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Drivers of Merger and Acquisition Activities in Vietnam: Insights from Targets' Perspectives and Deal Characteristics

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Abstract: This study empirically examines the determinants of merger and acquisition (M&A) activities in Vietnam from 2005 to 2020, which has not been examined before, using a fixed-effects model for a sample of 674 completed M&A deals. The results indicate that targets' corporate governance and deal characteristics have mixed effects on M&A decisions. More specifically, the independent member of the board and CEO duality of the target is negatively associated with most M&A types, except for cross-border mergers. However, the impact of targets' blockholders is consistently positive regardless of M&A types. When observing the deal characteristics, mixed evidence is also found in the case of M&A payment form, industry-relatedness between the bidder and the target, the bidder's stake in the target, and foreign ownership in the bidder's stake. More interesting, our study emphasizes that voluntary agreement is seemingly critical to M&A decisions regardless of different types. Our results suggest several important implications, including balancing independent directors on the board, accounting for CEOs' and other blockholders' interests and influence, considering the types of M&A payments, and involving foreign investors in M&A activities. By understanding these implications, firms can better navigate the complexities of M&A transactions, enhancing their decision-making processes and ultimately contributing to improved shareholder value.

Keywords: merger and acquisition (M&A); CEO duality; blockholders; M&A deal; corporate governance; voluntary M&A

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1. Introduction

The Vietnamese market has experienced a substantially increasing trend in merger and acquisition (M&A) activities since its entry into World Trade Organization in 2007. Financial and technological innovation and globalization have made Vietnam a major capital attraction channel for both domestic and foreign investors. Despite the negative impact of the COVID-19 pandemic, foreign investment in Vietnam, including capital flows through M&A activities, still grew by 9.2% in 2021 compared to the previous year, reaching USD 31.15 billion. However, recent scandals have re-emphasized the lack of transparency in the Vietnamese stock market. Also, unclear M&A regulations in Vietnam make it difficult for both the bidder and the target to engage in M&As (Pham et al., 2015). The asymmetric information in one or both partners in the deal will lead to a situation where the company's value is overestimated or underestimated, thus damaging the sustainability of the deal and both participating partners (Contractor et al., 2014). This would hamper M&A decisions

in Vietnam compared to other countries in the region and may alternatively encourage researchers to identify the mechanisms or channels through which asymmetric information affects the success of deals and the strategic decisions in M&A deals. This context is particularly relevant given the current efforts by the Government and the State Securities Commission to control the market in the spirit of upholding the law and ensuring discipline, transparency, and fairness for investors. The literature shows mixed findings on the impact of corporate governance and deal characteristics on M&A decisions (Dang & Henry, 2016; Dang et al., 2018; Eckbo & Thorburn, 2000). Therefore, this study attempts to answer the following question: "What is the impact of target corporate governance on acquisition outcomes?"

Our study contributes to the existing literature in two important ways. *First*, most studies focus on the US and Europe or cross-country where larger markets and data availability of firm mergers have facilitated economic modeling (Alcalde & Powell, 2022; Dang et al., 2022; Deshpande et al., 2016; Tampakoudis et al., 2018). However, whether the evidence on these markets reflects the true motives of M&As in other markets is still questionable (Dymski, 2002). Because of the variations in the regulatory and economic environments faced by firms, the motives for M&As in other markets would differ. Hence, the experiences of developed markets cannot be automatically applied to emerging environments because of substantial differences that exist in institutional quality. Faff et al. (2019) demonstrated the need for a fresh review of M&A findings in the Asia-Pacific region where this witnessed the wake of the largest merger wave. They also reported that the M&A literature for other emerging markets, such as Vietnam, is very sparse. By providing evidence of the determinants of M&A deals in Vietnam, this study offers a more comprehensive understanding of the motivations of M&As in emerging countries. *Second*, our study further explores the effect of targets' corporate governance and deal characteristics on various M&A decisions. The literature suggests sustainability factors attract much attention from academics and practitioners (Caiazza et al., 2021). Few studies considering the effect of green M&As on firm performance most focus on the Chinese market (Li et al., 2020). In contrast, our study is the first attempt to examine the determinants of green M&As is first investigated in the context of emerging markets. Regarding deal characteristics, we also control for the effect of friendly deals on M&A decisions. Therefore, our study aims to add more evidence on the motives of green M&As in emerging markets, especially in the Asia-Pacific region.

In what follows, Section 2 provides a literature review regarding M&A motives. Section 3 describes the methodology and data used in this study. Section 4 discusses empirical results, while Section 5 concludes the study.

2. Literature Review

The primary objective of corporate governance is to resolve conflicts of interest among firms' stakeholders, such as managers vs. shareholders and larger shareholders vs. minority shareholders, thus reducing agency costs. In the case of merger and acquisition activities, effective governance is vital to ensure the transaction that is consistent with the company's strategic objectives and its stakeholders' interests is conducted transparently and alleviates potential risks. The literature on corporate governance suggests three essential perspectives of target corporate governance: board independence, CEO power, blockholders, and green target firm (Dang & Henry, 2016; Tang et al., 2024). These are discussed in turn.

2.1. The Impact of Board Independence on Ownership Structure Decisions of Acquirers

M&A activities can cause conflicts of interest between shareholders and managers of the acquired firms. Thus, this signifies the crucial role of independent directors (Stulz, 1988). Early studies showed that targets with more independent directors are more likely to

implement resistance strategies to enhance shareholder wealth (Cotter et al., 1997) or withstand full acquisition deals (Bange & Mazzeo, 2004; Basuil & Datta, 2017).

The reason is that large boards in target companies seem to operate less efficiently, with board members having more freedom in decision-making related to the company. These studies suggested a lower success rate in acquisition deals when target companies have more independent boards, originating from efforts by independent board members to protect their positions. Furthermore, several studies have attempted to examine the relationship between board independence and equity preferences in acquisitions. Dang and Henry (2016) observed that acquirers consider the number of independent board members of the target company when making decisions on holding shares in an acquisition deal. Acquirers often seek target companies with a large number of independent board members in minority acquisition deals compared to majority acquisition deals. We review the effect of an independent target board on ownership preference and ownership outcomes. Large independent target boards may assess takeover offers objectively and potentially oppose opportunistic acquisitions or deals that do not generate value for target shareholders. Such scrutiny tends to cause full-control takeovers to be more costly and harder to accomplish. Additionally, the existence of any moral hazard and self-interest issues may induce independent directors less accept full-control takeovers since their success may damage their benefits and position on the board (Dang & Henry, 2016). Therefore, the following research hypothesis is proposed:

Hypothesis H1. *The likelihood of takeover deals is lower if targets have more independent directors.*

2.2. The Influence of the CEO's Dual Role on the Decision Regarding Ownership Stakes in Acquiring Companies

Research by Bange and Mazzeo (2004) found that if the target company has a CEO who also serves as the chairman of the board of directors, it increases the likelihood of completing the deal, especially deals that do not undergo public negotiations. The authors explained that acquirers consider target companies with combined leadership structures to concentrate their power in making restructuring decisions for the company. This study emphasized the importance of the CEO's power for the success of M&A deals. Dang and Henry's study (2016) analyzed 493 acquisitions in eight East and Southeast Asian countries from 2000 to 2013 to examine the impact of corporate governance factors on ownership decisions in M&A deals. The M&A deals were selected for investigation and categorized into a minority (acquirers purchased less than 50% ownership of the target), the majority (more than 50% but less than 100%), and full-control acquisitions (100%). In this study, one of the main research variables used was CEOPOWER, reflecting the CEO's power, measured through the sum of four dummy variables: CEO duality, CEO tenure, CEO ownership, and internal CEO. Evidence from the study showed that the likelihood of partial acquisitions is higher when target companies have greater CEO power. One of the factors contributing to increased CEO power is the CEO's dual role as chairman of the board of directors within the company. Similar evidence is also found in García and Herrero (2022) and Sghaier and Hamza (2024) for the Europe and Malikov et al. (2021) for the UK.

2.3. The Influence of Blockholders on the Company's Decision to Hold Shares Acquisition

Some scholars focus on evaluating the impact of major shareholders on M&A deals. Based on studies that lay the foundation for the relationship between the quality of monitoring of major shareholders and agency costs in the company (Demsetz & Lehn, 1985; Shleifer & Vishny, 1986; Hartzell & Starks, 2003). According to agency theory, blockholders have incentives and power to ensure effective control of managers' activities. For example, through

creating threats such as selling shares to acquirers if managers do not approve changes in management policies (Shleifer & Vishny, 1986). Blockholders provide an effective monitoring mechanism that helps resolve increased conflicts from small shareholders (Jensen & Meckling, 1976; Shleifer & Vishny, 1986), significantly impacting corporate restructuring (Ferreira et al., 2010). Ferreira et al. (2010) found that the likelihood of whole-control acquisitions is higher when target companies have increased foreign ownership.

Mikkelson and Partch (1989) observed that the likelihood of a company being acquired is higher when a blockholder participates in the board of directors. The results suggest that when blockholders join the board of directors, they influence control capabilities and significantly affect the decision-making process of board members regarding acquisitions. However, this study does not demonstrate the influence of blockholders on decisions regarding the shareholding of the acquirers around the time of the transaction, only indicating a higher likelihood of a company being acquired when blockholders participate in the board of directors.

2.4. The Influence of Green Target Firm to Decision M&A in Acquiring Companies

As Mirvis (2008) points out, acquirers can achieve long-term benefits by targeting companies with sustainable growth strategies. Green M&A deals could play a crucial role for bidders that aim to improve their Environmental, Social, and Governance (ESG) levels through external resources. Gomes and Marsat (2018) find a positive relationship between ESG commitment and the value of "green" deals paid by acquiring companies. Furthermore, a study by PwC (2012) provides additional support for this view, finding evidence that ESG aspects of performance on the side of target firms largely affect the bidder's valuation. According to Godfrey (2005) and Godfrey et al. (2009), the explanation may be that companies with stronger ESG practices are able to create a form of goodwill that reduces the severity of negative reactions in the negative event, reduces corporate risk and preserves corporate value to shareholders. This is explained by the insurance-link effect theory of Bettinazzi and Zollo (2017).

2.5. Research on Corporate Governance Mechanisms

The differences in governance standards, principles, and policies among participating parties have a significant impact on M&A activities (Dewenter, 1995). Some studies in the current academic literature have focused on corporate governance mechanisms to examine factors influencing the decision to choose domestic or cross-border M&A deals.

Based on a sample of 4.411 companies across 29 emerging markets and related developed economies for US investors, Leuz et al. (2008) used a Tobit model for regression analysis and found lower investment levels in companies with poor governance. In other words, the probability of cross-border investment deals is lower when target companies have poor corporate governance quality. However, the study did not directly test the impact of factors related to board characteristics such as independence, CEO, or blockholders on investment decisions abroad.

Miletkov et al. (2014) examined the impact of board independence on the ownership decisions of foreign investors based on a sample of over 45,000 companies from 130 countries. The authors found that foreign ownership is higher when the company's board of directors is more independent. Therefore, acquirers need to consider the board's independence when selecting acquisition targets. Additionally, the study also found a strong correlation between board independence and foreign investors' ownership decisions, especially in countries with weak legal systems and poor investor protection.

Regarding CEO characteristics, Zhou et al. (2020) examined 16,516 M&As in the US from 1999 to 2015 and found that CEO tenure directly influences the decision to choose

acquisition regions. Specifically, CEOs with longer tenure tend to choose target companies operating in the same industry and country. CEOs with longer tenure tend to be more cautious in M&A decisions, thus preferring domestic acquisitions. These results are in line with other findings from the US (e.g., Hou et al., 2017; Walters et al., 2007) but contradict the findings of a previous study by Xie (2014) on Chinese firms, which found that as CEO tenure increases, the likelihood of cross-border acquisitions also increases; such differences may be due to the different characteristics of the firms between the two countries.

Malikov et al. (2021), using UK-based acquisitions, suggested that acquirers with higher levels of board ownership tend to make more effective layoff decisions, resulting in improved operating performance following workforce reductions. Additionally, the authors revealed that larger board sizes and greater board independence mitigate the adverse impact of acquisition-related workforce reductions on subsequent operating performance. Conversely, CEO duality was found to exacerbate the negative relationship between employment reductions and post-acquisition performance. Overall, these results underscore the significant role of corporate governance in understanding the performance implications associated with workforce reductions in the context of M&A.

In a similar vein, for a sample of European firms spanning the period from 2002 to 2020, García and Herrero (2022) also found that both board size and the proportion of external directors are positively associated with the number of acquisitions undertaken by firms. However, CEO duality did not appear to influence the acquisition activity of a firm. Additionally, the study revealed that riskier acquisitions tend to be pursued by larger firms with a lower representation of women directors, while less risky transactions are more common among smaller firms where the CEO also serves as the chair of the board. Finally, the authors suggested that acquisitions generally generate value for the acquiring firms, with market reactions positively correlated with both board size and CEO duality.

2.6. M&A Studies in Emerging Markets

M&A and its determinants have also been examined in various emerging and developing markets. Goddard et al. (2012) investigated 132 M&As involving banks in emerging markets within Asia and Latin America (1998–2009) and found that, on average, M&As enhance shareholder value for target firms, while acquirers typically do not incur losses in shareholder value. Furthermore, geographical diversification is shown to positively impact shareholder value for acquirers. Acquirer shareholders particularly benefit from the acquisition of underperforming targets, transactions that are financed through cash rather than equity, and M&As that are instigated by government initiatives. Bhaumik and Selarka (2012) used firm-level data from India (1995–2000) to examine the impact of ownership concentration on the post-M&A performance of Indian firms. The findings suggested that ownership concentration may not improve post-M&A performance, except for cases with the involvement of foreign investors. Also, for Indian firms but more recent (354 deals, 74 IT firms, 2000–2011 period), Varma et al. (2017) found that the firms' financial resources, capability, prior international experience, and parental network have significant and positive influences on M&A activities. M. U. Khan and Bin Tariq (2023) examined a total of 184 M&As from two South Asian Association for Regional Cooperation (SAARC) countries (i.e., Pakistan and India) and four Association of Southeast Asian Nations (ASEAN) members (i.e., Malaysia, Thailand, Indonesia, and the Philippines) in the period of 2000 to 2017. Their empirical results indicated that post-M&A performance declined for the sampled firms, suggesting that the free cash flow hypothesis is irrelevant in those emerging markets. Nevertheless, no such study has been conducted in Vietnam, although the country is the third largest economy in the Association in terms of purchasing power parity GDP (The World Bank, 2023). Our study is the first to do so.

3. Research Design

3.1. Models

To distinguish the impact of deal characteristics and corporate governance mechanisms on the strategic choices of M&As in Vietnam, we follow prior studies such as Dang and Henry (2016) and Otto et al. (2021) to construct our two fixed-effect baseline models as

$$M\&A = \beta_0 + \beta_1 GOV_{i,t-1} + \beta_2 DEAL_{i,t-1} + \beta_3 CONTROLS_{i,t-1} + \gamma_j + \delta_t + \varepsilon_{it} \quad (1)$$

For the dependent variable, we considered three different stages of $(M\&A)$ activities. First, we use $SOUGHT$ as the percentage of the target company shares that bidding firms aim to acquire in the transaction deal. In an M&A deal, acquirers issue a tender offer to the target company. More specifically, the percentage of the target company's shares that they intend to acquire is proposed. In this study, we only considered the transactions where acquirers seek to acquire at least 5% of the target company's shares. Second, we utilize $ACQUIRED$ as the percentage of shares purchased by acquirers during the negotiation process. In a deal, the purchasing ratio of the acquirer may be lower or equal to the desired share ownership ratio of the target company. Third, we employ $OWNED$ as the percentage of share ownership in the target company that the acquirer holds after the acquisition is completed. In these senses, these variables continuously receive values between 5% and 100%. It is noted that $SOUGHT$ may not be concurrently $ACQUIRED$ and its value is always greater than or equal to $ACQUIRED$ because there is a possibility that the desired ownership ratio of the acquirers is not met by the target companies, and they are forced to buy lower than the desired ownership. Additionally, $ACQUIRED$ may not be simultaneously $OWNED$ and its value is always less than or equal to $OWNED$ because in some acquisitions, the acquirer currently holds a certain percentage of shares in the target company.

In addition, we further follow Dang et al. (2017) and Myznikava and Farinha (2023) to use the probit regression to examine the effects of deal characteristics and corporate governance on cross-border M&A ($CROSS$) and green M&A ($GREEN$) deals, given that those dependent variables are binary. The following models are formed:

$$CROSS = \beta_0 + \beta_1 GOV_{i,t-1} + \beta_2 DEAL_{i,t-1} + \beta_3 CONTROLS_{i,t-1} + \gamma_j + \delta_t + \varepsilon_{it} \quad (2)$$

$$GREEN = \beta_0 + \beta_1 GOV_{i,t-1} + \beta_2 DEAL_{i,t-1} + \beta_3 CONTROLS_{i,t-1} + \gamma_j + \delta_t + \varepsilon_{it} \quad (3)$$

where $CROSS$ is a dummy variable that takes a value of 1 for a cross-border acquisition and 0 otherwise (Dang & Henry, 2016). $GREEN$ is a dummy variable that takes a value of 1 if the target company operating in the renewable energy sector is acquired or if it has published an ESG report at least one year prior to the deal and 0 otherwise. Green M&As refer to acquisition deals to obtain and promote green competitive advantages towards sustainable development (Liang et al., 2022). The benefits of environmental, social, and governance (ESG) practices are well documented in the literature (Khan, 2022; Yuen et al., 2022). Few studies have examined the effect of green M&As in heavily polluted industries (Liu et al., 2023), the determinants of green M&As (Hu et al., 2023; Sun & Liu, 2022), and the significant roles of the ESG (Tang et al., 2024). It is noted that in probit regression, robust standard errors are used to address the phenomenon of heteroskedasticity and are estimated according to the deal to solve the problem of correlation between the deals of companies within the same industry. Nonetheless, we use the one-year lag value of all explanatory regressors to reduce the endogeneity issues. Fixed effects are also controlled by including industry (γ_j) and year dummy (δ_t) indicators. For the control variables $CONTROLS$, we utilized a set of factors as follows.

For internal governance mechanisms, we control for the number of independent directors ($INDEPEND$), CEO duality (CEO), and ownership of blockholders ($BLOCK$). An independent board member joining the Board of Directors (BOD) is not financially tied; maintains no affiliations with individuals within the company, auditors, suppliers, or significant shareholders of the company; and is also not a former employee of the company. The higher the count of *INDEPEND*, the more robust the corporate governance mechanism is implied to be (Bange & Mazzeo, 2004). *CEO* is a dummy variable that takes a value of 1 if the CEO is also the chairman of the board of directors and 0 otherwise. The CEO has greater power when they are also the chairman of the board of directors (Dang & Henry, 2016; Le et al., 2024; Pathan, 2009). *BLOCK* is measured by the percentage of shares held by major shareholders, those who own 5% or more of the target company's shares (Dang et al., 2017; Masulis et al., 2007). The higher the ownership of major shareholders, the higher the level of control over BOD activities and the stronger the quality of corporate governance. It is important to note that we include each proxy of the corporate governance mechanism in a separate model to reduce possible multicollinearity. Also, we include all of them in the same model for robustness checks.

For the M&A deals' characteristics, we control for the liquidity and funding capacity of bidders ($CASH$); the industry-similarity between the acquired and acquirer firms ($SAME$); the effect of the bidder's stake in a target firm ($HOLD$); the voluntary M&A deals ($FRIEND$); and the effect of foreign ownership in the bidder's stake ($FOREIGN$). $CASH$, a dummy variable, takes a value of 1 if the payment method of a commercial M&A deal is cash and 0 otherwise. An acquirer with sufficient internal cash tends to pursue a full-control takeover (Kim, 2012). $SAME$ is a dummy variable that takes a value of 1 for industry similarity between bidder and target firms and 0 otherwise. Since they operate in different sectors, the acquirer is less likely to take full control of the target (Andriosopoulos & Yang, 2015). Others also demonstrate that M&A gains are more pronounced when the bidder and target operate in the same industry (Santalo & Becerra, 2008). $HOLD$ is the share of the bidder's stake in the target firm at the time of the M&A announcement (Dang et al., 2018). Following Wang (2021), we control for the effect of voluntary M&A since it is critical for the bidders' gains. $FRIEND$ is a dummy variable that takes a value of 1 if both the bidder and target firms provide a board meeting minutes report on an agreed M&A deal to the State Securities Commission of Vietnam and 0 otherwise. $FOREIGN$ is the share of foreign investors' stake in the bidder. Foreign ownership in the bidder's stake may enhance gains for bidder firms (Eckbo & Thorburn, 2000).

For other firm-level characteristics of the target, we control for firm size ($SIZE$); profitability (ROA); leverage (LEV); sales growth ($SALES$); and market to book value (MTB). $SIZE$ is the natural logarithm of total assets (Dang et al., 2018). ROA is the ratio of earnings before interest and taxes to total assets (Croci & Petmezas, 2015). LEV is the ratio of total debts to total assets (Kim, 2012). $SALES$ is estimated by comparing current sales with the previous year's sales, expressed as a percentage (Huyghebaert & Luypaert, 2010). MTB is the ratio of current stock price to book value per share (Faccio & Masulis, 2005).

3.2. Data

Our data were gathered from three main sources. Information on the announcement date and characteristics of the M&A deals was obtained from the LSEG SDC Platinum database. Information on M&A transaction values and stock prices was collected from Mint Global—Bureau Van Dijk and FiinPro databases. Target companies were grouped by industry with a 4-digit SIC code according to the US standard. Data on corporate governance characteristics were manually extracted from the annual reports for the fiscal year ending before the date of the deal announcement. After matching these three databases,

a sample of 674 completed M&A deals in Vietnam was found during the period 2005–2020; M&A data after this year are still limited. Following Dang and Henry (2016), we defined minority and majority acquisitions as those with an acquirer's ownership in a target firm below and above 50 percent, respectively. Table 1 presents descriptive statistics of variables used in our study, and while it is not reported for space-saving purposes, the correlations between the variables are all below 0.5, suggesting that multicollinearity is not present in our sample.

Table 1. Descriptive statistics.

Variables	Minority Acquisitions (1)			Majority Acquisitions (2)			Paired-Difference Test (1)–(2)	
	Obs	Mean	SD	Obs	Mean	SD	*t*-Test (t)	Wilcoxon Test (z)
SOUGHT								
SAME	606	0.2	0.4	68	0.197	0.384	0.455	0.455
CASH	606	0.49	0.5	68	0.294	0.459	3.087 ***	3.068 ***
FOREIGN	606	0.132	0.338	68	0.132	0.341	−0.008	−0.008
HOLD	604	0.098	0.171	68	0.109	0.256	−0.494	2.285 **
GREEN	46	0.205	0.408	32	0.167	0.356	−0.307	1.085 **
SIZE †	593	3469.45	16,627.1	59	3274.86	8968.34	0.089	−0.262
ROA	598	0.06	0.08	65	0.04	0.09	1.865 *	2.943 ***
LEV	593	0.462	0.234	62	0.491	0.268	−0.893	−0.878
SALES	594	0.28	0.808	61	0.256	0.945	0.222	1.948 *
MTB	502	1.199	0.889	53	1.648	1.23	−3.355 ***	−2.797 ***
ACQUIRED								
SAME	616	0.205	0.404	58	0.121	0.329	1.535	1.533
CASH	616	0.481	0.5	58	0.362	0.485	1.729 *	1.727 *
FOREIGN	616	0.131	0.338	58	0.138	0.349	−0.138	−0.138
HOLD	615	0.099	0.172	57	0.102	0.265	−0.13	2.666 ***
GREEN	46	0.215	0.408	32	0.167	0.256	−0.337	1.785 **
SIZE †	599	3478.28	16,595.8	53	3153.68	8349.47	0.141	−0.971
ROA	608	0.059	0.081	55	0.045	0.088	1.24	1.820 *
LEV	601	0.463	0.234	54	0.495	0.266	−0.973	−0.899
SALES	601	0.277	0.804	54	0.285	1.001	−0.07	1.519
MTB	507	1.214	0.91	48	1.536	1.136	−2.292 **	−2.056 **
OWNED								
SAME	532	0.199	0.4	142	0.19	0.394	0.242	0.242
CASH	532	0.5	0.5	142	0.359	0.481	3.003 ***	2.985 ***
FOREIGN	532	0.145	0.352	142	0.085	0.279	1.886 *	1.882 *
HOLD	532	0.05	0.093	140	0.288	0.283	−16.374 ***	−9.122 ***
GREEN	46	0.215	0.408	32	0.167	0.256	−0.337	1.785 **
SIZE †	529	3467.37	16,561.1	123	3385.09	13,883.6	0.051	−1.286
ROA	530	0.06	0.08	133	0.046	0.085	1.810 *	2.357 **
LEV	528	0.462	0.235	127	0.477	0.247	−0.624	−0.548
SALES	529	0.283	0.804	126	0.258	0.892	0.309	2.575 ***
MTB	447	1.208	0.933	108	1.38	0.933	−1.713 *	−2.316 **

Notes: Minority acquisitions' less than 50% ownership. Majority acquisition, equal to or more than 50% ownership. The last two columns test the differences between the two groups. ***, **, and * indicate significance levels of 1%, 5%, and 10%, respectively. † This variable is expressed in USD million.

As can be seen in Table 1, acquirers in minority acquisitions primarily choose cash as the payment method ($CASH$). Furthermore, target companies in minority acquisitions,

on average, have a higher *ROA* but a lower *MTB* ratio compared to that in the majority of acquisitions across all samples. Additionally, there is no significant difference in size, financial leverage, and sales growth of target firms between the two types of acquisition across three different stages of the stock ownership decisions of acquirers (see the last two columns of Table 1). Although not reported in the table, we also observed that the bidder firms tend to be more involved in major acquisitions than in minority ones when their blockholders (*BLOCK*) hold higher shares of the targets before the transaction. This is in line with previous studies in other emerging markets (Alvarez et al., 2018; Goranova et al., 2010), supporting the agency theory that blockholders can effectively influence the target company and have insider information to manage whole-control acquisitions (Shleifer & Vishny, 1986; Ferreira et al., 2010).

4. Results and Discussion

4.1. Key Findings

We report our results, estimated by Stata 18, in Tables 2–6, where the key findings are further discussed as follows. Regarding the corporate governance variables, the coefficients of *INDEPEND* are negative and statistically significant across most models (Tables 2–4 and 6), supporting the presence of moral hazard or self-interest hypothesis that independent directors are resistant to full-control M&As since deal success may threaten their benefits and position on the board. These findings on different stages of M&A (*SOUGHT*, *ACQUIRED*, and *OWNED*) are comparable with those of Bange and Mazzeo (2004) that targets with more independent directors are unwilling to accept full-merger offers. A greater independent target board is more likely to assess M&A offers objectively, carefully considering different perspectives of firm and shareholder interests. This potentially leads to increasing resistance to acquisitions that are opportunistic or are unable to provide a compelling value proposition to target shareholders. Such due diligence may make M&A deals more costly and/or hard to accomplish (Dang & Henry, 2016). However, data shown in Table 5 indicates that the coefficients of *INDEPEND* turn to be positive, implying the positive effect of independent directors on the likelihood of cross-border acquisitions. This may be the case in Vietnam, where the adoption of the International Financial Report Standards is voluntary. Therefore, this makes the Vietnamese market less transparent to foreign investors (Nguyen et al., 2023). In such a situation, the role of independent directors is more critical for foreign takeovers.

Table 2. The result of governance (*GOV*) on the first stage of M&A (*SOUGHT*).

Models	(A)	(B)	(C)	(D)
Corporate governance				
INDEPEND	−0.015 ** (0.01)			−0.016 ** (0.01)
CEO		−0.036 * (0.02)		−0.022 (0.02)
BLOCK			0.161 *** (0.04)	0.162 *** (1.84)
Deal characteristics				
FRIEND	0.046 *** (4.34)	0.035 *** (4.20)	0.109 * (3.89)	0.05 ** (3.39)
CASH	−0.063 *** (0.02)	−0.061 *** (0.02)	−0.071 *** (3.02)	−0.053 ** (0.02)
SAME	−0.024 * (0.02)	−0.017 ** (0.02)	−0.065 * (3.23)	−0.012 * (0.02)
HOLD	0.018(0.07)	0.031 ** (0.07)	0.053(0.09)	0.014 * (0.08)
FOREIGN	0.028(0.03)	0.030 * (0.03)	0.029(0.15)	0.022 * (0.03)

Table 2. *Cont.*

Models	(A)	(B)	(C)	(D)
Control variables				
SIZE	0.018 *** (0.01)	0.011 * (0.01)	0.019(0.07)	0.01(0.01)
LEV	−0.021(0.05)	−0.005(0.05)	0.026(0.09)	−0.002(0.05)
ROA	−0.341 ** (0.13)	−0.367 *** (0.13)	−0.473 ** (2.87)	−0.309 ** (0.14)
MTB	0.031 ** (0.01)	0.036 *** (0.01)	0.057 *** (3.24)	0.035 ** (0.01)
SALES	0.013 (0.02)	0.012 (0.02)	0.013 (0.02)	0.014 (0.02)
Constant	0.159 * (0.09)	0.151 * (0.09)	0.051 (0.08)	0.116 (0.09)
Year control	Yes	Yes	Yes	Yes
Industry control	Yes	Yes	Yes	Yes
Obs	522	530	515	495
R-squared	0.116	0.115	0.128	0.152
F-statistics	2.82 ***	2.87 ***	3.85 ***	3.37 ***

Notes: Obs denotes the number of observations. The standard errors are reported in parentheses. ***, **, and * denote significance levels of 1%, 5%, and 10%, respectively.

Table 3. The result of governance (*GOV*) on the second stage of M&A (*ACQUIRED*).

Models	(A)	(B)	(C)	(D)
Corporate governance				
INDEPEND	−0.017 *** (0.01)			−0.020 *** (0.01)
CEO		−0.040 ** (0.02)		−0.026 (0.02)
BLOCK			0.144 *** (3.04)	0.149 *** (0.04)
Deal characteristics				
FRIEND	0.026 *** (4.34)	0.015 *** (3.20)	0.135 ** (3.29)	0.15 ** (3.39)
CASH	−0.054 *** (0.02)	−0.051 *** (0.02)	−0.033 ** (2.02)	−0.048 *** (0.02)
SAME	−0.035 ** (0.02)	−0.029 * (0.02)	−0.049 * (2.52)	−0.025 (0.02)
HOLD	0.012 (0.07)	0.026 (0.07)	0.033 (0.08)	0.017 (0.08)
FOREIGN	0.037 (0.03)	0.039 (0.03)	0.036 * (3.03)	0.039 ** (3.23)
Control variables				
SIZE	0.023 *** (0.01)	0.016 ** (0.01)	0.045 ** (2.81)	0.017 ** (0.01)
LEV	−0.031 (0.04)	−0.015 (0.04)	−0.049 (0.04)	−0.015 (0.04)
ROA	−0.271 ** (0.13)	−0.291 ** (0.12)	−0.247 ** (0.23)	−0.233 * (0.13)
MTB	0.020 * (0.01)	0.026 ** (0.01)	0.035 ** (1.01)	0.023 * (0.013)
SALES	0.010 (0.01)	0.009 (0.02)	0.110 (1.02)	0.010 (0.02)
Constant	0.132 (0.08)	0.121 (0.08)	0.043 (0.98)	0.099 (0.09)
Year control	Yes	Yes	Yes	Yes
Industry control	Yes	Yes	Yes	Yes
Obs	522	530	515	495
R-squared	0.108	0.100	0.223	0.145
F-statistics	2.45 **	2.47 **	3.45 ***	2.91 ***

Notes: Obs denotes the number of observations. The standard errors are reported in parentheses. ***, **, and * denote significance levels of 1%, 5%, and 10%, respectively.

Table 4. The result of governance (*GOV*) on the third stage of M&A (*OWNED*).

Models	(A)	(B)	(C)	(D)
Corporate governance				
INDEPEND	−0.012 ** (0.01)			−0.014 ** (0.01)
CEO		−0.032 * (0.02)		−0.019 (0.02)
BLOCK			0.160 *** (0.04)	0.170 *** (0.04)
Deal characteristics				
FRIEND	0.028 *** (4.04)	0.025 * (3.20)	0.138 ** (3.29)	0.013 ** (2.99)
CASH	−0.045 *** (0.02)	−0.042 ** (0.02)	−0.054 ** (3.02)	−0.037 ** (0.02)
SAME	−0.023 (0.02)	−0.017 (0.02)	−0.043 (0.18)	−0.010 (0.02)
HOLD	0.841 *** (0.04)	0.849 *** (0.03)	0.508 *** (2.94)	0.796 *** (0.04)
FOREIGN	0.022 (0.03)	0.025 (0.03)	0.085 * (2.93)	0.022 * (1.03)
Control variables				
SIZE	0.015 ** (0.01)	0.009 (0.01)	0.027 (0.09)	0.008 (0.01)
LEV	−0.030 (0.04)	−0.017 (0.04)	−0.031 (0.15)	−0.016 (0.04)
ROA	−0.267 ** (0.12)	−0.280 ** (0.12)	−0.247 ** (3.12)	−0.221 * (0.12)
MTB	0.008 (0.01)	0.013 (0.01)	0.021 (0.81)	0.009 (0.01)
SALES	−0.005 (0.01)	−0.005 (0.01)	−0.045 (1.01)	−0.004 (0.01)
Constant	0.209 *** (0.08)	0.204 ** (0.08)	0.208 (1.08)	0.165 ** (0.08)
Year control	Yes	Yes	Yes	Yes
Industry control	Yes	Yes	Yes	Yes
Obs	522	530	515	495
R-squared	0.447	0.443	0.456	0.463
F-statistics	52.72 ***	54.84 ***	51.50 ***	42.92 ***

Notes: Obs denotes the number of observations. The standard errors are reported in parentheses. ***, **, and * denote significance levels of 1%, 5%, and 10%, respectively.

Table 5. The result of governance (*GOV*) on deal characteristics (*CROSS*).

Models	(A)	(B)	(C)	(D)
Corporate governance				
INDEPEND	0.093 ** (4.11)			0.076 (0.116)
CEO		0.548 * (0.30)		0.609 * (0.32)
BLOCK			0.570 * (2.72)	0.776 ** (3.75)
Deal characteristics				
FRIEND	0.026 (2.34)	0.025 ** (3.60)	0.308 ** (4.29)	0.015 * (3.09)
CASH	0.338 (0.28)	0.350 (0.28)	0.438 (0.28)	0.450 (0.29)
SAME	−0.227 (0.34)	−0.276 (0.34)	−0.116 (0.34)	−0.143 (0.34)
HOLD	−1.597 (1.02)	−1.718 (1.05)	1.908 * (1.15)	−1.689 (1.15)
FOREIGN	0.687 (0.62)	0.736 (0.59)	0.438 * (2.64)	0.548 ** (3.65)
Control variables				
SIZE	0.329 *** (0.11)	0.387 *** (0.11)	0.312 *** (0.12)	0.336 *** (0.12)
LEV	−1.975 *** (0.58)	−2.160 *** (0.58)	−1.883 *** (0.59)	−1.866 *** (0.58)

Table 5. *Cont.*

Models	(A)	(B)	(C)	(D)
ROA	0.260 (2.13)	−0.074 (2.16)	0.130 (2.29)	−0.062 (2.24)
MTB	−0.009 (0.15)	0.010 (0.16)	0.015 (0.18)	0.014 (0.18)
SALES	−0.274 (0.23)	−0.270 (0.25)	−0.231 (0.23)	−0.198 (0.226)
Constant	−2.899 * (1.68)	−3.215 ** (1.49)	−2.875 * (1.69)	−3.544 ** (1.62)
Year control	Yes	Yes	Yes	Yes
Industry control	Yes	Yes	Yes	Yes
Obs	509	517	492	482
R-squared	0.081	0.087	0.075	0.087
F-statistics	36.09 ***	38.77 ***	30.89 **	36.19 **

Notes: Obs denotes the number of observations. The standard errors are reported in parentheses. ***, **, and * denote significance levels of 1%, 5%, and 10%, respectively.

Table 6. The result of governance (*GOV*) on deal characteristics (*GREEN*).

Models	(A)	(B)	(C)	(D)
Corporate governance				
INDEPEND	−0.002 ** (0.11)			−0.034 ** (0.01)
CEO		−0.021 * (0.02)		−0.029 (0.03)
BLOCK			0.350 *** (0.03)	0.364 *** (0.070)
Deal characteristics				
FRIEND	0.012 * (3.34)	0.045 *** (3.40)	0.088 * (4.39)	0.15 ** (3.23)
CASH	−0.035 *** (0.02)	−0.032 ** (0.02)	−0.024 ** (0.02)	−0.027 ** (0.02)
SAME	−0.013 (0.02)	−0.007 ** (0.02)	−0.053 (0.02)	−0.030 (0.02)
HOLD	0.801 *** (0.04)	0.839 *** (0.03)	0.808 *** (0.04)	0.706 *** (0.04)
FOREIGN	0.012 (0.03)	0.035 (0.03)	0.030 (0.03)	0.032 (0.03)
Control variables				
SIZE	0.025 ** (0.01)	0.029 (0.01)	0.027 (0.01)	0.018 (0.01)
LEV	−0.230 (0.04)	−0.027 (0.04)	−0.111 (0.04)	−0.026 (0.04)
ROA	−0.237 ** (0.12)	−0.240 ** (0.12)	−0.215 ** (0.12)	−0.201 * (0.12)
MTB	0.018 (0.01)	0.033 (0.01)	0.021 (0.01)	0.019 (0.01)
SALES	−0.025 (0.01)	−0.015 (0.01)	−0.024 (0.01)	−0.024 (0.01)
Constant	0.109 *** (0.08)	0.224 ** (0.08)	0.158 (0.08)	0.135 ** (0.08)
Year control	Yes	Yes	Yes	Yes
Industry control	Yes	Yes	Yes	Yes
Obs	103	105	105	105
R-squared	0.447	0.443	0.456	0.463
F-statistics	29.72 ***	29.84 ***	31.50 ***	32.92 ***

Notes: Obs denotes the number of observations. The standard errors are reported in parentheses. ***, **, and * denote significance levels of 1%, 5%, and 10%, respectively.

This can be explained by the fact that foreign acquirers, as rent seekers, often pursue growth opportunities in their host country, where they are unfamiliar with and lack information about their potential targets; therefore, the transparency of corporate gover-

nance in these targets is critical to them. Inside directors are often criticized as ineffective monitors, given their dependency on the CEO for compensation (Dalton et al., 1998). Insider-dominated boards suggest self-monitoring issues and especially weak supervision of the CEO (Zajac & Westphal, 1994) since inside directors can be immediately dismissed by the CEO (Pitcher et al., 2000). A higher number of directors will reduce the tendency for earning manipulation (S. Khan et al., 2022), thus offering foreign bidders better and more accurate financial information for their deal pricing. Nonetheless, this finding is somewhat consistent with that of Dang and Henry (2016) in East and Southeast Asia.

Additionally, the coefficients of *CEO* are negatively significant across tables, except for Table 5, implying that CEOs, as the chair of the board, tend to reduce the likelihood of M&A deals in most types of M&As. Several studies suggest that target CEOs suffer interest conflict that may lead to opportunistic behavior; thus, target CEOs may resist M&A bids to keep their position and employment (Jenter & Lewellen, 2015; Ouimet, 2012). Others have emphasized that M&A deals are more likely completed if the acquirers contractually secure the position of the targets' CEOs and/or offer attractive retirement compensation (Hartzell et al., 2004; Moeller, 2005). Thus, this makes the M&A transactions more expensive and minimizes the probability of deal success. However, the coefficient of *CEO* becomes positive in the case of cross-border M&As, demonstrating that foreign bidders prefer CEO duality of the targets. To some extent, dominant target CEOs are more likely to strengthen their governance mechanisms prior to takeover offers. A diverse board may spend much of its time either supporting or rejecting the opinions of a powerful CEO rather than focusing on alternative solutions to a matter (Maier & Hoffman, 1961). Powerful CEOs may minimize process loss by restricting unnecessary communication and conflict. Alternatively, CEOs are more likely to have sufficient information with which to make high-quality decisions. Hill (1982) demonstrates that performance is determined by one capable person. Therefore, it may be cost-saving and less time-consuming for foreign acquirers to make deals with dominant CEOs of target firms. Nonetheless, Balmaceda (2009) argues that CEO power on the target side may result in few value-increasing mergers. As mentioned, foreign acquirers are seemingly unfamiliar with the organizational culture and face a lack of information in the less transparent Vietnamese market. They may prefer the dual CEO method because it reduces efforts and time consumption when making M&A deals.

The coefficients of *BLOCK* are positive and statistically significant across all models, implying that blockholders affect acquisition outcomes regardless of the acquisition type. Blockholders affect the takeover process by pressuring the target board, management actions, and decision-making before takeover offers (Cooney et al., 2009; Greenwood & Schor, 2009). They also affect deals' success since they hold their final decision over deal completion (Matvos & Ostrovsky, 2008; Ye, 2014). Nonetheless, these findings are consistent with those of Ferreira et al. (2010) and Dang and Henry (2016).

For deal characteristics, the coefficients of *FRIEND* are generally positive and statistically significant across various M&A types, emphasizing the critical role of voluntary agreement in M&A decisions. Voluntary mergers are considered easier to manage and more successful since both parties understand each other prior M&A announcement, usually resulting in a strong sense of ownership (Harman & Harman, 2003). Schipper and Thompson (1983) demonstrated that shareholders' possible benefits from voluntary merger activities may involve reduced bankruptcy risk, increased managerial or operating efficiency, decreased transaction costs of raising capital, and any other synergies related to optimum firm size. In fact, several others found acquired and acquiring firms' shareholders enjoyed wealth gains in voluntary mergers (Jayadev & Sensarma, 2007; Patel, 2019). Therefore, if both parties engage more in friendly agreements prior to the M&A announcement, it will lead to more successful M&A deals. Also, the coefficients of *CASH* are generally negative

and statistically significant in most models, except for cross-border M&As. This finding is consistent with prior studies that acquirers are more likely to choose a combination of cash and stock as their M&A payment form (Andriosopoulos & Yang, 2015) or stock-only payments (Faccio & Masulis, 2005; Masulis et al., 2007) rather than the cash payments (Dang & Henry, 2016). The coefficients of *SAME* are negatively significant in three models of *SOUGHT*, *ACQUIRED*, and *GREEN*, implying that industry similarity between the acquired and acquiring firms would reduce the percentage of shares that bidders plan to purchase during the negotiation stage, as well as green M&A deals. One of the main explanations is that industry unrelatedness may increase the advantages of diversification to achieve economies of scope (Santalo & Becerra, 2008). This result is comparable to that of Dang and Henry (2016) and Dang et al. (2018). Also, positive coefficients on *HOLD* in most M&A types, except for *ACQUIRED* implies that the more stakes in a target firm the bidder has, the more successful the deal is. Greater stakes (e.g., a controlling block) in the target allow the bidder to negotiate more easily and directly with the target's controlling shareholder via a block trade (Burkart et al., 2000; Kim, 2012). Furthermore, positive coefficients on *FOREIGN* across various models, except for *GREEN* suggest that foreign ownership in bidders' stakes increases the likelihood of M&A deals being successfully completed. Foreign investors seek growth opportunities, so they may pressure the board to pursue M&A activities. Nonetheless, Eckbo and Thorburn (2000) demonstrated that foreign ownership in the bidder's stake may increase gains to bidder firms.

For control variables, the coefficients on *SIZE* are generally positive and significant, implying that firm targets' size is a critical factor for M&A regardless of the different types since the likelihood of weaknesses in internal control is reduced in firm size (Skaife & Wangerin, 2013). The coefficient of *LEV* is only negative and significant in cross-border M&As, suggesting that high-leveraged target firms are associated with a reduced likelihood of cross-border M&As. Furthermore, the negative coefficients on ROA in most models imply that firms with lowered profitability are more likely to be acquired (Dang & Henry, 2016). Our findings show that *MTB* and *SALE* hardly affect the strategic choices of M&A activities.

4.2. Robustness Check

We ran several probit regressions for robustness checks using alternative measures of dependent variables for different stages of M&As. This section only focuses on interpreting our main interest variables for ease of exposition. Following Dang and Henry (2016), we use *ASOUGHT* as a dummy variable that takes a value of 1 if the bidder seeks to acquire the percentage of target company shares in the transaction deal. *AACQUIRED* is a dummy variable that takes a value of 1 if the bidder purchases the percentage of target company shares during the negotiation process. *AOWNED* is a dummy variable that takes a value of 1 if the bidder holds the percentage of share ownership in the target company after the acquisition is completed. Tables 7–9 indicate that the coefficients of *INDEPEND* and *CEO* are negative and significant, while those of *BLOCK* are negative and significant across all models, strengthening the fact that our findings in Tables 2–6 are robust. Additionally, the roles of *FRIEND*, *CASH*, and *HOLD* in M&As are still critical when alternative measures of dependent variables are used.

Table 7. The result of *GOV* on *ASOUGHT*.

Models	(A)	(B)	(C)	(D)
Corporate governance				
INDEPEND	−0.327 *** (0.114)			−0.245 ** (0.235)

Table 7. *Cont.*

Models	(A)	(B)	(C)	(D)
CEO		−0.711 * (0.39)		−0.658 * (0.34)
BLOCK			2.632 *** (0.84)	2.223 ** (0.56)
Deal characteristics				
FRIEND	0.485 ** (0.759)	0.365 ** (0.684)	0.267 ** (0.603)	0.307 ** (0.613)
CASH	−1.018 ** (0.326)	−0.951 ** (0.32)	−0.830 ** (0.34)	−0.620 ** (0.54)
SAME	−0.542 (0.470)	−0.434 (0.44)	−0.495 (0.48)	−0.325 (0.68)
HOLD	0.368 * (0.435	0.045 (0.88)	0.197 (1.00)	0.297 (1.05)
FOREIGN	−0.071 (0.432)	−0.051 (0.43)	−0.023 (0.43)	−0.054 (0.73)
Constant	−3.000 ** (1.336)	−3.003 ** (1.30)	−4.841 ** (1.29)	−4.201 ** (1.69)
Control variable	Yes	Yes	Yes	Yes
Year control	Yes	Yes	Yes	Yes
Industry control	Yes	Yes	Yes	Yes
Obs	522	530	505	530
Pseudo R^2	0.170	0.155	0.186	0.195
Wald χ^2	58.48 ***	54.32 **	65.39 **	69.74 **

Notes: Obs denotes the number of observations. The standard errors are reported in parentheses. ***, **, and * denote significance levels of 1%, 5%, and 10%, respectively.

Table 8. The result of *GOV* on *AACQUIRED*.

Models	(A)	(B)	(C)	(D)
Corporate governance				
INDEPEND	−0.414 ** (0.13)			−0.394 * (0.45)
CEO		−0.815 * (0.42)		−0.657 ** (0.62)
BLOCK			2.604 ** (0.91)	2.303 ** (0.85)
Deal characteristics				
FRIEND	0.309 ** (0.489)	0.385 ** (0.52)	0.287 ** (0.54)	0.255 ** (0.94)
CASH	−0.942 *** (0.345)	−0.888 ** (0.35)	−0.76 ** (0.36)	−0.68 ** (0.56)
SAME	−1.240 ** (0.62)	−0.996 ** (0.56)	−1.266 * (0.657)	−1.360 ** (0.857)
HOLD	0.368 (0.895)	0.106 (0.93)	0.079 * (1.24)	0.049 * (1.14)
FOREIGN	−0.11 * (0.442)	−0.251 (0.42)	−0.184 (0.83)	−0.158 (0.91)
Constant	−2.879 ** (1.36)	−2.924 ** (1.30)	−4.782 ** (1.34)	−4.250 ** (1.64)
Control variables	Yes	Yes	Yes	Yes
Year control	Yes	Yes	Yes	Yes
Industry control	Yes	Yes	Yes	Yes
Obs	522	530	505	530
Pseudo R^2	0.188	0.155	0.188	0.163
Wald χ^2	53.01 **	54.32 ***	53.86 **	54.26 **

Notes: Obs denotes the number of observations. The standard errors are reported in parentheses. ***, **, and * denote significance levels of 1%, 5%, and 10%, respectively.

Table 9. The result of *GOV* on *AOWNED*.

Models	(A)	(B)	(C)	(D)
Corporate governance				
INDEPEND	−0.234 ** (0.10)			−0.198 ** (1.23)
CEO		−0.554 ** (0.30)		−0.466 ** (0.89)

Table 9. *Cont.*

Models	(A)	(B)	(C)	(D)
BLOCK			2.790 ** (0.73)	2.224 ** (1.84)
Deal characteristics				
FRIEND	0.254 ** (0.86)	0.297 ** (0.78)	0.335 ** (1.56)	0.320 ** (1.86)
CASH	−0.719 ** (0.29)	−0.597 ** (0.28)	−0.462 (0.30)	−0.382 (0.80)
SAME	−0.460 (0.36)	−0.396 (0.35)	−0.488 (0.36)	−0.475 * (1.36)
HOLD	3.392 * (0.83)	3.262 * (0.83)	3.454 ** (0.84)	3.602 ** (0.84)
FOREIGN	−0.296 (0.45)	0.186 (0.43)	−0.142 (0.42)	−0.130 (0.72)
Constant	−2.002 ** (0.97)	−2.002 ** (0.96)	−2.699 ** (1.02)	−3.599 ** (1.49)
Control variables	Yes	Yes	Yes	Yes
Year control	Yes	Yes	Yes	Yes
Industry control	Yes	Yes	Yes	Yes
Obs	522	530	505	505
Pseudo R^2	0.316	0.298	0.339	0.379
Wald χ^2	71.30 **	65.54 **	76.40 **	73.50 **

Notes: Obs denotes the number of observations. The standard errors are reported in parentheses. ** and * denote significance levels of 5% and 10%, respectively.

5. Conclusions

This study investigated the factors affecting M&A decisions in Vietnam from 2005 to 2020 when considering the target's corporate governance and deal characteristics. We found consistent results regarding the effect of blockholders' ownership across various stages of M&A deals and cross-border and green deals. Blockholders affect the takeover process by pressuring the target board, management actions, and decision-making before takeover offers. Our study highlights mixed findings of independent members on the board of directors and CEO duality. Lastly, our findings demonstrate mixed impacts of M&A payment forms, industry similarity between bidders and targets, holding stakes in targets, and foreign ownership of the bidder on M&A decisions. However, we acknowledge that our study still has limitations, and future research could extend it in terms of a more complex model, e.g., using interactions between variables such as blockholders and CEO duality or incorporating larger environments such as economic shocks, regulations, and corporate culture. It is also important to employ different samples to see if our findings can be generalized to other (emerging) markets. Future research could benefit from employing advanced methodologies to address the asymmetry present in the data, particularly given that the Wilcoxon test results in Table 1 exhibit greater significance than those of the t-test. Additionally, exploring new modeling approaches may be advantageous; for instance, researchers could start with the data and construct a model that fits the observed patterns rather than initiating the analysis from a predetermined model as performed in this study. Nevertheless, our results suggest several important implications as follows: In terms of corporate governance dynamics, firms should evaluate their board compositions, especially independent directors, to reduce the likelihood of opportunistic deals that do not provide substantial value to shareholders. In terms of CEO influence, the mixed findings regarding CEO duality suggest that while powerful CEOs may streamline decision-making processes, their dominance could also lead to value-diminishing mergers. Boards should establish checks and balances to ensure that the interests of CEOs do not overshadow shareholder value in M&A negotiations. Regarding the role of blockholders, firms may benefit from

beginning negotiations with blockholders early to leverage their influence on management decisions and enhance deal success. And for cash versus stock payments, our results indicate that acquirers may prefer mixed or stock-based payment structures and, thus, firms should carefully consider their payment strategies in M&A deals to align with market expectations and optimize shareholder value. In addition, the positive relationship between foreign ownership and M&A success suggests that foreign investors can act as catalysts for growth-oriented acquisition strategies. Companies should consider how foreign investment can influence their M&A activities and overall strategic direction.

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