Syntax Literate: Jurnal Ilmiah Indonesia p–ISSN: 2541-0849
e-ISSN: 2548-1398
Vol. 10, No. 2, Februari 2025

THE EFFECT OF VERTICAL MERGERS AND ACQUISITIONS (M&A) ON THE VALUE OF GLOBAL ENERGY SECTOR COMPANIES

Rania Rusyda[1], Ruslan Prijadi[2]
Universitas Indonesia, Indonesia[1,2]
Email: rania.rusyda2@gmail.com[1], ruslan.prijadi@gmail.com[2]

Abstract

This study aims to analyze the impact of vertical mergers and acquisitions (M&A) on firm value in the global energy sector, distinguishing vertical integration into upstream, downstream, and other categories. The background of this research is that, in the energy sector, most companies tend to acquire target firms operating in the same sector. This study adopts a quantitative approach by collecting data from Refinitiv and S&P Capital. The data consists of energy companies engaged in M&A activities during the 2014-2018 period and evaluates their impact on firm value over five years following the transactions. A total of 443 deals were analyzed using the Difference-in-Differences (DID) method. The results indicate that upstream and other vertical integrations have a significant positive impact on firm value, while downstream vertical integration shows a significant negative impact on firm value.

Keywords: Mergers and Acquisitions, M&A, Company Value, Energy Sector, Renewable Energy, Energy Transition, Long Term Impact.

Introduction

There are two competing theoretical explanations for mergers and acquisitions: synergy and diversification. The principle in the first theory, synergy, says that M&A requires one business to make its operations and management style compatible with other businesses. The more similar the two businesses, the more efficient the transaction will be. This is because the merger will eliminate duplication and allow management to focus on core activities within one larger entity. Therefore, synergies between company mergers often generate added value for shareholders (Alhenawi & Stilwell, 2019).

The second theory states that diversification is the main motive behind M&A strategies (Adhikari et al., 2018; Nejadmalayeri et al., 2017). Based on this theory, the benefits of diversification will be greater if mergers between different companies are carried out. However, the benefits of this diversification have yielded different findings. Research conducted by Ferris et al. (2002), for example, produced the finding that diversification will destroy the value of companies, because growth opportunities are low. Bernado and Chowdhry (2002) also show similar results, where companies with many segments experience lower growth opportunities than companies with a single segment. Furthermore, Stowe and Xing (2006) also found the negative impact of diversification on the value of companies, by controlling for differences in the level of growth opportunities between diversified and undiversified companies.

Diversification is a strategic choice for business expansion. There are various definitions of diversification. Gort, an American scientist, first proposed the concept of diversification, which refers to the increasing heterogeneity of the market of a company's products. He emphasized that this so-called market heterogeneity refers to products from different industries or different types of business services than those already in the

company's portfolio. Ansoff (1957) first proposed the meaning of diversification strategy from the perspective *of corporate growth strategy*. In his article entitled *"Strategies for Diversification"*, he argued that diversification is a business strategy to develop new markets with new products, and is applied when the company has reached a certain level of development. The point is that at this stage, the company may have maximized the growth potential of the existing market and products, so diversification is the next step for the company to continue to grow.

In general, diversification can be categorized into two aspects, namely: (1) involving activities that have nothing to do with the original market and production, also called unrelated diversification, and (2) related to new activities that are still related to the original market and production, which is referred to as related diversification (Le, 2019). An example of unrelated diversification is a company that creates a new product, which is unrelated to the industry it came from. Diversification is an example of a company that develops a new product, but is still in the same industry. Another example is a company that manufactures the same or similar products, but with different markets. Diversification can be done with M&A, as M&A allows companies to access new resources and markets that often lead to diversification (Janiuk, 2017).

A merger is a consolidation or merger of a company, while an acquisition is a purchase of shares. Merger refers to the fact that more than one business merges and continues its existence as a single business (Gaughan, 2017). A business merger is a transaction or event in which the acquiring business takes control of one or more businesses (Gökçen et al., 2011). By general definition, a merger is a transaction in which two businesses are merged, and a second business known as an acquired business is liquidated, and then all of its assets and liabilities are put into the combined business balance sheet.

Meanwhile, an acquisition, defined by the Federal Trade Commission (FTC) in the context of business competition law, is a transaction in which one entity acquires control over another entity through the purchase of shares or assets. An acquisition occurs when a company takes over a controlling stake in another company, an authorized subsidiary of another company, or certain assets of another company. This may involve the purchase of assets or shares of another company. The acquired company remains, only changing controllers (DePamphilis, 2021).

One of the most common motives in corporate M&A is *value creation* (Meghouar, 2016). This is defined as the acquisition of efficiency resulting from cost advantage (Morck & Yeung, 2002) or as the capacity to make the combined company more profitable than two individual companies (Brealey et al., 2014). This mutually beneficial condition will occur if M&A activities get synergy (Zuhri et al., 2020). Synergy means a combination of work, which in the context of M&A refers to the benefits obtained by combining two or more business units (Janiuk, 2017). Merger synergies are projected to arise from *economies of scale and scope*, increased market strength, financial efficiency and increased access to capital through expansion of internal capital availability, increased focus, and risk reduction through diversification (Alhenawi & Krishnaswami, 2015).

Examples of synergies through *economies of scale* and *economies of scope* in mergers are the benefits obtained through the elimination of duplication of products, processes and services (Lewellen, 1971), the division of intangible assets such as research and expertise (Gertner et al., 1994; Prahalad & Hamel, 2009), and greater administrative efficiency through the adjustment of managerial skills. This means that companies can

manage their resources and operations more effectively and efficiently, as they can put the most talented managers in the right positions, eliminate duplication of roles, and align better management strategies. Therefore, *economies of scale* and larger *economies of scope* can lead to increased company performance and *value*.

Another major goal of companies doing mergers and acquisitions is for faster growth compared to companies that rely on organic growth (Sui & Peculea, 2016). This is because M&A allows them to penetrate new markets and sell to new customer bases, expand their scope by acquiring *complementary* products, purchase a range of products that are in intensive research and development, patents or trade secrets, reduce taxes through new subsidiaries located in tax-friendly countries, realize cost synergies by eliminating excess facilities and costs overhead, reducing competition, increasing access to capital, and others (Renneboog & Vansteenkiste, 2019).

Referring to Gaughan (2017), mergers can be classified into three main categories. The first is a horizontal merger that occurs when two companies competing in the same industry decide to merge. This merger can result in a more dominant entity in the market and potentially create a monopolistic situation. The second category is vertical mergers, where mergers involve companies that are at different levels in the same supply chain, for example between suppliers and buyers. This strategy is implemented to gain greater control over the supply chain, reduce operational costs, and optimize business process efficiency. The third type of merger is a conglomerate merger. In this type of merger, the merged companies have no competitive links or relationships in the supply chain. In other words, this merger occurs between companies that operate in different industries and are not related to each other.

This study examines companies in the energy sector that are differentiated based on vertical integration, namely upstream, downstream and others. In vertical integration, *Backward Integration* means that a company acquires a supplier that provides the raw materials or components needed in the production process. On the other hand, *Forward Integration* is a company that acquires distributors, retailers, or other parties who are in charge of bringing products to the end consumer (DePamphilis, 2021). In the context of energy sector companies in this study, upstream focuses on energy exploration, production, and mining, downstream companies refer to processing, distribution, and marketing, while others are categories of companies that are not directly in the main value chain.

Rosenzweig et al. (2019) concluded that the post-acquisition integration process is an extraordinary value creation process. Dao *et al* (2016) prove that the realization of *value creation* depends on integration between two previously independent organizations. Specifically, there are findings that differ from previous studies on the relationship between vertical M&A and corporate value creation. The research of Natocheeva et al. (2017), shows that vertical mergers that occur in a non-competitive environment (a market that is not very competitive) can result in higher total returns, which means greater value creation compared to other mergers. Another study conducted by Faff et al. (2019) identified that unlike horizontal M&A, vertical M&A does not produce a positive wealth effect for shareholders. Vertical integration provides the greatest advantage when dominant firms integrate to close or discriminate against competing firms (Ekkayokkaya & Paudyal, 2021). In this regard, Avinadav et al. (2017) argue that vertical integration such as upstream or downstream integration provides real added value, especially for supply chain management and various stages in manufacturing plants.

Looking more broadly, not only vertical integration, Sudarsanam (2005) analyzed the consequences of M&A and conducted an extensive survey of research around the world. One common feature of these studies is the conclusion that M&A often fails, which means that the value of a business tends to decline compared to its value before the transaction was made. Based on the research, Sudarsanam (2005) stated the cause of the failure or success of the transaction. The most common factors contributing to failure include: the attitude of the managers of the company being taken over and cultural differences (85%), the lack of a plan regarding integration (80%), the lack of knowledge about the industry or about the target company (45%), the poor management of the company being taken over (45%), and the lack of experience in the acquisition area (30%). On the other hand, factors contributing to the success of a merger or acquisition include: the creation of a detailed integration plan and the speed of its implementation (76%), the clear objectives of the takeover (76%), the cultural fit between the two companies (59%), good cooperation with the management of the acquired company (47%), and knowledge of the acquired company and industry (41%).

Some sources state that M&A failure can occur at every stage of the process, including when identifying and assessing the target company, when completing the transaction, and when managing post-M&A (Eiteman, 1973). When analyzing the factors that affect M&A, Daley et al. (2024) emphasizes the importance of *due diligence*. He explained that due *diligence* serves to investigate targets, identify potential problem areas throughout the transaction, and prepare for integration. Therefore, due *diligence* can minimize the risks posed, and is one of the determining factors for the success of M&A.

The cons of M&A's influence on company *value* have been found by several other studies. Thompson and Kim (2020), argue that research on M&A has reached a mature stage, but empirical evidence on whether M&A is a value-destroying or value-adding transaction is still inconclusive. It was found that success in M&A happens more than failure. Branch and Wang (2009) study found that only 10% of the M&A sample failed, while Bi and Zhang (2021) reported a failure rate of only 18%.

Reporting from the Ernst & Young (EY) website, the energy sector is undergoing a significant transformation that has led to a surge in mergers and acquisitions (M&A) activities characterized by high-value transactions. Companies incorporate complex factors into their M&A strategies, planning and aiming to achieve synergy targets and align with low-carbon goals. Bruce On, Head of Strategy and Energy Transactions for the US-West Region at EY, said that the driving factors behind this surge in energy sector M&A activity are very strong cash flows, renewed customer confidence, and also awareness of the need for affordable, reliable and sustainable energy globally. He also said that considerations in energy sector M&A are *commodity pricing,* fluctuations in supply and demand, and technological advancements. Data from Statista in 2023 shows that the energy sector ranks second with the highest value of M&A transactions in the world, after the technology sector.

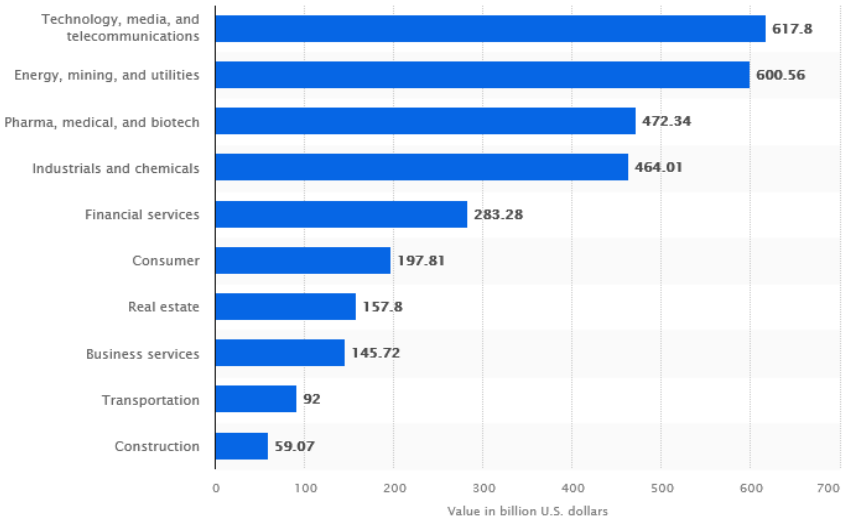


Figure 1. Global mergers and acquisitions (M&A) transaction value in 2023 by industry (in billions of US dollars)
Source: Statista

The energy sector is critical to every country's economy, and affects all other economic sectors (Zema & Sulich, 2022). Therefore, it is important to pay special attention to the energy sector. The researchers, in their scientific descriptions, point to the undeniable strategic role of the energy sector regarding its function for the further development of the modern economy (Bi & Zhang, 2021; Branch & Wang, 2009). This role is due to the historical development of economic development which makes it difficult to imagine modern social and economic life without constant access to energy and electricity resources (Ayres & Warr, 2009).

Electrification and energy are trends that continue to show increased investment and high interest, despite challenging economic conditions. A report from the Boston Consulting Group (BCG) shows that companies that make acquisitions in the energy sector are generally more acquired by energy companies themselves. This reflects the tendency that companies in the energy industry prefer to expand their control over the supply chain or strengthen their position in the industry by acquiring companies operating in the same sector. Therefore, this study wanted to examine the influence of M&A in the energy sector based on vertical integration on the value of companies.

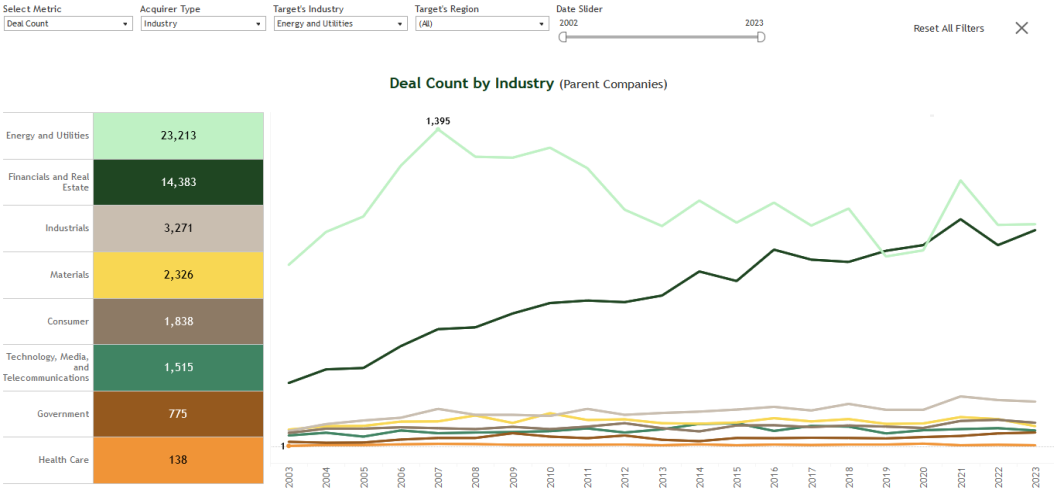


Figure 2. M&A with Target Companies in the Energy Sector
Source: Boston Consulting Group

There has been a lot of previous research on M&A on the value of companies, but no one has specifically examined vertical M&A, which is differentiated by *upstream* or *downstream,* in the conventional energy sector. Thus, this research is feasible to be carried out. This study measures the value of companies that conduct M&A and are members of the energy industry based on *The Refinitiv Business Classification* (TRBC). The measured company value is the value of the company from before and after mergers and acquisitions. The value of this company is measured using EV/EBITDA, as this metric is seen as a more accurate reflection of the company's value than market capitalization. This study uses dummy variables to distinguish the value of companies before and after acquisitions.

According to Maksimovic et al. (2011) M&A synergies take time to materialize, as companies continue to change their boundaries over the years after the merger. Fulghieri and Sevilir (2012) argue the same thing that merger synergy only materializes in a few years after the merger, and that is only if the merger company collaborates to create the synergy. Therefore, this study examines the effect of M&A on the value of companies in the energy sector for a period of five years, i.e. 2014–2018, and evaluates its effect on the value of companies five years later.

This study aims to analyze the influence of mergers and acquisitions (M&A) with vertical integration into upstream, downstream, and others on the value of companies in the energy sector, in order to help companies make better strategic decisions and investors to assess potential risks and benefits more accurately. This study uses a data panel methodology with Difference in Difference (DID) analysis and enterprise value multiple as a measure of company value, different from previous studies that used short to medium term or event study methodology. The results are expected to benefit researchers in broadening their horizons in the field of financial management, for investors in identifying promising investment opportunities, and for companies in planning effective M&A strategies. This research also contributes to the academic literature related to M&A in the energy sector, both for renewable and non-renewable energy companies, with the hope that it can be a reference for future research.

Research Methods

This study uses a quantitative approach with hypothesis testing to determine the relationship between variables that can be measured and generalized (Mulyadi, 2019). The dependent variable used is the company's value, measured using enterprise value multiple (EV/EBITDA). The independent variable is mergers and acquisitions (M&A) activity, measured using a dummy variable that distinguishes the years before (0) and after (1) the company conducts M&A. This study also uses five control variables, namely price per sale, debt to equity ratio, market to book value, debt (in natural logs), and firm size. Secondary data from Refinitiv Eikon and S&P Capital, covering global energy sector companies that made M&A during 2014-2018, with an impact analysis through 2023. To ensure causal validity, parallel trends assumptions were tested in the Difference-in-Differences (DID) analysis, which was used to compare outcome trends between the treatment and control groups before the intervention. A linear panel data regression model was applied to estimate the impact of M&A on company value, with Stata software used in data processing and analysis. The results of this study compare companies that have done M&A in different years, without comparing them with companies that have never done M&A.

Results and Discussion

Parallel Trends test

Before the first DID analysis, a parallel trend test analysis will be carried out. This test is a requirement to see if the DID analysis is feasible or not. Here are the results:

Table 1. Parallel Trend Test

Types of Vertical Integration	P-Value
Hulu	0.308
Hilir	0.351
Other	0.168

Hypotheses test:
H0: There is a similar trend in the EV/EBITDA value for group control and treatment in the period before treatment
H1: There was no similar trend in the EV/EBITDA value for the control and treatment groups in the pre-treatment period

The results of the *parallel trends* assumption test of the three (upstream, downstream and others) are the same, namely all three are greater than the significance level of 5% (0.308 > 0.05), (0.351 > 0.05), and (0.168 > 0.05). Thus, the H0 hypothesis is accepted, so the conclusion is that there is a similar trend in the EV/EBITDA value for group control and treatment in the period before treatment.

Results of Difference in Difference analysis

The DID analysis in this study was carried out with a significance level of 5%. Here are the hypotheses from the DID analysis:
H0: No effect of treatment on EV/EBITDA
H1: There is an effect of treatment on EV/EBITDA
The criticism area i.e. H0 is rejected if the p-value is less than 5%

Results of Upstream DID Analysis

Table 2. Results of Upstream DID Analysis

R-Squared	**0.0219**	
Variable	**Coefficients**	**P-Value**
Treatment	12.68	0.026
Price per Sale	-7.85e-06	0.649
Market to Book	0.0299188	0.001
Debt to Equity Ratio	0.0217397	0.017
Debt	-7.09E-11	0.000
lnDebt	2.499544	0.000
FirmSize	-3.52E-12	0.131

The *output results* for the upstream vertical integration type obtained a p-value for the regression result of 0.021. This analysis produced a positive coefficient for the treatment variable, so that the treatment was able to increase the EV/EBITDA value by 12.68 after being controlled by the effect of group treatment and time. So H0 was rejected and the conclusion was that there was an effect of treatment on EV/EBITDA at a significance level of 5%. In addition, for the control variables, the significant variables are Market to Book Value, DER, Debt, and lnDebt.

Results of Downstream DID Analysis

Table 3. Results of Downstream DID Analysis

R-Squared	**0.1829**	
Variable	**Coefficients**	**P-Value**
Treatment	-11.7	0.01
Price per Sale	-0.0098044	0.000
Market to Book	0.1104769	0.461
Debt to Equity Ratio	0.0518512	0.325
Debt	1.35E-11	0.166
lnDebt	-1.087834	0.002
FirmSize	3.76E-11	0.148

The *output results* for the downstream vertical integration type obtained a p-value for a significant regression result of 0.01. This analysis produces a negative coefficient for the treatment variable, so that the treatment can reduce the EV/EBITDA value by 11.7 after being controlled by the treatment group effect and time. So H0 was rejected and the conclusion was that there was a significant negative influence of treatment on EV/EBITDA at a significance level of 5%. In addition, for the control variables, the significant variables are Price per Sale and lnDebt.

Other DID Analysis Results

Table 4. Other DID Analysis Results

R-Squared	**0.1741**	
Variable	**Coefficients**	**P-Value**
Treatment	15,45	0.03
Price per Sale	-0.0008802	0.949
Market to Book	-0.10707086	0.319
Debt to Equity Ratio	0.201494	0.428
Debt	-8.24E-11	0.000
lnDebt	1.999009	0.000

R-Squared	**0.1741**	
Firm Size	-3.92E-11	0.210

The *output* results for other types of vertical integration obtained a p-value for a significant regression result of 0.03. This analysis produces a positive coefficient for the treatment variable, so that the treatment can increase the EV/EBITDA value by 15.45 after being controlled by the treatment group effect and time. So H0 was rejected and the conclusion was that there was a significant positive influence of treatment on EV/EBITDA at a significance level of 5%. In addition, for the control variables, the significant variables are Debt and lnDebt.

Discussion

In this study, the authors have analyzed the influence of vertical mergers and acquisitions (M&A) on the value of companies in the global energy sector. The results show that M&A has a significant and positive impact on upstream integration on company value, and a significant negative impact on downstream integration on company value. Further analysis shows that other integrations, i.e. companies that are not directly related to the value chain (such as supporting functions), have a significant positive influence on EV/EBITDA.

This study shows that acquiring companies that acquire target companies in the upstream segment tend to experience an increase in company value. This is in line with the theory that upstream M&A can improve operational efficiency by securing raw material supplies, reducing dependence on external suppliers, and lowering production costs, which can ultimately increase the company's value (Alfaro et al., 2019). The energy sector, which currently faces regulatory challenges and price fluctuations, can consider and utilize M&A as a strategy to strengthen its market position and increase competitiveness. Thus, hypothesis 1 which says "Mergers and acquisitions (M&A) with vertical integration upstream has a positive effect on the value of companies in the energy sector" is accepted.

In contrast, this study showed significant negative results on downstream integration, therefore Hypothesis 2 which stated that "Mergers and acquisitions (M&A) with vertical integration to downstream have a positive effect on the value of companies in the energy sector" was rejected. In other words, the findings in this study show that downstream integration can reduce the value of the company. This can happen due to the complexity of managing retail operations, potential conflicts with existing distributors, or it can also be due to higher operational costs.

Other vertical integrations (e.g., along different supply chains or supporting functions) can create synergies through better asset management, process innovation, and diversification of operations, potentially increasing efficiency and creating additional value for the company. This research produced the findings of a positive influence between other integrations and company values. Thus, hypothesis 3 stating that "Mergers and acquisitions (M&A) with other vertical integrations have a positive effect on the value of companies in the energy sector" is accepted.

The results of this study are in line with previous research by Chae et al. (2022) which concluded that upstream structural equality strengthens the positive impact of upstream integration on company value, while the limited benefits of downstream structural equity clarify the negative impact of downstream integration on company value. This shows that the success of vertical M&A is highly dependent on the position in the

supply chain and how the synergies are leveraged.

Research by Liu (2016) resulted in the conclusion that there is a positive impact on upstream integration on corporate investment and innovation. In a competitive industry, the ability to innovate in the upstream sector allows companies to be more efficient, gain a larger market share with superior products resulting from R&D investments, and further increase competitiveness. Thus, this study implies that vertical integration to upstream can have a positive impact on company value. Companies can make vertical integration a profitable strategy, especially in industries with a high reliance on technology and R&D.

In line with this study, research by Pozzi and Vassilopoulos (2006) resulted in the findings that companies that focus on the exploration and production of energy resources, such as oil and gas, show better performance compared to companies in the downstream sector. This is because they may benefit from rising commodity prices and restructuring carried out in the late 1990s. On the other hand, companies involved in energy distribution experienced a consistent decline in performance. This is because companies face a high level of competition and a more fragmented market, which can reduce the company's ability to set prices and optimize profit margins. In addition, companies that are integrated downstream are often more exposed to market risks and energy price volatility, and the energy sector is often tightly regulated, and changes in policies or regulations can affect the profitability of downstream companies.

Overall, while downstream integration has the potential to create value, the various challenges and risks faced by companies in this sector often hinder the achievement of expected results. By understanding the potential and risks of each type of vertical integration, it is hoped that companies can make better strategic decisions to create sustainable value. The results of this study are expected to make an important contribution to the vertical M&A literature, especially in the energy sector, and can be a reference for companies and policymakers in designing optimal M&A strategies.

Conclusion

The results show that mergers and acquisitions (M&A) with vertical integration to upstream have a significant positive influence on the value of companies in the energy sector, while downstream integration has a significant negative influence, and other vertical integrations have a significant positive impact. Therefore, companies in the energy sector are advised to consider M&A with upstream integration as a management strategy, as it can improve operational efficiency, reduce supply risk, and lower production costs, while it needs to be cautious in integrating downstream. Investors can take advantage of opportunities from upstream M&A and other supporting functions that have the potential to create added value, but need to be aware of operational challenges in downstream integration. Further research is expected to compare the impact of vertical M&A on specific regional markets, deepen analysis of specific factors such as regulation or energy price volatility, and evaluate the long-term impact of M&A through longitudinal studies.

BIBLIOGRAPHY

Adhikari, H. P., Nguyen, T. T., & Sutton, N. K. (2018). The power of control: the acquisition decisions of newly public dual-class firms. *Review of Quantitative Finance and Accounting*, *51*(1). https://doi.org/10.1007/s11156-017-0665-6

Alfaro, L., Antràs, P., Chor, D., & Conconi, P. (2019). Internalizing global value chains: A firm-level analysis. *Journal of Political Economy*, *127*(2). https://doi.org/10.1086/700935

Alhenawi, Y., & Krishnaswami, S. (2015). Long-term impact of merger synergies on performance and value. *Quarterly Review of Economics and Finance*, *58*. https://doi.org/10.1016/j.qref.2015.01.006

Alhenawi, Y., & Stilwell, M. L. (2019). Toward a complete definition of relatedness in merger and acquisition transactions. *Review of Quantitative Finance and Accounting*, *53*(2). https://doi.org/10.1007/s11156-018-0752-3

Ansoff, H. I. (1957). Strategies for diversification. *Harvard Business Review*, *35*(5), 113–124.

Avinadav, T., Chernonog, T., & Perlman, Y. (2017). Mergers and acquisitions between risk-averse parties. *European Journal of Operational Research*, *259*(3). https://doi.org/10.1016/j.ejor.2016.11.030

Ayres, R. U., & Warr, B. (2009). The economic growth engine: How energy and work drive material prosperity. In *The economic growth engine: How energy and work drive material prosperity*. https://doi.org/10.4337/9781848445956

Bernardo, A. E., & Chowdhry, B. (2002). Resources, real options, and corporate strategy. *Journal of Financial Economics*, *63*(2). https://doi.org/10.1016/S0304-405X(01)00094-0

Bi, W., & Zhang, Q. (2021). Forecasting mergers and acquisitions failure based on partial-sigmoid neural network and feature selection. *PLoS ONE*, *16*(11 November). https://doi.org/10.1371/journal.pone.0259575

Branch, B., & Wang, J. (2009). Takeover Success Prediction and Performance of Risk Arbitrage. *Journal of Business & Economic Studies*, *15*(2).

Brealey, R. A., Myers, S. C., & Allen, F. (2014). *Principles of corporate finance*. McGraw-hill.

Chae, S., Son, B. G., Yan, T., & Yang, Y. S. (2022). Supply chains and the success of M&As: investigating the effect of structural equivalence of merging firms' supplier and customer bases. *International Journal of Operations and Production Management*, *42*(8). https://doi.org/10.1108/IJOPM-12-2021-0745

Daley, B., Geelen, T., & Green, B. (2024). Due Diligence. *Journal of Finance*, *79*(3). https://doi.org/10.1111/jofi.13322

DePamphilis, D. M. (2021). Mergers, Acquisitions, and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions. In *Mergers, Acquisitions, and Other Restructuring Activities: An Integrated Approach to Process, Tools, Cases, and Solutions*. https://doi.org/10.1016/B978-0-12-819782-0.01001-7

Eiteman, D. K. (1973). Multinational business finance. *The International Executive*, *15*(1). https://doi.org/10.1002/tie.5060150108

Ekkayokkaya, M., & Paudyal, K. (2021). The importance of targets and value creation in vertical acquisitions. *International Review of Finance*, *21*(2). https://doi.org/10.1111/irfi.12280

Faff, R., Prasadh, S., & Shams, S. (2019). Merger and acquisition research in the Asia-Pacific region: A review of the evidence and future directions. *Research in International Business and Finance*, *50*. https://doi.org/10.1016/j.ribaf.2019.06.002

Ferris, S. P., Sen, N., Lim, C. Y., & Yeo, G. H. H. (2002). Corporate focus versus diversification: The role of growth opportunities and cashflow. *Journal of International Financial Markets, Institutions and Money*, *12*(3). https://doi.org/10.1016/S1042-4431(02)00005-7

Fulghieri, P., & Sevilir, M. (2012). Mergers and Incentives to Create Synergies. *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.2020424

Gaughan, P. A. (2017). Mergers, Acquisitions, and Corporate Restructurings. In *Mergers, Acquisitions, and Corporate Restructurings*. https://doi.org/10.1002/9781119380771

Gertner, R. H., Scharfstein, D. S., & Stein, J. C. (1994). Internal versus External Capital Markets. *Quarterly Journal of Economics*, *109*(4). https://doi.org/10.2307/2118361

Gökçen, G., Ataman, B., & Çakıcı, C. (2011). *Türkiye finansal raporlama standartları uygulamaları*. Türkmen Kitabevi.

Janiuk, I. (2017). Mergers and Acquisitions: Their Role in the Process of Diversification of an Enterprise. *Theory, Methodology, Practice*, *13*(1). https://doi.org/10.18096/tmp.2017.01.04

Lewellen, W. G. (1971). A Pure Financial Rationale For The Conglomerate Merger. *The Journal of Finance*, *26*(2). https://doi.org/10.1111/j.1540-6261.1971.tb00912.x

Liu, X. (2016). Vertical integration and innovation. *International Journal of Industrial Organization*, *47*. https://doi.org/10.1016/j.ijindorg.2016.02.002

Maksimovic, V., Phillips, G., & Prabhala, N. R. (2011). Post-merger restructuring and the boundaries of the firm. *Journal of Financial Economics*, *102*(2). https://doi.org/10.1016/j.jfineco.2011.05.013

Meghouar, H. (2016). Opportunités de croissance, création de valeur et prise de contrôle d'entreprises : Un cas empirique français. *Vie & Sciences de l'entreprise*, *N° 201*(1). https://doi.org/10.3917/vse.201.0051

Morck, R., & Yeung, B. (2002). The political economy of the family firm. *Entrepreneurship Theory and Practice*.

Mulyadi, M. (2019). Penelitian Kuantitatif Dan Kualitatif Serta Pemikiran Dasar Menggabungkannya [Quantitative and Qualitative Research and Basic Rationale to Combine Them]. *Jurnal Studi Komunikasi Dan Media*, *15*(1).

Natocheeva, N. N., Rovensky, Y. A., Belyanchikova, T. V., & Rusanov, Y. Y. (2017). The diversification of banking capital sources and cash flow granularity in merger and acquisition transactions. *European Research Studies Journal*, *20*(4A).

Nejadmalayeri, A., Iyer, S. R., & Singh, M. (2017). Is there an optimally diversified conglomerate? Gleaning answers from capital markets. *Review of Quantitative Finance and Accounting*, *49*(1). https://doi.org/10.1007/s11156-016-0585-x

Pozzi, C., & Vassilopoulos, P. (2006). The impact of vertical integration and horizontal diversification on the value of energy firms. In *The Econometrics of Energy Systems*. https://doi.org/10.1057/9780230626317

Prahalad, C. K., & Hamel, G. (2009). The core competence of the corporation. In *Knowledge and Strategy*. https://doi.org/10.1093/oso/9780198781806.003.0017

Renneboog, L., & Vansteenkiste, C. (2019). Failure and success in mergers and acquisitions. *Journal of Corporate Finance*, *58*. https://doi.org/10.1016/j.jcorpfin.2019.07.010

Stowe, J. D., & Xing, X. (2006). Can growth opportunities explain the diversification discount? *Journal of Corporate Finance*, *12*(4). https://doi.org/10.1016/j.jcorpfin.2005.05.001

Sudarsanam, S. (2005). A Finance Perspective on Intellectual Capital. In *Perspectives on Intellectual Capital*. https://doi.org/10.1016/b978-0-7506-7799-8.50009-7

Sui, Y., & Peculea, A. D. (2016). Financial risk identification and control of cross border merger and acquisition enterprises. *The Audit Financiar Journal*, *14*(144), 1368.

Thompson, E. K., & Kim, C. (2020). Post-M&A performance and failure: Implications of time until deal completion. *Sustainability (Switzerland)*, *12*(7). https://doi.org/10.3390/su12072999

Zema, T., & Sulich, A. (2022). Models of Electricity Price Forecasting: Bibliometric Research. *Energies*, *15*(15). https://doi.org/10.3390/en15155642

Zuhri, S., Fahlevi, M., Abdi, M. N., Dasih, I., & Maemunah, S. (2020). The Impact Of Merger And Acquisition On Financial Performance In Indonesia. *Journal of Research in Business, Economics and Education*, *2*(1).

Copyright holder:
Rania Rusyda, Ruslan Prijadi (2025)

First publication right:
Syntax Literate: Jurnal Ilmiah Indonesia

This article is licensed under:

