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Analysis of the Evolution, Present Situation and General Development Direction of Cross-Border Mergers and Acquisitions Carried Out By Chinese Companies: An Examination Based On Management Efficiency

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Abstract:
This article aims to explore the historical development, current situation and overall development pattern of overseas M&A activities conducted by Chinese companies, and conduct an analysis from the perspective of management efficiency. Under the background of globalization, international mergers and acquisitions have become one of the important means for enterprises to achieve scale expansion and enhance competitiveness. However, due to the significant differences among various countries in terms of institutional environment, cultural differences, etc., post-acquisition integration in international M&A deals faces many challenges. Through the review of relevant theories and empirical studies, it has been observed that various elements influence the operational effectiveness of companies following cross-border M&A activities, including micro-level factors such as human resources, financial conditions, and management preferences, as well as macro-level factors such as macroeconomic situations and institutional environments. Especially under the unique institutional background of China, the motives for enterprises to conduct cross-border mergers and acquisitions are complex and diverse. Multiple factors need to be comprehensively considered to guarantee the effectiveness of mergers and acquisitions and improve management efficiency. Studies show that under the present intricate global economic climate, it is particularly important to assess whether cross-border mergers and acquisitions have truly enhanced the management efficiency of enterprises. Although Chinese company have achieved remarkable results in rapidly expanding overseas markets through cross-border mergers and acquisitions, they also face relatively high risks at the same time. Therefore, effective enterprise management methods are the key to the sustainable development of an enterprise, and the effectiveness of management has a direct impact on the general level of development of the enterprise.
Keywords: *Chinese company; International mergers and takeovers; Managerial effectiveness; Development history*

1.INTRODUCTION

During the course of companies engaging in international mergers and acquisitions, the choice of investment and growth mode is involved. When enterprises establish connections with local enterprises in multiple jurisdictions and locations, they need to pay attention to the multi-faceted and multi-level influences such as the systems, industry environments, enterprise management methods and transaction forms of different countries. The numerous differences between enterprises of the two countries have an important impact on the integration after the merger and acquisition.

From a macro perspective, when conducting international M&A activities and acquisitions, enterprises need to take into account the impact of cross-border characteristics, especially the significant differences in institutional environments and cultural differences. Therefore, during the merger and acquisition lifecycle, enterprises need to pay close attention to the impact of multiple aspects such as the national macroeconomic situation, institutional environment, industry characteristics, and enterprise consistency on the operational effectiveness of the company.

From a micro perspective, factors such as the human capital, financial status and management preferences of enterprises in the two countries will all affect the management integration after the merger and acquisition(Vaara et al., 2012). international mergers and acquisitions (M&A) by enterprises are an important way to expand the global market and also a key strategy to increase the scale of business operations. Especially against the backdrop of the increasingly mature capital market in China, the enthusiasm of listed companies for mergers and acquisitions and reorganizations has significantly increased. Although the traditional Western theory holds that mergers and acquisitions and reorganizations can optimize the asset structure and enhance the enterprise value, financial and operational outcomes of Chinese listed companies following mergers and acquisitions sometimes differs greatly from this theory. Under the special institutional background in China, enterprises engage in mergers and acquisitions for a wide range of intricate and varied reasons. There are many factors that affect the management efficiency of enterprises after mergers and acquisitions, such as human capital, cultural distance between the two countries, institutional background, level of technological advancement and variations in managerial practices, etc.

At present, in the face of the complex international economic situation, an important aspect of analyzing the effectiveness of international M&A activities conducted by Chinese companies is to assess whether the management efficiency has truly improved after the execution of cross-border or domestic mergers and acquisitions. Although Chinese company can rapidly expand overseas markets, acquire advanced technologies and achieve resource integration through cross-border mergers and acquisitions, achieving an effect of "1+1>2", in comparison to local mergers and acquisitions, international deals are exposed to more complex and diverse risks. The differences in politics, culture and law among different countries have increased the uncertainty of merger and acquisition transactions and subsequent operations, making mergers and acquisitions a high-risk business operation activity. Effective enterprise management methods are the key to enterprise sustainability and managerial efficiency play a direct role in determining the overall level of organizational development. Therefore, when studying enterprise management issues, management efficiency should be given a prominent position. Understanding the impact of cross-border mergers and acquisitions on enterprise management is of great significance for Chinese company to efficiently integrate the advantages of technology, brand, resources and market of both sides in the future and build a scientific and reasonable business model.

2.LITERATURE REVIEW

2.1 Definition of concepts related to international M&A activities conducted

International M&A activities conducted refer to the act where an enterprise in one country, under a specific goal orientation, secures equity interests in an overseas enterprise using designated acquisition methods and payment mechanisms, etc., with the aim of achieving higher economic returns and pursuing more favorable growth opportunities, companies seek decision-making authority or effective control over the production, operations, and management of foreign enterprises. After the integration of the two companies through M&A has taken place, the acquirer and the acquired party will integrate in terms of business operations, management methods, human resources, etc. Through integration, the two sides will achieve full integration, thereby giving full play to the synergy effect of both sides, enhancing the market expansion ability of the enterprises, helping the enterprises absorb advanced production factors, and increasing the profit space. According to the motives of enterprises conducting cross-border mergers and acquisitions, international M&A activities are the purpose of enterprises to obtain unique enterprise advantages through mergers and acquisitions, help the acquiring enterprises gain stronger competitiveness

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after international M&A activities, achieve the enterprise development strategy, and also the goal of the enterprise's global development. Therefore, international M&A activities are the products of globalization, and enterprises can promote their internationalization level through international M&A activities.

According to the different methods of mergers and acquisitions, international M&A activities of enterprises can be divided into two types. The first type is direct international M&A activities; The second type is indirect international M&A activities. Direct international M&A activities involve negotiations between the two parties regarding the acquisition, face-to-face communication between them, presenting their own acquisition intentions or the acquired party clarifying the obstacles in their development process. After the acquisition is confirmed, the transfer of control is completed to satisfy the interests of both parties. Mergers and acquisitions mainly refer to mergers and acquisitions. A merger usually refers to the combination of two independent companies into one, where both parties utilize each other's resources to complement each other. It is often manifested as the merger of one or more companies by a dominant company. An acquisition, on the other hand, typically refers to a company using its existing securities or cash to purchase assets or equity from other enterprises. The activity of obtaining control of the target company through means such as capital operation. Mergers and acquisitions can enhance the value of an enterprise in the short term by obtaining the resources it needs from external companies. It is a "strategy of buying time".(Lv,2016) After the integration process has begun, two enterprises from different countries will integrate their assets through certain means and organize their business operations, thereby generating a new entity legal person. Indirect international M&A activities are international M&A activities carried out through intermediaries. Therefore, there is no direct communication between the acquiring enterprise and the acquired enterprise. There may be situations where enterprises conceal information, and there may be information asymmetry between the two sides. Therefore, indirect international M&A transactions tend to have a lower success rate compared to other forms of cross-border deals. Therefore, based on the understanding of the related concepts of international M&A activities, this paper holds that international M&A activities of enterprises are the acts of integrating resources by transnational enterprises.The primary objective of international M&A is to promote enterprise growth and improve both technological capabilities and competitive advantage. Based on this connotation, international M&A activities of enterprises need to focus on the business operations and resource integration after the merger and acquisition, and effective management can be carried out to achieve the merger and acquisition goals.

M&A integration officially commences upon the successful completion of the merger or acquisition. The complexity of the integration content makes the process last for several years, but the integration plan should have started during the execution of the merger and acquisition plan. Buckley (2016) holds that, whether in developed countries or developing countries, multinational companies should not only make good use of their own advantages, but also seek high-quality external resources globally for complementary advantages. This enables multinational enterprises to overcome geographic limitations and access superior global resources.

The integration after mergers and acquisitions has been conceptualized by many scholars. After the division and merger of responsibilities among various functional departments, the enterprise integrates in terms of organizational culture to form a new whole.(Nocke et al.,2007) Cording, Chrismann and King (2008) hold that integration is a series of management actions taken to merge two previously separated companies. (Vaara et al., 2012) hold that post-merger integration is a result preconceived on the standardization of the behaviors of the acquirer and the acquired party, and the acquirer and the acquired party have achieved integration in functional activities.(Heimeriks et al.,2012) Some scholars have conceptualized integration from multiple dimensions, arguing that task integration and human resource integration are two aspects of integration (Kostova et al., 1999), and Reus, Lamont and Ellis (2016) believe that functional integration and strategic control can also be added. (Graebner et al.,2017) considering the diversity in the definition of this concept, believed that post-merger integration is a multi-angle and dynamic process of a new organization, which consists of the acquiring enterprise and the acquired enterprise. Therefore, it is necessary to comprehensively consider from the two dimensions of enterprise strategy and corporate culture and formulate a scientific cross-border merger and acquisition plan.

2.2 Definition of Concepts related to enterprise management efficiency

Pareto first proposed the concept of efficiency in 1986. Therefore, efficiency is often also referred to as the Pareto rate or Pareto optimality. From a textual perspective alone, the term "efficiency" is a comparison between input and output, serving as an indicator for evaluating returns. The explanation mentioned in Cihai generally refers to the ratio of the amount of labor to the outcome of labor throughout the entire work process, which is equivalent to the concept of productivity. Based on the understanding of "efficiency", this article focuses on "enterprise management efficiency" and analyzes its manifestation in the business activities of enterprises. The concept of "enterprise management efficiency" is rich in content. From different perspectives, it includes two aspects:

In terms of management science, management efficiency is an important dimension of efficiency, and "enterprise efficiency" is the result of enterprise management. Therefore, this article first needs to understand "enterprise efficiency". Specifically, from the perspective of planning management, enterprise efficiency can be inferred from the formulation and implementation of enterprise operation plans, the timeliness of the completion of company statistical tasks, and the completion of company operation plans (Acs, 2008) From the perspective of quality management, the efficiency of an enterprise can be manifested as the pass rate of product random inspection, the rework rate of products, and the proportion of quality control costs. From the perspective of production management, enterprise efficiency is specifically manifested as the efficiency of completing production plans within the prescribed time, the efficiency of delivering goods in full within the prescribed time, and so on. From the perspective of equipment management, enterprise efficiency is specifically manifested in aspects such as integrity rate, utilization rate, failure rate, return rate, expense rate and load rate; From the perspective of material management, the efficiency of an enterprise is manifested in the material backlog rate, material utilization rate, material loss rate, and whether the supply is stable. From the perspective of marketing management, enterprise efficiency is manifested as penetration rate, market share, etc. From the perspective of labor management, enterprise efficiency is specifically manifested as the employee turnover rate, including productivity, etc. (li et al., 2022); From the perspective of financial management, enterprise efficiency is specifically manifested as current ratio, sales profit margin, etc. From the perspective of cost management, enterprise efficiency is specifically manifested in unit product cost planning indicators, total product cost planning indicators, etc. According to the above discussion, it can be known that at the management level, enterprise efficiency can be understood from two perspectives: material nature and organizational behavior. From the perspective of material properties, enterprise efficiency can be evaluated based on the input-output situation. From the perspective of organizational behavior, its efficiency can be evaluated based on the operation of the organization. In terms of material properties, this concept not only reflects the efficiency of the total resource input and return in the enterprise management process, but also can reflect the technical reference for why the enterprise chooses this resource allocation. From the perspective of organizational behavior, enterprise efficiency encompasses a wide range of aspects, such as behavioral processes, organizational operation mechanisms, and so on.

From an economic perspective, the most significant feature of the concept of "enterprise efficiency" at the economic level is that it only focuses on the input-output ratio of "enterprises" as an economy in their daily production and operation processes, that is, the ratio relationship between the input of resources and the output of products. Enterprise management efficiency refers to the degree of effectiveness and productivity achieved through organizational strategies and operational practices. It is used to evaluate the achievements of enterprise management in a certain activity within a certain period of time. Therefore, the efficiency of merger and acquisition management refers to the benefits that arise after the parent country enterprise completes the merger and acquisition of the host country enterprise, conducts all-round integration of the host country enterprise, and transforms the management mode. It also considers whether this merger and acquisition meets the investment expectations and is an overall evaluation of the effectiveness of the management mode of the enterprise after the corporate consolidation. The performance of enterprise mergers and acquisitions is very complex and requires simultaneous consideration of enterprise efficiency and corresponding risks, etc. However, the efficiency of enterprise management plays a crucial role in the development process of an enterprise and is an important tool that affects the effectiveness of all business activities within the enterprise.

To sum up, this article holds that the concept and connotation of enterprise management efficiency can be understood from both narrow and broad perspectives. In a broad sense, the efficiency of enterprise management is the behavior that influences the overall development of the enterprise and enhances the level of social welfare through aspects such as the optimization of industrial structure, enhancing managerial capabilities and optimizing the integration of organizational resources.In a narrow sense,enterprise management efficiency refers to the extent to which a company effectively organizes and utilizes its internal operations, human capital, and production resources to enhance business performance and generate economic value. Wealth efficiency refers to the fact that rational market investors, upon learning of merger and acquisition events, will change their behavior in the market, thereby influencing the actual performance of enterprises in the market, including stock prices. Therefore, the efficiency of enterprise management is manifested as the integration of resources in terms of performance of the enterprise. Through the comparative analysis of the data before and after enterprise mergers and acquisitions in this article, it can be seen whether the merger and acquisition behavior brings about an improvement or a decline in the enterprise's benefits.

2.3 Foundations of Cross-border Merging and Acquisition

The Resource-based View (RBV for short) holds that as a management unit and a collection of resources, an enterprise should possess the key resources and capabilities that determine its market competitiveness, including resilience, value, non-replicability and scarcity. The resources here include both tangible assets and intangible assets. Any element that can enhance the competitive advantage of an enterprise can be regarded as a resource (Wernerfelt, 1984; Caves, 1980. Among numerous merger and acquisition theories, the resource-based perspective is a powerful analytical viewpoint.

In the current market environment where technological iteration is accelerating, product updates are frequent, services are becoming increasingly refined, and competition is intensifying, it is difficult for enterprises to obtain all the resources needed for development by their own strength. Therefore, obtaining key resources through mergers and acquisitions to enhance competitiveness has become an important means. Under this background, how the acquirer selects the target enterprise is particularly important.

Broekel and Brachert (2015) pointed out that enterprises should enhance their competitive advantages in the market through resource combination. When choosing a target enterprise, the acquirer usually comprehensively considers the advantageous resources that the other party possesses and their matching degree with their own resources to ensure that the resources of both parties can be effectively integrated after the conclusion of the M&A deal, thereby achieving a synergy effect of "1+1>2", enhancing market competitiveness and obtaining higher returns.

Wernerfelt (1984) stated that when choosing target enterprises, merger and acquisition enterprises often take the similarity of resources between the two sides as a reference standard. Because only in this way can it be smoother in aspects such as business operation, communication and coordination, and product development, thereby reducing the cost of mergers and acquisitions and improving the efficiency of mergers and acquisitions (Wang and Zajac, 2007). The resource-based view emphasizes that the unique resources and core capabilities of an enterprise are its basic characteristics and important sources of profitability, constituting the strategic basis for the enterprise to stand firm in the market (Heeley et al., 2006). The competitive advantage of an enterprise stems from its resource endowment and the capacity to effectively distribute and make use of available resources.

Up to now, mergers and acquisitions have become a key means for enterprises to obtain advantageous resources, make up for shortcomings and promote long-term development.

The national institutional framework serves as a foundational element that shapes the operating environment for enterprises to carry out international M&A activities. Since the 1990s, an increasing number of scholars have believed that when studying cross-border merger and acquisition cases, in addition to paying attention to the factors of enterprise resources, the influence of the institutional environment must also be emphasized(Peng, 2002). At present, most of the theoretical and empirical studies on institutions at home and abroad cannot do without the support of institutional theory.

From an institutional perspective, there are two reasons for enterprises to carry out international M&A activities: one is to get rid of the deficiencies of the domestic system, the other objective is to access and leverage the institutional benefits offered by the host country.Sun(2012) et al. took international M&A activities in emerging countries as the research object and, through the method of institutional comparison, explored the correlation between the institutions of emerging countries and the effectiveness of international M&A activities. The research results show that the institutional environment of the host country has a direct impact on the effectiveness of international M&A activities. For instance, if a country has chaotic policies, opaque systems and inadequate enforcement of intellectual property (IP) rights, it will be difficult to safeguard the legitimate rights and interests of enterprises overseas. Therefore, many powerful enterprises have chosen to go abroad in search of potential target enterprises for mergers and acquisitions in order to obtain policy preferences from the host countries.

In 2009, Pablo conducted an empirical analysis of over 800 merger and acquisition cases that occurred in the southern region of the United States and found that international M&A activities mostly took place in those countries that have sound policy systems and protection mechanisms for enterprises. Whether a country can become a host country is positively correlated with the degree of perfection of its institutional environment.

Rossi and Volpin (2004) analyzed why enterprises choose international M&A activities from the perspective of policy systems and law enforcement differences between the home country and the host country. The research finds that when the home country's policies for protecting enterprises are more complete, the home country's enterprises are more inclined to invest in the host country where the protection for enterprises is weaker. Meanwhile, when choosing cross-border merger and acquisition targets, taxation has also become one of the important motivations for enterprises to make decisions.

Dunning and Lundan (2010) took the cross-border merger and acquisition behavior of enterprises as the entry point, deeply analyzed the specific factors influencing enterprise mergers and acquisitions, and pointed out that there is a correlation between the host country's system and the advantages of enterprises' international M&A activities. The systems mentioned here not only include formal ones, but also informal ones such as values, communication methods and handling concepts. All these will have a certain impact on the shaping of the business environment and the exertion of the management and operation capabilities of the enterprise.

Under the institutional environments of different host countries, the attitudes and coping methods of enterprise managers towards risks also vary. Under this institutional background, managers are more inclined to adopt the handling methods they agree with. Also in 2010, Hyun and Kim (2010) pointed out

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after their research that a common language is one of the important factors for enterprises to choose the host country for international M&A activities.

3.An Examination of the Present State of Cross-Border Mergers and Acquisitions Conducted by Chinese Companies

Following the convening of the 18th National Congress of the Communist Party of China, China further promoted the deepening of the reform and opening-up strategy. The scale of outbound investment continued to expand, cooperation with foreign enterprises deepened increasingly, the investment structure was continuously optimized, and the benefits of outbound investment increased accordingly. According to the "Report on the Development of China's Outbound Investment and Cooperation 2020", China's direct investment across all industries reached 132.94 billion US dollars in 2020, and the completed business volume of overseas contracted projects was 155.94 billion US dollars. China remains the country with the largest outbound investment. The high-standard implementation of the Belt and Road Initiative (BRI) has not only strengthened trade linkages between China and participating countries, but also contributed to global economic growth.

3.1 Magnitude of Cross-Border Mergers and Acquisitions Conducted by Chinese Companies

At present, affected by various factors, the enthusiasm of Chinese company for international M&A activities has declined. However, at the policy level, the state still encourages enterprises to formulate cross-border merger and acquisition plans more rationally and incentivizes them to carry out the "going global" strategy in a more orderly manner. With the proposal of the "Belt and Road Initiative" policy and supply-side reform, the domestic investment approval procedures faced by Chinese company have been reduced, and the situation of financial support has been effectively improved. According to the "Statistical Bulletin on China's Outbound Investment in 2019" released by the Ministry of Commerce, the number of Chinese company participating in international M&A activities in 2019 showed a significant increase, reaching 467 cases, an increase of 34 cases compared with last year. The number of countries and regions involved has further increased, by five compared with 2018. However, with the influence of factors such as the trade war and trade protection, the reviews from abroad faced by regulatory oversight of foreign mergers and acquisitions has become increasingly stringent.

In 2019, the actual amount of China's outbound mergers and acquisitions showed a downward trend compared with 2018, dropping by 53.8% year-on-year, which was the largest year-on-year decline in the past fifteen years. Moreover, the amount of China's outbound direct investment mergers and acquisitions has been on a downward trend in the past three years.

Table 3.1 China's international M&A activities Situation from 2010 to 2019 (in billion US dollars)

year	Merger and acquisition amount	Year-on-year(%)	Specific gravity(%)
2010	297.0	54.7	43.2
2011	272.0	-8.4	36.4
2012	434.0	59.6	31.4
2013	529.0	21.9	31.1
2014	569.0	7.6	26.4
2015	544.4	-4.3	25.6
2016	1353.3	148.6	44.1
2017	1196.2	-11.6	21.1

2018	742.3	-37.9	21.7
2019	342.8	-53.8	12.6

Data Source: The Statistical Bulletin of China's Outward Investment in 2019

international M&A activities in China are mainly based on the motivation of seeking technology. According to Boston Consulting Group (2015), between 2010 and 2014, 75% of international M&A activities were aimed at obtaining technology or market share. Guo Guangchang, the chairman of Fosun Group, once said that the growth history of many well-known Chinese company is a history of cross-border acquisitions. For instance, in 2003, BOE, which was then relatively unknown, acquired Hyundai Semiconductor Co., Ltd. for 380 million US dollars. Since then, BOE's TFT-LCD business, which had obtained core technologies, has grown significantly.

international M&A activities by Chinese company have undergone a process of fluctuating changes. In 2014, there were 272 cross-border merger and acquisition events of Chinese company, among these, the value of cross-border M&A transactions amounted to USD 52.2 billion.

In 2016, the number of cross-border merger and acquisition transactions in China showed a rapid upward trend, rising from 272 in 2014 to 923 in 2016, with a transaction amount as high as 210.4 billion US dollars. As Chinese companies rapidly expand their global mergers and acquisitions (M&A) efforts, various challenges have arisen in the international M&A processes undertaken by these firms. Therefore, China has begun to impose restrictions on cross-border merger and acquisition enterprises, formulate new policy regulations, and introduce new rules in terms of funds. Meanwhile, as the degree of international M&A activities by Chinese company continues to deepen and their status in the international trade market keeps rising, developed countries abroad have begun to curb the overseas markets of Chinese company and further intensify the review of China's international M&A activities. Facing the influence of domestic new regulations and foreign review pressure, the number of international M&A activities by Chinese company began to show a continuous downward trend during 2017-2018. In 2018, the number of international M&A activities was 627, and the transaction value of international M&A activities was 94.1 billion US dollars.

In terms of the main body of international M&A activities, the proportion of private enterprises has been continuously increasing and they have become the main force of international M&A activities by Chinese company. Table 1.2 shows the distribution of the number and amount of international M&A activities by Chinese company. It can be seen from the table that the number of international M&A activities by Chinese company peaked in 2016 and has shown a continuous downward trend since 2016. From the perspective of the types of enterprise entities, private enterprises account for a relatively large proportion among international M&A activities in China, which is much higher than the proportion of state-owned enterprises in international M&A activities. The number of international M&A activities by state-owned enterprises decreased from 116 in 2016 to 27 in 2020, and the investment amount dropped from 6.59 billion US dollars in 2016 to 630 million US dollars in 2020. The number of international M&A activities by private enterprises decreased from 609 in 2016 to 253 in 2020. The investment amount decreased from 10.69 billion US dollars in 2016 to 2.19 billion US dollars in 2020.

Table 3.2 2014 years -The distribution of the number and amount of international M&A activities by Chinese company in 2020

Data source: wind database

Table 3.2 shows the number and amount of merger and acquisition transactions by domestic and foreign

Year	Quantity/Count	Quantity/Count	Quantity/Count	Amount/Billion USD	Amount/Billion USD	Amount/Billion USD
	State-owned Enterprises	Private Enterprises	Financial Investors	State-owned Enterprises	Private Enterprises	Financial Investors
2014	78	145	49	25.6	13.4	13.1
2015	80	205	95	23.8	20.8	12.8
2016	116	609	195	65.9	106.9	37.7
2017	101	467	238	28.1	59.9	34.4
2018	64	310	253	21.1	51.1	21.9
2019	60	384	223	16.3	26.6	15.1
2020	27	253	123	6.3	21.9	13.8

strategic investors from 2016 to 2020. It is evident that the number of domestic and foreign merger and acquisition transactions shows a downward trend, but the transaction amount shows an upward trend. Thanks to the strong financial support from state-owned enterprises and the government. Table 2.3 shows the distribution of the amount of corporate consolidation transactions from 2016 to 2020. It can be seen from the table that the amount of corporate consolidation transactions as a whole shows a changing trend of first decreasing and then increasing.

Table 3.3 Domestic and Foreign Mergers and Acquisitions Transactions from 2016 to 2020 (Quantity and Amount)

Year	Quantity/Count	Quantity/Count	Amount/Billion USD	Amount/Billion USD
	Domestic	Foreign	Domestic	Foreign
2016	4870	271	320.7	6.8
2017	5111	255	366.2	14.0
2018	4778	178	322.6	20.0
2019	4498	248	275.7	21.1
2020	4530	181	349.4	14.6

Data source: wind database

Table 2.4 Distribution of Mergers and Acquisitions Transaction Amounts from 2016 to 2020 (in Billion USD)

Category	**2016**	**2017**	**2018**	**2019**	**2020**
Domestic Strategic Investors	320.7	366.2	322.6	275.7	349.4
Overseas Strategic Investors	6.8	14.0	20.0	21.1	14.6

Category	2016	2017	2018	2019	2020
Private Equity Fund Transaction Amount	214.6	176.2	215.5	208.7	332.4
Cross-border M&A by Hong Kong Enterprises	22.8	12.5	23.8	14.2	6.4
Cross-border M&A by Mainland Chinese company	204.5	119.0	91.4	58.0	42.0
Total	769.4	687.9	673.3	577.7	744.8

Data source: wind database

3.2 Industry Distribution Characteristics of international M&A activities by Chinese company

Early international M&A activities were mainly concentrated in the energy sector. In fact, the reason was that China was short of resources in its early days. The goal of international merger and acquisition activities was to secure greater access to energy resources. Apart from the overseas merger and acquisition efforts by energy companies, there are also mineral resources, bauxite, etc.

With the continuous advancement of globalization, China's rapid economic growth has been accompanied by a steady rise in the number of international mergers and acquisitions carried out by domestic enterprises.The development of international M&A activities has gradually become diversified and varied, and the industries involved by enterprises conducting international M&A activities have also gradually become extensive. In 2018, there were 164 international M&A activities in China in the high-tech sector, 105 in consumer goods, 89 in healthcare, 79 in industry, 54 in financial services, 89 in raw materials, 24 in media and entertainment, and 10 in others (not clearly classified).

With China determining the development pattern of "dual circulation", the domestic market activity has further increased. Tables 3.5 and 3.6 show the corporate consolidation transaction volume and the number of corporate consolidation transactions by strategic investors classified by industry from 2016 to 2020. As shown in the table, the scale of mergers and acquisitions in the consumer goods and industrial sectors continues to grow. Due to the impact of the epidemic, the number of strategic investor corporate consolidation transactions decreased from 2019 to 2020, but still maintained a stable trend.(He et al., 2022) The three industry sectors of industry, high-tech and consumer goods still showed a relatively high number of transactions.

Table 3.5 Strategic Investors' Mergers and Acquisitions Transactions by Investment Industry from 2016 to 2020

Industry	2016	2017	2018	2019	2020
Industrial	771	798	743	1108	948
High-tech	871	841	865	725	767
Consumer Goods	811	868	732	750	720
Financial Services	685	678	643	389	440
Power & Energy	431	362	430	374	432
Raw Materials	500	554	485	461	407
Real Estate	443	579	457	369	397
Healthcare	331	360	387	366	364

Industry	2016	2017	2018	2019	2020
Media & Entertainment	231	242	163	139	157
Others	67	84	51	65	79
Total	5141	5366	4956	4746	4711

Data source: wind database

Table 3.6. By investment industry, it is divided into 2016 years-The transaction amount of mergers and acquisitions by strategic investors in 2020 (10 billion US dollars)

Industry	**2016**	**2017**	**2018**	**2019**	**2020**
Consumer Goods	40.7	35.6	38.9	45.4	91.3
Industrial	55.5	56.8	53.6	62.1	77.0
High-tech	44.3	46.2	48.0	27.5	41.5
Power & Energy	17.7	22.1	17.1	20.9	31.6
Real Estate	51.5	106.3	52.2	42.7	31.8
Raw Materials	42.3	34.0	48.9	29.3	27.5
Financial Services	43.0	43.6	46.9	39.5	25.9
Healthcare	18.5	12.4	21.5	19.2	19.1
Media & Entertainment	11.6	18.5	14.1	9.1	14.4
Others	2.3	4.7	1.4	1.1	3.9
Total	327.4	380.2	342.6	296.8	364.0

Data source: wind database

With the deterioration of Sino-US relations, the global economy has undergone profound changes. The overseas operations of enterprises are more influenced by political factors. To obtain certain benefits in international M&A activities, it is necessary to formulate relatively complete management measures, improve management efficiency, and achieve the long-term development of the enterprise's own interests. international M&A activities, as an important manifestation of enterprises obtaining high-quality assets, from a market perspective, if enterprises want to enhance their market value in international M&A activities, they need to consider the issue of enterprise management efficiency. According to the data on Chinese company' participation in international M&A activities, in the face of different international environmental situations, international M&A activities remain an important strategic manifestation for enterprises to expand their capital, obtain foreign markets and enhance their own competitiveness. According to data from the Ministry of Commerce, in 2019, the composition of China's outbound investment and mergers and acquisitions industry included 179 manufacturing mergers and acquisitions, with a total value of 14.27 billion US dollars, accounting for 41.6% of the total value.(Cui, 2013) Manufacturing is the pillar of China's national economic system and the fundamental support for China's economic and social development. In recent years, the number of domestic international M&A activities enterprises has been increasing continuously, and the transaction amount has also been growing. However, the success rate of international M&A activities has long remained at a relatively low level, and there is still a considerable gap compared with developed countries. Therefore, analyzing the management benefits brought by the behaviors of Chinese multinational enterprises to enterprises and studying whether enterprise mergers and acquisitions have a positive effect on the management efficiency of enterprises is of great significance for enterprises to make future corporate consolidation decisions and improve the management efficiency of enterprises.

4.The overall trend of international M&A activities by Chinese company

4.1 The motives for mergers and acquisitions tend to be diversified

The initial motivation for Chinese company to participate in international M&A activities was to obtain advanced technological conditions, brand influence, market activity and relatively mature enterprise management experience. As the degree of Chinese company' participation in international M&A activities deepens continuously, the motivations for enterprise mergers and acquisitions also tend to diversify. Nowadays, the main purpose of enterprises conducting international M&A activities is to adapt to the global strategic layout, integrate into the global market environment, enhance the competitiveness of the enterprise, and open up the market for the long-term stable development of the enterprise. For instance, during its continuous participation in international M&A activities to expand its overseas territory, after completing the acquisition of Italian tire company Pirelli at a high price of 7.1 billion euros in 2015, China National Chemical Corporation (CHEMChina) then spent a whopping 43 billion US dollars to acquire the Swiss veteran enterprise Syngenda, setting a record for the largest corporate consolidation amount in Chinese history. In these international M&A activities, although Chinese company have paid a high price, the impact of mergers and acquisitions on the strategic development of enterprises should not be underestimated and has great strategic significance. From the perspective of the characteristics of the acquired enterprises, Syngenta, as the world's largest pesticide company and the third largest seed company, has more advanced high-tech technologies in agriculture. Therefore, the acquisition of Syngenta will play a significant role in maintaining China's food security and have a positive impact on promoting the modernization transformation of China's agriculture. In the process of China's economic development, private enterprises have played an indispensable role. In international M&A activities, they are more inclined to obtain greater future development space. For instance, Midea's acquisition of KUKA has integrated its robot business with its original home appliance business, empowering basic industries with high technology to enhance its global competitiveness, and further focusing its future development direction on technology and globalization.

It can be seen from this that the strategic direction of Chinese company is clearer and their vision is broader. On the basis of international M&A activities, the deep integration of high-quality resources can be achieved, and complementary advantages can be formed between the acquiring enterprises and the acquired enterprises. It has played an important role in helping Chinese company form a more complete industrial layout in the future, enhance their competitiveness and further strengthen China's position in the global value chain. Therefore, an increasing number of Chinese company take international M&A activities as the primary choice to enhance their comprehensive strength.

4.2 Regional cooperative mergers and acquisitions have increased

At present, the world economy and trade are in a tense situation. Trade protectionism and populism in countries such as Europe and the United States are intensifying. The external trade environment that Chinese company face in the process of participating in international M&A activities is becoming increasingly harsh. To cope with the constantly changing international environment, the cross-border corporate consolidation behaviors of Chinese company have gradually demonstrated the characteristics of "regional cooperation and complementary advantages". Meanwhile, as China's comprehensive national strength and international status continue to rise, the competitiveness of Chinese company has also been continuously enhanced. The overall strength of Chinese company in the process of participating in

international M&A activities has gradually emerged. Some governments have realized the threat posed by Chinese company to them, especially the impact on their strategic industries. In order to avoid the threats posed by Chinese company to them and maintain their monopolistic position and technological advantages obtained in the international market, these developed countries in Europe and America have begun to regulate the cross-border corporate consolidation behaviors of Chinese company by formulating a series of policies and measures, with the aim of preventing Chinese company from participating in cross-border corporate consolidation activities. The vigilance of these countries towards Chinese company' participation in cross-border corporate consolidation activities has gradually increased. They set up barriers from various aspects, prevent the development of Chinese company in foreign markets through unreasonable censorship, and even violate moral constraints and deny previously signed agreements regardless of business rules. Relevant statistics show that in 2015, the transaction volume of international M&A activities cancelled in China reached 10 billion US dollars. By 2016, the degree of foreign control over Chinese company had been further strengthened, and the transaction volume of international M&A activities cancelled in China even exceeded seven times that of 2015, reaching as high as 75 billion US dollars. In 2016, after the number of international M&A activities by Chinese company reached a peak, a decline began to occur. Facing unreasonable restrictions from most countries in Europe and America, China has vigorously promoted "going global" and the "Belt and Road Initiative". Exchanges and cooperation between Chinese company and countries along the "Belt and Road" have been continuously deepened. At the same time, related corporate consolidation activities have gradually increased.
China's investment in the Nations participating in the Belt and Road Initiative Initiative has continued to increase. Among the 63 Nations participating in the Belt and Road Initiative Initiative, the completed amount of overseas contracted projects is close to 90 billion US dollars, exceeding 50% of the total amount during the same period. Under the guidance of the "Belt and Road Initiative", local enterprises' outbound investment reached 85 billion US dollars, accounting for 70% of the total during the same period. Among them, the proportion in the leasing service industry was the largest, reaching 37%, and the proportions in the processing manufacturing industry, wholesale and retail industry, and resource industry were 16%, 9%, and 8% respectively. According to EMIS data, China and the nations participating in the Belt and Road Initiative Initiative signed a total of 101 projects in 2015, involving an amount of 9.23 billion US dollars, accounting for 17% of the total mergers and acquisitions in that year. However, this figure reached 56% in 2019. Meanwhile, the economic strength of the nations participating in the Belt and Road Initiative Initiative has been increasing year by year, and their status in the world economy has been continuously rising. The cooperative relationship between Chinese company and those from other countries has become closer, and economic and trade exchanges have become more frequent and in-depth. Chinese company have achieved complementary advantages with these countries through international M&A activities. Both sides have reached a win-win situation of cooperation. In the process of achieving common development, the activity of mergers and acquisitions aimed at enhancing the country's economic strength and international competitiveness has also been continuously increasing.

5.CONCLUSION

This study conducts an in-depth analysis of the development process, current situation and future trends of international M&A activities by Chinese company, with particular attention to the impact of these activities on management efficiency. The research results show that with the acceleration of the internationalization pace of Chinese company, international M&A activities have become a key strategy for them to obtain advanced technologies, market resources and enhance global competitiveness. However, the various challenges existing in the process of international M&A activities, such as institutional differences, cultural conflicts and management integration difficulties, have put forward higher requirements for the management efficiency of enterprises. Especially in the context of globalization and the increasingly strengthened regional cooperation, how to select appropriate corporate consolidation targets, optimize resource allocation, and improve the management efficiency after mergers and acquisitions has become an urgent problem for Chinese company to solve. Furthermore, in the face of restrictions and reviews imposed by developed countries in Europe and America on international M&A activities by Chinese company, Chinese company should actively explore cooperation opportunities along the Belt and Road Initiative, deepen regional cooperation to avoid risks in the international market, and achieve mutual benefit and win-win results. In conclusion, through scientific and reasonable cross-border corporate consolidation strategic planning and effective management integration measures, Chinese company can not only enhance their own management efficiency, but also occupy a more favorable position in the global value chain, promoting the long-term stable development of the enterprises. Future research can further explore specific practical cases of different types of enterprises in international M&A activities, providing a reference basis for formulating more targeted management strategies.

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