Theoretical Foundations of Mergers and Acquisitions: Mapping Strategic Rationales

Pooja Malik[1], Prof. Sunil Kumar[2]

[1]Research Scholar, School of Management Studies, Indira Gandhi National Open University
[2]Professor, School of Management Studies, Indira Gandhi National Open University

Abstract
The aim of this study is to present the pertinent theories underlying the mergers and acquisitions (M&A) deals. M&As are an important business strategy and a vehicle for firm's growth. Each M&A deal differs in the strategic intent for which it is undertaken. Researchers have explained these different motives behind the M&A deals by theories which are developed based on the repeated examination of the empirical evidence. This study makes an attempt to present a detailed view of such different set of principles explained by theories of M&A. It was found that the major theoretical foundation in the domain is built on the market power theory, efficiency theory, resource-based theory, agency theory, hubris hypothesis, free cash flow theory, synergy theory and diversification theory. Each theoretical framework offers a different perspective on the strategic, financial, and behavioural motivations behind the M&A deals. It was observed that the primary strategic intent behind M&A deals is synergy realisation whereas, other leading objectives are market power, resources and diversification. Further, this study presents the relevant industry cases where corporates either undergo merger or acquisition with respect to their theoretical motives. The practical implication of the study is that managers must understand the key causes of the M&A deals which will help them in better strategic actions after the deal according to its core motivation. This will help the managers in efficient use of resources, effective integration and higher likelihood of synergy gains.

Keywords: Mergers, Acquisitions, Market Power, Efficiency, Resource-Based, Agency, Hubris, Free cash flow, Synergy, Diversification

Introduction

Mergers are a legal agreement that unites two existing companies into one new company (Piesse et al.,2022). On the other hand, acquisitions involves purchase of one company by another often for restructuring the operations of the acquired entity (Leepsa & Mishra, 2016). These activities are driven by the pursuit of synergies, market presence, new technologies or markets, and the generation of long-term value for stakeholders. Each M&A deal is unique in characteristics and is impacted by different strategic intent. Previous studies indicate that companies pursue diverse objectives when engaging in M&As, particularly in the context of domestic and inbound M&As (Dogan & Ugurlu, 2024). The objectives of one company engaging in M&A may differ from those of another company.

Over the years, various theoretical frameworks have emerged which tried to explain the reason for the firms using external restructuring strategy for growth. These theories suggest the underlying reasons behind M&A. According to the efficiency theory, mergers are done to achieve operational synergies and cost savings, which will ultimately enhance the overall performance of the combined entity (Leepsa & Mishra, 2016). On the other hand, mergers are seen by the market power theory as a deliberate strategy meant to reduce competition and improve industry pricing control, thereby, improving its market share (Bain, 1951). The role of managerial self-interest is highlighted by the agency theory, which suggests that individual incentives may have a greater influence on some merger decisions than shareholder value (Eisenhardt, 1989). The hubris theory attributes merger activity to managers' overconfidence, which frequently leads to the target companies being overvalued (Weston et al., 2014). Diversification theory, behavioural theory, and the resource-based view offer insights based on cognitive biases, distinct organisational capabilities, and the strategic goal of risk mitigation. Together, these theories provide a comprehensive understanding of the behavioural, economic, and strategic elements that affect M&A choices.

Understanding the theoretical foundations of M&A is crucial for researchers, industry professionals and decision makers. The theories offer a structured framework as to the reasons attributed for why firms choose to merge with other entity. The efficiency theory focusses on cost savings and synergies, whereas the market power theory underscores the strategic aim of gaining competitive advantage. In a similar way, agency theory and managerial hubris theory investigate the internal motivations of management, such as self-interest or overconfidence, which may not necessarily align with the interests of shareholders.

This study reviews the literature and discusses the different M&A theories that explain why businesses engage in M&A. Using pertinent M&A theories, this study investigates the impact of M&A on performance in more detail. This conceptual paper is based on earlier research that were carried out in both Indian and foreign settings. Market power theory, efficiency theory, resource-based/growth theory, agency theory, hubris hypothesis, free cash flow theory, synergy theory and diversification theory are among the theories about M&A that are covered in the paper. The study also provides real-world examples of various theories in the context of M&A. The following section of this study presents the literature review which focuses on the theories of M&A, which is then followed by a concluding section.

Literature Review

Market Power Theory

According to the theory of market power in mergers, the consolidation of firms through M&A can improve a company's capacity to control the market dynamics such as control of market power. This allows the firms to control the prices prevailing in the market by setting the prices above the competitive levels. Other advantages as described by the theory are that firms can reduce the output and influence the conditions of the market to their favour. It is important to note that this theory is based upon the antitrust analysis because it helps in determining whether a consolidation should be allowed or prohibited based on how it might affect the competition and the consumers. A number of factors support this theory, including the concentration of the market, elasticity of demand in the market and the presence of the entry barriers. One important indicator of market power is market concentration, which is frequently measured using the Hirschmann-Herfindahl Index (HHI). More market power is usually indicated by higher concentration (McAfee & Hendricks, 2000).

It is important to recognise the efficiencies that can arise from mergers, even though their effect on market power emphasises the potential for increased market dominance and the negative effects on competition. Consumers may ultimately benefit from lower prices or better products as a result of mergers` ability to reduce costs and increase efficiencies. Additionally, the possibility of increased market power can be

reduced by the presence of strong rivals or low entry barriers, preserving competitive dynamics in markets even when consolidation occurs. As a result, a careful analysis of mergers must balance the potential for increased market power against the market's efficiencies and competitive dynamics.
The goals of mergers are to gain pricing power, increase market share, and reduce competition. Companies in the same industry band together in horizontal mergers in an attempt to increase their market share, which frequently results in antitrust issues.

Efficiency Theory

According to the efficiency theory of mergers, the chance to increase efficiency through cost savings, economies of scale, and synergies is the primary driver of M&A. Mergers can help businesses perform better operationally and have a stronger competitive position. This theory emphasises on the potential for synergies, which might emerge as reduced expenses and better opportunities for revenue. The theory of efficiency emphasises the need to make the best use of resources, while the theory of agency adds depth by looking at the behavioural inefficiencies that make this optimisation more challenging. Efficiency is a key criterion in agency because it tries to lower the costs of the principal-agent relationship, like the costs of monitoring that the principal has to pay and the costs of bonding that the agent has to pay (Dhir & Mital, 2012). In the context of M&A, the idea of agency theory appears at potential conflicts of interest that could arise between a company's managers (agents) and shareholders (principals). According to this theory, decision-makers may put their own interests such as increasing their wealth or power above maximising shareholder value (Leepsa & Mishra, 2016). The idea of empire-building, which is linked to entrenchment, means that managers want to grow the company's assets or revenues in order to get more power and money.

Resource Based Theory

The resource-based of M&A says that businesses are made up of different types of resources and skills, both tangible and intangible. The main goal of a business owner or manager is to get, put together, and improve these resources so that they can give their company a competitive edge, which will help it do better and stay in business. This theory says that M&A are ways to close "resource gaps" by getting new resources and skills. The resources of the acquiring and target firms should work together to create synergies that neither firm could achieve on its own for a merger to be beneficial. The best mergers for business are when both the acquiring and target companies have unique, strategically valuable, and "cospecialized" resources. This means that they are dependent on each other and that their combined value is greater than the sum of their individual values. The resource-based view posits that organisations consist of diverse combinations of both tangible and intangible assets. This indicates that companies begin with varying types of resources, and certain entrepreneurs possess a greater ability to obtain supplementary resources as the company evolves (Coleman et al., 2013). The primary responsibility of the entrepreneur, as outlined by the resource-based view, is to strategically cultivate, obtain, and integrate these resources and capabilities to create a competitive edge. This benefit is anticipated to result in enhanced performance and improve the organization's likelihood of enduring success.

Agency Theory

In context of M&A, agency theory looks at the issues that can come up when a company's managers (the agents) and its stockholders (the principals) have different interests. According to this theory, managers may put their own goals ahead of those of shareholders, like getting more power, money, and status (Dhir & Mital, 2012). This can lead to strategic decisions, such as M&A, that might not put the interests of shareholders first in some cases. The idea behind the agency theory is that the objectives pursued by the agents and the principals do not always align. This can cause the agent to act in a way that is "opportunistic", which is seen as rational for the individual manager but not for the company as a whole. To reduce these conflicting interests, principals can set up the rewards and approaches to monitor the systems. The costs involved in these incentive and monitoring measures are the agency costs. Agency costs are the costs of these actions, like monitoring and bonding costs, as well as any losses that happen because of the agent's decisions (Dhir & Mital, 2012). The theory deals with two main challenges: (1) goal conflict, which happens when the principal and agent have different goals, and (2) information asymmetry, this occurs when the principal encounters difficulties or must incur costs to monitor the agent's behaviour (Eisenhardt, 1989). This could lead to problems like moral hazard, which means not putting in enough effort, or adverse selection.

Hubris Theory

The hubris theory, often referred to as the managerial overconfidence hypothesis, provides a behavioural perspective on M&A. Initially suggested by Roll in 1986, this theory asserts that the managers of acquiring companies tend to overrate their own skills in assessing and overseeing potential acquisition targets (Ikponmwosa & Erimife, 2018). This type of managerial overconfidence can result in suboptimal decision-making, such as excessive payments for target companies, ultimately eroding value for the shareholders of the acquiring firm (Dhir & Mital, 2012). Weston et al. (2014) emphasises that executives may possess an excessive level of confidence regarding their capacity to oversee a target company, which could result in them overpaying for an acquisition. This phenomenon is frequently associated with the 'winner's curse' in auctions, wherein the successful bidder misjudges the asset's value and ends up paying more than its true worth. According to the hubris hypothesis, the acquiring firm's shareholders are expected to lose wealth in a merger because the premium paid reflects the acquirer's overestimation of the target's value, rather than true synergistic gains (Weston et al., 2014). This contrasts with other theories that suggest M&A creates value for the acquiring firm.

Free Cash Flow Theory

Michael C. Jensen came up with the idea of free cash flow in mergers, which is often called the free cash flow hypothesis. This means that there is disparity between the goals of managers shareholders especially in companies with large free cash flow, which is cash flow that is more than what is needed to pay for all projects with positive net present values (Jensen, 1996). The theory is based on the costs of agency. Managers, who work for shareholders, may put their own interests ahead of maximising shareholder value and they might want to make more profits, which is often linked to the size of the company, or they might want to build corporate empires (Khan & Bin Tariq, 2023). Due to this reason they might invest the excess cash in the low return projects or wasteful organisational efficiencies (Jensen, 1996). One way to lessen the agency costs related to free cash flow is to create debt. Debt restricts managers' access to discretionary cash flow by requiring the company to regularly pay interest and principal, which helps to prevent potentially unnecessary spending (Chandera & Atmaja, 2014). This duty, which goes beyond a simple promise to pay dividends, forces managers to improve operational effectiveness to meet debt service obligations, thereby reaffirming their commitment to paying out future cash flows. Although Jensen's theory suggests a negative correlation between a bidder's free cash flow and shareholder returns, certain studies have observed a contrary outcome. Analysis of Chinese, SAARC and ASEAN acquirers indicates that companies with higher levels of free cash flow generally achieve better performance compared to those with lower levels. This implies that, in certain situations, free cash flow can serve as a valuable financial resource rather than contributing to agency issues (Chandera & Atmaja, 2014). The theory posits that agency issues may be alleviated through the enhancement of leverage, compelling managers to release cash and function with greater efficiency. Nonetheless, the empirical evidence for the theory presents a different picture, with certain studies suggesting that free cash flow may prove advantageous for acquiring firms under specific market conditions (Jensen, 1996; Chandera & Atmaja, 2014; Khan & Bin Tariq, 2023). The theory is based on the premise of market efficiency and posits that even when a merger generates value, an overly confident acquirer may relinquish a significant portion of the synergy gains to the target by overbidding (Ikponmwosa & Erimife, 2018). A complete list of theories of M&A is provided in Table 1. Table 2 provides the list of M&A cases with their underlying motives.

Diversification Theory

Diversification through mergers is a business strategy in which a company buys other companies to grow its business, usually to enter new markets or product lines. This strategy is often used instead of internal growth because it allows a company to get new resources, technology, and market positions faster. The main idea is that the whole will be worth more than the sum of its parts, which is called synergy (Janiuk, 2017). Mergers that are more diverse are a way for companies to look for new investment opportunities. Companies, especially those that expect their profits to go down or that aren't growing much in their current activities, may buy other companies to get better projects. This is especially true when companies that aren't making as much profit buy the companies that are (Cable, 1977; Janiuk, 2017). The motivation for diversifying mergers could be product related or industry related. Product diversification is the process of increasing the variety of goods that a business offers within its present industry. Dairy companies might, for example, buy out smaller rivals to expand their line of dairy products, including various cheeses, yoghurts, and milk (Pekar, 1985). And, industry related diversification occurs when a firm tries to enter other sectors of the economy that are organisationally or technologically related to its core activities.

Synergy Gain Theory

The synergy theory in the context of M&A says that the combined value of the firms is greater than the individual values of the firm's involved pre-merger. This concept is often captured by the simple equation "2 + 2 = 5" (Bauer & Friesl, 2024). The idea behind this synergy realisation is the combination of the firms with respect to their assets, which reduces the costs and increases the revenue (Feldman & Hernandez, 2021). Feldman & Hernandez (2021) has proposed a list of five different sources of synergy based on the two dimensions which are governance orientation and the level of analysis. Traditionally, the M&A literature focused on the operational and the market power synergies which emphasised on the assets that the merging companies own and control. Now, the concept of synergy has evolved from the market and internal synergy to three new sources which are relational, network and non-market. This can be attributed to the changes in the structure of the network and working with the stakeholders outside of the market. Later, the idea of the synergy lifecycle builds the theory by suggesting that the timing of the realisation and the length of gains which vary across the five types of synergy. This may be explained by how the merging companies need to work together after the merger and how much control the acquirer has over the assets of the combined entity. Finally, the theory examines how different types of synergy can operate jointly to create "co-synergies" or "dis-synergies" when they replace each other. This offers deeper insight into how total value is created in M&A.

The main objective for the M&A is synergy realisation which is based on the idea that the two separate entities can create value by combining. This signifies that the combined firm's performance will be better than what the two firms are already expected or required to do as separate companies and to make a M&A deal successful, the synergies that come from it must be more than the price of the target which includes the premium, financing costs and other expenses (Bauer & Friesl, 2024).

The merger of HDFC Bank and HDFC Ltd. has led to synergy through a number of important means, making the combined entity robust and more competitive. One of the main benefits of the merger is that it has created extensive opportunities for cross-promotion. Since 70% of HDFC Ltd.'s customers are not customers of HDFC Bank, the new combined entity can now offer banking products to this large, previously untapped customer base (Saha, 2024). After the HDFC bank and HDFC Ltd. merger, the combined entity has become the seventh most valuable company in the world with a market value of $154 billion. Also the combined entity became the number one bank in India in terms of market capitalisation (Saha, 2024). Also, Saha (2024) report that the merger brought together HDFC bank and HDFC Ltd. with a combined balance sheet of about Rs. 17.87 lakh crores and a net worth of about Rs. 3.3 lakh crores which made the merged company almost twice in size as its closest competitor, ICICI Bank. Further, it was expected that the merger would "earnings-accrete from year one". A linear multivariate regression analysis showed that the merger raised both the market capitalisation of the combined entity and the market price per share suggesting that the merger created synergy and was beneficial for the shareholders. Deshmukh (2023) report that the HDFC bank has a strong presence in the urban cities and the semi urban cities whereas, the HDFC ltd. has a broader presence in both the cities and the rural areas. This growth in terms of access to the market in geographical terms has allowed the merged entity to reach areas which it could not before and now, serve a wider base of the customers.

Table 1. Theories of Mergers and Acquisitions

Theory	Source	Core Idea
Market Power Theory	Bain (1951)	Mergers increase market share and reduce competition.
Efficiency Theory	Williamson (1972)	Mergers achieve cost savings, synergies, and economies of scale/scope.
Resource-Based/Growth Theory	Penrose, (1959); Pfeffer & Salancik (1978)	M&A is a strategic move to acquire resources for growth.
Agency Theory	Jensen & Meckling (1976)	Managers pursue M&A to maximize their own utility, not shareholder wealth.
Hubris Hypothesis	Roll (1986)	Overconfident managers overpay in acquisitions, reducing firm value.
Free Cash Flow Theory	Jensen (1986)	Firms with surplus cash may invest in poor acquisitions rather than return funds to shareholders.
Diversification Theory	Montgomery & Wernerfelt (1988)	Firms merge to diversify risk across industries or geographies.
Synergy Theory	Sirower (1997)	M&A creates greater combined value through operational and financial synergies.

Source: Authors' own

Table 2. Cases of M&A mapped to Theoretical Motives

M&A Deal	M&A Motive	Theory
Adani Group and NDTV (2022)	Adani Group acquired a controlling stake of over 60% in the media company. Adani Group, a large industrial conglomerate with interests in energy, infrastructure, and logistics, had no prior direct media presence.	Market power theory and diversification theory
Zomato and Blinkit (2022)	Primarily to diversify product offerings into grocery delivery, realize operational synergies, enhance competitive advantage, and quickly scale in the fast commerce sector by leveraging complementary resources.	Synergy theory and efficiency theory
IDFC FIRST Bank and IDFC Limited (2024)	The Bank is likely to benefit from the merger through a simplified corporate and shareholding structure, streamlined regulatory compliances, and stronger capabilities to grow with the vast opportunities India offers. The merger aimed to consolidate financial services by combining IDFC Limited's infrastructure finance expertise with IDFC FIRST Bank's retail banking operations.	Synergy theory and resource-based theory
HDFC Bank and HDFC Limited (2023)	The motivation was to enhance customer reach, cross-sell products, and improve capital allocation efficiency.	Synergy theory and resource-based theory
Tata Steel and Corus Group (2007)	Tata Steel wanted to grow its business around the world and improve its production capabilities by buying a company that already had a strong business in Europe.	Resource-based theory and market power theory
Vodafone–Idea Merger (2018)	To establish a more robust and competitive presence in the Indian telecom sector to deal with the challenges posed by fierce competition.	Synergy theory and market power theory
Reliance Retail Ventures and Ed-a-Mamma (2023)	Reliance Retail Ventures Ltd finalised a joint venture agreement to acquire a 51 per cent stake in Ed-a-Mamma. To grow the brand into new areas, like personal care, baby furniture, children's storybooks, and animated show.	Diversification theory
Adani Group acquired Ambuja Cements and ACC (2022)	Adani Group acquired controlling stakes in both Ambuja Cements and ACC from Holcim for a combined value of \$10.5 billion. This single	Market power theory

	transaction catapulted them to become the second-largest cement producer in India.	

Source: Authors' own compilation from various online sources

Conclusion

The study presents a comprehensive review of the fundamental theories which elucidates the motivations and strategic foundation of M&A. This paper shows the development of various theories from market power theory, efficiency theory, resource-based theory, agency theory, hubris hypothesis, free cash flow theory, synergy theory to diversification theory. The theoretical framework of each theory offers different perspectives into the various objectives pertaining to M&A deals. The goals involve strengthening market power, attaining operational efficiencies, acquiring strategic resources, addressing the agency issues and achieving diversification advantages. This paper attempts to show the pertinent industry cases to understand the different motivations that drive companies to pursue M&A strategies. Examining the evolution of these theories over time reveals that no singular framework comprehensively accounts for all merger activity. M&A decisions are frequently shaped by a blend of various factors strategic, financial, managerial, and contextual. The evolution of economic justifications, beginning with Market Power and Efficiency Theories and progressing to behavioural frameworks like the Hubris Hypothesis and Agency Theory, highlights the increasing complexity of corporate strategies and market interactions in the realm of M&A. The objectives outlined here establish benchmarks for evaluating performance after a merger or acquisition, focussing on the motives that drive these at initial stages.

The present study has explored market power theory, efficiency theory, synergy theory, resource-based view, diversification theory, agency theory, free cash flow hypothesis, and hubris hypothesis to explain the strategic intent behind the M&A deals. It is observed that each theory is different with respect to the rationale and drive to purse M&A. These theories which are based upon repeated empirical evidence offer economic, managerial and corporate governance explanations to the deals. The M&A deals are also led by multi theoretical motives. To enhance the practical relevance, this study offers insights of the practical industry cases with respect to their theoretical foundation. The HDFC Ltd. and HDFC Bank merger indicated the efficiency and synergy motives whereas the Adani Group acquiring Ambuja Cements and ACC in 2022 highlights the deal driven by market power. The findings of the study reveals that synergy is the dominant theoretical motive for which M&As are undertaken. On the other hand, market power, resource based and efficiency driven motives lead the deals after synergy goal. The hubris hypothesis is often cited in the deals and requires future attention by researchers in order to understand how executive bias and overvaluation of the deals influence the deal outcomes.

The motive behind M&A will guide companies in executing the deals, ultimately enhancing their performance post-M&A. The examination of multiple studies has provided guidance to investigate empirical evidence regarding pre and post M&A performance in the cases, aiming to determine whether managers are pursuing value-enhancing M&A. These frameworks facilitate the evaluation of the reasoning underlying transactions, the assessment of potential risks, and the prediction of performance following M&A. With a continued rise in M&A activity, it is essential to apply these theories with an integrated strategy for effective policy formulation, investment analysis, and integration planning.

References

1. Agency costs of free cash flow, corporate finance, and takeovers. (1996). In M. C. Jensen, *Corporate*

Bankruptcy (1st ed., pp. 11–16). Cambridge University Press. https://doi.org/10.1017/cbo9780511609435.005
2. Bain, J. S. (1951). Relation of Profit Rate to Industry Concentration: American Manufacturing, 1936–1940. *The Quarterly Journal of Economics*, *65*(3), 293–324. https://doi.org/10.2307/1882217
3. Bauer, F., & Friesl, M. (2024). Synergy Evaluation in Mergers and Acquisitions: An Attention-Based View. *Journal of Management Studies*, *61*(1), 37–68. https://doi.org/10.1111/joms.12804
4. Cable, J. (1977). A Search Theory of Diversifying Merger. *Recherches Économiques de Louvain / Louvain Economic Review*, *43*(3), 225–243.
5. Chandera, Y., & Atmaja, L. S. (2014). Cross-Border Mergers and Acquisitions in China: A Test of the Free Cash Flow Hypothesis. *Indonesian Capital Market Review*, *6*(2). https://doi.org/10.21002/icmr.v6i2.3591
6. Coleman, S., Cotei, C., & Farhat, J. (2013). A RESOURCE-BASED VIEW OF NEW FIRM SURVIVAL: NEW PERSPECTIVES ON THE ROLE OF INDUSTRY AND EXIT ROUTE. *Journal of Developmental Entrepreneurship*, *18*(01), 1350002. https://doi.org/10.1142/s1084946713500027
7. Deshmukh, Shivali Satishrao Mane. (2023). *A study of Merger of HDFC and HDFC bank with reference to Market Capitalization and MPS*. https://doi.org/10.69968/ijisem
8. Dhir, S., & Mital, A. (2012). Decision-making for mergers and acquisitions: The role of agency issues and behavioral biases. *Strategic Change*, *21*(1–2), 59–69. https://doi.org/10.1002/jsc.1895
9. Dogan, B., & Ugurlu, U. (2024). Financial Performance of the Target Companies: Before and After Acquisitions. *Journal of Risk and Financial Management*, *17*(12), 581. https://doi.org/10.3390/jrfm17120581
10. Economies as an Anti-Trust Defense: The Welfare Tradeoffs. (1972). In O. E. Williamson, *Readings in Industrial Economics* (pp. 111–135). Macmillan Education UK. https://doi.org/10.1007/978-1-349-15486-9_7
11. Eisenhardt, K. M. (1989). Agency Theory: An Assessment and Review. *The Academy of Management Review*, *14*(1), 57. https://doi.org/10.2307/258191
12. Feldman, E. R., & Hernandez, E. (2021). *Synergy in Mergers and Acquisitions: Typology, Lifecycles, and Value* □.
13. Ikponmwosa, N., & Erimife, J. (2018). *Management Science Review Volume 9 Issue 2 2018*. *9*(2).
14. Janiuk, I. (2017). Mergers and Acquisitions: Their Role in the Process of Diversification of an Enterprise. *Theory, Methodology, Practice*, *13*(1), 37–52. https://doi.org/10.18096/tmp.2017.01.04
15. Jensen, M. C. (1986). Agency Costs of Free Cash Flow, Corporate Finance, and Takeovers. *The American Economic Review*, *76*(2), 323–329.
16. Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, *3*(4), 305–360. https://doi.org/10.1016/0304-405X(76)90026-X
17. Khan, M. U., & Bin Tariq, Y. (2023). Synergy or too big to fail: Empirical analysis of mergers and acquisitions in SAARC and ASEAN regions. *Cogent Business & Management*, *10*(1), 2172023. https://doi.org/10.1080/23311975.2023.2172023
18. Leepsa, N. M., & Mishra, C. S. (2016). Theory and Practice of Mergers and Acquisitions: Empirical Evidence from Indian Cases. *IIMS Journal of Management Science*, *7*(2), 179. https://doi.org/10.5958/0976-173X.2016.00016.6

19. McAfee, R. P., & Hendricks, K. (2000). *A Theory of Bilateral Oligopoly*. https://doi.org/10.2139/ssrn.594605
20. Montgomery, C. A., & Wernerfelt, B. (1988). Diversification, Ricardian Rents, and Tobin's q. *The RAND Journal of Economics*, *19*(4), 623–632. https://doi.org/10.2307/2555461
21. Pekar, P. (1985). A Strategic Approach to Diversification. *THE JOURNAL OF BUSINESS STRATEGY*.
22. Penrose, E. (1959). *(PDF) Penrose's The Theory of the Growth of the Firm: An Exemplar of Engaged Scholarship*. https://www.researchgate.net/publication/301774842_Penrose's_The_Theory_of_the_Growth_of_the_Firm_An_Exemplar_of_Engaged_Scholarship
23. Pfeffer, J., & Salancik, G. R. (1978). *The External Control of Organizations: A Resource Dependence Perspective by Jeffrey Pfeffer, Gerald R. Salancik: SSRN*. https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1496213
24. Piesse, J., Lee, C.-F., Lin, L., & Kuo, H.-C. (n.d.). MERGER AND ACUQISITION: DEFINITIONS, MOTIEVS, AND MARKET RESPONSES. *ENCYCLOPEDIA OF FINANCE*.
25. Roll, R. (1986). The Hubris Hypothesis of Corporate Takeovers. *The Journal of Business*, *59*(2), 197–216.
26. Saha, D. S. (2024). *MERGER OF HDFC BANK & HDFC LTD.: 1*(2).
27. Sirower, M. L. (1997). *The Synergy Trap: How Companies Lose the Acquisition Game*. Simon and Schuster.
28. Weston, J. F., Mitchell, M., & Mulherin, J. H. (2014). *Takeovers, restructuring, and corporate governance* (4. ed., Pearson new internat. ed). Pearson.