



East-Meets-West: Mergers and Acquisitions challenges and opportunities in and out of Asia

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Abstract

Mergers and Acquisitions (M&As) have long been a strategically important corporate strategy for growth and global expansion. Research on M&As in Asian contexts is linked to the relevant countries' phenomenal business growth, economic transformation, and institutional development. To consolidate and synthesise the existing body of knowledge related to the 'East-Meets-West' notion, this paper will present an examination of the characteristics of M&As both in and out of Asia from an international perspective, with a geographical focus on China, Japan, and South Korea. We investigated the influencing factors related to the distinctiveness and commonalities of M&As in and out of Asia. Our findings suggest that the divergence in Asian M&As may be driven by industrial characteristics and national environments, while their convergence may be due to human aspects. Our study contributes to the divergence and convergence debate in the context of in and out of Asia M&As in relation to the East-Meets-West concept.

Keywords Mergers and Acquisitions · China · Japan · South Korea · Inbound · Outbound · Human side

Introduction

As an important and commonly pursued corporate strategy for non-organic growth and international expansion, Mergers and Acquisitions (M&As) enacted in Asian contexts have been the object of the continuous attention of scholars (Bebenroth & Hemmert, 2015; Froese et al., 2008; Zhang et al., 2020), practitioners policymakers

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(Meyer, 2016). The growing interest in Asian M&As echoes the rapid economic growth, business development, and institutional transformation occurring in Asian countries. Contrary to the trend that envisages the de-globalization and decoupling of the global business landscape (Witt et al., 2021) in the post COVID-19 pandemic recovery phase (Liu et al., 2020), we suggest that Asian countries will continue to play an important role in shaping international business communities (Froese et al., 2019; Redding & Witt, 2006). We argue that a nuanced and contextualized understanding of the characteristics and trends of Asian M&As may provide some revealing insights suited to comprehend and predict the new global business reality. Our study was thus aimed at consolidating and synthesizing our extant understanding of Asian M&As by focussing on three Asian countries—namely, China, Japan, and South Korea (hereafter Korea).

The pressure to internationalize is a substantial factor for Asian firms in the race towards globalization. On one hand, Asian firms tend to adapt to internationally accepted (Western) norms (Froese et al., 2020), with the evidence showing, for instance, that the Japanese government encourages the country's publicly listed firms to enact Western-style corporate governance reforms (Kato et al., 2017). This observation is aligned with the convergence argument found in international business and management research. On the other hand and as postulated by the divergence argument, global management practices need to be considered in local contexts. Specifically, it could be argued that the acquisition behaviours of Asian firms differ from those of their Western counterparts. Therefore, our study was aimed at answering the following question: 'What influencing factors underpin the characteristics of M&As both in and out of Asia?'

In the literature, there is a consensus that any reforms need to be viewed as reflecting each Asian country's uniqueness and that their adoption may occur at a rate slower than that observed in their Western counterparts (Clarke et al., 2019). Also, M&As—as a research topic traditionally examined in Western contexts, with the main scholarly contributions coming from the US and Europe (Bruner, 2002; Weber et al., 2014)—are increasingly picking up speed in Asia. Instances of M&As increase as Asian firms align their strategies to those found in the West. Broadly speaking, we may characterize Asian M&As as belonging to one of three categories, depending on their direction. First, domestic M&As, which occur within geographical boundaries and have emerged as a common business practice in Asia over time (Peng, 2012). Second, inbound M&As, which are largely driven by multinational enterprises entering the booming Asian markets (Meyer et al., 2009)—e.g. the still infrequent but increasing instances of inbound M&As observed in Japan and Korea (Bebenroth & Hemmert, 2015). Third, outbound M&As, which are initiated as a globalizing strategy by Asian companies, especially Chinese firms and rising emerging market multinationals (Grosse & Meyer, 2019). These Asian 'latecomers' are swiftly learning to improve their performance by studying and adopting Western management practices in relation to M&As. A visible example of this phenomenon is the Chinese takeover of Volvo (Yakob et al., 2018), wherein each Swedish manager was paired with a Chinese counterpart for learning purposes. This arrangement, coupled with a strong motivation to learn, may facilitate the reverse transfer of knowledge from the target to the acquirer (Liu & Meyer, 2020).



Industry characteristics, which reflect both the economic structure and business landscape, influence the frequency and volume of domestic and international M&As. Furthermore, national environments can have a strong bearing on the characteristics of the M&As taking place in Asia, especially in relation to dynamic institutional development and enduring business systems. Therefore, the business characteristics of firms, industries, and national environments can affect M&A activities. Based on a discussion of the unique characteristics and development of domestic, inbound, and outbound M&A transactions, our aim was thus to provide a contextualized and nuanced understanding of Asian M&As.

Based on a review of the existing research and on an analysis of M&A data sourced both in and out of Asia, we attempted to identify some general commonalities and distinctive characteristics of Asian M&As at the domestic, inbound, and outbound levels. Our findings suggest that industrial characteristics and national environments may shape the divergence of Asian M&As, while human aspects (Sarala et al., 2019) may influence their convergence. Below, we discuss the M&As taking place in China, Japan, and Korea. We conclude this paper by discussing the factors that may contribute to the convergence and divergence debate and outlining the challenges and opportunities pertaining to Asian-centred M&A research.

Industry characteristics and national environments and their impact on Asian M&As

Industry characteristics, which reflect the economic structure and business landscape, influence the frequency and volume of domestic and international M&As. Furthermore, national environments can have a strong bearing on the characteristics of the M&As taking place in Asia, especially in relation to dynamic institutional development and enduring business systems. This section describes the business characteristics of firms, industry characteristics, and national environments and their impact on M&As initiated in China, Korea, and Japan. Based on the discussion of their unique patterns and on recent developments in domestic, inbound, and outbound M&A transactions, we provide some illustrative comparisons highlighting the divergence found in Asian M&As.

The case of China

Since the launch of the ‘Reform and Opening’ policy, in 1979, the Chinese economy has undergone significant and rapid development. During this period, business activities and management practices have been significantly shaped by the modernization of state-owned enterprises (SOEs) (Redding & Witt, 2006) and by the rise of private entrepreneurship amid the endorsement of a market economy with Chinese characteristics (Huang, 2008; Nee, 1992). The economic landscape and industry characteristics directly affect every aspect of the business activity, including M&As both in and out of China (Cooke, 2006; Liu & Meyer, 2020). Conventionally, the Chinese landscape has been mainly dominated by the traditional manufacturing industry



sectors—such as textile and machinery—while the service industry has emerged by taking dramatic strides and making increasingly significant contributions to the economy. Relatedly, servitization can be achieved and orchestrated by Chinese manufacturing firms through collaborative partnerships (Liu et al., 2019), especially by means of outbound M&As (Xing et al., 2017). China's Five-Year Plan—a national-level policy guidance that embeds institutional endurance and novelty—is attuned to the new policy environment and global contexts in shaping and influencing China's development. In 2021, China's 14th Five-Year Plan involved the identification of several strategic areas—such as environmental protection, new energy, healthcare, and the net-zero economy—highlighting the urgency to tackle economic and societal challenges. Recent Chinese M&A activities reflect this national policy direction.

Domestic Chinese M&As

In China, M&As emerged relatively late compared to other, more developed Asian and global economies. One key factor in this respect were the national environment and regulatory frameworks, which did not encourage M&A activities in the early phases of the developing Chinese market economy. Therefore, for a long time, joint venture alignments dominated collaborations and partnerships established among Chinese companies and their foreign counterparts (Collinson & Liu, 2019). Importantly, the institutional transformation and regulatory changes enacted in China significantly affected corporate activities and organizational behaviours. For instance, when the establishment of wholly owned foreign subsidiaries was allowed in China, there was a strong trend to convert joint ventures into this newly legitimated form (Puck et al., 2009). Furthermore, continuous changes and transformations shaped the development of domestic business activities and of the Chinese economy in general.

With regards to Chinese domestic M&As, they have evolved dynamically with the broader business environment and management practices. For instance, the modernization of SOEs can be realized through M&As by partnering with privately owned firms in order to enhance operational efficiency while accommodating the socio-cultural advantages stemming from state ownership (Xing & Liu, 2016). Furthermore, the recent rapid development of the digital economy in China has produced several digital giants such as BAT (Baidu, Alibaba, and Tencent). These big technological companies have become important players in acquiring and absorbing relatively smaller and entrepreneurial ventures (Graebner et al., 2010). This notwithstanding, given the trust asymmetry prevailing in them, M&As pursued by large companies to acquire entrepreneurial technological ventures necessitate both buyers and sellers to build trust-based relationships (Graebner, 2009). Therefore, it is not uncommon to observe Chinese digital giants building their own ecosystems (Nambisan et al., 2019) through M&As via portfolio companies—both upstream and downstream—to orchestrate resources, leverage capabilities, and anticipate synergies.

The COVID-19 global health crisis has dramatically affected Asian business and management practices (Liu et al., 2020). The macro-level global business context, in combination with the Chinese national environment, can significantly shape the M&As initiated both in China and globally. For instance, in 2020, 33 M&As



involving values of over US\$1 billion and 368 with a scale of over US\$100 million were completed. The largest transaction involved the acquisition of Sinopec assets by National Pipeline Network, with a transaction value of US\$6.918 billion. Among China's Top 10 completed domestic M&As, FAW Car's acquisition of FAW Jiefang and China Shipbuilding's acquisition of Jiangnan Shipbuilding were initiated by SOEs. This also reflects the important role played by SOEs in the current economic dual circulation strategy in China. In Table 1, we list the top 10 domestic M&As completed in China in 2020.

Inbound M&As into China

The Chinese environment presents foreign companies with both challenges and opportunities in regard to operating and navigating through the national institutional complexity (Froese et al., 2019). Thus, foreign M&A activity in China and other emerging economies involves constant changes mirroring the development of the national environment and institutional conditions (Meyer et al., 2009; Peng, 2012). This macro-level environment requires foreign companies to be adaptive, flexible, and sensitive to the regulatory frameworks and institutional environment. For example, the entry mode choice for foreign hospitals in the Chinese healthcare market has evolved in parallel with the regulatory environment (Xing et al., 2020). Nevertheless, despite the relaxation of regulations, which have gone from prohibiting wholly owned foreign subsidiaries to legitimating standalone their business operations, foreign hospitals, for instance, still prefer to engage in collaborative partnerships to tap into the knowledge, expertise, and networks of local Chinese partners. In a similar vein, the success or failure of inbound M&As into China largely relies on the appropriate choice of target (Cooke, 2006).

From a longitudinal perspective, the structure of inbound cross-border investments changes over time. With China's implementation and its facilitation of investment policies, the investment environment has significantly improved, the forms and structure of foreign investment in China are constantly changing, and the number and value of inbound M&As have increased significantly. The black line in Fig. 1 shows the 2006–2020 inbound M&As into China.

Hong Kong is the main destination of inbound M&As into China, while Singapore is the country's second largest source of such transactions. Increasingly, Switzerland, Korea, the United States, Germany, France, and the United Kingdom have become important sources of inbound M&As into China. Investment companies established by multinational companies in China are also an important source of inbound M&As.

Outbound M&As from China

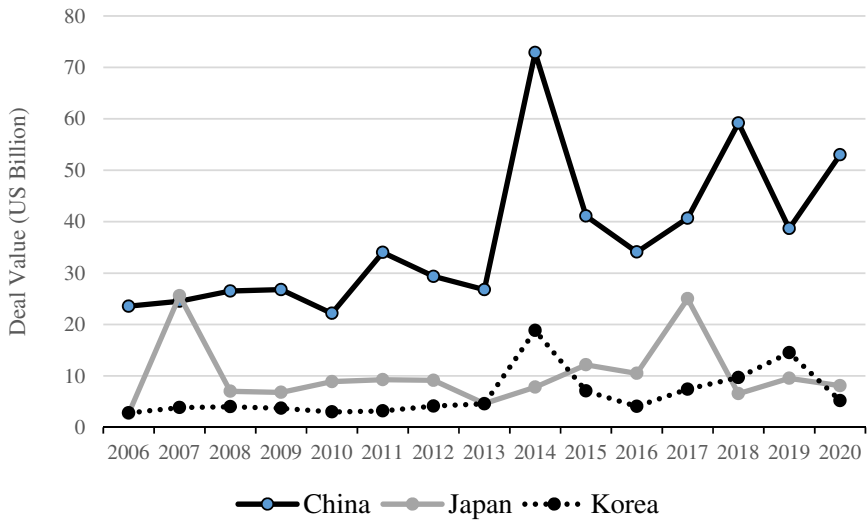
China only began to be a source of outbound M&As in early 2000s, as a result of the national 'China Going Global' policy. Compared with its inbound counterpart, China's outbound Foreign Direct Investment (FDI) is still in its infancy, despite its fast-moving development and its increasing influence on the global business landscape. The extant research has analysed this relatively new, yet important topic at



Table 1 Top 10 2020 Chinese Domestic M&As

Acquirer	Target firm	Industry	Amount (US\$ billion)	Equity
National Petroleum and Natural Gas Pipeline Network Group Co., Ltd	China Petroleum & Chemical Corporation	Energy and mining	6,918	unknown
National Petroleum and Natural Gas Pipeline Network Group Co., Ltd	SINOPEC TIANRANQI COMPANY	Energy and mining	6,095	unknown
HILLHOUSE GROUP	Gree Electric Appliances, Inc. of Zhuhai	Manufacturing	6,051	15.00%
China Everbright Group	China Everbright Bank Company Limited Co., Ltd	Finance	5,485	19.53%
FAW CAR CO., LTD	FAW Jiefang Group Co., Ltd	Auto industry	3,840	100.00%
ENN Natural Gas Co., Ltd	ENN Energy Holdings Limited	Utility	3,782	32.81%
Alibaba (China) Co., Ltd	A-RT Retail Holdings Limited	Consumption upgrade	3,607	70.94%
China CSSC Holdings Limited	Jiangnan Shipyard (Group) Co., Ltd	Manufacturing	3,281	100.00%
Ping An Property & Casualty Insurance Company of China Ltd	Beijing Auto Home Information Technology Co., Ltd	Auto industry	2,489	26.00%
TIANSHAN ALUMINUM GROUP CO., LTD	TIANSHAN ALUMINUM GROUP CO., LTD	Energy and mining	2,403	100.00%

Data source CVSource



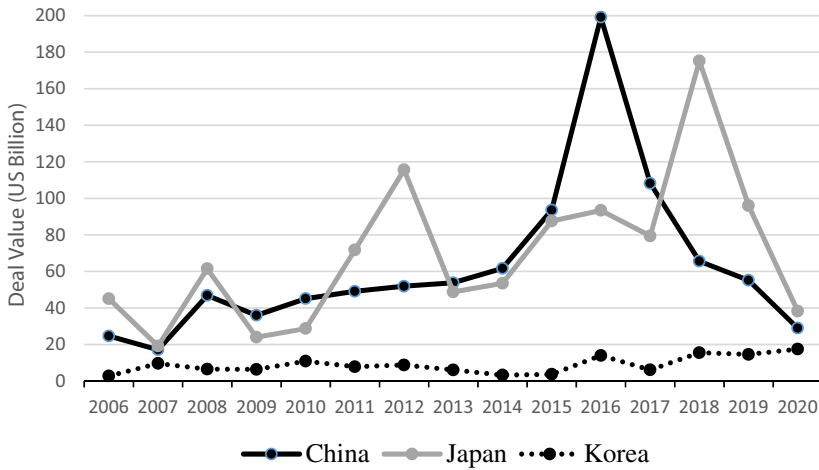
Source: White & Case, [mergers.whitecase.com](https://www.mergers.whitecase.com), Mergermarket Data

Fig. 1 Inbound M&As to China, Japan and Korea

the institutional, organizational, and individual levels. At the institutional level, it largely has focussed on the motives and intentions underpinning Chinese cross-border M&As, such as the institutional escape perspective (Witt & Lewin, 2007), and the role played by the government (Luo et al., 2010). At the organizational level, it has focussed on entry mode choices (Cui & Jiang, 2009), post-M&A integration (Liu & Woywode, 2013), organizational control and delegation (Wang et al., 2014), and knowledge management (Zhang et al., 2020). At the individual level, it has investigated leadership, emotional responses, and HRM (Liu & Meyer, 2020).

In addition to the knowledge accumulated on the rising Chinese globalization phenomenon, the pertinent literature stream on emerging market multinational enterprises (EMNEs) (Luo & Zhang, 2016) is both timely and important to understand M&As targeted to and originating in Asia. Emerging economies are associated with unique multi-dimensional characteristics that can shape and influence international business and management practices (Meyer & Peng, 2016). Thus, the role played by context deserves careful consideration in understanding emerging economies and designing international management practices (Hitt et al., 2005; Liu & Vrontis, 2017). For instance, Chinese outbound M&As present a unique ‘light-touch integration’ approach in the post-M&A phase, highlighting the important influence of culture and organizational learning capability (Liu & Woywode, 2013). Furthermore, the management of brand in Chinese outbound M&As is a challenging task that requires a holistic approach incorporating national-, organizational-, and product-level factors (Liu et al., 2018). Chinese outbound M&As can provide learning opportunities for reverse knowledge transfer (Liu & Meyer, 2020) and knowledge diffusion (Li et al., 2019). Importantly, both the adaptive learning (Luo, 2020) and





Source: White & Case, mergers.whitcase.com, Mergermarket Data

Fig. 2 Outbound M&As from China, Japan and Korea

springboard perspectives (Luo & Tung, 2018) may accelerate the learning process and outcomes for Chinese companies and for EMNEs in general.

The black line in Fig. 2 shows Chinese outbound M&As completed between 2006 and 2020. Following an initial rapid increase, there has been a sharp drop since 2017 due to Western countries pushing back. Recent developments show that the total value of outbound Chinese M&As announced in 2020 was US\$46.41 billion, a year-on-year decrease of 46.2%. Consistently, the number of announced outbound M&As for 2020 was 53, a year-on-year decrease of 18.5%. In the fourth quarter of 2020, the announced outbound M&As initiated by Chinese companies rebounded sharply, with their value increasing by 122% over the third quarter 2018. This rebound signals the recovery of the Chinese economy after the COVID-19 pandemic. In Table 2, we list the top 10 Chinese outbound M&As for 2020.

Furthermore, from the transaction value perspective, North America and Asia are the most popular overseas M&A destinations for Chinese companies, each accounting for 30% of the total investment amount. Except for Africa, all other continents have continued to exhibit a decline. Chinese companies have invested in Germany, Italy, Saudi Arabia, and Korea, resulting in outbound M&As to grow against the trend. The number of outbound M&As announced by Chinese companies towards Asian destinations in 2020 accounted for 40% of the total, a 4.3% increase year-on-year. Asia is the only continent in which the number of transactions has already reached pre-COVID-19 pandemic levels. Table 3 lists the key characteristics of Chinese overseas M&As towards different geographical regions.

Notably, the regional trade structure has played an increasingly important role for M&As originating in China and Asia. Robust economic interaction and lowered trade barriers have been seen in the Asia–Pacific region following the signing of the Regional Comprehensive Economic Partnership (RCEP). New free trade partnerships have been established between China and Japan and between



Table 2 Top 10 2020 Chinese Outbound M&As

Acquirer	Target firm	Country	Industry	Amount (US\$ billion)
CR CAPITAL MGMT, etc	Viridor	UK	Energy and mining	5.269
TME, etc	UMG	US	Culture media	3.306
State Grid Corporation of China	CGE	Chile	Utility	3.034
Shanghai RAAS Blood Products Co., Ltd	GDS	Spain	Health care	1.902
Zijin Mining Group Company Limited	Continental Gold	Columbia	Energy and mining	0.993
CDL	Chongqing Xiexin Yuanchuang Industrial Co., Ltd	Singapore	Construction and building materials	0.624
PX Holding Co., Limited	Compart	Singapore	Manufacturing	0.409
China Evergrande New Energy Vehicle Group Limited	NEVS	Sweden	Auto industry	0.380
Ping An Insurance (Group) Company of China, Ltd	Shionogi & Co., Ltd	Japan	Health care	0.312
Zijin Mining Group Company Limited	Gold fields of Guyana Limited	Canada	Energy and mining	0.244

Data source CVSource



Table 3 2020 Chinese overseas M&A characteristics and regions

Continent	Deal value	Deals	Analysis
North America	US\$13.9 billion, down 38% year-on-year	112	<ul style="list-style-type: none"> -Key sectors were Technology, Media and Telecom (TMT), consumer products and financial services -As a new US administration assumed office in 2021, there could be greater stability and continuity in the country's policymaking -The pandemic severely affected the US economy and led to rapid digital transformation. More cooperation and competition could be observed among businesses from China and the US in the area of the digital economy -Considering the evolving Sino-US relations and that the US is one of the major markets for Chinese multinational enterprises, Chinese investors should take a systematic and quantifiable approach towards geopolitical risks to ensure responsive and resilient risk management
Asia	US\$13.7 billion, down 44% year-on-year	220	<ul style="list-style-type: none"> -Chinese announced deals in Asia accounted for 40% of the total volume, up 4.3% year-on-year; the only continent to have recorded growth -Key sectors were consumer products, financial services and TMT, with Saudi Arabia, South Korea, and Singapore as popular destinations
Europe	US\$12.5 billion, down 48.6% year-on-year	142	<ul style="list-style-type: none"> -China overseas M&As in Europe decreased markedly these years and the value of announced China overseas deals in Europe during 2020 was just 13% of that of 2016 at its peak -Key sectors were TMT, real estate, hospitality and construction, as well as advanced manufacturing & mobility -In 2021, Chinese outbound investors are expected to be active in Europe potentially in the sectors of renewable energy, digital economy, etc
Latin America	US\$3.2 billion, down 66.9% year-on-year	14	<ul style="list-style-type: none"> -Over 90% went to power & utility -Chile and Peru were popular destinations
Oceania	US\$2.2 billion, down 51.2% year-on-year	30	<ul style="list-style-type: none"> -50% went to real estate, hospitality & construction; nearly 30% to mining & metals
Africa	US\$0.9 billion, down 17% year-on-year	12	<ul style="list-style-type: none"> -Over 70% went to mining & metals -The Democratic Republic of Congo and Nigeria were the most popular destinations

Source CVSource

Japan and Korea. Under the RCEP, consistent place of origin standards will be adopted in the region, providing enterprises with greater flexibility and convenience. This will enhance the integration of the regional supply chain and encourage further intra-region investments among the RCEP's signatories and FDI from other geographic regions. In addition, the negotiations for the Comprehensive Agreement on Investment (CAI) between China and Europe are on schedule. Such agreement will pave the way for more investment among Chinese and EU businesses. Under the CAI, a set of consistent investment rules are expected to be implemented by the 27 EU members in order to lower trade barriers and enhance the business environment. The higher level of market openings between China and the EU will benefit Chinese investors looking for outbound opportunities.

The case of Japan

Strong and powerful Japanese multinationals have been recognized by the West as 'Corporate Japan' since the late 1980s (Yoshimori, 1995). Around that time, Japanese firms outperformed Western ones in exports, especially competing successfully against US firms and triggering a strong fear of Japanese MNCs in the US. An example of this is Matsushita Denki, an electronics firm from Osaka that renamed itself as Panasonic. This successful economic period ended with the so called Japanese bubble of the late 1980s, during which non-performing loans became a serious issue for the Japanese economy. In brief, many Japanese firms became unable to pay back their loans, and banks were unable to provide sufficient capital to firms, resulting in a 'lost decade' in business history (Tsuruta, 1999).

The Japanese economy is currently still the third largest in the world, and a strong economy is always underlined by firm-specific characteristics. One major characteristic of Japanese industrial firms is their membership of business groups, called Keiretsu, wherein they support each other (Hoshi & Kashyap 2004). Historically, such keiretsu consist of Mitsubishi, Mitsui, Sumitomo, Fuyo, Sanwa, and Daiichi Kangyo. Besides such business groups, which heavily affect M&A, the concept of the Japanese company unions should also be briefly mentioned. In contrast to the strong trade unions found in the West, their Japanese counterparts are weak in their defence of workers' rights, with union representatives often sharing offices with top managers (Tachibanaki & Noda, 2000). Finally, in recent years, it has become popular for many Japanese firms to employ high numbers of temporary workers called 'haken', who bring two advantages to Japanese firms (Gottfried, 2018). First, they are employed on short term contracts (often yearly ones that involve lower pay packages and no bonuses). This affords Japanese firms the flexibility to cut costs if necessary in times of hardship. Second, and more important to this research, it enables Japanese firms to save money, and thus to invest in other firms.



Domestic Japanese M&As

Since the mid-1990s, domestic M&As have become the dominant form for Japanese firms to enter new markets (Metwalli & Tang, 2005), with the year 2019 even recording a peak of around 3000 domestic deals, compared to only 1000 cross-border (inbound and outbound) ones. Put different, three out of four Japanese M&As are currently domestic ones (Fig. 3 and 4, MARR, 2021, p. 14). However, in spite of their high proportion, most domestic deals are small in value and often result in consolidating targets.

The global economic impact caused by the COVID-19 pandemic has also affected Japanese firms. A recent survey conducted by Ernst and Young on a sample of Japanese top managers showed that 74% of the respondents had already taken steps to change their supply chains and transform their digital workforce. Interestingly, 57% of Japanese managers also confirmed they would actively pursue M&As over the following 12–24 months (EY, 2021).

Turning to the real numbers at hand, high numbers of Japanese domestic M&As have continued to be completed in 2020 and 2021, with firms selling and buying predominantly non-core assets. The Japanese M&A market was not much affected by the COVID-19 pandemic. In 2020, there was a mere 8.8% decline, to a total of 3730 transactions. Domestic M&As still registered 2944 deals, merely down 1.5% from the previous year. In the near future, a rebound to pre-COVID M&A levels is expected (Dwyer et al., 2021); looking at the first nine months of 2021, 2794 deals had already been registered.

It is also worth noting that the total M&A value for 2020 ended up being even higher than that for 2019 because some deals involved high value transactions. For example, the Japanese SoftBank Group sold their shares in Nvidia to the British chip company Arm for about US\$40 billion. Also, Nippon Paint merged its activities with Singapore's Wuthelam in order to expand its business into the latter's non-core sectors (Dwyer et al., 2021). Looking at the trend of domestic M&As over the last 35 years, it is clear that a boom was experienced between 1997 and 2011 and a new one started in 2011 and is still ongoing.

Besides being numerous, domestic M&A deals also have unique characteristics. Kaneko et al. (2020) found that the post-acquisition performance of companies that are members of keiretsu is not as good as that of their independent counterparts. While, for the latter, target restructuring that involves reducing employee numbers is common, keiretsu acquirers tend to do the opposite. Keiretsu acquisitions thus seem to be aimed more at rescuing struggling targets than at enhancing economic performance. Consequently, the stock prices of keiretsu acquirers react less positively to M&A announcements than those of independent firms (Kaneko et al., 2020).

Inbound M&As into Japan

Historically, inbound M&As into Japan have been infrequent and have never accounted for more than 300 deals a year (with the only exception of 2007, with 307 deals). Also, some of such investments involved previously affiliated firms based in Japan—e.g. the US firm Invesco's recent acquisition of Invesco Japan. The actual



number of inbound M&As into Japan is therefore even lower than the official one (Magnier-Watanabe et al., 2018). The grey line in Fig. 1 shows the value of inbound M&As into Japan from 2006 to 2020.

Early research indicated that Japanese firms had always been wary of being acquired by foreign companies (Okabe, 2002), especially through hostile takeovers (Milhaupt, 2005). One reason for this was (and still is) a concern that acquisitions by foreign firms would change the Japanese work ethos. Furthermore, there were fears of higher post-deal competition, of a loss of job security, and (in the case of Western buyers) of shifts towards more individualistic workplace environments that would negatively affect the existing harmony. Japanese firms had many other reasons to reject any takeover bid, especially by foreign acquirers. Well-known stories of failed attempts by foreign bidders reach as far back as the late 1980s, when US corporate raider T. Boone Pickens attempted to take over the Japanese firm Koito and resell it piecemeal. Any unsellable part of the firm was intended to be restructured or closed down. However, the main shareholder, Toyota, rejected the transfer of shares to Pickens, in a demonstration of what was then labelled the closeness of Japan (Corcoran, 1991). Since then, Japanese firms have established a system called 'cross shareholding', whereby Japanese firms hold each other's shares to prevent being taken over by foreign firms. For many years, long-term Japanese shareholders (*antei kabunushi*) symbolized corporate Japan (Okamoto, 2022). Practice-oriented research postulates that amendments to the corporate governance system influence the willingness of Japanese managers to accept foreign share ownership (Hansen et al., 2021). Further, strong criticism from the international business community may have brought changes to the Japanese mindset that foreign investment will automatically abate firm value. US investment funds were especially critical of Japanese firms for their rejection of foreign initiatives, with Lawrence (1991) raising the point of differentiating the openness of products to openness of firms (to be taken over). Nowadays, those funds have a much more positive view of investing in Japan.

Outbound M&As from Japan

In spite of the decrease in the numbers of outbound M&A caused by the COVID-19 pandemic in 2020 (Dwyer et al., 2021), takeovers remain an attractive globalization option for Japanese firms. Further, acquisitions of foreign targets represent a way to circumvent the fierce domestic competition by entering foreign markets (Shimizu & Uchida, 2018; Stern & James, 2016). Both Japan and Korea are experiencing not only ageing societies but saturated home markets. This is understandably leading to an increasing interest in outbound M&As. Thus, over the years, Japanese MNCs have become experienced in conducting such deals, especially towards the USA (Bebenroth & Ahmed, 2021), with research indicating that investment behaviours differ in regard to the target countries (Bebenroth & Hemmert, 2015; Pak & Park, 2005).

Japanese companies have recognized outbound M&As as important and effective tools for global growth. However, it has been reported that some Japanese top managers still select their targets by following naïve instincts, rather than objective evidence. For example, some Japanese top managers invest in foreign companies to which they



feel ‘mentally close’, or with which they already have established connections. Etzo and Takaoka (2018) showed that even foreigners working at Japanese headquarters can influence top managers to invest in their own home countries (Etzo & Takaoka, 2018).

The differences between Japan’s outbound and domestic M&As are both quantitative and qualitative. First, the value of outbound deals is, on average, higher than that of domestic ones. For example, in 2018, Takeda paid about US\$68 billion for Irish pharmaceutical firm Shire. In 2020, 7-Eleven took over the US supermarket sector firm Speedway for about US\$20 billion. Second, Japanese bidders pay significantly higher premiums for cross-border targets than for domestic ones; about 50% over the current share price, on average (Bebenroth & Ahmed, 2021). Third, rational premium-payment behaviours are evident in domestic deals, but not in outbound ones. When Japanese domestic acquirers are laden with debt, they pay lower premiums for their targets. In contrast, in the case of cross-border acquisitions, Japanese acquirers will not pay lower premiums even when faced with high levels of debt, which signals irrational investment behaviours (Bebenroth & Ahmed, 2021).

Also, Japanese firms strive for openness. Several Japanese firms have publicly demonstrated their financial capability and their willingness to take over foreign firms. For example, Asahi Breweries and Mitsubishi Chemical publicly announced their interest in taking over foreign targets (Shimizu & Uchida, 2018). The same authors evidenced that Japanese firms act in this fashion not only to comply with recent Japanese corporate governance guidelines, but also to share their goals with their investors in an effort to reduce any information asymmetries (Shimizu & Uchida, 2018).

Looking at the numbers of outbound M&As, it is evident that Japanese bidders have been actively taking over foreign firms since the late 1980s. During the so called Japanese bubble, Japanese firms had the financial resources and the (sometimes overestimating) attitude to take over foreign firms. For example, in the year 1990, 463 outbound acquisitions were reported, predominantly towards the US. Once the economic bubble had burst, Japanese firms reduced their investments abroad. From 2009 onwards, however, an increase in outbound acquisitions can once more be observed. Outbound M&As went up from 299 in 2009 to 826 in 2019 (before the COVID-19 outbreak), the highest number ever (MARR, 2021). Throughout the COVID-19 pandemic, outbound acquisitions declined to 557 transactions in 2020 (MARR, 2021), but went up again to 411 in the first nine months of 2021. Knowing that most deals are closed at the end of the year, a rebound in the numbers of Japanese outbound M&As is expected. The grey line in Fig. 2 shows the evolution of Japan’s outbound M&A deal value from 2006 to 2020.

Considering the top 10 M&As completed in 2020, three worth over US\$10 billion each stand out, all of which were outbound. Further, in respect to industry sectors, electronics, finance, and real estate were the dominant ones (Table 4).

The case of South Korea

As the 10th largest economy in the world, Korea has been deeply involved in globalization. With its stable consumer market growth, a stable annual GDP growth rate of around 3%, the 5th largest retail e-commerce market in the world (eMarketer,



Table 4 Japanese top 10 M&As in 2020

Acquirer	Country	Target firm	Country	Industry	Amount (US\$ billion)
NVIDIA	USA	ARM Limited (SoftBank subsidiary)	JPN	Electronics	38
7-Eleven Inc. (Seven&i HLDGS. Co., Ltd.)	JPN	Speedway (Marathon Petroleum Corporation, MPC Group)	USA	Supermarket Convenience store	20
Nipsea International Limited (NIL), Wuthelam Holdings	SIN	Nippon Paint Holdings Co., Ltd	JPN	Chemistry	10
Mitsubishi UFJ Lease	JPN	Hitachi Capital	JPN	Finance	2.5
Blackstone Group Inc	USA	Takeda Consumer Health Care (TCHC)	JPN	Finance Pharmaceutical	2.2
NEC	JPN	WP/AV CH Holdings I B.V. (Avalog holding company)	HOL	Electronics Software, info-tech	2.2
Nitori Holdings Co., Ltd	JPN	Shimachu Co., Ltd	JPN	Retailing and home electronics retail store	2.0
Toyota Motor Corporation	JPN	Nippon Telegraph and Telephone Corporation (NTT)	JPN	Telecom /broadcasting	1.8
Japan Retail Fund Investment Corp. (JRF)	JPN	MCUBS Midcity Investment Corporation(MMI)	JPN	Real estate/hotels	1.1
SMFL MIRAI Partners Company, Limited (Sumitomo Mitsui Finance & Lease)	JPN	Kenedix, Inc	JPN	Real estate/hotels	1.1

Data source 2021 MAAR Recof Data



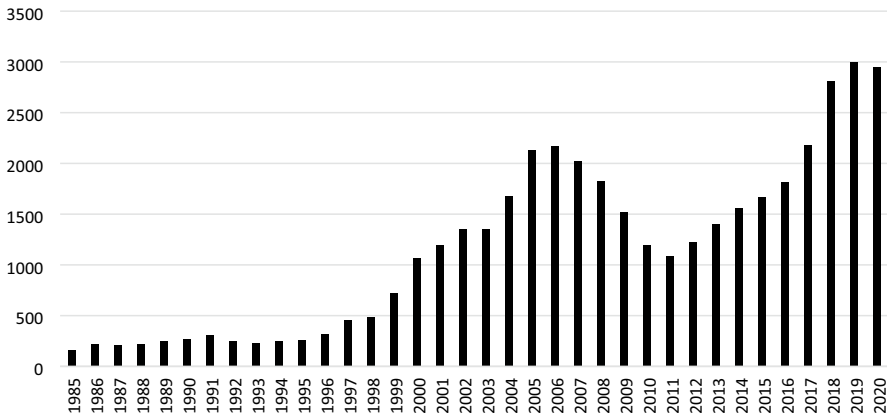


Fig. 3 Japanese Domestic M&As. Source: MARR, 2021, p. 14

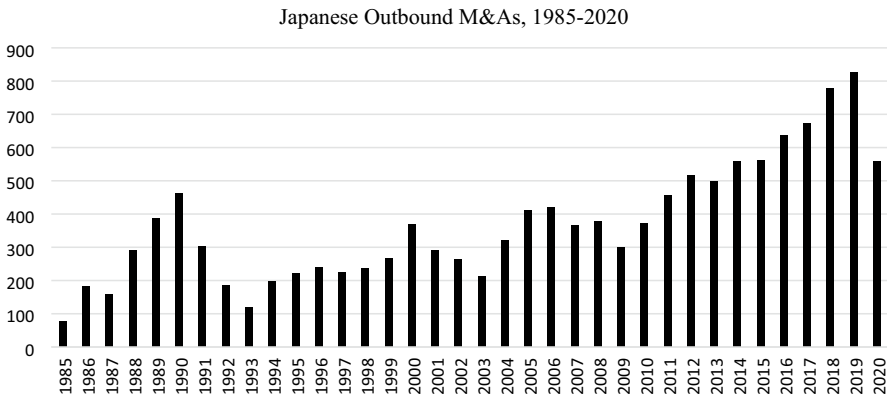


Fig. 4 Japanese Outbound M&As. Data source: MAAR Recof Data, 2021, p. 14

2020), a highly skilled workforce (Froese et al., 2020), and a well-developed soft and hard infrastructure, the Korean market is attractive for global firms. Specifically, the development of the country's digital and artificial intelligence (AI) technology infrastructure further enhances its advantages. For instance, Korea's information and communication technologies (ICT) infrastructure has been ranked No.1 in the world (WEF, 2020); also, Korea started commercializing 5G networks in 2019, with 1.9 billion subscriptions expected by 2024 (KOTRA, 2020).

Korean firms have pioneered innovation in some value-adding manufacturing and high technology industries, such as displays, semiconductors, biotechnology, ICT, and beauty (Yang & Pak, 2019). Specifically, the country's development of its ICT infrastructure, its nationwide 5G service coverage, and its digital ecosystem will also trigger the development of new industries and cross-sector integration. In July 2020, the government proposed the Korean New Deal, which is focussed on Green and Digital New Deals, to drive the further growth of clean energy and



digital industries. Changes in strategic directions and the development of new digital environments have become the driving forces behind Korean MNEs' domestic and outbound M&A activities.

Domestic M&As in Korea

Domestic M&As by Korean companies have increased by 385%, from 84 in 2006 to 408 in 2019 (White & Case, mergers.whitecase.com). The acquisition value has also risen, reaching a peak of US\$77.8 billion in 2015 and then falling to US\$50.19 billion in 2016. Since 2017, the annual deal value has been relatively stable around US\$40 billion. The value of domestic M&As decreased in 2020 due to the COVID-19 pandemic. However, both the transaction numbers and value are anticipated to reach a new peak in 2021. The top four industry sectors with the most frequent transactions are: (i) industrials and chemicals, (ii) financial services, (iii) technology, media, and telecom (TMT), and (iv) consumer products.

Korean business groups mainly initiate domestic M&As for reasons of strategic organizational restructuring aimed at further strengthening their core competitiveness. They sell non-core assets in order to stabilize investments in core businesses. Some business groups have even sold profitable assets to secure liquidity for strategic acquisitions. For example, SK Construction sold all the shares it owned in its wholly owned subsidiary SK TNS in 2020. SK TNS specialized in communication network projects, with average annual sales and operating profits respectively of about 650 billion won (about US\$480 million) and 41.1 billion won (about US\$41 million) during the past three years. Its income was relatively stable, as 98% of it came from SK affiliated businesses (Deloitte, 2020). Nevertheless, SK construction sold it in order to acquire new green industry projects from EMC holdings.

During the COVID-19 pandemic, some industries faced great setbacks and were forced to engage in organizational restructuring. For instance, the airline industry had to reduce or even pause its operations to comply with governmental restrictions. Both of the country's two leading airline companies—Korea Air and Asiana Air—had to sell part of their assets in 2020. Also, the Doosan Group prepared a 3 trillion won (about US\$2.25 billion) self-rescue plan by selling some of its subsidiaries and real estate assets. For instance, Doosan Solus, which produced copper foil for the batteries of electric vehicles, was sold to Skylack in order to alleviate its parent group's financial burden (Deloitte, 2020). Table 5 lists the top ten domestic M&As completed in Korea in 2020.

Inbound M&As into Korea

During last 15 years, the Korean government has worked on creating a friendly business environment suited to attract foreign investment in order to increase the national firms' competitive capacity in value-adding manufacturing and R&D and lead to higher levels of innovation. Korean inbound M&A value has shown a steady growth during the past 15 years, with a peak of US\$18.83 billion recorded for 2014 (as shown by the dotted line in Fig. 1). According to a data analysis performed by Mergermarket, we can see the convergence and divergence in the top acquirers



Table 5 Top 10 2020 Korean Domestic M&A cases

Acquirer	Target firm	Industry	Amount (US\$ million)	Equity
KB Financial Group	Prudential Life Insurance	Life insurance	1925.9	100%
Korean Air	Asiana Airlines	Air service	1530.5	63.9%
IMM Credit Solution	SK Lubricants	Lubricating base oil manufacturing	929.97	40%
SK Construction	EMC Holdings	Comprehensive environmental management	892.82	100%
Han & Company	Korean Air in-flight meals and In-flight duty-free sales business	In-flight meal & Duty-free service	842.31	Business division acquisition
Affinity	Job Korea	Recruitment Platform	765.27	100%
Hyundai Heavy Industries Holdings-KDB Investment	Doosan Infracore	Construction equipment	680.24	36.07%
IMM PE	Kolmar Korea Pharmaceutical Division	CMO	637.73	69.43%
Skylake Investment	Doosan Solus	Copper foil, battery foil	510.18	61%
KT Skylife	Hyundai HCN	Cable TV	510.18	100%

Source SDC database provided by Thomson Reuters, M&A Newsletter by Deloitte



regions and their target industries. Most Korean inbound M&As come from the US, with a total transaction value of US\$29.62 billion. Firms from Japan and China, Korea's close neighbours, are the second and third top acquirers, having completed inbound M&As for total values of respectively US\$10.81 and 9.71 billion. With the exception of China and Hong Kong, all top ten inbound acquirers are OECD countries.

In terms of target industries, inbound M&As usually target Korean firms in the TMT sector, for a total value of US\$32.29 billion. Given that Korea is home to the most developed ICT infrastructure and to some of the most competitive IT firms, this is not surprising. In addition to the TMT sector, the top inbound M&A target industries of recent years include chemicals, financial services, and consumer products. Table 6 lists the top ten inbound M&As completed in Korea in 2020. Four of the main target companies are internet based, covering banking (KakaoBank Corp), payments (Kakaopay Corp), gaming (DoubleDown Interactive Co Ltd), and retail (Kurlly Inc). In addition, US and Canadian bidders were also interested in industries such as water and waste management.

Outbound M&As from Korea

Over the past 15 years, Korea's outbound M&A transactions have shown an upward trend in both numbers and value. The numbers have remained high since 2016, with a peak of 90 transactions recorded in 2018. Although the COVID-19 pandemic disrupted the global economy, the acquisition of overseas assets by Korean companies was not interrupted. Although the annual transaction value for 2019 recorded a slight 6.12% drop, it rebounded by 20.18% in 2020. As the dotted line in Fig. 2 shows, total transactions have since surpassed their pre-pandemic level, recording their highest value since 2006 (US\$17.51 billion).

According to Mergermarket data, the targets of Korean outbound M&As are concentrated in the US, with a total investment value of US\$62.16 billion from 2006 to 2020. This is more than five times that of Korean outbound M&A investment in Japan, which is listed as the second largest target country, with a total of US\$11.63 billion over the same period. This is followed by China, with a total investment of US\$11.2 billion. Emerging countries such as Vietnam and Indonesia, which have undergone rapid industrialization, are also top target countries of Korean outbound M&As.

The industry sector distribution of Korean outbound M&As mainly involves: (i) chemicals (US\$44.51 billion), (ii) energy, mining and utilities (US\$35.86 billion), and (iii) TMT (US\$29.04 billion). Also, Korean firms tend to acquire high-tech industries in Western developed countries, but market resources in developing ones. For instance, in 2020, SK Hynix announced the highest deal (US\$9 billion) for the acquisition of Intel's US NAND memory and storage business in order to enhance its leadership and competitiveness in the global semiconductor industry (SK Hynix, 2020). The SK Group also paid US\$300 million to acquire shares of Chinese based firm Chindata Group Holding Ltd, specializing in hyper-scale data centres located in China, Malaysia, and India (The Korea Economic Daily, 2020). In addition, the SK Group acquired 16.3% shares of Vietnam's top retailer Vincommerce, tapping



Table 6 Korean Top 10 Inbound M&A Cases in 2020

Acquirer	Country	Target firm	Industry	Amount (US\$ million)	Equity
Shanjin Optoelects	China	LG Chem Ltd-Polarizer Division	Healthcare Equipment & Supplies	770.41	70%
Kohlberg Kravis Roberts & Co	United States	Esg Co Ltd	Water and Waste Management	741.22	100%
Magna Metallforming Gmbh	Austria	LG Electcs Inc-Motor & Power	Other Industrials	451.66	49%
Easel Holdco II LP	Canada	TSK Corp	Water and Waste Management	385.08	37.39%
Anchor Equity Partners (Asia)	Hong Kong	KakaoBank Corp	Banks	225.86	3%
TPG Capital LP	United States	KakaoBank Corp	Banks	220.80	3%
Continental AG	Germany	Vitesco Tech Korea Co Ltd	Other Industrials	200.43	35%
Investor Group	Hong Kong	Kurly Inc	Professional Services	163.99	Unknown
Investor Group	Singapore	Kakaopay Corp	Internet Software & Services	131.96	14.58%
Citibank NA	United States	DoubleDown Interactive Co Ltd	Internet Software & Services	96.29	11.05%

Source SDC database provided by Thomson Reuters



into the fast-growing e-commerce market in emerging Asian countries (The Korea Economic Daily, 2021).

The top 20 transactions completed from 2019 to 2021 (SDC database provided by Thomson Reuters) show that Korean firms have actively been looking for global growth opportunities despite the COVID-19 pandemic. In other words, Korean firms seem to be preparing for the recovery of the global market. The top 20 outbound M&As show increases in (i) green industry, including clean materials and clean energy related deals (five cases), (ii) e-commerce, including online cultural content and finance services (seven cases), and (iii) autonomous vehicle and semiconductor high-tech industries (five cases). These three major trends are consistent with the world economy's transition towards net zero, decarbonization, and digitalization. They are also in line with the Green and the Digital New Deal guidelines newly proposed by the Korean government. Korean companies acquire complementary resources on a global scale, carry out strategic restructuring through outbound M&As, and enhance their global competitiveness.

In terms of target regions, ten instances involve North American firms, four European ones, and six Asian ones. On the one hand, Korean firms are actively expanding into overseas markets (e.g. Asian and North American ones) to prepare for the global post-pandemic economic recovery. On the other hand, Korean firms are strengthening their leading industry sectors—such as semiconductors and autonomous vehicles—by acquiring strategic assets and new technologies (e.g. in Europe and North America). Korean firms are committed to exploring new fields, such as clean materials and clean energy, to remain resilient and prepare for the challenges and opportunities heralded by future environmental changes.

Table 7 lists the top ten outbound M&As completed in 2020, and also reflects the main target countries and industries. The top ten deals involve, among others, semiconductors, infrastructure (including highways in Portugal and financial platforms in Cambodia), new energy vehicles, IT (big data), and pharmaceuticals.

Discussion: challenges and opportunities for M&As in and out of Asia

The role of Asian M&As in the global cross-border M&A market

To better understand the role played by Asian countries in the global cross-border M&A market, we summed up their shares in Figs. 5 (inbound M&As) and 6 (outbound M&A). These show a relative stable increase of North-Asian (Chinese, Japanese, and Korean) inbound M&As and fluctuations of outbound ones over the years.

For North-Asian inbound M&As, Fig. 5 shows a relatively sustained increase over time, as they accounted for around 2.5% of the global total in 2006, and had risen to 6% in 2020. Even though the average global share of North-Asian inbound M&As over the past 15 years is only 4.9%, it has recorded an overall slow and stable growth. We also noticed that North-Asian inbound M&As remained relatively stable even in the wake of the 2008 global financial crisis and of the COVID-19 pandemic. It is noteworthy that they hit their peak of 7.84% in 2009, and remained at 6.01% in

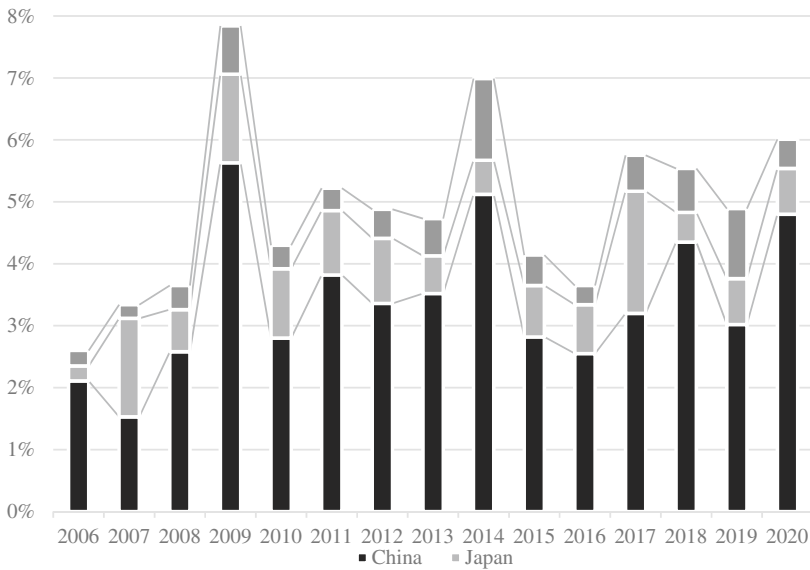


Table 7 Top 10 2020 Korean outbound cross-border M&A cases

Acquirer	Target firm	Country	Industry	Amount (US\$ million)	Equity
SK Hynix Inc	Intel-Nand Memory & Storage	United States	Semiconductors	9,000.00	100%
National Pension Service	Brisa	Portugal	Transportation & Infrastructure	2,634.45	81.10%
Samsung Display Co Ltd	TCL China Star Optoelectns	China	Semiconductors	739.00	12.33%
Hyundai Motor Co	Boston Dynamics Inc	United States	Other Industrials	660.40	80%
Kb Kookmin Bank	Prasac MicroFin Institution	Cambodia	Credit Institutions	321.69	30%
Dual Industrial Co Ltd	OncoQuest-Assets	Canada	Biotechnology	304.38	100%
SK Inc	Chindata Group Holding Ltd	China	IT Consulting & Services	300.00	8.9%
Celltrion Inc	Takeda Pharm-APAC Business	Switzerland	Pharmaceuticals	258.14	100%
Korea National Oil Corp	Korea Gs E&P Pre	Singapore	Oil & Gas	244.77	30%
JB Asset Management Co Ltd	Pegasus Fund	Italy	Asset Management	227.92	49%

Source SDC database provided by Thomson Reuters





Source: White & Case, [mergers.whitecase.com](https://www.whitecase.com), Mergermarket Data

Fig. 5 Global Inbound M&As to China, Japan and Korea in percent

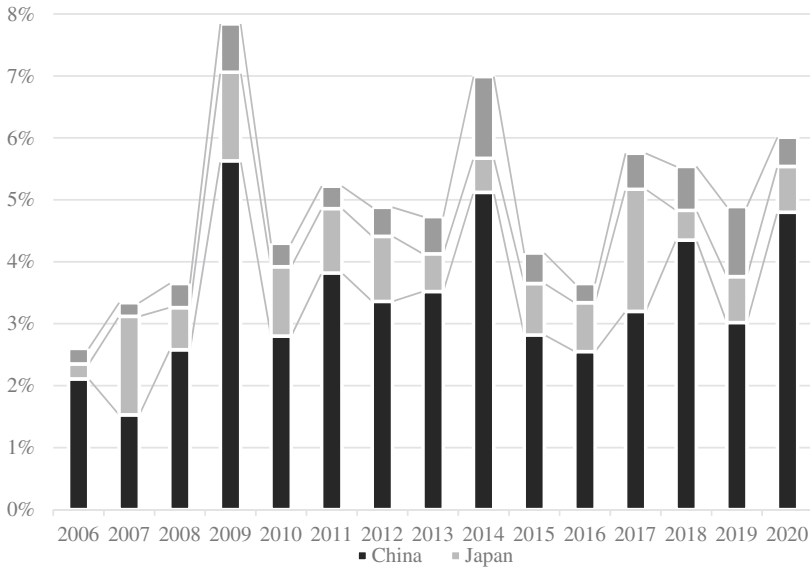
2020. Asian countries have attracted relatively more M&As after crises, which also implies global MNE confidence in the stably growing North-Asian market.

Conversely, the tendency of North-Asian outbound M&As (Fig. 6) shows greater variation over the years. It accounted for approximately 6.5% of the global total in 2006 and exceeded 23% in 2016. This decreased to 18.85% in 2018—before COVID-19—and dropped further to 7.67% in 2020, after the crisis. On average, it accounted for 12.86% of total global outbound M&A transactions. North-Asian outbound M&As are more vulnerable to environmental changes, such as the pertinent governmental regulations and policies enacted in both the home and host countries, geopolitical tensions, external crises, etc.

Considering that the cumulative GDP of our three focus countries accounted for 16% of the global total in 2006, and for around 25% in 2020—with an average of about 20%—M&As in and out of Asia did not account for a high proportion of the global total. However, Asian cross-border M&As are expected to play a more active role in the global economic recovery and to drive a new round of global resource integration and coordination.

From a quantitative perspective, the firms of all our three focus nations are actively involved in M&As. Domestic acquisitions have frequently recorded high numbers of transactions, suggesting a dynamic M&A activity. Larger Japanese and Korean conglomerates are often split up, with domestic firms providing rescue missions for the acquired employees. Chinese firms' domestic acquisitions are driven by the large market potential. However, while the outbound activities observed in Japan and Korea have been steadily increasing in recent years, the Chinese ones have been





Source: White & Case, mergers.whitcase.com, Mergermarket Data

Fig. 6 Global Outbound M&As from China, Japan and Korea in percent

subjected to a ‘push back’ by Western governments since 2017, indicating a more complex geopolitical environment for international business in general and overseas M&As in particular. From a qualitative perspective, Japanese and Korean firms are clearly positioned to succeed in their cross-border M&As in environmental technology and digitalization. By comparison, Chinese firms still have an attractive home market, which entices foreign investors. Alongside the collaborative work conducted with foreign firms at home, Chinese firms’ overseas M&As are encountering greater challenges stemming from geopolitical complexity, even though such firms’ willingness and ability to pursue outbound M&As have significantly improved over time. In terms of the ‘human aspect’, we observed a plethora of similarities among our three investigated countries. This notwithstanding, with their ‘light-touch approach’, they all face difficulties in regard to integrating their foreign targets into their business strategies.

The convergence vs. divergence debate

Our study traced the development trend of M&As in and out of Asia by using the examples of China, Japan, and Korea. Apart from our macro-level observations, we argue that, to understand such M&As, it is important to pay attention to the human factor. The convergence vs. divergence debate has long been a feature of international business and management studies (Xing et al., 2016). For instance, the notion



of the liability of Asianness is important in examining the global talent management practices enacted in Chinese, Korean and Japanese MNEs (Froese et al., 2020). Our analysis subscribes to this approach by highlighting the commonalities and distinctiveness of M&As in and out of Asia.

Several factors may lead to the divergence of M&A activities in Asia. First, the dynamics of regional trade structures and global geopolitical tensions (e.g. Indo-Pacific dynamics) give rise to additional challenges for businesses to engage with regional and international partners. Second, the global supply chain will take a new shape due to the COVID-19 pandemic. Business organizations may thus turn to M&As as an attractive strategy suited to compensate for the overreliance of the global supply chain on Asian production. Third, national strategies and economic environments will guide domestic and international M&A activities. As for China, global economic loose coupling and China's economic dual-circulation strategy, alongside the 14th Five-Year Plan, may boost both the numbers and value of M&As in certain sectors and regions.

However, the 'human aspects of M&As' in Asia show characteristics of convergence between our three focus countries. Sarala et al. (2019) argued for a more fine-grained understanding of the 'human aspects of M&As' to contribute to the micro-foundation movement in management studies (Felin et al., 2015), and to collaborative partnerships in particular (2021a; Liu et al., 2017). We argue that human aspects represent widely shared characteristics among Asian firms in their pursuit of M&As in and out of Asia. The commonalities resonate with convergence, highlighting the underlying behavioural antecedents. For instance, Asian firms tend to focus on the long term, valuing stable relationships over short term profits. With this long-term view, the expectations of Asian acquirers may not pay off because of the shrinking time horizon that characterizes today's dynamic, disruptive, and uncertain world. The integration of Western targets turns out to be especially more difficult than expected, with integration issues regularly becoming a challenge when 'East meets West' due to differences in cultural mindsets. Western target managers ask for clear rules or straight orders, while Asians (underpinned by Confucian, Buddhist, or Shinto belief systems) may just passively wait and trust the other party.

Communication difficulties and misunderstandings caused by a lack of communication perceived by the Western party remain a challenge for Asian investors in Western firms (Bebenroth, 2020). Bebenroth and Bartnik (2018) investigated the challenges faced by a Japanese steelmaking firm that had taken over a German engineering firm specializing in waste disposal. The authors showed that one of the biggest uncertainties experienced by the German target's managers had turned out to be being left alone, alienated, wondering what their Japanese acquirer wanted them to do and about the reasons underpinning the takeover. Chinese companies also tend to adopt a 'light-touch integration' approach that involves giving high degrees of autonomy to the targets of their outbound M&As (Liu & Woywode, 2013). Intuitively, a light-touch integration presents challenges for the acquirer in relation to absorbing knowledge from the target. By contrast, human aspects can contribute significantly to post integration management, with important performance implications. For instance, in Chinese outbound M&As, boundary spanners can facilitate the reverse transfer of knowledge with the support of



team-based HRM practices (Liu & Meyer, 2020). Furthermore, the possession of a bi-cultural identity can affect talent the recruitment and retention practices enacted in cross-border M&As (Liu et al., 2021b).

Thus, the human aspects of integration are considered important, especially in the Asian context (Froese, 2020; Jiang et al., 2012). Also, empirical studies contend that Korean target employees welcome any changes made to their organizational culture, and appreciate any variation brought by Western acquirers (Froese et al., 2008; Pak et al., 2015). In order to successfully achieve integration, it is also important to convey a sense of participation to Korean employees and establish management trust in the process (Pak et al., 2015; Yang & Pak, 2019). Therefore, when 'East meets West', the main challenge involves getting employees to overcome any perceived uncertainty linked to the anticipated organizational and cultural restructuring that accompanies post cross-border M&A integration.

The Asia vs. the West perspective

A comparative perspective between Asia (or the East) and the West can be conducive to a nuanced and contextualized understanding of M&As in and out of Asia and of their implications for wider business and economic activities. There is early evidence that the devastating economic impact of the COVID-19 pandemic has affected Asian countries less than their Western counterparts, the US most of all (Feyisa, 2020). Almost all Western countries completely locked down their economies for longer during the COVID-19 pandemic. In Asia, despite the more recent lockdowns enforced in China, the pandemic did not affect Asian businesses as seriously as it did Western ones. In Japan, for example, the 'state of emergency' meant that restaurants were temporarily not allowed to sell alcoholic drinks, but everything else went on as usual. Business hours were shortened, but not to the extent of a full lockdown, with all the negative consequences suffered by businesses in the West. Also, Asian firms merely asked their employees to work from home whenever possible. In contrast, in Europe many firms made working from home compulsory, with employees being forced to do so even if they had no understanding of it. The various collaborative partnerships set up in Asian countries between the government and businesses contributed to agility, innovation, and resilience in the fight against COVID-19 (Lee et al., 2021; Liu et al., 2020). Therefore, despite some lockdowns recently imposed in Shanghai, the economic impact of the COVID-19 pandemic has been less serious in Asian countries. Outbound M&As of Asian countries to the West can therefore be expected to increase in number and in value because, on one hand, many Asian firms set aside a budget to invest in acquiring Western firms and, on the other hand, following the COVID-19 pandemic, Western firms may find themselves in a more serious condition and ask for (Asian) support.



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