

THE IMPACT OF DIGITALIZATION AND REGULATIONS ON MERGERS AND ACQUISITIONS

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Abstract

In the context of accelerated globalization of the economy, companies are constantly applying methods of adaptation, development and diversification of operations. External growth through mergers and acquisitions, as a rapid way of expansion, is impacted by technological and regulatory developments. The paper aims to provide an overview of the impact of digital societies and constantly changing regulations on mergers and acquisitions. The impact is captured through multiple linear regressions with panel data collected from databases such as the World Bank Development Indicators, European Commission, and Eurostat Database, for developing countries in Central and Eastern Europe. The estimation of the coefficients was carried out using the Ordinary Least Squares method.

The results showed a significant negative impact of the Digital Economy and Society Index on mergers and acquisitions. At the same time, an insignificant influence of the quality of government regulations is noted. Moreover, by delving deeper into the components of the Digital Economy and Society Index, we found a significant positive influence of Digital Technology Integration as well as a negative impact of Human Capital and Connectivity on mergers and acquisitions.

Keywords

Mergers and Acquisitions, Digital Economy and Society Index, Government regulations, Digital technology, Connectivity

JEL Classification

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