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Board's Knowledge and Skills around Mergers and Acquisitions Deals in SAARC Region

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| | Abstract |
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| <p>Muhammad Umer Lecturer in Management Sciences, Institute of Business Studies, Kohat University of Science and Technology (KUST). umerkhattak@gmail.com</p> <p>Majeed Ullah Khan* Assistant Professor in Finance, Institute of Business Studies, Kohat University of Science and Technology (KUST), Kohat 26000, Khyber Pakhtunkhwa, Pakistan. Corresponding Author Email: majeed_ullah2001@yahoo.com</p> <p>Dr. Yasir Bin Tariq Associate Professor in Finance, Department of Management Sciences, COMSATS University Islamabad, Abbottabad Campus, Abbottabad 22060, Pakistan. Email: yasirtariq@cuiatd.edu.pk</p> <p>Dr. Naveed Azeem Assistant Professor in Finance, Department of Management Sciences, Iqra National University, Peshawar, Pakistan. naveedazeem@inu.edu.pk</p> | <p>The purpose of the study is to examine the board's knowledge and skills before and after mergers and acquisitions (M&A) in emerging and frontier markets of the SAARC region. Sample of study is consisting of 104 domestic M&A deals from India, Pakistan and Bangladesh, occurred during 2000 to 2020. The sample includes only those M&A deals whose board members' data is available for 3 years before and 3 years after M&A deals. Univariate analysis (paired sample t-test) is used to compute mean difference of variables related to board knowledge and skills in pre-and post-M&A period. Findings of the study show that board busyness decreased, and growth is observed in board size, independence and vigilance in post-M&A period. Board accountancy knowledge, business knowledge, managerial experience, technical knowledge, audit experience, gender diversity shows an increase in the post-M&A period compared to the pre-M&A period. The current study uses exclusively domestic M&A deals and ignore cross-border M&A deals. This study does not consider the influence of highly skilled board on post-M&A financial performance of acquiring entities and future researchers are encouraged to examine it. Future researchers are encouraged to include cross-border M&A deals to examine its impact on national firms' governance standards.</p> |
| <p>Keywords:</p> | <p>Board's Knowledge and Skills, Mergers and Acquisitions, Accountancy Knowledge, Board vigilance, Gender diversity</p> |



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Introduction

Merger and acquisition (M&A) is a strategic decision in the corporate world, working as a method for companies to achieve growth, competitive advantage, and diversification. The decision, however, does not only affect the financial assets and market shares, yet it also has profound implications for the corporate governance variables of the companies involved. One important but less explored area in research is merger and acquisition (M&A) and its impact on the board's knowledge and skills in the post-M&A period.

The board of the companies plays a guiding role in framing the strategic direction and supervision of the companies' affairs. The board's composition and skills can affect a firm's governance quality and strategic outcomes of strategic decisions such as M&A. Mergers deals can change the board's competencies by hiring new directors possessing new knowledge and skills or by combining the boards of target and acquirers' firms. This dimension of business research is relevant in the contemporary business environment manifested by fast technological advancement and complex regulatory requirements, that consequently demand highly skilled and expert boards.

Research in developed (Agrawal et al., 1992; Ferrer, 2012; Trivedi, 2013; Bhaumik & Selarka, 2012; Rao-Nicholson et al., 2016) and emerging economies (Basu et al., 2008; Poddar, 2019; Aggarwal & Garg, 2022; Liu et al., 2021; Zhang et al., 2020) is highly skewed towards examining the impact of mergers deals on post-M&A financial performance. Research to examine the impact of M&A deals on board's skilled and expertise is an ignored area and received very little attention. This research study aims to investigate the impact of M&A deals on board's skills and expertise in post-M&A period. By analyzing the empirical data pertaining to board's skills and expertise, the research study explores how the M&A deals influence board size, board independence, board vigilance, Board busyness, board accountancy knowledge, board business knowledge, board managerial level experience, board gender diversity, board audit experience, and board technical knowledge of the relevant industry.

In addressing the research theme, the research paper contributes to discourse on corporate governance in general while to board skills in specific.

Literature Review

Earlier studies on M&A consume considerable time and effort in examining the relationships between mergers deals and performance of acquirer firms (Yeh & Hoshino, 2002; Amihud & Lev, 1981; Gulati & Garg, 2024; Gupta et al., 2023) and important determinants of M&A success (King et al., 2021; Poddar, 2019; Feldman & Hernandez, 2022; Jansen et al., 2015; Lin & Chou, 2016; Yang et al., 2019; Giannopoulos et al., 2017). This research study shifts its focus to synergy achieved in board skills and expertise in the context of mergers and acquisitions. Synergy theory posits that the combined effect of a whole is more than the effect when they are apart. In the context of M&A the board skills and expertise of acquirers or merged firms can be higher in the post-M&A period compared to pre-M&A period.

The resource-based view (RBV) suggests that the acquirer firm involved in mergers gains competitive advantage through its internal resources and capabilities. The resource-based view (RBV) further explains that competitive advantage comes from tacit knowledge and strategic leadership. Thus, firms endeavor to achieve competitive advantage through strategic decisions such as mergers and acquisitions and retain the directors possessing valuable skills after M&A deals.

Both acquirers and targets firms can benefit from enhancement of corporate governance practices in domestic mergers and acquisitions (Wang & Xie, 2008). The effect of M&A on corporate governance is more obvious in cross-border M&A and the impact is negative if the bidder is from weaker shareholders' protection while the impact is positive if bidder is from better-governance countries. The spillover effect is due to the difference between the corporate governance standards amongst bidder and target nations (Martynova & Renneboog, 2010). The post-M&A board changes with obvious differences compared to the non-mergers years of the firms. The adjustment to board reflects the bidder firm's effort to enhance specific skills pertaining to mergers experience (Becher et al., 2017). Resource-based view advocates enhancement in board expertise and skills in post-M&A period.

On the other hand, agency theory posits that board composition may change or remain stable around the M&A deals based on the CEO entrenchment. Literature, based on agency issues, categorized the merger's effect on board changes in two broad and opposite opinions. The first stream of literature provides reasons to anticipate that the board should remain unchanged in the period after mergers and acquisitions (M&A) deals. Board structure changes as results of bargaining between CEO and board members (Hermalin & Weisbach, 1998). CEOs entrenchment can create hurdles and may try to prevent changes in board (Coles et al., 2014; Bebchuk & Fried, 2004) to maintain their control, even the changing nature of firms and supervision requirements need such changes to the board. Coles et al., (2008) posits that transaction associated with making changes to board, such as hiring and integrating new directors to board and disruption caused by leaving directors can prevent the board from achieving its optimal structure. Harford (2003) reveals in his empirical study that the board in the post-M&A period remain stable because retention of target firm's directors is rarely retained. But there is very little empirical evidence that supports the opinion of board stability around the M&A deals.

The alternative opinion suggests that acquirers' firms' board changes around the M&A deals. Merger and acquisitions deals bring disruption to firms, change their operational activities and enhance complexities and these changes necessitate alteration in advising and monitoring role of boards. Consequently, the board of acquiring firms needs appropriate adjustment to its composition and structure. Another reason for changes in board compositions after M&A deals is negotiation between bidder and target directors based on the bargaining power of both parties. Merger and acquisition deals provide an opportunity for the CEO to appoint directors on board who are favorable to him and increase entrenchment and weaken monitoring control of the board (Hermalin & Weisbach, 1998). The board change in the post-M&A period is motivated by CEO opportunism. Although the board changed its size and composition, the skills and expertise required by acquirer firms may not increase due to CEO personal motives.

Emerging markets exhibit unique attributes distinct from developed markets including concentration shareholding and less stringent market regulations (Wang, 2013) where agency theory become less relevant. This research study investigates to examine the board skills around M&A deals occurred in SAARC regions where firms are closely held by families which lessen the agency conflicts between shareholders and management.

H: Board's skills and expertise increased in post-M&A period compared to pre-M&A period over three years (-3, +3) window.

Methodology

The sampling is based on multi-level sampling techniques and first level sampling includes three countries India, Pakistan, and Bangladesh from SAARC region. The second level sampling extends its scope to select M&A deals undertaken by non-financial companies listed on the respective stock exchanges of each sample country and the deals incurred during the period 2000 to 2020. Final sample squeeze to 70 firms from India, 29 firms from Pakistan and 5 firms from Bangladesh based on following criteria.

1. Acquirers and target firms are listed on the respective stock exchanges.
2. Board related data is available for three years window (-3, +3).
3. The deal is a type of merger or acquisition.

Data Collection

Data on major M&A transactions is gathered from the Institute of Mergers, Acquisitions and Alliances (IMAA), which provides list of major deals of countries. Other sources of M&A deals are business news archives and websites.

Data on board member's skills and expertise is collected from annual reports of firms involved in M&A deals, websites of companies and LinkedIn profile of board members. The variables, to capture board skills and expertise are; board size, board independence, board busyness, board vigilance, audit committee size, audit committee independence, audit committee vigilance, Accountancy knowledge, Business knowledge, Managerial level experience, technical knowledge, graduates from developed countries, audit experience, board diversity, and global experience.

Statistical Technique

Univariate or change model is used to analyze the difference between pre-M&A board skills and expertise and post-M&A board skills and expertise. Variables are categorized into groups based on the M&A event that are pre-M&A and post-M&A. Mean difference of each variable is compared between pre- and post-M&A period. The change model investigates whether the difference between pre-and post-M&A is significantly different from zero or not.

Although the model has limitations but extensively used by earlier researchers to examine the financial performance of acquirer firms (Aggarwal & Garg, 2022; Kumar, 2009; Kalra, 2013; Healy et al., 1992).

Measurement of Variables

The board skills and expertise are board members attributes which are collected from the board profile provided in annual reports and websites of the companies. Measurement of variables used in the study is elaborated in Table 1.

Table 1: Board Skills and Expertise

| S.No. | Item | Description |
|-------|--------------------|---|
| 1 | Board Size | Total number of directors of board of the firm. |
| 2 | Board Independence | Number of Independent directors ÷ Total number of directors |
| 3 | Board Busyness | The extent to which directors hold multiple directorships at board across different companies at the same time. |

| | | |
|----|-------------------------------------|---|
| 4 | Board Vigilance | Meetings attended by directors ÷ Meetings hold during the year |
| 5 | Audit Committee Size | Total numbers of members of audit committee of firms. |
| 6 | Audit Committee Independence | Independent members of Audit committee ÷ Total member of Audit committee |
| 7 | Audit Committee Vigilance | Meeting attended by members /Total meetings hold by Audit Committee during the year |
| 8 | Accountancy Knowledge | Number of directors with qualifications of CA, CMA, ACCA, CIMA, CPA, CIA, or member of national accountancy body. |
| 9 | Business Knowledge | Number of directors with qualifications of MBA, BBA, MS in Mgmt Sc, M.Sc Economics, M.Sc in Finance, BS commerce, or M.Com. |
| 10 | Managerial Experience | Number of directors who is or remains CEO/CFO/MD or any managerial position in other firms. |
| 11 | Technical Knowledge | Number of directors in BOD with relevant qualifications e.g., textile engineer in board of textile mills |
| 12 | Graduation from Developed Countries | Number of directors with qualifications from developed countries. |
| 13 | Audit Experience | Number of directors who remained in Big 10 audit firms |
| 14 | Board Diversity | Number of female directors on the board |
| 15 | Global experience | Number directors who have foreign experience. |

Analysis and Discussion

The analysis and discussion include graphs of overall sample and sub sample to examine the changes in board skills and expertise around M&A deals that occurred in the SAARC region. The section then extends to examine the difference between board skills and expertise in pre- and post-M&A deal period. In the last, for 104 sample firms, all fifteen variables mentioned in Table 1 are analyzed over three-year window (-3, +3).

Figure 1 compares various skills and expertise of the board before and after mergers and acquisitions in the SAARC region. It is observed that board & audit committee size, accountancy & business knowledge, managerial experience, technical knowledge, board diversity and graduation from developed countries increase in the post-M&A period compared to the pre-M&A period, while board busyness decreases in the post-M&A period. Similarly, the board's independence, audit committee size, and audit committee vigilance showed minimal changes in the post-M&A period.

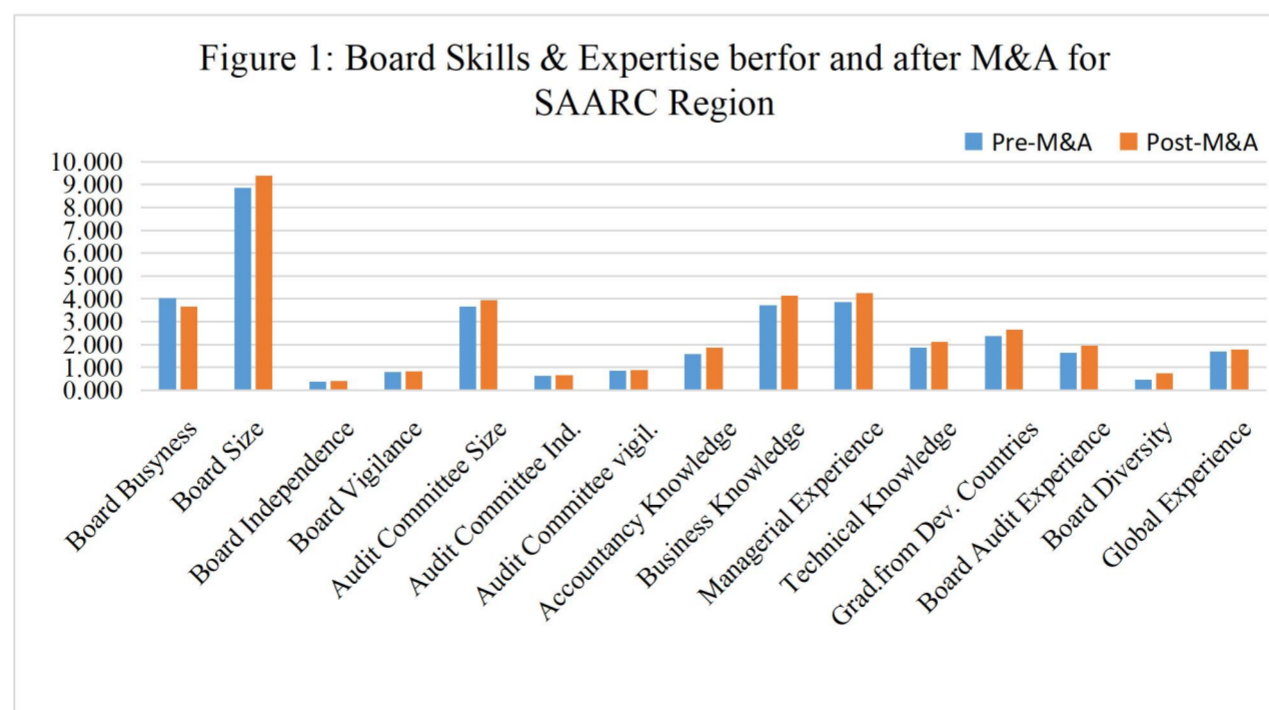


Figure 1 further shows that board vigilance, board independence, audit committee independence and audit committee vigilance remained relatively stable with slight increase in the post-M&A period.

Univariate Analysis

All variables that capture board skills and knowledge are categorized into pre- and post-M&A period and paired sample t-test is used to examine the difference between the pre- and post-M&A period.

Board busyness declines in the post-M&A period as shown in Table 1 and the mean difference is statistically significant at 1% confidence level. It suggests that M&A transactions reduce the number of firms as two firms combined and formed a merged firm which consequently leads to fewer external commitments. Similar results are documented by Hauser (2018) who concluded that board appointments reduce around the mergers and lead to higher profitability.

Board size increases in the post-M&A period compared to pre-M&A period as evident from positive mean difference which statistically significant. The plausible explanation of enhancement in board size is the retainment of members from both targets and acquirers in order to integrate their expertise and smooth continuity of affairs of merged firms. Furthermore, the firm's size and complexities increase after the M&A transaction and need additional experienced and expert members to oversee the operations.

Board independence shows a significant increase in the post-M&A period compared to the pre-M&A period as shown in Table 1. Mergers and acquisitions deals are under the tight scrutiny of regulators, shareholders of targets and acquirers which required greater independence to ensure transparency, regulatory compliance, and accountability. Another possible reason is the demand of institutional shareholders to ensure unbiased decisions during the integration process.

Table 1: Paired Sample t-Test result for 3 years Pre- and Post-Mergers Comparison

| Skills & Expertise | Obs. | Pre-M&A | Post-M&A | Mean diff. | P-value |
|--------------------------|------|---------|----------|------------|---------|
| Board Busyness | 104 | 4.022 | 3.663 | -0.359*** | 0.0022 |
| Board Size | 104 | 8.846 | 9.375 | 0.529*** | 0.0020 |
| Board Independence | 104 | 0.385 | 0.411 | 0.026*** | 0.0027 |
| Board Vigilance | 104 | 0.807 | 0.834 | 0.027*** | 0.0006 |
| Audit Committee Size | 104 | 3.673 | 3.933 | 0.260*** | 0.0008 |
| Audit Committee Ind. | 104 | 0.639 | 0.672 | 0.032** | 0.0233 |
| Audit Committee vigil. | 104 | 0.854 | 0.896 | 0.042*** | 0.0000 |
| Accountancy Knowledge | 104 | 1.596 | 1.875 | 0.283*** | 0.0004 |
| Business Knowledge | 104 | 3.728 | 4.125 | 0.427*** | 0.0002 |
| Managerial Experience | 104 | 3.846 | 4.250 | 0.404*** | 0.0002 |
| Technical Knowledge | 104 | 1.852 | 2.125 | 0.282*** | 0.0040 |
| Grad.from Dev. Countries | 104 | 2.373 | 2.653 | 0.111*** | 0.0083 |
| Board Audit Experience | 104 | 1.634 | 1.937 | 0.308*** | 0.0006 |
| Board Diversity | 104 | 0.471 | 0.741 | 0.250*** | 0.0001 |
| Global Experience | 104 | 1.692 | 1.789 | 0.090 | 0.2223 |

***, ** and * shows significance at 1%, 5% and 10% Source: Owned generated

respectively

Board vigilance shows improvement after M&A compared to the period before M&A deals over three (-3, +3) years window and the increase is statistically significant. The plausible explanation for high vigilance is to meet the expectations of stakeholders who demand transparency and accountability. Additionally, post-M&A integration challenges required high board vigilance to closely monitor the progress and address the issues on a timely basis.

Audit committee size, audit committee independence, and audit committee vigilance show increase in post-M&A period which manifests stronger internal control and oversight in period after M&A deals. Integration of financial system and internal control system of merging entities is critical task and vigilant audit committee with more independent and experienced members are needed to serve the purpose. Furthermore, the M&A process gives birth to new risks of earnings management, operational inefficiencies and non-compliance with regulations. Independent, large and vigilant audit committee are constituted to mitigate these risks.



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Growth is observed in Accountancy knowledge of the board in post-M&A period compared pre-M&A period over three (-3, +3) years window. More professional accountants are present on the board of merged entities, and reason behind increased in number of accountants may hiring of new professional accountants to address issues in integration of financial reporting systems and internal controls systems to mitigate risks of fraud and misstatements. Another argument to support the increase in accountants on board of the merged entity lies in a decrease in firms due to mergers and more qualified accountants are now available for entity to be appointed on board.

Growth is observed in board business education in post-M&A period in three (-3, +3) years window for the sample firms. The reason behind the increase in board business education is the inclusion of directors with business education qualifications from target firms on board of merged entities. Corporate governance codes consistently emphasize the appointment of directors with formal business education to achieve effective supervision of management and strategic decisions. It is also desirable to have directors with formal business education on board of merged entities in post-M&A period to achieve synergy in areas like revenue growth, cost efficiency, and elimination of duplication in activities.

Board managerial experience is measured through number of directors with CEO, CFO, Chairman or other managerial level experience and growth is observed in it in the post-M&A period compared to pre-M&A period. M&A transactions lead to combining two or more firms into one merged entity, reducing the number of firms in the markets. Consequently, some board members may lose their jobs which leads to create a pool of experienced directors. The merged entity has the option to choose members with managerial level experience. The merged entity may have deliberated focused on hiring managerial level experienced people on board to counter the uncertainties in post-M&A period.

Technical knowledge of the board of acquiring firms increases in post-M&A period and post-M&A operations need technical expertise to gain operational synergy. Board members with industry relevant knowledge and qualifications are retained on board of the merged entity to address industry specific issues in post-M&A period.

Similarly, the number of board members with qualifications from developed countries is increased after M&A in the sample firms. Merged entities may retain the members with qualifications from developed countries or hire new directors with advanced education to enhance the board capability to compete in the international market. M&A leads to best global practices in corporate governance.

Growth has been observed in board audit experience in the post-M&A period which shows that the number of board members with audit experience has increased as a result of M&A deals. The increase in the number of directors with audit experience on board of the merged entity is due to retaining directors with audit experience from both targets and acquirers. It is needed to have audit-related experience for merged entities to ensure compliance with the requirements of regulators and financial reporting practices. The merged entity excludes directors after M&A deals who have not such experience.

Board gender diversity enhance in post-M&A period of the merged companies, and it is found that more women are present on board after M&A. This reveals that merged companies may hire more female directors on board to promote inclusivity. Another, reason for appointment of female directors in response to comply with changes in corporate governance code requirement during 2000-2020 in sample countries.

Contrary to other skills, board global experience does not show growth in the post-M&A period compared to pre-M&A, and this reveals that board members with foreign experience remain stable. Since all M&A deals are domestic deals in the study and cross-border M&A deals are excluded, therefore no change is experienced in board global experience.

Summarizing the discussion, it is observed that the post-M&A period shows an increase in board skills and knowledge due to strategic needs, regulatory requirements and risk minimization after the M&A transactions.

Detail analysis of each M&A deal is explained in Annexure to the study which includes acquirers, target names and changes in each skill.

Sub-Sample Analysis:

Sub-Sample analysis ensures robustness that findings are driven by outliers which strengthens the validity and generalizability of the study. The overall sample is consisted of India, Pakistan and Bangladesh.

India

Board busyness in the Indian sample show decrease after M&A deals which support the findings of overall sample as shown in Table 2. Similarly, growth has been observed in board size in the post-M&A period compared to the pre-M&A period. There is slight increase in board independence and board vigilance in post-M&A period in the Indian sample.

Similarly, audit committee size, independence and vigilance have increased after M&A deals, which is consistent with the main findings of the studies. Board accountancy knowledge, business knowledge, managerial experience, and technical knowledge of the merged/acquirer companies has increased in the post-M&A period for the Indian sample. Table 2 shows that growth has been observed in graduates from developed countries on board of acquirer/merged entity after M&A deals. Similarly, directors with audit background are increased in post-M&A period, the findings reinforce findings of main analysis. Board gender diversity has significantly increased in the post-M&A period while board global experience does not show significant changes around M&A deal. Findings of the sub-sample of India confirm that pattern and trend of board skills and knowledge hold true irrespective of the sample and support the main findings of study.

Pakistan

The mean difference of board busyness has decreased in the sub-sample of Pakistani firms as shown in Table 2, revealing that board members have less directorship on other entity simultaneously in post-M&A period. The decrease in board busyness in the sub-sample follows the pattern of overall sample of the study. There is an increase in board independence and board vigilance in Pakistani acquirers in post-M&A period compared pre-M&A period. Similarly, audit committee independence and audit committee vigilance show increase in post-M&A period in sub-sample of Pakistan.

Board accountancy knowledge, board business knowledge and board technical knowledge are observed to show growth in post-M&A period compared to pre-M&A period over three years (-3, +3) window for Pakistani sub-sample as shown in Table 2. The mean difference of board audit experience is positive and significant, showing that the board has more members with audit experience in the post-M&A period compared to pre-M&A period. Overall, the findings of sub-sample of Pakistani entities reinforce the findings of the main finding of the study.

Table 2: Paired Sample t-Test result for 3 years Pre- and Post-Mergers Comparison for Sub-Sample (India, Pakistan and Bangladesh)

| | India | | Pakistan | | Bangladesh | |
|--------------------------|-------|------------|----------|------------|------------|------------|
| | Obs. | Mean Diff. | Obs. | Mean Diff. | Obs. | Mean Diff. |
| Skills & Expertise | | | | | | |
| Board Busyness | 70 | -0.391** | 29 | -0.346*** | 5 | 0.014 |
| Board Size | 70 | 0.871*** | 29 | 0.186 | 5 | 0.970 |
| Board Independence | 70 | 0.019** | 29 | 0.040** | 5 | 0.035 |
| Board Vigilance | 70 | 0.017* | 29 | 0.055*** | 5 | 0.015 |
| Audit Committee Size | 70 | 0.343*** | 29 | 0.069 | 5 | 0.200 |
| Audit Committee Ind. | 70 | 0.030* | 29 | 0.047* | 5 | -0.016 |
| Audit Committee vigil. | 70 | 0.038*** | 29 | 0.050*** | 5 | 0.059** |
| Accountancy Knowledge | 70 | 0.186** | 29 | 0.471*** | 5 | 1.000** |
| Business Knowledge | 70 | 0.414*** | 29 | 0.357** | 5 | 1.000** |
| Managerial Experience | 70 | 0.529*** | 29 | 0.157 | 5 | 1.049 |
| Technical Knowledge | 70 | 0.271** | 29 | 0.200* | 5 | 0.600** |
| Grad.from Dev. Countries | 70 | 0.314*** | 29 | 0.120 | 5 | 0.400 |
| Board Audit Experience | 70 | 0.229** | 29 | 0.500*** | 5 | 0.800** |
| Board Diversity | 70 | 0.257*** | 29 | -0.111 | 5 | 0.800** |
| Global Experience | 70 | 0.100 | 29 | -0.071 | 5 | 0.400 |

***, ** and * shows significance at 1% ,5 % and 10% respectively

Source: Owned generated

Bangladesh

M&A deals in Bangladesh are fewer compared to sub-sample of India and Pakitan. Table 2 shows that the mean difference of audit committee vigilance is positive and significant, revealing that audit committee members are vigilant to attend meetings and oversee the affairs after M&A deals in sub-sample of Bangladesh. Similarly, the mean difference of board accountancy knowledge and board business knowledge are positive and significant which reveals that acquiring firms have more members with accountancy profession and business study on their board in post-M&A period compared to pre-M&A period. Board audit experience has been increased in the post-M&A period compared to



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pre-M&A period which support that acquiring firms required accountants and auditors to mitigate the risk of uncertainties and misstatement in financial reporting. The mean difference of board gender diversity is positive and significant which shows that female directors in Bangladeshi firms' board are increased in the post-period.

Although there is insignificant mean difference in the Bangladeshi sub-sample but overall the findings of the sub-sample follow the observed trends in board skills and expertise exhibited by the main findings of the study around the M&A deals.

Conclusions

Examining boards skills and knowledge in the period of pre- and post-M&A shows significant improvement in various board dimensions. Board of the acquiring/merged entities exhibits significant growth in size, vigilance, independence and board skills such as accountancy, business education, managerial experience, and technical knowledge. These improvements in board skills and knowledge indicate deliberate efforts to align board capabilities with post-M&A complexities and uncertainties in the integration process.

The conspicuous increase in audit committee size, independence and vigilance reflects high focus on financial reporting oversight and risk mitigations. Similarly, the enhancement in board diversity and directors with education from developed countries highlight the strategic move towards inclusivity and global best practices. The unchanged nature of global experience of board is due to nature of domestic nature of M&A deals in the sample of the study. Overall, the study findings reveal that M&A transactions serve as a source of firms to optimize board skills and knowledge diversity ensuring that board is better equipped to gain synergistic benefits in post-M&A period.

Recommendations

It is recommended that shareholders and organizations should prioritize electing directors with diverse expertise such as accountancy, business knowledge, technical and managerial level experience to address the complexities and issues in post-M&A integration process.

The findings of study highlight the need to enforce governance standards that encourage board independence, vigilance and board knowledge and gender diversity. Regulators are suggested to consider knowledge and skills in board compositions.

Limitations

This study underscores the changes in board skills and knowledge around M&A in emerging and frontier markets of the SAARC region. The current study used univariate analysis (Paired sample t-test) to examine the changes in board skills and knowledge before and after M&A. Second, the study examines exclusively domestic M&A deals, completed in the SAARC regions. Third, the study ignores examining the performance of highly skilled board in post-M&A period for the acquiring/merged companies.

Future Research Directions

Future researchers could delve into examining the influence of board skills and knowledge on the financial performance of acquirers in the post-M&A period. Future studies could extend its scope to cross-border M&A deals to examine the impact of global practices of corporate governance on local acquiring or target firms.

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