

# Unpacking the Drivers behind Merger and Acquisition Strategy

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**Abstract:** This paper aims to uncover the motives that drive mergers and acquisitions. Mergers and acquisitions represent strategic business decisions that can assist companies in expanding their operations, gaining a competitive edge, and enhancing their financial performance. This study employs a comprehensive review of literature to determine the critical factors that drive merger and acquisition decisions. The interrelationships among the identified motives/drivers were analysed using an interpretive structural model (ISM) and the Cross-Impact Matrix Multiplication Applied to Classification (MICMAC) approach. The ISM model revealed why top management of acquiring companies adopt merger and acquisition strategies. The ISM model categorises M&A motives at seven hierarchical levels, with value creation through M&A at the top as the primary focus and favourable macroeconomic factors at the base as the most fundamental drivers. The model highlights how strategic, managerial, and market-related motives interdependently shape M&A decisions, guiding top management on priority. The MICMAC analysis reveals that all identified motives influence M&A strategy, with no autonomous factors, highlighting the need for management to consider every motive. Key drivers, like favourable market conditions and agency motives, are highly influential with low dependency, while growth desire acts as a central linkage, and motives like synergy and technology access are dependent on other factors for realisation.

**Keywords:** Merger and Acquisitions (M&A), Motives, Interpretive Structural Modeling (ISM), MICMAC Analysis, Strategy

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