



Systematic Review on Value Creation in Domestic and Cross-Border M&A

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ABSTRACT

Mergers and acquisitions (M&A) are widely used as strategic tools for corporate growth, innovation, and competitiveness, yet their outcomes remain inconsistent, ranging from value creation to value destruction. Differences between domestic and cross-border transactions further complicate these outcomes. Despite extensive research, existing findings remain fragmented across theoretical perspectives and contexts. This study addresses this gap through a systematic literature review (SLR) guided by the PRISMA protocol. Articles were collected from Scopus, Web of Science, ScienceDirect, Emerald, Wiley, and Taylor & Francis Online covering the period 1980–2024. From more than 2,000 initial records, 56 studies were selected for analysis. The literature was examined across five theoretical perspectives: value creation, corporate control, agency theory, the resource-based view (RBV), and market efficiency. The findings indicate that domestic M&A value creation is primarily driven by operational efficiency and market consolidation, while cross-border M&A depends more on institutional conditions, knowledge transfer, and cultural integration. Governance quality and post-merger integration emerge as critical success factors across both contexts.

Keywords: mergers and acquisitions; value creation; cross-border M&A; domestic M&A; systematic literature review.

1. INTRODUCTION

Mergers and acquisitions (M&A) have become one of the most prominent corporate strategies over the past two decades, enabling firms to expand markets, acquire new technologies, and strengthen competitiveness in increasingly globalized industries. The annual value of cross-border M&A transactions has reached trillions of U.S. dollars, positioning M&A as a central instrument of corporate restructuring and strategic realignment in the global economy. Despite its strategic importance, however, the outcomes of M&A remain highly inconsistent. While

some studies show that M&A can enhance value creation through synergy realization, efficiency improvements, and market expansion (Alexandridis et al., 2017; Frésard et al., 2017), other research reports value destruction resulting from overpayment, integration failure, or managerial conflicts (Berger & Ofek, 1995; Graham et al., 2002). These contrasting findings suggest that the mechanisms underlying value creation in M&A are complex and not yet fully understood.

The diversity of findings partly reflects the wide range of theoretical perspectives used to analyze M&A

outcomes. From a market efficiency perspective, several studies examine abnormal stock returns as indicators of investor expectations regarding the value of merger announcements (Wu et al., 2016; Alexandridis, Antypas and Travlos, 2017). Other scholars emphasize the role of the market for corporate control, arguing that M&A functions as a disciplinary mechanism that can improve managerial efficiency and corporate performance (Bradley et al., 1983; Manne, 2012). Agency theory provides another explanation by highlighting managerial self-interest, empire building, and hubris as potential sources of value destruction (Jensen, 2005; Amel-Zadeh and Meeks, 2019). In contrast, the resource-based view (RBV) focuses on the strategic value of combining complementary resources and capabilities, which may generate sustainable competitive advantages following acquisitions (Ulrich & Michalke, 2024). Although these theoretical perspectives provide important insights, they are often applied in isolation, resulting in fragmented explanations of M&A value creation.

In addition to theoretical fragmentation, differences between domestic and cross-border M&A further complicate the understanding of value creation mechanisms. Domestic acquisitions typically occur within relatively homogeneous legal, regulatory, and cultural environments, which may facilitate post-merger integration and operational efficiency (Uddin & Boateng, 2009; Whitaker, 2016). By contrast, cross-border M&A involves greater institutional distance, regulatory diversity, and cultural differences, all of which may increase integration challenges and transaction risks. At the same time, such international transactions may create opportunities for knowledge transfer,

innovation, and global market expansion (Francoeur, 2006; Xie et al., 2017). These challenges are particularly pronounced in emerging markets, where institutional frameworks and corporate governance systems are often less mature (Ibrahim & Raji, 2018). Consequently, comparing domestic and cross-border contexts is essential for understanding how different conditions shape the success or failure of value creation strategies in M&A.

Despite these important insights, previous studies on M&A value creation are fragmented across domestic and cross-border contexts, often focusing on single determinants such as governance, synergy, or institutional environment. A comprehensive synthesis that integrates theoretical perspectives and compares value creation mechanisms across contexts remains limited. This study seeks to address these gaps by adopting a systematic literature review (SLR) guided by the PRISMA framework. Specifically, it synthesizes five major theoretical perspectives value creation, corporate control, agency theory, the resource-based view, and market efficiency to classify and compare the determinants of M&A outcomes in domestic and cross-border contexts.

Although previous reviews have examined M&A performance, most focus on specific determinants such as governance, abnormal returns, institutional factors, or post-merger integration in isolation. Few studies provide a systematic comparison between domestic and cross-border M&A while simultaneously integrating multiple theoretical perspectives. As a result, the mechanisms through which value creation differs across these contexts remain insufficiently understood. Addressing this gap is important because domestic and cross-border transactions are characterized by different governance structures,



institutional environments, and integration challenges that may influence value creation outcomes in distinct ways.

Accordingly, this study is guided by the following research questions:

RQ1: What are the main determinants of value creation in domestic and cross-border M&A?

RQ2: How do these determinants differ across domestic and cross-border contexts?

RQ3: How can value creation mechanisms be explained through the integration of value creation, corporate control, agency, RBV, and market efficiency perspectives?

Based on these questions, this study aims to systematically synthesize the literature on value creation in domestic and cross-border M&A, identify the dominant determinants of M&A success, compare their roles across different contexts, and develop an integrated conceptual framework that combines multiple theoretical perspectives.

By doing so, the study contributes in three ways. First, it develops a comprehensive theoretical synthesis by integrating efficiency, agency, RBV, and institutional perspectives into a unified analytical framework. Second, it provides practical insights for corporations and regulators to anticipate cultural, governance, and institutional barriers, particularly in cross-border transactions. Third, it advances the methodological agenda by encouraging multidimensional and comparative approaches to M&A research that link market reactions with long-term strategic performance.

By integrating these perspectives, this study not only enriches academic understanding but also provides an applicable framework for policymakers and corporate decision-makers to optimize value creation in domestic and cross-border mergers and acquisitions.

The remainder of this paper is organized as follows. The next section reviews the literature across five theoretical perspectives: value creation, corporate control, agency theory, the resource-based view, and market efficiency, which together form the foundation for comparing domestic and cross-border M&A.

2. LITERATURE REVIEW

2.1. Value Creation in M&A as the Primary Outcome

The literature on mergers and acquisitions (M&A) consistently identifies value creation through synergies as the central expected outcome. The post-merger value of two combined firms is anticipated to exceed the sum of their stand-alone values (Alexandridis, Antypas, & Travlos, 2017; Berger & Ofek, 1996; Wu, Yang, Yang, & Lei, 2016). Such synergies are often realized through operational efficiencies, cost savings, and resource optimization, which empirical studies regard as critical determinants of M&A success (Devos, Kadapakkam, & Krishnamurthy, 2009). Yet, the outcomes of M&A remain highly variable. In many cases, transactions fail to generate value and instead result in value destruction, often driven by integration challenges and weak governance mechanisms (Graham, Lemmon, & Wolf, 2002; Renneboog & Vansteenkiste, 2019).

The potential for value creation is shaped not only by firm-specific characteristics but also by ownership structure and corporate governance. For instance, family-owned firms often pursue M&A more cautiously and less aggressively, thereby influencing both the scope of synergy and value creation opportunities (Nogueira & Kabbach de Castro, 2020). Similarly, M&A strategies and motivations are diverse ranging from market expansion and financial stabilization of distressed targets (Erel,

Jang, & Weisbach, 2015) to internationalization strategies in pharmaceuticals and other strategic industries (Srivastava & Prakash, 2014). In addition, external factors such as political stability, macroeconomic conditions, and investor confidence play a pivotal role in shaping M&A outcomes, particularly in cross-border transactions (Nguyen, Phan, & Simpson, 2020).

Another critical element is the method of payment. Empirical evidence suggests that the use of equity rather than cash in cross-border deals can help mitigate governance risks and enhance post-acquisition value (Huang-Meier, Lambertides, & Steeley, 2016). Nevertheless, not all acquisitions yield positive shareholder returns. Studies indicate that acquirers often underperform relative to industry peers, especially in cases involving large, publicly announced transactions (Alexandridis et al., 2017; Renneboog & Vansteenkiste, 2019).

However, the existing evidence remains inconclusive. While several studies report positive value creation through synergy realization and efficiency gains (Alexandridis et al., 2017; Devos et al., 2009), others document value destruction arising from overpayment, integration failure, and governance weaknesses (Graham et al., 2002; Renneboog & Vansteenkiste, 2019). These inconsistent findings suggest that value creation cannot be explained solely by synergy realization and may depend on contextual factors such as institutional environments, governance quality, and organizational capabilities. Consequently, a more integrated perspective is needed to explain why similar M&A strategies generate different outcomes across domestic and cross-border contexts.

Taken together, the evidence suggests that value creation in M&A is contingent

on a complex interaction of internal and external factors. Successful integration, strategic alignment, ownership structure, and market dynamics emerge as central determinants. These findings underscore the need for further empirical investigation to clarify the mechanisms and conditions under which firms can truly maximize the benefits of mergers and acquisitions.

2.2. Corporate Control as a Mechanism of Efficiency

The concept of corporate control serves as a critical mechanism for determining efficiency and competitiveness, particularly in the context of mergers and acquisitions (M&A). From this perspective, M&A is viewed as an instrument of managerial discipline, where underperforming firms may be taken over by more capable actors, thereby enhancing efficiency and productivity in competitive markets (Bradley, Desai, & Kim, 1983; Jarrell, Brickley, & Netter, 1988; Manne, 2012; Wang & Xie, 2009).

The effectiveness of corporate control is shaped by ownership structure and governance practices. Family-controlled firms, for instance, tend to approach M&A more cautiously in order to preserve control, while firms with diversified or institutional ownership are typically more aggressive in pursuing acquisition opportunities (Awan, Shah, Khan, & Javeed, 2020; Nogueira & Kabbach de Castro, 2020). Corporate governance mechanisms such as independent boards, the separation of CEO and chair roles, and regulatory readiness have been shown to mitigate agency problems and enhance the likelihood of successful post-merger integration (Golja, 2012; Teti, Dell'Acqua, Etro, & Volpe, 2017).

The market for corporate control also functions as an external disciplinary mechanism. Poorly performing firms are



more vulnerable to takeover bids, creating incentives for management to improve performance in order to avoid acquisition (Dickerson, Gibson, & Tsakalotos, 2002; Yung, Sun, & Rahman, 2013). However, the effectiveness of control transfers can be undermined by factors such as managerial overconfidence and market misvaluation. These behavioral biases may drive suboptimal investment decisions, particularly when acquirer stock is overvalued (Dong, Hirshleifer, Richardson, & Teoh, 2006; Shah, Ahmad, & Mahmood, 2018). Furthermore, the success of control acquisitions is highly dependent on supportive regulatory and institutional governance environments. Without these safeguards, takeovers may instead exacerbate agency conflicts and erode firm value (Jurich & Walker, 2019).

Although corporate control theory predicts efficiency improvements through disciplinary takeovers, empirical evidence remains mixed. Some studies find that acquisitions improve managerial efficiency and firm performance, while others show limited post-acquisition improvements due to managerial entrenchment, regulatory constraints, or integration difficulties. These inconsistencies indicate that the effectiveness of corporate control mechanisms may be contingent upon governance quality and institutional conditions rather than functioning as universally effective disciplinary devices.

In sum, the mechanism of corporate control through M&A depends not only on market incentives and ownership structures but also on the quality of governance, the adequacy of regulatory frameworks, and the mitigation of managerial behavioral biases. Optimizing these factors is essential for ensuring efficiency, value creation, and long-term sustainability in increasingly

complex and competitive business environments.

2.3. Agency Theory and Conflicts of Interest

Agency theory, developed by Jensen and Meckling, examines the conflicts of interest between owners (principals) and managers (agents) within organizations, particularly in the context of mergers and acquisitions (M&A). In practice, incentive misalignment and information asymmetry frequently lead to managerial decisions that prioritize self-interest over shareholder value creation. Phenomena such as empire building and managerial hubris often underlie acquisition strategies, especially during periods of market euphoria, which can result in overpayment and subsequent value destruction (Amel-Zadeh & Meeks, 2019; Barraclough et al., 2013; Fung et al., 2009; Jensen, 2005).

Managerial decisions on the method of payment are also influenced by ownership structures. High managerial ownership often favors cash payments to reduce the risk of interest dilution; however, this may generate greater agency costs for shareholders (Guo, Li, Hu, & Wang, 2019; Huang-Meier et al., 2016). Conversely, concentrated ownership and strong governance mechanisms have been shown to mitigate agency costs and align M&A decisions more closely with shareholder interests (Hussain, Kryzanowski, Loureiro, & Sufyan, 2024; Kabir, Aripin, & Ali Al-Dhamari, 2019; Li, Jones, & de Gioia Carabellese, 2020). Conflicts of interest are also evident in family firms, which are often resistant to acquisitions in order to maintain control, even at the expense of missed opportunities for value enhancement (Nogueira & Kabbach de Castro, 2020). While M&A offers significant potential to improve efficiency and alleviate the financial constraints of target firms (Erel et al.,

2015), research highlights that managerial over-optimism regarding synergies is frequently not matched by the actual realization of expected value (Shah et al., 2018).

Accordingly, the quality of corporate governance such as the presence of independent boards, transparency, and strong internal regulation plays a pivotal role in reducing agency costs and ensuring that synergies and value creation are effectively realized post-M&A (Teti et al., 2017). Beyond structural mechanisms, behavioral factors such as decision-making biases and heuristics must also be considered, as they significantly affect market efficiency and corporate investment outcomes (Baker, Kumar, Goyal, & Gaur, 2019). In summary, agency theory provides a vital lens for understanding both the risks and the determinants of success in M&A. The interplay of effective governance, the management of conflicting interests, and the mitigation of behavioral biases constitutes a critical foundation for achieving value creation and long-term corporate sustainability in increasingly complex business environments.

While agency theory provides a compelling explanation for value destruction through managerial self-interest and hubris, it tends to emphasize conflicts of interest while paying less attention to strategic resource complementarities and institutional factors. As a result, agency theory alone may not adequately explain situations in which acquisitions create substantial long-term value despite the presence of agency risks.

2.4. Resource-Based View (RBV) and Capability Transfer

Theories of market efficiency and the resource-based view (RBV) offer complementary perspectives for

evaluating the success of mergers and acquisitions (M&A). Market efficiency theory assesses M&A outcomes through capital market reactions particularly abnormal returns around transaction announcements as a reflection of investor expectations regarding new synergies and efficiencies (Alexandridis et al., 2017; Mathur & De, 1989; Shleifer & Vishny, 1990). However, abnormal returns do not always capture the fundamental value of a merger, particularly in emerging markets where information asymmetry is pronounced. In such contexts, they primarily indicate short-term expectations and must be complemented with long-term performance indicators (Rossi, 2012; Subramanian, Ebrahimi, & Thibodeaux, 1992).

In contrast, the RBV emphasizes the importance of transferring unique resources and capabilities as the foundation of sustainable value creation in M&A. According to the RBV, resources that are valuable, rare, inimitable, and non-substitutable (VRIN) constitute the basis of competitive advantage (Ulrich & Michalke, 2024). The success of capability transfer depends heavily on a firm's ability to identify and integrate core competencies such as knowledge management and technology especially in cross-border M&A, where access to innovation and expanded market opportunities can provide substantial strategic benefits (Albuquerque, Brandão-Marques, Ferreira, & Matos, 2019; Bari, Abrar, Bashir, Baig, & Fanchen, 2019). Governance quality, organizational structure, and corporate culture are also critical determinants of capability transfer. Firms with strong governance and decentralized organizational structures tend to achieve more effective post-merger integration, as these enable flexibility and adaptability (Teti et al., 2017; Ulrich & Michalke, 2024). Conversely, differences in corporate



culture, levels of technological sophistication, and resistance to change can obstruct integration and diminish expected strategic gains (Awan et al., 2020; Nguyen et al., 2020).

Institutional and geographic contexts further influence the effectiveness of capability transfer, particularly in emerging markets where institutional disparities may hinder the alignment of resources (Gunessee & Hu, 2021). Moreover, the financial strength of the acquiring firm and the quality of governance are decisive in determining its ability to retain and develop human capital post-acquisition (Erel et al., 2015; Erel, Liao, & Weisbach, 2012). Taken together, these insights suggest that evaluating M&A success requires an integrative approach that combines short-term market responses with long-term assessments of resource and capability integration. Strong governance, cultural alignment, and financial readiness constitute essential preconditions for realizing sustainable synergies and value creation in increasingly complex and competitive M&A environments.

Although RBV highlights the importance of capability transfer and resource complementarities, empirical findings suggest that the mere possession of valuable resources does not guarantee successful value creation. The effectiveness of resource integration is often influenced by governance mechanisms, cultural compatibility, and institutional environments, factors that extend beyond the traditional RBV framework.

2.5. Market Efficiency and Abnormal Returns

Market efficiency theory and corporate control theory provide complementary perspectives for understanding M&A dynamics, particularly with regard to abnormal

returns and corporate governance. In efficient markets, stock prices should fully reflect all available information, such that abnormal returns cannot persist in the long run. However, empirical evidence indicates that acquiring firms frequently experience negative abnormal returns following acquisitions, suggesting the persistence of market inefficiencies (Andrade, Mitchell, & Stafford, 2001; Dutta & Jog, 2009). These inefficiencies are often reinforced by heuristic biases and investor psychology, which shape market reactions to M&A announcements. Investors may overvalue or undervalue firms based on perceived synergies and acquisition strategies rather than fundamentals (Ibrahimi & Meghouar, 2019; Shah et al., 2018).

From the perspective of corporate control, M&A serves as a disciplinary mechanism that allows poorly performing firms to be acquired by more capable entities, thereby enhancing efficiency and productivity (Bradley et al., 1983; Manne, 2012). Yet, the effectiveness of such control transfers depends heavily on the quality of governance and ownership structures. Firms with robust governance practices such as independent boards and transparent regulations are more likely to generate positive cumulative abnormal returns (CAR) and achieve successful post-merger integration (Teti et al., 2017; Ulrich & Michalke, 2024).

Agency theory adds another layer of complexity by highlighting the risk of conflicts between managers and shareholders. M&A decisions are often shaped by managerial motives such as empire building and hubris, which can lead to overpayment and value destruction (Amel-Zadeh & Meeks, 2019; Jensen, 2005). The method of payment also influences market reactions. Equity-financed deals, for example, are frequently met with

skepticism due to concerns over ownership dilution and future earnings uncertainty (Yung et al., 2013).

Corporate governance quality thus emerges as a critical determinant of market efficiency and abnormal returns in the M&A context. Concentrated ownership structures and effective governance mechanisms help reduce agency costs, limit managerial biases, and increase the likelihood of realizing post-merger synergies (Hussain et al., 2024; Kabir et al., 2019). Notably, target firms tend to generate positive abnormal returns at announcement, while acquiring firms often experience negative or negligible returns, reflecting market skepticism regarding acquirers' ability to deliver sustainable long-term value (Campa & Hernando, 2004).

In sum, the ability of M&A to create value depends on the optimal integration of market efficiency, effective corporate control, and mitigation of agency problems. Aligning ownership structures, strengthening governance mechanisms, and managing behavioral biases are essential for ensuring that M&A achieves efficiency gains and sustainable value creation in dynamic and complex market environments. This discussion of market efficiency and abnormal returns reinforces earlier perspectives on value creation, corporate control, agency theory, and the RBV by demonstrating how investor perceptions and governance structures interact to shape short-term and long-term outcomes. Together, these theoretical perspectives provide a multidimensional framework for analyzing how M&A dynamics vary across domestic and cross-border contexts, where institutional quality, cultural distance, and market maturity condition both market reactions and the realization of synergies.

Furthermore, market-based measures such as abnormal returns capture investor

expectations rather than realized post-merger performance. Consequently, positive short-term market reactions do not necessarily translate into long-term value creation, suggesting the need to complement market efficiency perspectives with organizational and governance-based explanations.

2.6. Synthesis and Conceptual Framework

The review of prior studies highlights that the success or failure of mergers and acquisitions (M&A) cannot be attributed to a single determinant but emerges from the interaction of multiple theoretical perspectives. Value creation literature emphasizes post-merger synergies and operational efficiencies, underscoring the role of integration and strategic alignment. Corporate control theory frames M&A as a disciplinary mechanism, where ownership structures and governance practices determine efficiency gains and managerial accountability. Agency theory exposes the risks of incentive misalignments, hubris, and conflicts of interest, reminding us that managerial motives can erode rather than enhance shareholder value. The resource-based view (RBV) expands the discussion by stressing the transfer of unique, inimitable capabilities as the foundation of sustainable competitive advantage, especially in cross-border contexts. Finally, market efficiency perspectives reveal that investor perceptions, abnormal returns, and behavioral biases shape short-term and long-term performance outcomes.

Taken together, these perspectives suggest that M&A outcomes are inherently multidimensional, shaped by the interplay of internal drivers (strategy, governance, ownership, capabilities) and external factors (market reactions, institutional environments, cultural distance). Importantly, these dynamics



differ across domestic versus cross-border transactions. Domestic M&A occurs in relatively homogeneous regulatory and cultural environments, making integration smoother and efficiency gains more achievable. By contrast, cross-border M&A involves greater institutional distance, cultural diversity, and governance disparities, which increase the risks of value destruction but also create opportunities for learning, innovation, and capability transfer.

While each theoretical perspective provides valuable insights into M&A outcomes, none offers a comprehensive explanation of value creation on its own. Value creation theory explains the economic rationale of M&A through synergy realization, but it does not fully account for managerial behavior or institutional constraints. Corporate control theory complements this perspective by explaining how ownership structures and governance mechanisms influence managerial efficiency. Agency theory further highlights the risks of managerial opportunism and incentive misalignment that may hinder synergy realization.

At the same time, the resource-based view (RBV) extends the analysis by emphasizing the role of capability transfer, knowledge integration, and strategic resource complementarities in generating sustainable competitive advantages. However, the realization of these advantages depends not only on organizational capabilities but also on how markets evaluate acquisition decisions. Therefore, market efficiency theory provides an additional perspective by explaining how investors interpret and price acquisition-related information through abnormal returns and market reactions.

Collectively, these theories represent complementary rather than competing

explanations. Value creation theory identifies the expected benefits of M&A, corporate control and agency theory explain governance-related mechanisms that influence those benefits, RBV explains capability-based sources of competitive advantage, and market efficiency theory captures external stakeholder assessments of acquisition outcomes. Integrating these perspectives enables a more comprehensive understanding of why value creation differs across domestic and cross-border M&A contexts.

2.7. Conceptual Integration

The conceptual framework developed in this study integrates five theoretical perspectives to compare domestic and cross-border M&A:

- Value Creation → highlights operational synergies and strategic motivations.
- Corporate Control → underscores ownership, governance, and market discipline.
- Agency Theory → focuses on managerial conflicts, hubris, and incentive alignment.
- Resource-Based View (RBV) → emphasizes transfer of knowledge, technology, and VRIN capabilities.
- Market Efficiency → explains market perceptions, abnormal returns, and behavioral biases.

Together, these perspectives allow a structured classification of determinants into two domains:

1. Determinants dominant in domestic M&A: governance structures, ownership concentration, operational synergies, and market efficiencies.
2. Determinants critical in cross-border M&A: institutional distance, cultural integration, capability transfer, and

governance quality across jurisdictions.

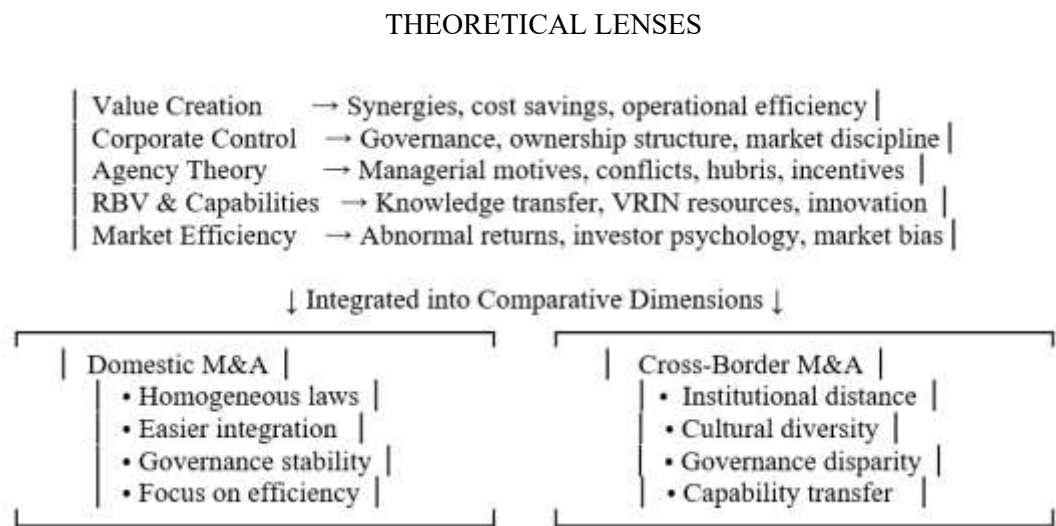
2.8. Proposed Conceptual Framework

Based on the theoretical integration above, the proposed framework positions value creation as the ultimate outcome of M&A activities. Corporate control and agency theory explain governance mechanisms influencing managerial decisions, RBV explains capability transfer and resource integration, while

market efficiency theory captures investor responses to acquisition outcomes. These mechanisms operate differently across domestic and cross-border contexts due to variations in institutional environments, cultural distance, and governance quality.

Figure 1 illustrates how the five theoretical lenses jointly explain determinants of M&A outcomes while also highlighting the contextual divergence between domestic and cross-border transactions.

Figure 1. Conceptual Framework: Determinants of M&A Success



3. RESEARCH METHOD

This study employs a systematic literature review (SLR) guided by the Preferred Reporting Items for Systematic Reviews and Meta-Analyses (PRISMA) protocol. The SLR method was chosen because it provides a high standard of transparency, credibility, and replicability. PRISMA ensures that each stage of literature identification, screening, and synthesis is systematically documented and traceable, enabling other scholars to replicate the review process. Accordingly, the synthesis presented in this study moves beyond narrative description to achieve the levels

of objectivity, rigor, and reproducibility required for publication in high-impact international journals.

3.1. Data Sources and Search Strategy

The review focused on peer-reviewed journal articles retrieved from Scopus, Web of Science, ScienceDirect, Emerald Insight, Wiley Online Library, and Taylor & Francis Online. These databases were selected due to their comprehensive coverage of reputable international journals in finance, management, accounting, and business strategy. The search strategy employed Boolean operators (AND, OR) to

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combine keywords such as “*mergers and acquisitions*,” “*value creation*,” “*domestic M&A*,” “*cross-border M&A*,” “*abnormal return*,” “*stakeholder response*,” “*synergy*,” and “*corporate control*.” For example: (“Mergers AND Acquisitions”) AND (“Value Creation” OR “Abnormal Return”) AND (“Domestic” OR “Cross-Border”).

The time horizon was set between 1980 and 2024, reflecting the modern evolution of M&A literature, with seminal works included for theoretical foundations. Priority was given to peer-reviewed articles published in high-quality journals indexed in Scopus and Web of Science. The review applied clear eligibility criteria.

Inclusion criteria required that studies:

1. Be published in international peer-reviewed journals.
2. Employ empirical or review-based approaches relevant to value creation in M&A.
3. Explicitly address domestic, cross-border, or comparative M&A.
4. Be published in English.

Exclusion criteria eliminated:

1. Grey literature (e.g., reports, theses, working papers) not peer-reviewed.
2. Articles focusing on purely technical aspects unrelated to value creation.

3. Duplicate records across multiple databases.

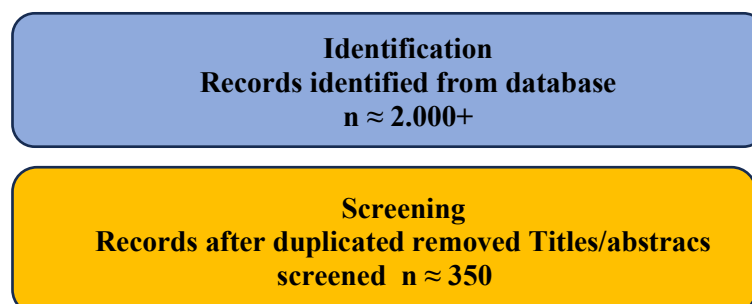
3.2 Screening and Selection Process

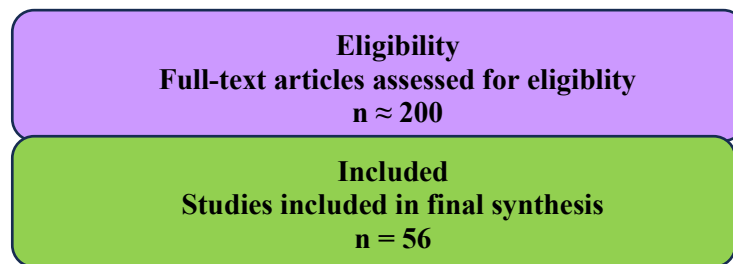
The selection process followed three PRISMA stages. First, identification gathered all articles from the initial database search ($n > 2,000$). Second, screening involved reviewing titles and abstracts, narrowing the pool to approximately 350 studies relevant to M&A and value creation. Third, eligibility required full-text reviews against inclusion and exclusion criteria. Ultimately, 56 articles met the criteria and were included in the final analysis. A PRISMA flow diagram was constructed to document the number of studies at each stage of the screening process (Figure 2).

Data from eligible studies were extracted into an analytical matrix using the following variables:

1. Type of M&A (domestic vs. cross-border).
2. Theoretical framework applied (synergy, agency, RBV, corporate control, market efficiency, etc.).
3. Outcome indicators (abnormal return, firm performance, synergies, stakeholder response).
4. Geographic context (emerging vs. developed markets).
5. Study period.

Figure 2. PRISMA 2020 Flow Diagram (Systematic Literature Review on M&A)





Source: Authors' analysis based on PRISMA systematic literature review (2026).

Coding was conducted in three steps: open coding to identify recurring themes, axial coding to connect interrelated themes, and selective coding to build cross-theoretical and cross-contextual synthesis.

To enhance transparency and replicability, the coding process was conducted systematically using a predefined coding protocol. Each selected article was reviewed and coded according to several dimensions, including M&A type (domestic or cross-

border), theoretical perspective, outcome measures, determinants of value creation, geographic context, and key findings. During the open coding stage, recurring concepts and themes were identified. Axial coding was then used to group related concepts into broader categories, while selective coding focused on integrating these categories into an overarching conceptual framework. A coding manual was developed prior to analysis to ensure consistency in the classification of studies and interpretation of findings (Table 1).

Table 1. Coding Framework Used in the Literature

Coding Category	Description
M&A Type	Domestic or Cross-Border
Theoretical Perspective	Value Creation, Agency Theory, RBV, Corporate Control, Market Efficiency
Outcome Measure	CAR, ROA, Tobin's Q, Synergy
Geographic Context	Developed or Emerging Market
Determinant	Governance, Institutional Distance, Cultural Distance, Capability Transfer
Evidence Type	Positive, Negative, Mixed

Source: Authors' analysis based on selected literature (2026).

To improve the reliability of the review process, article screening and coding were independently conducted by two reviewers. Any discrepancies in article classification, coding categories, or thematic interpretation were discussed and resolved through consensus. This iterative review process helped minimize

subjective bias and improve the consistency of the thematic synthesis. Where disagreements occurred, articles were re-examined against the inclusion criteria and coding framework until agreement was achieved.



3.3. Quality Assessment and Analytical Approach

To ensure validity, all included studies were assessed for methodological rigor based on the Cochrane Collaboration standards and PRISMA guidelines. Assessment criteria included methodological transparency, measurement reliability, and theoretical contribution. Articles deemed methodologically weak (e.g., high bias risk, flawed measurement approaches) were excluded from the final synthesis. This ensured that only high-quality academic evidence formed the basis of analysis. The analysis employed thematic synthesis to compare determinants of value creation between domestic and cross-border M&A. A triangulation approach was applied by integrating three categories of evidence:

1. Market-based outcomes (e.g., abnormal returns, Tobin's Q).
2. Firm-based performance indicators (e.g., profitability, efficiency, leverage).
3. Stakeholder-based outcomes (e.g., cultural integration, employee loyalty, reputation).

The results were mapped into an integrated conceptual framework that highlights how determinants differ across

domestic and cross-border contexts. This framework links short-term market responses with long-term strategic performance, providing a multidimensional perspective on M&A outcomes.

To ensure methodological rigor, quality assessment was performed using predefined evaluation criteria adapted from PRISMA guidelines and previous systematic review studies. Each article was assessed based on research design transparency, theoretical contribution, measurement validity, data quality, and relevance to the study objectives. Studies that did not provide sufficient methodological information or demonstrated substantial limitations were excluded from the final synthesis. The quality assessment process also served as an additional verification mechanism for coding consistency and thematic reliability.

4. FINDINGS

The thematic synthesis of 56 studies reveals that the outcomes of mergers and acquisitions (M&A) are not uniform, but shaped by the interplay of operational, institutional, and governance determinants across domestic and cross-border contexts (Table 2).

Table 2. Summary of M&A Representative Studies

Author (Year)	Type M&A	Context	Theory	Measured Outcome	Key Findings
(Uddin & Boateng, 2009)	Domestic	UK Banking	Operational Efficiency	Post Merger Performances	Domestic M&A improves cost efficiency and market consolidation.
(Whitaker, 2016)	Domestic	US Corporates	Market Consolidation	Abnormal Return & ROA	Domestic mergers generate stable returns with low integration risks.
(Francoeur, 2006)	Cross-border	Kanada & US	RBV / Knowledge Transfer	Efficiency & Innovation	Cross-border boosts innovation through knowledge transfer.

(Chari, Ouimet, & Tesar, 2011)	Cross-border	Emerging vs Developed	Corporate Control & Institutional Theory	Stock Market Valuation	Institutional distance affects the success of control transfers.
(Xie, Reddy, & Liang, 2017)	Cross-border	China outbound	Cultural Distance	Abnormal Return, Cultural Integration	Significant cultural differences reduce the chances of successful integration.
(Frésard, Hege, & Phillips, 2017)	Cross-border	Multinational firms	RBV / Dynamic Capabilities	Synergy & Long-Term Performance	Dynamic capabilities increase serial acquirer success.
(Alexandridis et al., 2017)	(Cross-border focus)	Global sample	Market Efficiency	Abnormal Return	The market responded positively to synergies; abnormal return tinggi pada cross-border deals.
(Amel-Zadeh & Meeks, 2019)	General	UK Public Firms	Agency / Stakeholder	Forecast Earnings & Stakeholder Trust	Forecast managers are often biased; creating a gap between expectations and value realization.

Source: Scopus, Web of Science, ScienceDirect, Emerald, Wiley, and Taylor & Francis Online databases (2026).

First, the core outcome of M&A lies in the tension between value creation and value destruction. Overall, value creation occurs when operational and financial synergies are realized through cost efficiency, asset optimization, and revenue growth. However, numerous studies confirm that many M&A transactions result in value destruction due to overvaluation, weak post-merger integration, or managerial conflict. For example, (Alexandridis et al., 2017) highlight that acquirer overconfidence and hubris often drive overpayment, while (Uddin & Boateng, 2009) note that integration difficulties frequently erode expected synergies. The context also matters: domestic M&A tends to be operational-driven, whereas cross-border M&A is more institutional- and knowledge-driven (Martynova & Renneboog, 2008).

Second, the determinant patterns in domestic M&A: efficiency & market

consolidation. Domestic transactions are more likely to succeed when focused on consolidating local market share, combining production capacity, reducing functional duplication, and standardizing processes, (Andrade et al., 2001; Martynova & Renneboog, 2008) show that acquirers in domestic deals often achieve improved operating performance and efficiency gains. Integration barriers are lower due to similarities in language, culture, and regulatory systems, leading to more stable abnormal returns and improved firm-level indicators such as ROA and margins (Whitaker, 2016).

Third, the determinant patterns in cross-border M&A: distance, capabilities, regulation. Cross-border transactions face more complex determinants, primarily institutional distance (differences in regulatory quality, legal enforcement, and political/currency risks) and cultural distance (managerial styles, HR



practices, and communication norms). (Xie et al., 2017) find that cultural diversity can enhance learning and capability transfer, but only if well-managed. At the same time, difficulties in knowledge and capability transfer often hinder value realization (Wang & Xie, 2009). Execution risks are particularly high in emerging markets, where institutional voids complicate integration (Xie et al., 2017).

Fourth, the findings underscore the need to combine market responses and stakeholder responses to provide a comprehensive assessment of M&A outcomes. In both domestic and cross-border deals, market response (abnormal returns around announcement dates) reflects short-term investor expectations, while stakeholder responses (employees, customers, suppliers, regulators) indicate long-term integration quality. (Andrade et al., 2001; Campa & Hernando, 2004) show that targets often earn positive abnormal returns, while acquirers see neutral or negative returns. However, long-term success depends heavily on stakeholder trust, employee retention, and customer loyalty (Graebner, 2004; Stahl et al., 2013). This synthesis highlights the need to combine market-based and stakeholder-based outcomes for a holistic assessment of value creation.

Fifth, governance and agency-related factors function as universal filters, but their impact differs across contexts. Strong governance mechanisms (independent boards, concentrated ownership, performance-based incentives) reduce agency costs in both domestic and cross-border (Jensen, 2005; Shleifer & Vishny, 1989) argue that governance structures discipline managerial opportunism, while (Teti et al., 2017) demonstrate their role in post-merger success. In domestic M&A,

governance accelerates operational decisions, while in cross-border deals, governance also signals credibility to regulators and host-country institutions (Rossi & Volpin, 2004). Conversely, managerial hubris and empire building remain leading causes of value destruction across contexts (Hayward & Hambrick, 1997; Amel-Zadeh & Meeks, 2019).

Finally, the resource-based view (RBV) and dynamic capabilities emerge as central drivers of cross-border M&A, while serving as complementary factors in domestic deals. The resource-based view (RBV) and dynamic capabilities framework emerge as particularly critical in cross-border M&A, where firms acquire new technologies, talent, and market knowledge. (Francoeur, 2006) argue that sustainable value creation depends on successful transfer and reconfiguration of capabilities. In domestic M&A, RBV complements efficiency goals when integration of supply chains, platforms, or digital assets enhances resource-based advantages (Francoeur, 2006; Frésard et al., 2017). Thus, while dynamic capabilities are essential for navigating international uncertainty, they also reinforce competitive positioning in domestic consolidations.

In sum, the findings highlight that M&A outcomes are contextually determined. Domestic M&A is primarily efficiency-driven, while cross-border M&A is institutionally and knowledge-driven. The combined analysis of value creation, corporate control, agency conflicts, RBV, market efficiency, and stakeholder responses provides a multidimensional understanding of why some transactions succeed in creating sustainable value, while others fail despite initial market optimism (Table 2).

Table 2. Finding domestic vs. cross-border M&A.

Theme	Domestic M&A	Cross-Border M&A
1. Value Creation vs. Value Destruction	Operational-driven synergies; efficiency, asset optimization, revenue growth; lower risk of value destruction.	Institutional/knowledge-driven synergies; risk of value destruction from integration failure, cultural conflict, and weak governance.
2. Determinants of Domestic M&A	Success linked to market consolidation, production capacity integration, process standardization; lower cultural/legal barriers.	Determinants include institutional and cultural distance, regulatory complexity, political/FX risk.
3. Determinants of Cross-Border M&A	Less relevant compared to cross-border; mainly efficiency through consolidation rather than institutional or knowledge transfer.	Critical role of knowledge & capability transfer (technology, IP, human capital); requires disciplined due diligence and cultural integration.
4. Market vs. Stakeholder Responses	Market response (abnormal returns) and firm-based outcomes (profitability, ROA) dominate evaluation; stakeholder concerns less complex.	Combination of market response (short-term) and stakeholder response (long-term integration, reputation, legitimacy) is essential.
5. Governance & Agency	Governance accelerates operational integration; effective boards and concentrated ownership reduce agency cost.	Governance acts as a credibility device for host-country regulators; weak governance increases hubris risk and value destruction.
6. RBV & Dynamic Capabilities	RBV complements efficiency gains through supply chain and platform integration; resource-based advantage enhances scale.	RBV and dynamic capabilities central for acquiring technology, talent, and innovation; crucial for sustainable competitive advantage.

Source: Authors' analysis based on selected literature (2026).

5. DISCUSSION

The findings reaffirm that value creation in M&A cannot be fully explained through a single theoretical lens. In domestic transactions, synergy theory and market efficiency perspectives are particularly relevant, as operational efficiency, market consolidation, and stable abnormal returns emerge as the primary indicators of success (Uddin & Boateng, 2009; Whitaker, 2016). In contrast, cross-border M&A requires greater reliance on

the resource-based view (RBV) and institutional theory, since outcomes are strongly shaped by capability transfer, regulatory differences, and cultural distance (Chari et al., 2011; Xie et al., 2017). This synthesis highlights the importance of a multi-theoretical approach that integrates synergy, agency, RBV, and institutional perspectives to develop a more comprehensive understanding of M&A dynamics (Figure 3).

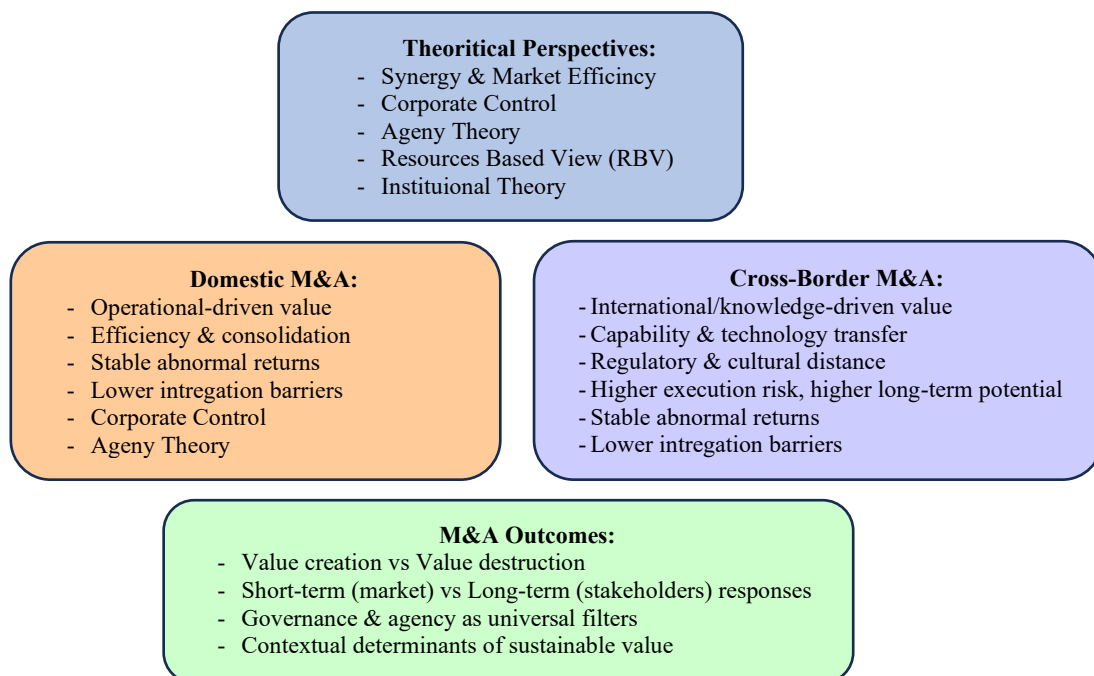
Beyond confirming previous evidence, the findings suggest that value



creation mechanisms differ because domestic and cross-border M&A are embedded in fundamentally different organizational and institutional environments. In domestic transactions, firms operate within relatively homogeneous legal, regulatory, and cultural systems, allowing operational synergies to be realized more rapidly. By contrast, cross-border transactions require firms to overcome institutional

distance, cultural differences, and governance complexity before potential synergies can be fully realized. Consequently, the determinants of M&A success are not universally applicable but vary according to the contextual challenges faced during post-merger integration.

**Figure 3. Discussion Synthesis Diagram:
Integrating Theories into Domestic vs. Cross-Border M&A Outcomes**



Source: Authors' analysis based on selected literature (2026).

This review makes a distinct contribution by addressing a gap in the literature namely, the lack of systematic comparison between determinants of domestic and cross-border M&A. Previous studies have often been fragmented, focusing on isolated indicators (e.g., abnormal returns) or on one context without integrating stakeholder responses. This article advances the field by mapping domestic M&A as “operational-driven value”, where efficiency and consolidation

dominate, while cross-border M&A is characterized as “institutional/knowledge-driven value”, where capability transfer and governance quality are central. This distinction broadens the conceptual framework of M&A research by emphasizing that value creation is not a universal phenomenon but a context-dependent process shaped by institutional environments and organizational capabilities.

The observed differences between domestic and cross-border

M&A can be explained by variations in institutional complexity and integration requirements. Domestic transactions generally involve lower levels of uncertainty because firms operate within familiar regulatory and cultural environments. As a result, operational efficiency and market consolidation become the primary sources of value creation. Conversely, cross-border acquisitions expose firms to greater institutional distance, regulatory diversity, and cultural heterogeneity. Under these conditions, governance quality, capability transfer, and post-merger integration become more critical determinants of success. These findings indicate that the relative importance of M&A determinants is shaped by contextual conditions rather than by universal strategic principles.

This article contributes to the M&A literature by integrating multiple theoretical frameworks synergy theory, agency theory, the resource-based view (RBV), and institutional theory into a comparative lens. The synthesis extends existing scholarship by confirming that value creation is not a homogeneous concept, but a context-dependent phenomenon. By advancing a multi-theoretical approach, this study offers a conceptual bridge between operational efficiency, managerial incentives, capability transfer, and institutional environments, thereby enriching theoretical models of both domestic and cross-border M&A.

The findings extend existing theoretical perspectives in several ways. First, they suggest that value creation theory alone is insufficient to explain M&A outcomes because synergy realization depends on governance quality, institutional conditions, and organizational capabilities. Second, while agency theory emphasizes managerial conflicts and value destruction, the review indicates that

strong governance mechanisms can mitigate agency problems and facilitate value creation, particularly in cross-border contexts. Third, the findings broaden the application of the resource-based view by demonstrating that capability transfer is most effective when supported by institutional compatibility and integration capacity. Finally, the results challenge the implicit assumption of market efficiency that positive market reactions necessarily reflect future value creation, as several studies reveal discrepancies between short-term abnormal returns and long-term post-merger performance. Collectively, these findings support a multidimensional perspective in which value creation emerges from the interaction of governance, resources, institutions, and market perceptions rather than from any single theoretical mechanism.

This study also identifies several avenues for future empirical research. First, comparative longitudinal studies are needed to examine how M&A waves and economic cycles moderate determinants of success in domestic versus cross-border contexts. Second, mixed-method approaches could integrate quantitative indicators (abnormal returns, ROA, Tobin's Q) with qualitative insights (employee perceptions, organizational culture, reputation) to provide a more holistic assessment. Third, cross-country comparisons between emerging and developed markets would enhance understanding of how institutional quality shapes M&A outcomes. Finally, the application of big data analytics and machine learning holds promise for mapping patterns of synergy realization and failure with greater predictive accuracy.

Overall, the findings suggest that successful M&A outcomes are contingent upon the alignment between organizational capabilities and



contextual conditions. While domestic M&A primarily creates value through efficiency and consolidation, cross-border M&A relies more heavily on governance quality, institutional compatibility, and knowledge integration. This distinction highlights the need for future M&A research to move beyond single-theory explanations and adopt more integrated frameworks capable of capturing the multidimensional nature of value creation.

6. CONCLUSION, IMPLICATION, SUGGESTION, AND LIMITATIONS

This study synthesizes 56 peer-reviewed articles selected through a PRISMA-guided systematic literature review to examine value creation in domestic and cross-border mergers and acquisitions (M&A). The findings demonstrate that the determinants of M&A success are highly contextual. The reviewed studies suggest that domestic M&A tends to generate value primarily through operational efficiencies, market consolidation, and process integration, whereas cross-border M&A more frequently relies on capability transfer, institutional compatibility, governance quality, and cultural integration. However, these patterns should be interpreted as dominant tendencies identified in the reviewed literature rather than universal characteristics applicable to all M&A transactions.

The evidence gathered across diverse institutional settings, industries, and transaction types indicates that value creation in M&A cannot be adequately explained by a single theoretical perspective. Rather, successful M&A outcomes emerge from the interaction of governance mechanisms, organizational capabilities, institutional environments, and market responses. These findings

reinforce the argument that M&A value creation is best understood through an integrated theoretical perspective that combines value creation theory, corporate control theory, agency theory, the resource-based view (RBV), and market efficiency theory rather than relying on any single explanatory lens.

For business practitioners, the findings underscore the importance of strategic alignment in both selecting and executing M&A transactions. In domestic contexts, firms should focus on achieving operational efficiencies, process integration, and market consolidation. In cross-border transactions, greater attention should be devoted to cross-national due diligence, cultural integration, capability transfer, and compliance with regulatory requirements. Across both contexts, strong corporate governance and structured post-merger integration (PMI) emerge as important factors supporting long-term value creation. Beyond financial synergies, firms should also address communication, leadership, organizational culture, and stakeholder trust, which play a significant role in determining post-merger success.

From a policy perspective, the reviewed literature suggests that institutional stability, regulatory quality, transparency, and investor protection may support more effective M&A outcomes, particularly in cross-border transactions. In domestic markets, competition policy and regulatory oversight remain important for ensuring that consolidation activities do not adversely affect market competition and consumer welfare. Nevertheless, these implications should be interpreted within the scope of the reviewed literature and may vary across industries, countries, and transaction characteristics.

Future research should further investigate whether the determinants identified in this review operate similarly across industries, institutional environments, and stages of economic development. Comparative empirical studies examining domestic and cross-border M&A using consistent performance measures would be particularly valuable for validating the contextual patterns identified in this review. In addition, longitudinal and mixed-method approaches could provide deeper insights into how governance quality, capability transfer, and institutional conditions influence post-merger performance over time.

Emerging analytical approaches, including big data analytics, machine learning, and artificial intelligence, also offer promising opportunities to identify patterns of synergy realization, integration success, and value destruction with greater predictive accuracy. Such approaches may contribute to a more comprehensive understanding of the dynamic processes underlying M&A outcomes.

Several limitations should be acknowledged. First, this review included only peer-reviewed journal articles published in English, which may have excluded relevant evidence published in other languages or formats. Second, the thematic synthesis relied on interpretations reported in the original studies rather than on primary empirical data. Third, differences in research designs, performance measures, sample characteristics, and geographic contexts across the reviewed studies may limit direct comparability of findings.

Furthermore, while the systematic literature review approach provides a comprehensive synthesis of existing knowledge, it cannot fully capture the real-time dynamics and evolving nature

of M&A practices, particularly in rapidly changing institutional and economic environments. Consequently, the conclusions presented in this study should be interpreted as a synthesis of prevailing patterns within the literature rather than as definitive causal explanations applicable to all M&A contexts.

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