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Rapid Communication

Cross-Border Mergers and Acquisitions and Their Strategic Impact on Global Business Growth

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Abstract

Cross-border mergers and acquisitions represent a major strategic tool for firms seeking rapid international expansion and access to new markets, technologies, and resources. This study examines the strategic motivations, performance outcomes, and challenges associated with cross-border M&A activities. It explores drivers such as market entry, knowledge acquisition, and economies of scale. The paper highlights risks related to cultural integration, regulatory complexity, and post-merger management. It also discusses the role of due diligence, governance, and integration strategies in achieving success. By integrating international business and strategic management perspectives, this study emphasizes that effective cross-border mergers and acquisitions enhance global competitiveness and long-term organizational growth.

Keywords: Cross-Border Mergers and Acquisitions, International Expansion, Corporate Integration, Global Strategy, Post-Merger Performance, Strategic Growth.

INTRODUCTION

Cross-border mergers and acquisitions have become an increasingly prominent strategy for firms pursuing international growth in a competitive global environment. Through M&A activities, firms can rapidly expand their global footprint, gain access to new markets, and acquire valuable strategic assets. Cross-border transactions enable firms to overcome entry barriers and accelerate internationalization. Market-seeking motivations drive many cross-border M&A decisions. Firms pursue acquisitions to access new customer bases and distribution networks. Market expansion enhances revenue diversification. Market access supports global growth (Coeurdacier et al., 2009).

Resource-seeking motivations also influence cross-border M&A strategies. Firms acquire foreign companies to gain access to technology, brands, and managerial expertise. Knowledge acquisition strengthens innovation capabilities. Resource integration enhances competitiveness.

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Efficiency-seeking motives encourage firms to pursue cross-border M&A to achieve economies of scale and scope. Operational synergies reduce costs and improve productivity. Efficiency gains support global competitiveness (Chen & Findlay, 2003). Synergy realization is critical. Cultural differences present significant challenges in cross-border M&A. Differences in organizational culture, management style, and communication can hinder integration. Cultural misalignment increases failure risk. Effective cultural integration supports success (Shimizu et al.,2004).

Regulatory and institutional environments affect cross-border M&A feasibility. Host-country regulations, antitrust laws, and political considerations influence approval processes. Regulatory compliance reduces uncertainty. Institutional awareness supports transaction success. Due diligence is a critical component of successful cross-border M&A. Comprehensive evaluation of financial, legal, and operational factors reduces risk (Erel et al., 2012) . Due diligence supports informed decision-making. Thorough assessment enhances outcomes.

Post-merger integration determines long-term M&A performance. Integration strategies align systems, processes, and cultures. Effective integration enhances value creation. Integration planning supports synergy realization.

Leadership and governance play key roles in managing cross-border M&A. Strong leadership ensures strategic alignment and stakeholder communication. Governance frameworks support accountability. Leadership commitment enhances integration success (Hopkins et al., 1999).

CONCLUSION

Cross-border mergers and acquisitions significantly influence global business growth and competitiveness. This study highlights that strategic alignment, cultural integration, and effective governance enhance M&A performance. Firms that manage cross-border transactions effectively can achieve long-term global expansion and value creation.

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