

## Analysis of M&A and Foreign Direct Investment Opportunities as Corporate Business Strategies in Singapore

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### ABSTRACT

**Purpose:** This research intends to examine the impact of Merger and Acquisition (M&A) and Foreign Direct Investment (FDI) on enhancing Singapore's economic development and business viability. The primary emphasis is to comprehend how regulatory consistency, geographic benefits, and investment-friendly policies bolster Singapore's status as an international investment center.

**Method:** This study utilizes a qualitative method via literature review, integrating research and secondary data from the past decade. The examination emphasizes macroeconomic metrics, investment patterns, and non-financial elements affecting the success of M&A and FDI.

**Findings:** The study shows that mergers and acquisitions (M&A) help companies become more competitive by creating synergies, reducing costs, and exchanging knowledge. Meanwhile, foreign direct investment (FDI) is crucial for driving long-term economic growth, particularly in the services and technology sectors. However, financial performance alone is not enough to assess success. Other factors such as good corporate governance, effective management, and alignment with the Sustainable Development Goals (SDGs) also play a significant role. Furthermore, stable regulations, a strategic location, and supportive policies make Singapore a global investment hub.

**Implication:** This research links M&A and FDI to investment attractiveness in Southeast Asia. The results can help policymakers create more flexible regulations and companies strategize after mergers.

**Originality:** This study provides a comparative viewpoint on M&A and FDI in Singapore, highlighting the significance of non-financial factors. The innovation is found in its incorporation of strategic, managerial, and sustainability elements in addition to merely financial metrics.

**Keywords:** Mergers and Acquisitions (M&A), Foreign Direct Investment (FDI), Singapore, Business Strategy, Business Sustainability.

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## 1. INTRODUCTION

Companies naturally use tools to achieve growth, restructuring, and diversification. The primary tool used for growth, restructuring, or diversification is mergers and acquisitions (M&A) (Cumming et al., 2023). M&A involves several parties, such as buyers, sellers, advisors, and regulators. Besides M&A, there is also Foreign Direct Investment (FDI). FDI is the international movement of capital when a company expands its operations in another country. FDI demonstrates the increasingly globalization of the world economy and is a driving factor in a country's economic growth (Reniza Helena, 2022). M&A and FDI have long been recognized as corporate strategies for achieving effective and sustainable growth in an increasingly connected global economy (Rashid & Naeem, 2017; Liu et al., 2022).

Singapore enjoys easy access to global markets, attracting foreign investors and businesses. Due to its significant trade and investment, Singapore is arguably the most competitive Asian country and offers significant opportunities for global business. Of the 190 countries surveyed in the World



Bank's Ease of Doing Business Ranking, Singapore ranks second in terms of ease of obtaining new business permits. This not only reflects Singapore's attractiveness as an economic hub but also explains why the country consistently attracts high levels of FDI and is an active arena for cross-border M&A (Ridzuan et al., 2017). It is crucial to analyze the underlying dynamics of these results in greater depth. This research examines the extent to which Singaporean factors, both financial and non-financial, can determine the success or sustainability of M&A and FDI strategies in Singapore.

Based on these issues, the objectives of this study are to analyze M&A and FDI opportunities in Singapore, explore the strategic drivers and challenges faced by companies in implementing these M&A and FDI strategies, and review discussions related to how these strategies are linked to business sustainability. To achieve the aforementioned objectives, the research questions that will be asked are: What are the strategic drivers and key challenges that determine the opportunities for M&A and FDI in Singapore, and how do these strategies affect the financial performance and business sustainability of companies in the Singaporean business environment? In general, the findings related to these issues will certainly provide useful guidance for executives and policymakers in Singapore as well as multinational companies that will invest in the Singapore region. In conducting the research, the scope of the study refers to the literature base and relevant findings related to M&A and FDI transactions that occurred in Singapore. The limitations of this study lie in its nature as a literature review that does not involve new data, so the analysis relies on available data and relevance. The entire paper will be structured starting with an introduction, a literature review, research methods, results and discussion that present the findings, and ending with the conclusions of the research article.

## 2. LITERATURE REVIEW

### 2.1. Merger and Accuisitions (M&A)

Mergers and Acquisitions (M&A) are a vital strategy for companies to grow and transform their businesses. According to Liu et al. (2022), M&A supports economic and institutional growth by forming new entities that are expected to increase efficiency and profitability (Liwaul et al., 2023; Suryaningrum et al., 2023). However, studies on the impact of M&A have been mixed. Rashid and Naeem (2017) show that M&A can generate positive synergies, but some also show a decrease in liquidity and profitability, depending on the national context, industry characteristics, and the rationale for the implementation.

A study by Cosnita-Langlais and Rasch (2022) confirmed the significance of cost savings in horizontal mergers and demonstrated the existence of network effects that influence post-merger well-being. Research by Hečková et al. (2019) emphasized that M&A is not only related to financial aspects but also contributes to business sustainability, including knowledge exchange and risk reduction.

### 2.2. Foreign Direct Invesment (FDI)

Foreign Direct Investment (FDI) is foreign investment that can support economic growth and access to international markets. Research by Ridzuan et al. (2017) analyzes the effectiveness of FDI in supporting sustainable development in Singapore, known as a foreign investment hub with favorable business policies. Sari and Amar (2023) highlight that Singapore's macroeconomic elements, such as economic growth and market liberalization, play a significant role in FDI flows to other countries, including Indonesia. Shabir et al. (2022) note that Singapore has succeeded in attracting FDI to more sustainable service sectors, in contrast to the pattern of other ASEAN countries that actually increase CO2 emissions, thus FDI in Singapore supports environmental sustainability.

### 2.3. Corporate Performance Post M&A and FDI

Corporate performance assessments after M&A or FDI often utilize financial indicators such as profitability, liquidity, and debt. A study by Leepsa and Mishra (2017) applied logistic regression analysis to predict M&A success in the Indian manufacturing industry. The results indicated that liquidity and asset efficiency positively influenced M&A success, while net profit margin and current ratio negatively impacted. Wahyuningrum et al. (2020) found that company size significantly impacts environmental disclosure in companies listed on the Singapore Exchange, while profitability and leverage do not significantly influence this, indicating that non-financial factors also play an important role in sustainability.

## 2.4. Business Sustainability

Business sustainability has become a crucial factor in corporate strategy after M&A and FDI. A study by [Hečková et al. \(2019\)](#) shows that companies implementing M&A strategies focus not only on financial aspects, but also on long-term value creation, risk management, and strengthening market positions as the basis for sustainability. Research by [Lee et al. \(2021\)](#) states that managerial factors and the Sustainable Development Goals (SDG) index play a crucial role in supporting the sustainability of M&A activities during the COVID-19 pandemic, highlighting the significance of sustainability aspects in global business strategy.

## 2.5. Singapore as a Strategic Location

Singapore serves as a strategic location for Mergers and Acquisitions (M&A) and Foreign Direct Investment (FDI) due to its numerous advantages. Geographically, Singapore sits at the crossroads of international trade routes, making it a key gateway to Southeast Asia and global markets. This provides easy access for companies seeking to expand their business networks and penetrate markets both regionally and internationally. Furthermore, the Singaporean government creates a highly supportive investment climate through pro-business policies, including clear regulations and tax incentives for foreign investors ([Siregar et al., 2025](#)). Its strong political and economic stability further enhances Singapore's appeal as a safe and secure business location.

State-of-the-art infrastructure and a thriving financial sector are crucial elements in supporting efficient M&A and FDI transactions. Singapore is also renowned as a hub for numerous multinational corporations, fostering a vibrant business ecosystem and extensive industrial networks. Strict legal protections, particularly regarding intellectual property rights and corporate governance, contribute to building confidence among foreign businesses and investors in investing and conducting mergers and acquisitions.

## 2.6. The Relationship between Merger and Acquisition, and Foreign Direct Management

M&A and FDI are intertwined as key strategies for companies to achieve growth and expand their markets internationally. FDI serves as a direct investment to enter new markets and acquire local capabilities, while M&A provides a means of corporate integration to generate new value through the pooling of resources and skills ([Emako et al., 2022](#)). These two strategies are expected to create synergies that improve a company's efficiency, profitability, and competitiveness in the global marketplace.

## 2.7. Synergy Theory

Synergy Theory states that the primary objective of a corporate merger or acquisition is to generate greater total value than if the entities operated separately. This linkage arises from cost reductions, improved asset utilization, market expansion, and increased revenue, all of which strengthen the company's overall position. This theory serves as a basis for companies engaging in M&A and FDI to maintain competitive advantage and achieve sustainable growth ([Holtström & Anderson, 2021](#)).

## 2.8. Agency Theory

Agency theory points to the relationship between company owners (principals) and management (agents) that can lead to conflicts of interest in decision-making, particularly in M&A and FDI processes ([Yang & Morgan, 2011](#)). This misalignment of interests can hinder strategic success if not properly managed. Therefore, sound corporate governance and an efficient oversight system are crucial to ensure transparency, accountability, and the protection of shareholder rights. Singapore implements strict regulations in this area, creating a safe and attractive business environment for international investors.

## 3. RESEARCH METHOD

### 3.1. Research Design

This research was conducted using the literature review method, an approach aimed at collecting, evaluating, and synthesizing existing literature on a specific research topic ([Anggiria & Trisnainingsih, 2024](#)). Furthermore, according to [Mustofa and Tjaraka \(2023\)](#), a literature review is a method that combines summaries, views, or assessments of experts while considering various relevant sources.

Various sources, such as scientific papers, journals, news articles, and other materials relevant to the research topic, can serve as examples of documents. This method is carried out by reviewing various previously published literature, for example, articles or journals related to the main topic of the research.

### 3.2. Sample and Data Collection

Based on the information in Table 1, 20 research articles met the criteria: they were published between 2015 and 2025, were published in indexed journals, and discussed M&A, FDI, and business sustainability in Singaporean companies. These articles provided background information and research findings, which the researchers used as reference material.

**Table 1.** Number of Literature Search Results

Database	Observation Date	Period	Keywords	Total
Google Scholar	16 September 2025	2015—2025	Mergers and Acquisitions, M&A, Foreign Direct Investment, FDI,	30
	18 September 2025	2015—2025	Eliminate articles that do not match the topic/keywords	10
			Mergers and Acquisitions, M&A, Foreign Direct Investment, FDI,	20

Source: Research Data – processed (2025)

The researchers then used these twenty articles as literature sources. The collected data was then analyzed in three stages: the first stage was reducing the data according to criteria; the second stage was studying the data and conducting a literature review; and the third stage was analyzing the data and drawing conclusions (Ferdiansah, 2025).

### 3.3. Data analysis

The data analysis methods applied to process and interpret the collected data, such as statistical analysis or thematic coding, are then described. It is important to recognize the limitations of the methods used, discussing potential biases or limitations that could influence the research results. By including these elements, the research methods section provides clear and detailed guidance on how the research was conducted, ensuring transparency and replication.

In this study, the data analysis technique is descriptive and thematic, in accordance with the literature review approach. Each selected article is analyzed based on the following themes: Mergers and Acquisitions (M&A), Foreign Direct Investment (FDI), and sustainability in Singapore. The analysis process is carried out by identifying patterns, relationships, and variations in findings between studies to gain a more comprehensive understanding of trends and policy impacts in the Singaporean economic context.

In addition, researchers also considered the relationship between publication dates, the methods employed in each source, and the research findings' contribution to the advancement of global economic theory and practice. The analysis was then synthesized to identify general patterns and remaining research gaps.

While this method offers in-depth insights into the existing literature, it is important to acknowledge that the main limitations lie in the reliance on secondary sources and the potential for selection bias in the selection of articles. However, measures have been taken to mitigate this bias by ensuring that the sources used are from reputable scientific journals and within a relevant time period.

## 4. RESULTS AND DISCUSSION

### 4.1. Results

Using a literature review, this study found that M&A and FDI opportunities in Singapore are based on strategic and sustainability principles, so success is not measured solely in financial terms. Specifically, the impact of M&A on financial performance is inconsistent. However, despite this inconsistency, studies have noted that M&A often has no significant impact on profitability, liquidity, leverage, and the risk of the quick ratio persists (Rashid & Naeem, 2017). Following a merger, increasing the welfare of a company's value depends heavily on achieving cost savings and high network effects (Cosnita-Langlais & Rasch, 2023). Unlike FDI, long-term investment flows have a positive impact on economic growth and environmental quality in Singapore. This is supported by trade openness and financial

development. However, FDI also poses social challenges by exacerbating income disparities (Ridzuan et al., 2017). Non-financial factors are drivers of M&A sustainability driven by strategic objectives, control risk concerns, and expansion reasons (Hečková et al., 2019), while company size on the SGX has been shown to significantly influence the level of environmental disclosure than financial metrics (Wahyuningrum et al., 2020), confirming the importance of human aspects and post-integration management in the success of cross-border M&A (Liu et al., 2022).

**Table 2.** Journal Article Results

No	Title and Author	Results
1	Horizontal mergers, cost savings, and network effects.  Andreea Cosnita-Langlais & Alexander Rasch (2022).	The results of the study found that the level of cost savings required to ensure lower prices or higher welfare after a merger is generally proven to decrease with the level of network effects, the amount of merger cost savings remains a crucial factor in the analysis of prices and welfare of horizontal mergers, the non-monotonic impact of network externalities that can produce Pareto welfare-improving outcomes for three-to-two mergers, but not for four-to-three mergers.
2	The Influence of Financial Performance and Company Characteristics on Environmental Disclosure in Companies Listed on the Singapore Exchange  Indah Fajarini Sri Wahyuningrum, Nilam Putri, and Retnonigrum Hidayah (2020).	The results of this study indicate that only company size has a significant positive effect on environmental disclosure. Conversely, profitability, leverage, and industry type have no effect on environmental disclosure by companies.
3	Cross-Border Mergers and Acquisitions as a Challenge for Sustainable Business  Jaroslava Hečková, Róbert Štefko, Miroslav Frankovský, Zuzana Birknerová, Alexandra Chapčáková, and Lucia Zbihlejova (2019).	The results obtained confirm that merger and acquisition business strategies are not only related to finance and investment, but also knowledge exchange, market position, company value, risk reduction, transaction costs, restructuring, and other factors that are crucial for sustainable business.
4	Does Foreign Direct Investment Successfully Lead to Sustainable Development in Singapore?  Abdul Rahim Ridzuan, Nor Asmat Ismail, and Abdul Fatah Che Hamat (2017)	The analysis shows that FDI can only have a positive impact on economic growth and environmental quality. Based on the income distribution model, higher FDI inflows can worsen income inequality in the country. Therefore, based on this case, the government can play a role by providing more incentives to foreign companies that can provide more job opportunities for not only skilled but also semi-skilled workers.
5	Cross-Border M&A Motives and Home Country Institutions: Role of Regulatory Quality and Dynamics in the Asia-Pacific Region  Peter Zámorský, Zheng Joseph Yan, Erwann Sbaï and, Matthew Larsen (2021).	The results show that regulatory quality in the private sector is an important governance indicator with a significant positive effect on the "expanding offerings" motive and a significant negative effect on the "expanding scale" motive in cross-border M&A. We also find strong evidence of the effect of transaction year on M&A motives. The evidence is positive for the "expanding scale" and "expanding geographic reach" motives, but negative for the "adding products/expanding offerings" motive. Finally, our results suggest that the impact of regulatory quality on cross-border M&A motives changes over time, but the impact is different for the "traditional" and "springboard" motives.
6	The Impact of the COVID-19 Pandemic on Cross-Border	Research findings indicate that the COVID-19 pandemic did not directly hinder merger and acquisition deals between countries. The number of



No	Title and Author	Results
	<p>Mergers and Acquisitions Determinants: New Empirical Evidence from Quasi-Poisson and Negative Binomial Regression Models.</p> <p>Han-Sol Lee, Ekaterina A. Degtereva, dan Alexander M. Zobov (2021).</p>	<p>COVID-19 cases did not impact merger and acquisition activity, but the death rate did in some developed countries. The Sustainable Development Goals (SDG) index is a key element positively related to merger and acquisition activity, particularly in developing countries. Market attractiveness is also crucial, while cost efficiency has less influence during the pandemic. Managerial ability to deal with the pandemic is more influential on the continuity of merger and acquisition activities than the pandemic itself.</p>
7	<p>Hypothetical Scenario between Sirius Corporation vs Magma Logistics based on Singapore and Japan Perspective</p> <p>Mahmuddin and Hibertus Sumplisius M.Wau (2023)</p>	<p>This study reveals that despite the COVID-19 pandemic, mergers and acquisitions in Singapore and Japan have continued despite stringent regulatory challenges. Singapore emphasizes shareholder protection and regulations, making acquisitions difficult without raising bids. Meanwhile, Japan employs a "poison pill" strategy to maintain control. Magma had to raise its bid and secure shareholder support to gain control of Sirius. Essentially, the rules and culture in both countries make hostile takeovers difficult and encourage transparent management that protects shareholders.</p>
8	<p>The Effect of International Economic Variables on Singapore's Foreign Direct Investment in Indonesia</p> <p>Reni Novianti Sari and Syamsul Amar (2023)</p>	<p>The research results show that Singapore's economic growth and inflation, domestic investment, and economic openness significantly influence Singapore's foreign direct investment (FDI) in Indonesia over the long term. Conversely, Indonesian economic factors such as economic growth, inflation, interest rates, and exchange rates do not significantly impact Singapore's FDI. Economic openness has a positive effect on FDI in the short term. Therefore, Singapore's macroeconomic conditions and the level of openness of the Indonesian market are the main factors influencing these foreign investment flows.</p>
9	<p>The impact of transport energy consumption and foreign direct investment on CO2 emissions in ASEAN countries</p> <p>Mohsin Shabir, Abid Rashid Gill, Minhaj Ali (2022)</p>	<p>This study evaluates the influence of transportation energy consumption and foreign direct investment (FDI) on CO2 emissions in five ASEAN countries (Indonesia, Malaysia, the Philippines, Thailand, and Singapore) over the period 1980-2019. Analysis using a nonlinear autoregressive distributed lag (NARDL) model indicates a long-term relationship between CO2 emissions and the factors that support them. Only Singapore exhibits an Environmental Kuznets Circle (EKC) pattern, where economic growth ultimately reduces CO2 emissions, while other countries show income that continues to increase emissions. Energy consumption in the transportation sector significantly increases CO2 emissions in all countries studied, with a greater effect than FDI. FDI typically increases emissions in developing countries except Singapore, which attracts quality FDI in the more environmentally friendly service sector. It is recommended that ASEAN countries implement prudent growth policies, support sustainable foreign direct investment, and improve energy efficiency in the transportation sector to reduce carbon emissions.</p>
10	<p>Predicting the Success of Mergers and Acquisitions in Manufacturing Sector in India: A Logistic Analysis</p> <p>N. M. Leepsa dan Chandra Sekhar Mishra (2017)</p>	<p>This study applies logistic regression to predict factors contributing to the success or failure of manufacturing companies in India after mergers and acquisitions (M&amp;A), using Economic Value Added (EVA) as a performance measure. The results show that liquidity, as measured by the quick ratio, and efficiency, as assessed by the asset turnover ratio, have a significant positive impact on post-M&amp;A success. Conversely, the current ratio and net profit margin negatively impact M&amp;A success. Prior experience in M&amp;A and company size do not significantly predict M&amp;A success. This logistic regression model can classify M&amp;A success and failure with an accuracy of approximately 60-70%. Practical implications: Managers need to focus more on a company's liquidity position to increase the chances of M&amp;A success.</p>

No	Title and Author	Results
11	Foreign Direct Investment Inflows and Economic Growth in Singapore: An Empirical Approach  <a href="#">Ha-chi Le and Thai-ha Le (2020)</a>	Research on Singapore's success in attracting FDI and M&A shows that FDI is a major factor in Singapore's long-term growth, where exports and FDI have consistently driven GDP growth since 1970.
12	East-Meets-West: Mergers and Acquisitions challenges and opportunities in and out of Asia  <a href="#">Yipeng Liu, Ralf Bebenroth, &amp; Yongqiang Yang (2022)</a>	The research findings show that Singapore plays a strategic role in the Asian mergers and acquisitions (M&A) ecosystem. Singapore plays a dual role in the Asian M&A ecosystem: as a strategic destination for foreign investment (inbound M&A) and as an active player in global expansion (outbound M&A). This role is supported by political stability, a transparent legal system, and a reputation as an international financial center. Challenges remain, but opportunities from digitalization, technological innovation, and involvement in regional trade agreements continue to strengthen Singapore's appeal as a global economic hub.
13	The economic geography of mergers and acquisitions (M&As)  <a href="#">Liam Keenan and Dariusz Wójcik (2023)</a>	Singapore plays a dual role in FDI flows through M&A: as a strategic destination for foreign investment and a base for global expansion for domestic companies. Its advantages include regulatory stability, a strong financial sector, and its position as an Asian hub, making Singapore a hub for cross-border acquisition activity. Furthermore, increased M&A also carries the risk of concentration of corporate power and potential monopolies, necessitating sustainable management policies.
14	Analysis of Factors Influencing Foreign Direct Investment in Singapore  <a href="#">Princess Alfiahnur &amp; Indri Arrafi Juliannisa (2023)</a>	FDI in Singapore is influenced by long-term economic growth (GDP), while in the short term it is influenced by interest rate fluctuations. The exchange rate factor is insignificant. This suggests that macroeconomic stability, interest rate control, and GDP strengthening are key for the government.
15	Structural Changes and the Impact of FDI on Singapore's Manufacturing Activities  <a href="#">Shandre Mugan Thangavelu (2023)</a>	Research shows that FDI is a key driver of Singapore's manufacturing growth, particularly in the semiconductor, chemical, and pharmaceutical sectors. However, M&A activity also reveals a different side.
16	Mergers and Acquisitions and Greenfield Foreign Direct Investment in Selected ASEAN Countries  <a href="#">Alireza Tavakol Moghadam, Nur Syazwani Mazlan, Lee Chin &amp; Saifuzzaman Ibrahim (2019)</a>	This study compares M&A and greenfield FDI in ASEAN, including Singapore. The results show that foreign companies tend to choose M&A in markets with stable regulations, such as Singapore, as they provide faster access to local distribution networks and technology. Greenfield investment is preferred in countries with low labor costs. The main determining factors are market size, exchange rate stability, and investment openness.
17	Foreign Direct Investment and Economic Growth with Structural Break: The Case of Singapore  <a href="#">Özgür Özaydın &amp; Anıl Dağdemir (2022)</a>	Using the structural break method, this study found that FDI has a positive effect on Singapore's long-term GDP per capita growth. However, the effect of FDI is indirect and requires time (lag effect). This suggests that Singaporean government policies promoting a long-term investment climate have proven effective. The study also confirmed that the global crisis briefly affected FDI flows, but Singapore quickly recovered.

No	Title and Author	Results
18	Understanding the Relevance of Sustainability in Mergers and Acquisitions—A Systematic Literature Review on Sustainability and Its Implications throughout the Deal Stage  Christoph Kayser & Henning Zulch (2024)	This research found that the concept of sustainability <i>must</i> be integrated as a strategic driver throughout all stages of M&A. This demonstrates that M&A is no longer simply a financial transaction, but rather a process tied to the risk assessment and ESG value of the target company. Long-term M&A success now hinges on the ability to align operations and policies to support sustainable development goals.
19	Mergers and Acquisitions Research in Finance and Accounting: Past, Present, and Future  Douglas Cumming, Varun Jindal, Satish Kumar, and Nitesh Pandey (2023)	Research shows that M&A expands global economic connectivity. Singapore is positioned as a geographic hub for FDI in Asia. This study examines the impact of M&A on expanding global economic networks. Singapore emerges as an example of a financial center that serves as a link between Asian and global markets. This success is attributed to investment liberalization and competitive tax policies.
20	Cross-Border M&A: Challenges and Opportunities in Global Business Environment  Rosa Caizza, Katsuhio Shimuzu, and Toru Yoshikawa (2017).	They study comprehensively analyzed the direction of <i>Mergers and Acquisitions</i> (M&A) research in finance and accounting. The findings indicate that finance is dominated by studies on governance mechanisms, the impact of shareholder wealth, and the role of financial experts, while accounting focuses on issues related to the treatment of <i>goodwill</i> and the quality of financial reporting. In addition to classifying past and present themes, the study identifies an urgent need for future research focus, including exploring M&A in emerging markets, the impact of digitalization, and the integration of sustainability factors (ESG).

Source: Research Data (2025)

#### 4.2. Discussion

Literature studies indicate that mergers and acquisitions (M&A) and *foreign direct investment* (FDI) play a crucial role in enhancing business growth and sustainability in Singapore. Research by [Cosnita-Langlais and Alexander Rasch \(2022\)](#) emphasizes the importance of cost savings in horizontal mergers, contributing directly to improved welfare after the merger. [Hečková et al. \(2019\)](#) demonstrate that M&A involves not only financial aspects but also knowledge exchange and strengthening market positions, which are essential for business continuity. FDI in Singapore has also been shown to support sustainable development with positive impacts on economic growth and the environment, consistent with research by [Ridzuan et al. \(2017\)](#) and [Shabir et al. \(2022\)](#), which indicates that foreign direct investment promotes a more environmentally friendly service sector, unlike other ASEAN countries.

In the corporate performance after M&A and FDI, various studies have shown varying results influenced by internal and external factors. Research by [Leepsa and Mishra \(2017\)](#) indicates that liquidity and asset efficiency positively influence M&A success, while net profit margin and current ratio can have a negative impact. Conversely, research by [Wahyuningrum et al. \(2020\)](#) emphasizes that company size plays a significant role in environmental disclosure, while profitability and leverage have less influence, suggesting that non-financial factors are also vital in supporting business sustainability. A study by [Lee et al. \(2021\)](#) emphasizes that managerial skills and alignment with the Sustainable Development Goals (SDGs) significantly influence the continuity of M&A activities, especially during the pandemic, indicating that strategic adaptation and an emphasis on sustainability are key to business success in Singapore.

Furthermore, post-merger financial performance analysis often yields mixed results. [Rashid and Naeem \(2017\)](#) found that mergers had no significant impact on profitability, liquidity, and leverage. However, in other instances, they identified a negative and statistically significant impact on the acquired company's *quick ratio*. This confirms that M&A success cannot be measured solely by a single metric, as results can vary depending on the sector, size, and specific circumstances of the company. Furthermore, M&A can also be viewed as a strategy to strengthen competitiveness and synergy,



enabling companies to overcome resource constraints through more efficient resource utilization (Rashid and Naeem, 2017).

FDI in Singapore exhibits distinct patterns influenced by industry characteristics and the national environment. According to Liu *et al.* (2022), FDI in Asia is often driven by factors such as industry characteristics and the national environment, which create divergence in investment behavior. However, human factors, such as post-integration management and knowledge transfer, tend to create convergence among Asian firms. This pattern is evident in Singapore, which serves as a hub for FDI in a wide range of industries, from high-tech manufacturing to financial services. Singaporean firms' use of FDI to expand into emerging Asian markets, such as Vietnam and Indonesia, highlights the country's role as a strategic hub for global growth. In short, the success of M&A and FDI in Singapore depends not only on financial figures but also on the firm's ability to manage cultural and operational integration and adapt to global geopolitical dynamics.

Various studies have shown that FDI plays a significant role in Singapore's economic growth. Thangavelu (2023) found that FDI and exports increase manufacturing productivity, although *outsourcing* and industrial agglomeration have a negative impact. At the macro level, FDI is positively affected by GDP in the long run, but negatively affected by interest rates in the short run. Research by Le and Le (2020) supports these findings by showing that only FDI and exports play a significant role in long-term growth, even with a two-year lag.

From an M&A perspective, Keenan and Wójcik (2023) emphasize that M&A is a primary form of FDI that expands global relationships, but also has the potential to increase corporate power and inequality. Meanwhile, Liu *et al.* (2022) highlight the *East-Meets-West pattern* in Asian M&A, where Singapore excels due to its legal stability and ability to adopt Western practices without neglecting the local context. Overall, these findings suggest that Singapore's attractiveness for M&A and FDI lies in its economic stability, regulatory certainty, and position as a regional hub, although challenges such as dependence on multinational corporations still need to be addressed.

Research by Moghadam *et al.* (2019) found that foreign companies tend to choose M&A strategies in countries with stable regulations, such as Singapore, because they provide quick access to local distribution networks and technology. Conversely, *greenfield investments* are more attractive in countries with low labor costs. These findings confirm that exchange rate stability, market size, and investment openness are key determinants of foreign investment strategy. Furthermore, a study conducted by Özaydin and Dağdemir (2022) using a *structural break approach* shows that FDI has a significant positive impact on Singapore's long-term GDP per capita growth, although the effect is indirect (*lag effect*). This illustrates the effectiveness of Singapore's government policies in fostering a long-term investment climate and its resilience to global crises.

Similarly, research by Zámorský *et al.* (2021) emphasizes that institutional and regulatory quality plays a crucial role in the success of cross-border M&A. Singapore is repositioned as a regional benchmark due to its legal stability and policy transparency, which support sustainable investment. Furthermore, M&A expands global economic connectivity, with Singapore emerging as a geographic hub for FDI in Asia. This success is closely linked to investment liberalization policies and competitive tax attractiveness, which make Singapore a hub between Asian and global markets.

Caizza *et al.*'s (2017) article highlights the key challenges facing cross-border M&A, such as cultural differences, legal systems, and tax policies. However, Singapore is seen as superior due to its ability to minimize these obstacles with a clear legal framework, regulatory certainty, and an open business environment. Thus, these five studies collectively confirm that Singapore's attractiveness in the context of M&A and FDI lies in its institutional stability, investment-friendly policies, and position as a strategic regional hub.

## 5. CONCLUSION

Mergers and acquisitions (M&A) and foreign direct investment (FDI) have proven crucial strategies for driving economic growth and business sustainability in Singapore. Regulatory stability, strategic geographic location, and supportive investment policies make Singapore attractive to international investors. M&A supports companies in creating synergies and enhancing competitiveness, while FDI contributes significantly to sustainable development, particularly in the services sector and high-tech industries. However, the success of both strategies depends not only on financial aspects but also on corporate governance, effective post-acquisition management, and a commitment to sustainable business practices.

### 5.1. Implications

The findings of this study have several significant consequences. From a theoretical perspective, this study enhances understanding of global strategy, particularly regarding the linkages between FDI, M&A, and investment attractiveness in Southeast Asia. Practically, these findings can serve as recommendations for the Singaporean government to continuously update its investment policies to align with global changes. Furthermore, multinational companies can use Singapore as a reference in managing cross-border business integration and developing global expansion plans.

### 5.2. Limitations

This study still has limitations. The data used only covers the last ten years, so it cannot comprehensively depict long-term trends. Second, this study prioritizes macroeconomic and regulatory aspects, so it does not cover the details of specific company case studies. Third, because it utilizes secondary data, there are potential limitations related to the accuracy and completeness of the information.

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### Abbreviations

M&A: Mergers and Acquisitions  
FDI: Foreign Direct Investment  
EVA: Economic Value Added  
GDP: Gross Domestic Product  
SDGs: Sustainable Development Goals  
SGX: Singapore Exchange

### Authors' contribution

DAPM analyzed and collected data from various literature sources. VNM was responsible for writing and editing the manuscript. KK contributed to the literature review and analysis of the research results. SNA contributed to formulating the methodology and conducting final revisions to the manuscript.

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### Availability of Data and Materials

The data and materials for this research are the result of a literature review of various secondary sources published over the past ten years. All data used can be found and accessed through relevant academic publications as a basis for validating the research findings.

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