

Summary of Continuous Mergers and Acquisitions of Enterprises

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Abstract: This paper briefly reviews the research results of enterprise continuous mergers and acquisitions at home and abroad, and defines the concept and connotation of continuous mergers and acquisitions. In addition, the internal and external causes of continuous mergers and acquisitions and the influencing factors of mergers and acquisitions. It is hoped that these literature reviews summarized in this paper can provide inspiration and reference significance for enterprises interested in continuous mergers and acquisitions.

Keywords: Continuous mergers and acquisitions, Continuous merger and acquisition motivation, Enterprise performance.

1. Introduction

M & a is an important way for enterprises to enhance their competitive advantages and optimize resource allocation in the capital market. In the academic circle, M & a has always been one of the research hotspots in the field of strategic management and corporate finance at home and abroad. With the increase of the frequency and frequency of mergers and acquisitions, the phenomenon of continuous mergers and acquisitions by listed companies is also gradually increasing. From the current research direction, the main focus is on some factors of continuous merger and acquisition, such as the motivation of continuous merger and acquisition, the performance of continuous merger and acquisition, the relationship between continuous merger and acquisition owners, on the performance of continuous merger and acquisition. This paper will summarize and review the research of domestic and foreign scholars on continuous mergers and acquisitions.

2. Research on Continuous Mergers and Acquisitions

2.1. Definition of continuous merger and acquisition

The concept of continuous M & A was first proposed by scholars Schipper and Thampson (1983), and then many scholars put forward different definitions of this concept. They believe that the definition of continuous M & A depends on two aspects, one is the time range, the other is the number of mergers and acquisitions within this time range. Schipper, Thampson (1983) limited the continuous merger and acquisition to no less than 3 mergers and acquisitions in 3 years can be called continuous merger. At the beginning of the 21st century, Fuller (2002) believed that an enterprise had more than five mergers and acquisitions activities in 3 years to be called continuous mergers and acquisitions. Billett and Qian (2008) proposed more relaxed restrictions on the definition of continuous mergers and acquisitions. In short, enterprises have made more than 5 mergers and acquisitions in 5 years, and they have produced continuous mergers and acquisitions from their research perspective. It can be seen that in the study of the definition of continuous mergers and acquisitions, foreign scholars mostly refer to multiple mergers

and acquisitions in a period of time, but there is no unified conclusion on the number and time interval of mergers and acquisitions.

Compared with domestic scholars, China's research on continuous merger and acquisition is relatively lagging behind, and the definition of continuous merger and acquisition is more reference to the views of foreign scholars. Han Liyan (2007) believes that more than two mergers and acquisitions in 5 years can be defined as continuous mergers and acquisitions. The definition given by Zhou Aixiang (2008) is different from that given by previous scholars. She believes that for three to five years, continuous mergers and acquisitions should be conducted continuously every year. Compared with the definition of other scholars in China, this definition is more stringent. Huang Manli (2020) believes that continuous mergers and acquisitions is not an independent and unrelated transaction behavior, but a strategic layout with linkage attributes. Li Wenxin and Yu Ting (2022) studied the impact of continuous mergers and acquisitions on performance, and defined continuous mergers and acquisitions as 5 or more mergers and acquisitions with business relevance within 3 years.

2.2. Research on the motivation of continuous mergers and acquisitions

Merga motivation is the source power for enterprises to carry out continuous mergers and acquisitions. Through in-depth analysis, it can be found that the motivation of continuous mergers and acquisitions is relatively diverse. In this paper, the motivation of continuous mergers and acquisitions is divided into internal and external motivation according to the source of motivation.

From the perspective of external environment, Anand (1997) that industry impact refers to any factors can change the industry structure, common industry impact factors have technological change, government policy macroeconomic regulation and control, due to the existence of these factors, enterprises will through mergers and acquisitions to adjust the industry enterprise scale and quantity, mergers and acquisitions phenomenon gradually frequent. Domestic scholars Zhang LAN (2007), Su Jingqin et al. (2013) further studied the sample of Chinese companies to confirm that the industry impact also applies to some domestic industries, and

the latter believed that the purpose of domestic mergers and acquisitions was related to adapting to the policy system and expanding market opportunities. In addition, Fang Junxiong (2008) found through empirical research that enterprises controlled by local governments are more inclined to merger and acquire local enterprises, while enterprises led by higher governments are more inclined to merger and acquire with enterprises in other regions, that is, government intervention will affect the merger and acquisition decisions of enterprises to a certain extent. According to the research, Zhong Ninghua et al. (2019) found that enterprises supported by industrial policies are more inclined to achieve rapid expansion through mergers and acquisitions, but most of the high-premium mergers and acquisitions lead to a low success rate of mergers and acquisitions.

From an internal perspective, according to the previous research of scholars, it can be summarized into two levels, namely, enterprise development needs and management behavior. In the aspect of enterprise development, the motivation of continuous mergers and acquisitions presents a diversified state. Harford (2004) believes that when the industry environment in which the enterprise is not optimistic, the enterprise should realize the industrial upgrading. In this case, the enterprise will carry out continuous mergers and acquisitions driven by pressure. Deng (2009) pointed out that modern enterprises acquire strategic assets through cross-border mergers and acquisitions, mainly through brand advantages and core technologies. Zhai Yuming and Liu Haifeng (2013), based on the perspective of technology, proposed that the complementary advantages of resources can be realized through merger and acquisition, so as to improve the core competitiveness of enterprises. Song Lin and Binbin (2016) believe that through continuous overseas mergers and acquisitions, the company aims to acquire products with core competitiveness and explore the international market, so as to enhance their competitive position in the industry. Zhang LAN et al. (2018) Through continuous mergers and acquisitions, enterprises can reduce operating costs by integrating and optimizing resources, and establish a more concentrated resource advantage in the market. Li Wenxin and Yu Ting (2022) proposed in the study of Eston continuous mergers and acquisitions that this continuous merger and acquisition strategy is regarded as a means to achieve enterprise transformation. Through a series of mergers and acquisition activities, enterprises hope to achieve major changes in business structure, market position or overall business model to adapt to market changes, improve competitiveness and achieve better business performance. Sun Pujun (2023) concluded through the analysis of the continuous cross-border mergers and acquisitions that the main drivers of Geely Holding's continuous cross-border mergers and acquisitions include the acquisition of high-quality technology, improving brand value, expanding sales channels, conforming to the trend of electrification and improving market competitiveness.

Domestic and foreign scholars have made a lot of research on the motivation of continuous mergers and acquisitions from the perspective of management. From the perspective of managers, having rich mergers and acquisitions experience can help leaders to become more confident. Doukas et al. (2007) show that overconfident managers may ignore risks in M & A decisions, resulting in improper investment or inadequate consideration of potential problems, thus affecting the performance of M & A. On the contrary, when managers

are more cautious about their own abilities, they may be more cautious in assessing risks and opportunities, and make more rational and effective M & A decisions to bring better benefits. Billett And Qian (2008) believe that after successful mergers and acquisitions, the management will have their mentality, and the overconfidence of the management will make them more confident in their own judgment, which will lead to more frequent mergers and acquisitions. Tang Bei (2010) believes that with good performance and relatively good business performance, managers are more likely to fall into a state of overconfidence, which leads to more inclined continuous mergers and acquisitions to seek further expansion and growth. Through empirical research, Oa and Zheng Yong (2014) believe that the overconfidence of managers is significantly related to the mergers and acquisitions behavior of enterprises, which is an important reason for the frequent mergers and acquisitions of enterprises. Pan Ailing (2018) believes that enterprises with overconfidence of managers will generate a higher premium after mergers and acquisitions. For enterprises with larger debt capacity, the more they will be able to pay the premium generated in mergers and acquisitions, which will have a positive impact on the merger motivation of enterprises. Some scholars believe that the management may initiate continuous mergers and acquisitions for the sake of their own interests, not just to obtain more economic benefits. Zhang Long et al. (2006) showed that with the increase of managers' wages, the frequency of mergers and acquisitions of companies will also increase accordingly. Through the study of free cash flow theory, Zhu Dong and Li Xue (2014) studied the free cash flow and found that the management's increased control over free cash flow may encourage them to more actively use the free cash flow of enterprises to carry out a series of merger and acquisition activities to achieve the goals of business expansion, market share increase or strategic transformation.

3. Research on Continuous M & A Performance

The performance improvement of continuous merger and acquisition enterprises will not only reflect the accumulation of resources of both sides, but also make the enterprises form new competitiveness, so as to realize additional value. Specific view, after the enterprise can obtain the other's business resources, technical resources, customer resources and market resources such as intuitive value, but the additional value need quantified by other financial and financial indicators, such as market share, business development and corporate price market reaction and financial and financial performance reflected in the long-term business performance, etc.

3.1. Positive impact

In terms of the performance research of continuous mergers and acquisitions, some scholars believe that continuous mergers and acquisitions can create a positive impact on companies. Asimakopoulos (2013) found through empirical research that the European banking industry can generally achieve positive economic benefits when carrying out continuous mergers and acquisitions, so that enterprises can gain added value. Kishimoto et al. (2017) conducted the analysis and study of continuous mergers and acquisitions activities in the power industry and found that continuous

mergers and acquisitions will increase the value of the company's stock, in addition to effectively improve the corporate performance of both parties and improve the operating performance of the acquirer. Mathews (2017) believes that continuous merger and acquisition is to learn the knowledge and skills of the target party enterprise, so as to improve the competitiveness of the sustainable development of the enterprise. In the merger and acquisition activities, the enterprise can leverage the resources of the other party, complete the internal learning process, integrate technology and resources, and make up for the defects of its own development. Zhang Xinrong and Tang Min (2010) studied the enterprises with different merger and acquisition factors and found that the performance is closely related to the management level of the enterprise. The larger the original scale of the enterprise, the relatively better the performance will be. Xia Yang and Shen Hao (2018) studied the continuous M & A activities of Joyson Electronics, and found that Junsheng Electronics achieved the overall performance improvement through a series of continuous M & A and acquisition activities, and exceeded the average level of the same industry in key indicators. Li Jieyu and Xu Yijie (2017) believe that in the continuous M & A activities, each step of the M & A plan is related to each other, and they can maximize the sustainable development of the enterprise by completing the long-term development strategy. Zhang Dechao (2022) through the event study and factor analysis to evaluate China tong shares in 2017 ~2020 continuous short-term and long-term performance, the conclusion that continuous acquisitions brought excess gains in the short term, enhance the level of shareholder wealth, long-term performance, company factor comprehensive score in the industry. Liu jiao enchanting (2023) east mountain precision as an example, further analysis of the cause of the continuous mergers and acquisitions, using event research for short-term performance analysis, select financial indicators and non-financial indicators for long-term performance analysis, shows that dongshan precision in 2014-2018 continuous mergers and acquisitions has brought the positive positive effect, successfully achieve industrial transformation and upgrading.

3.2. Negative effect

Some scholars believe that continuous mergers and acquisitions will have a negative impact on company performance. Fuller (2002) studied listed companies with continuous mergers and acquisitions from 1990 to 2000 and found that with the increase of mergers and acquisitions, shareholders' market reaction of shareholders became more and more negative, leading to the gradual reduction of shareholders' wealth, forming a diminishing wealth effect. Croci (2005) also pointed out that with the success of the first merger, the wealth effect of enterprises in the subsequent continuous merger will decrease. If the first merger is not successfully completed by the company, there is an increasing phenomenon. Zhou Wenjun (2013) conducted research on the performance of mergers and acquisitions through economic added value (EVA), and believed that EVA uses the profit degree of shareholders to reflect corporate performance, but in the long run, the company's merger and acquisition activities lack obvious positive impact on the profitability of shareholders. Wang yan (2014) based on the perspective of corporate culture acquisition performance found that the acquired reverse relationship between cultural differences and mergers and acquisitions performance, cultural differences

may become an important factor affecting the success of mergers and acquisitions, especially in the process of enterprise integration, cultural differences may lead to communication barriers, team cooperation and employees do not adapt to the challenge, which affect the overall performance of mergers and acquisitions. Zhuang Mingming et al. (2021) found through the data of China's A-share listed companies from 2006 to 2019 that continuous mergers and acquisitions may have a negative impact on the company's long-term stock price performance, making the company more likely to face the risk of a sharp decline in the stock price. Yang Peihua (2023) analyzed the overall risk of continuous mergers and acquisitions of Suning Tesco. After continuous mergers and acquisitions of Suning Tesco, its asset utilization risk and unstable profitability with low efficiency and rapid expansion.

4. Research on the Evaluation Methods of Continuous M & A Performance

4.1. Event research method

Bhagat et al. (2011) used event research method to conduct in-depth research on cross-border mergers and acquisitions from 1991 to 2008, and verified the feasibility of analyzing enterprise performance by event research method. Min Du et al. (2015) adopted the event research method, took 468 Chinese enterprises as samples, and took the CAR around the announcement date of mergers and acquisitions as the standard to determine the value created by mergers and acquisitions. By comparing the stock price changes of enterprises before and after mergers and acquisitions, it was found that foreign mergers and acquisitions could bring value to Chinese enterprises. Xia Yang and Shen Hao (2018) used the event research method to analyze the short-term performance of the continuous mergers and acquisitions of Junsheng Electronics during 2011-2016, and found that the wealth effect of the short-term performance of Junsheng Electronics was diminishing. Song Xue (2019) Performance Analysis of Continuous mergers and acquisitions Based on Long and Short-term Windows The Continuous mergers and acquisitions of Fosun Pharma was generally good from the perspective of market effect. 13 of the 21 mergers and acquisitions events obtained positive excess returns and created good market value. Xiong Xi (2023) used the event research method to study the value creation of the whole industry chain of Yingfeng Environment, screened the major mergers and acquisitions events in the upper, middle and lower reaches as samples, and analyzed that continuous mergers and acquisitions had a positive impact on enterprise performance.

4.2. Tobin Q value method

The core idea of Tobin Q theory holds that: in real life, capital is completely durable goods, and the marginal Q value of the assets in the enterprise is the ratio of the net present value of the expected profit of new assets to the replacement cost, and also the ratio of the market value of the enterprise capital and the replacement cost of the enterprise. In short, with the passage of time and the continuous development of Tobin Q theory, this theory has gradually become an important basis and tool for listed companies in policy research, and it is often used to infer the performance and value of listed companies. According to Hall (2005) et al., the Tobin Q value can be used as a reliable measurement of

enterprise value. Tian Congrui (2021) studied the Q value before and after the continuous merger and acquisition of Midea Group and found that before the merger and acquisition, the Q value increased year by year or even reached the peak, which showed that the market showed a positive attitude towards the merger and acquisition. Meng Qiang (2022) selected the Tobin Q value of SF Holding and 5 listed companies in the same industry for analysis, and further verified that the development and management of SF Holding intellectual capital showed a stable and upward development trend in the long-term market value. Zou Lihang (2013) took the Q value of Tobin as the proxy variable of the enterprise market value, and found out the indicators affecting the intrinsic value and the growth of the company.

4.3. Financial index method

Financial index method refers to the comprehensive evaluation of the performance of the enterprise and the financial status and operating status of the enterprise through the calculation and analysis of the financial indicators and the comparison, so as to judge whether the merger and acquisition has a positive impact on the performance of the enterprise. Gu Haifeng and Xie Xiaochen (2013) used the principal component analysis method to select the profitability and solvency of Chinese cross-border mergers and acquisitions to build a financial index system, and analyzed and evaluated the performance impact of mergers and acquisitions in different periods, different industries and different target locations. Yan Zhuan (2021) extracted the financial data of Z Company from 2015 to 2019, and used the factor analysis method to establish the financial index system for research. Through the analysis of the company's financial indicators, it was expected to evaluate the ability of the enterprise to create value during the company's merger and acquisition.

4.4. Non-financial index method

because the traditional financial indicators reflect the past information, does not contain most of the factors affecting enterprise long-term competitive advantage, which often cause managers too the pursuit of accounting numbers, decision short-sighted, the pursuit of immediate interests, hinder the potential value of mining, people gradually realized that through the traditional financial indicators to measure the performance of poor enterprise. In contrast, the financial performance indicators to provide supplementary information (such as: competitors, customer acquisition and maintenance, employee satisfaction and loyalty, environmental uncertainty, etc.) can truly reflect the operating conditions, can assist the managers to respond to organization and market change, develop or adjust enterprise strategy, so as to enhance the long-term competitiveness of the enterprise. Holmstrom and Milgrom (1979) is convinced that compared with financial indicators, non-financial performance indicators can provide more information about managers and employees, as the basis for managers' performance evaluation and reward. Wei Dingxiang and Gao Hong (2017) studied the impact of non-financial indicators on the value evaluation of small, medium and medium-sized enterprises through empirical test, and found that innovation ability, market share and positive enterprise value are significantly related to enterprise value, and customer profit margin is not related to enterprise value. Tong Mengjie (2020) Through the study of non-financial indicators such as the intensity of R & D expenditure and the proportion of employees with a

bachelor's degree or above, the performance evaluation of non-financial indicators plays a more significant role in promoting the financial performance of enterprises.

5. Conclusion

Through the combing of the literature, it can be found that the existing data has conducted a certain amount of research on the continuous merger and acquisition of enterprises, which can provide relevant ideas for the analysis of the paper. Existing studies can be summarized into the following points:

In terms of continuous M & A research, there is no consensus on the definition of continuous M & A concept. At present, different scholars mainly define the continuous M & A behavior of enterprises from the two aspects of the interval years and the number of mergers and acquisitions. As for the motivation of enterprises' continuous mergers and acquisitions, scholars put forward different opinions such as seeking synergies, overconfidence of managers, and enhancing enterprise value. However, most of the existing studies still start from a static perspective, ignoring the correlation and dynamic evolution between mergers and acquisitions. In general, there are still many gaps in the research work on the value creation of continuous mergers and acquisitions that need to be improved.

In terms of "continuous mergers and acquisitions performance", according to the existing literature can be found that the study of continuous acquisition performance started late, the literature quantity, only about hundred, development is relatively slow, and the existing literature research on continuous mergers and acquisitions experience and management characteristics and static factors, few explore the correlation between continuous mergers and acquisitions. In fact, the merger and acquisition of enterprises is a dynamic process, and the performance improvement depends more on the management, integration and utilization after resource acquisition. Secondly, in the past literature on the performance of continuous mergers and acquisitions, most of the event research method and the traditional financial index method are adopted, but these methods only focus on short-term accounting information, and do not have too much research on the long-term market reaction and non-financial performance of enterprises after continuous mergers and acquisitions, which has certain limitations. In the future, more detailed analysis can be carried out at the financial and non-financial level.

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