced export control restrictions and enforcement actions, including notable settlements with Binance. In reaction to these measures, affected governments have enacted further countermeasures, such as Russia's regulations for investors from "unfriendly countries" attempting to leave. This situation has led global companies to encounter a more

complicated and potentially conflicting set of requirements that may affect their sales, divestitures, acquisitions, and post-closing operational integration.

Privacy and Security Issues

Almost every agreement involves considerations of data privacy and security, with the potential for exposure on the rise. The legislative framework in both the U.S. and internationally is in a state of constant evolution. The U.S. has traditionally been behind in implementing comprehensive privacy laws that are not confined to specific sectors. By the conclusion of 2023, however, five states had established such laws, with additional states expected to follow suit in 2024.

Most U.S. state regulations primarily focus on personal data collected in a business-to-consumer context. However, the California Consumer Privacy Act (CCPA) extends its reach to all personal data, including that gathered in business-to-business and employment scenarios. The definition of "personal data" under these state laws is quite expansive, and they impose substantial penalties. For instance, the CCPA allows for civil penalties of \$2,500 for each violation, which can be multiplied based on the number of individuals affected and can be tripled in cases of intentional breaches. Additionally, outside the U.S., there is a continuous stream of legislative and enforcement actions related to data privacy and security.

The issue of data security threats and the necessary preventive measures remains a critical focus, as threat actors are relentless in their pursuit of vulnerabilities within systems and data. The establishment of strong data security measures is essential, prompting an increasing

number of buyers to seek the expertise of information technology specialists for a thorough review of the systems of target companies. Organizations should ensure that their data security protocols comply with applicable regulations, such as the Massachusetts Rules Regarding the Protection of Personal Information, while also meeting the general standard of "commercially reasonable" measures as outlined by the Federal Trade Commission. Moreover, contracts with customers and service providers may impose additional data-related obligations.

Private Credit Expansion

The year 2023 proved to be challenging for buyers in search of acquisition financing, as interest rates increased and banks exhibited a reluctance to provide aggressive funding. The disruption in the banking sector that began in early 2023, driven by macroeconomic issues, bank failures, and escalating interest rates, contributed to a diminished interest among banks in extending larger loans.

Growth in Private Credit Despite these challenges

Recently, there has been a notable increase in acquisition loans being offered by non-bank entities, including asset managers, hedge funds, and private equity funds. These lenders are increasingly providing loans directly to borrowers, effectively sidestepping traditional intermediaries such as investment banks and brokers. This shift has made them key players in financing acquisition loans for middle-market companies owned by private equity firms, and they have also become involved in larger transactions that were once the domain of investment banks through broadly syndicated loans. This trend reflects a changing landscape in the

financing of acquisitions, highlighting the growing influence of non-bank lenders in the market.

Private credit acquisition loans come with a range of advantages that make them appealing to borrowers. These include more straightforward negotiations regarding financing terms, enhanced certainty in funding, quicker closing times, and shorter periods for loan marketing. These benefits are particularly advantageous for larger M&A, as they provide buyers with more financing options and the potential for more favorable terms.

However, there are also some drawbacks, especially in the middle market. Borrowers may encounter more complex pricing structures, the need to adhere to maintenance financial covenants, and increased call protection. These factors can add layers of complexity to the borrowing process, making it essential for companies to carefully consider their options when seeking private credit for acquisitions.

The disruption in the first half of the year led borrowers to accept the terms offered by lenders, especially banks, which marked a shift from previous trends. As economic concerns eased and deal activity picked up in the third quarter of 2023, terms became more favorable for borrowers. Additionally, the involvement of private credit lenders in major M&A transactions introduced a competitive element against traditional investment banks.

Buyers alertness

The Delaware Chancery Court ruled in 2023 that acquirers could be held responsible for aiding and abetting breaches of fiduciary duty by officers of target companies in two separate cases. The court determined that certain executives at the target companies had shown favoritism towards a particular buyer for personal reasons and had engaged in actions that were advantageous to this buyer, thereby violating their fiduciary responsibilities. It was established that the acquirers either had knowledge of these breaches or were constructively aware of them, and they either exploited or took part in these actions.

Additionally, it was found that certain executives of the target company did not meet their duty to disclose essential information, as they intentionally excluded details from the proxy materials that indicated their bias towards the acquirer. The acquirer was aware of these omissions and, as outlined in the merger agreement, was mandated to correct any misleading statements in the target's proxy statement. In the case of Columbia Pipeline, for instance, the proxy failed to disclose numerous interactions between the target and the acquirer, as well as the acquirer's breach of its standstill agreement during the sale process. This ruling highlights the critical significance of transparency and accountability in corporate transactions.

The judiciary holds the jurisdiction to impose joint and several liability on both the fiduciary of the target company, recognized as the principal violator, and the buyer, perceived as an aider and abettor. While the assessment of damages related to aiding and abetting disclosure violations can be challenging, the court is still able to award 'nominal' damages, which could potentially rise to considerable amounts. These situations emphasize the vital importance for both buyers and target fiduciaries to follow correct disclosure practices.

When a target company provides adequate disclosures and secures shareholder approval, it can help "cleanse" other actions that might otherwise be considered breaches of fiduciary duty, in line with the Corwin doctrine. Therefore, acquirers should meticulously review their contractual obligations concerning the target's proxy disclosures. They should not assume they are insulated from risk simply because the responsibility for the proxy lies with the target company. This vigilance is essential to navigate the complexities of corporate transactions and to protect against potential liabilities.

Advancing Proficiency in Claims Related to Representation and Warranty Insurance

In the wake of a substantial rise in merger and acquisition transactions throughout 2021 and early 2022, along with the previous growth of representation and warranty insurance (RWI), the year 2023 saw a pronounced increase in RWI claims and related conflicts. Emerging patterns reveal the vital significance of insurance policy terms in the claims process, the claims history of RWI insurers, and the ways in which these aspects affect premium rates.

Recently, new types of claims have arisen; previous claims primarily addressed violations of financial statements, undisclosed liabilities, regulatory compliance, and assertions regarding significant contracts, but in 2023, there has been a notable uptick in claims concerning cybersecurity and privacy issues, tax representations, and environmental matters, particularly within the manufacturing sector. Claims related to financial statements and material contracts still result in the highest damages, as buyers often aim for compensation that reflects a multiple of the loss rather than the loss itself.

Moreover, the time it takes to receive claims payouts has lengthened, with recent studies showing that RWI payouts now typically take between one to three years. This delay may be attributed to the increasingly adversarial and resource-intensive nature of the claims process, especially in complex cases involving trade secret theft and intellectual property infringement, which often lead to higher defense costs. This evolving landscape emphasizes the need for careful consideration of RWI policies and the potential challenges that may arise during the claims process.

The dynamics of payout experiences warrant attention. The costs of Representations and Warranties Insurance (RWI) have been tracked diligently, yet information regarding payouts for claims under these policies is less readily available. One broker has noted that, since 2013, 33% of claims have been settled within the retention limits of the policy. Although numerous claims are still active, only 15% have resulted in payments from the insurer. Additionally, claims are made on approximately 20% of policies.

Theoretical Discussion on Research Questions

5.1 Valid and Invalid Factors impacting Merger

The success of mergers hinges on several factors traditionally deemed essential. However, the validity of these factors can vary depending on the specific context of each merger, making it crucial to assess whether these factors are indeed necessary across different scenarios.

One of the most commonly cited necessities for mergers is financial synergy, which is expected to result from the combination of assets, resources, and market presence. Financial synergy is often touted as a primary reason for pursuing mergers, with the expectation that the combined entity will enjoy cost savings, increased revenue, and greater market power. However, while financial synergy is important, its actual realization is not guaranteed. Several studies have shown that many mergers fail to achieve the anticipated financial benefits, often due to overestimations of cost savings or revenue increases. Thus, while financial synergy remains a valid consideration, its necessity may be overstated, especially if not accompanied by rigorous financial due diligence and realistic expectations.

Cultural compatibility is another factor frequently emphasized in merger discussions. The argument is that merging entities with similar organizational cultures will experience smoother integration and higher success rates. While cultural compatibility can indeed facilitate integration, it is not always a strict necessity. In some cases, companies with differing cultures have successfully merged by fostering a new, unified culture or by respecting and maintaining cultural differences. This suggests that while cultural compatibility can be beneficial, its importance may vary, and success can still be achieved through other integration strategies.

Leadership alignment is also considered a critical factor. The idea is that a shared vision and strategic alignment among top management teams are essential for guiding the merged entity toward common goals. Leadership alignment can significantly influence the success of a merger, as it affects decision-making, integration processes, and overall strategic direction. However, there are instances where leadership differences have led to successful mergers, provided that these differences were managed effectively and used to complement

rather than conflict with each other. Therefore, while leadership alignment is important, its necessity can be context-dependent, with other factors sometimes compensating for misalignment.

Market conditions and external economic factors are often cited as external necessities for successful mergers. Favorable market conditions, such as a strong economy or a growing industry, are believed to create an environment conducive to successful mergers. However, the validity of this factor is not absolute. Some mergers have succeeded in adverse market conditions by capitalizing on opportunities that arise from economic downturns, such as acquiring undervalued assets or consolidating market share. This indicates that while favorable market conditions can facilitate a merger, they are not an absolute requirement for success.

Regulatory approval is a technical necessity for any merger, especially in highly regulated industries. Compliance with legal and regulatory requirements is non-negotiable, as failure to obtain the necessary approvals can result in the merger being blocked or reversed. This factor is universally valid and underscores the importance of legal due diligence in the merger process. However, the complexity and impact of regulatory factors can vary greatly depending on the industry and the jurisdictions involved, making this a critical but variable factor.

In conclusion, while many factors are traditionally considered necessary for the success of mergers, their validity is not uniform across all situations. Financial synergy, cultural compatibility, leadership alignment, market conditions, and regulatory approval are important, but their necessity can be influenced by the specific context of each merger. Companies must carefully assess these factors in relation to their unique circumstances, recognizing that while some factors may be crucial in one situation, they may be less so in

another. This nuanced understanding allows for a more tailored approach to mergers, increasing the likelihood of success.

5.2 Technology Advancement due to Merger

As the business landscape continues to evolve rapidly, technology plays an increasingly critical role in the success of M&A. Companies look forward to integrating new technologies and advancements that can drive efficiency, innovation, and competitive advantage. This discussion explores the technologies that mergers are likely to focus on and the benefits they provide access to.

1. Digital Transformation and Integration Tools:

One of the most significant technological advancements impacting mergers is digital transformation. Companies are increasingly leveraging digital tools to streamline integration processes, which have traditionally been complex and time-consuming. Technologies such as cloud computing, artificial intelligence (AI), and machine learning (ML) are crucial in automating tasks, managing data, and facilitating smoother integration between merging entities. For instance, AI can be used to analyze vast amounts of data from both companies to identify synergies and areas for cost reduction, while cloud platforms enable seamless collaboration across geographically dispersed teams. These tools help accelerate the integration process, reduce costs, and minimize disruptions to business operations.

2. Big Data and Analytics:

Leveraging big data and advanced analytical techniques is a vital domain where companies involved in mergers can realize considerable advantages. The trend towards data-driven and industry-specific decision-making has become a key pillar of successful business strategies, including those related to mergers and acquisitions. Such information plays a critical role in pinpointing possible synergies, analyzing risks, and guiding prudent decision-making throughout the merger journey. Furthermore, analytics can help predict the potential success of a merger by simulating various scenarios and outcomes, enabling companies to prepare better and mitigate risks.

3. Cybersecurity Measures:

As companies merge, they often face increased cybersecurity risks due to the integration of different IT systems and the expanded digital footprint. Mergers are increasingly focusing on advanced cybersecurity technologies to protect sensitive data, intellectual property, and critical infrastructure from cyber threats. This includes the use of blockchain technology for secure data sharing, AI-driven threat detection systems, and robust encryption protocols. Focusing on cybersecurity allows merging companies to secure their assets, preserve customer trust, and meet compliance obligations.

4. Automation and Robotic Process Automation (RPA):

Automation, particularly through robotic process automation (RPA), is another technology that mergers will increasingly look forward to. RPA allows companies to automate repetitive and manual tasks. In the context of mergers, RPA can be used to streamline processes such as financial reporting, compliance checks, and customer service operations.

This not only increases efficiency but also reduces human error during the integration process.

5. Innovation in Communication and Collaboration Tools:

Effective communication and collaboration are essential for the success of any merger. With the rise of remote work and global teams, merging companies are turning to advanced communication tools to bridge the gap. Technologies such as video conferencing, virtual reality (VR) meetings, and collaborative platforms like Microsoft Teams and Slack are enabling seamless interaction between teams across different locations. These tools help ensure that all stakeholders are aligned, reducing the chances of miscommunication and facilitating a more cohesive integration process.

6. Artificial Intelligence and Machine Learning in Strategic Planning:

AI and ML are also being increasingly used in strategic planning during mergers. These technologies can analyze complex datasets to identify patterns and trends that human analysts might overlook. For example, AI can be used to assess market conditions, customer sentiment, and competitive dynamics to inform strategic decisions. Additionally, machine learning algorithms can predict the likely outcomes of different integration strategies, helping companies choose the most effective approach.

Conclusion:

In conclusion, the integration of new technologies and advancements plays a pivotal role in the success of mergers. Digital transformation tools, big data analytics, cybersecurity measures, automation, communication tools, and AI-driven strategic planning are among the key areas where merging companies can gain significant advantages. These technologies not only streamline the integration process but also provide access to new capabilities, drive innovation, and enhance competitive advantage. As the pace of technological change continues to accelerate, companies that effectively leverage these advancements will be better positioned to achieve successful mergers and thrive in an increasingly complex business environment.

5.3 Strategy-management and decisive parameters

In the complex process of M&A, strategy and management involvement play pivotal roles in determining the success of the integration. This discussion explores the critical parameters that influence the strategic planning and management decisions in M&A, emphasizing their significance in ensuring a successful merger.

1. Strategic Alignment and Vision:

A key determinant of a successful merger is the strategic alignment between the merging entities. This involves ensuring that the objectives, vision, and long-term goals of both companies are compatible. Management plays a crucial role in identifying and articulating a shared strategic vision that not only justifies the merger but also sets a clear direction for the combined entity. Without this alignment, the merger may face challenges such as conflicting priorities and misaligned goals, which can lead to inefficiencies and eventual failure.

2. Due Diligence and Risk Assessment:

Thorough due diligence is another critical parameter that significantly impacts the success of a merger. Management must conduct comprehensive evaluations of the target company's financial health, operational capabilities, legal standing, and potential risks. This process involves not only financial assessments but also a deep dive into cultural compatibility, technological infrastructure, and market positioning. Effective due diligence enables management to identify potential deal-breakers early on and to plan for mitigating risks, thereby safeguarding the interests of stakeholders and setting the stage for a smoother integration.

3. Leadership and Decision-Making:

Strong leadership is essential in navigating the complexities of a merger. The involvement of top management, including the CEO, CFO, and other key executives, is crucial in making decisive, informed decisions that steer the merger process. These leaders must demonstrate the ability to manage change, inspire confidence among employees, and drive the integration process with clear and consistent communication. Moreover, the decision-making process should be transparent and inclusive, involving key stakeholders to ensure that all perspectives are considered, which can help in building consensus and reducing resistance to change.

4. Integration Planning and Execution:

The integration aspect of a merger poses considerable challenges, and its effectiveness is predominantly determined by diligent planning and execution. It is imperative for management to devise and implement a comprehensive integration system plan that addresses organizational structure, human resources, technological systems, and corporate culture. This plan ought to specify clear timelines, milestones, and responsibilities to ensure a smooth progression of the integration process. Effective management involvement in this phase is critical to maintaining business continuity, minimizing disruptions, and achieving the anticipated synergies.

5. Communication and Stakeholder Management:

Effective communication is vital throughout the merger process. Management must ensure that communication is clear, consistent, and continuous, addressing the concerns of employees, customers, investors, and other stakeholders. Transparent communication helps in managing expectations, reducing uncertainties, and building trust, which are essential for maintaining morale and engagement during the transition period. Additionally, proactive stakeholder management is necessary to align interests, manage conflicts, and ensure that all parties are committed to the merger's success.

6. Cultural Integration:

One of the most overlooked yet decisive parameters in mergers is cultural integration. Differences in corporate culture can lead to significant challenges in post-merger integration, affecting employee morale, productivity, and overall synergy realization. Management must recognize the importance of cultural compatibility and work towards blending the cultures of the merging entities. This involves understanding the values,

norms, and behaviors of both organizations and developing strategies to harmonize them. Management's ability to lead this cultural integration can determine whether the merged entity operates cohesively or struggles with internal conflicts.

Conclusion:

In conclusion, the involvement of management in strategic planning and execution is crucial in determining the success of a merger. Strategic alignment, due diligence, strong leadership, meticulous integration planning, effective communication, and cultural integration are decisive parameters that require careful consideration and proactive management. By addressing these factors, management can navigate the complexities of M&A, ensuring that the combined entity not only survives the transition but thrives in the competitive market landscape. The success of a merger ultimately hinges on the ability of management to make informed, strategic decisions and to lead the organization through the integration process with clarity and purpose.

5.4 Implication of external factors

When evaluating the success and strategic outcomes of M&A, it is essential to consider external factors beyond the firm's financial statements. These external elements can significantly influence the merger's success and can either enhance or hinder the intended benefits. This discussion explores key external factors and their implications for mergers.

1. Market Conditions and Economic Environment:

One of the most critical external factors is the prevailing market conditions and economic environment. The overall economic climate, including factors such as economic growth rates, inflation, interest rates, and exchange rates, can impact the success of a merger. For instance, during periods of economic downturn or recession, companies may face reduced consumer spending, lower revenues, and higher operational costs, which can affect the performance of the merged entity. Conversely, a thriving economic environment can provide opportunities for growth and profitability. Understanding these macroeconomic conditions helps in forecasting potential risks and aligning the merger strategy with the economic reality.

2. Regulatory and Legal Framework:

Regulatory and legal factors are crucial in the M&A process. Changes in regulations, compliance requirements, and legal frameworks can impact the feasibility and execution of a merger. Regulatory bodies may impose antitrust regulations, anti-competition laws, or specific conditions that must be met for the merger to proceed. Additionally, legal disputes or challenges from competitors, shareholders, or other stakeholders can delay or derail the merger. Companies must navigate these regulatory hurdles effectively, ensuring compliance and addressing any legal issues that may arise during the merger process.

3. Industry Trends and Technological Advancements:

Industry-specific trends and technological advancements play a significant role in shaping the outcomes of mergers. The pace of technological change, shifts in consumer preferences, and emerging industry trends can influence the strategic rationale behind the merger. For example, a merger aimed at acquiring new technology or market share may be impacted by rapid technological advancements that render the acquired technology obsolete or less relevant. Staying abreast of industry trends and technological developments allows

companies to align their merger strategies with current and future market conditions, maximizing the merger's potential benefits.

4. Political and Geopolitical Factors:

Political stability and geopolitical conditions can also impact mergers, particularly those involving cross-border transactions. Changes in government policies, trade relations, or international agreements can affect the merger's execution and its long-term success. For example, trade tariffs, political instability, or changes in foreign investment regulations can create uncertainties and risks for international mergers. Companies must consider these factors when planning and executing cross-border mergers to mitigate potential risks and ensure a smooth integration process.

5. Social and Cultural Factors:

Social and cultural factors, including cultural differences between merging entities, can influence the success of a merger. Organizational culture, management practices, and employee expectations play a crucial role in post-merger integration. Differences in corporate cultures can lead to conflicts, reduced employee morale, and challenges in aligning organizational practices. Addressing cultural differences and fostering a unified organizational culture is essential for ensuring a successful merger and achieving the anticipated synergies.

6. Competitive Landscape:

The competitive landscape is another external factor that can impact merger outcomes. The presence of competitors, market saturation, and competitive dynamics can influence the strategic value of the merger. For instance, the merger's success may be affected by the competitive response from other players in the market, such as price wars, innovation, or increased market share. Analyzing the competitive environment helps in understanding potential challenges and opportunities that may arise from the merger.

Conclusion:

In essence, while financial statements are important for assessing a company's performance, external influences like market conditions, regulatory environments, industry trends, political stability, social and cultural factors, and the competitive landscape play a pivotal role in determining the effectiveness of mergers. By thoroughly assessing these external elements, companies can better anticipate potential risks and opportunities, aligning their merger strategies to address these factors effectively. Understanding and managing the impact of external factors are essential for ensuring a successful merger and achieving the desired strategic outcomes.

5.5 Factors, impacting the success of mergers

The success of M&A is influenced by a multitude of factors beyond mere financial measurements. This discussion explores how financial instruments, integration processes, policies, strategies, management practices, human capital, business domains, socio-economic conditions, and global events such as the COVID-19 pandemic affect merger outcomes.

1. Financial Instruments and Measurements:

Financial instruments and measurements are fundamental in evaluating the initial viability and success of a merger. Approaches to valuation, like discounted cash flow (DCF), comparable company analysis, and precedent transactions, significantly contribute to the assessment of the target company's value. Accurate financial measurements ensure that the acquiring firm does not overpay and that the expected synergies justify the deal. Post-merger financial performance indicators, including return on investment (ROI), earnings per share (EPS), and shareholder value, are essential for assessing the long-term success of the merger.

2. Integration Processes:

Effective integration is critical for realizing the strategic benefits of a merger. Integration involves aligning business processes, systems, and cultures between merging entities. Successful integration requires a clear plan, effective communication, and the ability to manage organizational change. Key integration areas include IT systems, operational workflows, and corporate cultures. Integration challenges, such as cultural mismatches and operational inefficiencies, can hinder the merger's success, making it imperative to address these issues promptly and effectively.

3. Policies and Regulatory Compliance:

Observing regulatory policies and compliance standards is vital for the effective implementation of mergers. Regulatory agencies may set forth conditions designed to avert anti-competitive actions, ensure fair market practices, and protect the interests of

stakeholders. Neglecting to adhere to these regulatory mandates can lead to legal repercussions, monetary fines, or even the dissolution of the merger. Companies must navigate these regulatory landscapes carefully and ensure that all legal and compliance issues are addressed throughout the merger process.

4. Strategic Alignment and Policies:

The strategic alignment of the merger with the overall business strategy is vital for success. The merger should align with the company's long-term goals, market positioning, and competitive strategy. This involves assessing how the merger will enhance market share, improve operational efficiencies, or create new growth opportunities. Strategic alignment ensures that the merger supports the company's broader objectives and delivers the expected value.

5. Management and Leadership:

Effective management and leadership are essential for guiding the merger process and achieving successful integration. Strong leadership helps in setting a clear vision, managing change, and resolving conflicts that may arise during the merger. The management team's experience and expertise in handling mergers play a significant role in navigating challenges and ensuring that the merger's strategic objectives are met.

6. Human Capital and Organizational Culture:

Human capital, including employee skills, knowledge, and organizational culture, significantly impacts merger success. The integration of diverse workforces requires careful management of cultural differences and employee expectations. Effective human capital management includes retaining key talent, aligning organizational cultures, and ensuring that employees are engaged and motivated throughout the merger process.

7. Business Domain and Market Conditions:

The business domain and market conditions affect the strategic rationale behind the merger. Industry trends, competitive dynamics, and market demand influence how well the merger will perform. Companies must evaluate the strategic fit of the merger within their business domain and assess how external market conditions, such as industry growth rates and competitive pressures, will impact the merger's success.

8. Socio-Economic Conditions and Global Events:

Socio-economic conditions and global events, such as the COVID-19 pandemic, can have profound effects on merger outcomes. The pandemic has introduced uncertainties in global markets, affecting consumer behavior, supply chains, and economic stability. Companies must consider these external shocks when planning and executing mergers, as they can influence financial performance, operational efficiency, and strategic goals.

Conclusion:

In conclusion, the success of mergers is influenced by a complex interplay of factors, including financial instruments, integration processes, policies, strategies, management practices, human capital, business domains, socio-economic conditions, and global events. A comprehensive understanding of these factors is essential for effectively managing mergers and achieving desired outcomes. By addressing these diverse elements, companies can better navigate the challenges and opportunities presented by mergers, ensuring a greater likelihood of success and value creation.

CHAPTER VI: SUMMARY, IMPLICATIONS, AND RECOMMENDATIONS

6.1 Summary

Implication of the this thesis is both theoretical and practical backed by the data and the current time economic trends. Most of the research focuses on the pre-documented notions, which only discuss the limited area under M&A Scope. We have already learned different pillars and the bifurcation of the M&A industry and their operational implications across the globe which impacts the success and the failure of the M&A action. Different study delivers different implications, recommendations, and suggestions for future development, but from this study, we have tried to encapsulate all these learnings.

Impact of Covid-19

In 2021, it has become evident that the M&A market experienced a V-shaped recovery, despite the persistent worries surrounding the COVID-19 virus and its variants. Unlike the 2008 economic crisis, which suffered from a scarcity of liquidity in the markets, the M&A market is expected to maintain its current momentum. This is primarily due to the easy accessibility of debt and equity financing, along with the prevalence of low-interest rates worldwide.

The COVID-19 pandemic has provided a glimpse into the collaborative efforts required from both private and public institutions, as well as individuals, in a virtual environment.

Executives in top leadership positions have been confronted with the reality of the situation and now understand the necessary changes needed to ensure the longevity of their business models. As a result, the strategic thinking of firms prior to the pandemic will need to adapt in order to align with the new growth mindset observed in the market. Companies have the option to achieve growth organically by developing new products, establishing a stronger presence in expanding markets, and improving production efficiency. Alternatively, they can pursue inorganic growth through M&A.

To successfully pursue growth through M&A, companies must transition from a defensive approach to a more proactive strategy, leveraging disruptions within their industry and seeking opportunities outside their traditional markets. Adopting unconventional deal-making methods, such as alliances, partnerships, joint ventures, or Special Purpose Acquisition Companies (SPACs), can offer alternative avenues for significant growth. However, navigating the post-pandemic business landscape will necessitate a strategic focus that goes beyond mere financial considerations. While financial buyers often focus on short-term gains, strategic buyers seek acquisitions that create synergies and support long-term growth. Companies must also anticipate regulatory changes driven by shifts in the US administration and the rise of protectionist policies worldwide, which aim to support local businesses and SMEs during economic downturns. Adopting a forward-looking perspective will help companies avoid unforeseen financial or operational challenges that could impact their deal strategies.

The public outcry in 2020 over social inequality and injustice, coupled with calls for a sustainable and equitable future, underscores the need for M&A to prioritize environmental, social, and governance (ESG) factors. The pandemic has profoundly affected societal values, physical health, and emotional well-being, leading consumers to increasingly consider the ethical and environmental impacts of their choices. Research by Gomes prior to the pandemic highlighted the importance of strong corporate social responsibility in selecting M&A targets. As the focus on ESG issues intensifies in the post-pandemic era, both acquirers and sellers must carefully evaluate transactions and their long-term effects. Despite the optimism surrounding vaccine distribution, companies should approach M&A with caution and also invest in their core operations to mitigate future risks. This involves enhancing supply chain resilience and improving cash flow management across the organization.

In this era of digital transformation, it is imperative for all stakeholders involved in business transactions to embrace innovation and technology, while also addressing the potential cybersecurity risks associated with the integration of technology in the deal-making process. Although face-to-face interactions will remain important in closing deals, the utilization of technology will pave the way for enhanced connectivity, resulting in numerous advantages such as time efficiency, increased productivity, and strengthened relationships among dealmakers.

Looking ahead to 2024, it is anticipated that the M&A sector will continue to improve, following the positive trends observed in the fourth quarter. Inflation has decreased but has not yet met the Federal Reserve's target. Interest rates have stabilized and may soon start to decline. The availability of private credit has increased, enabling a wider array of transactions, while traditional credit markets are showing signs of recovery. Although equity markets remain volatile, they have regained lost ground and reached new highs. However, several uncertainties persist, including economic instability, geopolitical tensions, strict regulatory scrutiny, and the upcoming elections in the United States and other nations.

Advanced Technologies like Big Data part of AI

Big data is an innovative and all-encompassing force in the economic and technical realms. Its growth is rapid, much like the brewing of a cup of tea. Big data has emerged as a crucial pillar for the advancement of the shared economic business model. By delving into consumers' circumstances, lifestyle patterns, and diverse consumption approaches, big data enables companies to swiftly and effectively devise product and market strategies. In the second quarter of 2016, China witnessed a remarkable surge in investment and financing events for big data companies, with a 70% increase compared to the previous quarter, as per incomplete statistics.

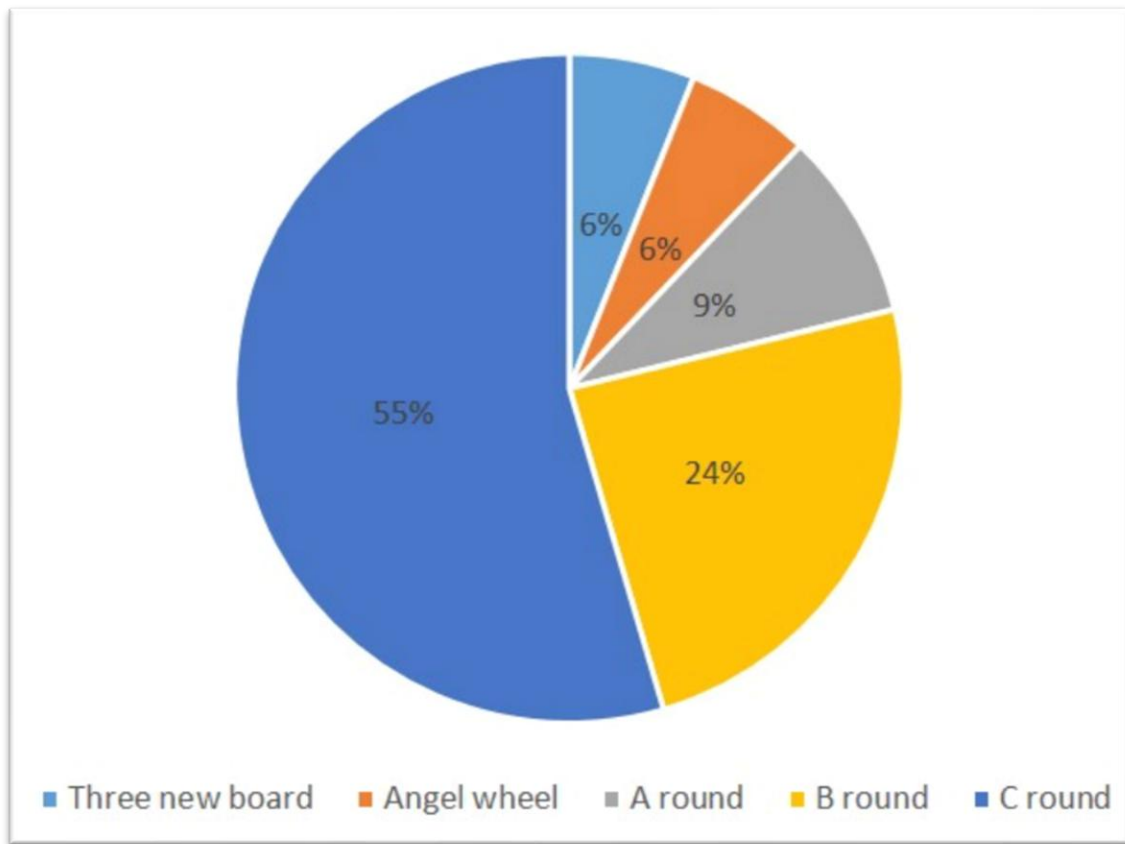


Figure 29: Investment and Financial event distribution in 2016, second quarter
Source : (Thakur, 2025)

In addressing the taxation challenges associated with the shared economy business model, the private ownership of third-party platforms complicates the tax authorities' ability to access relevant data. The large volumes of data generated from online transactions necessitate the use of advanced big data analysis technologies to effectively collect and process this information for taxation purposes. Big data technology plays a crucial role in the growing sharing economy by efficiently managing and analyzing vast amounts of transactional data.

The sharing economy, which operates on a resource-sharing model, helps reallocate social resources and reduce transaction costs. This model fosters a productive connection between supply and demand sides. In particular, the travel sector has seen significant transformations due to the sharing economy, improving resource allocation, enhancing vehicle utilization, reducing travel costs, easing traffic congestion, and even influencing travel behaviors.

For example, Didi Travel generates over 50 terabytes of data daily, including more than 9 billion route plans. This demonstrates the substantial computing power of big data in platforms like Didi Travel. The platform continuously processes and analyzes data, such as estimated arrival times, route planning, and actual travel times, to efficiently match orders. This optimization benefits drivers by increasing their earnings and passengers by providing smoother travel experiences. The success of major shared economy platforms highlights the significant impact of big data in this sector.

Organizations dedicated to AI infrastructure are making concerted efforts to advance their core product markets. Major tech companies, particularly those in the cloud and data center sectors, have forged alliances with AI startups through commercial agreements that typically include minority equity investments, enhancing their positions as key suppliers of critical AI infrastructure components. For instance, Microsoft has invested \$13 billion in OpenAI, while Google and Amazon have each committed \$2 billion and \$4 billion,

respectively, to Anthropic, alongside substantial agreements for these startups to utilize their cloud services.

Furthermore, companies that design semiconductor chips for AI applications are acquiring other firms to accelerate the adoption of their technologies. A prominent instance is Nvidia's acquisition of OmniML, which provides software that optimizes the size of machine-learning models, including large language models, allowing them to operate on devices powered by NVIDIA chips.

Businesses in various sectors are actively working to accelerate their adoption of artificial intelligence. Industries with established AI applications, such as biotech, legal, fintech, and edtech, are acquiring startups that offer AI solutions specifically designed for their domains. For instance, Thomson Reuters invested \$650 million to acquire Casetext, recognized for its AI legal assistant, CoCounsel. These acquisitions are often focused on strengthening the acquirers' AI strategies and integrating the startups' products into their existing operations.

Focusing on retention frameworks is essential in technology M&A, especially as competition for talent in artificial intelligence intensifies. Acquirers must tackle retention challenges, along with related tax, fiduciary, and structural issues, due to the growing demand for AI expertise. As AI continues to evolve, so too must due diligence processes and the associated representations and warranties.

For instance, both parties involved in a transaction should evaluate whether the target company is involved in creating AI tools—either for its own use or for third-party applications. Key areas of assessment include:

1. The origin and handling of data used in developing, training, and fine-tuning AI models. This involves examining permissions and restrictions on data use, storage, management, access, and processing from contractual, data protection, and regulatory standpoints.
2. Liabilities related to the outputs produced by AI tools, including contractual warranties or indemnities, especially concerning the accuracy, reliability, and potential copyright or intellectual property issues associated with these outputs.

These considerations are crucial as they shape the due diligence and negotiation processes in technology transactions involving AI.

Antitrust

In 2023, antitrust agencies in the U.S. and around the world honored their commitments to enhance the scrutiny of acquisitions. The new HSR form and updated merger guidelines are set to significantly impact M&A transactions in 2024 by increasing the information required for filings and expanding disclosure obligations. This will likely lengthen the merger review process and intensify scrutiny, particularly on private equity deals.

The California federal district court's handling of the FTC's challenge to Meta's acquisition of Within reflects a proactive stance by the FTC in antitrust enforcement. The court's

decisions, including the denial of a preliminary injunction, highlight the complexities and challenges faced by regulatory bodies in merger cases. For instance, in the Microsoft/Activision case, the FTC pursued an internal challenge despite a loss in federal court. Similarly, in April, the full Commission overturned its own administrative law judge's decision in the Illumina/Grail case, ordering Illumina to divest Grail nearly two years after the acquisition. The Fifth Circuit agreed with the Commission, marking an unusual judicial finding that a vertical merger could violate antitrust laws.

Both the FTC and the Department of Justice (DOJ) have resolved several cases through litigation, leading to consent agreements involving divestitures or other remedies. However, these agencies have continued to enforce conditions, such as appointing compliance monitors, as seen in the Amgen/Horizon Therapeutics and AssaAbloy/Spectrum transactions.

State enforcement officials also play a crucial role in merger reviews. For example, state attorneys general challenged Albertson's special dividend distribution before its proposed acquisition by Kroger, arguing it would weaken Albertson's position. Nevertheless, both state and federal courts dismissed these objections.

The recent update to the Merger Guidelines, released in December 2023, indicates a possible shift in antitrust enforcement practices. Key changes include:

- **Abandonment of the Consumer Welfare Standard:** The new guidelines move away from the previous consumer welfare standard.
- **New Tests for Market Definition:** The introduction of revised tests for defining markets and lower thresholds for presuming the illegality of mergers.
- **Focused Industry Sections:** Enhanced sections addressing specific industries, market dynamics, and strategic approaches. The elements include pricing algorithms, multi-sided platforms, prospective market entrants, and a series of acquisitions.

The updated guidelines reflect a softer tone compared to earlier drafts and incorporate more recent case law. While courts have traditionally followed earlier guidelines, the new framework could lead to changes in judicial interpretation, as it diverges from certain aspects of the previous guidelines and recent court decisions.

As enforcement practices become more rigorous, businesses must remain vigilant and adaptable to navigate the complexities of merger regulations on a global scale. The varying approaches taken by different jurisdictions highlight the necessity for companies to stay informed and prepared for potential challenges in the merger process.

These contrasting outcomes illustrate the varying experiences companies encounter in navigating regulatory landscapes. While Microsoft's deal was ultimately approved with modifications, Adobe and Figma's inability to secure the necessary approvals underscores the challenges that can arise in the merger and acquisition process.

In China, regulatory scrutiny of transactions involving U.S. technology firms has intensified, leading to delays. A notable case is Intel's cancellation of its acquisition of Israeli chipmaker Tower Semiconductor, which was hindered by the State Administration for Market Regulation (SAMR) withholding approval.

What is on the Horizon? The upcoming year of 2024 may signify a pivotal change in the enforcement of merger regulations. It is crucial to engage in thorough planning, which should involve proactive consideration of divestitures and other remedial strategies where applicable. Additionally, acquisition agreements should be tailored to include suitable effort covenants, particularly concerning the management of the regulatory review process and any potential litigation with regulators. It is also important to establish pre-closing operational covenants for the target company that take into account the likelihood of extended review periods. Key elements such as termination provisions, remedies, and related terms will be vital as businesses and antitrust agencies adapt to the new rules and as courts react to these significant developments.

Taxation issues

Ultimately, the goal is to foster an environment where the shared economy can thrive, benefiting all stakeholders involved while ensuring that regulatory and social responsibilities are met. This balanced approach will contribute to a more sustainable and equitable economic landscape.

a) Low Tax Rate Policy

The sharing economy is still in its early stages, and its innovative business model offers significant societal benefits. Implementing a fair tax incentive policy can effectively promote the growth of this shared economic model. Currently, China operates under a seven-tier progressive tax system with specific rates. Advocating for a lower tax rate policy is justified for several reasons:

First, the sharing economy optimizes the use of underutilized resources, enhancing overall resource efficiency, especially for scarce resources.

Second, this model supports energy conservation and emission reduction by utilizing idle resources, which helps prevent unnecessary increases in production capacity and pollution.

This aligns with goals for low-carbon energy conservation and emissions reduction.

Finally, by encouraging individuals to pursue flexible employment during their free time, the sharing economy can create additional job opportunities. Given these positive impacts on societal welfare, it is essential for the government to foster the development of the sharing economy, with a low tax rate policy acting as a vital mechanism to stimulate its growth

Considering these circumstances, the adoption of a lower tax policy for businesses operating within the sharing economy seems to be a necessary course of action. Such a strategy not only supports the growth of innovative startups but also encourages a more balanced competitive environment between emerging and established industries.

Ultimately, this approach could foster a more dynamic economic landscape that benefits all stakeholders involved.

b) Fair Tax Treatment policy

It is essential for the taxation authority to accurately identify the goods and service providers operating within the sharing economy. In developing tax policies, it is important to ensure that all sectors are afforded equal tax benefits, contingent upon meeting specific external criteria. This strategy promotes fairness and equity in the taxation process.

c) Improved VAT System

Additionally, viewing VAT as a "penalty-controlled tax" allows the taxation authority to investigate innovative management strategies that align with the transaction methods utilized by businesses operating within the sharing economy. As new sharing economic models continue to emerge, it is crucial to consistently update the income tax system to meet the taxation needs of these diverse operational modes.

d) mandatory tax registration system

This document posits that tax registration can be effectively enforced within the sharing economy. Initially, the oversight of economic platforms and service providers falls under tax supervision. Given that the service range of the shared economic business model is not fixed and is widely dispersed, determining taxation based on geographical location presents challenges.

To resolve this matter, China plans to implement a system for taxpayer identification numbers. Following this initiative, a tax registration framework tailored for the shared economy will be established. This framework will specify that only individuals who have successfully completed the tax registration will be permitted to participate in the sharing economy and earn income through third-party payment platforms.

The integration of tax registration with the sharing economy is considered essential for participation. Additionally, it is stipulated that only registered taxpayers within the sharing economy can enhance their tax registration with other relevant business documents once the initial registration process is complete.

e) Strong tax service and management

The duration required for tax compliance among Chinese businesses surpasses the global average, leading to comparatively elevated tax expenses within the country. Nonetheless, a significant number of enterprises involved in the economy display traits of decentralization and diversification. As a result, the traditional models for tax declaration, collection, and management may create difficulties for taxpayers operating within the sharing economy. Therefore, it is essential for tax authorities to improve tax services and alleviate the compliance burden faced by taxpayers.

Mergers can represent a strategic investment opportunity, especially in situations where financial resources are constrained. The financial attributes of a company play a pivotal

role in the merger decision-making process, serving as key factors that illuminate the underlying non-financial motivations associated with acquisition traits. This study aimed to examine the unique financial characteristics of both the acquiring and target companies throughout the merger phase.

Additionally, it was found that the long-term debt of target companies constituted about 80% of the debt incurred by the acquiring companies. This information underscores the financial dynamics at play during mergers and highlights the importance of understanding these metrics in the context of acquisition strategies.

Acquiring companies exhibited higher cash flow, price-to-earnings (PE) ratios, book value, and liquid assets, along with a lower debt-to-total-assets ratio, all of which were statistically significant when compared to target companies. In contrast, the acquired companies were generally smaller, with lower PE ratios, dividend payouts, and growth rates in sales and assets. This aligns with agency theory, as acquirers demonstrated higher cash flows and lower leverage, suggesting a more robust financial position compared to their targets.

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6.2 Implications

Though the study was across the globe, domains, markets, and techniques, there is a huge demand or better to say, a need to fill in the gaps due to HR policy and employee engagements. The study portion related to oil and gas shows that employee retention is less challenging in comparison to the M&A in the finance sector or the banking sector and the fact behind so is the skilled manpower, the nature of work these employees continue doing, and the geographical position of these jobs.

Moreover, the market's response has been revitalized, as the pronounced and significant announcement effects at the 5% and 1% levels suggest that stock markets react positively to merger and acquisition news from Indian businesses. This illustrates the confidence that investors place in these Indian companies.

The BHAR and CAR approaches reveal significant abnormal returns for the acquiring firms' shareholders in the long term. The study findings demonstrate that there were favorable wealth effects for the shareholders during the post-acquisition period. These positive outcomes suggest a perception of low risk for Indian corporate shareholders engaged in cross-border M&A, as the actual returns surpassed their expectations. However, the sustainability of these results remains uncertain and requires further research.

Additionally, early opportunities may have benefited from a first mover advantage, but it is uncertain if this advantage will persist in the future.

The results of this investigation will be critical in assessing the overall effectiveness of mergers and acquisitions within the UK market. This analysis not only highlights the financial implications for the companies involved but also offers valuable information for stakeholders considering similar strategic decisions in the future. In this section, a detailed discussion will follow to explore the achievement of the research objectives. The findings will provide insights into how M&A activities influenced the financial outcomes of the selected companies. By analyzing these variables, the study seeks to contribute to a deeper understanding of the relationship between M&A and financial performance.

The initial objective was to examine the impact of M&A on Return on Assets. The results, obtained through paired sample tests, indicate a significant reduction in Return on Assets before and after mergers for the total number of merged and acquired firms used in the sample size. This reduction, as observed in the earlier chapter, still has an effect on Return on Assets. Therefore, it can be concluded that M&A significantly affect the performance of firms, particularly in terms of returns on assets. The second objective was to examine the impact of M&A on Return on Equity. The results of the paired sample analysis showed that the merged firms in the sample size experienced a reduction in Return on Equity before and after mergers. Additionally, the analysis revealed that Return on Equity had a higher level of significance compared to Return on Assets, indicating that it has a greater effect

on financial performance. Thus, it can be concluded that if the value of Return on Equity is significant, it has an impact on mergers and acquisition activities.

However, limitations are a recurring aspect in all studies, and this particular study is no exception. Firstly, the sample size was deliberately kept small due to the unavailability of information from certain companies. Additionally, the research was conducted within a limited time span of five months, which posed a significant constraint. Furthermore, the complexity of acquiring accurate information was compounded by the writer's insufficient experience in utilizing tools for data management and analysis.

The coefficients obtained from the logit analysis provide evidence supporting both the size hypothesis and the inefficient management hypothesis. The results reveal that companies with lower liquidity ratios are more prone to being targeted for acquisitions. Furthermore, the logit regression analysis concerning profitability variables indicates a negative relationship with the probability of a merger, implying that firms with higher profitability are less likely to be acquired. Overall, these findings underscore the complex dynamics at play in acquisition scenarios, where liquidity, profitability, leverage, and advertising intensity all contribute to a firm's attractiveness as a target. The insights gained from this analysis can be instrumental for stakeholders in understanding the factors that influence acquisition decisions in the corporate landscape.

Acquiring firms with unused debt capacity can strategically leverage mergers to achieve financial synergies. By utilizing their financial slack, these firms can create value through the acquisition of other companies. Thus, the capital structure characteristics of both the acquirer and the target serve as important motivators for mergers.

Companies that produce free cash flows while keeping their debt levels low may encounter agency costs that can affect their strategic choices. Furthermore, because acquiring companies are generally larger than the firms they target, they can leverage operational synergies that arise from the merger process. The modest growth rates in assets and sales observed in target firms imply that they have faced difficulties in expanding, which could be attributed to broader industry challenges or specific internal problems.

In summary, the dynamics of agency costs, the size advantage of acquiring firms, and the growth struggles of target firms all play a significant role in shaping the landscape of mergers and acquisitions. As companies navigate these complexities, their decisions are influenced by both financial health and the potential for enhanced profitability through strategic acquisitions.

The research further reveals that smaller companies exhibiting lower price-to-earnings (P/E) ratios are more frequently targets for acquisition. This implies that these acquired firms might be perceived as undervalued by the stock market. When firms with higher P/E ratios acquire those with lower P/E ratios, they can potentially gain immediate advantages,

as the market often evaluates the merged entity based on the acquirer's initial valuation, ultimately boosting shareholder value.

Moreover, this trend highlights a strategic opportunity for acquiring firms to enhance their market position. By targeting undervalued companies, they can leverage the disparity in valuations to create a more favorable financial outlook. This approach not only benefits the acquiring company but also contributes to a more efficient allocation of resources within the market.

Further from the study of the M&A of the banking sector, the challenge in handling the credit line of the acquired company and maintaining it with the new company is a major challenge to the operations team. Similarly, intellectual Property-related challenges are faced by management and consulting companies. Not only that, the data leaks are a major concern and make a vital impact on the success of M&A

6.3 Recommendations for Future Research

Considering the time limitation, many areas are discussed very briefly and need further in-depth analysis.

- i. distinctive analysis of the M&A based on the size of the acquisition and the acquiring organization. This plays a vital role in terms of the stock prices of

the company in the short term which in turn impacts the future and the success of the M&A

- ii. Additionally, a broad timeline-based study comprises the times of crises, wars, and incompatible political and social conditions in the country as well as around the globe.
- iii. In terms of human capital, employee and human capital-centric study, the retention rate, policy acceptance, and the easy engagement between the acquired employees and the new company.
- iv. Finally, deducing common matrices through which different sector companies and employee segments can be equally evaluated will support the success and the positive atmosphere building across M&A.

4.3 Conclusion

Based on the results gathered across the multiple stages of this multi-domain study across the globe, we have seen that the stock prices do not have a downfall in the financial sector but in consulting and technology companies do. Similarly, the retention in the Oil and Gas sector and the finance sector is higher than that of the advisory, consulting, and technology sectors. So, it is difficult to state a common practice for M&A that holds across all the domains, segments, markets, and parts of the globe.

A growing body of research highlights the persistent high failure rate of M&A. It's important to note that M&As yield varied outcomes, which significantly influences the integration process. Key factors, including price, merger objectives, partners, and timing,

are critical in this context. Post-merger integration is particularly challenging, and a fundamental issue is balancing dependence and autonomy (Haspeslagh and Jemison, 1991). Prior studies have often treated integration and autonomy as opposing forces (Graebner et al., 2017). While interdependence can help leverage potential synergies between acquiring and acquired firms, maintaining autonomy is crucial to prevent the loss of knowledge, high employee turnover, disruption of routines, resistance, culture clashes, and identity issues within the acquired firm.

Managing these tensions is a key challenge in post-merger integration, especially in "symbiotic" mergers where neither firm dominates (Haspeslagh and Jemison, 1991). To address these challenges, the literature suggests engaging in both exploitative and exploratory innovation, developing joint innovation strategies, and identifying similarities between the firms. Despite these recommendations, there is a notable research gap, as integration modes are often studied separately rather than as an evolving process (Angwin and Meadows, 2015). Recognizing that M&As can evolve from their initial classification into more specific types over time is crucial for determining autonomy and interdependence and implementing strategic decisions.

Cognitive biases of CEOs and managers can also impact M&A negotiations. Decision-makers might rely on emotional responses from past experiences, leading to biased judgments and a lack of objective consideration of technical information. Sometimes, individuals may prioritize speed over thorough evaluation, dismiss dissenting opinions, or

avoid addressing potential conflicts to present a more agreeable project. Additionally, managers might enter acquisitions with an overly optimistic view of their ability to create value, influenced by past successes and media exposure.

In 2021, the M&A landscape shows cautious optimism. Firms have adjusted their priorities in response to societal changes, and M&A activities are increasingly supporting evolving business strategies, fostering growth, and expanding company scopes in the short and medium term. The market benefits from abundant debt and equity financing, resulting in a seller's market. New clauses have been introduced to address unexpected shocks, and many baby boomers are looking to sell their businesses to avoid capital gains tax increases. Technological disruption is being recognized as a priority. However, buyers, sellers, and investment bankers must build resilience against external threats like COVID-19. The pandemic has underscored the urgency of embracing technological changes and considering Environmental, Social, and Governance (ESG) factors.

Unfortunately, research on the pandemic's impact on the M&A industry remains incomplete. While emerging trends since the pandemic's onset have been identified, more comprehensive statistical and qualitative analyses are needed to assess the long-term effects on global M&A. Future research should explore how severely affected industries are rebuilding, how M&A activities contribute to medium- to long-term goals, and how geopolitical shifts and increased scrutiny influence the market. Additionally, the challenges of digital transformation and technological risks in M&A processes warrant further

investigation. As we look ahead to the next decade, M&A processes and strategies will need to adapt to the demands of a 4.0 society.

Available Capital Reserves

At this moment, there is a notable abundance of capital among private equity and venture capital investors, independent wealth funds, and significant corporations. This could indicate the prospective utilization of this capital for investments in the year to come.

Matchup price action

In recent times, the inconsistency in price expectations between sellers and buyers has played a crucial role in the stagnation of deal-making. This discrepancy has been driven by several factors, including soaring inflation and global economic and geopolitical challenges. Nonetheless, sellers are starting to accept the current market dynamics and adjust accordingly, which could lead to a closer alignment of pricing expectations between sellers and buyers.

Transformation in regulation and policies

The transformation of regulations and policies is a key factor influencing the realm of M&A. Modifications to general regulations can create obstacles for M&A transactions, especially within the technology sector, where traditional antitrust laws are particularly stringent. Furthermore, dealmakers face challenges related to national security and foreign direct

investment regulations. However, deals that are subject to antitrust scrutiny frequently result in divestitures as a strategic response to these regulatory challenges.

Resilience

In response to the current global economic uncertainties and geopolitical issues, organizations are pursuing strategies to fortify the resilience of their business operations. A critical component of this pursuit is the enhancement of supply chain resilience, achievable through near-shoring or friend-shoring merger and acquisition strategies.

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APPENDIX A:
LIST OF TABLES

Table 34: *Post-Merger - SBI Share Capital*

Source: Thakur, 2024

Year	Capital (I)	Reserve & surplus (ii)	Shareholder's Fund(it)+(ii)	Growth Rate
2016-17	797	216,394	217,191	-
2017-18	892	229,429	230,321	6.04
2018-19	892	233,603	234,495	1.81
2019-20	892	250,167	251,059	7.06
2020-21	892	274,669	275,561	9.75
Mean	873	240,852.4	241,725.4	6.17
Max	892	274,669	275,561	9.75
Min	797	216,394	217,191	1.81
CAGR	(%)	2.28	4.88	4.88

Table 35: *Post-Merger - SBI - Deposits, advances, and Investment*

Source: (Poddar, 2019)

Year	Deposits	Growth Rate (%)	Investments	Growth Rate (%)	Advances	Growth Rate (%)
2016-17	2,599,810	-	1,027,280	-	1,896,886	-
2017-18	2,722,178	4.7	1,183,794	15.23	1,960,118	3.33
2018-19	2,940,541	8.02	1,119,247	-5.45	2,226,853	13.6
2019-20	37,274,160	11.34	1,228,284	9.74	2,374,311	6.62
2020-21	3,715,331	13.47	1,595,100	29.86	2,500,598	5.31
Mean	3,050,404	9.38	1,230,741	12.34	2,191,753	7.22
Max	3,715,331	13.47	1,595,100	29.86	2,500,598	13.6
Min	2,599,810	4.7	1,027,280	-5.45	1,896,886	3.33
CAGR	(%)	7.4		9.2		5.68

Table 36: Post-Merger – SBI - Income, Expenditure, and Net Profit

Source: (Poddar, 2019)

Year	Total Income	Growth Rate (%)	Total Expenditure	Growth Rate(%)	Net Profit
2016-17	298,640	-	299,031	-	-390
2017-18	306,527	2.64	310,714	3.9	-4187
2018-19	330,687	7.88	327,618	5.44	3069
2019-20	368,010	11.28	349,833	6.78	18176
2020-21	385,337	4.7	361,058	3.2	24279
Mean	337,840.2	6.62	329,650.8	4.83	8189.4
Max	385,337	11.28	361,058	6.78	24279
Min	298,640	2.64	299,031	3.2	-4187
CAGR(%)	5.23		3.84		-

Table 37: Market Share – Russian Oil Extracting Industry 2004-2015

Source: (Chernova and Razmanova, 2018)

2006	Market Share (%)			The volume of oil extracted (thousand tons)		
	Volume of S2, thousand tons	Market share, %	The volume of oil extracted, thousand tons	Volume of S2, thousand tons	Market share, %	The volume of oil extracted, thousand tons
0,190	911439	0,0346	0,186	914318		
0,178	85687	0,0505	0,225	1103829		
0,045	21533	0,0000	0,001	0,3998		
0,068	326691	0,0044	0,066	325704		
0,136	655523	0,0172	0,131	644952		
0,142	684531	0,0200	0,141	694379		
0,053	254051	0,0027	0,052	257406		
0,024	117274	0,0006	0,024	116058		
0,048	233006	0,0018	0,043	209101		
0,028	134018	0,0007	0,027	131541		
0,031	147553	0,0008	0,029	141693		
-	-	-	-	-		
0,036	173907	0,0019	0,044	214615		
0,001	0,2915	0,000	0,000	0,0251		
0,005	23142	0,000	0,000	0		
0,002	0,8321	0,000	0,002	0,7599		
0,002	1000	0,000	0,002	0,9383		
0,011	50714	0,0008	0,028	138236		
1000	4805285	0,1361	1000	4913063		

Oil companies	2004			2005		
	S2, unitt2	Marke	The	S2, unitt2	Marke	Volume of S2, unitt2
Lukoil	0,0336	0,183	840684	0,0353	0,188	88293
Rosneft	0,0022	0,047	216016	0,0251	0,158	744177
Yukos	0,0349	0,187	856785	0,0026	0,051	238613
Gazpromneft	0,0055	0,074	339845	0,0049	0,070	330022
Surgutneftgas	0,0169	0,130	596199	0,0185	0,136	638587
TNK-BP holding	0,0235	0,153	70260	0,0257	0,160	753066
Tatneft	0,0030	0,055	250995	0,0029	0,054	25332
Bashneft	0,0007	0,026	120732	0,0006	0,025	119344
Slavneft	0,0023	0,048	220093	0,0026	0,051	241625
Gazprom	0,0007	0,026	119637	0,0007	0,027	127884
Russneft	0,0002	0,014	65978	0,0009	0,030	138727
Novatek	-	-	-	-	-	-
Others, including	0,0017	0,041	187728	0,0012	0,034	159723
Volganef	0,0000	0,000	0	0,0000	0,000	0
Vanyeganef	0,0000	0,006	2,87,3	0,0000	0,005	25518
Enisey	0,0000	0,002	0,8269	0,0000	0,002	0,8318
Negusneft	0,0000	0,002	10004	0,0000	0,002	10103
Operators	0,0000	0,005	23695	0,0000	0,006	27905
Total, Russia	0,1251	1000	4588053	0,1210	1000	4699862

Table 38: Market Share – Russian Oil Extracting Industry 2004-2015
Source: (Chernova and Razmanova, 2018)

2011		Market share S, of unit. production
S2, unitt2	The volume	
0,028	0,167	85,32
0,050	0,224	114,5
-	-	-
0,004	0,059	30,30
0,014	0,119	60,78
0,020	0,142	72,64
0,003	0,051	26,19
0,001	0,030	15,11
0,001	0,035	18,09
0,001	0,028	14,53
0,001	0,027	13,63
-	-	-
0,0078	0,088	452608
-	-	-
-	-	-
0,000	0,001	0,537
0,000	0,001	0,5075
0,0009	0,029	150809
0,1307	1000	511422

Column1	2008			2009			2010		
	S2, unitt2	Marke t share volume of S2, unit. productio n Q,	The volume of S2, unitt2	Marke t share volume of S2, unit. productio n Q,	Volume of S2, unitt2	Marke t share volume of S2, unit. productio n Q,	Marke t share volume of S2, unitt2	Volume of S2, unitt2	
Oil companies									
Lukoil	0,0341	0,185	902453	0,0348	0,186	921763	0,0289	0,170 85041	
Rosneft	0,0543	0,233	113847	0,0554	0,235	1162855	0,0505	0,225 112396	
Yukos	-	-	-	-	-	-	-	-	
Gazpromneft	0,0040	0,063	30735	0,0037	0,060	298797	0,0036	0,060 298301	
Surgutneftegas	0,0159	0,126	616836	0,0146	0,121	596335	0,0142	0,119 595479	
TNK-BP holding	0,0198	0,141	687941	0,0202	0,142	702365	0,0205	0,143 71654	
Tatneft	0,0028	0,053	260604	0,0028	0,053	261065	0,0027	0,052 261107	
Bashneft	0,0006	0,024	11738	0,0006	0,025	122337	0,0008	0,028 141452	
Slavneft	0,0016	0,040	195711	0,0015	0,038	188939	0,0014	0,037 183742	
Gazprom	0,0007	0,026	12723	0,0006	0,024	120326	0,0007	0,027 135466	
Russneft	0,0009	0,029	142465	0,0007	0,026	12687	0,0007	0,026 129854	
Novatek	-	-	-	-	-	-	-	-	
Others, including	0,0027	0,052	253576	0,0032	0,057	279875	0,0071	0,084 42021	
Volganef	-	-	-	-	-	-	-	-	
Vanyeganef	-	-	-	-	-	-	-	-	
Enisey	0,000	0,001	0,6942	0,000	0,001	0,6612	0,000	0,000 -	
Negusneft	0,000	0,002	0,8084	0,000	0,001	0,6568	0,000	0,000 -	
Operators	0,0006	0,025	119829	0,0009	0,030	147765	0,0008	0,029 144232	
Total, Russia	0,1380	1000	488487	0,1388	1000	4942472	0,1319	1000 500076	

Table 39: Market Share – Russian Oil Extracting Industry 2004-2015

Source: (Chernova and Razmanova, 2018)

2015		Market The volume share of
0,160	85,65	
0,354	188,83	
-	-	
0,064	34,33	
0,115	61,62	
-	-	
0,051	27,25	
0,037	19,92	
0,029	15,48	
0,032	16,98	
0,014	7,39	
0,009	4,72	
0,106	56866	
0,013	6,81	
0,011	6,11	
0,019	9,90	
0,001	0,2862	
0,001	0,304	
0,028	14978	
1000	534,00	

Column1	2012			2013			2014		
	S2, unit2	Market share of	Volume	S2, unit2	Market share of	Volume	S2, unit2	Market share of	Volume
Oil companies									SS, unit2
Lukoil	0,027	0,163	84,62	0,027	0,166	86,67	0,027	0,164	86,57
							0,026		0,026
Rosneft	0,051	0,227	117,47	0,136	0,368	192,65	0,131	0,362	190,90
							0,125		0,125
Yukos	-	-	-	-	-	-	-	-	-
Gazpromneft	0,004	0,061	31,64	0,004	0,061	32,17	0,004	0,064	33,64
							0,004		0,004
Surgutneftegas	0,014	0,119	61,41	0,014	0,117	61,45	0,014	0,117	61,43
							0,013		0,013
TNK-BP holding	0,020	0,141	72,91	-	-	-	-	-	-
							-		-
Tatneft	0,003	0,051	26,31	0,003	0,050	26,42	0,003	0,050	26,53
							0,003		0,003
Bashneft	0,001	0,030	15,74	0,001	0,031	16,07	0,001	0,034	17,94
							0,001		0,001
Slavneft	0,001	0,034	17,86	0,001	0,032	16,80	0,001	0,031	16,19
							0,001		0,001
Gazprom	0,001	0,028	14,62	0,001	0,031	16,32	0,001	0,031	16,20
							0,001		0,001
Rusneft	0,001	0,027	13,87	0,000	0,017	8,81	0,000	0,016	8,55
							0,000		0,0002
Novatek	-	-	-	0,000	0,008	4,34	0,000	0,008	4,35
							0,000		0,0001
Others,	0,008	0,092	47434	0,008	0,091	476345	0,009	0,095	500314
							0,0113		0,0113
OC "NEFTISA"*	-	-	-	-	-	-	0,000	0,013	6,85
							0,0002		0,0002
Salym	-	-	-	-	-	-	0,000	0,012	6,55
							0,0001		0,0001
*Tomsneft	-	-	-	-	-	-	0,000	0,019	9,94
							0,0003		0,0003
Enisey	0,000	0,001	0,537	0,000	0,001	0,4261	0,000	0,001	0,3426
							0,0000		0,0000
Negusneft	0,000	0,001	0,5075	0,000	0,001	0,3748	0,000	0,001	0,3665
							0,0000		0,0000
Operators	0,000	0,027	14139	0,000	0,027	139559	0,000	0,027	144073
							0,0008		0,0008
Total, Russia	0,131	1000	518,02	0,195	1000	523,30	0,191	1000	526,73
							0,1865		0,1865