

# THE MOTIVE BEHIND INTERNATIONAL DIVERSIFICATION ACQUISITION BY BUSINESS GROUP

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**Abstract.** This study aims to determine the influence of the industry group business on international acquisition diversification with private ownership and strategic asset seeking as moderating variables. Using resource-based and institutional theory, this study hypothesizes that the industry group business provides benefits and encourages diversification of international acquisitions. In addition, this study also argues that private ownership and strategic assets seeking amplify the influence of industry group business on diversification international acquisition. The novelty of this research aims to address by proposing strategic assets seeking as a moderated variable that influence industry group business on diversified international acquisitions. The sample data of this research are companies listed on the Indonesia Stock Exchange between 2018–2021. The findings of this research can be useful for companies to understand the significance of intangible assets and how they can leverage them to gain a competitive advantage in their respective industries. The results of this study will greatly assist researchers in the field of international acquisitions.

**Keywords:** international acquisition, diversification, industry group business, strategic assets seeking, private ownership.

**JEL Classification:** G11, G31, M14.

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## 1. Introduction

Economic globalization causes business competition between domestic companies and international companies to become more competitive. Thus, companies are required to develop a good business strategy to survive. One of the business strategies that companies can carry out in the current era of globalization is merging business strategies or acquisitions. Through acquisitions, companies can increase working capital which can be used to develop the company's business and expand market share (Shaban et al., 2019). The international view on acquisitions is multifaceted. Cross-border mergers and acquisitions (M&A) are growing rapidly and are changing the industrial landscape in OECD countries. M&A activity is highly cyclical, and the current wave will no doubt recede in rhythm with the business cycle. Sometimes acquisitions are preferred even in the absence of barriers when speed of entry is essential, such as to exploit a patent or an innovation. In 2023, global M&A trends show that automotive and industrial OEMs are acquiring mining companies to secure the supply of critical minerals necessary for battery production and energy. Additionally, research has shown that

companies can pursue a non-synergy acquisition strategy profitably, capturing sustained returns of 18% to 35% per year. There is also a significant relationship between the size of cross-border acquisitions and global policy uncertainty (Dang et al., 2021; Neuhauser, 2007; Organization for Economic Cooperation and Development, 2008).

If the company acquires with the primary purpose of seeking resources, the things that need to be considered by the company before making an acquisition are the size of the acquisition and the diversification of the business group, especially international diversification. The diversification in between each business group can open up opportunities for the company (Batsakis et al., 2018). However, acquisitions can become highly challenging to carry out if there are fundamental differences between the acquiring and target companies (Shi et al., 2021). A business group industry can reduce acquisition risks such as increased cost prospects after acquiring a company that has the same industry field. Thus, if company experience difficulties acquiring a target company, it is common for companies within the same business group affiliation to assist the company. Diversified business group industries can provide pre- and post-acquisition advantages also

legitimacy and encourage diversified international acquisitions reinforced by private ownership and strategic asset seeking motives (Purkayastha et al., 2022; Shi et al., 2021). Several factors can influence the diversification of international acquisitions, including industry diversification (Eli et al., 2021). Expanded resources by utilizing the industrial advantages of business groups can positively influence the long-term post-acquisition performance of companies with diversified international acquisitions (Popli et al., 2017). Diversified international acquisitions of emerging market firms are more likely to pursue acquisitions with strategic asset-seeking motives. Business group industry, as well as foreign institutional shareholding, moderate the relationship, thereby strengthening the tendency of firms to diversify into international acquisitions (Ahsan et al., 2021).

In the industry, acquisition is a powerful tool for international diversification and also to acquire new assets and employees. For example, PT Delta Dunia Makmur Tbk (DOID) took over an Australian company, Downer EDI Limited, through its subsidiary PT Bukit Makmur Mandiri Utama (BUMA). DOID acquired Downer Edi Mining to expand and diversify its business. Additionally, DOID wanted to exit the capital-intensive mining business and pursue an urban services strategy supported by asset prospecting. Not only that, PT Telkom Indonesia (Persero) Tbk (Telkom) also did the same thing by buying a majority stake in TS Global Network Sdn Bhd (TSGN), a Malaysian satellite communications services company. Telkom Indonesia acquired TSGN to expand its overseas operations, diversify its business, and synergize with Telkom 4 satellite. Additionally, Telkom Indonesia may have considered the acquisition to boost its market capitalization. And lastly Salim Group also made acquisitions by taking over Bumi Resources (BUMI) and MBZ Toll Road. Salim Group acquired BUMI and MBZ Toll to diversify its business, expand its overseas operations, and potentially create synergies with its existing businesses. Additionally, Salim Group may have considered the acquisitions as strategic investments to increase its market share and competitiveness. Acquisitions are the main reason to gain more significant assets and profits in the industry group business (IDN Financials, 2021; Sandria, 2022; Sidik, 2021; Telkom Indonesia, 2017).

Numerous studies have highlighted the significance of the industry group business on international acquisition diversification. Research has shown that affiliation with a diversified business group can provide benefits and legitimacy before and after acquisitions, including access to unique resources and the ability to overcome domestic constraints, thereby enhancing the competitive position of the acquiring firm (Arte & Larimo, 2022). Industrial diversification and extensive CEO experience in cross-border acquisitions or business groups have been found to positively influence international acquisition diversification (Eli et al., 2021). Additionally, business group affiliation and foreign institutional shareholding have been discovered to moderate the relationship, strengthening the company's tendency to engage in international acquisition diversification (Ahsan et al., 2021; Popli & Ladkani, 2020). On the

other hand, state-owned enterprises (SOEs) have been indicated to have a lower completion rate of acquisitions due to resource constraints and ambiguity (Li et al., 2019).

Previous research of Shi et al. (2021), stating that the factors influencing multinational enterprises' (MNEs) acquisition of diversifying foreign businesses, are based on institutional theory which is affiliation with a domestically diversified business group confers pre- and post-acquisition advantages, private ownership and strategic asset seeking. On the other hand, Edi et al. (2020) recommend to consider the resource-based view in intangible resources by using competitive advantage, organizational assets, intellectual property resources, capabilities which are the extensions of intangible assets because in acquisition process, Intangible assets will be transferred from the parent company switches to the subsidiary company or the other ways (Alam et al., 2014; Carmo & Marcondes, 2016). This study aims to analyze the relationship between business group industry, private ownership, strategic asset seeking, and diversified international acquisition decisions in companies. The research seeks to understand how these factors interplay and how private ownership and strategic asset seeking moderate the relationship between business group industry and diversified international acquisition. This research may contribute to the existing literature on mergers and acquisitions by exploring the role of industry group business, private ownership, and strategic asset seeking in the context of diversified international acquisition. The novelty of this research is to answer the recommendation from previous research (Edi et al., 2020), the need to consider the resource-based view in intangible resources. This research aims to address that recommendation by proposing strategic assets seeking as a moderated variable that influence industry group business on diversified international acquisitions.

## 2. Literature review

Acquisition is the process by which a company (investor) owns a majority (more than 50%) of the ordinary shares of another company (Investee) and establishes a relationship as a parent and subsidiary company. There is no dissolution or liquidation associated with this process, and both the acquired company and the acquiring company continue to maintain their identities by remaining separate legal entities (Shaban et al., 2019). Suppose the company acquires with the primary purpose of seeking resources. In that case, the things that need to be considered by the company before making an acquisition are the size of the acquisition (the size of the shares acquired) and the diversification of the business group, especially international diversification because this will open up opportunities as well as integration challenges for the company (Batsakis et al., 2018).

Companies use diversified international acquisition strategy to expand international market share and improve company performance. Diversification can be used to achieve various objectives, such as increasing growth, maintaining stability, increasing credibility in the capital market, and increasing sales and profits. However, the

results of diversification through mergers and acquisitions do not always provide positive results in the company's financial performance. Therefore, companies must consider carefully before diversifying (Nigam & Gupta, 2023; Schommer et al., 2019; Shao et al., 2020). A business or business group industry is a collection of independent companies legally bound together by formal or informal ties (Eduardsen et al., 2022).

### 2.1. Industry group business on diversified international acquisition

Several studies have been conducted to examine the influence of the industry group business on international acquisition diversification. Industry group business have a tendency to engage in diversified international acquisitions in emerging markets (Popli et al., 2017; Shi et al., 2021). Business group affiliations provide resources and information that influence firms' decisions in seeking strategic assets for international acquisition diversification (Ahsan et al., 2021). Companies affiliated with industry group business and serving heterogeneous industries gain higher local market power in diversification international acquisition (Fathollahi et al., 2022). Research by Kumar et al. (2020) indicated that younger and non-affiliated firms with industry group business tend to pursue international acquisition diversification as a means of internationalization. There is also an impact of intergroup heterogeneity in terms of group level assets and foreign investment on the relationship between firm age and aggressive internationalization. Based on the statement above, the first hypothesis of this research is as below:

*H1: The industry group business has a significant positive impact on diversified international acquisition.*

### 2.2. Private ownership on the relationship between industry group business and diversified international acquisition

A legitimizing effect (how the enterprise is owned and what its motives are) to engage in and conduct those highly risky deals in the first place. Since relatively early on in China's reforms, state-owned business groups have been discouraged from diversifying (Shi et al., 2021). Companies with private ownership tend to have higher acquisition rates and find it easier to diversify into international acquisitions through the industry group business than state owned enterprises (SOEs), which tend to follow a conservative strategy in diversification and favor home-country investments (Li et al., 2019). However, the difference between state ownership and private ownership may be reduced if the home country has high government quality and good market orientation (Grøgaard et al., 2019). In addition, state-owned firms can gain more through diversified international acquisitions as they have more financial resources and government support. However, private ownership has greater relevance in diversified international acquisitions through industrial business

groups as it has a larger resource pool (Pereira et al., 2021). Based on the statement above, the second hypothesis of this research is as below.

*H2: Private ownership strengthens the positive relationship between the industry group business and diversified international acquisition.*

### 2.3. Strategic asset seeking on the relationship between industry group business and diversified international acquisition

Strategic asset seeking motives are essential in the relationship between business group industry and diversified international acquisitions. This is because the strategic asset seeking motive is a significant factor in the relationship between the industry group business and diversified international acquisitions. Resource-Based View (RBV) perspective would suggest that the firm's resources can be leveraged to pursue and capitalize on international acquisition opportunities. This is in line with the RBV's emphasis on using internal resources to take advantage of external opportunities and its focus on resources as a source of sustained competitive advantage (Edi et al., 2020). Companies with a business group industry tend to use strategic asset seeking motives in international acquisitions to gain benefits and legitimacy before and after diversified international acquisitions (Shi et al., 2021). Companies use the strategy of searching for strategic assets to help the company in profitable markets (Sutherland et al., 2018). Strategic asset seeking motives can also increase the number of diversified international acquisitions firms due to access to strategic assets through the industry group business (Ahsan et al., 2021). Acquiring characteristics, such as trademarks and patents, influences strategic asset-seeking choices (Sutherland et al., 2020). Moreover, the stepping stone perspective of acquiring strategic assets in developed markets is only relevant for firms or affiliated business group industries (Petersen & Seifert, 2014). Based on the statement above, the third hypothesis of this research is as below:

*H3: strategic asset search strengthens the positive relationship between the industry group business and diversified international acquisition.*

Based on the theoretical framework and the hypothesis development, this study analyzes the role of business group industry in diversified international acquisition. The conceptual framework of this research is presented in Figure 1.

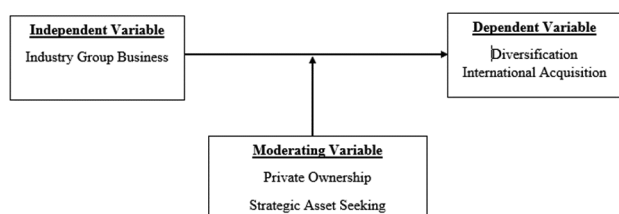


Figure 1. Conceptual framework

### 3. Research methodology

#### 3.1. Sample selection

This research is quantitative research that examines the evolution of research variables using concrete numbers based on data collected and analyzed. This research sample consists of Indonesia public listed firms with all segment on the board of Indonesia Stock Exchange which doing an acquisition for the period 2018 till 2021. The acquisition trend in Indonesia from 2018 to 2021 has experienced a significant increase. According to data from the Business Competition Supervisory Commission, the number of merger and acquisition notifications increased from 90 in 2017 to 233 in 2021 which increase more than 100%, specifically cross border acquisition transaction in Indonesia was expected to reach a value of approximately 30.2 billion U.S Dollar in four years (Komisi Pengawas Persaingan Usaha, n.d.). which mean the period between 2018 to 2021 are the golden age of acquisition in Indonesia. The use of purposive sampling in this study is appropriate because it allows the researcher to select specific samples that meet the criteria of the study, which is important for the research objectives. The data analysis application used is SmartPLS, which is suitable for the analysis of structural equation models (SEM) and path analysis. SmartPLS helps in the estimation of parameters, testing of hypotheses, and visualization of the results, making the analysis efficient and effective, and providing valuable insights into the relationship between variables. This research uses regression analysis, specifically logistic regression, to test and analyze the relationship between variables. Logistic regression is chosen because it is designed to handle categorical dependent variables, such as the occurrence of acquisitions in this study, and can provide information on the odds ratio and other relevant statistics.

#### 3.2. Operational definition of variables

Previous studies used dummy variables to measure industry, which is equal to one if the target and acquirer operate in the same industry, and zero if the target and acquirer operate in different industries (Li et al., 2019). This research followed this approach to code the dependent variable of this study, namely (DIVER\_ACQ). Diversified international acquisition is a dummy variable with a value of 1 if the acquiring company has an unrelated industry and a value of 0 if the acquiring company has the same industry.

Following previous research conducted by (Li et al., 2019), For industry group business (IBG) variable, take a value of 1 if the company making the acquisition belongs to the industry group business and a value of 0 if the company making the acquisition is not included in the industry group business.

This research uses the POE (PRIVATE) variable based on the percentage of private ownership other than public and state ownership. The author can know the percentage of shareholders through the company's annual report published on the IDX. In addition, technology-based assets

and brands of the target companies are also incorporated, following previous research conducted by Sutherland et al. (2018). A dummy variable to represent strategic assets (SAS) is included: whether the target company has patent or trademark-based asset. The operational definition of variable of this research is presented in Table 1.

**Table 1.** Operational definition of variable

Variables	Indicator
Diversified international acquisition	1 = If the acquiring companies have different industries 0 = If the acquiring companies have the same industry
Industry group business	1 = If the acquiring company is belongs to the industry group business 0 = If the acquiring company is not included in the industry group business
Private ownership	Private owner share percentage
Strategic asset seeking	1 = If the target company has at least 1 patent/trademark 0 = If the target company has no patent/trademark rights

### 4. Results and discussion

In Table 2 there are details of descriptive statistics from the research data of all companies. Industry group business has an average value of 0.31, and private ownership in diversified international acquisition has an average of 0.45 so it can be concluded that these two variables can be categorized as still very minimal in Indonesia. The strategic assets seeking on diversified international acquisitions in Indonesia has an average value of 78% and diversified international acquisition gets an average value of 56%. It can be concluded that strategic asset seeking on diversified international acquisitions in Indonesia can be categorized as high. These findings have significant implications for the M&A landscape in Indonesia. The minimal average values of industry group business and private ownership in diversified international acquisition point to potential areas for growth and development in

**Table 2.** Descriptive statistic (source: secondary data processed, 2023)

Description	N	Minimum	Maximum	Average	St. Deviation
Diversified international acquisitions (Diver_Aqc)	60	0.00	1.00	0.56	0.49
Industry group business (IBG)	60	0.00	1.00	0.31	0.46
Private ownership (POE)	60	1.00	92.57	0.45	0.29
Strategic asset seeking (SAS)	60	0.00	1.00	0.78	0.41

the Indonesian market. This could indicate opportunities for increased consolidation and expansion within industry groups, as well as the potential for more private ownership in the context of international acquisitions. The high level of strategic asset seeking suggests a focus on acquiring companies with valuable intellectual property, which could have implications for the overall competitiveness and innovation potential of the companies involved in M&A activities in Indonesia.

**Table 3.** Descriptive statistic (source: secondary data processed, 2023)

		Frequency	Percentage
Diversified international acquisitions (Diver_Aqc)	1 = If the acquiring companies have different industry	34	56.7%
	0 = If the acquiring companies have the same industry	26	43.3%
Industry group business (IBG)	1 = If the acquiring company is belongs to the industry group business	40	66.7%
	0 = If the acquiring company is not included in the industry group business	20	33.3%
Strategic asset seeking (SAS)	1 = If the target company has at least 1 patent/trademark	47	78.3%
	0 = If the target company has no patent/trademark rights	13	22.7%

Regarding to the calculation (see Table 3) the variable "Diversified international acquisitions (Diver\_Aqc)," revealed that out of the total cases, 34 cases (56.7%) corresponded to acquiring companies that had different industries (coded as 1), while 26 cases (43.3%) represented acquiring companies with the same industry (coded as 0). In terms of the variable "Industry group business (IBG)," it was observed that among the cases examined, 40 cases (66.7%) indicated that the acquiring company was belonged to the industry group business (coded as 1), whereas 20 cases (33.3%) denoted that the acquiring company was not included in the industry group business (coded as 0). Lastly, analyzing the variable "Strategic asset seeking (SAS)," it was found that 47 cases (78.3%) indicated that the target company possessed at least one patent/trademark (coded as 1), while 13 cases (22.7%) denoted that the target company did not hold any patent/trademark rights (coded as 0). The high level of diversification in the industries of the acquiring companies suggests a varied and robust M&A environment, with companies seeking opportunities across different sectors. The significant proportion of acquiring companies belonging to the industry

group business indicates a potential focus on consolidation and expansion within specific industry groups. Additionally, the high percentage of target companies possessing strategic assets such as patents/trademarks suggests for companies that want to be acquired at a higher price, they can develop their intangible assets. By developing intangible assets into strategic assets will make the company are more attractive to be acquired. On the other hand, for companies that want to acquire, it is better to prioritize companies that have private ownership. This will simplify the decision-making process in acquiring the company, as it will not involve many parties in the process. For companies that do not yet have a business group industry or are still in the development stage, it is better to prioritize horizontal and vertical acquisitions to avoid diversifying company resources.

#### 4.1. Structural (Inner) model evaluation

To determine the effect of independent indicators on the dependent, it is necessary to test the determination or variance R<sup>2</sup>. The R Square value listed in Table 3 shows that the industry group business, private ownership, and strategic asset search can explain the variability of the diversified international acquisition construct by 33.3%, and the remaining 66.7% is explained by other factors not examined in this research model. The Q Square calculation is intended to assess the diversity of the research data with the following formula:

$$Q^2 = 1 - (1 - R^2);$$

$$Q^2 = 1 - (1 - 0.333);$$

$$Q^2 = 1 - 0.667;$$

$$Q^2 = 0.333 \text{ or } 33.3\%.$$

Based on the data presented in Table 4, it can be observed that the Q square value for the dependent variable (endogenous) is 0.333. Considering this value, it can be concluded that this study has a good observation value because the Q square value is greater than 0, specifically 0.333.

**Table 4.** Coefficient of determination (source: secondary data processed, 2023)

Variable	Adjusted R Square
Diversified International Acquisition	0.333

#### 4.2. Hypothesis testing

The significance value contained in the relationship between constructs, t-statistics, and p-value can be used as evidence to test whether the hypothesis can be accepted or rejected. Figure 2 below shows the results of the bootstrapping test, and the hypothesis test result of this research is presented in Table 5.

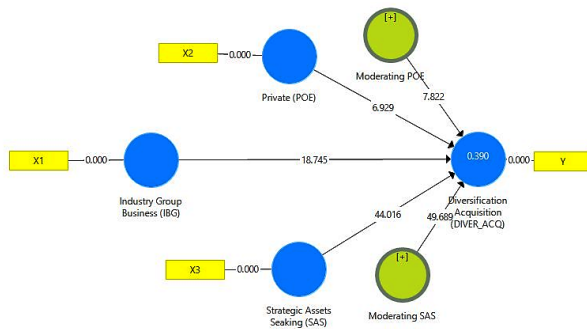


Figure 2. Bootstrapping test results

Table 5. Hypothesis test results (source: secondary data processed, 2023)

	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values	Hypothesis Conclusion
Industry group business (IBG) -> Diversification acquisition (DIVER_ACQ)	0.028	21.480	0.002	Accepted
Moderating POE -> Diversification acquisition (DIVER_ACQ)	0.010	7.701	0.016	Accepted
Moderating SAS -> Diversification acquisition (DIVER_ACQ)	0.003	21.268	0.002	Accepted

## 5. Further discussion

### 5.1. The industry group business has a positive effect on diversified international acquisition

Based on the results of this study, The industry group business has a significant positive effect on the diversified international acquisition, as indicated by the t-statistic value of 21.280 and a p-value of 0.002. Because the t-statistic value is more significant than 1.96 (for a significance level of 0.05), and the p-value is smaller than 0.05, it can be concluded that there is a significant positive effect between the industry group business (IBG) and diversified international acquisition (DIVER\_ACQ). Furthermore, since the mean value of IBG is greater than the mean of DIVER\_ACQ, it can be interpreted that companies in the business group industries have a greater tendency to diversify into international acquisitions. This is due to the industry group business provides companies with resources and information about foreign markets so that companies can condition their acquisition related decisions and their propensity to search for strategic assets (Ahsan et al., 2021). Companies in the business group are more active in making

a diversified international acquisition, because the companies already have a power in their main business areas so the companies choose to acquisition in different fields. Business groups in emerging markets can facilitate growth and diversification through acquisitions and the establishment of new business, also a business groups with a focus on diversification may more inclined to pursue international acquisitions (Fathollahi et al., 2022; Kumar et al., 2020; Popli et al., 2017; Shi et al., 2021). The implications of these findings are significant for the industry. It suggests that companies in the business group industries are well-positioned to take advantage of international acquisition opportunities, given their resources and information about foreign markets. This could potentially lead to increased growth and diversification through acquisitions and the establishment of new businesses. Additionally, the focus on diversification may make these companies more inclined to pursue international acquisitions, which could further contribute to their growth and success

### 5.2. Private ownership strengthens the positive relationship between the industry group business and diversified international acquisition

This study's results indicate a significant moderating effect of private ownership on the positive relationship between business group industry and diversified international acquisition, which can be seen from the t-statistic value of 7.701 and p-value of 0.016. Indicating that companies with private ownership and involvement in the industry group business are more inclined to diversify into international acquisitions. Private equity firms can facilitate the internationalization of portfolio companies through acquisitions, which may explain why companies with private ownership in a business group industry are more likely to internationalize through acquisitions (Grøgaard et al., 2019; Li et al., 2019; Pereira et al., 2021; Shi et al., 2021). The contrast between private and public/government ownership is also noteworthy. Businesses with public or government ownership typically have a larger number of stakeholders, leading to longer decision-making processes when it comes to acquisitions. On the other hand, companies with private ownership are generally more efficient in making acquisition decisions, enabling them to act swiftly in acquiring other companies. These findings have significant implications for businesses and investors. For businesses, it suggests that private ownership can be advantageous in the context of international acquisitions, as it allows for more agile decision-making and may facilitate internationalization. For investors, it highlights the potential benefits of private equity firms in driving the international expansion of portfolio companies through strategic acquisitions. This study's findings underscore the important role of private ownership in moderating the relationship between business group industry and diversified international acquisition. This sheds light on the dynamics of internationalization through acquisitions and the impact of ownership

structure on this process, providing valuable insights for businesses and investors alike.

### 5.3. Strategic asset search strengthens the positive relationship between the industry group business and diversified international acquisition

The results of this study support the initial hypothesis that strategic asset seeking strengthens the positive relationship between business group industry and diversified international acquisition with a t-statistic value of 21.268 and a p-value of 0.002. The t-statistic value of 21.268 indicates that the moderation of strategic asset-seeking motive on the relationship between business group industry and diversified international acquisition is statistically significant. In addition, the small p-value (0.002) also indicates that the result does not occur by chance. This is because the number of diversified international acquisitions with a strategic asset-seeking motive in making acquisitions may be higher due to the presence of companies with a business group industry (Ahsan et al., 2021). A firms that affiliated with diversified business groups are more likely to acquire unrelated foreign businesses and strategic asset seeking plays a role in this relationship (Petersen & Seifert, 2014; Shi et al., 2021; Sutherland et al., 2018, 2020). The findings of this research align with the research conducted by Edi et al. (2020) that companies with intangible assets are more attractive due to their sustainable technology, which provides a competitive advantage in their respective industries. This implies that companies with intangible assets are more likely to have a positive impact on their financial performance and attract investor interest. The study highlights the importance of intangible assets, which are non-monetary assets that do not have a physical form but provide value to the company. Additionally, companies with intangible assets are more attractive due to their sustainable technology, which provides a competitive advantage in their respective industries. The results of this study have empirically proven the novelty of this research, showing that companies with intangible assets are more attractive to be acquired. Based on the resource-based theory, it is suggested that business groups are more likely to engage in acquisitions when moderated by high levels of intangible assets (Carabel et al., 2021). Therefore, when business groups possess a substantial amount of intangible assets, they are better equipped to pursue and manage diversified international acquisitions, leveraging their strategic resources to enter new markets and industries (Dancaková et al., 2022). These findings have important implications for businesses and investors. For businesses, it highlights the potential benefits of strategic asset seeking in the context of international acquisitions, particularly for those affiliated with diversified business groups. For investors, it underscores the importance of intangible assets in driving financial performance and attracting investor interest.

## 6. Conclusions

This research aims to examine the effect of the industry group business on the diversified international acquisition with private ownership and strategic asset search as moderating variables in companies listed on the Indonesia Stock Exchange (IDX). The results showed that the industry group business positively and significantly affects diversified international acquisition. In addition, this study also found that private ownership can strengthen the positive relationship between business group industry and diversified international acquisition. Finally, the strategic asset seeking variable also strengthens the positive relationship between the industry group business and diversified international acquisition. This research may contribute to the existing literature on mergers and acquisitions by exploring the role of industry group business, private ownership, and strategic asset seeking in the context of diversified international acquisition.

The novelty of this research is to answer the recommendation from previous research. Edi et al. (2020) has recommended the need to consider the resource-based view in intangible resources. This research aims to address that recommendation by proposing strategic assets seeking as a moderated variable that influence industry group business on diversified international acquisitions. The results of this study have empirically proven the novelty of this research, showing that companies in business groups are more active in making diversified international acquisitions due to their power in their main business areas. Private ownership in a business group industry also facilitates internationalization through acquisitions, this is because businesses with public or government ownership typically have a larger number of stakeholders, leading to longer decision-making processes when it comes to acquisitions. On the other hand, companies with private ownership are generally more efficient in making acquisition decisions, enabling them to act swiftly in acquiring other companies. Additionally, companies with intangible assets are more likely to have a positive impact on their financial performance and attract investor interest. Overall, business groups in emerging markets can facilitate growth and diversification through acquisitions and the establishment of new businesses, while companies with a focus on diversification may be more inclined to pursue international acquisitions. The findings of this research can be useful for companies to understand the significance of intangible assets and how they can leverage them to gain a competitive advantage in their respective industries.

The managerial implication for companies that want to be acquired at a higher price, they can develop their intangible assets. By developing intangible assets into strategic assets will make the company are more attractive to be acquired. On the other hand, for companies that want to acquire, it is better to prioritize companies that have private ownership. This will simplify the decision-making process in acquiring the company, as it will not involve many parties in the process. For companies that do not yet

have a business group industry or are still in the development stage, it is better to prioritize horizontal and vertical acquisitions to avoid diversifying company resources. This will optimize the company's resources in accordance with the resource-based view (RBV) theory. Horizontal integration can be achieved through mergers or acquisitions, while vertical integration can strengthen a company's differentiation advantage. Pursuing these strategies will help the company sustain its competitive advantage and pursue sustainable growth strategies. Diversification can also be an option, but it is important to stay within the broad confines of the industry to reduce risk. The research may provide insights into the factors that influence diversified international acquisition in Indonesian and may have implications for practitioners and policymakers seeking to promote or regulate mergers and acquisitions in emerging markets.

The limitation of this research is the factors that use only limited by industry group business, private ownership, and strategic assets seeking. Further research could explore the impact of other factors, such as cultural differences (Rajendran & Keerthipati, 2020), regulatory environments (Arte & Larimo, 2022), and technological advancements (Ceipek et al., 2019) on diversified international acquisition or investigate the effectiveness of different strategies for managing diversified international acquisition in different contexts, such as through the use of alliances, joint ventures, or other forms of strategic partnerships.

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