

# **Understanding Target Selection in Acquisitions by Private Equity and Strategic Acquirers: A Review, Synthesis, And Future Research Agenda**

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## **ABSTRACT**

M&A deal-making environment is shared among strategic and financial (private equity) acquirers. While strategic and private equity acquirers are often discussed together in mergers and acquisition transactions, it is crucial to identify and distinguish the unique factors influencing their target selection decision. This study aims to provide a comprehensive review of how acquirer identity (strategic vs. private equity) influences acquisition choices and examines the interaction between internal and external factors in the target selection process. A comparative systematic literature review was performed following the PRISMA 2020 guidelines to analyse the interplay between internal and external factors influencing target selection. The study highlights that while strategic and private equity acquirers are driven by different factors, the influence of any factor can vary significantly between the two, yet showing some areas of overlap. The study provides a holistic understanding of the motivations driving acquisition choices by conducting a comprehensive review of the literature on the determinants of target selection. Additionally, it integrates theoretical perspectives from the reviewed literature, aligning them with the underlying motivations of strategic and private equity acquirers.

**Keywords:** Acquirer type; Financial Acquirer; Mergers & Acquisitions, Private Equity Buyouts; Target selection