Synopsis of PhD Thesis

A Phase Wise Study of Cross Border Acquisitions by Firms in Emerging Markets

(Faculty of Management)

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Introduction

Cross border mergers and acquisitions in the 1990s were driven by acquirers from the developed world, while emerging market firms played a passive role as targets. However the 2000’s, saw a shift in the role of participants, with the entry of firms from emerging markets such as China, India, South Africa, Brazil and Malaysia as acquirers. In value terms, acquisitions by emerging market firms grew from a meagre 8% of worldwide cross border acquisition in 1990 to 29% in 2010 (UNCTAD, 2013). During this time, Indian cross border acquisitions grew from a modest sum of USD 23 million in 1990 to USD 26 billion in 2010 (UNCTAD, 2013). A few acquisitions by Indian firms such as the Tata-Tetley, Tata-Corus, and Hindalco-Novelis deals made international headlines causing researchers and practitioners to take note of the growing presence of Indian acquirers in the cross border mergers and acquisition market.

India’s share in developing market cross border mergers and acquisitions in terms of deal values is depicted in Figure 1. Initially in the early 2000s India’s share was negligible, however rose to above 20% of developing market cross border deals in value terms in 2007 and 2010.

![Figure 1: Developing market and Indian outbound cross border deal values](image-url)

Source: (Computed from UNCTAD World Investment Report 2013)

Outbound cross border deal value in million USD and number of deals by Indian firms from 2000 to 2010 are provided in Figure 2. An upward trend in both value and volume of deals is
observed from 2000 onwards. Apart from a decline in 2009 which is in line with a worldwide decline in cross border acquisitions, there is an observable increase in outbound cross border acquisitions by Indian firms during the 2000s. This observation motivates a further research into acquisitions by Indian firms.

Figure 2: Outbound cross border deal value and number of deals by Indian firms

Source: (Computed from UNCTAD World Investment Report 2013)

Background and Motivation of Study

The increase in cross border acquisitions by Indian firms and their entry into the global acquisition arena raises several research questions on the strategic choices made by Indian firms and the outcome of these choices.

Conceptually firms from India, during the rapid growth phase of the Indian economy in the 2000s had sufficient opportunity to grow inorganically through domestic or international acquisitions. Erel, Liao, & Weisbach (2012) state that both domestic and cross border mergers and acquisitions take place when managers perceive an advantage in the strategy, for reasons such as production efficiencies, enhanced market power, tax saving, agency considerations. However, a cross border deal, involves crossing national boundaries bringing with it additional frictions that could hamper a firms appetite for international acquisitions. These frictions may be caused by differences in investor protection (see e.g. Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1998) cultural differences, costs associated with internationalization and post acquisition integration issues. Hence, it is assumed that a firm deciding to make a cross border acquisition has sufficient incentive to do so given that it would be faced with a number of hurdles during and post acquisition.
A question that arises is whether there are any inherent differences in the types of firms that make cross border acquisitions vis-à-vis those that make no acquisitions or domestic acquisitions. As per the knowledge of the researcher, extant literature has not examined the characteristics of Indian firms that choose to grow via cross border, rather than through domestic acquisitions. This leads to the first research question.

**Research Question 1:** Are Indian firms that make cross border acquisitions different in terms of their asset size, performance, ownership concentration, competition, and governance structure from firms that do not make acquisitions or those that make domestic acquisitions? (Determinants of acquisitions).

Several questions have been raised over the adoption of cross border merger and acquisition strategies on the financial performance of acquiring firms. While studies on short term cross border acquisition performance in the Indian context are available; long term studies are either based on specific firms such as case studies based on Tata Steel acquisition of Corus or Hindalco acquisition of Novelis etc. or are based on smaller sample sizes. These studies provide a very limited perspective on the overall cross border acquisition performance. There is insufficient research on the overall cross border acquisition experience of Indian firms to understand whether these strategies are value enhancing or destructive in the long run.

This study first discusses the short term returns to cross border acquisition announcements while raising the second research question, and then moves on to long term returns studies raising the third research question.

Chari, Ouimet, & Tesar (2009), in a study on cross border acquisitions, find that firms from developed markets earn significant positive abnormal returns when they acquire majority stakes in targets from emerging markets. In the Indian context researchers find that cross border acquisitions earn positive abnormal returns in the short run (Chakrabarti, 2008; Gubbi, Aulakh, Ray, Sarkar, & Chittoor, 2009; Kale & Khanna, 2009; Kohli & Mann, 2012). These researchers have examined the determinants of performance in terms of deal and acquirer characteristics. However, research on the impact of factors that motivate firms to acquire, on acquisition outcomes is limited in the context of Indian cross border acquisitions. A review of literature also determines that there are additional variables that warrant further exploration in a cross sectional analysis of short term abnormal returns such as impact of industry competition, impact of economic cycles, impact of corporate governance characteristics, etc. on abnormal performance. These observations lead to the second research question.
Research Question 2: How do cross border acquiring firms perform in terms of short term stock market reaction to acquisition announcements, and does reaction differ depending on the nature of the firm and the type of deal? (Stock market reaction).

The next question that arises is the long term impact of cross border acquisitions. Long term impact is typically examined using long term stock market performance or long term operating performance.

There have been several studies that have examined long term stock market returns of acquisitions in the developed market context (Bouwman, Fuller, & Nain, 2006; Ang & Cheng, 2006; Loughran & Vijn, 1997; Rau & Vermaelen, 1998; Agrawal & Jaffe, 2000). Methodological issues have been raised with respect to the process of determining long term abnormal return (Lyon, Barber, & Tsai, 1999; Mitchell & Stafford, 2000). Lyon et al., (1999) list biases associated with commonly used methods that compare sample firm performance with an Index and have suggested mechanisms to deal with the biases.

Studies on Indian outbound cross border acquisitions have primarily examined short term market reaction. There is limited research on long term abnormal returns to Indian cross border acquirers. Considering the limited research on long term buy and hold returns in the Indian context there is scope for further research by increasing the number of deals and incorporating methodological issues in the study of long term returns to shareholders of acquiring firms.

Research on long term operating performance of Indian cross border deals has been based on limited sample sizes or using a case based approach. Saboo & Gopi (2009) examine a combined sample of 54 domestic and cross border deals that took place during 2001 to 2007 and find that there is an insignificant decline in operating performance of cross border acquirers. Singla, Saini, & Sharma (2012) find that there is no decline in performance of cross border acquirers using a sample of 15 firms that made acquisitions from 2005 to 2008. Shukla & Gekara (2010) use a case based analysis to study the Tata Steel – Corus acquisition and observe an insignificant decline in accounting returns. Research on long term operating performance would add to the body of knowledge on cross border acquisitions by Indian firms and helps form an opinion on the long term outcome of these acquisitions.

Research Question 3: How do Indian cross border acquiring firms perform in the long run in terms of operating performance and stock market returns? (Long term performance)
The data on outbound cross border acquisitions by Indian firms shows a phenomenal growth in both value and number of deals by Indian firms; however a review of literature reveals that there are several unanswered questions which this research study seeks to address. These questions pertain to understanding the characteristics of firms that choose to grow via cross border acquisitions and also how these acquiring firms perform post acquisition in the short and long run. These questions are sought to be answered through the objectives of this study.

**Objectives of the Study**

After identification of research questions and gaps, the following objectives have been formulated for the study.

Primary Objective:

To examine the firm, industry and governance factors that motivate Indian firms to grow through cross border acquisitions during the period 2002 to 2010 and to analyze the outcomes of these acquisitions.

To meet this objective, three secondary objectives have been formulated.

Secondary Objectives:

To identify determinants of acquisitions by investigating firm, industry and governance characteristics of Indian firms that undertake cross border acquisitions and which distinguish them from firms that do not undertake cross border acquisitions.

To determine whether cross border acquisition announcements create shareholder value in the short term and also determine whether value is impacted by firm, industry, governance, deal and target characteristics.

To determine if cross border acquisitions create value in the long term and also to determine whether value is impacted by firm, industry, governance, deal and target characteristics.
Hypothesis
Based on the objectives of this study, the following hypotheses have been formulated:

**H1:** Firm, Performance, Governance and Industry characteristics of cross border acquiring firms do not differ from non acquiring firms or from firms that acquire domestic targets.

**H2:** Cross Border acquirers do not earn short term abnormal returns on acquisition announcement.

**H3:** Announcement period returns earned by cross border acquirers are not impacted by firm, performance, governance, deal, target characteristics or economic cycles.

**H4:** Investors in acquirers of cross border targets do not earn long term Buy and Hold Abnormal Returns.

**H5:** Long term Buy and hold returns earned by acquirers are not impacted by firm, performance, deal, target characteristics or economic cycles.

**H6:** Long term operating performance of cross border acquirers is not different from non acquiring firms in the same industry.

**H7:** Long term operating performance of cross border acquirers is not different from their pre acquisition performance.

Scope of the Study

This study is based on mergers and acquisitions by Indian firms which have been at the forefront of cross border acquisitions by emerging market firms during the 2000s. The period of rapid growth in the outward acquisitions market from India from 2002 to 2010 has been selected as the setting for this study. This study explores out bound mergers and acquisitions originated by Indian firm. The term acquisition includes both mergers and acquisitions where the surviving entity is Indian. All stake acquisitions irrespective of whether it is a majority or minority stake are included in this study.

This study examines the firm characteristics, performance, governance and industry characteristics of acquiring firms and outcomes measured in terms of quantitative values. Strategic outcomes, culture, human resource outcomes, information technology strategies etc. are not included in the scope of this study.
Research Design & Methodology

For the purpose of this study, unique datasets are created with data drawn from Thomson Reuters Securities Data Corporation (SDC) database and supplemented with financial information from Center for Monitoring Indian Economy - Prowess, and economic data from World Bank, United Nations Conference on Trade and Development, and Reserve Bank of India. The deal data comprises of 661 cross border deals and 991 domestic deals that took place during the 2002 to 2010 time frame.

Separate data sets are created to address the objectives of this study. A firm level data set is created to examine the determinants of acquisitions. This involves extraction of firm level variables for both acquiring and non acquiring firms from audited financials database in CMIE prowess. This data set comprises 19,038 observations across nine years. The second data set involves computing stock market returns based on daily share prices. This analysis is at a deal level. Returns and stock market data is available and computed for 610 deals for three day returns and 603 deals for eleven day returns from the sample of 661 deals. The long term stock market study requires extraction and computation of returns based on monthly closing prices. This data set is also at a deal level and returns on 606 deals have been computed. The long term operating performance study requires the extraction of consolidated financials for acquiring firms three years post acquisition. This data set is at a firm year level and has been computed for 351 acquiring firms from the sample of 457 cross border acquiring firms.

The data is analyzed using a sequential Logit model to examine the strategic decision of a firm to undertake a cross border acquisition; the first stage model examines the decision to do a deal v/s no deal and the second stage model examines the decision to undertake a cross border deal rather than a domestic deal. Short term stock market reaction is examined using the event study methodology using a three day and eleven day event window. A cross sectional regression analysis is performed to examine the impact of firm and deal level variables on short term acquisition performance. Long term stock market buy and hold returns for twenty four months are computed for the event firm and compared with a portfolio of stocks matched by size and value. Long term operating performance for acquiring firms is measured by comparing with the median industry performance three years post acquisition announcement, and with acquiring firm performance one year prior to acquisition announcement using accounting based measures of performance.
Research Findings

The objectives of this study have been achieved by testing various hypotheses, the findings are listed in Table 1.

<table>
<thead>
<tr>
<th>Hypothesis Number</th>
<th>Description of Null Hypothesis</th>
<th>Accept/Reject Hypothesis</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1₀</td>
<td>Firm, Performance, Governance and Industry characteristics of cross border acquiring firms do not differ from non acquiring firms or from firms that acquire domestic targets.</td>
<td>Reject</td>
</tr>
<tr>
<td>H2₀</td>
<td>Cross Border acquirers do not earn short term abnormal returns on acquisition announcement.</td>
<td>Reject</td>
</tr>
<tr>
<td>H3₀</td>
<td>Announcement period returns earned by cross border acquirers are not impacted by firm, performance, governance, deal, target characteristics or economic cycles.</td>
<td>Partially Reject</td>
</tr>
<tr>
<td>H4₀</td>
<td>Investors in acquirers of cross border targets do not earn long term Buy and Hold Abnormal Returns.</td>
<td>Accept</td>
</tr>
<tr>
<td>H5₀</td>
<td>Long term Buy and hold returns earned by acquirers are not impacted by firm, performance, deal, target characteristics or economic cycles.</td>
<td>Partially Reject</td>
</tr>
<tr>
<td>H6₀</td>
<td>Long term operating performance of cross border acquirers is not different from non acquiring firms in the same industry.</td>
<td>Accept</td>
</tr>
<tr>
<td>H7₀</td>
<td>Long term operating performance of cross border acquirers is not different from their pre acquisition performance.</td>
<td>Accept</td>
</tr>
</tbody>
</table>

Conclusions

This research study examines the decision made by Indian firms to grow through cross border acquisitions during the period from 2002 to 2010 and analyzes the outcomes of these decisions. The decision of adopting a cross border acquisition strategy is explored in three phases. The first phase examines determinants of acquisitions that identify the characteristics of firms that choose to grow via cross border acquisition. The next phase examines post acquisition short term performance including a cross sectional analysis of factors that impact performance. The last phase examines post acquisition long term performance. The findings from the three phases are brought together to forms final conclusions and suggestions from
For examining the determinants of acquisitions, the data is analyzed using a sequential Logit model to examine the strategic decision of a firm to undertake a cross border acquisition; the first stage model examines the decision to do a deal v/s no deal and the second stage model examines the decision to undertake a cross border deal rather than a domestic deal. The results are depicted in Figure 3

**Figure 3: Factors Influencing a Cross Border Acquisition Decision**

The results from the model indicate that there is a significant difference in firm, industry and corporate governance characteristics of firms that make cross border deals vis-à-vis firms that make no deals and domestic deals. Cross border acquirers tend to be larger, have more cash available, are younger, belong to more competitive industries, have lower promoter holdings and have a higher level of performance than firms that make domestic acquisitions or those that undertake no deal. The level of borrowing or belonging to a group firm does not influence the possibility of undertaking a cross border v/s domestic deal. Also being a manufacturing firm or a firm in the manufacturing sector operating in a highly competitive environment does not influence the decision to undertake cross border deals.

It is not surprising that firms with a larger asset base and better performing firms are more likely to do a cross border deal. Firms need to have a larger asset base and performance in order to tide over the difficulties that may arise due to institutional differences, cultural differences and geographical distances involved in a cross border deal. Younger firms are more likely to make cross border deals. This supports the suggestion that older firms are more
risk averse and resistant to change. Younger firms from India, especially from the Information Technology Industry have done a number of deals in the period of study.

Having cash positively influences the decision to do cross border deals. Since, a majority of cross border acquisitions by Indian firms involves a cash deal; having high cash balances would positively influence the odds of undertaking a cross border deal. It is interesting to note that leverage of the acquirer does not influence the log odds of a cross border deal. This seems to be arising from the fact that cross border acquisitions from India, involve the setting up of Special Purpose Vehicles (SPV). Loans are taken in the SPV and financed against the assets of the target firm, e.g. Tata Steel UK was set up as a SPV at the time of the Tata Steel Corus acquisition. Hence, the acquiring firms leverage is not as important as the availability of cash flows with the target firm to service the loans. This study has not examined the target financials; hence this aspect cannot be tested.

Ownership concentration as measured by promoter holdings negatively influences the log odds of a cross border deal and also any deal. Owners with high stakes seem to have a reluctance to take on cross border acquisitions which are considered to be more risky than domestic acquisitions. This may also arise from a reluctance to be open to international scrutiny when a firm goes cross border.

The finding suggest that firms in a highly competitive industry are more likely to undertake a cross border deal, supports the assertion that competition in the domestic market drives firms to go cross border to improve their competitive strength by acquiring tangible and intangible assets.

Thus the study on the determinants of acquisition decisions finds that the decision to do cross border deal is not a random phenomenon but influenced by firm, performance, industry and governance characteristics of a firm. This study has been able to identify the factors that impact the decision to undertake cross border acquisitions.

This study next examines the performance of acquisitions, commencing with short term stock market performance on deal announcement.

Short term returns for acquiring firms around the announcement date have been measured by computing the cumulative abnormal returns from one day before the announcement date to one day after the announcement date (Three day CARS) for 610 deals. Eleven day CARS have been computed by summing abnormal returns from five days before announcement to
five days after announcement for 603 deals. A t-test is used to determine if returns are significantly different from zero. Results indicate that the three day returns are significantly positive for all deals and also cross border deals for the entire sample period. However, eleven day returns are not significant. Hence, there seems to be a positive reaction by the market on acquisition announcements, which dies down over a longer duration.

**Figure 4: Short Term Stock Market Reaction to Cross Border Deal Announcements**

The results from a cross sectional analysis of factors that influence three day stock market cumulative returns is depicted in Figure 4. The factors on the left are the determinants of acquisition decisions and the factors on the right are the deal, target characteristics and economic conditions. From all the factors that impact the decision to do a deal, only Assets measured by the lag of the natural log of total assets of a firm influence the short term market reaction to deal announcements. A cross sectional analysis of three day returns reveals that returns are negatively related to firm size. Though larger firms are more likely to do a cross border deal, they are more likely to be greeted with negative stock market reaction. The negative reaction may be because the markets perceive that these acquisitions may be driven by managerial self interest or hubris motive to grow firms beyond the optimal size.

Examining the impact of deal, target and economic conditions on short term performance (the factors on the right side in Figure 4) only the factors Pre crisis and Horizontal deals influence the short term market reaction, other factors do not influence short term performance. Pre
Crisis, denoting deals that took place prior to 2008, before the onset of the financial crisis are greeted with a significantly positive market reaction as compared to those that took place from 2008 to 2010. This seems to indicate that the market was buoyant and greeted cross border acquisition announcements positively before the crisis, but took on a more cautious and negative approach after the crisis. The initial reaction may have been driven by the novelty of seeing Indian firms turning acquirers in the international markets. Horizontal deals between acquirer and targets belonging to the same three digits SIC code are greeted with positive reaction. This finding lends support to the theory that the market perceives more positive synergies from deals within the same industry.

The findings from the study on short term returns are that acquiring firms earn positive abnormal returns for the three day window. Other than size, none of the other determinants of acquisition decisions influence short term returns. Same industry deals with a higher potential for synergies are greeted positively. Also the results are driven by acquisitions prior to 2008 that were greeted by positive market reaction.

Long term returns have been computed by looking at two measures of performance, the first is stock market based and the second based on accounting ratios of operating performance. The results are described in Figure 5.

**Figure 5: Long Term Performance of Acquisitions**

Long term stock market based performance is measured by comparing the buy and hold returns in the acquiring firm stock as compared with a portfolio of firms matched on size and
value for a 24 month period for 606 deals. A Skewness adjusted t value is used for measuring the significance of difference in returns. Use of a matched portfolio of firms instead of a benchmark portfolio and computing a Skewness adjusted t statistic deals with methodological issues pointed out in literature. The findings suggest that investors in cross border acquiring firms do not earn long term buy and hold abnormal returns.

A cross sectional analysis of return reveals that larger firms earn lower long term returns. Older firms and firms with larger promoter holdings earn positive long term abnormal returns. Factors such as cash, leverage, performance (Tobinq), level of competition(Industry), belonging to an ownership group and being in the manufacturing industry does not influence long term returns. However, firms in the manufacturing sector that operate in a highly competitive industry earn positive long term abnormal returns when they make cross border acquisitions.

Lower returns to larger firms may be arising out of difficulty in integration associated with larger firms or acquisitions being driven by hubris or managerial self interest. Older firms may be in a better position to earn positive returns due to organizational learning through experience. Promoters with large holdings may take an active interest in integration to ensure higher returns. Manufacturing firms operating in a highly competitive industry may be able to improve their competitive position via cross border acquisitions.

Accounting based ratios have been computed for 351 acquiring firms three years post acquisition announcement and for non acquiring industry peers at the same point in time to measure if there is a difference in performance of acquiring firms. Conclusions are drawn using the operating cash flow ratio which takes care of differences in accounting and financing of acquisitions. The findings indicate that there is no deterioration in performance of acquiring firms vis-à-vis industry peers.

Ratios for 311 acquiring firms three years post acquisition are also compared with pre acquisition performance one year prior to acquisition. The intention is to find out if cross border acquirers performance has deteriorated as compared with their performance prior to acquisition announcement. Conclusions are drawn on the basis of operating cash flow ratios to deduce that acquiring firm performance has not deteriorated with respect to its pre acquisition performance.
Overall Conclusions

Findings from the study are summarized in Figure 16.

**Figure 6: Overall Conclusions of Study**

Colour Green Indicates Positive Impact, Red indicates negative and blue indicates no significant impact.
To conclude, this study finds that firms that make cross border acquisitions decisions have certain identifiable firm, industry and governance characteristics. In the short term the stock market has reacted positively to acquisition announcements, except for announcements during the 2008 to 2010 time period. The analysis of long term returns does not indicate a destruction of value in the long run.

Firms contemplating cross border acquisitions can use the findings from this study to form an opinion on the likelihood of being successful in making cross border acquisitions. While larger firms are more likely to be successful in making cross border acquisitions, they should be cautious in their approach in pursuing an inorganic cross border growth strategy, as the market is more likely to perceive that their strategy is driven by empire building or hubris motives. Firms in the manufacturing sector that operate in a highly competitive environment are more likely to add long term value to shareholders when they decide to make a cross border acquisition.

Younger firms are more likely to pursue cross border acquisition strategies; however, these acquisitions may be value destructive in the long run. Promoters with high ownership concentration are less likely to pursue cross border growth strategies; however they have been more successful in enhancing firm value in the long run when they pursue cross border acquisition strategies.

From a policy perspective the findings suggest that firms have taken advantage of the liberalization of outward investment policies by expanding overseas via cross border acquisition, and have not lost out by choosing to do so.

**Suggestions**

This study finds firms that undertake cross border acquisitions do not lose out in the long run. Firms that wish to make cross border acquisitions should continue to do so when their intent is supported by factors such as assets, performance, and cash availability. However a few caveats and positives apply to firms with specific characteristics:

Larger firms should be aware of negative market perception to their cross border growth strategies, and ensure that they make plans to deal with this perception and also ensure smooth post acquisition integration to create value.
Younger firms should be cautious in their approach to grow rapidly via cross border acquisitions, as cross border acquisitions early in a firm's life cycle may lead to a loss of value in the long run.

Firms with large promoter holdings are more likely to be successful in creating long term shareholder value when they pursue a cross border acquisition strategy. Hence, though promoters are resistant to cross border acquisitions, they should look for such opportunities that may be strategically beneficial for them.

Manufacturing firms operating in a highly competitive domestic industry should explore opportunities to increase value through cross border acquisition strategies.

**Contribution**

This study fills a very significant gap in literature by exploring emerging market cross border acquisition decisions. It adds to the current literature on cross border acquisitions by analyzing the impact of firm and industry characteristics on the probability of choosing a cross border acquisition strategy over a domestic acquisition strategy in an emerging economy like India. The impact of competition, promoter holdings and ownership concentration on cross border acquisition decisions which have not been explored in the Indian context are analysed. The impact of factors that motivate acquisition decisions on acquisition performance in the short and long run which have been explored to a limited extent in literature are examined. Data from this research provides evidence on long run acquisition performance using both stock market and accounting based measures of performance using a large sample of deals and firms, thus contributing to the literature on cross border acquisitions which is at a nascent stage. This study also deals with methodology issues that have been pointed in literature but not dealt in the present body of literature on Indian cross border acquisitions.

The period of study covers the period when India liberalized its outward investment policy. Hence, it provides insights on how firms have responded to the policy initiatives taken by the government in opening up the Indian economy to outward FDI.

In addition to academia and policy makers, insights from this study provide useful inputs to managers as they make future strategic choices, and also to the investment community in analyzing acquisition decisions by firms.
Limitations of Study

The sample of acquisitions covered was fairly large and results are robust to change in sample size, however a number of observations have been dropped due to data requirements for a sufficient time period to carry out the various tests involved. There may be a possibility of confounding events and acquisitions that may impact the findings. The sample selected for studies has been suitably modified for running robustness tests following other studies in the body of literature to avoid the results being influenced by frequent acquirers.

Scope for Further Research

This study is focused on acquisitions by Indian Firms. A similar study could be conducted on other emerging markets such as China, Malaysia, the United Arab Emirates, Russia and South Africa that experienced liberalization of outward investment policies during the 2000s. It would be interesting to see if the Indian experience is unique or similar to that experienced by other emerging markets. A case based analysis using the data from this research could provide additional insights on inorganic growth strategies of emerging market firms. This study has examined the financial outcome of cross border acquisitions. In further analysis the strategic outcomes of acquisition decisions could be examined.

This chapter concludes the study. Objectives laid out for the study have been achieved, inferences drawn, contributions of the research have been listed and areas for future research have been identified.

Thesis Chapter Plan

The thesis comprises of six chapters.

Chapter 1 provides an overview of the growth of cross border acquisition by emerging market firms and Indian firms in particular, background and motivation for this study and lays out the primary and secondary objectives for this study.

The review of literature in Chapter 2 has been broken down into three sections to coincide with the three secondary objectives studied. The first part discusses the determinants and motives for acquisitions. This section includes a review of internationalization literature pertaining to cross border acquisitions by developed and emerging market firms. The second part of the literature review discusses the stock market reaction to domestic and cross border
acquisition announcements and the outcome of earlier studies in the developed and emerging markets. The third section discusses long term studies on acquisition performance including stock market measures and operating performance measures. The literature review section concludes with an identification of gaps in the current research on cross border acquisitions by Indian firms.

**Chapter 3** on Research Design and Methodology describes the research objective and defines the hypothesis of this study. It details the process for data collection, data set creation and describes the variables used in the various models. The research methodology used and statistical tools used have also been explained. Literature pertaining to the method selected for analysis and variables selected for analysis has been included in this chapter.

**Chapter 4** describes the descriptive statistics and findings as per the research design defined in chapter three. The chapter commences with descriptive information about the deal sample and firms analyzed. The second section provides results from the tests of hypothesis pertaining to determinants of acquisitions. The third section provides tests of hypothesis on short term stock market reaction and the fourth section tests the long term stock market and operating performance returns. Robustness tests are performed in fifth section. A discussion of the findings is provided in the sixth section.

**Chapter 5** includes a discussion of results from the tests of hypothesis performed in chapter 4. Results from this study are analysed and interpreted in light of the proposed hypothesis and findings from literature.

**Chapter 6** concludes this study with a summary of results and conclusions. The chapter also provides contributions of the study, suggestions, limitations and areas for future research.
References


