IOSR Journal of Business and Management (IOSR-JBM)
e-ISSN:2278-487X, p-ISSN: 2319-7668. Volume 27, Issue 7. Ser. 7 (July. 2025), PP 19-26
www.iosrjournals.org

Cross-Border Mergers And Acquisitions And Their Impact On Digital Innovation In China: A Review Paper

Imane Cheraitia

Abstract
Cross-border mergers and acquisitions (M&As) have become a cornerstone of corporate strategy for firms seeking to enhance their competitive advantage, expand market reach, and acquire critical technological capabilities in an increasingly interconnected global economy. In the contemporary digital era, these transactions play a pivotal role in fostering innovation, particularly within technology-intensive industries where the pace of change is relentless. This review paper synthesizes and analyzes the existing body of literature to examine the multifaceted relationship between cross-border M&As and digital innovation, with a particular focus on the context of Chinese firms. We explore the primary mechanisms through which M&As facilitate knowledge transfer, resource integration, and the creation of technological synergies that drive innovative outcomes. Concurrently, the paper addresses the significant challenges inherent in such transactions, including the friction caused by cultural differences, the complexities of navigating disparate regulatory barriers, and the operational difficulties of post-merger integration. The findings suggest that while cross-border M&As offer a powerful pathway to accelerate digital innovation and transformation, their ultimate success is contingent upon a range of moderating factors. These include the execution of effective post-merger integration processes, the establishment of clear strategic alignment between the merging entities, and the cultivation of organizational adaptability to manage the complexities of combining different corporate structures and cultures.

Date of Submission: 12-07-2025 Date of Acceptance: 22-07-2025

I. Introduction

The global business landscape is undergoing a profound transformation, driven by the rapid and pervasive advancement of digital technologies. Innovations such as artificial intelligence (AI), blockchain, cloud computing, and the Internet of Things (IoT) are not merely incremental improvements but are fundamentally reshaping industries, value chains, and competitive dynamics (Lim, 2022; Parida, 2019). This digital revolution has created an environment of heightened competition, compelling firms to continuously seek new avenues for growth and innovation to maintain their relevance and market position (Yin, 2025). In this context, cross-border mergers and acquisitions (M&As) have emerged as a critical strategic instrument. Firms increasingly leverage these transactions not just for traditional goals like market consolidation or geographic expansion, but as a primary mechanism to acquire cutting-edge technologies, access specialized talent pools, and absorb innovative capabilities that are essential for navigating the digital age (Li, 2021). This trend is particularly pronounced in China, where firms have been actively pursuing a "going out" strategy, using cross-border M&As to accelerate their technological upgrading and move up the global value chain (Leng, 2023). For Chinese multinational enterprises, these transactions are a key method for bridging the digital gap with more developed economies and enhancing their innovation quality (Li, 2019).

The pursuit of digital innovation through M&A is a complex endeavor, and its cross-border dimension adds significant layers of intricacy (Shimizu, 2004). Unlike domestic deals, international transactions require navigating a labyrinth of differing regulatory frameworks, legal systems, and political environments (Yanney, 2025). Furthermore, they involve bridging gaps in corporate cultures, communication styles, and market dynamics, all of which can create substantial friction and impede the realization of synergistic goals (Dong, 2019). The increasing scrutiny from regulatory authorities concerned with market competition, data privacy, and national security further complicates the M&A landscape (2024). Digital innovation itself is a multifaceted concept that extends beyond the mere adoption of new technology (Kohli, 2018). It encompasses the fundamental rethinking and transformation of business processes, service offerings, and entire business models to create new value for customers and stakeholders (Hinings, 2018). It involves developing an organizational capacity to continuously experiment, learn, and adapt in a volatile technological environment (Lokuge, 2018). The successful integration of an acquired firm's digital capabilities into the acquirer's existing structure is therefore not a simple technical task but a profound organizational challenge (Leng, 2023).

This review paper aims to synthesize the current state of knowledge on the intricate relationship between cross-border M&As and digital innovation, with a specific lens on the experiences of Chinese firms. By systematically analyzing theoretical perspectives, empirical evidence, and illustrative case studies from the available literature, we seek to provide a comprehensive overview of this critical area of modern corporate strategy. Specifically, this paper addresses the following key research questions: How do cross-border M&As, particularly those undertaken by Chinese firms, contribute to the process and outcomes of digital innovation within acquiring firms? What are the key drivers that motivate firms to pursue digital innovation through cross-border M&As, and what are the primary barriers that hinder the success of these ventures? And what strategic approaches and managerial practices can enhance the likelihood that cross-border M&As will successfully foster digital transformation and generate sustainable innovative advantages? By addressing these questions, this paper seeks to offer valuable insights for academics, managers, and policymakers involved in the complex process of international deal-making in the digital age.

II. Theoretical Framework

The strategic rationale and outcomes of cross-border M&As as a vehicle for digital innovation can be understood through several complementary theoretical lenses. These frameworks provide the conceptual scaffolding to analyze why firms engage in such transactions and what factors determine their success or failure.

Resource-Based View (RBV)

The Resource-Based View (RBV) posits that a firm's competitive advantage is derived from its unique bundle of valuable, rare, inimitable, and non-substitutable (VRIN) resources. From this perspective, cross-border M&As are a strategic mechanism for acquiring external resources that a firm cannot develop internally in a timely or cost-effective manner. In the context of digital innovation, these critical resources include proprietary algorithms, specialized software, patents, vast datasets, and, perhaps most importantly, skilled human capital with expertise in emerging technologies. Cross-border M&As allow firms to bypass the lengthy and uncertain process of internal R&D by directly acquiring a target that already possesses these crucial digital assets (Shimizu, 2004). The process of digital transformation inherently requires new inputs of capital, labor, and technology, which can be efficiently sourced through acquisitions (Liu, 2023). By integrating these external resources, the acquiring firm can enhance its innovation capacity and reconfigure its value chain to compete more effectively in the digital economy. For Chinese firms, this is a primary motivation, as they seek to acquire advanced technological resources from firms in more developed economies to accelerate their development (Zhang, 2023).

Knowledge-Based View (KBV)

Building upon the RBV, the Knowledge-Based View (KBV) identifies knowledge as the most strategically significant resource for a firm. Digital innovation, in particular, is an intensely knowledge-driven process, relying on the creation, combination, and application of both explicit (codified) and tacit (experiential) knowledge (Duan, 2023). Cross-border M&As serve as a powerful conduit for international knowledge transfer. They provide acquiring firms with access to the target's organizational knowledge, R&D processes, and the tacit expertise embedded in its engineers, data scientists, and innovation teams. The effective management of knowledge is therefore central to realizing the innovation potential of an M&A deal (Vaio, 2020). However, the mere acquisition of a knowledge-rich firm is insufficient. The acquirer must possess the "absorptive capacity"—the ability to recognize, assimilate, and apply new external knowledge—to translate the acquired potential into tangible innovative outcomes (Liu, 2023). This is particularly relevant for knowledge-intensive business services (KIBS) firms, where digital transformation is reshaping how innovation is managed and delivered (Duan, 2023).

Dynamic Capabilities Theory

In today's rapidly evolving digital landscape, a firm's existing resources and knowledge can quickly become obsolete. The Dynamic Capabilities Theory addresses this challenge by focusing on a firm's ability to "integrate, build, and reconfigure internal and external competences to address rapidly changing environments." Dynamic capabilities are the organizational and strategic routines by which firms achieve new resource configurations as markets emerge, collide, split, and die. Cross-border M&As represent a prime example of a dynamic capability in action. They allow firms to sense new technological opportunities and threats, seize those opportunities by acquiring innovative startups or established tech firms, and transform their existing asset base to adapt to digital disruptions (Hinings, 2018). For incumbent firms, in particular, managing the competing concerns between exploiting existing capabilities and exploring new ones through acquisitions is a critical challenge (Svahn, 2017). This perspective suggests that the value of a cross-border M&A lies not just in the assets acquired but in its contribution to the firm's ability to reinvent its innovation management processes for a digital world (Nambisan, 2017). The ongoing process of digital transformation requires firms to continuously evolve their operational activities and business models, a task for which M&As are a key enabler (Angelopoulos, 2023).

III. Impact Of Cross-Border M&As On Digital Innovation

Cross-border M&As can profoundly influence a firm's digital innovation trajectory through several interconnected pathways. These transactions act as catalysts, enabling firms to accelerate technological development, expand their global reach for talent and markets, and create powerful synergies that fuel collaborative innovation.

Accelerating Technological Advancements

One of the most direct impacts of cross-border M&As is the rapid acceleration of technological progress within the acquiring firm. Instead of relying solely on slower, more uncertain internal development, companies can instantly upgrade their technological portfolio.

Access to Cutting-Edge Technologies: Strategic acquisitions provide immediate access to sophisticated and often proprietary digital tools and platforms. By acquiring a firm specializing in a particular domain, a company can integrate advanced capabilities in areas like AI, machine learning, blockchain, or data analytics directly into its operations and product offerings (Akter, 2020). This strategy is particularly effective for established, non-digital native firms seeking to pivot towards a more technology-centric model. Empirical evidence from China robustly shows that enterprises engaging in digital cross-border M&As are significantly more likely to produce high-quality innovations and services (Xu, 2024). This digital transformation can improve both radical and incremental innovation within the acquiring firm (Liu, 2023).

R&D Enhancement: Cross-border deals frequently target firms with strong R&D departments, established innovation pipelines, and valuable intellectual property. The integration of such R&D capabilities can lead to a substantial boost in the acquirer's overall innovation output. Research indicates that the increase in innovation quality following a digital cross-border M&A is often channeled through enhanced R&D investment and the strategic use of the acquired firm's overseas subsidiaries (Xu, 2024). This infusion of new R&D talent and processes can stimulate both radical, breakthrough innovations and a steady stream of incremental improvements (Liu, 2023). However, it is crucial to manage this process carefully, as some studies caution that a strategy of excessive M&As, driven by a desire to quickly acquire resources, can paradoxically stifle long-term corporate innovation by creating integration overload and disrupting existing R&D efforts (Li, 2021).

Market and Talent Expansion

Beyond technology, cross-border M&As are a powerful tool for acquiring two other critical resources for digital innovation: global talent and new markets.

Global Talent Acquisition: In the digital economy, the war for talent is fierce. Expertise in areas like data science, cybersecurity, and AI engineering is a scarce and valuable commodity. Cross-border M&As provide a direct pathway to acquire entire teams of highly skilled professionals, bypassing the challenges of international recruitment. The infusion of this new human capital is not just an addition of manpower; it brings diverse perspectives, new problem-solving approaches, and critical expertise that can significantly moderate and enhance the positive effects of the M&A on innovation quality (Xu, 2024). Optimizing the structure of human capital is a key mechanism through which digital transformation can lead to better overall corporate performance, including in areas like ESG (Peng, 2023).

New Market Entry: Cross-border M&As have long been a classic strategy for entering foreign markets, providing an established operational footprint, brand recognition, and customer base (Nocke, 2007). In the digital context, this allows firms to rapidly scale their digital products and services globally (Huang, 2017). Acquiring a local player can help overcome regulatory hurdles, adapt digital offerings to local tastes and preferences, and leverage existing distribution channels. Digitalization itself creates a positive feedback loop, enabling firms to expand into new markets more easily, which in turn drives further innovation and growth (Kreiterling, 2023). The choice of target country is also influenced by factors like bilateral trade and market valuations, which can facilitate successful entry (Erel, 2012).

Synergies and Collaborative Innovation

The true transformative potential of a cross-border M&A often lies in the synergies created by combining the distinct capabilities of the two firms.

Complementary Capabilities: Breakthrough innovations frequently occur at the intersection of different fields and capabilities. A cross-border M&A can bring together a traditional industrial firm's deep manufacturing expertise and market access with a tech startup's agility and software development prowess. This combination of complementary assets can lead to the creation of novel digital products, services, and business models that neither firm could have developed on its own (Parida, 2019). Such digital transformation often results in fundamental structural changes to operations and the deployment of entirely new business models (Angelopoulos, 2023).

Ecosystem Integration: In the modern economy, innovation is rarely a solitary pursuit. It occurs within complex ecosystems of partners, suppliers, customers, and research institutions (George, 2020). A strategic cross-border M&A can serve as an entry ticket into a new and vibrant innovation ecosystem. By acquiring a firm embedded in a tech hub like Silicon Valley, Tel Aviv, or Shenzhen, an acquirer gains access to that region's network of talent, venture capital, and cutting-edge research. This integration into global innovation networks is crucial for firms from emerging markets, like China, seeking to upgrade their technological capabilities and achieve global innovation advantages (Li, 2019). The diversity of the resulting R&D collaboration portfolio, in terms of both organizational and geographic partners, can further moderate the relationship between digital transformation and innovation outcomes (Duan, 2023).

Table 1: Positive Impacts of Cross-Border M&As on Digital Innovation

Impact Area	Mechanism/Description	Sources
Technology Acceleration	Acquiring firms gain immediate access to proprietary digital technologies (e.g., AI, blockchain, data analytics), bypassing lengthy internal R&D cycles.	(Xu, 2024; Akter, 2020)
R&D Enhancement	Integration of the target's R&D departments, talent, and IP portfolios boosts the acquirer's innovation output, often funded by increased R&D investment post-merger.	(Xu, 2024; Liu, 2023)
Global Talent Acquisition	M&As provide a direct route to acquiring entire teams of skilled digital professionals, infusing the firm with new expertise and diverse perspectives.	(Xu, 2024; Peng, 2023)
New Market Entry	Acquiring a local firm provides an established footprint, customer base, and a way to navigate local market conditions, enabling rapid global scaling of digital services.	(Nocke, 2007; Kreiterling, 2023)
Synergistic Innovation	Combining the complementary capabilities of the acquirer (e.g., market access) and the target (e.g., tech agility) leads to novel business models and innovations.	(Parida, 2019; Angelopoulos, 2023)
Ecosystem Integration	M&As allow the acquirer to tap into innovation ecosystems (e.g., tech hubs), gaining access to networks of talent, capital, and research partners.	(Li, 2019; Duan, 2023)

IV. Challenges And Barriers

Despite the immense potential, the path to successful digital innovation through cross-border M&As is fraught with significant challenges and barriers. These obstacles can arise from deep-seated organizational differences, complex external environments, and the sheer operational difficulty of merging two distinct entities. Failure to anticipate and manage these challenges can lead to value destruction, innovation stagnation, and the failure of the deal to meet its strategic objectives.

Cultural and Organizational Differences

Perhaps the most frequently cited and insidious barrier to M&A success is the clash of cultures. When a transaction crosses national borders, these differences are often magnified.

Cultural Misalignment: Differences in national and corporate cultures can create significant friction, hindering the collaboration and trust necessary for effective knowledge sharing. Disparities in communication styles, decision-making processes, risk tolerance, and work-life balance can lead to misunderstandings and conflict, poisoning the post-merger environment. Research on Chinese firms has shown that a large cultural distance between the acquirer's and target's home countries has a significant, negative impact on the likelihood of a cross-border M&A deal even being completed, let alone succeeding (Dong, 2019).

Organizational Inertia and Readiness: The acquiring firm's internal state can be a major barrier. Many incumbent firms suffer from organizational inertia and may lack the "readiness" for the kind of radical change that digital innovation demands (Lokuge, 2018). Integrating a nimble, fast-moving tech startup into a large, bureaucratic organization can be like mixing oil and water. The acquiring firm must manage the inherent tension between its established, efficiency-focused processes and the requisite flexibility and experimentation needed for innovation, a balancing act that many find difficult to achieve (Svahn, 2017).

Regulatory and Political Risks

The external environment for cross-border M&As has become increasingly complex and politicized, presenting significant hurdles for dealmakers.

Complex Regulatory Frameworks: Acquirers must navigate a dense web of cross-border financial regulations, including anti-money laundering (AML) laws, capital controls, and international tax regimes like the OECD's BEPS actions (Yanney, 2025). In the digital realm, this is compounded by a patchwork of data privacy and localization laws, such as the EU's General Data Protection Regulation (GDPR), which can restrict cross-border data flows essential for integrating digital services and platforms. These data barriers and the need for enhanced data supervision are major concerns, especially in deals involving large platform enterprises (Yin, 2025).

Antitrust and National Security Scrutiny: Governments worldwide are applying greater antitrust vigilance to M&A transactions, particularly those involving large digital platforms, out of concern for their potential to harm market competition, limit consumer choice, and stifle innovation (2024). Furthermore, deals in sensitive technology sectors, such as semiconductors and AI, are increasingly being reviewed and blocked on national security grounds. This geopolitical risk is a significant factor, and the institutional distance—differences in the quality of legal and political institutions—between countries can negatively affect M&A completion rates for firms from emerging economies like China (Dong, 2019).

Integration Complexities

Even if a deal overcomes cultural and regulatory hurdles, the operational challenge of post-merger integration (PMI) remains a primary cause of failure.

Poor PMI Execution: The PMI phase is where the strategic vision of the M&A meets the messy reality of execution. A poorly planned or executed integration can lead to a mass exodus of key talent from the acquired firm, the loss of critical tacit knowledge, and the destruction of the very innovation culture the acquirer sought to obtain (Shimizu, 2004). The failure to retain human capital can completely undermine the M&A's effect on innovation quality (Xu, 2024).

Technological and Process Incompatibility: In digital M&As, integrating disparate technology stacks, software architectures, and data systems is a formidable task. Incompatibilities can lead to lengthy and costly integration projects, delaying the realization of synergies and disrupting customer-facing services. The challenge is not just technical but also procedural, as it requires merging different operational processes, workflows, and project management methodologies, which is a core aspect of digital transformation (Angelopoulos, 2023). The "digital gap," or the difference in the level of digital development between the acquirer's home country and the target's host country, can also significantly influence post-M&A innovation outcomes, adding another layer of complexity to the integration process (Li, 2019).

Table 2: Key Challenges and Barriers in Digital Cross-Border M&As

Challenge Category	Specific Barrier	Description	Sources
Cultural & Organizational	Cultural Misalignment	Differences in national and corporate culture (e.g., communication, risk tolerance) create friction and hinder knowledge sharing.	(Dong, 2019)
	Organizational Inertia & Readiness	The acquirer's bureaucratic structure and resistance to change stifle the target's agile and innovative culture.	(Lokuge, 2018; Svahn, 2017)
Regulatory & Political	Complex Regulatory Frameworks	Navigating disparate financial, tax, and data privacy laws (e.g., GDPR) across borders increases cost and risk.	(Yanney, 2025; Yin, 2025)
	Antitrust & National Security Scrutiny	Increased government intervention to block deals on the grounds of anti-competition or national security, especially in tech sectors.	(-, 2024; Dong, 2019)
Integration & Operational	Poor PMI Execution & Talent Attrition	Failure to properly manage post-merger integration leads to an exodus of key talent and the loss of tacit knowledge.	(Shimizu, 2004; Xu, 2024)
	Technological & Process Incompatibility	Difficulties in merging disparate IT systems, software architectures, and operational workflows disrupt business and delay synergies.	(Angelopoulos, 2023; Li, 2019)

Strategies for Successful Digital Innovation through Cross-Border M&As

To navigate the aforementioned challenges and unlock the innovation potential of cross-border M&As, firms must adopt a strategic, disciplined, and holistic approach that spans the entire deal lifecycle, from initial screening to long-term integration. Success is not accidental; it is the result of deliberate and well-executed strategies.

Effective Due Diligence

The foundation of a successful M&A is a rigorous and comprehensive due diligence process. In the context of digital innovation, this must extend far beyond traditional financial and legal reviews.

Holistic Asset and Culture Assessment: Acquirers need to conduct a deep assessment of the target's digital assets, including the quality of its code, the scalability of its technology architecture, and the strength of its intellectual property (IP) portfolio. Equally important is an evaluation of the target's innovation culture, talent quality, and key R&D processes. Frameworks for diagnosing a firm's digital innovation capabilities can be instrumental in this process, helping to identify both strengths and hidden weaknesses (Nylén, 2014). This assessment helps in understanding the true value and potential risks associated with the target's digital innovation potential (Huang, 2023).

Proactive Risk Evaluation: Due diligence must proactively identify and quantify the complex web of external risks. This includes a thorough analysis of the regulatory landscape in the target's jurisdiction, covering everything from financial and tax regulations (Yanney, 2025) to data privacy and antitrust laws. Geopolitical risks and the potential impact of non-financial factors, such as environmental policies like emission trading schemes, must also be factored into the valuation and risk mitigation plan (Chen, 2024). A comprehensive review of country-specific determinants is crucial for this process (Xie, 2017).

Strategic Alignment

A successful acquisition cannot be an isolated event; it must be tightly integrated with the firm's overarching corporate and digital strategy. The leadership team must have a clear and shared understanding of why the acquisition is being made and how it fits into the company's long-term digital transformation goals. Viewing digital transformation as an ongoing, evolving process rather than a one-off project helps ensure that acquisitions are made for strategic reasons, not just opportunistic ones (Angelopoulos, 2023). This strategic clarity helps in framing the acquisition as a step towards building a sustainable digital future for the organization (George, 2020). Fostering Open Innovation and Talent Retention to capture the full innovation value of the target, acquirers must resist the urge to impose their own culture and processes wholesale. A key strategy is to protect the autonomy of the acquired R&D teams and key talent, at least initially. Creating an environment of psychological safety and providing attractive retention packages are critical for preventing a brain drain of the very human capital that was a primary motivation for the deal (Xu, 2024). This approach fosters a climate of open innovation where ideas can continue to flourish, which is essential in today's ecosystem-driven environment (Duan, 2023).

Post-Merger Integration (PMI) Best Practices

The PMI phase is where value is either created or destroyed. A thoughtful, well-resourced, and flexible integration process is paramount. A one-size-fits-all, rigid integration plan is often counterproductive, especially when merging different cultures and technologies. An agile approach, which involves iterative planning, flexible execution, and continuous feedback, can help maintain innovation momentum. This requires a delicate balance between imposing necessary controls for governance and allowing the flexibility needed for creativity (Svahn, 2017). The quality of the acquirer's internal control systems can significantly moderate the M&A's impact on performance, suggesting that strong governance is a prerequisite for successful integration (Leng, 2023).

A central goal of PMI should be to facilitate the transfer and integration of knowledge between the two organizations. This can be achieved by implementing collaborative platforms, creating cross-functional integration teams, and actively promoting communication and interaction between employees from both firms. Investing in robust knowledge management systems is essential for capturing, codifying, and disseminating the valuable explicit and tacit knowledge acquired through the deal (Vaio, 2020). The role of institutional investors can also be facilitative, as they can help reduce information asymmetry and build bridges between the bidder and target firms, thereby aiding knowledge transfer (Ferreira, 2019).

Table 3: Strategic Best Practices for Successful Digital Cross-Border M&As

Strategic Phase	Best Practice	Key Actions	Sources
Pre-Acquisition	Holistic Due Diligence	Assess not only financials but also the target's technology stack, IP portfolio, innovation culture, and talent quality.	(Nylén, 2014; Chen, 2024)
	Strategic Intent Clarity	Clearly define how the acquisition aligns with the firm's long-term digital transformation strategy and innovation goals.	(Angelopoulos, 2023; George, 2020)

Integration	Agile & Phased Integration	Adopt a flexible, iterative integration approach that balances governance with the need for creative freedom, avoiding a rigid, one-size-fits-all plan.	(Svahn, 2017; Leng, 2023)
	Talent Retention & Autonomy	Implement attractive retention packages for key personnel. Grant the acquired team a degree of autonomy to preserve its innovation culture.	(Xu, 2024; Shimizu, 2004)
Post-Integration	Knowledge Sharing Systems	Invest in and implement collaborative platforms and processes to facilitate the transfer of both explicit and tacit knowledge between organizations.	(Vaio, 2020; Ferreira, 2009)
	Continuous Capability Building	View the acquisition as a starting point for building new, lasting dynamic capabilities, not just as a one-time resource injection.	(Nambisan, 2017)

V. Conclusion And Future Research Directions

This review has synthesized the extensive literature on the role of cross-border mergers and acquisitions as a driver of digital innovation, with a particular focus on the activities of Chinese firms. The evidence indicates that these transactions represent a powerful, albeit complex, strategic tool for firms aiming to thrive in the digital economy. By providing rapid access to cutting-edge technologies, global talent pools, new markets, and valuable knowledge, cross-border M&As can significantly accelerate a firm's digital transformation journey (Leng, 2023; Xu, 2024). The theoretical lenses of the Resource-Based View, Knowledge-Based View, and Dynamic Capabilities Theory collectively provide a robust framework for understanding the motivations behind these deals and the mechanisms through which they create value.

However, the path to success is narrow and fraught with peril. The challenges of cultural misalignment (Dong, 2019), regulatory complexity (Yanney, 2025), political risk, and post-merger integration are substantial and can easily derail even the most promising transactions. This review underscores that the ultimate success of a cross-border M&A in fostering digital innovation is not predetermined by the quality of the assets acquired. Instead, it is contingent upon meticulous strategic planning, comprehensive due diligence that extends beyond financials to culture and technology, and a flexible, well-executed post-merger integration process that prioritizes knowledge sharing and talent retention.

As the pace of digital change continues to accelerate, this field of study remains fertile ground for future research. Several promising avenues for inquiry emerge from this review: Future research could explore how artificial intelligence and advanced data analytics are being used to optimize the M&A lifecycle. This could include using AI for more effective target screening and selection, predictive modeling of integration success, and real-time monitoring of post-merger sentiment and performance. The application of AI to optimize such complex industrial processes is a growing area of interest (John, 2022), and its potential to transform business is widely recognized (Akter, 2020).

The global landscape is increasingly characterized by geopolitical competition and economic nationalism. Research is needed to better understand how these tensions are reshaping the patterns and outcomes of cross-border tech deals. This includes examining the impact of investment screening mechanisms, technology export controls, and the "decoupling" of technological ecosystems on firms' M&A strategies and innovation outcomes (Yanney, 2025; Dong, 2019). Much of the existing research relies on short-term event studies or cross-sectional data. There is a critical need for more longitudinal studies that track the innovation performance of acquiring firms for many years post-acquisition. This would allow for a more nuanced understanding of how M&As influence long-term digital innovation trajectories, distinguishing between short-term performance boosts and sustainable, long-run capability development, as some studies have begun to do by separating short- and long-term performance effects (Leng, 2023).

The fragmented and often conflicting nature of national regulations for the digital economy poses a significant barrier to cross-border M&As. Future policy-oriented research could explore the feasibility and potential structure of a more unified international regulatory framework to govern digital trade, data flows, and competition policy. Such a framework could facilitate more efficient and predictable cross-border transactions, an idea explicitly called for in recent literature (Yin, 2025).In conclusion, this review highlights the transformative potential of cross-border M&As in driving digital innovation. While the challenges are significant, they are not insurmountable. For firms, particularly those from dynamic economies like China, that approach these transactions with strategic foresight, cultural sensitivity, and executional discipline, cross-border M&As will remain an indispensable tool for building and sustaining competitive advantage in the dynamic digital era.

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