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**The impact of the global financial crisis on border-crossing mergers and  
acquisitions: A continental/industry analysis**

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# **The impact of the global financial crisis on border-crossing mergers and acquisitions: A continental/industry analysis**

## **Abstract**

While referring to the recent study on the 2007-2008 global financial crisis, and cross-border mergers and acquisitions in 26 countries (Reddy, Nangia, & Agrawal, 2014b), this paper aims to *further* examine the impact of financial crisis on the later form of market in 13 sub-continentals, three sectors and 21 industries. Using their research design, we define and test the hypotheses whilst improve the discussion on historical views of the financial crisis and market for inbound acquisitions in the world economy, developed markets, developing markets and BRIC group. We find that rate of growth in number (value) of cross-border acquisitions has markedly declined reporting to continentals and industries around the crisis. We eventually suggest that emerging market economies in Asia, Africa and Latin American regions are found to be exciting in attracting direct international investments from both developed and other developing markets whilst focusing deeply on fiscal deregulation and policy amendments, particularly during post-crisis.

*JEL Classification:* G1; G14; G34; O4

*Keywords:* Global financial crisis; Mergers and acquisitions; Cross-border acquisitions; International investments and acquisitions; Foreign direct investment; World economy.

## 1. Introduction

“The crisis was the result of human action and inaction, not of Mother Nature or computer models gone haywire. A combination of excessive borrowing, risky investments and lack of transparency put the financial system on a collision course with crisis. Further, unsustainable, toxic loans polluted the financial system fueled the housing bubble and regulators failed to rein in risky home mortgage lending”.

– *The Financial Crisis Inquiry Commission (FCIC) Report, 2011.*

The Great Depression prior to the World War II, a series of economic crises in various parts of the world and the 2007-2008 global financial crisis had a serious impact on business, political, economic value, capital movements and institutional issues. For example, Reinhart and Rogoff (2008, p. 340) mentioned various episodes of crisis that include “Five Big Crises: Spain [1977], Norway [1987], Finland [1991], Sweden [1991] and Japan [1992]. Other banking and financial crises in different institutional settings include Australia [1989], Canada [1983], Denmark [1987], France [1994], Germany [1977], Greece [1991], Iceland [1985], and Italy [1990], and New Zealand [1987], United Kingdom [1974, 1991, 1995], and United States [1984]. Similarly, Shachmurove (2011) explained three major crises 1857, 1873 and 1893, and described, “the twentieth century crisis is similar to their ancestors [...] and shows that these events remain real threats to the economic stability” (p. 218). In particular, recent crisis had markedly transmitted all over the world due to policy and institutional reforms that initiated during 1980-1990 following the recommendations of the World Bank and IMF. The then, developing countries like India and China, and continentals like Asia and Africa, and industries like telecommunications and information technology have realized the benefit of globalization and liberalization in matters including inflow of investment, technology transfer, greenfield projects, transportation and utilities (e.g., Reddy, Nangia, & Agrawal, 2013a). However, extant literature referring to the financial crisis suggested that a country experiences economic shocks due to internal mechanisms such as improper policy guidelines and false administration, and external connections such as push-pull foreign investment conditions and cross-border trade regulations. For instance, when one region suffers a bank crisis, the other regions suffer a loss because their claims on the troubled region fall in value (Allen & Gale, 2000, p. 2). Specifically, Guo, Chen, and Huang (2011) described that “the subprime mortgage meltdown, the massive default in the credit-default swap market, the crash of the stock market, and the skyrocketing oil prices are factors believed to have played complex roles in the 2007 financial turmoil” (p. 106).

The 2007-2008 financial crisis not only collapsed the well-known financial institutions, such as, Lehman Brothers, but it also halted other global credit markets. For example, in October 2008, the U.S. government launched TARP to purchase about US\$700 billion of assets from financial institutions. Likewise, the UK government announced a bank rescue package approximately US\$740 billion in loans and guarantees (Erkens, Hung, & Matos, 2012, p. 392). More importantly, the crisis caused rather a global food tragedy among the poor in developing markets that caused policies to be executed on an emergency basis that were dysfunctional (Spence, 2009, p. 504). In the course of incentives to the crisis, for instance, the Chinese government has announced a stimulus plan about US\$586 billion to undertake various measures for an economic good (Yuan, Liu, & Xie, 2010). More notably, IMF's lending pledges had reached a record level of over US\$1.58 trillion by June 2009 (Woods, 2010, p. 52). In sum, the crisis has had its worst economic impact while it also created a severe flow-on to the rest of the world (Edgar, 2009).

While referring to investments and acquisitions, economic integration affects cross-border mergers and acquisitions (M&As) activity at least in two ways. First, it puts pressure on firms to restructure both at internally and externally. Second, deregulation raises many incentives to undertake foreign mergers (e.g., Pablo, 2009; Weston, Chung, & Hoag, 1998). Further, the level of liquidity in the source country positively affects the level of M&A in the host country (Rajan & Hattari, 2009). Following this theorem, a recent study by Reddy et al. (2014b) examined the market performance of cross-border M&As around the recent global financial crisis for a sample of 26 countries during the period 2004-2006 and 2008-2010 using the UNCTAD's World Investment Reports. Thus, they developed and tested hypotheses by adjusting the existing event study method, revealed few interesting findings and thereby suggested crisis-related M&A propositions. Nevertheless, they left out with a few limitations that really deserve further investigation. For example, continentals, regional unions, sectors and industries were not included in their sample. Besides, historical views on the financial crisis and its impact are found to be disappearing in their study. We therefore aim to study the impact of global financial crisis on border-crossing M&As across continentals and industries using their research design for two important reasons. Firstly, a study on market trends of cross-border M&As among 13 continentals shows trade, investment and institutional linkages that would benefit policy makers while designing foreign trade and investment regulations. Lastly, an in-depth analysis of cross-border M&As among 21 industries helps both economists and policy makers while drafting policies related to permissible investments and control in the industry, for example, oil and gas, defense,

telecommunications and insurance, just to name a few. In terms of academic contribution, this paper will certainly append few empirical findings and theoretical linkages to the stream of cross-border investments and acquisitions in international business in particular and economics in general.

Herewith, we wish to present the market performance of cross-border inbound M&As refers to the world economy, developed economies, developing economies and BRIC group for the period 2001-2013 (Table 1). This shows two interesting trends, namely the rate of growth among economic groups and share of economic group in the world economy. The market for inbound acquisitions has recovered to some extent in 2013 compare to the negative rate reported in 2012. When drawing inferences between 2001 and 2013, we notice that the value of inbound deals has significantly declined in world economy and developed markets, while it is retracted in developing markets and BRIC group. Similarly, the average rate of growth reported for developing markets and BRIC group is notably higher than the average rate of growth reported for the world economy and developed countries. Importantly, the share of developed economies in the world economy has surprisingly turned down whereas it is found to be impressive in the case of developing economies and BRIC group. For example, share of developed (developing) markets in the world economy has declined (increased) from 81% (16.9%) in 2012 to 68.7% (32.4%) in 2013. However, developing markets are still followers of developed markets with regard to value, rate of growth and share. In sum, we suggest that emerging markets are found to be exciting in attracting direct international investments from both developed and other developing markets whilst focusing on fiscal deregulation and policy amendments, particularly during post-crisis. Even if, a country like India is yet to concentrate on institutional framework and disciplinary behavior of bureaucratic administration (e.g., Reddy et al., 2014a).

**[Insert Table 1]**

The remainder of the paper is organized as follows. Section 2 discusses historical views of global financial crisis and its impact on various macroeconomic and financial matters thus to define testable hypotheses. Section 3 describes research design. Section 4 presents results and hypotheses testing. Section 5 concludes the study.

## **2. Literature review and hypotheses development**

We found the stylized literature referring to the impact of the 2007-2008 global financial crisis on diverse topics such as macroeconomic performance, financial markets, interest and inflation rates, firm registration, stock and accounting earnings, corporate governance, legal framework, foreign direct investment and global strategies like mergers, acquisitions and cooperative networks. With this in mind, we reviewed the recent studies addressing financial crisis for various reasons, for example, historical view and causes of the economic crisis (e.g., Cornand & Gimet, 2012; Dwyer & Lothian, 2012; Kamin & DeMarco, 2012; Kowalski & Shachmurove, 2011; Reinhart & Rogoff, 2009; Szyszka, 2011), stock market contagion (e.g., Kenourgios, Samitas, & Paltalidis, 2011; Neaime, 2012; Petmezas & Santamaria, 2014), and other investigations were found to be inter(multi)disciplinary setting (e.g., Arnold, 2009; Bordo, Meissner, & Stuckler, 2010; Carolillo, Mastroberardino, & Nigro, 2013; Erkens et al., 2012; Kenc & Dibooglu, 2010; King, 2014; Klapper & Love, 2011; Liu, Uchida, & Yang, 2012; Love, Preve, & Sarria-Allende, 2007; Ondrich & Falevich, 2014; Reddy, 2015; Reddy et al., 2013b; Takagi & Pham, 2011; Xu & Hamori, 2012). In addition, we also noticed some studies in cross-disciplinary setting (e.g., Abbas, 2013; Ogawa & Tanaka, 2013; Yuan et al., 2010). Conversely, few studies examined the trends and market performance of cross-border investments and acquisitions around the crisis (e.g., Kahouli & Maktouf, 2014; Reddy et al., 2014b).

It is found to be flourishing in a given world economy during 1945–1973 and the late 1990s to the mid–2007, because production (productivity) has increased faster than the population growth (Kowalski & Shachmurove, 2011). In the current setting, the crisis has originated in the U.S. took place in a highly integrated global economy where the widespread use of sophisticated financial instruments that facilitated the rapid spread across the markets (see Claessens, Kose, & Terrones, 2010). Importantly, Arnold (2009) mentioned, “the U.S. system is a vastly financialized economy that is fuelled by the irresponsible lending practices, financial engineering, bogus bond ratings, opaque financial instruments, and the unsafe shadow banking system has escaped the attention” (p. 803). Similarly, many scientific contributions addressed the causes of the crisis that include bad practices, for example, lending and credit securitization procedures, and banking system (Carolillo et al., 2013). In Szyszka (2011), the author described that most households had faced debt serving troubles,

when interest rates started rising again, and arrive at peak level in 2006 (p. 213).<sup>1</sup> In reality, the crisis had exaggerated the Americans with lower credit worthiness, and then billion dollars worth of mortgage-related investments went sour and investment banks get disappeared (Kenc & Dibooglu, 2010). In other words, the crisis triggered the financial sector debt at a tenfold massive rise from US\$3 trillion in 1978 to US\$36 trillion in 2007 (Mullenkamp, 2011 in Iley & Lewis, 2011).

While reviewing earlier crisis instances in different legal settings, Love et al. (2007) examined the effect of the 1997 Asian crisis on 890 firms registered in Indonesia, South Korea, Malaysia, the Philippines and Thailand, and the effect of the 1994-peso devaluation on Mexican firms. They found a significant rise to credit provided and received immediately after the crisis.<sup>2</sup> Likewise, Nikitin and Smith (2008) provided a theoretical analysis of earlier financial crises like Mexico in 1994, South-East Asia in 1997, Russia in 1998 and the Argentina in 2001–2002. They reconciled two explanations of the financial crisis, the self-fulfilling prophecy and the fundamental causes while acquiring information (p. 913). Hence, the crisis brought a number of inadequacies in the economic behaviors (see Edgar, 2009; Reinhart & Rogoff, 2008, 2009). In Bordo et al. (2010), the authors analyzed the effect of foreign currency debt on currency and debt crisis in 45 countries (1880–1913 and 1973–2003) and showed that foreign currency debt increases the possibility of currency and debt crisis.

In particular, Cornand and Gimet (2012) discussed that the crisis exhibits disaster myopia in the banking sector, and thereby emphasized that macroeconomic factors, such as, monetary policy, global trade imbalances and lack of regulation – have played major roles in the given crisis.<sup>3</sup> Kenourgios et al. (2011) investigated the financial contagion in Brazil, Russia, India, China and two developed markets (U.S., and U.K.) during five recent financial crises (1995–2006). They suggested that emerging markets are more prone to financial contagion, while the industry-specific havoc has a larger shock than country-specific crisis.<sup>4</sup> Duka, Muellbauer, and Murphy (2010) evidenced that large swings in housing construction

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<sup>1</sup> Szyszka (2011) indicated that collateralized debt obligations (CDOs) and credit risk swaps (CRS) are majorly contributed to the current mortgage-related risk.

<sup>2</sup> Also, see Click and Plummer (2005) for the stock market integration of Association of South East Asian Nations (ASEAN) stock markets [Indonesia, Malaysia, the Philippines, Singapore, and Thailand] in the aftermath of Asian financial crisis.

<sup>3</sup> Disaster myopia – competitive, incentive-based, and psychological mechanisms in the presence of uncertainty lead financial institutions to underestimate the risk of financial instability (Cornand & Gimet, 2012).

<sup>4</sup> For example, contagion refers to the spread of financial disturbances from one country to others. Also, see the similar studies on financial contagion (Allen & Gale, 2000).



had major macroeconomic effects in Ireland, Spain and the U.S.<sup>5</sup> In a cross-country study, Berkmen, Gelos, Rennhack, and Walsh (2012) suggested that countries with more leveraged domestic financial systems, stronger credit growth and more short-term debt tend to suffer a larger effect on economic activity, while economies with a better fiscal position prior to the crisis influenced less harshly.

In case of financial markets, Klapper and Love (2011) reported that most economies from a sample of 95 show a sharp decline in new firm registrations during the post-crisis period. Indeed, the decline is more evident in countries with higher levels of financial development that were more affected by the crisis.<sup>6</sup> In Mala and Chand (2012), the authors offered some implications of the financial crisis for financial reporting. During the crisis, the topic of corporate governance has chosen by many emerging scholars. For example, Erkens et al. (2012) investigated the impact of corporate governance on 296 financial firms from 30 countries during the crisis. The authors found that firms with boards that are more independent and higher institutional ownership experience worse stock returns. Similarly, Ferrero-Ferrero, Fernández-Izquierdo, and Muñoz-Torres (2012) examined how firm performance and risk-taking would persuade by the shareholders board characteristics and the capital structure. The authors observed that the effectiveness of the board is more responsive to the economic period and the capital structure leads to lessening the levels of corporate risk-taking during the crisis. Neaime (2012) examined the financial linkages between Middle East and North Africa (MENA) stock markets around the crisis and found that Egypt, Jordan, Kuwait, Morocco and the UAE stock markets are being inflated.<sup>7, 8</sup>

Furthermore, we present some insights from multidisciplinary studies, for instance, Yuan et al. (2010) examined the effect of crisis on Chinese economic growth and energy consumption. The authors reported that fall in exports (stimulus plan) lead to a decrease (increase) of GDP by 7.33% (4.43%) and energy consumption by 9.21% (1.83%).<sup>9</sup> Takagi and Pham (2011) studied the Vietnam's exchange rate policy during 2008-09, and then

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<sup>5</sup> An unsustainable weakening of credit standards induced the U.S. mortgage lending and housing bubble, whose consumption impact was amplified by innovations altering the collateral role of housing (Duka et al., 2010).

<sup>6</sup> For example, [in the U.K.] number of newly registered limited-liability firms steadily declined from 449,700 in 2007 to 372,400 in 2008 and 330,100 in 2009 (Klapper & Love, 2011, p. 2).

<sup>7</sup> Other results include, MENA stock markets plummeted, real estate asset prices gone down, GDP growth rates turned negative, spreads on sovereign bonds soared, and risk aversion improved considerably (Neaime, 2012). Also, see the linkages between the BRIC group and the U.S. (Xu & Hamori, 2012).

<sup>8</sup> Also, see the impact of internal corporate governance on firm performance during the current financial crisis using a dataset of 4,046 listed nonfinancial firms from 23 developed markets including U.S. (Gupta, Krishnamurti, & Tourani-Rad, 2013).

<sup>9</sup> See Liu (2009) for extensive work in line with Yuan et al. (2010) on empirical evidence and policy implications in the limelight of current crisis.

reviewed how authorities exercise the exchange rate policy that responds to the domestic and global shocks. In Liu et al. (2012), the authors analyzed 970 Chinese state-owned enterprises; found that these enterprises perform poorly before the crisis, but improve during the crisis. More specifically, Ogawa and Tanaka (2013) examined the shocks, for example, demand, supply and finance that affect small- and medium-sized firms in Japan during the crisis.<sup>10</sup> In Abbes (2013), the author suggested the causes of the current crisis using a behavioral perspective, and the effect of bad news is superior to good news on the volatility of stocks, in other words, conditional volatility is positively linked to trading volume caused by overconfidence bias.<sup>11</sup>

In case of cross-border M&As, di Giovanni (2005) suggested that financial variables and other institutional factors influence both inbound and outbound flows in a study carried out during 1990-1999, and the size of financial markets has a significant linkage with domestic firms investing overseas.<sup>12</sup> Importantly, Dunning (2009) described that the role of macroeconomic variables was much greater now than 20 years ago because of changing location patterns, character and geography of multinational activity and the location specific advantages. As discussed in the previous section, Reddy et al. (2014b) examined the cross-border inbound (outbound) acquisitions for a sample of 26 countries around the crisis using the event study method. They suggested that the number and value of cross-border deals had adversely affected all over the world, particularly during the period 2008-2009. Interestingly, firms from emerging markets have taken the lead of lower valuation of assets in developed markets that markedly pushed them in the rapid speed of internationalization process. In particular, Kahouli and Maktouf (2014) examined the impact of economic crisis on direct international investments and the success of the regional trade agreements among 14 investment partners and 39 host economies for the period 1990-2011.

With this, we have framed both objectives and hypotheses following the recent study (Reddy et al., 2014b). Thus, hypotheses are being developed with regard to the new objective, that is, the impact of global financial crisis at cross-border M&As in two groups, namely continentals and industries.

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<sup>10</sup> The authors also mentioned that the demand shock is the most prevalent of the shocks, while the financial shock was least frequent; a long customer–supplier linkage would play a key task in mitigating the supply shock.

<sup>11</sup> We also found cross-disciplinary studies around the crisis. See Aalbers (2009), how are different places affected by the crisis. More interestingly, we found a study in Sciences (*Nature Climate Change*), for instance, Peters et al. (2012) examined the rapid growth in CO<sub>2</sub> emissions during the post-crisis period.

<sup>12</sup> The author also suggested that a 1% rise in stock market to GDP ratio would augment foreign acquisitions by 0.955% (p. 145).

*Hypothesis 1.* In case of sub-continentals, homogeneous results observe for cross-border M&A sales during pre- and post-crisis period to selected four panels, number of deals, deal value, average deal value, and overall.

*Hypothesis 2.* In case of sub-continentals, homogeneous results observe for cross-border M&A purchases during pre- and post-crisis period to selected four panels, number of deals, deal value, average deal value, and overall.

*Hypothesis 3.* Pre- and post-crisis results show no significant difference with regard to industry-wise cross-border M&A sales (four panels, namely number of deals, deal value, average deal value and overall).

*Hypothesis 4.* Pre- and post-crisis results show no significant difference with regard to industry-wise cross-border M&A purchases (four panels, namely number of deals, deal value, average deal value and overall).

### **3. Research design**

This paper adopts the methodology developed in a similar paper (Reddy et al., 2014b), that is, performance of cross-border M&As around the 2007-2008 global financial crisis in selected countries for the period 2004-2006 (pre-crisis) and 2008-2010 (post-crisis). In other words, we followed two of their inputs, namely period of the study and method. Similarly, we extracted the relevant data from UNCTAD's statistics on foreign direct investment and M&As. We therefore set a new goal that aims to analyze the rate of growth in number of deals, deal value and average deal value of cross-border M&As for two groups, such as, continentals and industries. We set the selection criteria while choosing industries from the database, i.e. selected industry should contribute at least 1% or more than that of a number of deals for the sample period. These classifications are being drawn from the former statistics for sales and purchases. The final sample consists of 13 sub-continentals, three sectors and 21 industries. Thus, Reddy et al. adjusted the existing event study for various reasons and the suggested fraction is mentioned below. Likewise, we also test the hypotheses using one-way anova static.

$$T + 1 \text{ return} = \sum_{i=1}^N \left( \frac{[T + 1] - [T - 1]}{[T - 1]} \right) \times 100$$

Where, T+1 refers to a year after the event; T-1 refers to a year before the event.

## 4. Results and discussions

### 4.1 Sub-continental-wise cross-border M&A sales

We present results for sub-continental-wise sale transactions in three panels (Table 2; also, see Fig. 1.1 to 1.14). Panel 2A shows results for transactions, deal value in Panel 2B, and average deal value in Panel 2C. In Panel 2A, we find a superior rate of growth in South America and South-East Europe & CIS that accounted 46% and 34% respectively. Similarly, other sub-continentals show a significant rise, such as, ODE (1%), ODC (5%), Central America (20%), Caribbean (21%), West Asia (16%), and South-East Asia (8%); hence, their rate of growth are significantly lower than the rate of growth during pre-crisis. Undoubtedly, the results do not notice any significant difference of means between pre- and post-crisis. Panel 2B explicates the results for deal value, which notices a substantial rise in ODC (114%), Central America (1868%), and SEE&CIS (7%) during post-crisis. This was due to cause-effect relation of crisis that pushed more companies for sale in Central America, or it could be disinvestment of state-owned enterprises. Similarly, we find a momentous rate of growth in North America (20%), Africa (20%), Caribbean (38%), and South-East Asia (26%); hence, their rise is lower than pre-crisis. Indeed, the European Union shows a difference of means between pre- and post-crisis at 5% significance level (p-value 0.055). Lastly, we interpret the results of average deal value presented in Panel 2C that reports momentous drive in ODC (90%), and Central America (820%), particularly after the crisis. Results indicated both minor growth and negative trend while the European Union differs the means between pre- and post-crisis (p-value 0.03).

We therefore draw some strategies for future research to strengthen the CB-M&A field as well as to meet the challenges of globalized-political economy. Additionally, it is unlimited to differentiate the factors while studying cross-continental studies, for example, regional studies may examine whether social-culture, demographic and other macroeconomic factors affecting cross-border inbound investments and acquisitions. On the other hand, we employ a correlation static to find sub-continental pairs in sales: number of deals, deal value, and average deal value (Table 4). We report a significant number of pairs that are closer to  $r=1$  at 1% significance level. The pairs are including ODEU-EU (0.987), EASIA-EU (0.978), EASIA-ODEU (0.960), AFR-NAMR (.976), SEASIA-NAMR (0.956), SEASIA-AFR (0.944), SASIA-CARR (0.992), SEASIA-CARR (0.979), and SEASIA-SASIA (0.959); though, we also find some negative pairs. From these observations, we explore an idea that – future studies may extend the ideological thought of analyzing various continental or geographical factors while investigating overseas M&A deals, for example, comparison

among continentals, and each continental share to inward and outward investments (e.g., Bartels, Napolitano, & Tissi, 2014; Iwasaki & Tokunaga, 2014; Villaverde & Maza, 2014).

**[Insert Table 2]**

**[Insert Table 3]**

#### *4.2 Sub-continental-wise cross-border M&A purchases*

Likewise, we present the results for purchases (Table 3; also, see Fig. 1.1 to 1.14). We then categorize these results into three panels. Panel 3A reports the mean differences for transactions. South America and East Asia are being reported a fortunate rate of growth during post crisis, 56% and 23% respectively. We also notice a nominal rise; hence, it is less than pre-crisis, for example, North America (2%), Africa (5%), Central America (11%), Caribbean (12%), West Asia (3%), South Asia (34%), South-East Asia (9%), and SEE&CIS (25%). However, no sub-continental reports the mean difference between pre- and post-crisis. Conversely, we discuss deal value results depicted in Panel 3B, and then observe a significant increase in North America (37%), ODC (80%), South-East Asia (100%), and SEE&CIS (184%) during post-crisis. We thus interpret that when companies in sub-continentals choose global strategies, then the investment becomes an outward flow from one continent to another. We envisage that minimizing the transfer risk would be an imperative factor between continents. More surprisingly, South-Asia has reported 2995%. Hence, results notice a negative lineup during the post-crisis; further, we do find any mean difference. Panel 3C reports the results of average deal value. We observe a noteworthy rise in North America (13%), ODC (54%), South-East Asia (64%), and SEE&CIS (73%); particularly, South Asia has reported a massive rate of growth (1172%) during post-crisis. Though, the results do not notice any significant difference among the means. Besides, we find two sub-continental pairs after employing a correlation static at 1% significance level (Table 4). The pairs include EASIA-SAMR (0.971), and SEASIA-SASIA (0.952), which is similar to sales.

**[Insert Table 4] or You can place it in the Appendix**

**[Insert Fig. 1.1 to 1.14]**

#### *4.3 Sector-wise cross-border M&A sales and purchases*

Prior to explicit results about industry-wise, we discuss sector-wise for three reasons, namely primary, manufacturing and services. We plot a graph representing industry-wise sale and purchase transactions during pre- and post-crisis (Fig. 2.1). We find the share of primary

sector has gradually increased from 6.63% in 2004 to 11.10% in 2010, whereas manufacturing sector has declined from 32.61% to 27.47% for the same period and no significant change in the service sector. Therefore, we interpret the manufacturing sector has plummeted in post-crisis this was due to less number of deals. Specifically, the rate of growth in primary sector has shown an enormous rise in 2006 to 55.85%, hence it declined by -10.91% in 2009 and then recovered by 38.57% in 2010. While, rate of growth in the manufacturing sector has fallen-down by -41.65% in 2009 and then improved by 28.79% in 2010. Finally, the rate of growth in the service sector has comparatively represented lowest and negative growth, further turned-up by 25.14% in 2010.

**[Insert Fig. 2.1 to 2.2]**

Likewise, we also depict a graph for sector-wise purchase transactions (Fig. 2.2). We observe share of primary sector has shown a mere rate of growth during post-crisis, that is, 4% in 2004 to 6.36% in 2010. Similar to sales, manufacturing sector share has faintly declined during post-crisis, that is, 28.05% in 2004 to 23.79% in 2010. Interestingly, the service sector share has pegged by 73.34% in 2009 and 69.84% in 2010 compare to 67.96% in 2004. In particular, all sector's growth rate has plunged in 2009 by 25.34%, 50.86% and 27.34% respectively. In detail, primary sector growth has shown 56.38% in 2004, decline by 2.78% in 2008 and then turned-up by 55.66% in 2010. However, the manufacturing sector has shown super rise after the crisis period, that is, 9.08% in 2004 to 41.47% in 2010. In line with primary sector, the service sector has shown 27.51% in 2004, and then plunged by 8.71% in 2006, further recovered by 21.42% in 2010. In addition, we come across an interesting results referring to high rate of growth in service sector before and after the crisis period while it is retracted in case of primary and manufacturing sectors. We therefore suggest that regional trade alliances, trade schemes, tax holidays, easing investment guidelines and regional cooperation among different countries will certainly improve trade and capital movements both for sovereign good and national security. At the same time, a noble idea of intra and inter regional trade/investment policy brings not only investment but also bridges the gap between various institutions and cultures exist in a global business environment.

#### *4.4 Industry-wise cross-border M&A sales*

We explore few more discussions on 21 industries in which empirical results are presented to sales in three panels (Table 5; also, see Fig. 3.1 to 3.10). Panel 5A outlet results for number of transactions, followed by deal value in Panel 5B and average deal value in Panel 5C. From Panel 5A, we notice that Agriculture-AHFF and Food-FBT has reported superior rate of growth during the post-crisis by 23% and 24% respectively than pre-crisis. Conversely, we also find a mere rate of growth in MQP, CCP, NMMP, MMP, ME, PI, MVTE, EGW, CON, TRD, HOTR, FIN and HSS; hence, their rate of growth is less than pre-crisis. Further, we have noticed Community-CSPA differs the means between pre- and post-crisis at 5% significance level ( $p\text{-value } 0.033 < 0.05$ ). Panel 5B explicit the results for deal value, and suggest the industries that have shown massive growth after the crisis period, FBT (60%), PP (2410%), NMMP (950%), EGW (1104%) and TRD (89%). We also find significant rate of growth in MQP (33%), TCL (24%), ME (42%), PI (91%), MVTE (5%), CON (72%), HOTR (48%), FIN (38%), BUSS (35%), HSS (192%) and CSPA (62%), while it is less than pre-crisis. Subsequently, results do not find any difference of mean between pre- and post-crisis at 5% significance level. Next, Panel 5C discusses the results for average deal value, which find substantial rate of growth in FBT (378%), TCL (11%), PP (2635%), NMMP (525%), EGW (755%), CON (93%), TRD (45%) and CSPA (125%) during post-crisis. Likewise, a significant rate of growth is found but less than pre-crisis in industries, such as, MQP, ME, PI, MVTE, HOTR, FIN, BUSS and HSS. However, there is no difference among the means of pre- and post-crisis at 5% significance level. Similar to sub-continental-wise pairs, correlation method is used in three elements: number of deals, deal value and average deal value (Table 7). We notice pairs closer to  $r=1$ ; hence, 22 pairs have represented more than 0.95. Exclusively, we observe CCP and FIN are being most correlating industries with others accounting to number of deals. By contrast, we notice negative pairs at 1% and 5% significance levels.

Based on the above discussions, we explore guidelines for future research agenda in CB-M&A area; for instance, whether the determinants of cross-border M&As differ with regard to industry classification? Briefly, scholars are recommended at choosing two or more industries to find most determinants and cross-determinants with reference to the competitiveness and economies of scale (e.g., Pablo, 2009). This will possibly enhance the nuance and tempo of the M&A stream in international business in particular and economics in general.

**[Insert Table 5]**

**[Insert Table 6]**

#### *4.5 Industry-wise cross-border M&A purchases*

We discuss results for purchases: number of deals (Panel 6A), deal value (Panel 6B) and average deal value (Panel 6C) during pre- and post-crisis (Table 6). In Panel 6A, we notice that two industries have shown substantial rate of growth after the crisis period, FBT (23%), and HOTR (49%). Similarly, HSS represents 61%, though it is lower than pre-crisis. Further, we also find significant rate of growth in AHFF (12%), MQP (10%), TCL (12%), CCP (13%), MMP (12%), ME (8%), PI (1%), MVTE (25%), EGW (13%), CON (5%), FIN (5%) and CSPA (2%), while it is less than pre-crisis. In addition, statistical results do not report any difference among the means of pre- and post-crisis at 5% significance level. Panel 6B presents results for deal value, where HSS and CSPA have reported a massive rate of growth during post-crisis, 3064% and 2327% respectively. Likewise, we observe the considerable rate of growth in MQP (36%), TCL (65%), CCP (31%), ME (2%), EEE (54%), PI (33%), TRD (155%) and BUSS (2%), hence their momentum was lower than pre-crisis. While referring to Panel 6C, the two industries have shown superior rates of growth after the crisis period, HSS (903%) and CSPA (1475%). Similarly, we find a rate of growth but less than pre-crisis in industries, such as, MQP (20%), CCP (6%), EEE (33%), PI (14%) and TRD (137%). Lastly, there is no significant difference of means between pre- and post-crisis at 5% significance level.

We therefore explore at pursuing single and cross-determinant factors that motivate international acquisitions with reference to industrial classification. Scholars may study the impact of financial crisis on cost, revenue and profit centers among various industries (e.g., Kolstad & Villanger, 2008). These types of explanatory studies help multinational companies while designing business policies for sustainable growth. They are welcome to consider industry-wise pairs to find knowledge gap, which has been carried out by Pearson's correlation. Similar to sales, we noticed 22 industry pairs that are close to  $r=1$ , has more than 0.95 at 5% significance level (Table 7). In particular, AHFF, MQP and BUSS have most correlation sets with other industries and few negative pairs observed at 1% and 5% significant level. Above all, we portray the trend of top-10 industries for sale and purchase transactions around the crisis (see Fig. 3.1 to 3.10).

**[Insert Table 7] or You can place it in Appendix**

**[Insert Fig. 3.1 to 3.10]**



#### *4.6 Hypotheses testing*

We uncover the one-way anova static results for sales and purchases to sub-continental-wise (Table 8). In group-I (panels D to G), we find three out of four panels showed no statistical difference between the means. As a result, we accept the hypothesis H1 for panels E, F, and G at p-value 0.365, 0.530, and 0.802 respectively. By contrast, panel D reports the difference between pre- and post-crisis means (p-value 0.001(<0.05)). We also discuss the results for purchases, which are extrapolated in group-II (panels H to K). Similar to sales, analogous results are being reported in purchases. Hence, we find three out of four panels showed no statistical difference; the then, we accept the hypothesis H2 for panels I, J, and K at p-value 0.244, 0.525, and 0.539 respectively. On the contrary, we reject H2 for panel H. From the two rejection results, we understood that there is a strong numerical difference between the transaction means for sales and purchases during pre- and post-crisis.

**[Insert Table 8]**

**[Insert Table 9]**

Likewise, we also find similar results to industry-wise sales and purchases during pre- and post-crisis (Table 9). In group-III, we explore three out of four panels have reported no statistical difference, therefore we accept the hypothesis H3 for panels M (0.526), N (0.470) and O (0.192) at the 5% significance level. In contrast, we must reject H3 for Panel L at p-value 0.000, which is less than  $\alpha$  level 0.05. Following this, we present hypothesis H4 results to purchases in group-IV (panels P to S). Herewith, hypothesis H4 has been accepted for panels Q, R and S at 5% significance level, which is p-value 0.921, 0.955 and 0.979 respectively. Remaining panel P has shown significant difference, therefore we reject H4 at p-value 0.001, which is less than  $\alpha$  level 0.05. In short, deal value, average deal value and overall have not been reported any statistical mean difference. In the light of hypotheses results, interestingly, purchase deals in the sub-continental-wise and industry-wise have shown a significant difference between pre- and post-crisis.

### **5. Conclusions**

It is not surprising news when we heard about the declining trend in overseas capital with respect to mergers and acquisitions all over the world around the 2007-2008 global financial crisis. Nevertheless, a few recent studies argued that the crisis has had a serious impact on developed economies while emerging market economies in Asian, African and Latin

American continentals have taken advantage of the undervaluation of asset prices that speeded the internationalization process of the firm. Based on the recent study, this paper further examined the impact of global financial crisis on cross-border M&As in both continentals and industries using the event study method. We, accordingly, designed and tested the hypotheses for various reasons in the current setting. We find that number and value of cross-border acquisitions have markedly declined both in continentals and in industries around the crisis. In particular, an interesting result referring to high rate of growth in service sector before and after the crisis period while it is retracted in case of primary and manufacturing sectors. In short, South America and SEE-CIS showed a significant rate of growth in sales, while South America, East Asia and South Asia reported a great deal of purchases in other sub-continentals during post-crisis. In the case of industry-wise sales, AHFF and FBT have shown the momentous rate of growth during the post-crisis; and HOCR and HSS have represented a massive rise in purchase transactions. Additionally, we also discussed few results with regard to cross-border inbound acquisitions among world economy, developed countries, developing countries and BRIC group. Eventually, we suggest that emerging markets are found to be exciting in attracting direct international investments from both developed and other developing markets whilst focusing on fiscal deregulation and policy amendments, particularly during post-crisis. Finally, yet importantly, a noble idea of regional trade and investment policy brings not only investment but also bridges the gap between various institutions and cultures exist in a global business environment. With this, we perceived that continentals like Asia, Africa and Latin America actively pursuing industrial and globalization policies and thereby becoming highly accessible to other parts of the world. Overall, a rate of growth or decline not only questions the sovereign administration but also embarks or raises doubts on both economic and national security issues.

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Year	World economy	Rate of growth	Developed economies	Rate of growth	Share	Developing economies	Rate of growth	Share	BRIC group	Rate of growth	Share
	1	2	3	4	5 = 3/1	6	7	8 = 6/1	9	10	11 = 9/1
	US\$ billion	Percent	US\$ billion	Percent	Percent	US\$ billion	Percent	Percent	US\$ billion	Percent	Percent
2001	429.37	-52.57	364.33	-57.25	84.85	62.25	18.98	14.50	17.08	-16.18	3.98
2002	248.45	-42.14	204.09	-43.98	82.15	41.97	-32.59	16.89	20.16	18.05	8.12
2003	182.87	-26.39	152.86	-25.10	83.59	20.25	-51.74	11.07	13.41	-33.52	7.33
2004	227.22	24.25	197.19	29.01	86.79	24.64	21.67	10.85	14.85	10.79	6.54
2005	462.25	103.44	403.73	104.73	87.34	63.80	158.90	13.80	1.63	-89.04	0.35
2006	625.32	35.28	527.15	30.57	84.30	89.16	39.75	14.26	33.78	1975.71	5.40
2007	1045.09	67.13	915.68	73.70	87.62	97.02	8.82	9.28	45.84	35.68	4.39
2008	626.24	-40.08	479.69	-47.61	76.60	120.67	24.37	19.27	48.59	6.00	7.76
2009	285.39	-54.43	236.51	-50.70	82.87	41.99	-65.19	14.72	21.90	-54.93	7.67
2010	349.39	22.43	260.39	10.10	74.53	84.91	102.18	24.30	25.70	17.35	7.36
2011	556.05	59.14	438.65	68.46	78.89	84.65	-0.32	15.22	69.58	170.73	12.51
2012	331.65	-40.36	268.65	-38.75	81.00	56.15	-33.67	16.93	37.65	-45.89	11.35
2013	348.76	5.16	239.61	-10.81	68.70	112.97	101.20	32.39	37.72	0.19	10.82
AVG	439.85	5	360.66	3	81	69.27	22	16	29.84	153	7

Source: UNCTAD-WIR Statistics (<http://unctadstat.unctad.org>)  
Note: BRIC Group consists of Brazil, Russian Federation, India and China; AVG – Average.

Region	Panel 2A: Number of deals				Panel 2B: Deal value				Panel 2C: Average deal value			
	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>
European Union (EU)	24.348	-3.079	-1.120	0.325	61.524	-26.896	-2.682	0.055	28.105	-23.210	-3.297	0.030*
Other developed Europe (ODEU)	24.626	1.079	-1.170	0.307	40.798	-12.491	-0.869	0.434	17.509	-7.294	-0.463	0.668
North America (NAMR)	23.057	-0.930	-1.452	0.220	70.384	20.761	-0.752	0.494	39.885	9.165	-0.57	0.599
Other developed countries (ODC)	31.329	4.780	-2.225	0.090	10.082	114.798	0.921	0.409	-13.747	89.968	1.124	0.324
Africa (AFR)	44.039	-5.636	-1.697	0.165	189.963	20.606	-0.782	0.478	73.496	16.710	-0.46	0.67
South America (SAMR)	38.274	46.072	0.147	0.890	22.423	-174.276	-1.281	0.269	-1.060	-172.839	-1.905	0.129
Central America (CAMR)	39.342	20.821	-0.295	0.783	370.725	1868.014	0.771	0.484	393.525	820.590	0.456	0.672
Caribbean (CARR)	26.641	21.581	-0.442	0.681	273.888	37.994	-1.634	0.178	191.638	11.091	-1.681	0.168
West Asia (WASIA)	64.816	15.810	-1.330	0.254	-2433.309	-25.106	1.001	0.374	-1238.336	-38.804	1.011	0.369
East Asia (EASIA)	17.572	-4.171	-1.200	0.296	48.439	-12.796	-2.487	0.068	27.752	-4.489	-1.181	0.303
South Asia (SASIA)	38.550	-2.172	-2.465	0.069	327.877	-0.050	-1.011	0.369	215.378	-2.382	-0.93	0.405
South-East Asia (SEASIA)	13.590	7.192	-0.276	0.796	66.307	25.707	-0.578	0.595	49.445	9.168	-0.801	0.468
South-East Europe and the CIS (SEECIS)	28.656	34.944	0.335	0.754	-171.205	7.174	1.994	0.117	-147.065	-27.162	1.966	0.121
Overall	31.911	10.484	-1.046	0.354	-86.316	141.803	0.952	0.395	-27.960	52.347	0.647	0.553
Positive Growth: Number of Sub-Continents	13	8			11	7			9	6		

\*. do not significant at the 0.05 level (2-tailed)

Region	Panel 3A: Number of deals				Panel 3B: Deal value				Panel 3C: Average deal value			
	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>
European Union (EU)	31.294	-1.052	-1.202	0.296	90.678	-44.591	-2.128	0.1	40.449	-42.223	-2.241	0.088
Other developed Europe (ODEU)	95.910	0.460	-1.922	0.127	-131.036	-5.581	0.537	0.62	-78.344	-12.554	0.59	0.587
North America (NAMR)	19.819	2.280	-0.672	0.539	23.368	37.026	0.169	0.874	5.203	13.708	0.181	0.865
Other developed countries (ODC)	45.898	-3.158	-1.780	0.150	74.289	79.933	0.05	0.962	21.013	54.513	0.447	0.678
Africa (AFR)	211.049	4.990	-1.126	0.323	-1822.603	-32.538	0.985	0.381	-310.575	-34.722	0.941	0.4
South America (SAMR)	42.911	56.306	0.233	0.827	343.442	55.164	-1.155	0.312	179.240	-7.626	-1.322	0.257
Central America (CAMR)	45.304	11.003	-0.694	0.526	24.184	-185.900	-1.539	0.199	-23.678	-152.068	-1.576	0.19
Caribbean (CARR)	17.905	11.934	-0.165	0.877	59.425	-42.754	-1.145	0.316	62.949	-6.832	-0.549	0.612
West Asia (WASIA)	65.242	2.862	-1.017	0.367	-176.849	-57.996	0.114	0.915	189.965	-20.016	-0.308	0.773
East Asia (EASIA)	15.990	22.629	0.535	0.621	136.184	42.146	-1.064	0.347	97.743	13.809	-1.424	0.227
South Asia (SASIA)	38.165	34.876	-0.051	0.962	115.068	2995.011	0.961	0.391	52.388	1172.425	0.942	0.4
South-East Asia (SEASIA)	21.326	9.124	-0.397	0.712	17.081	99.228	0.851	0.443	-5.115	64.638	0.999	0.374
South-East Europe and the CIS (SEECIS)	32.266	24.623	-0.173	0.871	108.777	184.405	0.346	0.747	61.405	73.512	0.108	0.919
Overall	52.545	13.606	-1.287	0.267	-87.538	240.273	1.013	0.368	22.511	85.890	0.552	0.61
Positive Growth: Number of Sub-Continents	13	11			10	7			9	6		

\*. do not significant at the 0.05 level (2-tailed).



	EU	ODEU	NAMR	ODC	AFR	SAMR	CAMR	CARR	WASIA	EASIA	SASIA	SEASIA	SEECIS
EU	1	-0.477	-0.162	-0.027	-0.733	.864*	.815*	.894*	-0.091	0.772	-0.718	-0.748	-0.26
ODEU	.987**	1	0.055	-0.175	.831*	-0.811	-0.004	-0.543	0.32	-.878*	0.107	0.22	-0.32
NAMR	.834*	0.799	1	.910*	-0.17	0.068	-0.456	-0.511	-0.551	0.079	0.738	0.75	.847*
ODC	-0.753	-0.7	-0.359	1	-0.391	0.227	-0.452	-0.302	-0.616	0.252	0.602	0.669	0.797
AFR	.867*	.843*	.976**	-0.401	1	-.934**	-0.297	-0.587	0.61	-.886*	0.246	0.255	-0.264
SAMR	0.745	0.738	0.28	-.907*	0.346	1	0.457	0.746	-0.342	.971**	-0.367	-0.457	0.174
CAMR	-0.593	-0.619	-0.069	.838*	-0.185	-.872*	1	0.747	0.136	0.299	-.899*	-.881*	-0.686
CARR	.836*	0.758	.938**	-0.555	.925**	0.38	-0.185	1	0.211	0.715	-.835*	-.886*	-0.462
WASIA	-.827*	-0.759	-.936**	0.505	-.954**	-0.348	0.19	-.986**	1	-0.235	-0.283	-0.402	-0.491
EASIA	.978**	.960**	.896*	-0.679	.917**	0.607	-0.497	.893*	-.888*	1	-0.254	-0.384	0.275
SASIA	.887*	.824*	.946**	-0.592	.944**	0.435	-0.27	.992**	-.983**	.941**	1	.952**	.851*
SEASIA	0.76	0.682	.956**	-0.411	.910*	0.247	-0.001	.979**	-.955**	.830*	.959**	1	0.757
SEECIS	-0.701	-0.62	-.867*	0.455	-.843*	-0.181	0.103	-.949**	.936**	-.814*	-.940**	-.929**	1

\*. \*\*. Correlation is significant at the 0.05 level and 0.01 level (2-tailed) respectively  
*Note:* Correlations from Left-down for CB-M&A sales; Correlations from Right-forward for CB-M&A purchases.  
Abbreviations: EU- European union, ODEU- Other developed European union, NAMR- North America, ODC- Other developed countries, AFR- Africa, SAMR- South America, CAMR- Central America, CARR- Caribbean, WASIA- West Asia, EASIA- East Asia, SASIA- South Asia, SEASIA- South East Asia, SEECIS- South-East Europe and the Commonwealth of Independent States.

Industry	Panel 5A: Number of deals				Panel 5B: Deal value				Panel 5C: Average deal value			
	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>
Agriculture, hunting, forestry and fishing	-0.898	23.058	1.174	0.305	377.485	-549.834	-1.093	0.336	317.769	-352.113	-1.094	0.336
Mining, quarrying and petroleum	33.215	14.688	-0.786	0.476	114.178	33.441	-0.621	0.568	49.652	13.312	-0.463	0.667
Food, beverages and tobacco	-2.666	23.996	0.695	0.525	138.950	690.298	0.87	0.433	120.352	378.833	0.648	0.552
Textiles, clothing and leather	14.248	-3.399	-0.585	0.590	28.095	23.798	-0.05	0.962	9.017	10.763	0.027	0.98
Publishing and printing	13.310	-28.195	-1.957	0.122	127.364	2410.594	0.912	0.413	110.531	2635.734	0.927	0.406
Chemicals and chemical products	21.221	7.519	-0.499	0.644	76.830	-1.189	-1.213	0.292	55.663	-10.662	-1.228	0.287
Non-metallic mineral products	23.868	5.028	-0.390	0.717	137.845	950.270	0.977	0.384	90.174	525.146	1.039	0.358
Metals and metal products	32.353	1.866	-0.919	0.410	347.102	-118.572	-1.438	0.224	192.584	-123.435	-1.732	0.158
Machinery and equipment	20.517	7.625	-0.414	0.700	339.990	42.427	-0.756	0.492	273.719	13.872	-0.775	0.482
Electrical and electronic equipment	34.801	-5.347	-1.444	0.222	177.015	-19.958	-1.918	0.128	90.689	0.142	-1.35	0.248
Precision instruments	12.290	2.911	-0.302	0.778	161.497	91.596	-0.307	0.774	84.978	59.738	-0.173	0.871
Motor vehicles and transport equipment	15.075	2.402	-0.726	0.508	492.426	5.400	-0.893	0.422	332.350	2.562	-0.849	0.444
Electricity, gas and water	37.430	18.000	-0.440	0.683	45.814	1104.826	0.923	0.408	3.304	755.721	0.961	0.391
Construction	45.564	5.065	-1.724	0.160	107.981	72.025	-0.229	0.83	39.426	93.024	0.325	0.762
Trade	20.617	10.361	-0.314	0.769	7.558	89.385	0.73	0.506	-12.424	45.130	0.771	0.484
Hotels and restaurants	22.826	11.245	-0.232	0.828	136.166	48.481	-0.564	0.603	87.681	13.206	-0.952	0.395
Transport, storage and communications	28.109	-1.516	-1.064	0.347	93.995	-41.483	-1.574	0.191	61.663	-40.381	-1.437	0.224
Finance	26.978	2.997	-1.578	0.190	129.348	38.676	-0.662	0.544	76.669	18.534	-0.572	0.598
Business services	34.850	-4.395	-2.164	0.096	108.327	35.742	-0.693	0.527	52.058	23.769	-0.362	0.736
Health and social services	57.023	20.104	-0.536	0.620	349.580	192.642	-0.474	0.66	340.861	77.553	-0.995	0.376
Community, social and personal service	31.154	-13.399	-3.192	0.033*	-191.592	62.160	1.719	0.161	-167.098	124.735	1.637	0.117
Overall	24.852	4.791	-0.926	0.407	157.426	245.749	0.449	0.677	105.220	203.104	0.597	0.583
Positive Growth: Number of Industries	19	15			20	16			19	17		

\*. do not significant at the 0.05 level (2-tailed).

Industry	Panel 6A: Number of deals				Panel 6B: Deal value				Panel 6C: Average deal value			
	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>	<i>Pre-crisis</i>	<i>Post-crisis</i>	<i>t-stat</i>	<i>p-value</i>
Agriculture, hunting, forestry and fishing	66.111	12.549	-0.934	0.403	1139.226	-23.679	-1.094	0.335	730.699	-31.209	-0.99	0.378
Mining, quarrying and petroleum	45.413	10.885	-1.314	0.259	293.869	36.641	-0.733	0.504	172.636	19.583	-0.635	0.56
Food, beverages and tobacco	4.192	23.562	0.417	0.698	-3.426	-968.552	-0.532	0.623	-2.995	-610.720	-0.557	0.607
Textiles, clothing and leather	15.097	12.044	-0.059	0.956	212.400	65.430	-0.347	0.746	435.338	-28.099	-0.856	0.44
Publishing and printing	37.874	-5.589	-0.666	0.542	85.969	-211.309	-1.555	0.195	20.923	-124.911	-1.166	0.308
Chemicals and chemical products	15.942	13.266	-0.081	0.940	39.774	30.778	-0.185	0.862	24.660	6.442	-0.703	0.521
Non-metallic mineral products	36.171	-14.138	-1.057	0.350	182.587	-538.378	-1.124	0.324	114.490	-340.836	-0.981	0.382
Metals and metal products	41.836	12.294	-0.486	0.653	212.810	-18.683	-1.363	0.244	86.852	-43.197	-1.732	0.158
Machinery and equipment	24.959	8.732	-0.445	0.679	382.855	2.153	-1.46	0.218	398.666	-8.210	-1.187	0.301
Electrical and electronic equipment	45.226	-6.042	-1.337	0.252	300.979	54.184	-1.018	0.366	131.841	32.779	-0.775	0.482
Precision instruments	11.379	1.456	-0.314	0.770	144.746	33.481	-0.582	0.592	90.162	14.304	-0.559	0.606
Motor vehicles and transport equipment	33.944	25.925	-0.167	0.875	-496.182	-730.979	-0.437	0.684	-357.007	-550.702	-0.505	0.64
Electricity, gas and water	165.150	13.774	-0.844	0.446	-799.366	-96.548	1.245	0.281	-1095.699	-41.351	1.103	0.332
Construction	148.333	5.049	-1.724	0.160	-216.077	-99.396	0.425	0.692	-155.594	-86.906	0.51	0.637
Trade	33.303	-3.661	-1.345	0.250	271.972	155.555	-0.323	0.763	192.398	137.215	-0.19	0.859
Hotels and restaurants	14.683	49.060	0.505	0.640	-253.758	-795.144	-0.678	0.535	-367.253	-353.560	0.033	0.976
Transport, storage and communications	43.728	-7.615	-1.803	0.146	263.095	-31.145	-1.157	0.312	166.998	-32.343	-1.132	0.321
Finance	16.635	5.488	-1.407	0.232	52.216	-17.522	-2.405	0.074	31.126	-24.198	-2.221	0.091
Business services	29.513	-5.380	-1.764	0.153	106.605	1.754	-1.74	0.157	55.766	-0.903	-1.499	0.208
Health and social services	63.506	61.577	-0.023	0.983	-129.587	3064.585	0.999	0.374	-133.326	903.511	0.991	0.378
Community, social and personal service	152.898	1.928	-1.367	0.243	-4.356	2327.662	0.904	0.417	-80.790	1474.995	0.911	0.414
Overall	49.804	10.246	-1.285	0.268	85.064	106.709	0.105	0.922	21.900	14.842	-0.07	0.948
Positive Growth: Number of Industries	21	15			14	10			14	7		

\*. do not significant at the 0.05 level (2-tailed).

**Table 7. Correlations for Industry-wise cross-border M&A sales and purchases**

	AHFF	MQP	FBT	TCL	PP	CCP	MNMP	MMP	ME	EEE	PI	MVTE	EGW	CON	TRD	HOTR	TSC	FIN	BUSS	HSS	CSPSA
AHFF	1	.992**	0.498	0.765	0.668	0.729	0.7	.949**	.959**	.950**	.973**	-0.171	-.874*	-0.677	0.773	0.016	.987**	.891*	.965**	-0.498	-0.546
MQP	0.647	1	0.422	0.716	0.619	0.781	0.639	.952**	.928**	.981**	.987**	-0.241	-.836*	-0.683	.815*	-0.047	.978**	.867*	.979**	-0.42	-0.467
FBT	-0.787	-0.16	1	0.365	.959**	0.015	.966**	0.608	0.499	0.301	0.29	0.759	-0.327	0.168	-0.146	.833*	0.591	0.78	0.505	-.948**	-.997**
TCL	-0.047	0.696	0.457	1	0.413	0.543	0.519	0.603	.912*	0.593	0.74	-0.166	-.953**	-0.593	0.611	-0.194	0.747	0.661	0.655	-0.33	-0.429
PP	-.863*	-0.382	.891*	0.252	1	0.211	.989**	0.781	0.621	0.531	0.491	0.6	-0.421	0.032	0.079	0.734	0.756	.893*	0.709	-.921**	-.959**
CCP	.892*	.893*	-0.461	0.383	-0.666	1	0.225	0.742	0.651	.811*	.823*	-0.437	-0.599	-0.605	0.727	-0.413	0.699	0.615	0.737	0.13	-0.049
MNMP	-.837*	-0.21	.995**	0.447	.909*	-0.522	1	0.78	0.688	0.53	0.522	0.576	-0.515	-0.036	0.11	0.689	0.778	.905*	0.709	-.925**	-.975**
MMP	.927**	.883*	-0.541	0.312	-0.711	.989**	-0.599	1	.852*	.927**	.899*	0.024	-0.696	-0.469	0.612	0.2	.971**	.957**	.971**	-0.551	-0.635
ME	0.766	.885*	-0.213	0.457	-0.42	.945**	-0.291	.916*	1	.844*	.922**	-0.155	-.963**	-0.672	0.738	-0.038	.945**	.847*	.888*	-0.498	-0.556
EEE	.837*	.936**	-0.409	0.476	-0.536	.963**	-0.463	.966**	.933**	1	.976**	-0.339	-0.744	-0.689	.852*	-0.118	.929**	0.795	.964**	-0.309	-0.339
PI	0.276	.842*	0.332	0.797	0.122	0.638	0.268	0.591	0.805	0.719	1	-0.379	-.866*	-0.775	.885*	-0.198	.938**	0.79	.940**	-0.292	-0.342
MVTE	0.798	.914*	-0.273	0.453	-0.455	.957**	-0.347	.944**	.992**	.965**	0.796	1	0.306	0.732	-0.746	.918**	-0.047	0.26	-0.115	-0.66	-0.714
EGW	-.908*	-0.343	.966**	0.34	.957**	-0.651	.983**	-0.713	-0.429	-0.571	0.138	-0.476	1	0.777	-0.769	0.219	-.828*	-0.682	-0.751	0.348	0.398
CON	-0.113	0.548	0.459	.818*	0.489	0.212	0.449	0.185	0.373	0.423	0.772	0.395	0.416	1	-.884*	0.55	-0.552	-0.293	-0.527	-0.082	-0.095
TRD	-.930**	-0.334	.890*	0.377	.840*	-0.677	.928**	-0.729	-0.543	-0.615	0.026	-0.573	.944**	0.328	1	-0.56	0.694	0.427	0.733	0.062	0.087
HOTR	0.64	.952**	-0.057	0.645	-0.321	.907*	-0.128	.870*	.965**	.910*	.895*	.961**	-0.281	0.492	-0.346	1	0.122	0.368	0.072	-.822*	-0.794
TSC	.950**	.824*	-0.634	0.259	-0.785	.976**	-0.682	.983**	.862*	.937**	0.477	.888*	-0.786	0.099	-0.78	0.8	1	.943**	.982**	-0.573	-0.63
FIN	0.641	.968**	-0.082	0.682	-0.303	.906*	-0.146	.873*	.957**	.937**	.899*	.961**	-0.287	0.566	-0.351	.991**	0.811	1	.909*	-0.693	-0.801
BUSS	0.539	.964**	-0.031	0.798	-0.212	.835*	-0.076	0.8	.870*	.907*	.893*	.886*	-0.201	0.694	-0.235	.937**	0.75	.972**	1	-0.494	-0.537
HSS	0.526	0.802	0.098	0.585	-0.173	.813*	0.017	0.74	.938**	0.783	.874*	.896*	-0.14	0.442	-0.278	.943**	0.675	.919**	.839*	1	.951**
CSPSA	-.898*	-0.796	0.46	-0.204	0.702	-.960**	0.535	-.954**	-.924**	-.875*	-0.567	-.923**	0.67	-0.022	0.717	-.861*	-.927**	-.827*	-0.696	-0.8	1

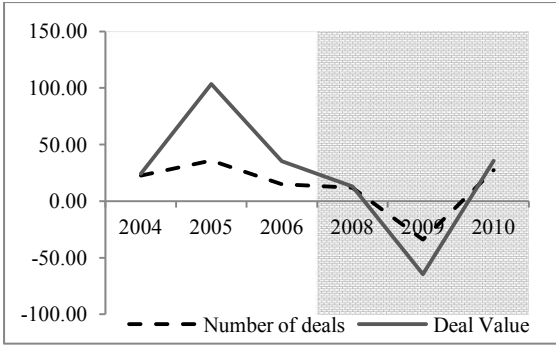
\*. \*\*. Correlation is significant at the 0.05 level and 0.01 level (2-tailed) respectively

Note: Correlations from Left-down for CB-M&A sales; Correlations from Right-forward for CB-M&A purchases.

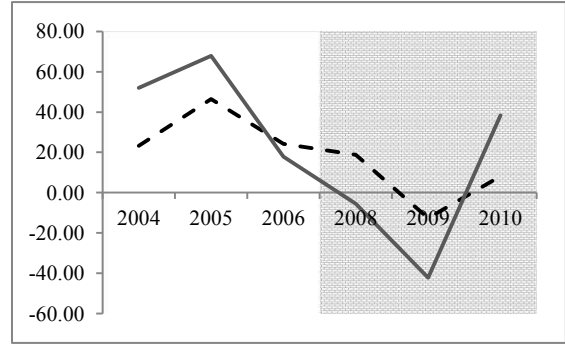
Abbreviations: AHEF- Agriculture, hunting, forestry and fishing, MQP- Mining, quarrying and petroleum, FBT- Food, beverages and tobacco, TCL- Textiles, clothing and leather, PP- Publishing and printing, CCP- Chemicals and chemical products, MNMP- Non-metallic mineral products, MMP- Metals and metal products, ME- Machinery and equipment, EEE- Electrical and electronic equipment, PI- Precision instruments, MVTE- Motor vehicles and transport equipment, EGW- Electricity, gas and water, CON- Construction, TRD- Trade, HOTR- Hotels and restaurants, TSC- Transport, storage and communications, FIN- Finance, BUSS- Business services, HSS- Health and social services, CSPSA- Community, social and personal service.

<b>Table 8. Sub-continental-wise cross-border M&amp;A sales and purchases: ANOVA results</b>						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
<b>Group I Sales</b>						
<i>Panel D: Number of deals between pre- and post-crisis</i>						
Between Groups	2984.223	1	2984.223	13.406	0.001	4.260
Within Groups	5342.325	24	222.597			
<i>Panel E: Deal value between pre- and post-crisis</i>						
Between Groups	338248.2	1	338248.164	0.854	0.365*	4.260
Within Groups	9503547	24	395981.132			
<i>Panel F: Average deal value between pre- and post-crisis</i>						
Between Groups	41919.8	1	41919.802	0.407	0.530*	4.260
Within Groups	2473554	24	103064.733			
<i>Panel G: Overall</i>						
Between Groups	386321.8	5	77264.350	0.464	0.802*	2.342
Within Groups	11982443	72	166422.821			
<b>Group II Purchases</b>						
<i>Panel H: Number of deals between pre- and post-crisis</i>						
Between Groups	9855.494	1	9855.494	6.480	0.018	4.260
Within Groups	36501.03	24	1520.876			
<i>Panel I: Deal value between pre- and post-crisis</i>						
Between Groups	698490.9	1	698490.927	1.424	0.244*	4.260
Within Groups	11769821	24	490409.219			
<i>Panel J: Average deal value between pre- and post-crisis</i>						
Between Groups	26109.54	1	26109.540	0.416	0.525*	4.260
Within Groups	1505331	24	62722.136			
<i>Panel K: Overall</i>						
Between Groups	758825.9	5	151765.172	0.821	0.539*	2.342
Within Groups	13311654	72	184884.077			
*. significant at the 0.05 level (2-tailed)						

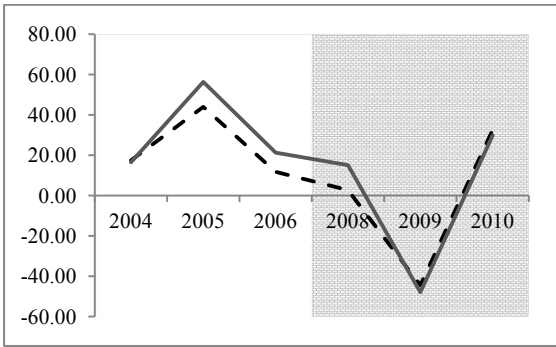
<b>Table 9. Industry-wise cross-border M&amp;A sales and purchases: ANOVA results</b>						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
<b>Group III Sales</b>						
<i>Panel L: Number of deals between pre- and post-crisis</i>						
Between Groups	4225.438	1	4225.438	24.117	0.000	4.085
Within Groups	7008.228	40	175.206			
<i>Panel M: Deal value between pre- and post-crisis</i>						
Between Groups	81908.75	1	81908.745	0.410	0.526*	4.085
Within Groups	7993414	40	199835.354			
<i>Panel N: Average deal value between pre- and post-crisis</i>						
Between Groups	100603.4	1	100603.396	0.532	0.470*	4.085
Within Groups	7562377	40	189059.423			
<i>Panel O: Overall</i>						
Between Groups	978389.9	5	195677.990	1.509	0.192*	2.290
Within Groups	15562799	120	129689.994			
<b>Group IV Purchases</b>						
<i>Panel P: Number of deals between pre- and post-crisis</i>						
Between Groups	16431.26	1	16431.261	12.881	0.001	4.085
Within Groups	51023.32	40	1275.583			
<i>Panel Q: Deal value between pre- and post-crisis</i>						
Between Groups	4919.204	1	4919.204	0.010	0.921*	4.085
Within Groups	19859408	40	496485.190			
<i>Panel R: Average deal value between pre- and post-crisis</i>						
Between Groups	522.9873	1	522.987	0.003	0.955*	4.085
Within Groups	6485177	40	162129.415			
<i>Panel S: Overall</i>						
Between Groups	168625.1	5	33725.029	0.153	0.979*	2.290
Within Groups	26395608	120	219963.396			
*. significant at the 0.05 level (2-tailed)						



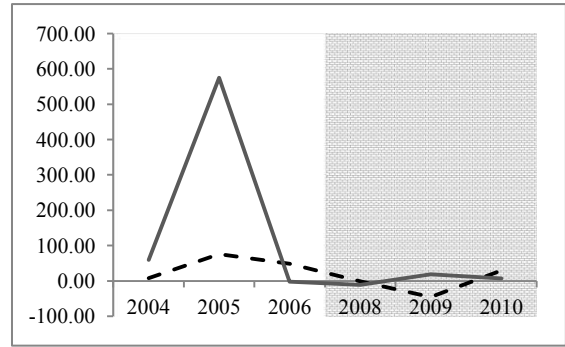
**Fig. 1.1 Worldwide deals**



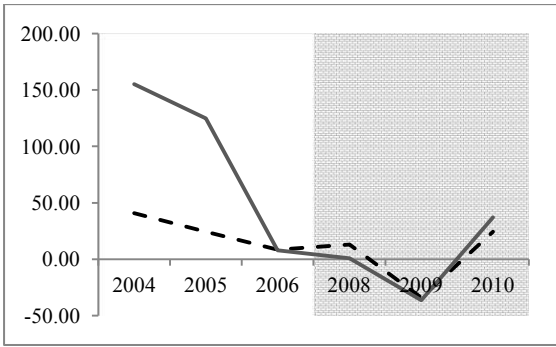
**Fig. 1.5 Other developed countries**



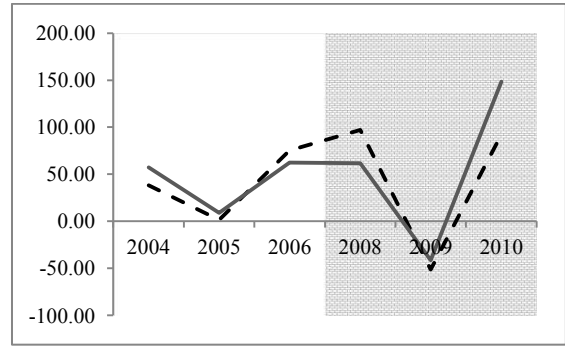
**Fig. 1.2 European Union**



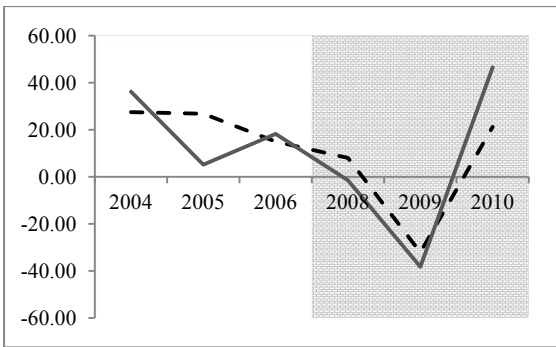
**Fig. 1.6 Africa**



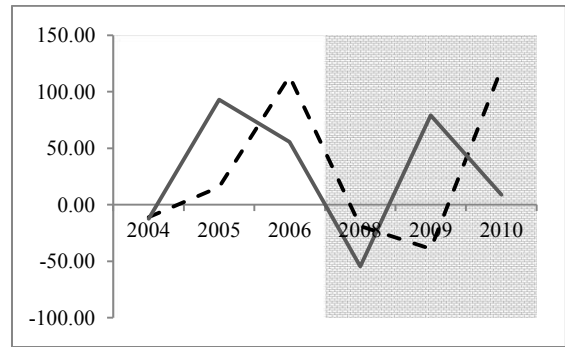
**Fig. 1.3 Other developed Europe**



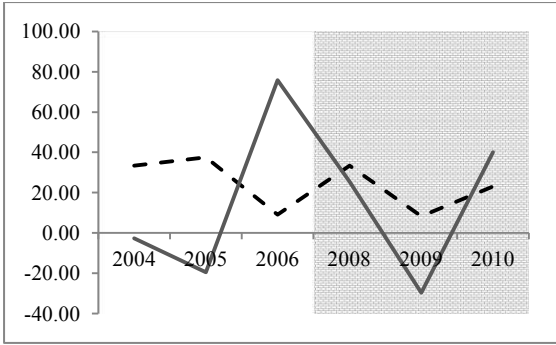
**Fig. 1.7 South America**



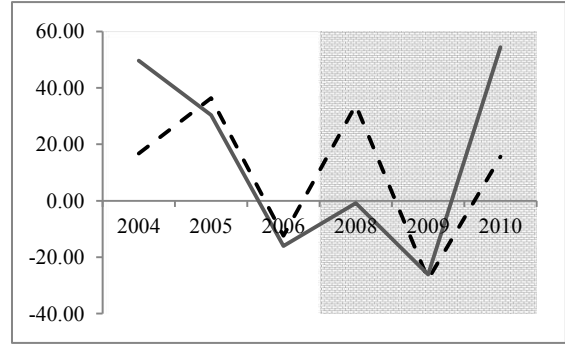
**Fig. 1.4 North America**



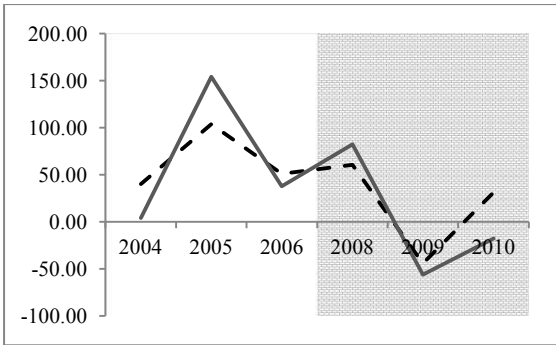
**Fig. 1.8 Central America**



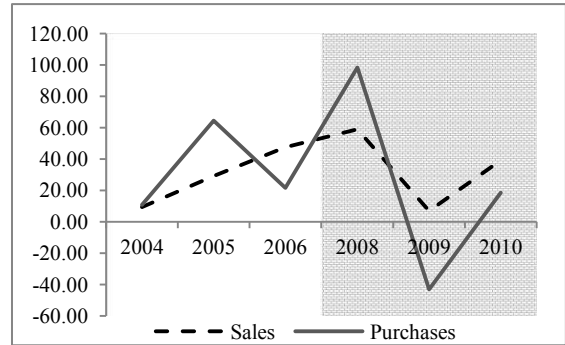
**Fig. 1.9 Caribbean**



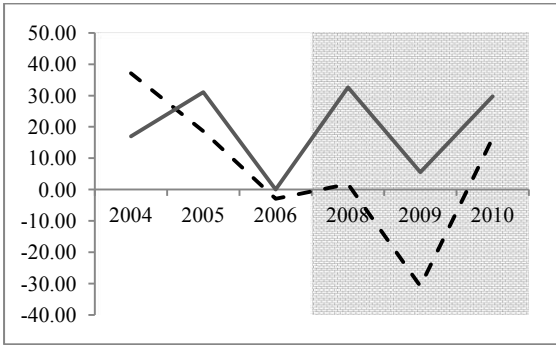
**Fig. 1.13 South-East Asia**



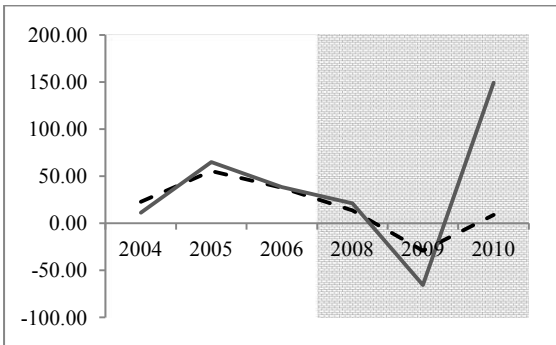
**Fig. 1.10 West Asia**



**Fig. 1.14 SEE & CIS**

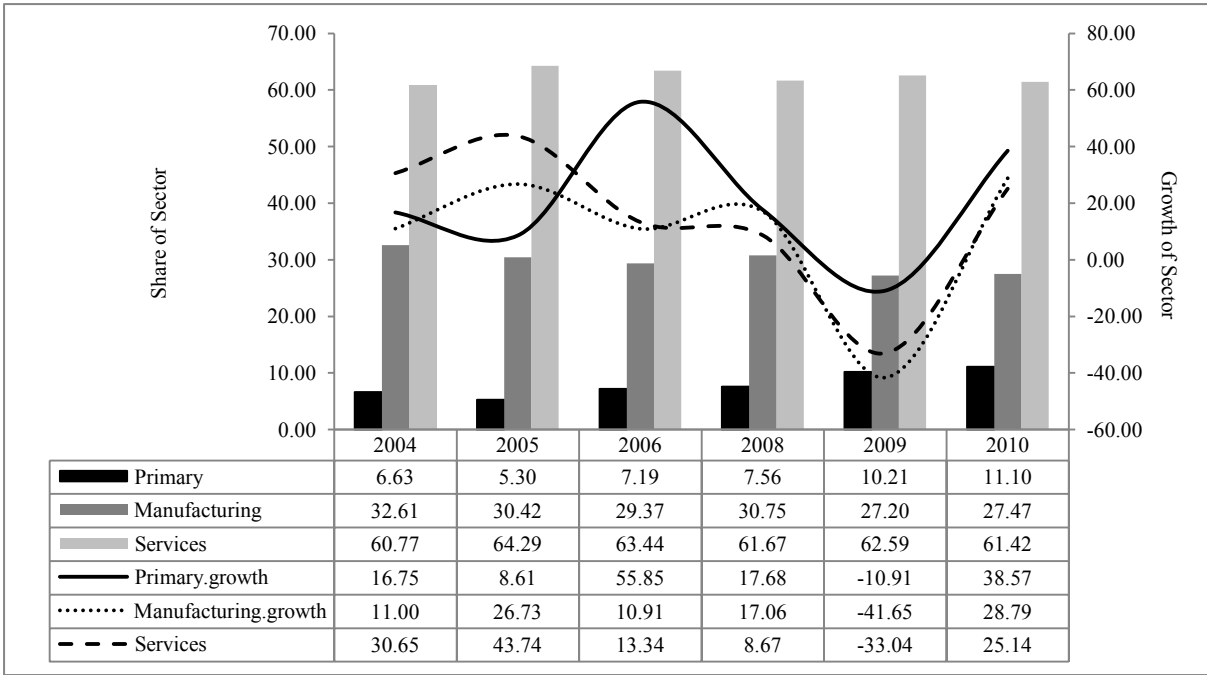


**Fig. 1.11 East Asia**

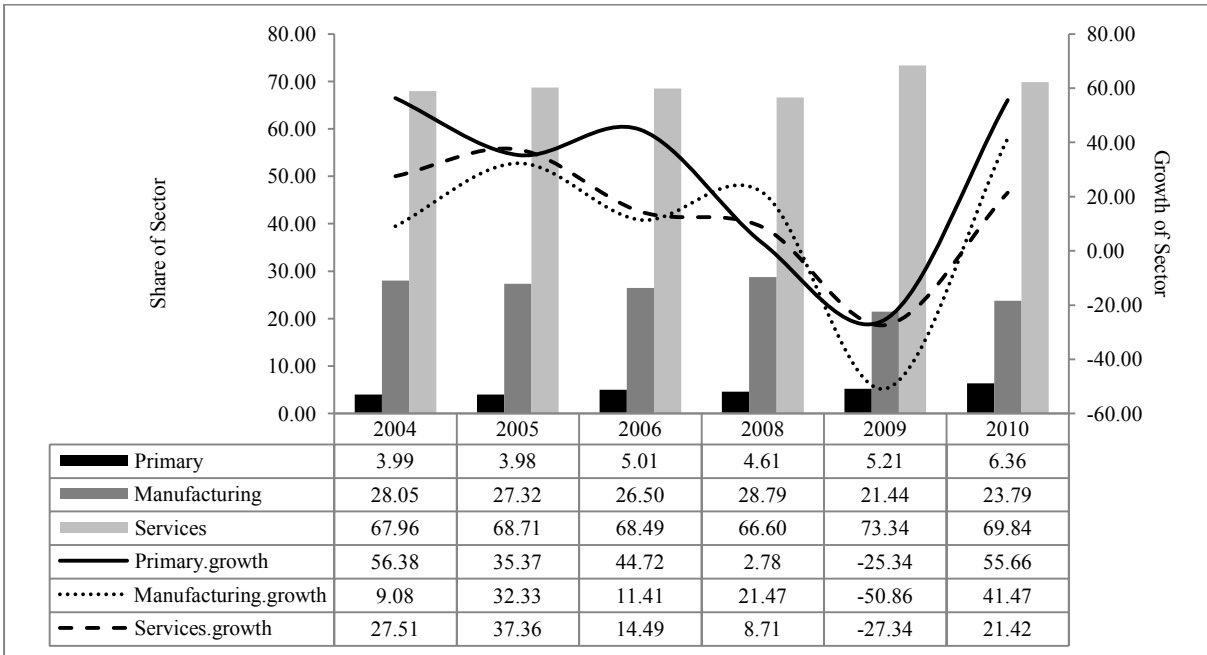


**Fig. 1.12 South Asia**

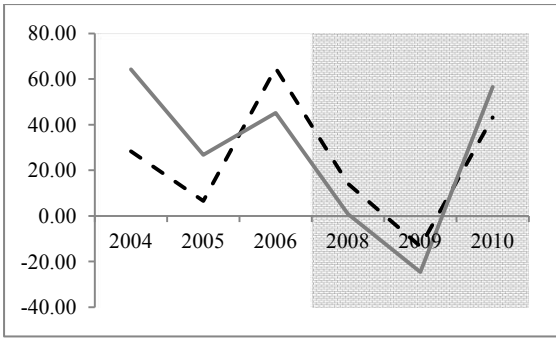




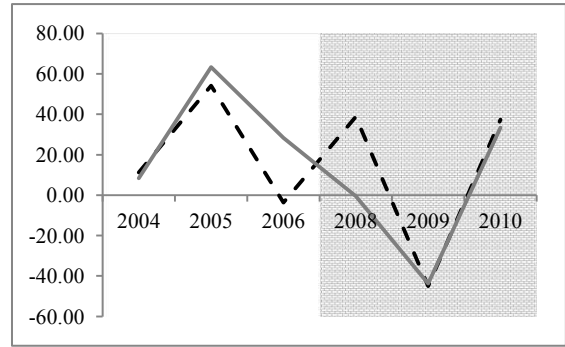
**Fig. 2.1 Sector-wise cross-border M&A sales: Number of deals**



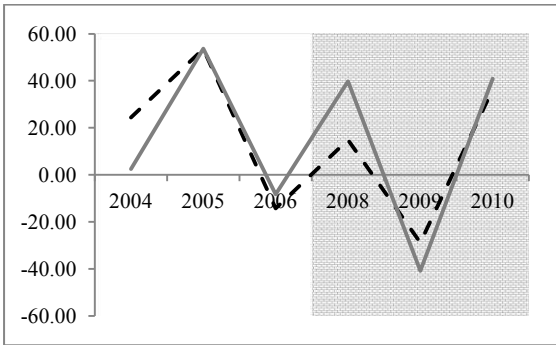
**Fig. 2.2 Sector-wise cross-border M&A purchases: Number of deals**



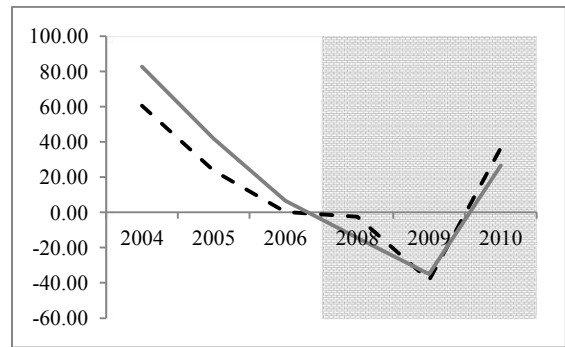
**Fig. 3.1 Mining**



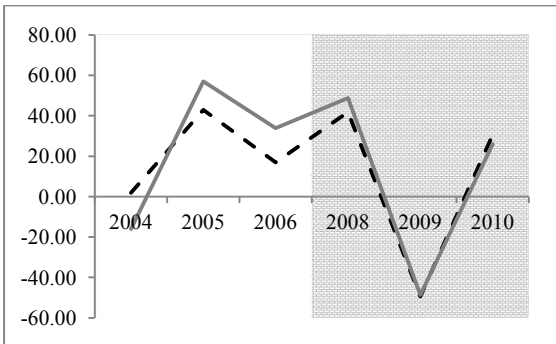
**Fig. 3.5 Trade**



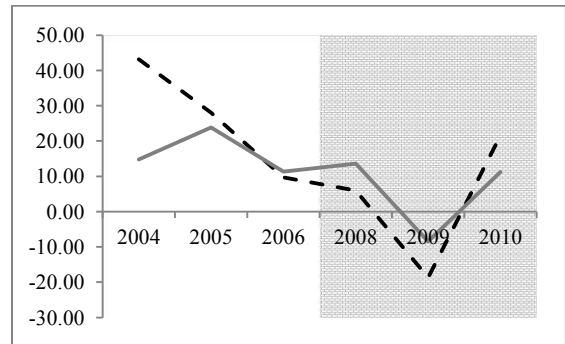
**Fig. 3.2 Chemicals**



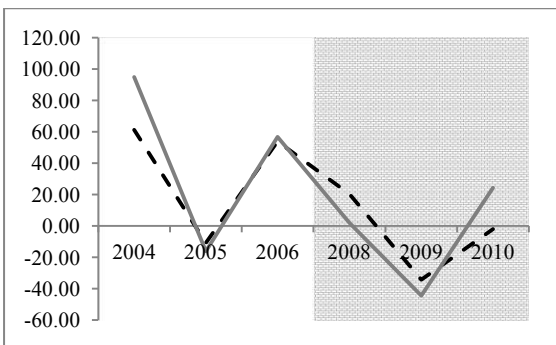
**Fig. 3.6 Transport, Storage**



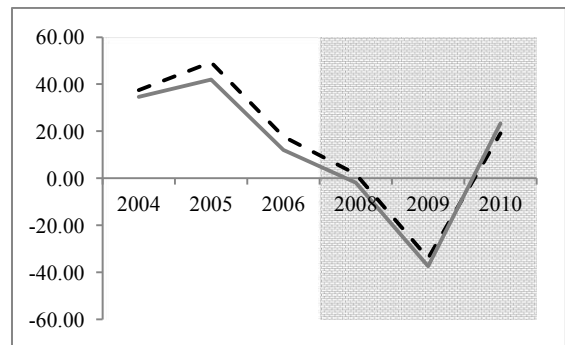
**Fig. 3.3 Machinery equipment**



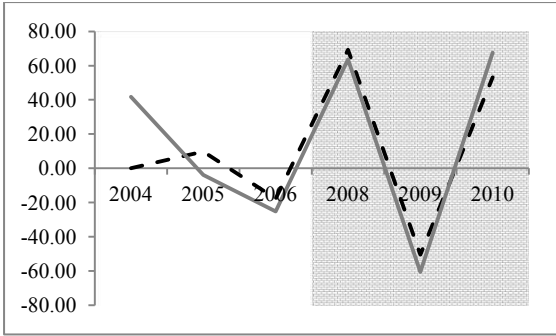
**Fig. 3.7 Finance**



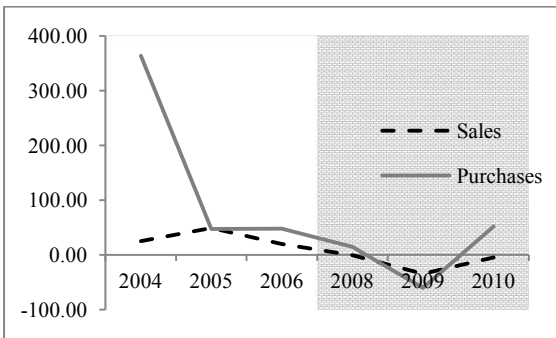
**Fig. 3.4 Electrical & Electronic Equipment**



**Fig. 3.8 Business services**



**Fig. 3.9 Food-FBT**



**Fig. 3.10 Community-CSPA**