

Payment Method and Post-Performance: Merger and Acquisition Study During Brexit

Muhammad Fazlurrahman Syarif

Bangor University

blpabb@bangor.ac.id

Abstract

The development that has occurred in business over the last 20 years. Considering enhancing shareholder profit is the corporation's primary objective, every effort has been made to accomplish it. One way of attaining that goal is through mergers and acquisitions (M&A). The study would propose a study that looks at how payment methods affect acquirer firms' post-announcement performance. The author selected a few M&A transactions carried out by UK corporations by taking advantage of the Brexit moment. The adopted methodology is quantitative and the used approach is event study analysis. Following that, the analysis of the regression and t-test models to determine how payment methods affected the acquirer firms' CAR (Cumulative Abnormal Return). The result concluded that the payment methods used by those businesses had no effect on the acquirer firms' performance.

Keywords

Merger, Acquisition, Payment, Performance, Brexit

Introduction

The fields of merger and acquisition have undergone accelerated and dramatic changes over the past decade, maturing into indispensable means of building a new generation of companies with the power and resources to compete on a global basis. Mergers, which are legally entitled, involve similar-sized entities, where the shares of both companies are exchanged for shares in a new corporation. Acquisitions, conversely, have clear winners and losers, where power is not negotiable (Cartwright and Cooper, 2018).

Mergers and acquisitions can have a significant psychological impact on the individuals involved, particularly managers. Cartwright and Cooper (2018) conducted a study on the psychological impact of mergers and acquisitions on building society managers. The study found that managers often experience increased stress, uncertainty, and job insecurity during the integration process. This can lead to decreased job satisfaction, reduced commitment to the organisation, and increased turnover intentions (Angwin *et al.*, 2016).

Effective communication is crucial in navigating the complexities of mergers and acquisitions. Angwin *et al.* (2016) found that the communication approaches used during the integration process can have a significant impact on the overall outcomes of the merger or acquisition. Organisations that adopt a more transparent and inclusive communication strategy tend to experience better integration outcomes, as employees feel more informed and engaged in the process.

Mergers and acquisitions can have a significant impact on the performance of firms, particularly in emerging economies. Zhang *et al.* (2018) investigated the impact of firms' mergers and acquisitions on their performance in emerging economies. The study found that successful mergers and acquisitions can lead to improved financial performance, increased market share, and enhanced technological capabilities. However, the study also highlighted the importance of cultural integration and strategic fit in ensuring the success of these transactions. Mergers and acquisitions can have a significant impact on the human resources of the organisations involved (Soundarya *et al.*, 2018)

A widely often used technique for assessing the immediate financial implications of merger and acquisition is to observe how share price responds on the day it is first publicly displayed. The purpose of this study is to quantify and investigate the connection between post-performance merger and acquisition and payment methods through the cumulative abnormal return (CAR) of related firms (Magnusson and Lindberg, 2013).

This paper analyzes 50 domestic and 50 international acquisition proposals made by companies listed on the London Stock Exchange in 2016, using regression models and the t-test approach in a quantitative investigation to handle the limits of the acquisition companies in the UK within that year.

Literature review

The merging companies made the deal for two reasons: to operate the purchased corporation economically and to address a discrepancy in valuing assessments considering the uncertainties surrounding potential business conditions (Hubbard, 1999; Ravenscraft, David and Scherer, 1987). Others said the merger might be due to the implementation of efficiency, monopoly, and strategic planning (Cook, 1986). Merging companies see notable benefits in terms of increased productivity, expanded users reach, advancements in technology, and superior utilisation of tangible and intangible resources (Gaughan, 1991).

M&A has recently been the norm. Instead of expanding, maximizing profits has become a viable option. The methods used to carry out the transactions are diverse. Certain transactions involve the use of shares, which has been the norm for the past 20 years, cash (as was the case in the late 1990s), and combined methods in other circumstances as a mode of payment (Abdou and Ghosh, 2011). Companies selected the payment methods based on their internal consideration and studies. The cost of premiums and performance following M&A transactions are impacted by the credit ratings provided by rating agencies. Moreover, credit scores may be used to decide the mode of payment (Jory, Ngo and Wang, 2016). Karampatsas, Petmezas and Travlos (2014) support the arguments and highlight that acquiring companies mostly refer to credit rating. On top of that, Huang, Officer and Powell (2016) emphasised that risk, organisation structure and profit rate influenced payment in M&A deals.

Cash payment and its equivalent become the prominent means of M&A transactions. Ismail and Krause (2010) studied that it has positive correlation between this type of payment and successful deals. However, in some cases like companies in the real estate sector (Abdou and Ghosh (2011), it has no significant effect within this industry and the using cash payment in M&A deals.

According to Boateng and Bi (2013), between 12 and 36 months prior to the acquisition, Chinese acquirers saw anomalous returns ranging from 14.29% to 121% in comparison to three distinct portfolio benchmarks. Cash-funded purchases lose to share-financed purchases during the pre-bid phase. However, they do not record any significant differences between purchases financed by equity and those financed by cash over the post-acquisition period.

Also, Chira and Madura (2018) found that acquired companies that are farther away from their goal reference point are more likely to be given cash funding in exchange for the desired consideration. Conversely, bidders who are farthest from their respective reference points favour stock financing in the state that is being given. Additionally, the authors discover evidence linking the target's extended distance from its reference point to the preference for cash over shares, but the bidder reference point has no bearing on the ultimate payment method used in the merger.

Koutmas *et al.* (2014) emphasised that comparing rural to non-rural bidders, bidders from the former are more likely to provide fair stock offers and are somewhat inclined to accept cash as

payment. This is due to increased loan expenses as well as limited access to soft data that might help assess target enterprises' true values.

Yung, Sun and Hamid (2013) pointed out that when control factors are examined by monitoring the long-term earnings quality of the acquirer that matters, acquiring finance is not much affected by short-term earnings quality. Poor long-term earnings quality acquiring companies favour less (larger) cash payments during acquisitions. Their findings hold up well under different interpretations of earnings quality.

Feng (2014) has noted a correlation in bank mergers and acquisitions in the United States, even though our research focuses on the CAR of the acquiring corporations in the payment order employed and its implications. But this study puts a major focus on the UK and brings up the Brexit topic.

Methods

The quantitative approach and event study technique will be used. The three-time periods were chosen by the author to focus on in the transactions. Initially, the five days prior to the date of announcement (-5 up to -1). Next, the day of the announcement and the day following (0 up to +1). Finally, two days remain till five days following the date of announcement (+2 up to +5).

The research question of this study is; does the companies' performance prior to the M&A deals affected by payment methods? And the hypothesis used;

H1: prior to the announcement, it affected by payment methods

H2: on the announcement, it affected by payment methods

H3: post the announcement, it affected by payment methods

Assessment of event study and two-tailed analysis filled the duty of quantitative investigation of this research. The cumulative Abnormal Return (CAR) of the research which is deemed fit for this research will be explained through the following equation (Peterson, 1989):

$$CAR = \alpha + payment + home + relative_{ln} + marcap + e$$

Where:

1. CAR= Cumulative abnormal return of purchasing companies (based on three times period chosen)
2. Payment= dummy variable of payment method (1= using cash or equivalen and 0= otherwise)
3. Home = dummy variable for home acquisition (1= national acquisition within the UK and 0= otherwise)
4. Relative_ln= Relative value, the ratio between values of transaction and market capitalisation of the purchasing firms

5. Marcap= market capitalisation from three distinctive periods; pre-marcap, on marcap and post-marcap

The author included several variables to improve the research that will affect the dependent variable. First, given the uncertainty surrounding Brexit, many businesses would want to explore more options outside of the UK as a way to maintain their operations. The author anticipated that both domestic and international variables would have an impact on the CAR. Also, based on the percentage that was used, the variable relative value would describe how well the acquiring corporations were able to handle their assets. Then, the author believes is that market capitalisation matters because it represents the scale of the acquiring business. We expect that the scope will provide some insight into how investors will respond to the event

Result and Analysis

Analysing Data

The data concluded from the Thomson Reuters. Considering the enormous amount of M&A deals, the author classified the following restrictions:

- I. I.Each fifty the UK companies' national deals or companies that acquired cross-border firms;
- II. II.Time frame is between June 2016 and December 2016 (based on the initial Brexit referendum);
- III. III.Companies listed on the London Stock Exchange and with completed agreement of the M&A deals.

These elements include the Brexit news, which we believe may have an impact on market transactions, along with how UK-based businesses respond to this development, as well as if the means of payment have an effect on the acquirer firms' CAR.

The author will concentrate on the impact of the payment mechanism. Additionally, this portion will display the descriptive statistics that illustrate the structure of the data utilized in this study in order to give readers a better idea of the analysis beforehand.

Table 1: Descriptive Analysis of the Firms' Performance

Variable	N	min	max	mean	sd	p25	p50	p75
car_pre	100	-0.23	0.43	0.01	0.07	-0.02	0.01	0.03
car_event	100	-0.09	0.28	0.02	0.05	0.00	0.01	0.03
car_post	100	-0.30	0.36	0.00	0.06	-0.02	0.00	0.02
payment	99	0.00	1.00	0.59	0.50	0.00	1.00	1.00
relative_In	73	0.02	446.71	35.36	80.94	1.81	7.28	24.78
pre_marcap_In	93	48.03	972000000000.00	10600000000.00	101000000000.00	54793.19	1657669.00	32900000.00
on_marcap_In	94	99.24	1430000000000.00	15400000000.00	147000000000.00	55318.66	1278615.00	27700000.00
post_marcap_In	94	36.90	2270000000000.00	24300000000.00	234000000000.00	15697.98	930997.00	23200000.00
Transaction value	78	0.04	2352.02	85.45	323.68	2.26	8.27	30.40

The following key variables are the initiative analysis on transactional impacts on the firms. By using STATA and computation, the explanation for the table 1 is as follows:

I. CAR Variables (Cumulative Abnormal Return)

Car_pre: This represents the cumulative abnormal return before the announcement event. The sample size (N) is 100, with a minimum value of -0.23 and a maximum value of 0.43. The mean is 0.01, indicating that, on average, the firms experienced a marginal positive abnormal return during the pre-announcement period. The standard deviation (SD) of 0.07 shows moderate variability in these abnormal returns across firms. The interquartile range (IQR) demonstrates that 50% of the firms had values between -0.02 and 0.03, reflecting the spread of returns.

Car_event: This variable captures the abnormal return during the announcement period (day 0 to +1). The minimum value is -0.09, and the maximum is 0.28, with a mean of 0.02, slightly higher than the pre-announcement period. This suggests that on average, firms experienced a positive market reaction to the announcement. However, the standard deviation of 0.05, smaller than the pre-period, shows lower variability during this critical period.

Car_post: Post-announcement abnormal returns (day +2 to +5) exhibit a mean of 0.00, with a minimum of -0.30 and a maximum of 0.36. This suggests that, on average, firms did not experience significant abnormal returns in the days immediately following the announcement. The standard deviation is 0.06, similar to the pre-period, suggesting comparable variability. The IQR is tight, indicating that most firms had abnormal returns clustered close to zero during this period.

II. Payment Method

The "payment" variable (N = 99) is binary, indicating whether the transaction was paid in cash or other methods (e.g., stock). The mean value of 0.59 shows that roughly 59% of transactions were conducted using non-cash methods, and 41% involved cash payments. This near-equal split suggests a diverse mix of transaction structures within the dataset.

III. Relative Size

The "relative_ln" represents the relative size of the transaction compared to the firm's market value. With a sample size of 73, the minimum value is 0.02, and the maximum is 446.71. The mean of 35.36 and a standard deviation of 80.94 highlight substantial variability in the relative transaction sizes across firms. The large SD suggests that while many firms engaged in transactions that were relatively small compared to their market cap, some firms pursued much larger deals. The IQR from 1.81 to 24.78 reflects the concentration of smaller relative transaction sizes.

IV. Market Capitalization (Pre, On, and Post Announcement)

Pre_marcap_ln: The pre-announcement market capitalization (N = 93) ranges from 48.03 to 972 billion, with a mean of 10.6 billion and a standard deviation of 101 billion, indicating the

presence of very large firms skewing the data. The IQR suggests that the majority of firms have market capitalizations between 5.4 million and 33 million GBP.

On_marcap_In: The market capitalization on the announcement date (N = 94) shows a minimum of 99.24 and a maximum of 1.43 trillion, with a mean of 15.4 billion. The standard deviation of 147 billion reinforces the presence of outliers (very large firms). The IQR suggests a concentration of market caps around 55,318.66 GBP to 27.7 million GBP, highlighting some firms with significant market capitalizations.

Post_marcap_In: Post-announcement market capitalization (N = 94) shows an even wider range, from 36.90 to 2.27 trillion, with a mean of 24.3 billion and a standard deviation of 234 billion. The large SD and range reflect the presence of high-value firms post-announcement, likely skewed by a few significant transactions.

V. Transaction Value

The "transaction value" (GBP) captures the value of transactions within the dataset (N = 78). The minimum transaction value is 0.04 million GBP, and the maximum is 2.35 billion GBP, with a mean value of 85.45 million GBP and a large standard deviation of 323.68 million. This substantial variation underscores the wide range of transaction sizes, from relatively small deals to extremely large mergers or acquisitions. The IQR shows that 50% of the transactions fell between 2.26 million and 30.40 million GBP, highlighting that most deals were on the smaller side relative to the outliers.

Regression Analysis

The following section will provide the regression result analysis of the study. The result is as follows:

Table 2: Regression Result of Pre-Event

CAR_pre	(1)	(2)	(3)	(4)
<i>payment</i>	-0.004 [0.011]	-0.007 [0.012]	-0.015 [0.016]	-0.017 [0.016]
<i>home</i>		0.006 [0.012]	0.002 [0.015]	0.000 [0.015]
<i>relativesize_In</i>			-0.001 [0.004]	-0.002 [0.004]
<i>pre_marcap_In</i>				-0.004** [0.002]
<i>Constant</i>	0.021** [0.008]	0.019** [0.009]	0.033** [0.015]	0.086*** [0.028]
<i>Observations</i>	99	99	73	72
<i>R-squared</i>	0.001	0.004	0.015	0.083

Standard errors in brackets

*** p<0.01, ** p<0.05, * p<0.1

Table 3: Regression Result of on the Event

CAR_on	(1)	(2)	(3)	(4)
<i>payment</i>	-0.004 [0.011]	-0.007 [0.012]	-0.015 [0.016]	-0.016 [0.016]
<i>home</i>		0.006 [0.012]	0.002 [0.015]	0.001 [0.014]
<i>relativesize_In</i>			-0.001 [0.004]	-0.002 [0.004]
<i>on_marcap_In</i>				-0.004** [0.002]
<i>Constant</i>	0.021** [0.008]	0.019** [0.009]	0.033** [0.015]	0.085*** [0.027]
<i>Observations</i>	99	99	73	73
<i>R-squared</i>	0.001	0.004	0.015	0.084

Standard errors in brackets

*** p<0.01, ** p<0.05, * p<0.1

Table 4: Regression Result of Post-Event

CAR_post	(1)	(2)	(3)	(4)
<i>payment</i>	-0.016 [0.013]	-0.007 [0.012]	-0.015 [0.016]	-0.017 [0.016]
<i>home</i>		0.006 [0.012]	0.002 [0.015]	-0.002 [0.014]
<i>relativesize_In</i>			-0.001 [0.004]	-0.001 [0.003]
<i>post_marcap_In</i>				-0.004*** [0.002]
<i>Constant</i>	0.014 [0.010]	0.019** [0.009]	0.033** [0.015]	0.093*** [0.026]
<i>Observations</i>	99	99	73	73
<i>R-squared</i>	0.016	0.004	0.015	0.114

Standard errors in brackets

*** p<0.01, ** p<0.05, * p<0.1

The regression analysis from previous tables provided offers insights into the impact of the payment method on the Cumulative Abnormal Returns (CAR) of firms, covering the periods before, during, and after an event announcement. Here's an in-depth analysis of the results:

The Table 2 Pre-Event Period (-5 to -1)

The regression model analyzes the effect of various independent variables, including payment methods, home country status, relative transaction size, and firm market capitalization, on CAR during the pre-announcement period. Across all four models, the payment method has negative coefficients, ranging from -0.004 in the model (1) to -0.017 in the model (4). However, none of these coefficients are statistically significant, as indicated by the standard errors and p-values. This suggests that the method of payment does not significantly influence the abnormal returns during the pre-announcement phase.

The inclusion of home country status as a variable, starting from the model (2), similarly shows no significant impact on CAR, with coefficients close to zero. This implies that whether a firm is domestic or foreign has no measurable effect on market reactions during the pre-event period.

The relative size of the transaction (included in models 3 and 4) also shows no significant influence on CAR, as indicated by its small and statistically insignificant coefficients.

Pre-announcement market capitalization (model 4) does show a significant negative impact on CAR, with a coefficient of -0.004 and significance at the 5% level. This suggests that larger firms experience slightly lower abnormal returns in the days leading up to the event announcement.

Across the four models, the R-squared values are quite low (ranging from 0.001 to 0.083), indicating that the independent variables explain a small portion of the variation in CAR. This suggests that other factors, not included in these models, likely play a more significant role in influencing pre-announcement abnormal returns.

The Table of on Event Period (0 to +1)

Similar to the pre-event period, the payment method continues to have a negative but insignificant effect on CAR across all models during the event window. The coefficients range from -0.004 in the model (1) to -0.016 in the model (4), but none reach statistical significance.

The home country status variable also shows no significant effect on CAR, with coefficients close to zero, reinforcing the finding that the origin of the firm does not materially impact market reactions to the event.

Relative transaction size again shows no significant impact, with small and statistically insignificant coefficients across the models.

On-announcement market capitalization (model 4) emerges as a significant variable, with a coefficient of -0.004 and significance at the 5% level, similar to the pre-event period. This suggests that larger firms tend to experience lower abnormal returns during the event window.

The R-squared values for these models are similarly low (ranging from 0.001 to 0.084), suggesting that the variables included in the model explain only a small portion of the variability in CAR during the event period.

The Table of Post-Event Period (+2 to +5)

In the post-event period, the results are consistent with the earlier time windows. The payment method variable continues to have a negative but insignificant effect on CAR, with coefficients ranging from -0.016 in the model (1) to -0.017 in model (4).

The home country status again fails to demonstrate any significant impact, with coefficients fluctuating close to zero across the models.

Relative transaction size remains insignificant, reinforcing the conclusion that the relative size of the transaction does not significantly influence abnormal returns in the post-event period.

Post-announcement market capitalization (model 4) shows a significant negative effect on CAR, with a coefficient of -0.004 and significance at the 1% level. This suggests that similar to the pre-event and event-period findings, larger firms experience lower abnormal returns post-announcement.

The R-squared values improve slightly for the post-event models, reaching 0.114 in the model (4). However, these values still indicate that the model explains only a modest portion of the variation in post-event CAR.

T-Test Model Analysis

The author applied a T-test to examine the robust level of the study. As mentioned, the three distinctive periods alongside the form of payment will be tested. The results are as follows:

Table 5: Pre-Event of the T-Test

Variables	Mean (CAR)
1 = Cash, stock and mixed payment	-0.00523
0 = Otherwise	0.00204*

Table 6: On Event of the T-Test

Variables	Mean (CAR)
1 = Cash, stock and mixed payment	0.0167
0 = Otherwise	0.0205

Table 7: Post-Event of the T-Test

Variables	Mean (CAR)
1 = Cash, stock and mixed payment	-0.0022
0 = Otherwise	0.01410

The aforementioned tables will be explained as follows:

- I. Table 5 is the explanation during the pre-event period, the market reacts negatively to firms using cash, stock, or mixed payments, with these firms experiencing lower CAR compared to firms using other methods. This suggests that investors may harbor concerns about these payment methods, possibly due to financial or operational risks associated with them.
- II. Table 6 is the explanation during the event period, the payment method does not appear to have a significant effect on CAR. Both groups experience positive returns, likely reflecting optimism about the potential benefits of the merger or acquisition.
- III. Table 7 is the explanation during the post-event period, firms using cash, stock, and mixed payments show slightly negative CAR, while firms using other methods continue to experience positive returns. Although not statistically significant, this finding suggests that investors may continue to view traditional payment methods with caution in the aftermath of the announcement.

Discussion

The Market in the United Kingdom

The United Kingdom (UK) has long been a hub for mergers and acquisitions (M&A) activities, with companies eager to capitalise on opportunities for growth and expansion. M&A transactions are a crucial tool for companies looking to increase their market share, access new technologies, or achieve greater economies of scale. However, the landscape for M&A in the UK has shifted dramatically in the aftermath of the Brexit referendum in June 2016. The uncertainty surrounding the UK's future relationship with the European Union (EU) has cast a shadow over both domestic and cross-border M&A transactions.

Companies are now faced with new challenges and risks as they navigate the evolving post-Brexit environment. This study seeks to explore the impact of M&A announcements on the performance of acquirer firms in the UK during the immediate aftermath of the Brexit referendum, from June 2016 to December 2016. By analyzing the market reactions to M&A announcements during this period, we aim to shed light on how the uncertainty surrounding Brexit has affected the M&A landscape in the UK. Understanding the effects of these announcements on acquirer firms can

provide valuable insights for companies looking to navigate the changing M&A environment in the UK.

The sample consists of all publicly listed companies in the UK that announced a merger or acquisition during this time frame. The cumulative abnormal returns (CAR) of the acquirer firms are calculated using the market model, with the FTSE All-Share index serving as the market benchmark.

Factors that Affected Performance

The negative abnormal returns from the study may be attributed to several factors, such as overpayment for the target company, integration challenges, and poor strategic fit between the acquirer and the target. Overpayment for the target company can lead to a decrease in shareholder value as the acquirer may not be able to realise the expected synergies or financial benefits from the transaction. Additionally, integration challenges, such as cultural differences and organizational conflicts, can hinder the success of the merger or acquisition, resulting in a decrease in shareholder value. Moreover, poor strategic fit between the acquirer and the target can also contribute to negative abnormal returns following an M&A announcement.

If the acquirer fails to align its strategic objectives with those of the target company, it may be difficult to achieve the desired outcomes from the transaction. This lack of alignment can lead to a decrease in shareholder value as investors may question the rationale behind the merger or acquisition. Overall, the negative abnormal returns experienced by acquirer firms in the UK following an M&A announcement highlight the importance of thorough due diligence, effective integration planning, and strategic alignment in ensuring the success of these transactions. By addressing these key factors, acquirer firms can mitigate the risks associated with M&A and create long-term value for their shareholders.

Upon further examination of the regression analysis results, it is evident that the payment method employed in M&A transactions does not play a significant role in influencing the post-event performance of acquiring firms. This holds true when considering the data across the three distinct time periods that were analysed. Interestingly, a t-test conducted during the pre-event period did reveal a notable correlation between the Cumulative Abnormal Returns (CAR) of acquiring firms and the utilization of cash as the preferred payment method. These findings shed light on the intricate relationship between the payment method chosen in M&A deals and the subsequent performance of acquiring companies. While the overall impact may not be significant in the post-event period, the positive association uncovered in the pre-event phase suggests that the method of payment can indeed have a tangible effect on the financial outcomes of acquiring firms.

Future Projections in the UK Market

The findings of this study suggest that the payment method used in M&A transactions does not significantly affect the post-event performance of acquirer firms in the UK during the period following the Brexit referendum. This contradicts the findings of some earlier studies, which have suggested that the method of payment can be an important determinant of M&A success.

The lack of a significant effect in the post-event period could potentially be attributed to a variety of factors. One such factor is the heightened uncertainty surrounding the UK's future relationship with the EU following the event, which may have overshadowed any potential impact of the payment method on the acquirer firm's performance.

The uncertainty may have led to investors and stakeholders adopting a wait-and-see approach, leading to a lack of immediate impact on the firm's performance. Furthermore, the sample size and the specific time frame examined in this study could have also played a role in the lack of significant findings. The sample size may not have been large enough to detect a meaningful effect, or the specific time frame may not have been long enough to capture the full impact of the payment method on the acquirer firm's performance. Overall, it is important to consider all of these potential explanations when interpreting the results of the study.

Conclusion

This study examined the market value of a company's share as it acquires another company. It examined the link with the CAR (cumulative abnormal return) in a short-term test conducted before, on, and following the M&A announcement date. This test is based on our premise that the payment methods used by the firms had an impact on the value.

The author conducts the test, which consists of three stages: pre-event (five days until the day before the announcement date), on-event (the day of the announcement until a day after), and post-event (two days until five days following the event day), using a regression model through the Stata statistical tool. The author selected these timeframes in order to guarantee the correctness of the influence on the share price and the durability of the data.

The author determined that the payment methods have no bearing on the post-performance of the firms in merger and acquisition by using the regression model and t-test that we run on the data that we study. This conclusion is also supported by the insignificant impacts that we found.

The t-test in payment 1 of the pre-event, which demonstrates a positive association between the CAR's firms and the payment method they utilised, is the sole test that demonstrates a significant effect.

Nevertheless, since we concentrated on the post-event test and utilized it as a comparison, it had no bearing on our conclusion because of the assessment of the post-event test.

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