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CROSS-BORDER MERGERS AND ACQUISITIONS (CBMAs): A REVIEW ON TOP SIX ASEAN COUNTRY CBMA PLAYERS

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ABSTRACT

Cross-Border Mergers and Acquisitions (CBMAs) are one of the vehicles for Foreign Direct Investment (FDI) and remain a popular external growth strategies by firms worldwide. However, World Investment Report 2015 (UNCTAD, 2015) reports a slight decrease of 16% in global FDI for year 2014. Nevertheless, FDI inflow to emerging economies especially the Association of Southeast Asian Nations (ASEAN) member countries increase by 5%. With the intensity of CBMAs in ASEAN member countries, this paper reviews the six ASEAN member countries which actively involved in CBMAs from January 2002 to December 2014. Discussion is also centered on how the main research stream on CBMAs (antecedents, impact of CBMA and determinants of firm performance) relates to CBMA trends by ASEAN member countries. Corporate governance spillover hypothesis is anticipated to explain the CBMA motivations of the ASEAN firms and also the variation in ASEAN firms' performance following CBMAs.

Keywords: cross-border, merger, acquisition, corporate governance, bootstrapping, ASEAN

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INTRODUCTION

Cross-Border Merger and Acquisition (CBMA) is defined as the transactions that involve at least two firms (Chen & Findlay, 2003; Reddy, 2012) which belongs to two different economies (Chen & Findlay, 2003), nations or home countries (Reddy, 2012) and transactions that span national borders (Hopkins, 1999). It is also obvious that CBMAs are considered a vehicle of FDI (Ahouansou, 2010; Alba, Park, & Wang, 2009; Hopkins, 1999; Mody & Negishi, 2000; Nicolas, Santis, & Aviat, 2009; Wang & Wong, 2009; Yang, 2015; Zhu & Jog, 2012) due to the fact that CBMAs are involved in investments in foreign countries and instigated the transfer of control or ownership from local to foreign entities (Chen & Findlay, 2003; Wang & Wong, 2009).

According to World Investment Report 2015 (UNCTAD, 2015), there is a 16% reduction in global FDI in 2014 ($1.23 trillion) from year 2013 ($1.47 trillion). Nevertheless FDI inflow to emerging economies increased specifically driven by the emerging Asian countries, whilst the flow to Latin America recorded a reduction and to Africa remained stagnant. This statistic is consistent with Jongwanich, Brooks and Kohpaiboon (2013) who claimed that CBMAs from emerging countries mostly originated from Asian nation. In addition, UNCTAD (2015) also highlighted that global decline in FDI inflow is affected by regional grouping countries discussing the Transatlantic Trade and Investment Partnership (TTIP) and the Trans-Pacific Partnership (TPP), with the exception the Association of Southeast Asian Nations (ASEAN) and Regional Comprehensive Economic Partnership (RCEP). In addition, FDI outflow from emerging Asian economies recorded an increased in year 2014 with 31% of these increase being from East and Southeast Asia.

The recent FDI trends by ASEAN member countries support the contention made by Metwalli and Tang (2009) that CBMA expansion in Southeast Asia would continue following numerous bilateral and regional free trade agreements involving ASEAN countries. UNCTAD (2015) also anticipate that regional integration in Asia would continue through ASEAN and positively affect the FDI involving the member countries. Consistent with UNCTAD World Investment Report (UNCTAD, 2015), Figure 1 showed an increased in CBMA activities among ASEAN member countries from year 2013 to 2014. The CBMA transaction number increased by 13% while the value increased by 87%.

As portrayed in Figure 2, the most active CBMA players among ASEAN member countries are Singapore, Malaysia, Indonesia, Thailand, Vietnam and Philippines. These countries are also top six countries with the highest market capitalisation in Southeast Asia (Quandl, 2012).

With rapid increase in CBMAs involving ASEAN member countries, it is of high interest to look at the CBMAs involving these countries. This is due to the fact that existing studies either examined CBMA literature involving emerging countries in general (Lebedev, Peng, Xie, & Stevens, 2015) or provide a review of CBMAs transaction involving Asia Pacific Economic Cooperation (APEC) countries (Chen & Findlay, 2003). However, the unique composition of ASEAN countries with different level of market development i.e., developed (Singapore), emerging (Indonesia, Malaysia, Philippines, Thailand) and frontier (Vietnam), preclude the applicability of specific CBMA literature from either developed or emerging countries. In addition, the countries in this region have different investment pull factor such as high rank in term of infrastructure quality (Singapore), ongoing FDI liberalisation (Indonesia) and low labour cost advantage (Vietnam) (UNCTAD, 2015). Using Thomson One Banker database, this paper provides further insight by not only reviewing CBMA trends involving ASEAN member countries but also how the CBMA trends of ASEAN member countries can be used to anticipate CBMA antecedents and determinants of firms' performance unique to ASEAN member countries.

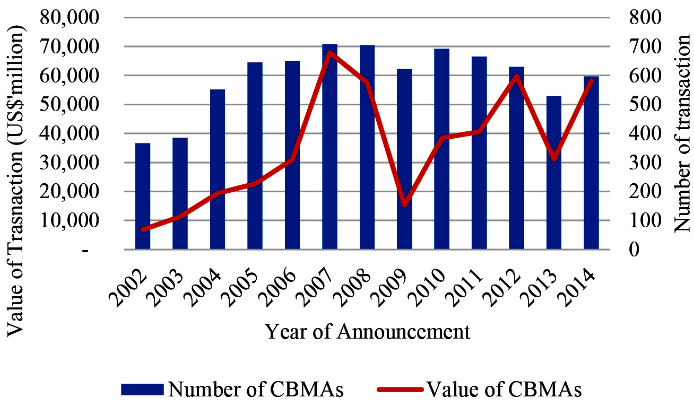

Figure 1. CBMA involving ASEAN member countries

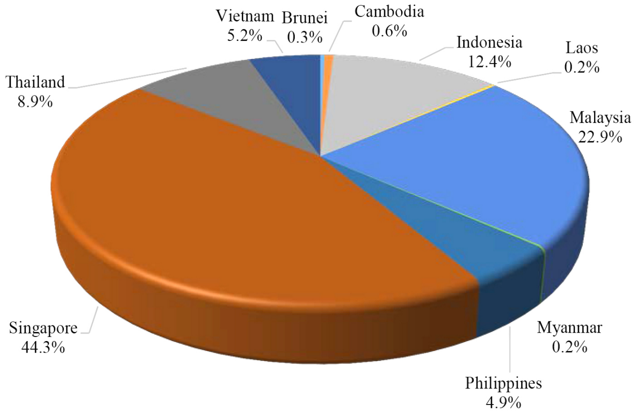

Figure 2. Percentage of CBMA transactions of ASEAN member countries, 2002 to 2014

OVERVIEW OF CBMA BY SIX TOP ASEAN COUNTRY PLAYERS (BOTH TARGET AND BIDDING FIRMS)

According to Figure 3, the number of CBMA transactions of six top ASEAN CBMA players steadily increased from year 2002 to 2008. From 2010 onwards, the number of transactions continuously declined except for year 2014 where the transactions number rose. Figure 4 shows the transaction value (US$'million) of CBMAs in six ASEAN countries. Transaction numbers dropped slightly in year 2009, and the transaction value however declined tremendously especially for ASEAN bidding firm, from US$43.9 billion in 2008 to US$5 billion in 2009.

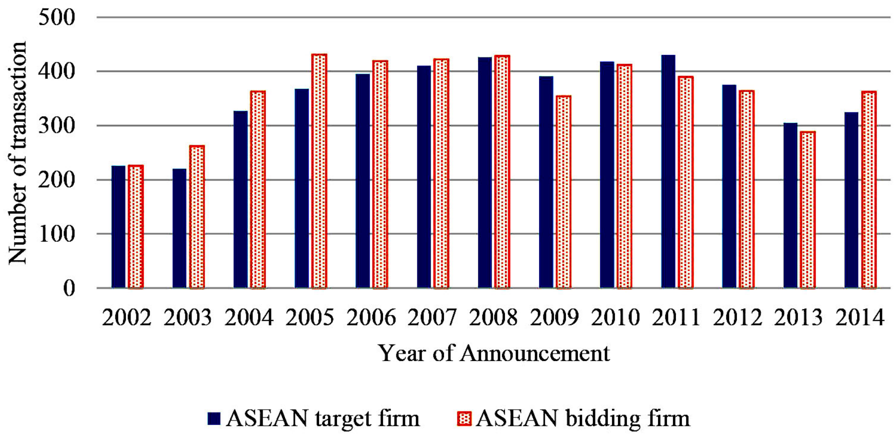

Figure 3. CBMAs of six ASEAN member countries, 2002 to 2014 (Number of transaction)

Figure 4 also highlighted that the highest CBMA value for ASEAN target firms occurred in year 2012, and as shown in Table 1, four out of top ten CBMA were from year 2012. The highest CBMA value of ASEAN target firm was US$6.8 billion, from the acquisition of Singaporean firm Fraser & Neave Ltd by TCC Assets Ltd. Meanwhile, for the CBMA of ASEAN bidding firm, year 2007 recorded the highest CBMA value which was US$45.6 billion. This was explained by Table 2 whereby three CBMA transactions of year 2007 ranked the highest among top ten CBMA of ASEAN bidding firm. With regard to the specific country, CBMA transactions of Singaporean firms occupied most of the top ten ranking both as target and bidder.

As indicated in Table 3, Singapore and Indonesia are top two target nations in ASEAN. Consistent with Table 3, Figure 5 showed that Singapore was the most popular target country from year 2002 to year 2008. In year 2009, all ASEAN target countries have lower CBMAs except for Indonesia and Vietnam. Indonesian firms became the most popular target countries in CBMAs from year 2009 until year 2012. Similarly, the popularity of Vietnamese firms as targets in CBMAs increased from being the least targeted firm in year 2002 to 2006, to being the third highest targeted firms in year 2009.

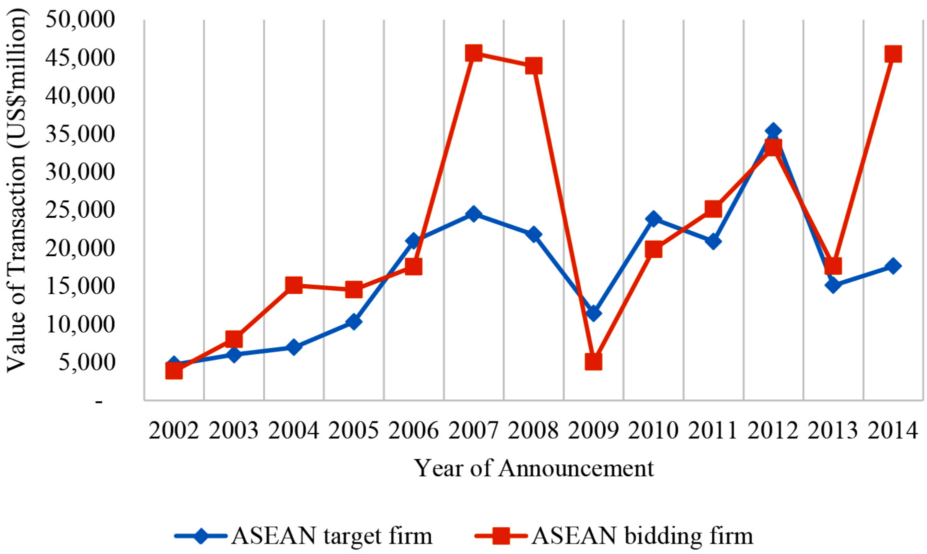

Figure 4. CBMAs in six ASEAN member countries, 2002 to 2014
(Transaction value in US$' million)

Table 1
Top 10 CBMAs by value of transaction (ASEAN target firms)

Date Announced	Year Announced	Target Name	Target Nation	Bidder Name	Bidder Nation	% of Shares Acquired	Value of Transaction (US$' million)
13/9/2012	2012	Fraser & Neave Ltd	Singapore	TCC Assets Ltd	British Virgin	62	6,896.48
2/7/2013	2013	Bank of Ayudhya PCL	Thailand	Bank of Tokyo-Mitsubishi UFJ	Japan	72	5,315.45
20/7/2012	2012	Asia Pacific Breweries Ltd	Singapore	Heineken International BV	Netherlands	40	4,336.77
7/9/2009	2009	Chartered Semiconductor Mnfg	Singapore	Advanced Tech Invest Co LLC	UAE	100	3,923.22
11/12/2006	2006	Mirant Corp-Generating	Philippines	Investor Group	Japan	100	3,420.00
26/6/2007	2007	Binariang GSM Sdn Bhd	Malaysia	Saudi Telecom Co SJSC	Saudi Arabia	25	3,049.99
27/5/2010	2010	Parkway Holdings Ltd	Singapore	Integrated Healthcare Holdings	Malaysia	70	2,379.71
2/12/2008	2008	PowerSeraya Ltd	Singapore	YTL Power International Bhd	Malaysia	100	2,356.64
27/1/2012	2012	Golden Energy Mines Tbk PT	Indonesia	United Fiber System Ltd	Singapore	67	2,336.02
18/7/2012	2012	Fraser & Neave Ltd	Singapore	Thai Beverage PCL	Thailand	22	2,210.73

Table 3 also indicated that top bidders of ASEAN target firms were from Singapore and Malaysia. In addition, ASEAN target firms has become a popular target among developed countries such as Japan, the United States and Australia. The top bidders of ASEAN target firms were from financial industry which comprised of companies involved in investment, banks, insurance and personal credit institution. Other top bidders were from the industrial and material industries.

Table 4 shows the summary of CBMA of ASEAN bidding firms. Singaporean firms were not only popular target, but also the most active bidder among other ASEAN firms as indicated by Figure 6. Even though Indonesian firms were the second most popular ASEAN target firms, they were not active CBMA bidders with only 128 transactions originating from it. Malaysian firms, being the third popular CBMA target ranked second active ASEAN CBMA bidders with 1,309 transactions, followed by Thailand and the Philippines. However, after year 2005, there seems a downward trend for CBMA by Malaysian bidding firms. Even though Vietnam seem quite a popular CBMA target country as shown in Figure 5, Vietnamese firms were the least active CBMA bidders with a maximum of only five acquisitions in year 2008. Majority of CBMAs by ASEAN bidding firms targeted firms from countries in Southeast Asia such as Indonesia, Malaysia, Singapore and Thailand. Similar to CBMA of

ASEAN target firm, ASEAN bidding firms acquired target from financial, industrial and material industries.

Table 2
Top 10 CBMAs by value of transaction (ASEAN bidding firms)

Date Announced	Year Announced	Target Name	Target Nation	Bidder Name	Bidder Nation	% of Shares Acquired	Value of Transaction (US$' million)
1/2/2008	2008	Rio Tinto PLC	United Kingdom	Shining Prospect Pte Ltd	Singapore	12	14,284.17
10/12/2007	2007	UBS AG	Switzerland	Government of Singapore Invest	Singapore	9	9,760.42
5/12/2012	2012	Ping An Insurance (Grp) Co	China	Investor Group	Thailand	16	9,385.93
1/12/2014	2014	IndCor Properties Inc	United States	Investor Group	Singapore	100	8,100.00
30/3/2007	2007	Alinta Ltd	Australia	Investor Group	Singapore	100	7,500.98
15/1/2008	2008	Citigroup Inc	United States	Government of Singapore Invest	Singapore	4	6,880.00
21/3/2014	2014	AS Watson Holdings Ltd	Hong Kong	Mayon Investments Pte Ltd	Singapore	25	5,671.73
6/1/2014	2014	Wing Hang Bank Ltd	Hong Kong	OCBC Pearl Ltd	Singapore	98	4,846.62
24/12/2007	2007	Merrill Lynch & Co Inc	United States	Temasek Holdings(Pte)Ltd	Singapore	11	4,400.00
21/4/2006	2006	Hutchison Port Holdings Ltd	Hong Kong	PSA Corp Ltd	Singapore	20	4,388.00

Table 3
Summary of CBMAs by country (ASEAN target firms)

Nationality of Target Firms	N	Value of Transaction (US$' million)			Top 5 Bidder Nation	Top 5 Bidder Industries
		Total	Min	Max		
Indonesia	1,041	47,497.58	0.002	2,336.02	Singapore Malaysia Japan Australia United Kingdom	Financials Materials Energy and Power Industrials Consumer Staples
Malaysia	861	35,141.81	0.013	3,049.99	Singapore Japan Hong Kong United States United Kingdom	Financials Industrials Materials High Technology Consumer Staples
Philippines	329	18,656.14	0.001	3,420.00	United States Singapore Japan Australia Hong Kong	Financials Materials High Technology Energy and Power Industrials
Singapore	1,311	87,227.70	0.002	6,896.48	Malaysia United States Hong Kong Japan Australia	Financials High Technology Industrials Materials Consumer Products and Services
Thailand	608	21,306.26	0.010	5,315.45	Singapore Japan Malaysia United States Hong Kong	Financials Industrials Materials High Technology Consumer Products and Services
Vietnam	465	9,593.84	0.003	1,290.00	Japan Singapore United States Malaysia United Kingdom	Financials Materials Consumer Staples Industrials Energy and Power

Table 4
Summary of CBMAs by country (ASEAN bidding firms)

Nationality of Bidding Firm	N	Value of Transaction (US$' million)			Top 5 Target Nation	Top 5 Target Industries
		Total	Min	Max		
Indonesia	128	9,994.84	0.05	2,000.00	Singapore Australia Malaysia China British Virgin	Materials Energy and Power Financials Consumer Staples Industrials
Malaysia	1,309	52,115.86	0.001	2,489.23	Singapore Hong Kong Indonesia Australia Thailand	Financials Industrials Materials High Technology Energy and Power
Philippines	132	5,634.92	0.021	1,453.08	United States United Kingdom Australia Hong Kong China	Energy and Power Materials Financials Consumer Staples Retail
Singapore	2,886	200,009.60	0.001	14,284.17	China Malaysia Indonesia Hong Kong Australia	Industrials Financials High Technology Materials Real Estate
Thailand	238	26,939.68	0.023	9,385.93	Singapore China Vietnam Indonesia United States	Materials Consumer Staples Energy and Power Industrials Financials
Vietnam	28	373.56	0.907	246.97	United States Peru Australia China Russian Fed	Energy and Power Materials High Technology Industrials Telecommunications

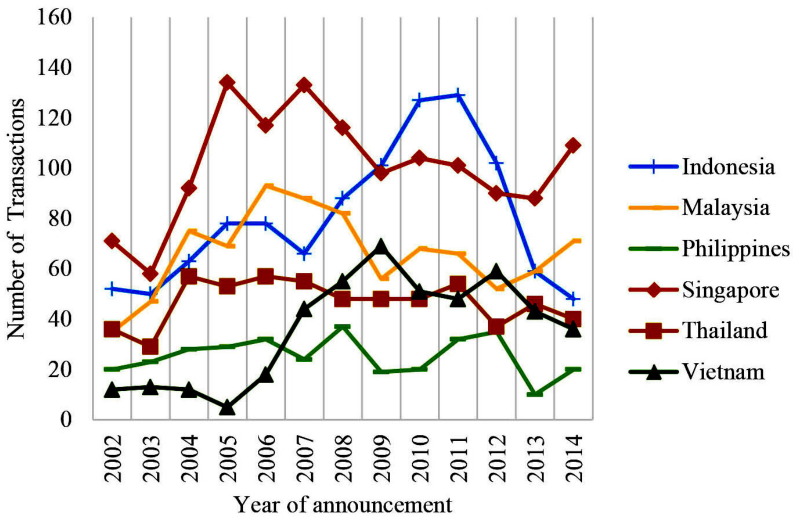

Figure 5. The CBMA trends from year 2002 to 2014 (ASEAN target firms)

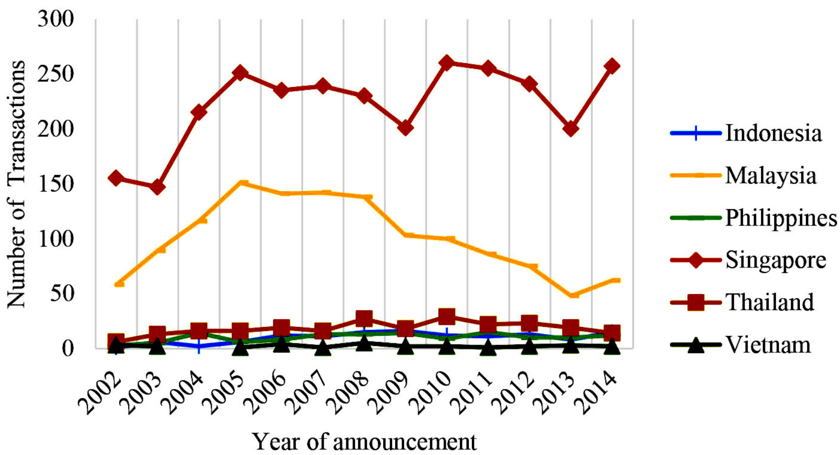

Figure 6. The CBMA trends from year 2002 to 2014 (ASEAN bidding firms)

Figure 7 showed that private firms were the highest being targeted in ASEAN CBMAs. This is consistent with Chari, Ouimet and Tesar (2010) who claimed that emerging market targets were more likely to be private as compared with developed market targets. In contrast, ASEAN bidding firms were from subsidiary and public type of firms. There was minimal involvement of government owned firm in CBMAs. This phenomenon is consistent with the contention made by Chen, Huang and Chen (2009) that state owned firms were less likely to be involved in CBMAs due to the risk of reduced control in such firms once the mergers materialised.

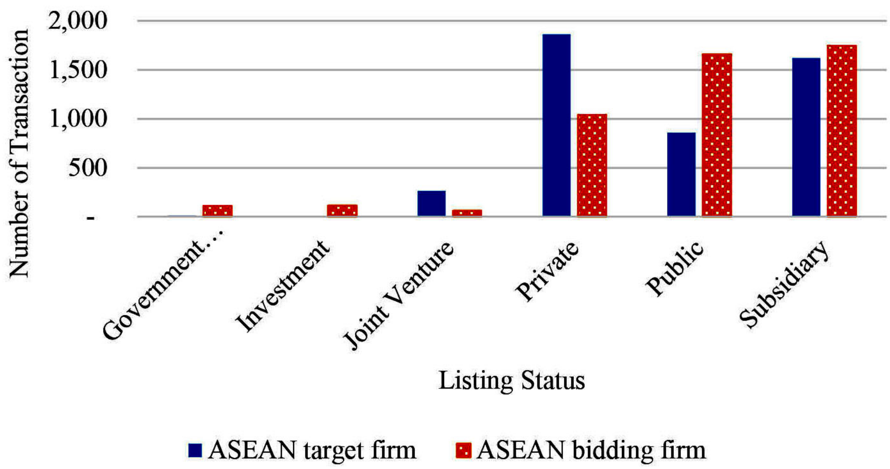

Figure 7. Listing status of firms involved in CBMAs

Figure 8 shows the structure of consideration paid during CBMA transactions. The highest number of consideration structure received by ASEAN target firms was by "Others". Others comprised of payment using asset, convertible and etc. ASEAN target firms second highest consideration structure was cash and least paid by shares or combination of cash and stock (hybrid). ASEAN bidder preferred payment by cash for their CBMA transactions. Similar to ASEAN target firm, the least preferred payment structure by ASEAN bidder were shares and hybrid.

As shown in Figure 9, 2,467 transactions (53%) of ASEAN target firms were acquired by firms from similar industries and 47% by firms from different industries. Contrary to ASEAN target firm, ASEAN bidder preferred diversified acquisition (2,499 transactions or 53%) than related acquisition (47%).

Table 5 shows the premium paid or received during CBMA transactions. On average, the Philippines bidders paid the highest premium for their CBMA targets while Vietnam bidders paid the lowest. In contrast, Philippines target firms received the lowest premium from their bidders. Singaporean target firms received the highest premium compared to its ASEAN target counterparts. In fact, one of the Singaporean target firms (Forterra Trust) received the highest premium from a Chinese bidder (New Precise Holdings Ltd) in year 2013.

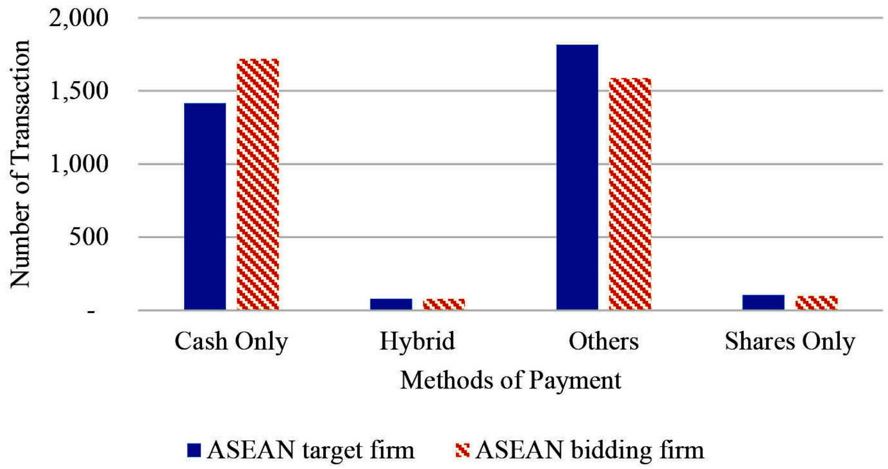

Figure 8. The structure of consideration paid/ received during CBMA transaction

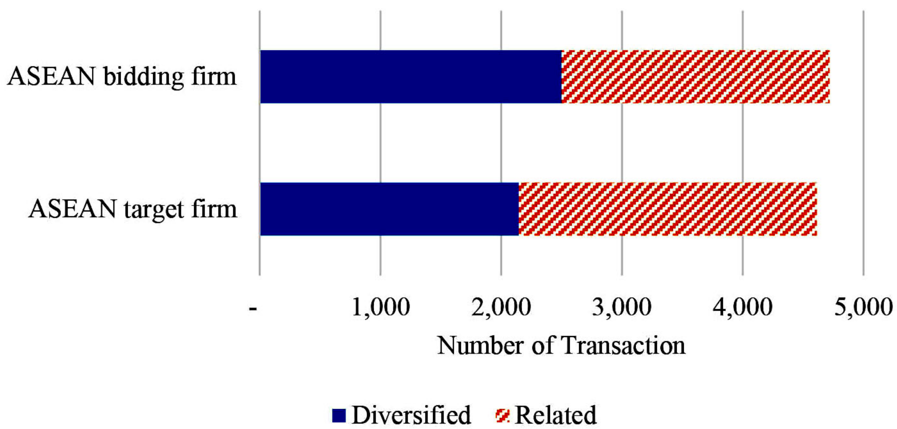

Figure 9. Diversified or related acquisition

Typically, ASEAN bidders acquired firms with poor performance during CBMAs. As shown in Table 6, four out of six ASEAN countries acquired target firms with negative return on asset. On the other hand, ASEAN target firms were better performers.

Panel A of Table 7 indicated that almost half of CBMAs (1,953 or 46%) by ASEAN bidding firms resulted in full acquisition with only 350 or 18% of the firms already having control in foreign targets. The remaining ASEAN bidders did not have any interest in target firms before CBMAs (82%).

Table 5
Premium paid and received during CBMA transactions

Nationality of Firm	N	Premium paid by ASEAN bidding firm			N	Premium received by ASEAN target firm		
		Average	Min	Max		Average	Min	Max
Indonesia	12	27.54	–84.62	111.5	95	19.59	–94.79	532.11
Malaysia	66	11.69	–74.65	200.01	76	17.37	–89.13	225.13
Philippines	20	29.76	–17.28	98.75	28	5.11	–80.79	150.00
Singapore	286	16.43	–94.79	622.54	164	24.19	–88.81	785.95
Thailand	22	19.35	–30.55	91.43	84	11.83	–49.66	566.67
Vietnam	1	4.29	4.29	4.29	17	10.46	–25.58	75.44

Table 6
Target Return on Assets (ROA)

Nationality of Firm	N	Target ROA (ASEAN bidding firm)			N	Target ROA (ASEAN target firm)		
		Average	Min	Max		Average	Min	Max
Indonesia	28	–3.55	–69.457	99.446	229	24.44	–271.090	2415.39
Malaysia	163	–39.02	–4107.339	2300	133	2.75	–232.424	31.15
Philippines	26	–6.97	–190.218	19.025	66	5.88	–109.610	41.48
Singapore	616	–11.26	–4020.860	2415.389	239	–7.01	–420.106	53.34
Thailand	31	3.34	–12.749	25.249	140	4.08	–69.825	112.07
Vietnam	5	12.30	–1.789	51.034	85	7.92	–9.836	37.20

Similarly, Panel B of Table 7 showed that 1,726 or 41% of ASEAN target firms that were acquired by foreign firms resulted in full acquisition following the transactions. 1,416 or 82% of the bidders did not have any interest in ASEAN firms prior to the acquisitions and only 314 or 18% of the bidders already have control. Only 214 of the acquisitions resulted in portfolio investment (5%) for the ASEAN CBMA targets.

The following sections will discuss on how the main research stream of CBMAs (antecedents, impact and determinants of firm performance) relating to CBMA trends within the ASEAN member countries.

Table 7
Percentage of Shares Owned Before and After CBMAs

Panel A : ASEAN bidding firms							
% of Shares Owned After Transaction	All Sample	Interest before acquisition		Pre-acquisition Interest			
	N	No	Yes	< 20%	20 to 40%	> 40 to <50%	50% and >
Portfolio Investment (<10%)	225	212	13	13	0	0	0
Minority Acquisition (10%–49%)	1,030	862	168	102	62	4	0
Majority Acquisition (50%– 99%)	1,056	724	332	21	57	43	211
Full Acquisition (100%)	1,953	1,603	350	18	30	19	283
Total	4264	3401	863	154	149	66	494

Panel B : ASEAN target firms							
% of Shares Owned After Transaction	All Sample	Interest before acquisition		Pre-acquisition Interest			
	N	No	Yes	< 20%	20 to 40%	> 40 to <50%	50% and >
Portfolio Investment (<10%)	214	208	6	6	0	0	0
Minority Acquisition (10%–49%)	1,115	944	175	86	77	8	0
Majority Acquisition (50%–99%)	1,089	729	366	21	88	44	207
Full Acquisition (100%)	1,726	1,416	314	13	33	23	241
Total	4144	3297	861	126	198	75	448

ANTECEDENTS (MOTIVATIONS) FOR CROSS-BORDER MERGERS AND ACQUISITIONS (CBMAs)

Firm-Specific Factors

Many studies examined the antecedents or characteristics of firms or countries that were highly involved in CBMAs. Studies by Gonzalez, Vasconcellos, Kish and Kramer (1997), Martynova and Renneboog (2008), Alba et al. (2009), Chen et al. (2009) and Popli & Sinha (2014) indicated that larger firms tend to be a bidder in CBMAs as compared with smaller size firms. This is due to the fact that a large firm normally has strong market presence (Popli & Sinha, 2014) and less likely to experience financial constraints (Alba et al., 2009; Chen et al., 2009).

Likewise, Gonzalez et al. (1997) found that target firms in CBMAs tend to be smaller firms because smaller firms are associated with having lower risk for the fund invested during CBMAs. However, some studies reported that larger target size associated with high probability of being acquired by foreign firms (Ferreira, Massa, & Matos, 2010; Martynova & Renneboog, 2008).

Studies have acknowledged that firms with financial advantage have higher tendency to be bidder in CBMAs (Datta, Musteen, & Herrmann, 2009; Gonzalez et al., 1997; Popli & Sinha, 2014) as compared with firms with financial constraints (Alba et al., 2009; Chen et al., 2009). In addition, it is also important for a target firm to have financial advantage (Gonzalez et al., 1997). For instance, bidders were interested in target with high liquidity and low debt to utilise the high debt capacity in reducing their acquisition cost. In addition, target with strong financial performance would attract foreign bidders especially if they are from countries with weak corporate governance standards and this phenomenon is labelled as "cherry-picking" (Kim & Lu, 2013; Lebedev et al., 2015). Kim and Lu (2013) argued that picking a better performing target is important to gain synergies during CBMAs because relevant local information are difficult to obtain in weak governance country.

Ownership factor is also an important antecedents of CBMAs. Ferreira et al. (2010) reported that the foreign institutional ownership was positively associated with the intensity of CBMAs (for both bidder and target) because they acted as facilitators in CBMAs by reducing information assymmetry between bidding and target firms through acting as middle parties in the transaction. Ferreira et al. (2010) also claimed that domestic institutional ownership negatively affected the probability of being targeted in CBMAs. Meanwhile, Chen et al. (2009) asserted that if a firm is owned by a family or state, it has lower probability to be involved in CBMAs as bidder because they were afraid of losing their management control.

The characteristic of top management or a firm's internal governance measure also played a role in CBMAs. Two studies proposed that board diversity in terms of tenure (Barkema & Shvyrkov, 2007) and nationality (Caligiuri, Lazarova, & Zehetbauer, 2004) increased the likelihood of CBMA because the more diverse a board, the wider the skills, point of view, cultural capital and also information held by the top management, thus encourage strategic innovation such as CBMAs. Another study by Datta et al. (2009) considered the percentage of outside director, non-duality of top management, higher equity ownership of manager and the compensation package that linked to long-term performance, have positive impact to CBMA intensity. The reason was that all characteristics mentioned above help to allign the interest of managers and shareholders, thus reduced the agency cost (risk-averse behaviour) and the managers would be more willing to undertake CBMA which is riskier than domestic M&As.

A study by Harris and Ravenscraft (1991) highlighted that the type of industries (R&D intensive industry) increased the probability of a firm to be involved in CBMAs. This is due to the fact that the asset of this industry (license of specialised knowledge or patent) is not easily transferable especially if there is national border issues and also due to possibility to distribute high fixed cost of R&D over a number of national market. Mody and Negishi (2000) argued that CBMA activity has occurred primarily in the most distressed industry (non-tradable sectors) thus, well performing industry are less involved in CBMAs. Another study found that CBMAs occurred more frequently in the manufacturing, mining and services industries (Ahouansou, 2010).

Based on organisational learning theory, previous overseas experience provide a good basis for a firm to expand overseas because it induced the development of experience and organisational routine. Consequently, it facilitated firm to adopt opportunities such as CBMAs faster than the competitor. Previous study by Harris and Ravenscraft (1991) found that 52% of US firms that involved in CBMA have operations in the US. Moreover, recent study by Ferreira et al. (2010), Popli and Sinha (2014), Lebedev et al. (2015) and Deng and Yang (2015) supported the fact that overseas experience is seen as advantageous to increase the probability of being involved in CBMAs.

Country-Specific Factors

The country's characteristics were also significant antecendent towards the intensity of CBMAs. The most widely studied country-specific antecedent are the country's economic development. Numerous studies (Datta et al., 2009; Deng & Yang, 2015; Ferreira et al., 2010; Martynova & Renneboog, 2008) recognised the importance of target country economic development in attracting foreign bidders. This was due to willingness of bidders to take more risky mode of entry (CBMAs rather than joint venture) when they entered a developed foreign market (Datta et al., 2009) and more purchasing potential created by large financial market (Deng & Yang, 2015).

However, Hur, Parinduri and Riyanto (2011) claimed that bidding country economic development was more vital for CBMAs than the economic development of the target country. Thus, several studies examined the impact of the bidding country economic development on CBMAs. For instance, Chen et al. (2009) and Jongwanich et al. (2013) suggested that better developed stock market of bidding country increased the intensity of CBMAs by firms from the country as the firms have better access to external financing. Deng and Yang (2015) also found that emerging market firms were more likely to undertake CBMAs when their home country financial market size is large. Nevertheless, Martynova and Renneboog (2008) asserted that bidder will expand their business through CBMAs when their home country offer poor investment environment (low economic growth).

Another country-specific antecedent is the regulatory environment of the country. Privatisation of firms in host country postively affected the CBMAs inflow to countries such as Mexico and Chile (Chen & Findlay, 2003), Latin America (Chari et al., 2010) and Indonesia (Song, Kueh, Abdul Rahman, & Chu, 2010b). Chen and Findlay (2003) claimed that the number of firms available for sale increase following privatisation, while Chari et al. (2010) states that the privatised firms seek foreign investors, thus positively affecting CBMA inflow.

Additionally, CBMA inflow increased following the liberalisation of trade and investment, the deregulation of the service sector, the relaxation of control over CBMAs (Chen & Findlay, 2003) and deregulation of capital market (Chari et al., 2010). Consistent with previous argument, strict regulatory environment such as complicated and lengthy administration process involving various regulatory bodies (Song et al., 2010b), financial restriction on capital outflow from a home country (Jongwanich et al., 2013) and high corporate tax rate (Nagano, 2013) hampered CBMAs.

Martynova and Renneboog (2008) claimed that the governance environment of a country is an important stimuli of CBMAs. Their argument was based on corporate governance spillover hypothesis (positive spillover and bootstrapping). First, Martynova and Renneboog (2008) claimed that most bidders were from country with strong corporate governance and their study supported positive spillover hypothesis where bidders' strong corporate governance will result in target corporate governance improvement. This contention was corroborated by studies conducted by Chen et al. (2009) and Erel, Liao and Weisbach (2012) who found that the likelihood of CBMA outflow from a home country increased with strong governance standards. This positive spillover hypothesis also suggested that target firms were from country with weak corporate governance standard. This was supported by Martynova and Renneboog (2008), Alba et al. (2009) and Bae, Chang and Kim (2013) who found that weak corporate governance standard in target country increased CBMA inflow. Alba et al. (2009) suggested that weak corporate governance of target country implied room for improvement through CBMAs.

In contrast, Martynova and Renneboog (2008) suggested that it was also possible that the bidders were from country with weak corporate governance. These firms were involved in CBMAs to bootstrap themselves to a better corporate governance standard by acquiring firms from a country with stronger governance standards. This bootstrapping hypothesis implied that the target country should have strong corporate governance standards. Martynova and Renneboog (2008) confirmed the bootstrapping hypothesis and it was supported by recent study by Hur et al. (2011), Nagano (2013) and Lebedev et al. (2015) who found that strong corporate governance standard in target country attracted more CBMA inflow.

Another important country-specific antecedent of CBMA transaction is the depreciation of target currency relative to bidder because it resulted in upsurge in the relative wealth of the foreign firms (Alba et al., 2009) and reduced the cost of capital transfer (Jongwanich et al., 2013). This contention was supported by Erel et al. (2012) and Georgopoulos (2014) who discovered that depreciation of target currency relative to bidder positively affected the CBMA ratio by the bidder.

Geographic proximity also plays an important role as antecedent of CBMAs. Ferreira et al. (2010) found high CBMA activity between countries in the same geographic region. Similarly, Erel et al. (2012), Jongwanich et al. (2013) and Lebedev et al. (2015) also reported that geographic proximity between target and bidding country increased CBMAs because greater distance between target and bidder complicate foreign operation and increase supervision cost (Jongwanich et al., 2013).

Another motive of CBMAs was related to Eclectic Paradigm, as indicated by Dunning (1980) which is internalisation of resources because they were costly to acquire due to inefficient market transaction (Harris & Ravenscraft, 1991). Chen and Findlay (2003) also denoted that internalisation of resources of foreign company through CBMA was faster than setting up a new operation in foreign country. Among the resources a bidder seek to internalize are firm's ownership-specific advantages such as financial, technological, informational or organisational (Gonzalez et al., 1997), raw material, distribution channels, equipment and machinery and brand capital (Changqi & Ningling, 2010; Popli & Sinha, 2014), patent (Deng & Yang, 2015; Jongwanich et al., 2013) and also low labour cost (Nagano, 2013). Therefore, a resource-rich country will pull CBMA bidder to the country.

Lebedev et al. (2015) claimed that uncertainty and less established institution in emerging countries required bidder to have networking and managerial ties with the governement officials for CBMAs. Even though firms from emerging countries have no technological or managerial advantage, the bidder would acquire the target to establish network or political ties in the host country, and this is consistent with the theory of Brownfield acquisitions

(Lebedev et al., 2015). Brownfield acquisition occurred when bidder seek resources unique to the firms such as political ties even though the firms lack of technological or managerial competence (Estrin & Meyer, 2011). In addition, Lebedev et al. (2015) claimed that most acquisition by emerging country firms are driven by national hubris or pride due to high premium paid when they acquired the target in developed countries.

Emerging country CBMA players such as ASEAN countries might have different antecedents or motivations which drove their involvement in CBMAs. Therefore, the following section will highlight how the CBMA trends by six ASEAN countries discussed in overview of CBMA by six top ASEAN country players (both target and bidding firms) section can be used to anticipate the antecedents or motivation for CBMAs for the member countries.

Antecedents unique to ASEAN countries

One of the CBMA antecedents discussed for emerging countries was the corporate governance spillover hypothesis. Referring to the top five bidders of six ASEAN countries in Table 3, majority of the bidders were from country with better governance score as indicated in Table 8. Therefore, it is anticipated that positive spillover hypothesis will be applicable to CBMAs targeting ASEAN firms. For example, top bidders for firms from Indonesia, Malaysia and Thailand were Singaporean firms whose corporate governance score (1.50) is higher than target country firms (Indonesia: –0.57, Malaysia: 0.38 and Thailand: –0.18). Firms from the Philippines and Vietnam were also acquired by firms from countries with higher corporate governance score such as the United States and Japan. However, the trend is the opposite for Singapore, where Table 3 shows that only one of its top bidders which is Australia, has higher corporate governance score. This trend suggested that Singaporean firms were acquired because the bidders were trying to bootstrap their firms to a higher governance standards by acquiring firms from country with high governance standards. Therefore, it is anticipated that firms in ASEAN countries were acquired to improve targets' governance standards as suggested by Martynova and Renneboog (2008) and Alba et al. (2009) and also for bootstrapping purpose (Martynova & Renneboog, 2008).

With regards to CBMAs by ASEAN bidding firms, Table 4 clearly indicated that firms from five out of six ASEAN countries, acquired firms from countries with better governance standards as shown in Table 8. Even though Singaporean firms mostly acquired firms from countries with weaker governance standards, they also acquired Australian firms. As shown in Table 8, Australian firms had an average higher corporate governance score than Singapore. Therefore, this trend suggested that ASEAN firms were involved in CBMAs to bootstrap themselves to a better governance standards as they acquired firms from countries with stronger governance standards.

Table 8
Corporate governance score (World governance indicator)

Country	Dimension of Governance						
	Control of Corruption	Government Effectiveness	Political Stability and Absence of Violence/ Terrorism	Regulatory Quality	Rule of Law	Voice and Accountability	Average Index
Australia	1.98	1.75	0.94	1.72	1.76	1.43	1.60
Singapore	2.23	2.17	1.17	1.88	1.67	–0.13	1.50
United Kingdom	1.78	1.65	0.39	1.73	1.69	1.34	1.43
Hong Kong	1.84	1.74	1.00	1.92	1.54	0.49	1.42
United States	1.47	1.58	0.35	1.47	1.55	1.17	1.27
Japan	1.37	1.45	0.98	1.08	1.31	1.01	1.20
Virgin Islands (US)	0.79	1.21	0.70	0.69	0.88	0.82	0.85
Malaysia	0.25	1.10	0.23	0.55	0.52	–0.41	0.38
Thailand	–0.29	0.31	–0.95	0.25	–0.05	–0.33	–0.18
Peru	–0.32	–0.36	–0.92	0.32	–0.63	0.05	–0.31
Philippines	–0.62	0.01	–1.40	–0.12	–0.48	–0.01	–0.44
Vietnam	–0.62	–0.26	0.20	–0.61	–0.45	–1.45	–0.53
China	–0.52	0.07	–0.52	–0.25	–0.41	–1.59	–0.54
Indonesia	–0.77	–0.28	–1.14	–0.39	–0.68	–0.12	–0.57
Russian Federation	–0.92	–0.38	–0.97	–0.33	–0.84	–0.82	–0.71

Source: http://info.worldbank.org/governance/wgi/index.aspx#reports

Additionally, Table 8 indicated that six ASEAN member countries under review have a low corporate governance score except for Singapore. Nevertheless, these countries remained popular as CBMAs target in year 2014 even though there was a decline in worldwide FDI. Therefore, it is worthwhile to screen the firm-level antecedents. As in Table 6, on average the ROA for ASEAN target firms is higher than ROA for target firm acquired by ASEAN bidding firms for all countries except Vietnam. Thus, acquiring better performing target from ASEAN countries with weaker corporate governance is consistent with "cherry-picking" antecedents as suggested by Kim and Lu (2013) and Lebedev et al., (2015). Thus, firm's stronger financial position in ASEAN can pull foreign investor to acquire the firm.

Lebedev et al. (2015) also suggested that CBMA was conducted by firms from emerging countries as a result of national pride or hubris. Table 5 indicates that for CBMA by ASEAN bidder, Singapore, as the only developed country among the six ASEAN members did not pay high premium to acquire foreign target. This might be due to the fact that Singaporean firms mostly acquired firms from emerging countries. Therefore, national pride or hubris antecedent may not be applicable for Singapore. Firms from the Philippines paid the highest average premium during CBMAs and its top four target nations were developed countries. Second highest average premium was paid by Indonesian firm and its top three target nations were also developed countries. To summarise, the trend of high premium paid for the acquisition of developed targets suggested the existence of national pride or hubris in CBMAs of some ASEAN firms.

IMPACT OF CROSS-BORDER MERGERS AND ACQUISITIONS (CBMAs)

Firm's Performance

Market Return

Almost all studies on the effect of CBMAs on firms' performance used event study methodology to measure the shareholders' wealth creation. Some studies focused on either bidder or target firm return and very few focused on combined returns.

Similar to domestic M&A, target shareholders in CBMAs gained for all event windows examined in the studies (Ahouansou, 2010; Bris & Cabolis, 2008; Ferreira et al., 2010; Goergen & Renneboog, 2004; Harris & Ravenscraft, 1991; Martynova & Renneboog, 2008; Zhu & Jog, 2012). In addition, the target shareholders gain regardless of target country market development level, whether it is developed market (Ferreira et al., 2010; Goergen & Renneboog, 2004; Martynova & Renneboog, 2008) or emerging market (Zhu & Jog, 2012). Therefore, there is conclusive evidence that target shareholder gained during CBMAs.

Short-term shareholder wealth effect for bidding shareholder in CBMA transaction is still inconclusive. Many studies found that announcement of CBMAs created wealth for bidders (Bhagat, Malhotra, & Zhu, 2011; Cakici, Hessel, & Tandon, 1996; Chari et al., 2010; Corhay & Rad, 2000; Goergen & Renneboog, 2004; Lowinski, Schiereck, & Thomas, 2004; Martynova & Renneboog, 2008; Masulis, Wang, & Xie, 2012; Mueller & Yurtoglu, 2007; Rani, Yadav, & Jain, 2014; Yang, 2015; Zhu & Jog, 2012). Though, there were a few studies claimed that bidding shareholder loss following CBMA announcement (Aybar & Ficici, 2009; Bris & Cabolis, 2008; Cakici et al., 1996; Corhay & Rad, 2000; Ferreira et al., 2010; Jory & Ngo, 2011; Mangold & Lippok, 2008).

For long-term market return, Basuil (2011) declared that CBMAs did not create value for bidder because the 12 months Buy-and-Hold Abnormal return (BHAR) was –8.49% but not statistically significant. Jory and Ngo (2011) who measured 36 month long run abnormal return found that bidder of government owned target experience significantly higher return than matching bidder with non-government owned target.

A few studies examined the combined return of both target and bidder. Ferreira et al. (2010) reported a significantly positive combined return of not more than 2% following CBMA announcements. Ahouansou (2010) examined the combined returns for four categories of sample categorised by target and bidder's market development level namely developed market (DM) or emerging market (EM). DM-EM sample represent developed market bidder acquired emerging market target. Ahouansou (2010) discovered that DM-EM sample and EM-DM sample generated significantly positive return for combined firms of 1.51% and 18.08% respectively. However, combined return of DM-DM and EM-EM sample were insignificant. Meanwhile, Zhu and Jog (2012) who examined CBMAs in emerging market during the year 1990 to 2007 found a significant positive combined return of 1.6%. Overall, even though bidders' return for CBMA transaction was not conclusive, a positive return for combined firm in the studies above indicated that synergy did materialise following CBMA transactions.

Non-market return

There were also studies which examined the effect of CBMA transactions on firm performance other than event studies. For instance, a study by Song et al. (2010b) examined target firms performance after CBMAs using Tobin's Q and found a slight improvement in firm performance following CBMAs.

Another popular measure used to examine the firm's performance after CBMA is Return on Asset (ROA). Both studies by Changqi and Ningling (2010) and Chari et al. (2010) reported that on average, there was no improvement on firm's ROA. However, recent studies by Jory and Ngo (2011) and Klimek (2014) reported a decline in firm's performance following CBMAs.

Apart from Tobin's Q and ROA, a study by Klimek (2014) also used sales revenue, gross profit and return on equity (ROE) to measure post CBMA bidders' performance. Bidders' sales revenue and gross profit rose following CBMA transaction but ROE did not improve. Another study by Song, Kueh, Abdul Rahman and Chu (2010a) used the excess free cash flow per share (EFCFS) to measure firm's performance and reported an improvement in EFCFS following CBMAs.

Therefore, the use of non-market return as proxy for firm's performance did not result in conclusive evidence for firm's performance following CBMA transactions.

Other Impacts

Other than examining the impact of CBMAs on firm's performance, a study by Wang and Wong (2009) took different perspective by examining the impact of CBMAs on economic growth of a country. The author concluded that CBMAs promoted target country economic growth when sufficient level of human capital was achieved by the country. Another study by Zhu and Jog (2012) examined the impact of CBMAs on firm's risk. The result indicated that the risk of target firms over the years consistently decreased following CBMAs from –7.01 a year before CBMAs to –7.24 for three years after CBMAs.

Anticipated Firm's Performance of ASEAN Countries

Despite abundance of studies examined the impact of CBMA on firm's performance, only one study focused on ASEAN member countries as sample which is Rao-Nicholson, Salaber and Cao (2015). This study examined the long-term combined return of ASEAN firms during CBMA including Indonesia, Malaysia, Philippines, Singapore and Thailand. They found that the combined firm's performance declined following CBMAs as there was a reduction in industry adjusted ROA following CBMAs from 1.6 (pre-CBMAs) to –0.33 (post-CBMAs). The reduction of firm's performance in this study is consistent with the fact that there is fragmentation of Asian market in various aspects including cultural, language and economy (Punurai, 2014). Therefore, a deterioration of long-term performance of ASEAN firms following CBMA is anticipated as cultural and language factors are vital for post-CBMAs integration.

Since there is paucity of research on ASEAN countries and majority of ASEAN member countries are emerging countries, studies on short-term shareholder's wealth for emerging countries are referred to anticipate the short-term shareholder's wealth of ASEAN member countries during CBMAs. As highlighted in firm's performance (market return) section, target shareholder of emerging countries gain during CBMAs (Zhu & Jog, 2012). For bidders, market rewards emerging countries (EC) bidder more than European bidders as EC bidders gain 1.72% (Bhagat et al., 2011) while European bidders only gain 0.47% (Martynova & Renneboog, 2008). Thus, positive short-term shareholders wealth for both target and bidder of emerging countries is anticipated to be applicable to emerging ASEAN countries.

DETERMINANTS OF FIRM PERFORMANCE

Other than measuring the performance of firm following CBMA announcements, many studies made further analyses to determine the determinants of firms' performance. Among the frequently discussed determinants were firms-specific factors, deal characteristics factors and also country-specific factors.

Firm-Specific Factors

According to first mover advantage theory, a firm that move earlier in CBMA wave will be able to protect itself from competition as they already locked the critical asset, and it would be more prevalent for firms in R&D industry with high asset intangibility. Therefore, the success in preventing competition through CBMAs should materialise in firms' performance. For that reason, Harris and Ravenscraft (1991) discovered that target shareholder of R&D intensive business gained higher abnormal returns. In contrast, Cakici et al. (1996) found no significant relationship between R&D intensity and firm's performance. However, a later study by Chari et al. (2010) supported the contention made by Harris and Ravenscraft (1991) because they found that bidder gained more if it belongs to industry with high asset intangibility such as R&D.

Top management team or board of director of a firm played an important role in explaining the variation in firm performance during CBMA as the decision to be involved in CBMA is within their discretion. Agency theory suggests that if the interest of shareholders and managers are aligned, the firm would not suffer agency cost such as unprofitable CBMA. The first important management characteristic is having larger board (Basuil, 2011) because it can reduce agency cost through expanding the firm knowledge based and assessing potential target in CBMA with its wider pool of skills and abilities (Basuil, 2011). Next characteristic is not having duality role of chairman and CEO as it would increase agency cost due to dominance of a single person in a firm, who would make unprofitable acquisition through CBMAs. This argument is consistent with the theory of managerial hegemony which anticipated a weak board function when duality role exist. However, Basuil (2011) reported that duality role of chairman and CEO was the profitability driver for bidder returns during CBMAs, thus supporting stewardship theory.

In addition, not having a busy board (determined by number of directorship) would also increase shareholder's return as agent (director) are able to prevent the manager's empire building especially through CBMAs due to limited directorships held by them. This was supported by Masulis et al. (2012) that revealed busier board reduced bidder's return. Lastly, Masulis et al. (2012) also postulated the importance of having foreign independent director (FID) from similar region as target firm to derive higher return for the bidder. This study argued on the basis of facilitation hypothesis whereby FID will act as facilitator in CBMA by utilising his or her local expertise to provide valuable advice which will result in better CBMA.

A few studies postulated that firm's size also affected shareholder wealth creation during CBMA. However, their finding were inconclusive. A few studies found no significant relationship between the size and abnormal return (Bhagat et al., 2011; Cakici et al., 1996; Corhay & Rad, 2000). However, others found a positive relationship between size and cumulative abnormal return of shareholders (Basuil, 2011; Du & Boateng, 2015; Song et al., 2010a). In contrast, Martynova and Renneboog (2008) found a negative effect of firm's size on the bidder's returns. They argued that the size of a bidder was a proxy for managerial hubris, thus would result in overpayment during CBMA transaction which negatively affected bidder's return.

Numerous studies examined the impact of various type of ownership on the shareholders' return. Firstly, Song et al. (2010a) indicated that the government or state ownership has no significant relationship with target return, thus proposed that variation in firm's performance was not explained by the government ownership. In contrast, other studies found positive effect of government or state ownership towards bidders' return (Changqi & Ningling, 2010; Du & Boateng, 2015; Jory & Ngo, 2011; Lebedev et al., 2015). Changqi and Ningling (2010) and Du and Boateng (2015) who examined CBMAs by Chinese firms claimed that favourable effect of government ownership stemmed from strict supervision under high concentrated ownership, operation in monopoly industry and ability to enjoy favourable government policies such as low cost loan and tax rebate. Similarly, Lebedev et al. (2015) acknowledged that state ownership and bidders' performance was positively correlated. At the same time, Lebedev et al. (2015) also highlighted that studies of Chinese and Russian bidder experienced negative reaction by the capital market when there is involvement of government owned firm in CBMAs.

Next category of ownership widely scrutinised is foreign ownership. Ferreira et al. (2010) and Lebedev et al. (2015) indicated that foreign ownership resulted in improvement of post-acquisition performance. Their study endorsed the facilitation hypothesis where foreign institution shareholder help to reduce transaction cost and information asymmetry during CBMA deal. In contrast, Song et al. (2010a) who examined target returns affirmed that foreign ownership adversely affect firm's performance. Family ownership also contributed to positive wealth creation during CBMAs (Song et al., 2010a) because they have more incentive to ensure that the firm was properly operated. Lastly, a newly privatised firm can also be a significant contributor to shareholders' wealth during

CBMAs. Lebedev et al. (2015) claimed that CBMAs will facilitate the transformation process of newly privatised firm and consequently improve the performance of the target firm.

Grounded on organisational learning theory and theory of absorptive capacity, firm with long history should have high adaptive ability especially for firm's reform during CBMAs because it should have been experiencing many changes. An early study by Changqi and Ningling (2010) found no significant association firm's age and shareholder's return but a later study by Rahim, Ahmad, Ahmad and Rahim (2013) confirmed the organisational learning theory argument as they found a significant positive relationship between firm's age and bidders' return.

In contrast with organisational learning theory, Cakici et al. (1996) hypothesised that bidder with low overseas exposure should have larger gain when they embark in CBMAs. However their result showed no significant relationship between overseas exposure and bidder's return. A later study by Corhay and Rad (2000) confirmed the hypothesis by Cakici et al. (1996) thus, acknowledged the fact that the market was less appreciative towards CBMAs if the firms already have a strong presence in the international market.

Firms' financial advantages were also discussed as a significant contributor to the firm performance during CBMAs. Changqi and Ningling (2010) examined the impact of pre-acquisition free cash flow on acquires' return and found a negative but insignificant relationship. Therefore, they argued that large pre-acquisition cash flow will not remain "free" as large amount of cash was utilised for post-CBMA integration process. Pre-acquisition stock price was also discussed as one of the financial advantage that affected shareholders' wealth (Martynova & Renneboog, 2008). A good pre-acquisition firm's performance would also positively affect post-CBMA performance because it portrayed that a firm is managed efficiently and the efficiency will continue in the combined firm (Changqi & Ningling, 2010). In addition, it would expedite bidders to gain expertise in new market (Song et al., 2010a). In contrast, Du and Boateng (2015) claimed that a firm with high profitability negatively affect bidder's return because of possibility of manager to invest in value-decreasing CBMAs.

According to Aybar and Thanakijsombat (2015), acquiring firms with low level of investment opportunity generate higher return during CBMAs than firm with higher level of investment opportunity. They claimed that CBMA announcement by firm with low level of investment opportunity less likely to occur. Therefore, market react positively to the unexpected announcement of CBMA by the firms.

Deal Characteristic Factors

Next main elements discussed as contributor to the shareholder wealth creation was the deal characteristic. According to Lowinski et al. (2004), more wealth was created when the transaction size was large. This was due to ability of firms to achieve economies of scale (Aybar & Ficici, 2009) and less intense competition for large target firm (Aybar & Thanakijsombat, 2015). In contrast, Bhagat et al. (2011) who examined the effect of transaction size on bidder's return, found a negative impact of transaction value on bidder's return.

Lowinski et al. (2004) also examined whether the existence of renown advisor in CBMA transactions improve shareholders' wealth. However, the result indicated that no additional value was created in a transaction where leading advisors was included. Among the explanations given were, the cost associated with appointing an advisor outweigh the benefit, and advisors were appointed only for complex CBMA transactions.

An earlier study by Corhay and Rad (2000) stated that diversification dominated the synergy and this was supported by a later study by Song et al. (2010a), Aybar and Ficici (2009) and Jory and Ngo (2011). They argued that foreign diversified acquisition was a move to complement the firms' competencies and operation, and also resources can be allocated more efficiently, thus created value for CBMAs. At the same time, Song et al. (2010a) also claimed that relatedness of a business enabled a firm to gain synergistic effect. In contrast to the studies above, Lowinski et al. (2004), Chari et al. (2010) and Bhagat et al. (2011) did not find any significant relationship between relatedness and abnormal return.

The acquisition type, whether a transaction was friendly or hostile, was also said to have impact on shareholder's wealth. Similar to domestic M&A, target shareholder gained in hostile CBMAs (Martynova & Renneboog, 2008) while bidder shareholder suffered a loss (Cakici et al., 1996; Martynova & Renneboog, 2008). Bidder shareholders feared that hostile acquisition would resulted in higher premium paid to target firm, thus penalised the hostile acquisition. However, anomalous finding was discovered by Masulis et al. (2012) because they reported a significantly higher bidders' return in hostile transaction.

Methods of payment during acquisition, either cash or stock payment also affected shareholders return. Numerous studies (Chari et al., 2010; Martynova & Renneboog, 2008; Masulis et al., 2012) discovered that stock payment resulted in lower shareholders return due to signalling effect that bidders' stock was overvalued. Consistently, a study by Du and Boateng (2015) found a positive effect of cash payment on bidder's return. Aybar and

Thanakijsombat (2015) further examined the source of CBMA financing instead of merely considered the methods of payments. They reported a significantly higher return for bidder that used debt to finance CBMA transaction compared to internally financed acquisition due to monitoring role of creditors.

In CBMA, it is important to have sufficient holdings in target firm because CBMAs involved a combination of two firms from different countries and culture. Therefore, sufficient control in target would expedite the post-CBMA integration process. For instance, Chari et al. (2010) and Yang (2015) reported higher bidders' gain with higher ownership following acquisition. However, Martynova and Renneboog (2008) and Rani et al. (2014) claimed that partial or majority post-acquisition ownership is not sufficient to create shareholders' wealth because in CBMAs, there was information asymmetry and cultural barriers between target and bidder. Therefore, a full control of target firm was a pre-requisite for the post-acquisition integration process.

Listing status of target firms also seem to be able to explain bidders' return. For instance, Aybar and Ficici (2009) and Masulis et al. (2012) found a lower return for bidder of public target because of higher premium paid to satisfy the interest of diverse group of shareholders as a result of ownership structure complexity of the public firm (Aybar & Ficici, 2009). This was supported by Bae et al. (2013) who reported that private target resulted in higher abnormal return to bidder than public target.

Country-Specific Factors

The corporate governance standard of a country not only affect the intensity of CBMA inflow and outflow, but it also affects shareholder wealth creation during CBMAs. As highlighted in antecedents (country-specific factors) section, positive spillover hypothesis influenced CBMA intensity because it can improve target's corporate governance standard (Martynova & Renneboog, 2008). Consequently, the improvement of target's corporate governance standard resulted in higher wealth creation for target and bidder. This was supported by Chari et al. (2010), Ahouansou (2010), Jory and Ngo (2011), Basuil (2011) and Yen, Chou and André (2013). The improvement of target's corporate governance standard was the result of sharing good corporate governance practice such as legal and accounting standard with the target firm (Chari et al., 2010). In addition, higher return was achieved because bidders exploited target's governance imperfection to their advantage (Jory & Ngo, 2011) and also due to low premium paid to target firm as a penalty for target weak accounting standards (Bris & Cabolis, 2008).

On top of that, bootstrapping hypothesis which induce CBMA outflow of bidder from weak corporate governance standard to target from country with stronger corporate governance standard ultimately resulted in higher gain during CBMA transaction (Bhagat et al., 2011; Martynova & Renneboog, 2008). This is due to the improvement of bidders' corporate governance standard because they have to adhere to target higher governance standards. In contrast, Mangold and Lippok (2008) reported a significantly lower return for bidder that acquire target with high corporate governance standards. Thus, they argued that the lower return was the result of higher premium paid to the target in more developed country as developed country would demand a higher premium to compensate the increased risk exposure due to inferior governance of bidder (Starks & Wei, 2013).

Post-CBMA integration is vital for a successful CBMAs, thus resulted in shareholder wealth creation. Among the factors that can expedite post-CBMA integration are geographic proximity of target and bidder (Martynova & Renneboog, 2008), having foreign independent director whose origin was similar to target home country (Masulis et al., 2012) and having small cultural distance (Aybar & Ficici, 2009; Basuil, 2011). In contrast, Aybar and Thanakijsombat (2015) claimed that acquiring a target with high cultural distance is also advantageous because it increase bidders' ability to learn from the difference and enlarge their knowledge base. However, cultural distance did not explain the variation in Chinese bidders' return (Du & Boateng, 2015) because their Western-educated top management and the technological advancement played substantial role in bridging the cultural gap between target foreign countries and China.

In addition, the difference in market development level between target and bidder also affected the shareholder wealth creation in CBMAs. Ahouansou (2010) and Chari et al. (2010) found that cross-market CBMAs (DM-EM and EM-DM) generated higher abnormal return than CBMAs where both the target and bidder were from similar level of markets development. This was supported by Du and Boateng (2015) who claimed that the existence of institutional distance (difference in market development) implied a high possibility of resources and capability complementary.

Regulatory environment of the country also become the centre of discussion as one of the determinants of performance during CBMAs. For instance, the favourable tax reform in the US in year 1986 was expected to improve shareholders' return during CBMAs. However, Cakici et al. (1996) found no significant impact of the 1986 tax reform on bidders' return. Meanwhile, Rahim et al. (2013) who examined the determinants of Malaysian CBMAs found a significant negative effect of tax and bidders' return. Du and Boateng (2015) who examined the value creation of Chinese CBMAs reported a favourable effect of exchange rate reform on bidder's return. They argued that the positive effect was stemmed from reduction of bureaucracy following liberalisation of exchange rate approval procedure which ultimately reducing CBMA costs.

Aybar and Thanakijsombat (2015) took a different perspective by examining the impact of country relative risk on bidder's return. They reported a higher bidder return when entering a higher risk target country because market expected higher benefits would accrue to offset the expansion into higher risk economies.

Emerging countries of CBMA players such as ASEAN countries might have different determinants for their performance during CBMAs. Therefore, the following section will highlight how the CBMA trends by the six ASEAN countries discussed in overview of CBMA by six top ASEAN country players (both target and bidding firms) section can be used to anticipate the determinants of CBMA performance for these countries.

Determinants Unique to ASEAN Countries

With regard to firm-specific factors, Figure 7 shows a minimal involvement of government owned firm in CBMA by ASEAN firm. It might signify that ASEAN firms did not enjoy any favourable government policies as Chinese firms such as low cost loan and tax rebate (Du & Boateng, 2015). Thus, government ownership factors might not explain the variation in ASEAN firm's performance during CBMAs. However, since ASEAN target firms have financial advantage prior to acquisition, as portrayed in Table 6, it is expected that this trend would continue in the combined firm as suggested by Changqi and Ningling (2010). Therefore, it is anticipated that ASEAN firm's financial advantage may explain firms' performance during CBMAs.

Determinants of firm's performance (deal characteristic factors) section present a lot of factors that affect firm's performance during CBMAs. For ASEAN target firms, more related acquisition than diversified acquisition was reported in Figure 9. This implied that in a country with high risk (low governance standards, as shown in Table 8) like ASEAN countries, less risky related acquisitions are preferred by bidding firms. This might be due to the fact that this acquisition type may lead to higher return because synergy would materialise, as suggested by Song et al. (2010a). In addition, as there is high information asymmetry and cultural barriers between target and bidder in CBMAs, full acquisition would ease the post-CBMA integration and improve firm's performance (Martynova & Renneboog, 2008; Rani et al., 2014). In the context of ASEAN firms, it is anticipated that full acquisition may explain the variation in firm's performance during CBMA as almost half of CBMA by ASEAN firms (46% of bidder and 41% of target) are full acquisition, as shown in

Table 7. Figure 8 indicates that shares payment was rarely chosen as consideration paid or received by ASEAN firms. This might be due to signalling effect as highlighted in previous section. Thus, there is possibility that consideration structure may explain ASEAN firm's performance following CBMAs.

Section on antecedents (motivations) of CBMAs highlight that ASEAN firms CBMA may be explained by the corporate governance spillover hypothesis. A firm would normally choose CBMAs if it was assured that CBMAs would improve shareholders wealth, as suggested by shareholder wealth maximization theory of M&A. Therefore, the positive spillover hypothesis would be anticipated to explain the shareholder wealth creation for Singaporean bidding firms, because their top target firms came from countries with low corporate governance as shown in Table 8. For other countries in ASEAN, their top targets firms were from countries with higher governance score. Thus, bootstrapping hypothesis is anticipated to explain the variation in ASEAN firms' shareholders wealth. Furthermore, for bootstrapping to take place, only partial acquisition would be applicable to ensure that target firms are still listed on host country stock exchange. Panel A of Table 7 shows total number of minority and majority CBMAs by ASEAN bidding firms exceeded full acquisition, thus enable bootstrapping of governance standards for CBMAs by ASEAN bidding firms.

In addition, previous studies also suggested that differences in market development level can also explain the variation in firms' performance during CBMAs. Table 9 indicated top bidder and top target nation are from countries with different development level than from the firm's country origin. Therefore, it is anticipated that differences in market development level could explain the variation in firms' performance following CBMAs by ASEAN firms.

Table 9
MSCI market development level

Nationality of ASEAN Firms	Market Development Level	Top Bidder Nation	Market Development Level	Top Target Nation	Market Development Level
Indonesia	Emerging	Singapore	Developed	Singapore	Developed
Malaysia	Emerging	Singapore	Developed	Singapore	Developed
Philippines	Emerging	United States	Developed	United States	Developed
Singapore	Developed	Malaysia	Emerging	China	Emerging
Thailand	Emerging	Singapore	Developed	Singapore	Developed
Vietnam	Frontier	Japan	Developed	United States	Developed

CONCLUSION

The CBMA trends involving ASEAN countries is likely to continue in line with the contention made by Metwalli and Tang (2009) that numerous bilateral and regional free trade agreements involving ASEAN countries would spur CBMA expansion in Southeast Asia. In fact, the decline in world FDI seems to have no impact on FDI flow to and from ASEAN countries. This paper reviewed the CBMA trends involving firms from ASEAN member countries from January 2002 to December 2014. The unique composition of ASEAN countries with different level of market development i.e., developed (Singapore), emerging (Indonesia, Malaysia, Philippines, Thailand) and frontier (Vietnam), preclude the applicability of specific CBMA literature from either developed or emerging countries. Here, the main research streams on CBMAs (from both developed and emerging countries) related to antecedents (motivation), impact and determinants of firm performance was discussed. This paper further analyse the CBMA trends by ASEAN member countries and anticipate the possible antecedent and determinant of firm performance unique to firms from this region. Based on the review, it is anticipated that CBMAs involving ASEAN countries can be explained by corporate governance spillover hypothesis, strong financial advantage and national pride or hubris. It is also anticipated that ASEAN firm would gain in short-term but loss in long-term following CBMAs. For the determinants, again, corporate governance spillover hypothesis might explain the variation in ASEAN firms' performance following CBMAs. Furthermore, the difference in market development level is also expected to contribute to ASEAN firms' wealth creation. Further statistical analysis is however required to verify the applicability of the anticipated antecedents, firm's performance and determinants of firm performance for ASEAN member countries.

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