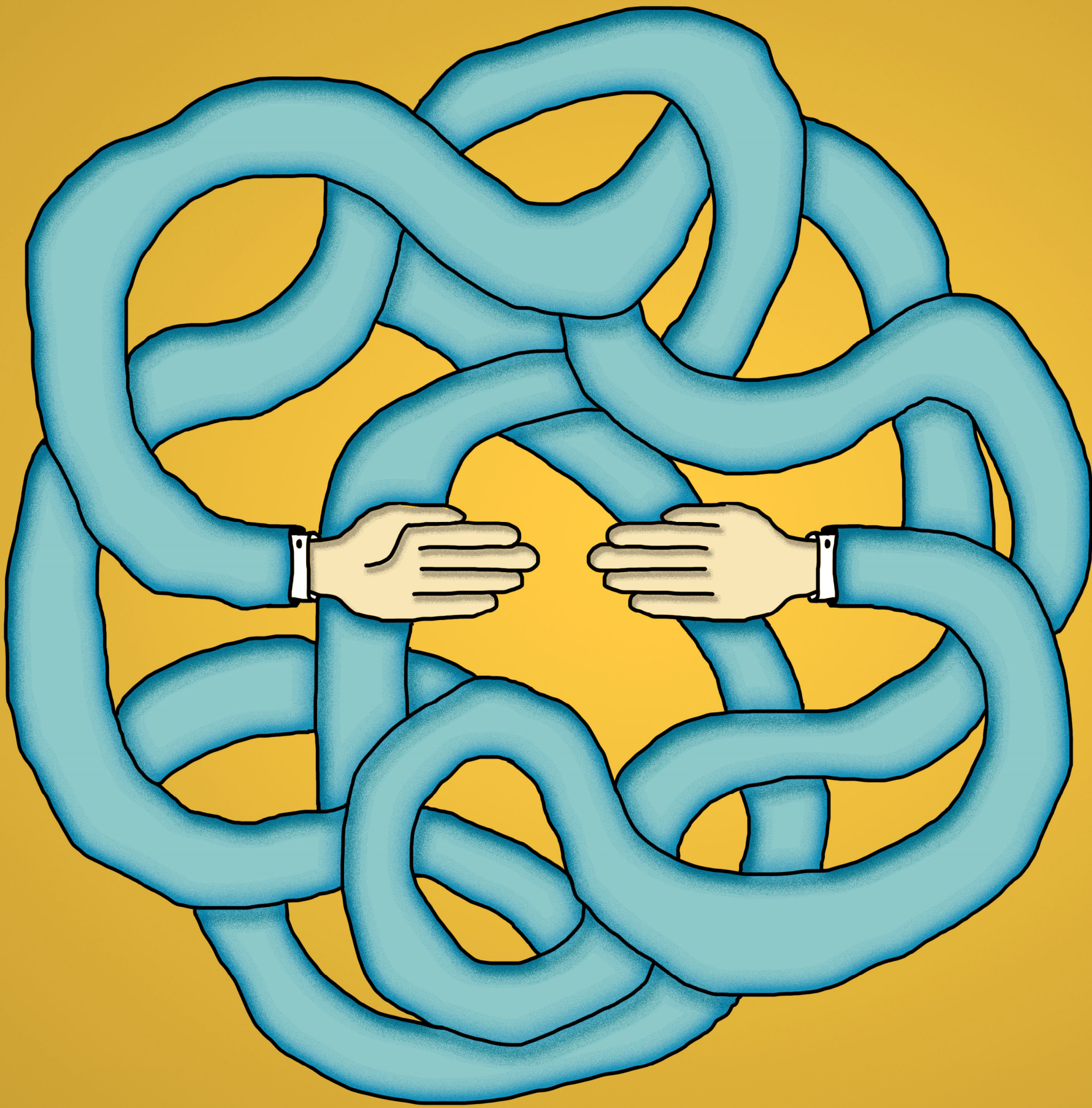

Nuno Manuel Rosa dos Reis

THE IMPACT OF INSTITUTIONAL DISTANCE ON CROSS-BORDER MERGERS AND ACQUISITIONS COMPLETION

Tese de Doutoramento em Gestão de Empresas, especialização em Estratégia, orientada pelo Prof. Doutor Fernando Manuel Pereira Oliveira Carvalho e pelo Prof. Doutor José António de Vasconcelos Ferreira apresentada à Faculdade de Economia da Universidade de Coimbra

Junho de 2016

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FEUC FACULDADE DE ECONOMIA
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Orientadores: Prof. Doutor Fernando Manuel Pereira Oliveira Carvalho e Prof. Doutor José António de Vasconcelos Ferreira

Coimbra, 2016

Aos meus Pais

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ABSTRACT

Firms operating abroad are posited to be influenced by the international business environment. The international business environment effect is particularly challenging to understand as firms have to deal with the differences between their home country environment and the host country environment and the full extent of that effect is still far from completely understood. Some studies posit firms' strategies and decision-making processes are hindered by the home-host differences, thus having a negative effect on performance, as the unique setting in which firms operate pose a number of challenges firms may not be able to cope with. Other studies, however, advance a positive effect of the home-host differences on firms' performance as the different setting may allow firms to develop new capabilities, acquire new resources and learn novel routines which arguably increase their performance. Some of the firms' strategic decisions and actions, such as performing cross-border merger and acquisitions, are non-routine and are arguably more exposed to the influence of the international business environment and specifically of home-host differences. Cross-border merger and acquisitions have been extensively analyzed in the literature under different theoretical approaches and delving into different issues, such as their use *vis-à-vis* other entry modes, the challenges to the target integration or to synergies generation and thus their effect on the performance of the firm. However, an important research gap has been detected concerning the completion of cross-border merger and acquisitions. While most of the announced cross-border merger and acquisitions operations is completed (i.e. the merger or acquisition deal comes to terms and is implemented), a non-trivial number of operations is abandoned or withdrawn after having been announced. Therefore understanding what influences the cross-border merger and acquisitions completion warrants further understanding as it may assist managers in improving their decisions. In this thesis we have sought to understand the impact of home-host differences on cross-border merger and acquisitions completion, looking specifically into the effect of institutional distance on cross-border merger and acquisitions completion. Institutional distance is a construct which treats the differences as "distance" between countries. Thus the institutional distance is the array of differences between home and host countries which arguably hinder firms' international operations. The institutional approach allows us to grasp a wide array of dimensions thus allowing to offer a more complete understanding of the impact of home-host differences on cross-border merger and acquisitions completion. To answer our research question, we conduct four interrelated studies. First, we performed a bibliometric study to analyze the extant literature on mergers and acquisitions which allowed us to detect the research gap. Second, we conducted a bibliometric review of the literature focused on cross-border merger and acquisitions which permitted us to theoretically position this thesis. Third, considering the gap detected and the adequate theoretical approach, we developed a conceptual model anchored in the extant theory to posit the impact of institutional distance on cross-border merger and acquisitions completion, also exploring deal- and firm-level effects which may also influence the completion. Fourth, we conducted a partial empirical verification of our conceptual model using a sample of cross-border merger and acquisitions performed in South America. We find partial support for our model and we conclude some dimensions of institutional distance hinder the completion of cross-border mergers and acquisitions. This thesis contributes both to the theory and to managerial activity. On one hand, we analyze an insufficiently known issue (the cross-border merger and acquisitions completion) and contribute to fill the identified research gap by advancing a conceptual model and performing a partial empirical verification. We also contribute to extend the knowledge on the institutional distance by analyzing its effect on a novel phenomenon. On the other hand, we contribute to the managerial practices by highlighting the effect of home-host differences (i.e. of the institutional distance) on cross-border merger and acquisitions completion. Thus managers may include these novel findings in their analyses and decision-making process thereby decreasing the effect of institutional distance on cross-border merger and acquisitions completion.

Keywords: Mergers and acquisitions; cross-border mergers and acquisitions completion; institutional distance; South American M&As; bibliometric studies.

RESUMO

As firmas com operações internacionais são influenciadas pelo ambiente internacional de negócios. O efeito do ambiente internacional de negócios é particularmente difícil de compreender uma vez que as firmas têm que lidar com diferenças entre o ambiente do país de origem e o ambiente do país recetor e a total dimensão deste efeito ainda não é totalmente compreendido. Alguns estudos sugerem que as estratégias e os processos de decisão das firmas são dificultados pelas diferenças origem-anfitrião tendo assim um efeito negativo na performance já que o contexto singular em que as firmas operam colocam um conjunto de obstáculos com os quais as empresas não conseguem lidar. Contudo, outros estudos aventam um efeito positivo das diferenças origem-anfitrião já que o contexto singular pode permitir às firmas desenvolver novas capacidades, adquirir recursos e aprender novas rotinas que poderão melhorar a sua performance. Algumas das decisões e ações das empresas, como conduzir fusões e aquisições internacionais, não são rotineiras e estão possivelmente mais expostas à influência do ambiente internacional de negócios e especificamente das diferenças origem-anfitrião. As fusões e aquisições internacionais têm sido extensamente analisadas na literatura sob diferentes abordagens teóricas e dissecando diferentes assunto, como o seu uso face a outros modos de entrada, os obstáculos à integração da adquirida ou à geração de sinergias e, assim, o seu efeito na performance da firma. Contudo, uma importante lacuna na investigação foi detetada no que concerne à conclusão de fusões e aquisições internacionais. Apesar de a maioria das operações de fusões e aquisições internacionais anunciadas ser concluída (i.e. o negócio é fechado e o acordo implementado), um número não trivial de operações é abandonada ou retirada após ter sido anunciada. Portanto, compreender o que influencia a conclusão de fusões e aquisições internacionais necessita de uma maior compreensão já que pode auxiliar os gestores a melhorar as suas decisões. Nesta tese procurámos compreender o impacto das diferenças origem-anfitrião na conclusão de fusões e aquisições internacionais, examinando especificamente o efeito da distância institucional na conclusão de fusões e aquisições internacionais. A distância institucional é um constructo que trata as diferenças como "distância" entre países. Assim, a distância institucional é o conjunto de diferenças entre o país de origem e o país anfitrião que poderá colocar problemas às operações internacionais das empresas. A abordagem institucional permite capturar um amplo conjunto de dimensões permitindo portanto um entendimento mais completo das diferenças origem-anfitrião na conclusão de fusões e aquisições internacionais. Para responder à questão de investigação conduzimos quatro estudos relacionados entre si. Primeiro, realizámos um estudo bibliométrico para analisar a literatura existente sobre fusões e aquisições o que permitiu detetar a lacuna de investigação. Segundo, efetuámos uma revisão bibliométrica da literatura específica de fusões e aquisições internacionais o que possibilitou o posicionamento teórico da tese. Terceiro, tendo em consideração a lacuna detetada e o posicionamento teórico adequado, desenvolvemos um modelo conceptual ancorado na literatura existente para propor o impacto da distância institucional na conclusão de fusões e aquisições internacionais, avançando também efeitos ao nível do negócio e da empresa que poderão também influenciar a conclusão. Quarto, fizemos a verificação empírica parcial do modelo conceptual usando uma amostra de fusões e aquisições realizadas na América do Sul. As hipóteses avançadas foram parcialmente suportadas e concluímos que algumas dimensões da distância institucional prejudicam a conclusão de fusões e aquisições internacionais. Esta tese contribui para a teoria e para a prática de gestão. Por um lado, analisamos um assunto insuficientemente conhecido (a conclusão de fusões e aquisições internacionais) e contribuímos para preencher a lacuna identificada avançando um modelo conceptual e realizando a verificação empírica parcial. Também contribuímos para a extensão do conhecimento sobre distância institucional analisando o seu impacto num fenómeno distinto. Por outro lado, contribuímos para as práticas de gestão ao salientar o efeito das diferenças origem-anfitrião (i.e. da distância institucional) na conclusão de fusões e aquisições internacionais. Assim os gestores podem incluir estas conclusões nas suas análises e processos de decisão diminuindo assim o efeito da distância institucional na conclusão de fusões e aquisições internacionais.

Palavras-chave: Fusões e aquisições; conclusão de fusões e aquisições internacionais; distância institucional; Fusões e aquisições Sul Americanas; estudos bibliométricos.

List of acronyms

CBMA – Cross-Border Merger and Acquisition

CD – Cultural Distance

CEO – Chief Executive Officer

EMNE – Emerging country Multinational Entreprise

FDI – Foreign Direct Investment

HRM – Human Resources Management

IB – International Business

IBE – International Business Environment

ID – Institutional Distance

JV – Joint Venture

KBV – Knowledge-Based View

M&A – Merger and Acquisition

OLI – Ownership, Location, Internalization (Eclectic Paradigm)

PD – Psychic Distance

RBV – Resource-Based View

SM – Strategic Management

TCT – Transaction Costs Theory

TMT – Top Management Team

WoK – ISI Web of Knowledge

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Summary

Chapter 1
Introduction

How are firms affected by the external environment? This is a constant concern in management research for decades and our knowledge of the effect is still incomplete. The effect of the firms' external environment is arguably more relevant and less fathomed in the context of international operations, when firms have to operate in the international business environment (IBE) which may be substantially different from the domestic business environment. The external environment is posited to have both positive and negative effects, but substantial differences between the domestic and foreign business environment arguably hinder firms' operations as they are forced to cope with a dynamic, unstable and often unfamiliar IBE. Therefore having a more thorough understanding of the effect of the external environment on firms' operations, especially of the effect of the IBE, may thus allow firms to develop a set of capabilities which permit them to survive and obtain a competitive advantage.

Firms operating in international markets have to compete in a unique setting, the IBE, which is posited to influence their strategies, decision-making processes and performance (Ferreira et al., 2013). The geographic separation (i.e. geographic distance) between two countries is posited to have little influence on firms' decisions (Castellani et al., 2013). Thus, scholars and managers focus on the unique features of the IBE *vis-à-vis* the domestic business environment which include differences in national culture (Reis et al., 2013), differences in national-level institutions (Zaheer et al., 2012) and diverse perceptions of the differences between countries (Sousa & Bradley, 2006). Therefore, in the most recent international business (IB) literature, the research focus is not on geographic differences but on other national-level dimensions which are posited to influence firms and their performance (Ferreira et al., 2013).

The differences between countries where firms operate are often posited as "distances" (Zaheer et al., 2012). The "distance" between two countries is a metaphor which mimics the geographic distance challenges: the greater the distance (both geographic and considering differences between countries) the more problems firms will face and the more cost firms will incur in (Bailey & Li, 2015). This rationale follows Tobler's First Law of Geography: "everything is related to everything else, but near things are more related than distant things" (Tobler, 1970: 234) thus two countries which are more similar are also "closer". The first approach to the "distance metaphor" was used to analyze the intra-European trade flows in the 1950's: using gravitational models, Beckerman (1956) concluded "there appears to be a strong tendency to concentrate trade on 'near' countries" (Beckerman, 1956: 34). Beckerman moved past the mere geographic distance and took into account the costs inherent to trade to compute the "economic distance".

There are a number of "distances" which are posited to influence firms' international operations (Conti et al., 2016; Zaheer et al., 2012). Arguably the most well-known distance is the cultural distance (CD) which is by and large the most influential trend in IB literature (Ferreira et al., 2013). Cultural distance dissects the difference between the cultures of two given countries (Reis et al., 2013). CD was first computed in the 1980's (Kogut & Singh, 1988) as the Euclidean distance of Hofstede's (1980) scores on four dimensions (power distance, uncertainty avoidance, individualism vs. collectivism and masculinity vs. femininity). The construct put forward by Kogut and Singh (1988) has become widespread and is one of the most cited works in IB literature to this day (Ferreira et al., 2013) despite having been criticized for not being accurate and having methodological flaws which conceal the differences between cultures (Shenkar, 2001).

The differences between countries are also considered from a psychic distance (PD) perspective (Beckerman, 1956; Johanson & Vahlne, 1977). PD considers every difference that disrupts and hinders the flow of communication (Johanson & Vahlne, 1977). PD was first advanced in the 1950's (Beckerman, 1956) to metaphor the differences between countries perceived by individuals, but gained traction since the 1970's when it became a central construct in the Uppsala model of internationalization (Johanson & Vahlne, 1977; 2009; Johanson & Wiedersheim-Paul, 1975), arguably one of the most influential perspectives in IB literature (Ferreira et al., 2013). Therefore PD has a dual perspective as it takes into account the differences between countries and the individuals' perceptions of differences in a number of dimensions (Evans & Mavondo, 2002; Sousa & Bradley, 2006). While the concept is appealing and broadly used (Ferreira et al., 2013), several conceptual (Sousa & Bradley, 2006) and operational (Sousa & Bradley, 2008) problems are noted and PD has been substantially criticized and suggested to abandon the distance metaphor to focus on awareness and perceptions (Nebus & Chai, 2014).

The institutional distance (ID) is an alternative to other distance perspectives. It is conceptually defined as “the extent of similarity or dissimilarity between the regulatory, cognitive, and normative institutions of two countries” (Xu & Shenkar, 2002: 608). This definition builds on Scott’s (1995) three institutional pillars but other types of institutions may be used (Choi et al., 2016). For instance, ID may be posited considering North’s (1990) formal and informal institutions (Contractor et al., 2014), may be further scrutinized considering differences in social, political and social elements (Chan et al., 2008) or alternatively cultural, administrative, geographic and economic dimensions – in what was termed CAGE framework (Ghemawat, 2001). In every case, we may consider the ID the extent to which the institutions of two given countries differ. Thus ID includes a broad ensemble of dimensions which make two countries different and influence firms’ operations (Berry et al., 2010).

The institutional perspective is particularly relevant as it is considered the third leg of the strategy tripod (Peng et al., 2009). In IB analyzing the institutions means to scrutinize the long lasting and highly resilient social structures that regulate and steer relations between individuals and organizations (DiMaggio & Powell, 1983; North, 1990; Scott, 1995). In other words, institutions are “rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction” (North, 1990: 3). Under the institutional perspective, firms (as well as individuals and other organizations) must have legitimacy to operate in a given country to overcome the liability of foreignness (Zaheer, 1995) – i.e. must conform to the structures and procedures prevailing in the country (Eden & Miller, 2004).

The ID is posited to influence firms’ operations abroad (Bae & Salomon, 2010; Choi et al., 2016). On one hand, ID is posited to have a negative impact as it hinders firms operations due to the costs required to build legitimacy (Hernández & Nieto, 2015) causing them to prefer to internationalize to countries with a small ID (Eren & Jimenez, 2015). Also, when entering countries which are institutionally distant, firms tend to prefer non-equity entry modes – thus having less resource commitment – and gradually evolve to higher commitment modes as they gain experience (Schwens et al., 2011). On the other hand, ID is posited to have a positive effect on firms’ performance, especially moderate levels of ID (Miller et al., 2015): a small ID may lead firms to neglect differences thus hindering performance while beyond a certain threshold firms’ performance decreases because differences are too large to manage, in an S-shaped effect (Lavie & Miller, 2008).

Cross-border mergers and acquisitions (CBMAs) are often used by firms to expand the geographic scope of their operations (Dunning, 1981; 1993) and are arguably influenced by the differences in the IBE (Tihanyi et al., 2005). CBMAs offer an alternative to other entry modes, especially other foreign direct investment (FDI) modes, by allowing a number of advantages, namely quick access to a market (Hennart & Park, 1993), grasping a pool of established resources (Anand & Delios, 2002) and deliberately learning from the acquired firm (Zollo & Singh, 2004). In fact, firms may perform CBMAs to develop novel capabilities which are too difficult to develop internally or when there are failures in the market for resources (Capron et al., 1998; Barney, 1991). The firms from emerging markets often conduct CBMAs to rapidly enlarge the pool of resources to deploy them at home and in other countries, in what is termed a springboard expansion (Luo & Tung, 2007).

The CBMA operations are not without risks, namely risks stemmed from the unfamiliar IBE (Barkema et al., 1996) which arguably hinder CBMA performance (Shimizu et al., 2004). The differences between home and host countries arguably lead to liability of foreignness (Hymer, 1976), hinder the post-deal integration – e.g. the human resource integration (Björkman et al., 2007) – thereby reducing the performance (Chatterjee et al., 1992). The home-host differences may also thwart the knowledge transfer process (Bresman et al., 1999) which is particularly important in CBMA operations aimed at developing capabilities (Vermeulen & Barkema, 2001). However, differences in the IBE are also posited to have a positive effect on CBMA performance (Dikova & Sahib, 2013) since the differences may spur the development of novel routines and organizational structures (Morosini et al., 1998). Nevertheless, the effect of home-host differences on CBMA is posited to be moderated by firms' previous experience (Dikova & Sahib, 2013) and thus more experienced firms are less likely to be negatively impacted in their CBMA operations (Collins et al., 2009).

CBMA research has analyzed multiple issues using several theoretical perspectives (Reis et al., 2015a; 2015b; Shimizu et al. 2004). Choosing to perform a CBMA over other entry modes has been scrutinized using Transaction Costs Theory (TCT) which considers firms will undertake CBMAs when the costs of contracting and controlling the internal transactions are smaller than controlling market transactions, i.e. other entry modes (Hennart & Reddy, 1997); from a Resource-Based View (RBV), firms are posited to prefer CBMAs over other entry modes when the resources may be internalized and leveraged (Gubbi et al., 2010); using an organizational learning perspective, firms arguably prefer to perform CBMAs when they have accumulated experience which allows them to reap benefits from the operation (Meschi & Metais, 2006). The examination on the effect of various country-levels dimensions on CBMA performance is extensive (e.g. Chatterjee et al., 1992), often combined with firm-level effects (Gubbi et al., 2010). Rooted in strategic management (SM) literature, firm-level factors such as the degree of relatedness (Datta & Puia, 1995), the redeployment of assets after the CBMA (Capron et al., 1998) and the organizational fit between acquirer and target (Datta, 1991) are also posited to influence CBMA performance. The post-CBMA integration has also been extensively examined, considering national-level effects (e.g. Björkman et al., 2007) and firm-level effects such as the organizational culture (e.g. Nahavandi & Malekzadeh, 1988). In fact, such a broad array of issues and theoretical perspectives have resulted in a rather fragmented field (Stahl & Voigt, 2008).

CBMAs – as a specific case of M&A – are often posited as a process composed of multiple phases (Haspeslagh & Jemison, 1991; Marks, 1982). While there is no unanimous understanding of the number of phases, some consensus emerges on key moments: the decision to acquire, the announcement of the intent and the deal itself (Boone & Mulherin, 2007). The first moment (the decision to acquire) marks the beginning of the CBMA and is analyzed *a posteriori* by extant literature concerning the motives to perform a CBMA deal (e.g. Anand & Delios, 2002). The announcement of the deal starts the "public takeover process" – also termed pre-completion phase – and it lasts until the deal itself (Haspeslagh & Jemison, 1991). After the deal, there is substantial literature on the integration challenges (Stahl & Voigt, 2008), the knowledge transfer (e.g. Bresman et al., 1999) and the performance of the CBMA deal (Dikova & Sahib, 2013), for instance. Despite the wealth of research on CBMA the academic enquiry appears to fall short and the current understanding of CBMAs is incomplete (Ferreira et al., 2014; Reis et al., 2015b), especially the period from the announcement of the deal until the deal resolution (Boone & Mulherin, 2007; Muehlfeld et al., 2007).

The pre-completion phase, i.e. the period between the announcement of the CBMA operation and the moment the deal is resolved, warrants additional research for a number of reasons. On one hand, a non-trivial number of CBMAs is not completed – i.e. the deal is not put into effect – after it has been announced (Boone & Mulherin, 2007; Zhang et al., 2011). Failing to complete an announced deal has significant effects on the firm, including financial costs due to high termination fees (Bates & Lemmon, 2003) and reputational problems which may endanger firms' results (Muehlfeld et al., 2007). On the other hand, a longer period from announcement to deal resolution may hinder the operation's success and, even if the deal is successfully completed, firms may incur in augmented and arguably unforeseen costs (Golubov et al., 2012). Thus as the CBMA process is posited to influence the success of the CBMA deal, the pre-completion phase is posited to require further scholarly enquiry (Dikova et al., 2010).

There are a number of studies which broadly analyze the pre-completion phase of M&As (Muehlfeld et al., 2007; 2011; 2012) but the idiosyncratic characteristics of CBMAs are not specifically analyzed. Nevertheless, the completion of an M&A deal is posited to be influenced by deal-level factors such as the attitude of the deal and the payment method (Muehlfeld et al., 2007) and firm-level characteristics such as previous M&A experience (Muehlfeld et al., 2011) both in completed and non-completed M&A deals (Muehlfeld et al., 2012). Furthermore these studies focus on specific industries – the newspaper industry (Muehlfeld et al., 2007; 2012) and the food processing industry (Muehlfeld et al., 2011) – which arguably offers an incomplete perspective.

Despite the upsurge in the number and volume of CBMA operations in the last few years (Reus & Lamont, 2009), few studies have delved into the pre-completion phase of the of the CBMA process. The research on CBMA pre-completion phase takes into account national-level factor which are posited to influence the completion likelihood such as the quality of the institutions in home and host countries (Zhang et al., 2011) and the differences in formal and informal institutions between home and host countries (Dikova et al., 2010). The institutional perspective was also used to analyze the effect of economic nationalism on CBMA completion (Zhang & He, 2014). Furthermore, building on previous research, the moderating effect of previous experience was also considered (Dikova et al., 2010). Nevertheless, the research on the CBMA pre-completion phase is insufficient since some studies focus only on Chinese firms – either as target (Zhang & He, 2014) or as acquirer (Zhang et al., 2011) – whereas other study focus only on one industry, the global business service industry (Dikova et al., 2010). Therefore we identify a research gap in the literature on CBMA which warrant further analysis, specifically the pre-completion phase of CBMAs and what impacts the completion likelihood of a CBMA deal after it has been announced.

1.1. Research scope

The purpose of this thesis is to answer the research question "what is the impact of institutional distance on CBMA completion?". The research question is rooted on the gap identified in the extant IB literature concerning the pre-completion phase of the CBMAs. The answer to this question entails a number of partial steps to grasp a more complete understanding of the effect of the IBE on the pre-completion phase of CBMAs. Therefore we aim at filling the research gap identified and contributing to shed light on the pre-completion phase of CBMAs. We thus seek to understand what the influence of institutional distance the completion likelihood of a CBMA deal after it has been announced is.

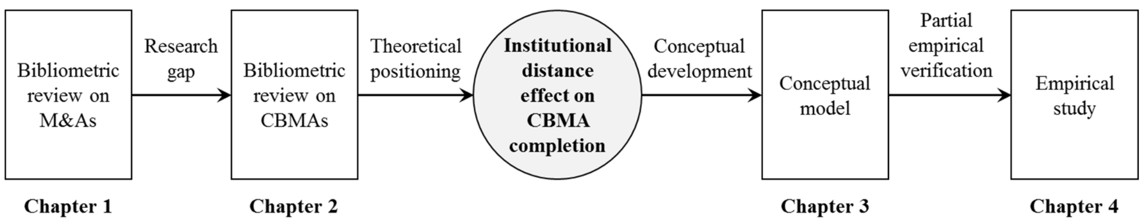
This thesis is composed of four independent, albeit interrelated, papers (Figure 1.1). In the first paper entitled "An overview of three decades of mergers and acquisitions research" we performed a bibliometric review of research on mergers and acquisitions. We used a large sample of articles – 635 published in 34 highly-ranked outlets for strategic management (SM) and international business (IB) – to examine the research on mergers and acquisitions. We have identified the main issues and theoretical approaches, by means of structural and longitudinal analyses: the M&A research has been examined from an organizational behavior perspective, strategic management perspective and financial economic perspective. We concluded research has focused on performance-related issues and, more recently, also on firm-level characteristics such as the acquirer-target fit in a number of dimensions. We nevertheless found CBMAs are an under-researched area, albeit having received a greater attention in more recent research, which warrants further research.

The second paper "Cross-border mergers & acquisitions: A bibliometric review and future research avenues" follows the research gap uncovered in the first paper. Having detected an area of study which has received less attention, we scrutinized the extant literature to identify the research issue and the most adequate theoretical approach. Using bibliometric techniques on a sample of 256 articles published from 1994 to 2013 in 69 journals, we sought to analyze the CBMA-related research to identify the most influential theoretical approaches and the key issues delved into. We identified three broad issues which are arguably important to CBMA scholars: the motives to conduct CBMAs, CBMAs in the context of entry mode selection and the post-deal challenges and outcomes of a CBMA deal. The most influential theoretical approaches were organizational learning, the Uppsala model of internationalization, RBV and TCT. Therefore, we uncovered an overlooked issue – the pre-completion stage of CBMAs – and a theoretical approach which has been underexplored thus far – the institutional approach.

The third paper, entitled "The effect of institutional differences on cross-border mergers and acquisitions completion", builds on the literature reviews in the first two papers to advance a conceptual model which addresses the research question we identified. We focus on the pre-completion phase of CBMAs and we sought to understand the impact of the institutional differences using the "institutional distance" metaphor. Anchored on the extant theory, we develop a conceptual model to dissect the impact of the institutional distance on CBMA completion likelihood. We also posited the moderating effects of firm-level and deal-level dimensions which may reduce the effect of institutional distance on CBMA completion.

The fourth paper takes the conceptual model and performs a partial empirical verification. The paper entitled "Institutional distance impact on cross-border mergers & acquisitions completion: An empirical investigation of South America operations" takes a sample of 368 CBMA operations (concluded and abandoned) in several countries in South America to empirically test the advanced model. Our findings suggest the institutional distance in fact plays a role in CBMA completion. However we conduct a partial verification as the research setting is limited and generalizations of the findings should be cautious.

Figure 1.1. Structure of the thesis



Source: Author

1.2. Research methodology

Answering the research question required using different methodological approaches in each of the four papers which are comprised in this thesis. In the first paper "An overview of three decades of mergers and acquisitions research" we conducted a bibliometric study on 30 years of research (1983-2012). We selected 34 highly ranked journals, according to Harzing's (2013) journal quality list, which publish SM- and IB-related research. To ensure we captured different perspectives the journals selected include broad management journals (e.g. *Academy of Management Journal*), specific IB (*Journal of International Business Studies*) and SM journals (*Strategic Management Journal*), and practitioner-oriented journals (e.g. *Harvard Business Review)*. Using Thomson Reuters' *ISI Web of Knowledge* we searched the 34 journals for papers on M&A with the keywords "m&a", "acqui*", "merg*" and "consolidat*" (the asterisk permits capturing variations of the wording). We retrieved a sample of 635 articles and conducted citation, co-citation and factor analyses using the reference list of the papers, in both structural and longitudinal perspectives. The citation analysis entails counting the references to ascertain which are the most important and influential issues and theories in the field. On the other hand, co-citation analysis analyzes the joint use of the references to capture linkages which permit understanding the intellectual structure of the field. Finally the factor analysis uses the co-citation matrixes to group related references from which we may infer the content of the research.

The second paper "Cross-border mergers & acquisitions: A bibliometric review and future research avenues" also uses bibliometric techniques to review the research on CBMAs from 1994 to 2013, a 20 year period. We relied on Thomson Reuters' *ISI Web of Knowledge* to retrieve a sample of articles on CBMA and we did not *a priori* restricted the selection of journals. We were thus able to capture papers from several research areas, published in journals which may have a lower ranking – as long as they are indexed in Thomson Reuters' *ISI Web of Knowledge*. We used the keywords "cross border acquisition*", "cross border M&A" and "international acquisition*" and proceeded with a manual screening of the articles (following Xu & Meyer, 2013) to ensure all the papers deal with CBMA. The procedures returned a sample comprising 256 articles from 69 journals which were dissected with citation, co-citation and factor analyses. The structural and longitudinal citation and co-citation analyses performed allowed us to understand and depict the intellectual structure of the field. The factor analyses – also structural and longitudinal – helped us identify what is already known and detect possible research gaps.

The third paper "The effect of institutional differences on cross-border mergers and acquisitions completion" is a conceptual paper. We performed a comprehensive and thorough review of the extant literature, starting with the literature on national-level differences. We reviewed the most common "distances" measures to select the one that is most suitable to our research. Building on the findings of the two previous papers of this thesis ("An overview of three decades of mergers and acquisitions research" and "Cross-border mergers & acquisitions: A bibliometric review and future research avenues") we reviewed the CBMA literature to ensure we had a firmly grounded model. We put forward a conceptual model anchored in extant theory advancing the expected influence of the institutional distance on CBMA completion.

The fourth paper "Institutional distance impact on cross-border mergers & acquisitions completion: An empirical investigation of South America operations" is an empirical study which partially tests the model developed in the preceding paper. We selected South America as the empirical context for our analyses as the countries have substantial differences in the development of several institutions (Pajunen, 2008) thus offering a rich context for analyzing the effect of institutional distance. We relied on Berry et al.'s (2010) data of institutional distance and used firm-level and deal-level data from SDC Platinum. Using a sample of 368 operations (completed and abandoned) in 7 South American countries originating from 36 countries, we have tested the model's hypotheses. The statistical techniques involved multivariate linear regression and multivariate logistical regression which were according to the type of dependent variable.

1.3. Summary and contribution of the papers

Albeit interrelated, each of the four papers which comprise the core of this thesis may subsist autonomously. Thus the main findings of each of the four papers and their contribution to the extant literature are worth noting. The first paper "An overview of three decades of mergers and acquisitions research" presents a bibliometric review of the extant literature on M&A over a 30 year period (1983-2012). We conclude there is an increasing attention to the M&A research since the share of M&A articles in the total published research has been increasing. We have also identified a shift in the theoretical perspectives used: while in earlier research there was a large focus on economic- and financial-based approaches, more recently the main focus is on organizational behavior and RBV. We have also uncovered a growing attention to CBMAs – especially in more recent periods – which have extensively used culture-related references (e.g. Hofstede, 1980). We have also identified some gaps in the M&A literature such as the lack of a recent and consistent review of CBMAs. Our findings also reveal other theoretical approaches beyond cultural differences should be considered in analyzing CBMAs since. The influence of culture-related research is overwhelming and other approaches, for instance the institutional theory, are scarcely used even in recent periods. Therefore this paper contributes to the extant literature in a number of ways: on one hand we provide a non-biased review of the M&A literature using bibliometric techniques to deal with a large pool of articles; on the other hand, we use innovative bibliometric techniques (namely factor analysis) applied to M&A reviews; finally we put forward a snapshot of the M&A research so far which creates a baseline to track future developments of the field. As a whole, this paper is arguably useful both for novice scholars which may grasp the intellectual structure of the field and for senior scholars as it offers empirical validation for the intuitive knowledge M&A experts possess.

The paper entitled "Cross-border mergers & acquisitions: A bibliometric review and future research avenues" reviews the literature on CBMA and presents a number of findings worth highlighting. Similarly to research on M&As (Reis et al., 2015a), CBMA-related research has been growing as shown by the percentage of CBMA articles in the total pool of published research increase. Analyzing the key issues CBMA scholars delve into we conclude that CBMAs as an entry mode and the challenges and outcomes of CBMAs warrant the bulk of scholars' attention. Nevertheless, observing the evolution of the issues and theoretical approaches, we observe a shift: economic/financial performance and traditional SM-issues such as the related vs. non-related diversification issues received more attention in earlier research; however in more recent years scholars' attention have changed to focus on resource-driven CBMAs. This paper also emphasizes the importance of national-level differences in CBMA, as a large share of articles in our sample uses culture-related research. We have also identified some gaps in the CBMA literature: first, while the post-deal integration is widely researched, the pre-completion phase of CBMAs has received scant attention from scholars; second, the CBMA scholars focus on cultural difference but arguably fail to capture the effect of other national-level differences (e.g. the institutional approach). Therefore our paper makes a threefold contribution to the CBMA literature: (1) we put forward the first bibliometric study of CBMA reviewing a relatively large and comprehensive sample of 256 articles; (2) we make sense of scattered literature to present the intellectual structure of the CBMA field, using structural and longitudinal analyses; (3) we offer a broad objective portrayal of CBMA research which permits to trace future evolutions and allows for a straightforward understanding of what has been the research on CBMAs.

In the third paper entitled "The effect of institutional differences on cross-border mergers and acquisitions completion" we put forward a conceptual model which aims at filling the research gaps identified. Anchored in extant theory on national-level differences, we use the concept of institutional distance to metaphor the differences between home and host country. Therefore we advance a negative effect of institutional distance on CBMA completion, i.e. a larger institutional distance between home and host countries decreases the likelihood of a CBMA deal being completed. Institutional distance arguably creates information asymmetry (Akerlof, 1970) thus contributing to increase the failure of announced CBMA deals. We also propose two indirect effects of the institutional distance on CBMA completion: (1) more time to complete a deal (i.e. a longer period from the announcement to the resolution of the CBMA deal – either completed or withdrawn) is posited to decrease the likelihood of a CBMA deal being completed; (2) the ownership strategy is posited to influence the likelihood of a CBMA deal being completed since a greater institutional distance reduces the equity participation sought thereby inscreasing the likelihood of a CBMA deal being completed. Other dimensions which may favor CBMA completion are also considered in our theoretical model. On one hand, previous CBMA experience offers firms a specific pool of capabilities arguably allowing firms to cope with institutional distance thus augmenting the likelihood of CBMA completion. On the other hand, engaging advisors to counsel in a deal allows firms to access specific knowledge concerning the host country institutions thus reducing the information asymmetry which allows firms to bridge the institutional distance. This paper makes a threefold contribution to the IB literature: (1) we shed light on the pre-completion phase of CBMAs by scrutinizing what influences the completion of a CBMA deal and putting forward a conceptual model encompassing national-, firm-, and deal-level effects; (2) we contribute to extend the extant knowledge of national institutions by using the institutional distance metaphor to conceive the impact of differences in institutional environments; (3) we elucidate on the role of CBMA experience and of advisors as factors which allow firms to overcome capabilities/knowledge gaps in the context of CBMA deals.

The fourth paper has the title "Institutional distance impact on cross-border mergers & acquisitions completion: An empirical investigation of South America operations" and takes the conceptual model advanced in third paper to perform a partial empirical verification. The empirical setting we used provides only partial verification as the sample of operations may not be considered representative of the all population of CBMAs. Thus any generalizations of the findings require caution. Nevertheless our empirical results provide some interesting insights to the impact of institutional distance on CBMA completion. The empirical analyses partially confirm our hypotheses concerning the detrimental effect of financial, political and administrative distances on CBMA completion. Notwithstanding we found some evidence contrary to our hypotheses, suggesting demographic and geographic distance may augment the likelihood of completing a CBMA deal. The indirect effect of institutional distance on CBMA completion through the time to decision has been partially supported: only the geographic distance augments the period from announcement to completion of the CBMA deal but the time to decision has a significant negative effect on CBMA completion. The advisors have also been found to have a positive effect (i.e. augmenting) the time to decision. We have, nevertheless, not found empirical support for the impact of ownership strategy nor for the effect of previous CBMA experience. This empirical paper on CBMA completion has two main contributions. On one hand, it contributes to shed light into a research gap which has been identified in the first two papers of this thesis. In fact, it is the first empirical study analyzing CBMA completion which is not confined to a single industry. Thus we complement other studies on M&A completion (e.g. Dikova et al., 2010; Muehlfeld et al., 2011; Muehlfeld et al., 2012) by focusing specifically in cross-border deals. On the other hand, we also make a contribution to the extant literature on institutional differences – specifically on institutional distance – by empirically testing Berry et al.'s (2010) institutional distance scores in a phenomenon had not been used hitherto.

1.4. Structure of the thesis

This thesis is composed of five distinct chapters following this introduction. Chapter 2 presents the first paper entitled "An overview of three decades of mergers and acquisitions research" which reviews the extant literature on M&As. The findings paved the way for further examination of the literature and revealed a possible research gap. Chapter 3 entitled "Cross-border mergers & acquisitions: A bibliometric review and future research avenues" further explores the literature analyzing the specific CBMA-related literature.

Armed with the findings from the two bibliometric reviews we designated a theoretical approach which allowed us to tentatively answer the research question. Chapter 4, "The effect of institutional differences on cross-border mergers and acquisitions completion", presents the conceptual model anchored in extant theory. In Chapter 5, the fourth paper "Institutional distance impact on cross-border mergers & acquisitions completion: An empirical investigation of South America operations" presents an empirical study to partially test the conceptual model put forward. The final chapter of this thesis comprises an integrated discussion of the findings of the four core chapters of the thesis and advances the contribution of the thesis as a whole, both for academy and for managers. Chapter 6 also presents the limitations and suggests some avenues to pursue further research.

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Chapter 2
An overview of three decades of mergers and acquisitions research[1]

ABSTRACT

Mergers and acquisitions (M&A) have long attracted managers' attention and have been researched in different perspectives and using different theories. In this study we grasp the wealth of extant research in the field of M&As. We conducted a bibliometric study of 635 articles on strategic management and international business research published in 34 highly ranked management journals between 1983 and 2012. We performed citation, co-citation and factor analyses to uncover the issues examined by scholars, the main theoretical approaches and themes researched. The results show a relative shift from economic and financial approaches to knowledge-based and organizational learning perspectives in recent years. There was also an evolution from assessing the performance of firms after an M&A to seeking an understanding of what may drive synergy creation after the integration process. Furthermore we observed an increasing interest in cross-border M&As. We discuss our findings, identifying gaps and suggesting paths for future research.

Keywords: mergers and acquisitions; corporate takeovers; bibliometric study; literature review.

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2.1. Introduction

Mergers and acquisitions (M&As) are a form of organizational growth which allows firms rapid development *vis-à-vis* organic growth. The extant literature use the terms “merger”, “acquisition” and “M&A” interchangeably (Hitt et al., 2012), as the distinction between mergers and acquisitions may be rather elusive. A merger is the combination of two firms into a single entity, combining debt and equity (Hitt et al., 2012). An acquisition, on the other hand, is the taking over of one firm by another either in a friendly – i.e., when shareholders vote for the acquisition – or a hostile manner – i.e., when the acquiring firm buys another firm’s equity in the stock market (Hitt et al., 2012). However, some takeovers may be termed “mergers” for PR reasons, fiscal motives and even top management teams’ pride.

Merging with or acquiring an existing firm may serve many purposes. Firms undertake M&A operations to perform business diversification (Christensen & Montgomery, 1981), foreign market entry (Hennart & Reddy, 1997), accessing resources (Ahuja & Katila, 2001), deliberate learning (Zollo & Singh, 2004) and reinforcing market power (Chatterjee, 1986). However, there are a number of challenges involving M&A deals such as the valuation of the target firm (Hayward & Hambrick, 1997; Roll, 1986), synergy creation (Kusewitt, 1985; Jemison & Sitkin, 1986), integration of human resources (Buono & Bowditch, 1989), organizational learning process (Hayward, 2002) and the lack of experience in this type of deals (Haleblian & Finkelstein, 1999). Therefore a large number of M&A deals fail (Sirower, 1997) or underperform (King et al., 2004). Cross-border deals are also examined by scholars, since there are additional challenges to address namely selecting the adequate foreign market entry mode (Kogut & Singh, 1988), ascertaining the effect of cultural distance on acquisition performance (Morosini et al., 1998) and on organization learning (Barkema et al., 1996). The recent evidence points that M&As are still the preferred CEO strategy (Matta & Beamish, 2008).

The M&A subject has been analyzed before. There are a number of reviews which seek to organize the knowledge on M&As, as it is delved into from multiple perspectives (e.g Haleblian et al., 2009; Hitt et al., 2012; Meglio & Risberg, 2010; 2011; Papadakis & Thanos, 2010). Arguably one of the reasons M&A attract researchers is the inconsistent results which hinder a thorough and undisputed understanding of the phenomenon, especially its effect on performance (Meglio & Risberg, 2010). Therefore, a substantial number of review articles is focused on the performance issues (Papadakis & Thanos, 2010) and on methodological issues of performance measure (Meglio & Risberg, 2010; 2011; Thanos & Papadakis, 2012). The motivations of the M&A are also interesting for scholars and the motivation-outcome relation has also been reviewed (Haleblian et al., 2009; Hitt et al., 2012). However, the existing literature reviews do not offer an encompassing view of the M&A phenomena as they tend to focus on a specific aspect.

We conducted a bibliometric study encompassing the research published over the past three decades, 1983-2012. We selected a sample of 635 articles in 34 highly-ranked journals publishing strategic management (SM) and international business (IB) research. The sample was identified using *ISI Web of Knowledge* and included not only journals focusing on the specific disciplines, but also journals with a broad management focus and practitioner oriented outlets. Thus our study entails a wide array of perspectives. We did not include journals from financial and economic outlets since our focus is to grasp the extant research on M&As from strategic management and international business perspectives. The procedures involved standard bibliometric techniques of citation and co-citation and also performed a factor analysis to ascertain the sub-fields of interest in M&A research. A structural and longitudinal analysis permits capturing the intellectual structure of the field and how it has evolved over the past thirty years.

This paper contributes to the extant research on M&As by making sense and putting forward a portrayal of the accumulated stock of knowledge on M&A. We offer a broad perspective of the issues and theoretic perspectives deployed, thus overcoming the setbacks of traditional literature reviews which are often focused on a specific aspect of M&As. On the other hand, we also contribute to extend the depiction offered by other bibliometric studies on M&As (e.g., Ferreira et al., 2014), for two main reasons: (1) we have used, to the best of our knowledge, the broadest sample in M&A-related bibliometric studies; (2) and we have used innovative bibliometric techniques in M&A-related bibliometric studies (e.g. factor analysis). Finally, The bibliometric techniques we used permit dealing with a large volume of articles and generate an extensive and more objective picture, avoiding scholars' biases (Acedo et al., 2006). The quantitative analysis of the research field allows us to track the hitherto evolution of M&A-related research, specifically grasping the most relevant theoretical influences and which topics have been delved into by scholars. The avenues we suggest for future endeavors may also offer insights for further developing the research.

Therefore our broad sample bibliometric study may offer empirical validation for what experts in M&A research may already intuitively know (Nerur et al., 2008) and are especially useful for novice scholars and doctoral students.

This article is organized in five sections. First, we review the extant literature on M&As. Second, we present the method describing the data collection procedures and the bibliometric techniques employed. The results, in the third section, present the main findings that are discussed in the subsequent section, where we point out some limitations and suggest future avenues for research. We conclude with a brief overview of the main conclusions of this paper.

2.2. Literature review

The extant research on M&As has received contributions from multiple perspectives (Bauer & Matzler, 2014; Haspeslagh & Jemison, 1991). We may classify the research on M&As from four main perspectives: organizational behavior, strategic management, M&A process and financial economics (Bauer & Matzler, 2014). The perspectives are not mutually exclusive but scholars tend to follow a single perspective (Larsson & Finkelstein, 1999) resulting in a fragmented field of research (Cartwright & Schoenberg, 2006). Cross-border M&As provide a specific context for research and are studied from multiple perspectives (Hitt et al., 2012).

2.2.1. Organizational behavior perspective

The organizational behavior perspective seeks to ascertain both the antecedents and the consequences of organizational level variables on M&As (Bauer & Matzler, 2014). Looking at the antecedents of M&As, scholars have delved into the strategic, cultural and organizational acquirer-target fit (Datta, 1991). Strategic fit may be defined as the extent to which the acquired firm reinforces or complements the acquirer firm strategy which would arguably lead to synergies (Cartwright & Schoenberg, 2006). Empirical evidence, however, does not offer consensual findings (Seth, 1990; King et al., 2004) and the strategic fit arguably does not explain M&A underperformance (Cartwright & Schoenberg, 2006). Scholars have also looked into the role of organizational fit in M&A performance (Marks, 1982; Buono & Bowditch, 1989), i.e., the coincidence between practices and workforce characteristics of the two firms which arguably leads to improved performance. Cultural fit may also arguably avoid conflicts after the M&A deal is completed since there are some commonality of values and beliefs (Cartwright & Schoenberg, 2006). However, the empirical research has provided mixed evidence on the relationship between cultural fit and M&A performance (Schoenberg, 2001; Cartwright, 2005).

Firms which have undertaken M&A deals arguably develop capabilities by learning from prior successes and mistakes which may improve their performance in subsequent deals. In that sense, scholars argue M&A deals follow a conventional learning pattern especially when observing successful experienced acquirers such as Cisco or General Electric (Hitt et al., 2012). There is evidence to support the effect of learning on M&A performance (Barkema et al., 1996; Zollo & Reuer 2010) Nevertheless, extant research provides mixed results which may challenge the learning effect: some studies suggest a U-shaped relation between experience and M&A performance (Haleblian & Finkelstein, 1999; Zollo & Reuer 2010) whereas in other cases no significant effect was found (Bruton et al., 1994; Hayward, 2002).

The inconsistent results arguably suggest the learning process in M&A deals is rather different from the operational setting. In M&A deals there is causal ambiguity in many decisions (Lippman & Rumelt, 1982) thus hindering the effective learning process and, on the other hand, acquirers face contingencies which should be taken into account, notably the intrinsic differences between each M&A deal (Haleblian & Finkelstein, 1999). Another issue which may hinder the learning effect in M&A deals is the nature of the acquisition process with multiple interdependent activities (e.g. due diligence, valuation, negotiation, financing and integration) which may have to be customized to each specific deal (Haspeslagh & Jemison, 1991). Recent studies also suggest prior acquisitive experience may have a negative effect on M&A performance (Haleblian & Finkelstein, 1999) since firms "transferring acquisition routines from one industry to another results in transferring old lessons to new settings where they do not apply" (Hitt et al., 2012: 85). However, firms which engage only in similar acquisitions have limited exploration expertise and may face a competency trap (Hayward, 2002).

The post-M&A integration has also received a great deal of attention (Birkinshaw et al., 2000), especially looking into human resource issues, changes in communication (Nahavandi & Malekzadeh, 1988; Shimizu et al., 2004) and the integration level required to create synergies (Pablo, 1994). The post-deal integration is paramount for creating value

(Haspeslagh & Jemison, 1991; King et al., 2004) as the two firms combine the existing capabilities in a more effective manner (Datta, 1991). Therefore, organizational differences arguably allow firms to achieve synergies (Larsson & Finkelstein, 1999) but pose additional challenges which hinder M&A success (Shimizu et al., 2004).

2.2.2. Strategic management perspective

Firms undertake M&As to create value, generate synergies and augment their performance. Firms which have complementary resource profiles may arguably acquire or merge with other firms which allow them to create unique products (Ravenscraft & Scherer, 1987), to integrate value chains that allow generating economies of scale and scope (Capron, 1999) and to liberate resources to more profitable uses (Hitt et al., 2012). The creation of value is often explained using a Resource-Based View (RBV) since M&A of firms with complementary resource profiles arguably create synergies (Capron, 1999).

Firms may select targets to acquire in related or unrelated businesses. Acquisitions in related businesses seem to generate higher performance than acquisitions in unrelated business (Bruton et al., 1994; Finkelstein & Haleblian, 2002) since the integration of related activities may lead to synergies. However, research suggests this effect is not undisputed. Some studies found no relationship between performance and relatedness (Lubatkin, 1987; Singh & Montgomery, 1987) while others studies suggest a curvilinear effect by which moderate levels of diversification generate higher levels of performance (Palich et al., 2000).

Acquirer firms often pay large acquisition premiums on the acquired firms not only because they expect to recoup the investment via synergies (Hitt et al., 2001) but due to other reasons. Through M&A deals, firms may arguably augment their market power (Chatterjee, 1986) and redeploy assets and resources to more productive uses. Acquiring a new firm may allow the acquirer to generate economies of scale and scope, combining trademarks and workforces (e.g. in manufacturing and sales) and using concurrent distribution channels (Rumelt, 1974; Capron, 1999) to reduce costs and build (or reinforce) a competitive advantage (Barney, 1991; Capron, 1999). Therefore, firms arguably pay acquisition premiums to capture these synergies insofar as the premium does not exceed the potential synergy (Sirower, 1997). Another reason for acquisition premiums is the opportunistic behavior of the managers which use M&A deals to obtain personal gains (e.g. employment risk reduction, executive compensation and power increase) (Hitt et al., 2012). The managerial hubris (Roll, 1986) – where executives' overconfidence in creating synergies clouds their judgment and lead them to pay excessive acquisition premiums (Hayward & Hambrick, 1997) – is also frequently suggested to influence managers' decisions. Other reasons recurrently pointed out as influencing the acquisition premiums are the lack of adequate knowledge on the fundamentals of acquisition strategy, the target and the market conditions and also unexpected problems in the integration phase of the M&A deal (Sirower, 1997).

2.2.3. M&A process perspective

Research on M&As has delved on the acquisition process as a factor which influences the outcome of the M&A deal (Jemison & Sitkin, 1986), looking beyond the motives which led to the deal and the strategic and organizational fit between acquirer and target firms. The acquisition process is arguably one of the key factors of success in M&A deals as "acquisitions are not independent, one-off deals. Instead, they are a means to the end of corporate renewal. The transaction itself does not bring the expected benefits; instead, actions and activities of the managers after the agreement determine the results" (Haspeslagh & Jemison, 1991:12). Therefore, scholars adopting a process perspective in acquisitions posit the research attention should be put on the decision-making as well as the integration processes since it is paramount to understand the drivers instead of the results of the M&A deal (Haspeslagh & Jemison, 1991). Thus, the emphasis of M&A-related research should be placed on all the process and not just on fragments of the process (Haspeslagh & Jemison, 1991) since many failures of M&A deals are due to ineffective management of the acquisition process (Buono & Bowditch, 1989).

Several scholars have examined the different phases of the acquisition process. Marks (1982) posited the acquisition process to have three phases (pre-combination, legal combination and post-combination) whereas Graves (1981) put forward four stages: the planning stage, the anxiety stage, the deal itself, and the evaluation stage. Haspeslagh and Jemison (1991) also put forward four stages but somewhat differently again: idea, acquisition justification (also considered the pre-combination stage), acquisition integration, and results (the post-combination stage) albeit the boundaries between the stages are fuzzy and unclear. It is therefore possible to identify some degree of interaction between the phases which reiterates the need to consider the entire M&A process (Haspeslagh & Jemison, 1991).

Buono and Bowditch (1989), on the other hand, identified seven phases of the M&A process which they termed "combination": precombination, combination planning, announced combination, initial combination, formal combination, combination aftermath and psychological combination. In each of the phases managers are influenced by uncertainties and ambiguities which hinder the success of M&A deals (Buono & Bowditch, 1989).

2.2.4. Financial economics perspective

While it is beyond the scope of our paper to delve into the financial economics perspective, it is impossible to overlook it. It is one of the most prolific streams of M&A research (Stahl & Voigt, 2008; Bauer & Matzler, 2014) and it has influenced other streams of research, especially by offering methods, such as event studies, which are used in studies with other theoretical perspectives (Lubatkin, 1987; Haleblian & Finkelstein, 1999). In fact, the key M&A issue concerning financial economics scholars is the post-deal performance which is ascertained using stock prices (Bauer & Matzler, 2014). On the other hand, there is a strong emphasis on agency theory (Jensen & Meckling, 1976; Jensen, 1986) as the preferred theoretical framework.

2.3. Method

In this paper we aim at grasping an overall depiction of the research on M&A in the strategic management (SM) and international business (IB) fields. Methodologically, we employed a set of procedures for data collection. First, we selected a thirty-year time span. Focusing on a long period is important to assess possible shifts in scholarly attention. Second, to select the journals from where to draw our sample, we collected the journals' impact factors and compared that information with Harzing's (2013) journal quality list (Available for download at http://www.harzing.com/jql.htm). Based on these two sources we selected 34 journals with high impact factor and highly ranked in Harzing's list that publish SM- and IB-related research. The sample journals included some that have a broad management focus such as *Academy of Management Journal*, *Academy of Management Review*, *Journal of Management*, *British Journal of Management*, other journals dedicated to strategic management, such as *Long Range Planning*, *Strategic Management Journal*, *Business Strategy and the Environment*, and others specialized in international business, such as *Asia Pacific Journal of Management*, *Journal of International Business Studies*, *Management International Review*. We also included journals with a practitioner orientation (e.g., *California Management Review* and *Harvard Business Review*) to ensure coverage of different perspectives. Selecting a wide array of journals is consistent with the procedures followed by Acedo and colleagues (2006) albeit other bibliometric studies have used a single journal (Ramos-Rodríguez & Ruíz-Navarro, 2004). Table 2.1 depicts the journals selected and a brief overview of the articles included in our sample.

A third step involved selecting the articles. To select the articles we searched *ISI Web of Knowledge* using the keywords "m&a", "acqui*", "merg*" and "consolidat*". The asterisk, when applied in a search engine captures possible variations on the keywords such as "acquisitions", "acquirer", "merger", "merging", and so forth. The search was conducted on the "Topic" option which investigates the title, abstract, keywords and keywords plus of all the articles. Moreover, to guarantee that the articles were relevant, we read the title, the abstract, the author-supplied keywords and, when necessary, we screened the entire article. This procedure allowed us to expunge the sample of any articles which did not address M&A.

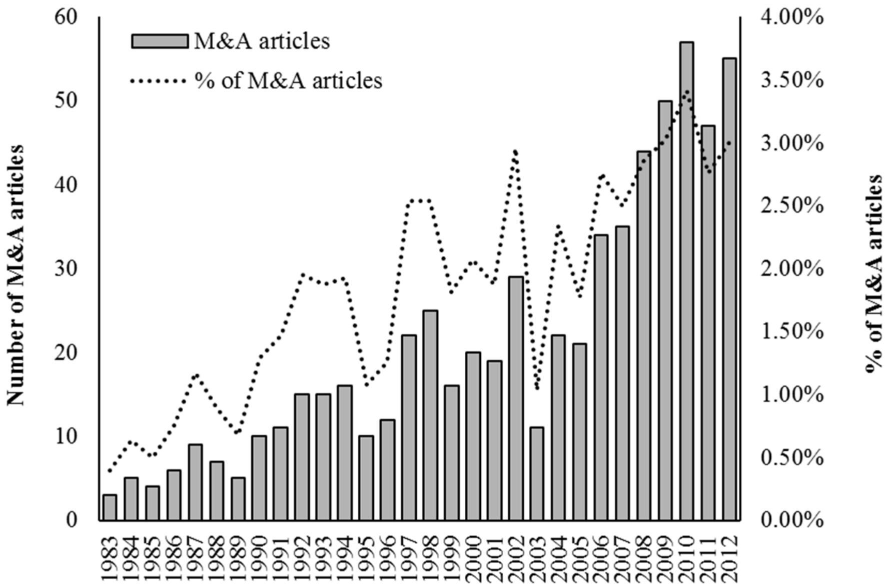
Table 2.1. Journals' description and sample

Journal	Impact factor [a]	5-year Impact factor [a]	Period included in the sample	M&A papers in the period	Papers published in period [b]	%
Academy of Management Review	7.895	11.578	1983-2012	8	1135	0.70%
Journal of Management	6.704	7.754	1983-2012	36	1195	3.01%
Academy of Management Journal	5.906	10.031	1983-2012	50	1714	2.92%
MIS Quarterly	4.659	7.474	1983-2012	3	865	0.35%
Administrative Science Quarterly	4.182	7.693	1983-2012	20	648	3.09%
Academy of Management Annals	4.103	7.030	2007-2012	1	78	1.28%
Asia Pacific Journal of Management	4.099	-	2008-2012	4	185	2.16%
Organizational Research Methods	3.926	4.888	1998-2012	1	328	0.30%
Journal of Management Studies	3.799	4.744	1983-2012	39	1362	2.86%
Management Decision	3.787	2.467	2007-2012	8	552	1.45%
Long Range Planning	3.667	2.885	1983-2012	29	1673	1.73%
Strategic Management Journal	3.367	6.393	1983-2012	124	1608	7.71%
Organization Science	3.351	5.506	1990-2012	33	1114	2.96%
International J. of Manag. Reviews	3.333	4.981	2001-2012	1	194	0.52%
Bus. Strategy and the Environment	3.236	-	2009-2012	2	148	1.35%
Technovation	3.177	3.449	1992-2012	10	858	1.17%
J. of International Business Studies	3.062	5.183	1983-2012	50	1262	3.96%
Omega- Int. J. of Manag. Science	3.024	3.474	1983-2012	1	1771	0.06%
Research Policy	2.850	4.387	1983-2012	13	1954	0.67%
Journal of World Business*	2.617	3.330	1983-2012	25	1053	2.37%
Organization	2.356	2.593	1995-2012	2	653	0.31%
Journal of International Management	2.200	2.781	2007-2012	8	163	4.91%
Organization Studies	2.190	3.229	1983-2012	19	1245	1.53%
British Journal of Management	2.044	2.391	2000-2012	17	485	3.51%
Business & Society	1.936	-	2008-2012	1	110	0.91%
Management Science	1.859	3.057	1983-2012	19	3759	0.51%
International Business Review	1.849	2.330	2005-2012	15	377	3.98%
Strategic Organization	1.769	3.630	2007-2012	7	81	8.64%
California Management Review	1.667	2.554	1983-2012	11	911	1.21%
Management Learning	1.582	1.708	1994-2012	2	449	0.45%
Harvard Business Review	1.519	1.998	1983-2012	39	2605	1.50%
Corporate Governance: An Int. Rev.	1.400	1.581	2006-2012	4	73	5.48%
Management International Review	1.043	-	1983-1990; 2008-2012	13	401	3.24%
European J. of International Manag.	0.667	-	2008-2012	20	151	13.25%
				635	**31160**	**2.04%**

Notes: [a] Impact factor retrieved from 2012 JCR Social Sciences Edition. [b] Articles, reviews and notes published in the period 1983-2012.
* Columbia Journal of World Business was renamed Journal of World Business in 1996.
Source: Authors computations with data retrieved from *ISI web of knowledge*

It is worth noting that although the time span of the study encompasses the thirty years between 1983 and 2012, not every journal was covered in the entire period. Some journals were not published until after 1983 (e.g., *International Business Review* and *Organization Science*) whereas others are only partially covered in *ISI Web of Knowledge* (e.g., *Management International Review* and *British Journal of Management*). Therefore, we may observe a larger number of articles on M&As in more recent years (see Figure 2.1) which may be partly explained by the increasing number of outlets included in *ISI Web of Knowledge*. Nonetheless, it seems there is an expansion of M&A-related research, as measured by the percentage of M&A articles over the total number of articles published by the journals sampled.

Figure 2.1. Evolution of publications on mergers and acquisitions



Note: The dotted line represents the M&A articles as a percentage of the articles published in a given year; the bar represents the absolute number of M&A articles in a given year.
Source: Authors computations with data retrieved from *ISI Web of Knowledge.*

2.3.1. Procedures of analyses

In this study we undertook different types of analyses, namely citations, co-citations and factor analysis. We conducted structural analyses for the entire 30-year period and longitudinal analyses by examining 5-year periods. The analyses included in our study used the metadata retrieved from 635 articles, in a total of 19,791 references.

Citation analyses are based on counting citations of a given work and examining citations relies on the assumption that a more often cited article has had greater impact in the field. The citation analysis arguably allows identifying the key works and scholars which drive the M&A-related research and suggest the issues focused. We conducted citation analysis to ascertain the forty most used references – and thus the most influential works– for the entire period and each 5-year sub-period to grasp a longitudinal perspective.

Co-citation analysis may be used to grasp the intellectual structure of a field of study. Co-citations permit us to understand the interconnectedness between authors and theories (Ramos-Rodríguez & Ruíz-Navarro, 2004). Using the 40 most cited papers we constructed co-citation matrixes and drew MDS maps for a better understanding of the relationships between the works. The nodes in the picture represent the works and the closer the two works the stronger the relationship between them, i.e., the more often a given pair of works is co-cited. The spatial dispersion of the nodes also depicts the relative importance of the works since more influential works are placed in more central positions in the co-citation map.

Finally we undertook a factor analysis to identify the main topics delved into in M&A-related research. Following the procedure put forward by Acedo and colleagues (2006) and Lin and Cheng (2010) we used the co-citation matrix to perform a factor analysis. We chose an orthogonal rotation instead of other types of rotations (as *oblimin*, for instance) since it returns result which are more easily interpreted (Fabrigar et al., 1999). The rationale for this procedure is that similar references (e.g. dealing with the same subject or sharing a theoretical perspective) tend to be included in the same factor and the factor loadings signal the fit between a given reference and its corresponding factor. We included in a given factor the references with a load greater than 0.4 (see Shafique, 2013). After the factor analysis we scrutinized the references included in each factor to extrapolate the theme: therefore, each factor epitomizes a subtheme in M&A-related research.

2.4. Results

2.4.1. Citation analyses

Using the 19,791 references cited in the 635 articles included in our sample, we conducted a citation analysis. Table 2.2 presents the most used references in our sample for the entire period considered (1983-2012) and for each 5-year sub-period. We present the raw and relative frequency of each reference to represent the relative impact of each work in each sub-period. The table is sorted by the final column referring to the entire timespan. The most used reference, and thus arguably the most influential, in M&A-related research is Haspeslagh and Jemison (1991), which was used by 174 (27.4%) articles in the sample. By observing the data in table 2.2 we may identify trends on the use of the works over time. For example, we observe the use of Jemison and Sitkin (1986) and Rumelt (1974) which peaked in the 1993-1997 period and have been decreasing in the last three sub-periods. Conversely, Kogut and Singh (1988), Barney (1991) and Haleblian and Finkelstein (1999) and have been increasingly used by M&A scholars.

Table 2.2. Raw and relative citation frequency per period

	Document	1983-1987		1988-1992		1993-1997		1998-2002		2003-2007		2008-2012		Total		Trend
		n=27		n=48		n=75		n=109		n=123		n=253		n=635		
1	Haspeslagh & Jemison (1991)	-	-	2	4.17%	23	30.67%	40	36.70%	39	31.71%	70	27.67%	174	27.40%	
2	Jemison & Sitkin (1986)	1	3.70%	17	35.42%	24	32.00%	21	19.27%	19	15.45%	37	14.62%	119	18.74%	↘
3	Rumelt (1974)	14	51.85%	15	31.25%	19	25.33%	15	13.76%	15	12.20%	7	2.77%	85	13.39%	↘
4	Jensen & Ruback (1983)	5	18.52%	22	45.83%	16	21.33%	14	12.84%	17	13.82%	8	3.16%	82	12.91%	↘
5	Kogut & Singh (1988)	-	-	-	-	9	12.00%	14	12.84%	19	15.45%	40	15.81%	82	12.91%	↗
6	Lubatkin (1983)	10	37.04%	18	37.50%	11	14.67%	16	14.68%	7	5.69%	19	7.51%	81	12.76%	↘
7	Porter (1987)	-	-	13	27.08%	20	26.67%	23	21.10%	20	16.26%	4	1.58%	80	12.60%	↘
8	Barney (1991)	-	-	-	-	6	8.00%	17	15.60%	18	14.63%	39	15.42%	80	12.60%	↗
9	Lubatkin (1987)	-	-	18	37.50%	16	21.33%	10	9.17%	14	11.38%	21	8.30%	79	12.44%	
10	Singh & Montgomery (1987)	-	-	16	33.33%	14	18.67%	13	11.93%	14	11.38%	22	8.70%	79	12.44%	
11	Haleblian & Finkelstein (1999)	-	-	-	-	-	-	5	4.59%	26	21.14%	48	18.97%	79	12.44%	↗
12	Nelson & Winter (1982)	-	-	2	4.17%	8	10.67%	17	15.60%	14	11.38%	37	14.62%	78	12.28%	↗
13	Hofstede (1980)	-	-	-	-	8	10.67%	10	9.17%	18	14.63%	42	16.60%	78	12.28%	↗
14	Datta (1991)	-	-	1	2.08%	8	10.67%	20	18.35%	14	11.38%	34	13.44%	77	12.13%	
15	Cohen & Levinthal (1990)	-	-	-	-	3	4.00%	15	13.76%	19	15.45%	39	15.42%	76	11.97%	↗
16	Chatterjee (1986)	-	-	18	37.50%	16	21.33%	17	15.60%	9	7.32%	16	6.32%	76	11.97%	↘
17	Chatterjee, Lubatkin, Schweiger & Weber (1992)	-	-	-	-	12	16.00%	17	15.60%	17	13.82%	29	11.46%	75	11.81%	
18	Williamson (1975)	5	18.52%	10	20.83%	10	13.33%	19	17.43%	15	12.20%	16	6.32%	75	11.81%	↘
19	Buono & Bowditch (1989)	-	-	5	10.42%	12	16.00%	13	11.93%	18	14.63%	25	9.88%	73	11.50%	
20	Ravenscraft & Scherer (1987)	-	-	9	18.75%	20	26.67%	12	11.01%	16	13.01%	14	5.53%	71	11.18%	↘
21	Penrose (1959)	2	7.41%	2	4.17%	7	9.33%	17	15.60%	11	8.94%	31	12.25%	70	11.02%	↗
22	Larsson & Finkelstein (1999)	-	-	-	-	-	-	6	5.50%	19	15.45%	43	17.00%	68	10.71%	↗
23	Jensen (1986)	-	-	3	6.25%	9	12.00%	13	11.93%	18	14.63%	24	9.49%	67	10.55%	
24	Walsh (1988)	-	-	9	18.75%	12	16.00%	15	13.76%	14	11.38%	17	6.72%	67	10.55%	↘

25	Kitching (1967)	12	44.44%	12	25.00%	7	9.33%	12	11.01%	10	8.13%	12	4.74%	65	10.24%	⬂
26	Vermeulen & Barkema (2001)	-	-	-	-	-	-	2	1.83%	19	15.45%	44	17.39%	65	10.24%	⬀
27	Cyert & March (1963)	2	7.41%	3	6.25%	7	9.33%	10	9.17%	13	10.57%	30	11.86%	65	10.24%	⬀
28	Barney (1988)	-	-	6	12.50%	17	22.67%	10	9.17%	12	9.76%	19	7.51%	64	10.08%	
29	Roll (1986)	-	-	9	18.75%	11	14.67%	17	15.60%	11	8.94%	15	5.93%	63	9.92%	⬂
30	Nahavandi & Malekzadeh (1988)	-	-	4	8.33%	8	10.67%	14	12.84%	11	8.94%	25	9.88%	62	9.76%	
31	Hayward (2002)	-	-	-	-	-	-	1	0.92%	18	14.63%	43	17.00%	62	9.76%	⬀
32	Salter & Weinhold (1979)	16	59.26%	21	43.75%	12	16.00%	9	8.26%	1	0.81%	2	0.79%	61	9.61%	⬂
33	Jensen & Meckling (1976)	1	3.70%	5	10.42%	11	14.67%	11	10.09%	12	9.76%	19	7.51%	59	9.29%	
34	Amihud & Lev (1981)	3	11.11%	10	20.83%	12	16.00%	11	10.09%	11	8.94%	11	4.35%	58	9.13%	
35	Capron, Dussauge & Mitchell (1998)	-	-	-	-	-	-	8	7.34%	19	15.45%	31	12.25%	58	9.13%	⬀
36	Zollo & Singh (2004)	-	-	-	-	-	-	-	-	10	8.13%	46	18.18%	56	8.82%	⬀
37	Wernerfelt (1984)	1	3.70%	1	2.08%	6	8.00%	14	12.84%	15	12.20%	19	7.51%	56	8.82%	⬀
38	Williamson (1985)	0	0.00%	3	6.25%	9	12.00%	13	11.93%	11	8.94%	19	7.51%	55	8.66%	⬀
39	Capron (1999)	-	-	-	-	-	-	7	6.42%	19	15.45%	29	11.46%	55	8.66%	⬀
40	Kogut & Zander (1992)	-	-	-	-	1	1.33%	12	11.01%	17	13.82%	25	9.88%	55	8.66%	⬀

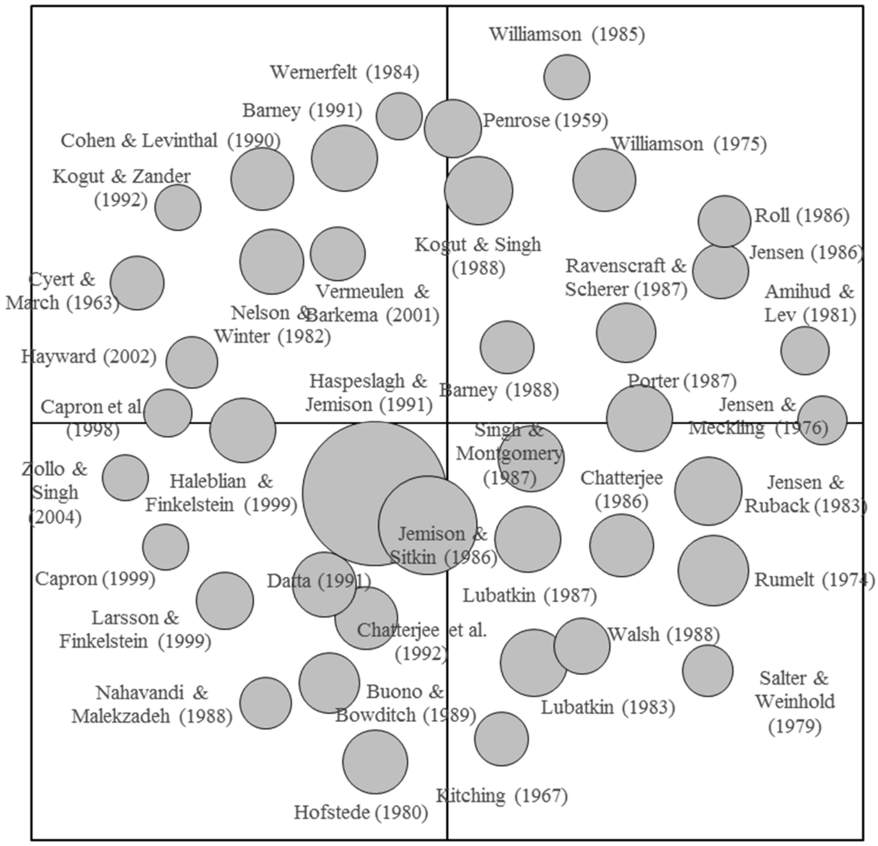
Note: *n* = number of articles in the sample in each period.
Source: Authors computations based on ISI Web of Knowledge.

2.4.2. Co-citation analyses

We performed co-citation analyses of the 40 most cited references. Two works are said to be co-cited when they are jointly used in a given work, thereby having some degree of similarity (arguably conceptual similarity). The MDS map has a quite straightforward reading: the closer two works are the more similar they are, meaning the two works are often used together. The size of the circles represent the citation count: the larger the circle the more often a given work is cited, which represents the importance of the work for the field. The importance of the works may also be observed by its position in the network: more cited works are placed in more central positions whereas less important works are located in peripheral positions.

We present the results of our co-citation analysis for the entire period and the last sub-period (2008-2012) due to length concerns. These two co-citation maps also allow understanding the most recent trends in M&A research. Figure 2.2 portrays the co-citation map of the 40 most cited articles for the entire period in our sample. We may observe the central position of works on the M&A process (Jemison & Sitkin, 1986; Haspeslagh & Jemison, 1991) and also on post-deal integration challenges (Chatterjee, 1986; Datta, 1991; Chatterjee et al., 1992). In a second layer, further away from the center of the network we may identify other works on post-deal integration namely organizational integration (Larsson & Finkelstein, 1999) and human resources acculturation (Nahavandi & Malekzadeh, 1988; Buono & Bowditch, 1989). The behavioral learning approach (Cohen & Levinthal, 1990; Haleblian & Finkelstein, 1999) is also in an intermediary position as are the works on top management team issues (Walsh, 1988) and diversification (Porter, 1987; Barney, 1988). On the periphery of the network we may find works on TCT (Williamson, 1975; 1985), on RBV (Penrose, 1959; Wernerfelt, 1984; Barney, 1991; Capron et al., 1998; Capron, 1999), on agency theory (Jensen & Meckling, 1976; Jensen, 1986;), on cultural issues (Hofstede, 1980; Kogut & Singh, 1988), and on organizational learning (Vermeulen & Barkema, 2001; Zollo & Singh, 2004).

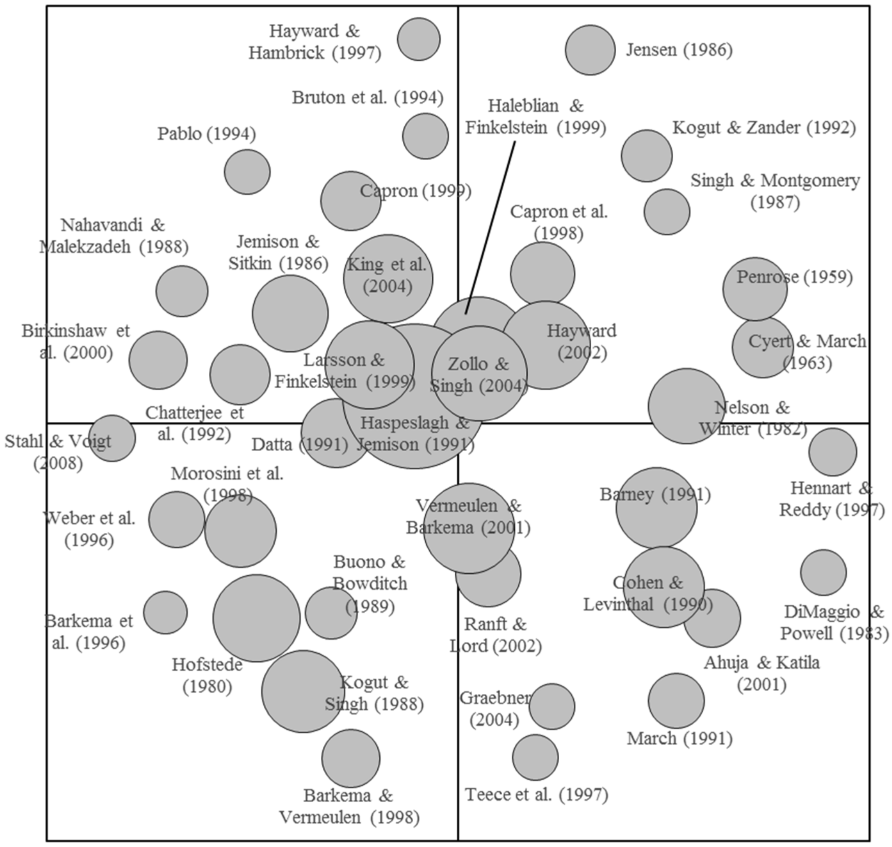
Figure 2.2. Co-citation map of the 40 most cited articles: 1983-2012



Source: Data retrieved from ISI Web of Knowledge.

The co-citation map for the sub-period 2008-2012 is depicted on Figure 2.3. We may perceive the central position of Haspeslagh and Jemison (1991) and several works on learning from acquisition experience (Haleblian & Finkelstein, 1999; Vermeulen & Barkema, 2001; Hayward, 2002; Zollo & Singh, 2004). In fact, organizational learning issues seem to be paramount in recent M&A-related research as we may observe strong proximity to several works on synergy creation (Larsson & Finkelstein, 1999) and on organizational fit (Datta, 1991) and cultural fit (Weber et al., 1996) between acquirer and target. The works on cultural differences issues are also present (Hofstede, 1980; Kogut & Singh, 1988; Barkema et al., 1996; Morosini et al., 1998; Stahl & Voigt, 2008) and close to works on organizational learning and to human resources' integration (Buono & Bowditch, 1989; Birkinshaw et al., 2000). Comparing the two co-citation networks (Figures 2.2 and 2.3) we may observe a recent focus on cross-border operations and organizational learning, and a decrease in the use of financial economics works, thus suggesting a more autonomous SM and IB research on M&As.

Figure 2.3. Co-citation network of most cited articles: 2008-2012



Source: Data retrieved from ISI Web of Knowledge.

2.4.3. Factor analysis

As noted previously, the factor analysis allows us to identify sub-fields of research (Acedo et al., 2006; Lin & Cheng, 2010). We included each article in the factor in which it held the highest loading, although it is possible for an article to contribute to more than one stream of research. Therefore, the factor loading denotes the match between the factor and the article. We scrutinized the content of the works which load on each factor (Nerur et al., 2008) to identify each stream of research and to recognize the theories used and the topics examined. The factor analysis for the entire period resulted in four factors which explain 64% of the variance (Table 2.3).

Table 2.3. Factor analysis: 1983-2012

Organizational behavior perspective	Financial economics perspective	Strategic management perspective	M&A Process perspective
Buono & Bowditch (1989) – 0.79 Capron et al. (1998) – 0.67 Capron (1999) – 0.76 Chatterjee et al. (1992) – 0.70 Datta (1991) – 0.77 Haleblian & Finkelstein (1999) – 0.72 Hayward (2002) – 0.63 Hofstede (1980) – 0.72 Jemison & Sitkin (1986) – 0.61 Kitching (1967) – 0.40 Kogut & Singh (1988) – 0.62 Larsson & Finkelstein (1999) – 0.83 Nahavandi & Malekzadeh (1988) – 0.78 Vermeulen & Barkema (1998) – 0.74 Walsh (1988) – 0.42 Zollo & Singh (2004) – 0.74	Amihud & Lev (1981) – 0.537 Barney (1988) – 0.71 Chatterjee (1986) – 0.81 Jensen & Meckling (1976) – 0.45 Jensen & Ruback (1983) – 0.77 Lubatkin (1983) – 0.75 Lubatkin (1987) – 0.71 Porter (1987) – 0.77 Ravenscraft & Scherer (1987) – 0.71 Rumelt (1974) – 0.68 Salter & Weinhold (1979) – 0.83 Singh & Montgomery (1987) – 0.72	Barney (1991) – 0.67 Cohen & Levinthal (1990) – 0.69 Cyert & March (1963) – 0.75 Kogut & Zander (1992) – 0.69 Nelson & Winter (1982) – 0.57 Penrose (1959) – 0.75 Wernerfelt (1984) – 0.74 Williamson (1975) – 0.47 Williamson (1985) – 0.72	Haspeslagh & Jemison (1991) – (-)0.83 Jensen (1986) – 0.52 Roll (1986) – 0.46

Notes: The values are the loadings in the factor.
Source: Authors' computations.

The first factor – termed "Organizational behavior perspective" – includes 13 works which look into several organizational aspects. One group of works delves into organizational learning: firms learn from previous deals (Haleblian & Finkelstein, 1999; Hayward, 2002) and from the acquired firms (Vermeulen & Barkema, 1998; Zollo & Singh, 2004) thus resulting in increased competitiveness (Larsson & Finkelstein, 1999). There is also a group of works dealing with culture and cultural differences (Hofstede, 1980; Kogut & Singh, 1988; Chatterjee et al., 1992) which are challenges firms have to cope with when undertaking M&As. Cultural differences may have a significant impact on human resources (Buono & Bowditch, 1989) especially in cross-border deals (Chatterjee et al., 1992). Culture and cultural differences are also arguably important in post-deal integration not only at national level but also on organizational level (Nahavandi & Malekzadeh, 1988; Datta, 1991). Therefore, firms with a greater organizational fit arguably outperform other firms (Datta, 1991) and may reduce the likelihood of a deal miscarriage (Kitching, 1967).

The second factor – “Financial economics perspective” – includes eleven works and focus mainly on the economic performance of firms after an M&A deal. The rationale driving many M&As is synergy creation which arguably increases the economic value of firms (Lubatkin, 1983; Chatterjee, 1986; Lubatkin, 1987). The post-deal economic performance may also be influenced by the acquisition strategy chosen (Rumelt, 1974; Singh & Montgomery, 1987): business diversification reduces the risk (Amihud & Lev, 1981) and may lead to increased economic performance (Salter & Weinhold, 1979; Ravenscraft & Scherer, 1987).

The third factor – “Strategic management perspective” – includes eight works and has a strong emphasis on the Resource-Based View (RBV) and its variants, such as Knowledge-Based View (KBV), and also on the boundaries between firms and the markets. The RBV provides a framework for firms to achieve a sustained competitive advantage (Barney, 1991) using heterogeneous resources (Wernerfelt, 1984; Barney, 1991) which are arguably scarce (Penrose, 1959). One key resource to building and sustaining competitive advantage is knowledge since it is socially complex and embedded in the firms’ structure (Cohen & Levinthal, 1990; Kogut & Zander, 1992). Therefore firms may arguably undertake M&A deals to access knowledge or other strategic resources. Firms may also perform M&As to avoid the transaction costs of contracting in the market (Williamson, 1975; 1985), thus broadening their boundaries, as posited by the Transaction Cost Theory (TCT). TCT includes in its arguments some behavioral assumptions (e.g. bounded rationality) following the seminal concept by Cyert and March (1963).

The fourth factor, including three works, was termed “M&A Process perspective” since the main work is Haspeslagh and Jemison (1991), a work which is a key marker for this perspective. The process perspective posits research should take a holistic perspective from the selection of a target which fits the acquirer, the integration issues and all the decision-making throughout the M&A process (Haspeslagh & Jemison, 1991). This factor also includes one work on agency theory (Jensen, 1986) which may arguably explain problems arising in the M&A process since managers may take sub-optimal decisions due to conflicting interests with the shareholders thus resulting in agency costs in M&A deals (Jensen, 1986). Costs and integration obstacles may also arise from excessive acquisition premiums when managers overpay is because they err in their assessment of synergy creation and overestimate the value of the target firms (Roll, 1986).

We also performed factor analyses for the last sub-period (see Table 2.4). We identified four factors which explain 67% of the variance. We may observe the attention given to post-deal integration and performance (Bruton et al., 1994; Larsson & Finkelstein, 1999; King et al., 2004), highlighting the importance of the integration stage of the M&A process (Haspeslagh & Jemison, 1991). We can also observe a factor concerning organizational learning issues (Cohen & Levinthal, 1990; Ahuja & Katila, 2001) which are strongly associated with the KBV (Kogut & Zander, 1992) and the RBV (Penrose, 1959, Barney, 1991; Teece et al., 1997). Cross-border M&As are also investigated , especially the effect of cultural differences on M&A deals (Chatterjee et al., 1992; Barkema et al., 1996; Morosini et al., 1998; Stahl & Voigt, 2008). Cultural differences hinder the integration of the acquired firm and are posited to have a negative impact on firms' performance (Chatterjee et al., 1992). Differences in national culture (Kogut & Singh, 1988) also obstruct firms' organizational learning (Barkema & Vermeulen, 1998) thus requiring an acculturation both at national level and organizational level (Barkema et al., 1996). The fourth factor includes only one work (Jensen, 1986) arguably portraying the decreasing importance of financial economics works in M&A research from SM and IB perspectives.

Table 2.4. Factor analysis: 2008-2012

M&A process: Post-deal integration and performance	Organizational learning	Cross-border M&As	Agency theory
Birkinshaw et al. (2000) – 0.78 Bruton et al. (1994) – 0.69 Buono & Bowditch (1989) – 0.84 Capron et al. (1998) – 0.61 Capron (1999) – 0.82 Chatterjee et al. (1992) – 0.77 Datta (1991) – 0.80 Haleblian & Finkelstein (1999) – 0.58 Haspeslagh & Jemison (1991) – 0.60 Hayward & Hambrick (1997) – 0.73 Hayward (2002) – 0.49 Jemison & Sitkin (1986) – 0.79 King et al. (2004) – 0.77 Larsson & Finkelstein (1999) – 0.79 Nahavandi & Malekzadeh (1988) – 0.85 Pablo (1994) – 0.89 Singh & Montgomery (1987) – 0.60 Vermeulen & Barkema (2001) – 0.56 Zollo & Singh (2004) – 0.61	Ahuja & Katila (2001) – 0.80 Barney (1991) – 0.67 Cohen & Levinthal (1990) – 0.69 Cyert & March (1963) – 0.67 DiMaggio & Powell (1983) – 0.76 Graebner (2004) – 0.50 Kogut & Zander (1992) – 0.75 March (1991) – 0.80 Nelson & Winter (1982) – 0.73 Penrose (1959) – 0.76 Ranft & Lord (2002) – 0.46 Teece et al. (1997) – 0.78	Barkema et al. (1996) – 0.75 Barkema & Vermeulen (1998) – 0.85 Hennart & Reddy (1997) – 0.65 Hofstede (1980) – 0.71 Kogut & Singh (1988) – 0.56 Morosini et al. (1998) – 0.58 Stahl & Voigt (2008) – 0.40 Weber et al. (1996) – 0.50	Jensen (1986) – 0.88

Notes: The values are the loadings in the factor.
Source: Authors' computations.

2.5. Discussion

In this article we examined the extant research on M&As. We used bibliometric techniques to analyze the citation patterns over the past three decades to discern those works that had the greatest impact on the field. We also looked at the intellectual structure of the field using co-citation analysis. Finally, we assessed the topics explored and the theoretical approaches used using factor analysis. Moreover, we were able to examine shifts throughout the years. Our paper thus complements other bibliometric studies on M&As (e.g., Ferreira et al., 2014) and allows for a better understanding of the intellectual structure of M&A research. The bibliometric techniques used allow us to overcome the cognitive biases of the researchers (Acedo et al., 2006) by providing a more objective and complete perspective of the research in M&As than traditional reviews.

2.5.1. The research so far

The results warrant some highlights. Over the last three decades we may observe a significant shift in the theoretical approaches to M&A research. In earlier periods there was a strong emphasis on financial explanations for M&As (Lewellen, 1971; Jensen, 1986) and for economic-based approaches (Rumelt, 1974; Salter & Weinhold, 1979). The research focused strongly on investigating the performance of M&As from the shareholders' perspective (Lewellen, 1971; Lubatkin, 1987). Over time there was a gradual shift towards firm-level issues such as strategic factors (Kusewitt, 1985), the organizational fit (Datta, 1991) and cultural fit (Weber et al., 1996) between acquirer and target firms and even manager-level issues like the decision-making process (Roll, 1986), often using a behavioral approach (Cyert & March, 1963). The RBV (Barney, 1991) has also gained substantial interest from scholars over time as M&As may be a way to access resources not yet held. In fact, some scholars suggest that successfully undertaking M&A deals may be a capability which may grant firms better performance (Haleblian & Finkelstein, 1999). In more recent periods we may observe a growing use of organizational learning perspectives (Vermeulen & Barkema, 2001). Some scholars argue firms undertake M&As to learn (Zollo & Singh, 2004) in both explorative and exploitative behaviors (March, 1991). Firms performing M&As are thus capable of absorbing (Cohen & Levinthal, 1990) and using the acquired knowledge in different forms to improve their performance (Kogut & Zander, 1992).

The results denote the presence of M&A-specific references, notably the works on M&A process (Jemison & Sitkin, 1986; Haspeslagh & Jemison, 1991). The M&A process stresses the need to correctly manage all the acquisition process, especially the post-deal integration to achieve the expected results. Therefore, it is not surprising to observe among the most used references a large collection of works on the integration challenges (e.g. Buono & Bowditch, 1989; Chatterjee et al., 1992; Larsson & Finkelstein, 1999) and the effect of integration on M&A performance (Walsh, 1988). The post-deal integration is arguably one factor which impacts synergy creation (Larsson & Finkelstein, 1999) and therefore the performance of an M&A (Chatterjee, 1986).

There has also been an increase in the research on M&As from an IB perspective, as we may observe from the growth in the use of culture and cultural differences related references (Hofstede, 1980; Kogut & Singh, 1988). The effect of cultural differences on cross-border M&As has been increasingly researched (Barkema et al., 1996; Morosini et al., 1998; Stahl & Voigt, 2008). IB scholars recognize the specific challenges of cross-border M&As for organizational learning (Barkema et al., 1996), for performance (Morosini et al., 1998) and for shareholder value creation (Chatterjee et al., 1992). However, there has been scarce emphasis on institutional theory to address the problems of undertaking M&A deals abroad. Institutional theory posits firms operating abroad should gain legitimacy by acting similarly to local firms (DiMaggio & Powell, 1983). M&As may thus be used to achieve such legitimacy and improve performance.

2.5.2. Future research

Future research may address gaps and underexplored paths identified. Cross-border M&As require additional attention, despite being a phenomenon which captures scholars' attention. There has been a wealth of research on cross-border M&As, especially delving into cultural differences and its impact in the context of developed countries (Shimizu et al., 2004). However, the existing reviews of research on cross-border M&As are insufficient: some focus one specific subject (Schoenberg, 2001), others focus on domestic and cross-border M&As (Cartwright, 2005; Cartwright & Schoenberg, 2006; Ferreira et al., 2014) and others fail to capture the more recent developments of the field (Shimizu et al., 2004, Cartwright, 2005; Cartwright & Schoenberg, 2006). Therefore, a bibliometric study of cross-border M&As would provide an up-to-date and objective depiction of field of research.

The large volume of cross-border M&As also provides an opportunity to explore different theoretical approaches. The emerging countries provide an interesting setting for novel research as developed-countries firms acquire emerging market firms, with distinct challenges. On the other hand, over recent years there has been a surge of MNE from emerging countries performing cross-border M&As, both in developed and other emerging countries. Therefore, it may be interesting to investigate if the current theoretical models are useful in explaining the behavior and decision-making process of the emerging market firms or if they need to be re-defined. On the other hand, institutional theory may be used to delve into the post-deal integration issues to complement existing knowledge on the effects of cultural distance (Chatterjee et al., 1992; Barkema et al., 1996; Morosini et al., 1998). The integration of the acquired firms is an important stage and it is vital to achieving superior performance. Institutional theory may also be useful to explain the selection of investment banks, financial and non-financial advisors and the financing of the deals (Hitt et al., 2012).

Another possible research avenue is developing a specific M&A theory. As other scholars have noted, the research on M&As is highly fragmented (Bauer & Metzler, 2014). Observing the current wealth of knowledge allows us to perceive there are several theoretical contributions to M&A research. Some scholars use economic (Rumelt, 1974) and financial (Jensen, 1986) approaches to look into M&As, whereas others rely on TCT (Williamson, 1985), RBV (Capron, 1999) and KBV (Kogut & Zander, 1992) and we may also identify theoretical contributions from sociology scholars (Levitt & March, 1988). Thus, an M&A theory would arguably improve the understanding of what drives success or failure of a deal.

2.5.3. Limitations

Our paper has a few limitations worth noting. One limitation pertains to the sample. Albeit we are confident that our sample is representative of the extant M&A research it is not exhaustive of all articles published. For instance, the keywords selected may fail to capture some papers. Moreover, using only articles from top ranked journals is a limitation since there are other journals with a minor impact and other journals are not included in ISI: although we sampled from 34 journals there are certainly other relatively less reputed journals that were left out. We also left out alternative outlets to scientific knowledge such as books, theses, conferences proceedings and so forth. Therefore, enlarging the sample to include other journals and other sources of knowledge may overcome these limitations.

The bibliometric techniques have limitations themselves, for instance the lack of context. We performed citation and co-citation analyses but bibliometric techniques do not allow to assessing how a given reference is used: just to recognize its existence, to build an argument upon it, to criticize it or to justify using an alternative theory or measure, for instance. This limitation may be overcome by using some sort of content analysis and thus delving into the context in which a citation is made to uncover additional linkages and get a better understanding of the M&A field.

2.6. Concluding remarks

This bibliometric study has sought to make sense of a wealth of research on M&As. By empirically investigating a large number of documents, bibliometric studies arguably capture trends and interconnections which would otherwise be unperceivable, especially between the issues researched and the theoretical approaches. Therefore, looking into 30 years of research on M&As using 635 articles allowed us to identify a theoretical shift towards an organizational learning and RBV perspectives (and its variants such as KBV and capabilities). These findings corroborate to some extent the conclusions of the works on the intellectual structure of strategic management research (Ramos-Rodriguez & Ruiz-Navarro, 2004) and of innovation research (Shafique, 2013). Despite not providing an illustration of the state of the art of knowledge, a bibliometric study examines the stock of existing knowledge and permits the detection of gaps or underexplored areas. In our study, we discuss the results to suggest avenues for future M&A research.

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Chapter 3

Cross-border mergers & acquisitions: A bibliometric review and future research avenues[2]

ABSTRACT

Cross-border mergers and acquisitions (CBMAs) are an important mode of international expansion and have attracted substantial scholarly attention in the last decades. The extant literature on CBMAs is fragmented and often presents contradictory perspectives which hinder the researchers' ability to understand the phenomenon. Therefore it is useful to analyze the extant literature on CBMAs, to make sense of what has been published, in a systematic and objective way. In this paper we conduct a bibliometric review of CBMA research over a 20-year period (1994-2013). Using a sample of 256 articles published in 69 journals we performed citation, co-citation and factor analyses, structural and longitudinal, thus allowing us to understand the most influential works and to observe the evolution of the themes and theoretical approaches used. We identified the importance of culture-related works as well as the increasing importance of resource- and knowledge-related approaches, whereas finance/economics perspectives have a decreasing influence. We contribute to the CBMA literature by making sense of a large amount of scattered information and establishing an objective portrayal of what is known, allowing researchers to track further advancements.

Keywords: Mergers and acquisitions; Cross-border M&As; International acquisitions; Bibliometric review

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3.1. Introduction

Cross-border mergers and acquisitions (CBMAs) are an important way to perform foreign direct investment (FDI) operations and to expand a firm's geographic and business scope (Ferreira et al., 2014). The research on CBMAs is arguably fragmented and scattered considering both the issues analyzed and the theoretical approaches. CBMAs have been studied using multiple theoretical lenses, ranging from a Resource-Based View (RBV) (Capron, 1999) to transaction costs theory (TCT) (Hennart & Reddy, 1997) and organizational learning (Haleblian & Finkelstein, 1999; Vermeulen & Barkema, 2001). The motives firms choose to perform CBMAs over other entry modes have been analyzed (e.g. Anderson & Gatignon, 1986; Barkema et al., 1996; Chang & Rosenzweig, 2001), especially scrutinizing the influence of several country-level factors on CBMAs (Stahl & Voigt, 2008). A large number of studies have sought to shed light on the role of national cultural differences (Morosini et al., 1998), institutions (Björkman et al., 2007; Dikova et al., 2010) and multiple country-level factors (Brouthers & Brouthers, 2000) when undertaking CBMAs. On the other hand, firm-level factors influencing CBMA have been examined - namely relatedness (Datta & Puia, 1995), degree of subsidiaries' control required (Gatignon & Anderson, 1988) and control mechanisms deployed (Calori et al., 1994). The post-CBMA integration challenges have also been examined (Birkinshaw et al., 2000), focusing on the differences in organizational cultures (Buono & Bowditch, 1989) and the top management teams' (TMT) influence on value creation (Graebner, 2004). Thus we may observe a broad range of research interests which result in a somewhat fragmented research field (Stahl & Voigt, 2008). Furthermore, despite being substantially explored, the extant knowledge on this phenomenon is still insufficient (Reis et al., 2015).

Several attempts to organize and make sense of the extant knowledge on CBMA can be identified. For instance, Shimizu and colleagues (2004) have analyzed the theoretical foundations of CBMA, focusing on CBMAs as a means of entering a foreign market, of learning and of creating value for the firm. Chapman (2003) reviewed CBMAs from an economic perspective to analyze their role in economic restructuring. More recently, Reddy (2015) reviewed the literature on CBMA – alongside the literature on entry modes and diversification – to describe the theoretical approaches used and to advance a model for interdisciplinary research. A number of other merger and acquisitions reviews do not focus specifically on CBMA (e.g. Cartwright & Schoenberg, 2006; Ferreira et al., 2014; Haleblian et al., 2009; Reis et al., 2015) or they restrict the analysis to a specific region (Chen & Findlay, 2003). Therefore we identify a gap in systematically reviewing the extant literature on CBMAs. Literature reviews are arguably important to offer a portrayal of what is known and how CBMA research has evolved so far.

The objective of this paper is to understand CBMA research over the last decades. We aim at understanding the key works influencing CBMA research as well as the key topics investigated. We also grasp the intellectual structure of the CBMA field as we present the ties binding theories and authors. Methodologically, we performed a bibliometric review of 256 articles published in 69 journals over the 1994-2013 period, using the meta-data of the articles we retrieved from *ISI Web of Knowledge* (WoK). We include general management journals (e.g. *Academy of Management Journal*) and specific outlets for several disciplines such as international business (IB) (e.g. *Journal of International Business Studies*), strategic management (e.g. *Strategic Management Journal*), human resources management (HRM) (e.g. *International Journal of Human Resource Management*) and others, as long as they are classified as Business and Management outlets by WoK. We conducted citation, co-citation and factor analyses both for the entire sample and also for sub-periods in a longitudinal manner.

Our paper makes a threefold contribution to the literature on CBMA. First, we make sense of a large amount of scattered information on CBMA and present it in a systematic manner. We thus allow for scholars – especially junior scholars and newcomers to the field – to quickly grasp the current state of CBMA research. Second, we establish a basepoint to track the evolution of the field by putting forward a broad portrayal of the research over the last two decades. Third, we offer – to the best of our knowledge – the first bibliometric review focused specifically on CBMAs thus complementing other reviews on mergers and acquisitions (e.g. Ferreira et al., 2014; Reis et al., 2015).

The paper proceeds by offering an overview of the extant literature on cross-border mergers and acquisitions. The methodology used is then presented and our main findings follow. The paper closes with a broad discussion of our results and avenues for future research.

3.2. Literature review

Cross-border mergers and acquisitions comprise all the merger and acquisition (M&A) deals involving firms headquartered in two different countries (Hitt & Pisano, 2004). M&As are considered arduous operations since they are unique and non-routine processes (Hayward, 2002) which require the development of specific capabilities to perform successfully. CBMAs face increased adversities, when compared to purely domestic M&As (Hitt & Pisano, 2004), since CBMAs occur in the international business environment which encompasses differences in culture, economic and financial systems, political and legal issues and other institutions hindering firms' operations abroad (Ferreira et al., 2014). Thus, CBMAs are analyzed in terms of their rationale, their adequacy *vis-à-vis* the alternatives and their outcomes (Shimizu et al., 2004).

3.2.1. Cross-border mergers & acquisitions' motives

Firms may choose to undertake CBMAs to deploy firm-specific advantages they possess (Hennart & Reddy, 1997). Entering foreign markets allows firms to deploy and leverage their home-grown resources and capabilities in an exploitative manner (Barney, 1991; Capron et al., 1998; Gubbi et al., 2010). Controlling resources and capabilities that are not readily available in the market, thus internalizing the activities, may lead firms to overcome market imperfections and to appropriate rents, which creates an advantage over the local competitors (Dunning, 1993). Although firms may exploit resources and capabilities through greenfield operations (Hennart & Park, 1993), which offer greater flexibility (Anand & Delios, 2002), avoid the payment of acquisition premiums (Markides & Ittner, 1994) and avoid dealing with organizational inertia (Barkema & Vermeulen, 1998), CBMAs offer an established market position and a quick entry into a foreign market (Hennart & Park, 1993).

Firms may also perform CBMAs to develop new capabilities, access resources they do not hold or resources which are location-bound (Anand & Delios, 2002; Capron et al., 1998). When the internal development of new capabilities is difficult or there are failures in the market for resources, entering the market for corporate control may be more efficient (Capron et al., 1998; Barney, 1991). In fact, CBMAs are often performed to acquire organizational knowledge and develop novel capabilities in a deliberate manner (Zollo & Singh, 2004). Thus, firms may also seek to obtain new resources and capabilities by acquiring foreign firms thus allowing their deployment in other markets (Capron et al., 1998; Seth, 1990). This is often the case of firms from emerging economies (EMNEs) which may perform CBMAs to rapidly expand their pool of resources (Gubbi et al., 2010; Luo & Tung, 2007). This springboard expansion, i.e. EMNEs acquiring assets from mature firms to deploy them in other countries (Luo & Tung, 2007), allows EMNEs not only to maintain their home-country competiveness but to leverage their newly acquired resources and capabilities in novel markets (Luo & Tung, 2007).

Performing CBMAs may also serve a risk diversification objective (Markides & Ittner, 1994; Moeller & Schlingemann, 2005). Although diversification may be achieved via organic growth, CBMAs are particularly useful in mature markets as they also reduce the retaliation likelihood (Brouthers & Brouthers, 2000). CBMAs may reduce the risk by achieving business diversification, geographic diversification or both (Kling et al., 2014). Nevertheless, geographic diversification arguably allows reducing both the operational and financial risks, unlike domestic acquisitions (Seth, 1990). Notwithstanding, maintaining business relatedness while performing geographic diversification is posited to create synergies (Markides & Ittner, 1994; Singh & Montgomery, 1987) and may encourage firms to consider performing CBMAs over other entry modes (Brouthers & Brouthers, 2000). Nevertheless a threshold of the geographic scope of activities has been posited, beyond which geographic diversification is detrimental (Kling et al., 2014).

3.2.2. Entry mode selection

One stream of research investigates CBMAs *vis-à-vis* other equity or non-equity entry modes, often using a Transaction Costs Theory (TCT) lens (e.g. Hennart & Park, 1993; Hennart & Reddy, 1997; Mayrhofer, 2004). The TCT looks at the choice between conducting a transaction in the market and internalizing that transaction to discern the conditions in which CBMAs are most likely to occur (Hennart & Park, 1993). Therefore TCT posits that firms prefer to enter via acquisition when it reduces the costs *vis-à-vis* other entry modes, namely in countries where differences may lead to uncertainty (Demirbag et al., 2008; Hennart & Reddy, 1997; Mayrhofer, 2004).

Other theoretical approaches are used to analyze the entry mode decision (Brouthers & Brouthers, 2000; Demirbag et al., 2008; Kogut & Singh, 1988). Firms are posited to perform FDI when three types of advantage are achieved: ownership, location and internalization advantages, i.e. the OLI framework or the Eclectic Paradigm (Dunning, 1981; 1988; 1993). The OLI framework delves into firm-specific and location-specific advantages to determine the most adequate entry mode in such a way "[t]hat when OLI advantages are high, firms will prefer more integrated modes of entry." (Brouthers et al., 1999: 832). Although providing a comprehensive understanding of entry mode selection, the Eclectic Paradigm fails to explain the greenfield versus CBMA dilemma (Hennart & Park, 1993) and has been posited to have limitations when applied to emerging market firms' expansion (Gaur & Kumar, 2010). Nevertheless, the Eclectic Paradigm has been widely used in IB research (Chang & Rosenzweig, 2001) and has been updated and redesigned to accommodate the evolution of IB research, namely by including an institutional dimension to the OLI framework (Dunning & Lundan, 2008).

The entry mode selection is arguably influenced by home-host country differences (Tihanyi et al., 2005). The differences between countries are core concerns of the Uppsala model of internationalization (Johanson & Vahlne, 1977), which considers that these differences (termed psychic distance) generate uncertainty and risk. Therefore firms' internationalization is posited to be a process evolving over time, starting from lower risk (non-equity) entry modes to eventually undertaker riskier (equity) modes (Johanson & Vahlne, 1977). The two underlying assumptions are: (1) firms select the entry mode which allows them to minimize psychic distance (Barkema et al., 1996); and (2) over time firms engage in other international operations which allow them to learn and choose entry modes with further commitment (Chang & Rosenzweig, 2001). Under the Uppsala model perspective, firms perform CBMA operations when they possess extensive international experience which permits them to cope with psychic distance (Barkema et al., 1996; Johanson & Vahlne, 1977), although there are conflicting results (e.g. Benito & Gripsrud, 1992). Psychic distance is a wide construct which includes a large number of dimensions (Johanson & Vahlne, 1977), arguably the most analyzed being the cultural distance (Kogut & Singh, 1988; Tihanyi et al., 2005). Greater cultural distance, i.e. larger differences between the national cultures of two countries (Hofstede, 1980; Kogut & Singh, 1988), arguably leads firms to select non-equity modes, whereas equity modes such as CBMAs will be selected in culturally closer countries (Tihanyi et al., 2005).

3.2.3. Post-deal challenges and outcomes

Among the most important post-deal issues is the performance of CBMAs (Shimizu et al., 2004). On one hand, research focus on national level dimensions which impact post-deal performance, such as cultural differences (Chatterjee et al., 1992; Datta & Puia, 1995; Morosini et al., 1998). The national cultural distance (Hofstede, 1980; Kogut & Singh, 1988) influences the routines for organizational design, the attitude towards risk, the leadership style and the decision-making process (Morosini et al., 1998), and may cause post-deal integration problems, thus having a negative effect on CBMA performance (Chatterjee et al., 1992). Nevertheless, cultural differences may also offer firms access to novel routines and organizational designs thus improving the post-deal performance (Morosini et al., 1998). On another hand, CBMA performance is influenced by firm-level factors, namely the resources held and the firms' structure (Capron, 1999; Datta, 1991; Datta et al., 1992; Graebner, 2004). The organizational fit between acquirer and target (Datta, 1991) may arguably create synergies thus improving post-deal performance (Cartwright & Schoenberg, 2006; Chatterjee et al., 1992). Synergies are also posited to emerge when firms have complementary resources (Capron, 1999) or when the redundant resources are adequately redeployed (Capron et al., 1998).

Another paramount aspect influencing post-deal performance is the post-deal integration (Birkinshaw et al., 2000; Buono & Bowditch, 1989), especially since integration processes are causally ambiguous (Heimeriks et al., 2012). Integration of lower level employees may pose some challenges (Buono & Bowditch, 1989) especially taking into account the differences in the country-level environment (Björkman et al., 2007). Nevertheless TMT integration may prove even more difficult and may arguably have an impact on CBMA performance (Zollo & Singh, 2004). The knowledge transfer, especially of tacit knowledge and know-how, is a particularly relevant challenge to post-deal integration (Heimeriks et al., 2012). Knowledge is posited as an important resource firms use to develop competitive advantage (Barney, 1991; Cohen & Levinthal, 1990; Kogut & Zander, 1992). The knowledge transfer in CBMAs faces two additional sets of differences – organizational-level and national-level – which have warranted extensive research (e.g. Birkinshaw et al., 2000; Bresman et al., 1999). The post-deal integration is thus influenced by the organizational culture of acquirer and acquired firms: the traditional perspective suggests differences in organizational culture will hinder the integration of the acquired firm's team thereby hampering performance (Nahavandi & Malekzadeh, 1988). Notwithstanding, other works suggest employees with a more dissimilar culture see their identity threatened and thus make additional efforts which improve CBMA performance (Colman & Lunnan, 2011).

3.3. Method

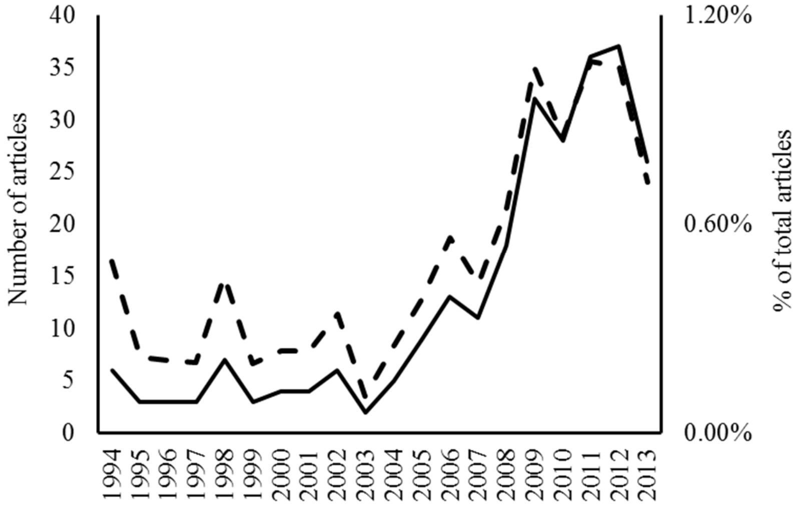
3.3.1. Data collection and sample

We collected the sample from journals indexed in Thomson Reuters WoK which are classified as business/management outlets. We did not restrict the origin of the articles with any other criteria to ensure the sample is the most representative possible. The articles included in our sample were published in various outlets ranging from generalist management, strategic management, practitioner oriented and IB-specific journals (see Appendix 1 for the complete list of journals). A wide array of journals is consistent with previous bibliometric studies (e.g. Reis et al., 2015) and allows us to overcome the shortcomings commonly associated with single journal studies (Acedo et al, 2006; Shafique, 2013).

To build our sample we searched WoK with keywords suggested by previous literature reviews on M&As (Haleblian et al., 2009). In the "Topic" field we used the keywords "cross border acquisition*", "cross border M&A" and "international acquisition*" (the asterisk allows capturing the variations of the search word) to capture the range of articles which possibly deal with CBMA. Then we manually screened each article, observing the title, abstract, author supplied keywords and, when necessary, the article itself. This manual screening, following the procedure put forward by Xu and Meyer (2013), ensures the articles included in the sample actually deal with CBMA and were not misclassified.

The procedures allowed us to identify 256 CBMA articles published between 1994 and 2013 in 69 journals. In Figure 3.1 we can identify an increase in the number of CBMA articles over the 1994-2013 period, despite a decrease in 2013. The overall rising trend may be attributed to a large number of outlets in recent years, although the number of CBMA articles compared with the total number of articles published has a similar pattern suggesting an increasing interest in CBMA. IB journals published the bulk of articles of our sample: the top 4 journals (*Journal of International Business Studies*, *Journal of World Business*, *International Business Review*, and *European Journal of International Management*) have published more than 35% of the works in our sample (see Appendix 1).

Figure 3.1. Evolution of articles included in the sample



Note: The dotted line represents the % of CBMA articles in the total number of articles published by the journals included in our sample in the given year.
Source: Authors computations.

3.3.2. Procedures of analyses

We conducted three different but complementary analyses of our sample: citation, co-citation and factor analysis. We performed these analyses for the entire period and for sub-periods to assess the variations over time. Citation analysis allows us to perceive which were the most used references in CBMA research, and thus the most important. We are therefore able to identify the leading works, theories and approaches which form the knowledge base. Using the references of the 256 articles of our sample, we computed the forty most cited works in each period and in the overall sample.

Co-citation analysis allows understanding the intellectual structure of a field by discovering how works and theories interconnect (Ferreira et al., 2014; Reis et al., 2015). Co-citation analysis examines the reference list of the articles in the sample to identify simultaneous use of two given works. If an article A cites the works X and Y, we assume X and Y are somewhat related. Moreover, the more often two works are used together, the stronger their connection. Using the forty most referenced papers (for the total period and the sub-periods) we constructed a co-citation matrix which we then used to plot the co-citation maps. The co-citation maps represent each work in a node and the lines linking the nodes represent the strength of the connection.

Finally we conducted a factor analysis using the co-citation matrixes. Factor analysis offers an approach to identify the key issues or theories of a field of research since conceptually neighboring references tend to load in the same factor (Acedo et al., 2006; Shafique, 2013). We performed the factor analysis using varimax rotation and included each work – having a load value higher than 0.4 was a pre-requisite – in only one factor (following Acedo et al., 2006 and Shafique, 2013), which renders more straightforward results (Shafique, 2013). We extrapolated each factor's theme by analyzing the works which were included in them. Thus each factor proxies a theme in CBMA research.

3.4. Results

3.4.1. Citation analysis

The results of the citation analysis are presented in Table 3.1. We present the results for the entire period (1994-2013) and three sub-periods (1994-2003; 2004-2008; 2009-2013), displaying both the absolute and relative frequency of the forty most cited works. Observing the results we recognize the impact of Hofstede (1980) which is the most cited work overall (96 citations, used by 37.5% of the articles in the sample) and in each sub-period, closely followed by Kogut and Singh (1988). We may also identify the impact of other works on culture (Morosini et al., 1998; Weber et al., 1996) and the Uppsala model (Johanson & Vahlne, 1977). On another perspective, we may also recognize an increasing attention to works using a learning approach (e.g. Barkema et al., 1996; Barkema & Vermeulen, 1998; Vermeulen & Barkema, 2001) more recently.

Table 3.1. Most cited references

#	1994-2003 (n= 41)	C	%	2004-2008 (n= 56)	C	%	2009-2013 (n= 159)	C	%	TOTAL (1994-2013) (n= 256)	C	%
1	Hofstede (1980)	15	36.59	Hofstede (1980)	25	44.64	Hofstede (1980)	56	35.22	Hofstede (1980)	96	37.50
2	Haspeslagh & Jemison (1991)	13	31.71	Kogut & Singh (1988)	19	33.93	Haspeslagh & Jemison (1991)	44	27.67	Kogut & Singh (1988)	72	28.13
3	Kogut & Singh (1988)	12	29.27	Morosini et al. (1998)	18	32.14	Kogut & Singh (1988)	41	25.79	Haspeslagh & Jemison (1991)	71	27.73
4	Chatterjee et al. (1992)	11	26.83	Haspeslagh & Jemison (1991)	14	25.00	Morosini et al. (1998)	34	21.38	Morosini et al. (1998)	53	20.70
5	Nahavandi & Malekzadeh (1988)	8	19.51	Hennart & Park (1993)	14	25.00	Barkema & Vermeulen (1998)	30	18.87	Barkema & Vermeulen (1998)	46	17.97
6	Datta (1991)	7	17.07	Johanson & Vahlne (1977)	14	25.00	Vermeulen & Barkema (2001)	28	17.61	Chatterjee et al. (1992)	44	17.19
7	Jemison & Sitkin (1986)	7	17.07	Datta (1991)	13	23.21	Birkinshaw et al. (2000)	27	16.98	Jemison & Sitkin (1986)	44	17.19
8	Buono & Bowditch (1989)	6	14.63	Barkema & Vermeulen (1998)	12	21.43	Stahl & Voigt (2008)	27	16.98	Johanson & Vahlne (1977)	43	16.80
9	Buono et al. (1985)	6	14.63	Buono & Bowditch (1989)	12	21.43	Jemison & Sitkin (1986)	26	16.35	Buono & Bowditch (1989)	39	15.23
10	Calori et al. (1994)	6	14.63	Hennart & Reddy (1997)	12	21.43	Weber et al. (1996)	25	15.72	Datta (1991)	37	14.45
11	Caves (1982)	6	14.63	Jemison & Sitkin (1986)	11	19.64	Barkema et al. (1996)	23	14.47	Weber et al. (1996)	37	14.45
12	Hennart & Park (1993)	6	14.63	Chatterjee et al. (1992)	10	17.86	Björkman et al. (2007)	23	14.47	Barkema et al. (1996)	36	14.06
13	Johanson & Vahlne (1977)	6	14.63	Weber et al. (1996)	10	17.86	Chatterjee et al. (1992)	23	14.47	Vermeulen & Barkema (2001)	36	14.06
14	Lubatkin (1983)	6	14.63	Caves & Mehra (1986)	9	16.07	Johanson & Vahlne (1977)	23	14.47	Larsson & Finkelstein (1999)	35	13.67
15	Shrivastava (1986)	6	14.63	Harzing (2002)	9	16.07	King et al. (2004)	23	14.47	Hennart & Park (1993)	33	12.89
16	Anderson & Gatignon (1986)	5	12.20	Larsson & Finkelstein (1999)	9	16.07	Larsson & Finkelstein (1999)	23	14.47	Nahavandi & Malekzadeh (1988)	33	12.89
17	Barkema et al. (1996)	5	12.20	Very et al. (1997)	9	16.07	Buono & Bowditch (1989)	21	13.21	Birkinshaw et al. (2000)	31	12.11
18	Caves & Mehra (1986)	5	12.20	Balakrishnan & Koza (1993)	8	14.29	Datta & Puia (1995)	21	13.21	Hennart & Reddy (1997)	29	11.33
19	Hill et al. (1990)	5	12.20	Barkema et al. (1996)	8	14.29	Shimizu et al. (2004)	21	13.21	Datta & Puia (1995)	28	10.94
20	Jensen & Ruback (1983)	5	12.20	Capron (1999)	8	14.29	House et al. (2004)	20	12.58	Shimizu et al. (2004)	28	10.94
21	Jensen (1986)	5	12.20	Nahavandi & Malekzadeh (1988)	8	14.29	Barney (1991)	19	11.95	Stahl & Voigt (2008)	28	10.94
22	Kitching (1967)	5	12.20	Olie (1994)	8	14.29	Bresman et al. (1999)	18	11.32	Calori et al. (1994)	27	10.55

23	Markides & Ittner (1994)	5	12.20	Vermeulen & Barkema (2001)	8	14.29	Hayward (2002)	18	11.32	King et al. (2004)	27	10.55
24	Pablo (1994)	5	12.20	Gatignon & Anderson (1988)	7	12.50	Moeller & Schlingemann (2005)	18	11.32	Cohen & Levinthal (1990)	26	10.16
25	Penrose (1959)	5	12.20	Brouthers & Brouthers (2000)	7	12.50	Cohen & Levinthal (1990)	17	10.69	Markides & Ittner (1994)	26	10.16
26	Salter & Weinhold (1979)	5	12.20	Cohen & Levinthal (1990)	7	12.50	Datta (1991)	17	10.69	Olie (1994)	26	10.16
27	Singh & Montgomery (1987)	5	12.20	Anand & Delios (2002)	7	12.50	Nahavandi & Malekzadeh (1988)	17	10.69	Barney (1991)	25	9.77
28	Zejan (1990)	5	12.20	Hayward (2002)	7	12.50	Ranft & Lord (2002)	17	10.69	Gatignon & Anderson (1988)	25	9.77
29	Rumelt (1974)	4	9.76	Shenkar (2001)	7	12.50	Graebner (2004)	16	10.06	Hayward (2002)	25	9.77
30	Barkema & Vermeulen (1998)	4	9.76	Shimizu et al. (2004)	7	12.50	Haleblian & Finkelstein (1999)	16	10.06	Schweiger & DeNisi (1991)	25	9.77
31	Benito & Gripsrud (1992)	4	9.76	Chang & Rosenzweig (2001)	7	12.50	Shenkar (2001)	16	10.06	Anderson & Gatignon (1986)	23	8.98
32	Doukas & Travlos (1988)	4	9.76	Cartwright & Cooper (1992)	7	12.50	Mathews (2006)	16	10.06	Björkman et al. (2007)	23	8.98
33	Harris & Ravenscraft (1991)	4	9.76	Calori et al. (1994)	7	12.50	Schweiger & DeNisi (1991)	16	10.06	Bresman et al. (1999)	23	8.98
34	Harrison et al. (1991)	4	9.76	Nelson & Winter (1982)	7	12.50	Kogut & Zander (1992)	16	10.06	Cartwright & Cooper (1993)	23	8.98
35	Li (1995)	4	9.76	Zejan (1990)	7	12.50	Zollo & Singh (2004)	16	10.06	Haleblian & Finkelstein (1999)	23	8.98
36	Lubatkin (1987)	4	9.76	Capron et al. (1998)	6	10.71	Anand & Delios (2002)	15	9.43	Shenkar (2001)	23	8.98
37	Napier (1989)	4	9.76	Eisenhardt (1989)	6	10.71	Gatignon & Anderson (1988)	15	9.43	Shrivastava (1986)	23	8.98
38	Ouchi (1980)	4	9.76	Haleblian & Finkelstein (1999)	6	10.71	Hambrick & Cannella (1993)	15	9.43	Very et al. (1997)	23	8.98
39	DiMaggio & Powell (1983)	4	9.76	Padmanabhan & Cho (1999)	6	10.71	Markides & Ittner (1994)	15	9.43	Hambrick & Cannella (1993)	22	8.59
40	Schneider & De Meyer (1991)	4	9.76	Shrivastava (1986)	6	10.71	Olie (1994)	15	9.43	House et al. (2004)	22	8.59

Notes: C represents the citation count in a given period; % is the percentage of the works of the period which use the reference.
Source: Authors computations using WoK data.

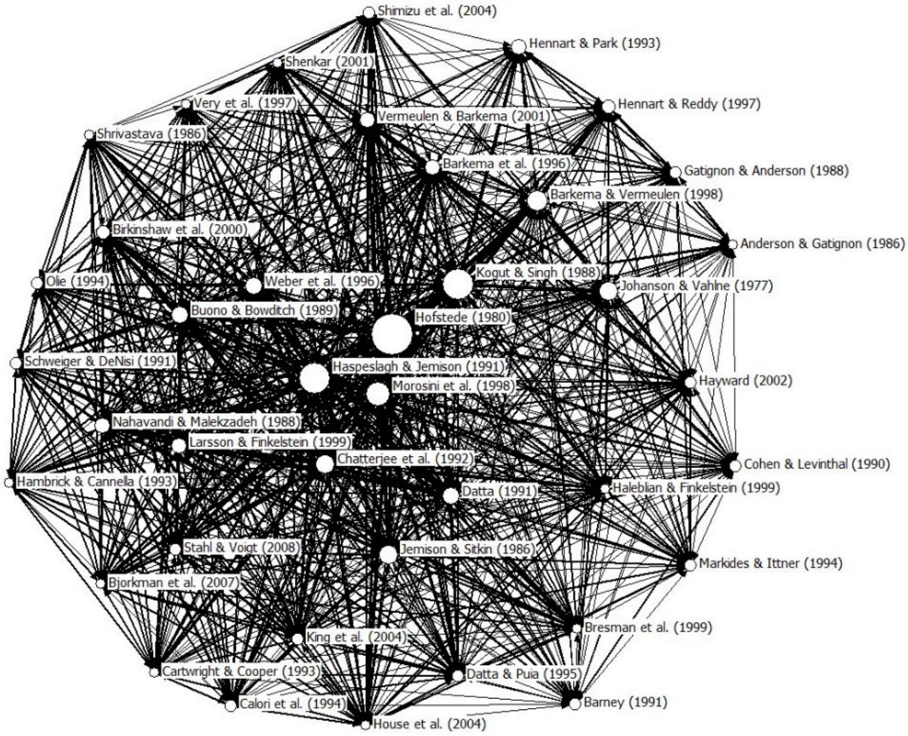
3.4.2. Co-citation analysis

We performed co-citation analyses of the forty most cited works. Co-citation analysis relies on the joint use of references to infer their proximity and we depict the relations using a co-citation network (see Figures 3.2-3.4). Due to space constraints, we present the network for the entire sample, the first-sub-period (1994-2003) and the last sub-period (2009-2013). The co-citation networks present the works as the nodes (the larger the node the higher the citation count) and show the connection between works by means of the lines (the thicker the lines the stronger the connection between two works). The relative position of the nodes is also relevant: the more central the position, the more important in the co-citation network.

Figure 3.2 depicts the co-citation network for the entire period (1994-2013). We observe the central position of Hofstede (1980), Kogut and Singh (1988), Morosini et al. (1998) and Haspeslagh and Jemison (1991), arguably the most influential works in CBMA-related research. On a second layer of works, we identify works which use a learning approach (Barkema et al., 1996; Barkema & Vermeulen, 1998; Larsson & Finkelsein, 1999) and others which delve into performance issues (Chatterjee et al., 1992; Datta, 1991). On the outer layer, and thus arguably less influential, we notice works dealing with HRM issues (Björkman et al., 2007; Schweiger & DeNisi, 1991), others which proxy the use of management theories such as TCT (Anderson & Gatignon, 1986; Gatignon & Anderson, 1988; Hennart & Park, 1993; Hennart & Reddy, 1997) or an RBV (Barney, 1991).

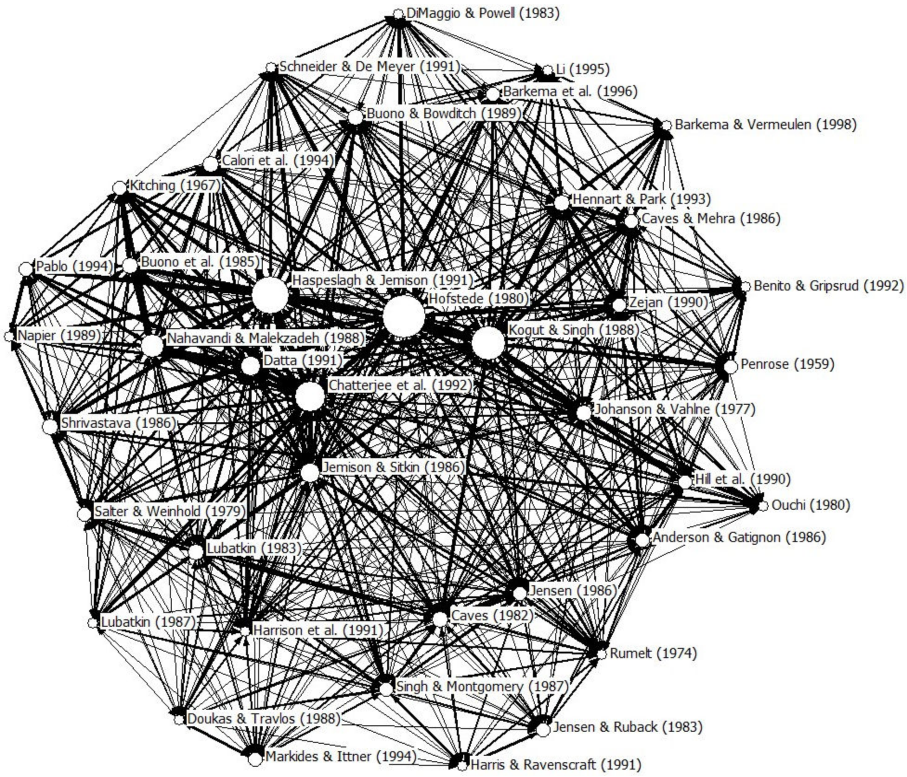
Figure 3.3 depicts the co-citation network for the sub-period 1994-2003. We can identify the central position of Hofstede (1980), Haspeslagh and Jemison (1991), Kogut and Singh (1988) and Chatterjee et al. (1992). We also observe a strong link between the works on culture (Hofstede, 1980; Kogut & Singh, 1988) and the Uppsala model (Johanson & Vahlne, 1977). On more peripheral positions, it is worth noticing several finance-related references (Doukas & Travlos, 1988; Harris & Ravenscraft, 1991; Jensen, 1986; Jensen & Ruback, 1983) and economics-oriented references (Rumelt, 1974; Salter & Weinhold, 1979).

Figure 3.2. Co-citation network: 1994-2013



Source: Network drawn using *Ucinet* with data collected using *Bibexcel*.

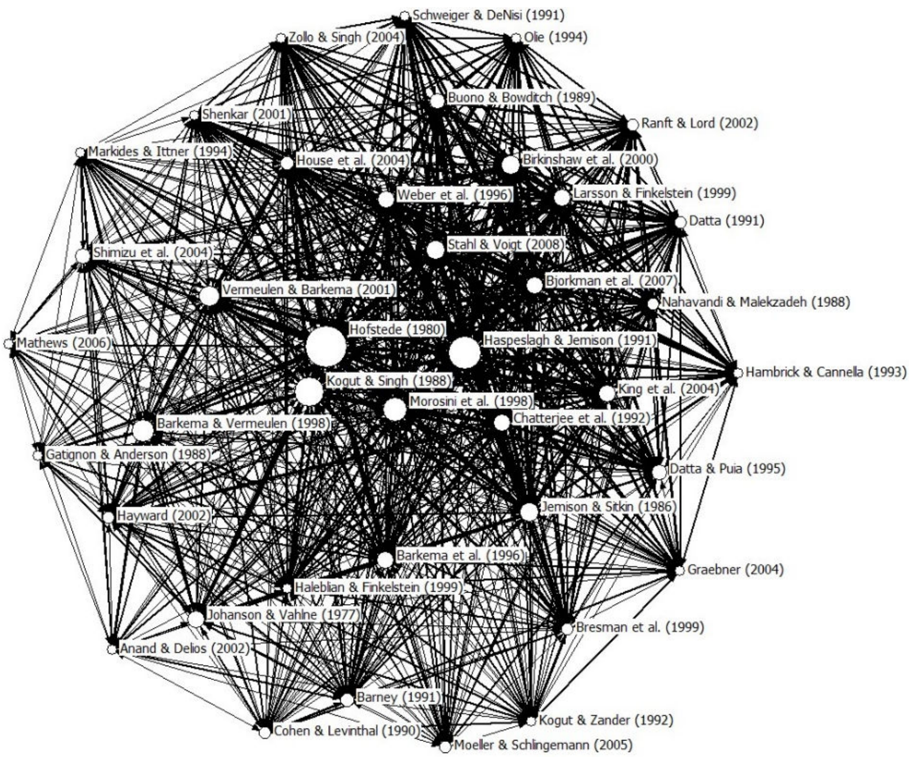
Figure 3.3. Co-citation network 1994-2003



Source: Network drawn using *Ucinet* with data collected using *Bibexcel*.

The co-citation network for the sub-period 2009-2013 is presented on Figure 3.4. In a core position we observe a cluster of works on culture with strong connections amongst themselves (Hofstede, 1980; Kogut & Singh, 1988; Morosini et al., 1998) and also strongly connected to Johanson and Vahlne (1977). On a second layer we can identify works on learning issues (Barkema & Vemeulen, 1998; Vermeulen & Barkema, 2001) and another culture-related cluster (House et al., 2004; Stahl & Voigt, 2008; Weber et al., 1996). On the periphery of the network, it is worth noting works with several theoretical perspectives such as RBV (Barney, 1991), KBV (Kogut & Zander, 1992), absorptive capacity (Cohen & Levinthal, 1990) and TCT (Gatignon & Anderson, 1988). We may also observe the peripheral positions of Mathews' (2006) work on emerging countries' multinationals and the only finance-related reference (Moeller & Schlingemann, 2005).

Figure 3.4. Co-citation network 2009-2013



Source: Network drawn using *Ucinet* with data collected using *Bibexcel*.

3.4.3. Factor analysis

We conducted a factor analysis to identify the sub-themes of CBMA research using the co-citation matrices (Shafique, 2013). The factor analysis for the entire period (1994-2013) returned three factors explaining 73% of the variance (Table 3.2). The first factor, termed "Post-deal integration: Challenges and outcomes", considers several problems that firms face after performing CBMAs (Shrivastava, 1986), namely the integration of people (Birkinshaw et al., 2000; Buono & Bowditch, 1989; Nahavandi & Malekzadeh, 1988; Schweiger & DeNisi, 1991) – which is especially relevant in international HRM (Björkman et al., 2007) – and national-level factors such as the cultural distance (Chatterjee et al., 1992; Datta & Puia, 1995; Morosini et al., 1998; Stahl & Voigt, 2008; Weber et al., 1996). This factor also includes works analyzing the impact of integration on performance (Datta, 1991; Datta et al., 1992). The second factor "Entry mode selection" includes works on the Uppsala model (Johanson & Vahlne, 1977) as well as works delving into the choice between entry modes (Anderson & Gatignon, 1986; Hennart & Park, 1993; Hennart & Reddy, 1997; Gatignon & Anderson, 1988). Selecting an entry mode is arguably influenced by cultural differences (Barkema et al., 1996) – thus culture-related references also load on this factor (Hofstede, 1980; Kogut & Singh, 1988; Shenkar, 2001). Learning objectives may also influence entry mode selection (Barkema & Vermeulen, 1998): firms may seek to learn by performing CBMAs to increase the likelihood of a subsequent successful venture or M&A deal (Vermeulen & Barkema, 2001; Hayward, 2002). The third factor includes a single work, Barney's (1991) seminal work on RBV.

Table 3.2. Factor analysis: 1994-2013

Post-deal integration: Challenges and outcomes	**Entry mode selection**	**RBV**
Birkinshaw et al. (2000) - 0.797; Björkman et al. (2007) - 0.854; Bresman et al. (1999) - 0.764; Buono & Bowditch (1989) - 0.861; Calori et al. (1994) - 0.894; Cartwright & Cooper (1993) - 0.926; Chatterjee et al. (1992) - 0.789; Datta & Puia (1995) - 0.769; Datta (1991) - 0.795; Haleblian & Finkelstein (1999) - 0.496; Hambrick & Cannella (1993) - 0.889; Haspeslagh & Jemison (1991) - 0.668; House et al. (2004) - 0.844; Jemison & Sitkin (1986) - 0.741; King et al. (2004) - 0.858; Larsson & Finkelstein (1999) - 0.864; Morosini et al. (1998) - 0.711; Nahavandi & Malekzadeh (1988) - 0.844; Olie (1994) - 0.909; Schweiger & DeNisi (1991) - 0.899; Shrivastava (1986) - 0.863; Stahl & Voigt (2008) - 0.869; Very et al. (1997) - 0.880; Weber et al. (1996) - 0.846	Anderson & Gatignon (1986) - 0.822; Barkema et al. (1996) - 0.749; Barkema & Vermeulen (1998) - 0.821; Cohen & Levinthal (1990) - 0.738; Gatignon & Anderson (1988) - 0.858; Hayward (2002) - 0.696; Hennart & Park (1993) - 0.870; Hennart & Reddy (1997) - 0.860; Hofstede (1980) - 0.534; Johanson & Vahlne (1977) - 0.892; Kogut & Singh (1988) - 0.650; Markides & Ittner (1994) - 0.754; Shenkar (2001) - 0.721; Shimizu et al. (2004) – 0.743; Vermeulen & Barkema (2001) - 0.671	Barney (1991) - 0.412

Notes: Values are the loadings on the factor.
Source: Authors computations.

Table 3.3 presents the factor analyses for each of the sub-periods (1994-2003; 2004-2008; 2009-2013). The sub-period 1994-2003 analysis has produced four factors which explain 63% of the variance, whereas for the other sub-periods, three factors were identified (explaining 72% of the variance in the sub-period 2004-2008 and 67% in the sub-period 2009-2013).

Analyzing the different periods, we may identify some common research interests. One common issue to every period is "Entry mode selection" looked into from different perspectives (Anderson & Gatignon, 1986; Barkema et al., 1996; Barkema & Vermeulen, 1998; Johanson & Vahlne, 1977), as well as factors influencing entry mode decision, at country-level (Hofstede, 1980; Kogut & Singh, 1988), firm-level (Barkema et al., 1996; Barkema & Vermeulen, 1998), and both considered simultaneously (Brouthers & Brouthers, 2000; Chang & Rosenzweig, 2001; Johanson & Vahlne, 1977). Post-deal issues are also a common concern since CBMAs often fail due to problems in integration (Nahavandi & Malekzadeh, 1988). Integrating two firms in a single unit, especially integrating the different teams (Buono & Bowditch, 1989; Buono et al., 1985; Napier, 1989), may be challenging (Shrivastava, 1986) due to differences in corporate culture (Nahavandi & Malekzadeh, 1988) and in national cultures (Calori et al., 1994). The effects of post-deal integration, especially post-deal performance, also merit scholars' attention (Chatterjee et al., 1992; Datta, 1991; Datta & Puia, 1995).

We may also observe some shifts in the issues investigated. In earlier periods of the CBMA research, we identified a factor dealing with economic and financial performance (e.g. Caves, 1982; Harris & Ravenscraft, 1991; Jensen & Ruback, 1983; Jensen, 1986). Although not focusing on CBMA *per se*, these works suggest that earlier research sought to ascertain the performance of CBMA deals arguably by using stock market data, which is a known research subject (Ferreira et al., 2014; King et al., 2004; Reis et al., 2015). Earlier research on CBMA also dealt with another frequent M&A issue, the diversification relatedness (Doukas & Travlos, 1988; Harrison et al., 1991; Markides & Ittner, 1994). In more recent periods we can observe an increase in the use of the RBV (Capron et al., 1998; Capron, 1999) and its knowledge (KBV) variant (Cohen & Levinthal, 1990; Kogut & Zander, 1992). Research using RBV and KBV approaches arguably focus on the role of resources as CBMA determinants (Anand & Delios, 2002). Thus we may identify an influence of strategy-related references in more recent years which have replaced the earlier influence of economics- and finance-related references.

Table 3.3. Factor analysis by sub-periods

1994-2003	**Post-deal integration: Challenges and outcomes**	Buono & Bowditch (1989) - 0.562; Buono et al. (1985) - 0.865; Calori et al. (1994) - 0.794; Chatterjee et al. (1992) - 0.701; Datta (1991) - 0.823; Haspeslagh & Jemison (1991) - 0.712; Jemison & Sitkin (1986) - 0.531; Kitching (1967) - 0.877; Nahavandi & Malekzadeh (1988) - 0.799; Napier (1989) - 0.783; Pablo (1994) - 0.776; Salter & Weinhold (1979) - 0.720; Shrivastava (1986) - 0.819
	Entry mode selection	Anderson & Gatignon (1986) - 0.552; Barkema et al. (1996) - 0.626; Barkema & Vermeulen (1998) - 0.787; Benito & Gripsrud (1992) - 0.793; Caves & Mehra (1986) - 0.810; DiMaggio & Powell (1983) - 0.761; Hennart & Park (1993) - 0.818; Hill et al. (1990) - 0.599; Hofstede (1980) - 0.404; Johanson & Vahlne (1977) - 0.713; Kogut & Singh (1988) - 0.610; Li (1995) - 0.755; Ouchi (1980) - 0.458; Penrose (1959) - 0.814; Schneider & De Meyer (1991) - 0.501; Zejan (1990) - 0.825
	Economic and financial performance	Caves (1982) - 0.608; Harris & Ravenscraft (1991) - 0.750; Jensen & Ruback (1983) - 0.779; Jensen (1986) - 0.628; Lubatkin (1983) - 0.487; Lubatkin (1987) - 0.610; Rumelt (1974) - 0.640; Singh & Montgomery (1987) - 0.730
	Related vs. Non related diversification	Doukas & Travlos (1988) - 0.628; Harrison et al. (1991) - 0.504; Markides & Ittner (1994) - 0.671
2004-2008	**Entry mode selection**	Anand & Delios (2002) - 0.658; Balakrishnan & Koza (1993) - 0.687; Barkema et al. (1996) - 0.596; Barkema & Vermeulen (1998) - 0.837; Brouthers & Brouthers (2000) - 0.915; Caves & Mehra (1986) - 0.852; Chang & Rosenzweig (2001) - 0.901; Gatignon & Anderson (1988) - 0.877; Harzing (2002) - 0.862; Hennart & Park (1993) - 0.825; Hennart & Reddy (1997) - 0.748; Hofstede (1980) - 0.415; Johanson & Vahlne (1977) - 0.770; Kogut & Singh (1988) - 0.718; Nelson & Winter (1982) - 0.501; Padmanabhan & Cho (1999) - 0.897; Shenkar (2001) - 0.648; Vermeulen & Barkema (2001) - 0.630; Zejan (1990) - 0.901
	Post-deal integration: Challenges and outcomes	Buono & Bowditch (1989) - 0.866; Calori et al. (1994) - 0.832; Cartwright & Cooper (1992) - 0.907; Chatterjee et al. (1992) - 0.795; Datta (1991) - 0.733; Eisenhardt (1989) - 0.686; Haspeslagh & Jemison (1991) - 0.701; Larsson & Finkelstein (1999) - 0.768; Morosini et al. (1998) - 0.705; Nahavandi & Malekzadeh (1988) - 0.797; Olie (1994) - 0.834; Shimizu et al. (2004) - 0.717; Shrivastava (1986) - 0.765; Very et al. (1997) - 0.771; Weber et al. (1996) - 0.834
	Resource-driven CBMA	Capron et al. (1998) - 0.663; Capron (1999) - 0.753; Cohen & Levinthal (1990) - 0.793; Haleblian & Finkelstein (1999) - 0.795; Hayward (2002) - 0.762; Jemison & Sitkin (1986) - 0.722; Nelson & Winter (1982) - 0.649
2009-2013	**Post-deal integration: Challenges and outcomes**	Birkinshaw et al. (2000) - 0.823; Björkman et al. (2007) - 0.852; Bresman et al. (1999) - 0.675; Buono & Bowditch (1989) - 0.894; Chatterjee et al. (1992) - 0.821; Datta & Puia (1995) - 0.730; Datta (1991) - 0.846; Graebner (2004) - 0.805; Hambrick & Cannella (1993) - 0.887; Haspeslagh & Jemison (1991) - 0.715; Jemison & Sitkin (1986) - 0.813; King et al. (2004) - 0.835; Larsson & Finkelstein (1999) - 0.863; Morosini et al. (1998) - 0.687; Nahavandi & Malekzadeh (1988) - 0.879; Olie (1994) - 0.917; Ranft & Lord (2002) - 0.863; Schweiger & DeNisi (1991) - 0.906; Stahl & Voigt (2008) - 0.839; Weber et al. (1996) - 0.848; Zollo & Singh (2004) - 0.811
	Entry mode selection	Barkema et al. (1996) - 0.682; Barkema & Vermeulen (1998) - 0.795; Barney (1991) - 0.432; Gatignon & Anderson (1988) - 0.827; Haleblian & Finkelstein (1999) - 0.598; Hayward (2002) - 0.650; Hofstede (1980) - 0.528; House et

		al. (2004) - 0.493; Johanson & Vahlne (1977) - 0.776; Kogut & Singh (1988) - 0.553; Markides & Ittner (1994) - 0.746; Mathews (2006) - 0.520; Moeller & Schlingemann (2005) - 0.616; Shenkar (2001) - 0.663; Shimizu et al. (2004) - 0.768; Vermeulen & Barkema (2001) - 0.599
	Resource-driven CBMA	Anand & Delios (2002) - 0.517; Cohen & Levinthal (1990) - 0.664; Kogut & Zander (1992) - 0.732

Notes: Values are the loadings on the factor.
Source: Authors computations.

3.5. Discussion and concluding remarks

In this paper we sought to systematically analyze the extant literature on CBMA of the last two decades using bibliometric techniques. We offer a broad perspective of the CBMA published in the 1994-2013 period, namely presenting the intellectual structure of the field and the main issues and theoretical approaches. Our longitudinal analyses are especially useful since they allow us to observe the eventual research focus and evolutions of the intellectual structure. Our paper contributes to the CBMA literature by making sense of the extant research on CBMA, which is often overlooked in other reviews (e.g. Haleblian et al., 2009). Therefore, we organize the dispersed literature to complement the scarce literature reviews on CBMAs (e.g. Hitt & Pisano, 2004; Shimizu et al., 2004) to provide a comprehensive perspective of CBMA research, and also to establish a basepoint to examine further evolutions of the field.

The CBMA-specific literature arguably follows a pattern similar to M&A research (Ferreira et al. 2014; Reis et al., 2015). We notice a large upsurge in the number (and share) of CBMA articles in the 2008-2012 period which may arguably be explained by the sixth merger wave which occurred between 2003 and 2007 (Alexandridis et al., 2012). The sixth merger wave may have spurred greater interest of CBMA researchers since a large number of deals involved firms from different countries (Alexandridis et al., 2012; Haleblian et al., 2009), and a significant number of deals involved multinational enterprises from emerging countries (Haleblian et al., 2009). Therefore an increase in the number of deals may have encouraged researchers to delve into the various intricacies of this phenomenon.

CBMA is arguably the prevailing procedure to perform FDI (Kling et al., 2014). The OLI model (Dunning, 1981; 1988; 1993) has been used to analyzed entry mode selection (e.g. Hill et al., 1990) as it encompasses influences from different theoretical approaches and offers a synthesis of internalization theory, with a special emphasis on TCT (Kling et al., 2014). Dunning's Eclectic Paradigm (Dunning, 1981; 1988; 1993) takes into account country-level effects as well as firm-level aspects. Other studies have used TCT approaches to analyze entry mode selection decisions as the means to minimize uncertainty (Ahsan & Musteen, 2011; Hennart & Park, 1993). TCT posits CBMAs to be the most adequate entry mode to minimize the costs of a foreign transaction (Brouthers & Brouthers, 2000) when the transaction costs – costs of selecting, negotiating and controlling the partners overseas – are higher compared to using a local partner (Ahsan & Musteen, 2011). Firms are also posited to perform CBMA when the environment has low levels of uncertainty, for instance low cultural distance (Benito & Gripsrud, 1992; Kogut & Singh, 1988).

The CBMA-related research is strongly influenced by the RBV (Barney, 1991; Penrose, 1959) and KBV (Kogut & Zander, 1992). The emphasis is on the resources which will arguably create and sustain competitive advantage (Barney, 1991), since often CBMAs are the most effective manner to access non-trivial resources, especially tacit or intangible resources (Kling et al., 2014). KBV is used to delve into knowledge transfer issues (Bresman et al., 1999) in the context of CBMAs since their idiosyncratic characteristics offer particular challenges (Gaffney et al., 2016). CBMAs are thus posited to be a more effective governance mode to access valuable resources since, despite the difficulties of target integration, CBMAs circumvent the shortcomings of market transactions (Gaffney et al., 2016; Gubbi et al., 2010). The RBV and KBV approaches are aligned with the process perspective of acquisitions (Haspeslagh & Jemison, 1991; Jemison & Sitkin, 1986), which posits the impact of all phases of the M&A process (from the target selection to post-deal integration) on the performance of a deal. Therefore, the RBV and KBV perspectives may be useful to analyze the determinants of CBMA (Anand & Delios, 2002), the challenges firms face after the deal (Birkinshaw et al., 2000) and the effects on performance (Capron, 1999).

The home-host countries' environment differences, namely the cultural differences, pose challenges to firms performing CBMAs (Chatterjee et al., 1992; Morosini et al., 1998; Stahl & Voigt, 2008; Tihanyi et al., 2005). The extant research on the effect of cultural differences between home and host countries on performance has been inconclusive (Dikova & Sahib, 2013; Tihanyi et al., 2005). On one hand, a greater cultural distance is posited to have a negative impact on CBMA performance (Chatterjee et al., 1992) as the cultural collisions (Buono et al., 1985) and post-deal integration (Datta & Puia, 1995) are more difficult when the differences increase. On the other hand, cultural differences arguably grant access to novel routines which are intrinsic to a given foreign culture and may thus increase CBMA performance (Morosini et al., 1998). Recent endeavors (Dikova & Sahib, 2013) have sought to make sense of this conundrum by taking into account the acquirer's prior experience: when the acquirer has more CBMA experience, the firm is capable of reaping the benefits of integrating a target from a foreign culture, unlike an unexperienced acquirer (Dikova & Sahib, 2013). Nevertheless a comprehensive understanding of the effects of cultural distance on CBMA has not been yet achieved (Kling et al., 2014).

The differences in the home and host countries' environment pose further challenges when CBMA operations involve firms from emerging countries (Luo & Tung, 2007). Undertaking CBMA in emerging countries forces firms to face a different environment (Dikova & Sahib, 2013), with institutional imperfections which firms from developed countries are not familiar with (Dunning & Lundan, 2008). Nevertheless acquiring firms in emerging markets arguably has advantages, namely quickly accessing and controlling strategic resources and capabilities which otherwise would be difficult to develop in-house (Gubbi et al., 2010). Firms from emerging markets also face challenges when performing CBMAs such as the liability of foreignness and liability of newness (Gubbi et al., 2010). However by acquiring firms abroad, especially in developed economies, EMNEs arguably overcome "their latecomer disadvantage in the global stage via a series of aggressive, risk-taking measures by proactively acquiring or buying critical assets from mature MNEs to compensate for their competitive weaknesses" (Luo & Tung, 2007: 482) in what is known as "springboard behavior". Firms may thus integrate strategic assets and learn novel routines (Vermeulen & Barkema, 2001) which increase their overall performance both at home and abroad (Luo & Tung, 2007).

The performance of CBMA is posited to be influenced by national-level (Morosini et al., 1998; Tihanyi et al., 2005), firm-level (Vermeulen & Barkema, 2001; Zollo & Singh, 2004) and deal-specific issues (Birkinshaw et al., 2000; Nahavandi & Malekzadeh, 1988). The post-deal integration is arguably paramount in creating value (Kling et al., 2014) as firms should be capable of learning and developing capabilities which improve their performance (Hayward, 2002). However national-level factors such as cultural differences (Barkema et al., 1996) and firm-level factors such as poor location decisions and target selection (Kling et al., 2014) may hinder CBMA performance. Nevertheless research into CBMA performance presents contradictory and incomplete results (Dikova & Sahib, 2013).

3.5.1. Limitations

This paper has some limitations, namely concerning the methodology selected. A bibliometric study relies on a sample of documents which are analyzed, since identifying every work in a given field of knowledge is a grueling procedure. Thus the sample selection procedures may fail to capture some papers, foremost from journals not covered in WoK, or from other sources of knowledge such as books, theses, conference proceedings and book chapters. Nevertheless, not restricting the source of articles to one, or a few, top journals allows for a broader perspective of the CBMA field. We are therefore confident our sample of 256 articles published in 69 journals is representative of the extant knowledge. Future research may overcome this limitation by using sources other than WoK or including books and conference proceedings, for instance.

The bibliometric techniques used also have some limitations. We have used commonly accepted procedures to perform citation, co-citation and factor analyses (Ferreira et al., 2014; Reis et al., 2015). However these techniques do not allow us to grasp the context in which a reference is used: are the authors using two references to contrast them or in a complementary manner? Are the authors criticizing or extending the work? Are the authors using the work as foundation of their paper or just as a ceremonial reference? This limitation may arguably be overcome by performing content analysis which may complement the findings of this study.

3.5.2. Future research avenues

Future research on CBMA may proceed in several directions. One possible avenue is to develop a theoretical framework specific to CBMA. The extant literature on CBMA relies on several theoretical approaches such as the RBV (Barney, 1991; Penrose, 1959), KBV (Kogut & Zander, 1992), organizational learning (Cohen & Levinthal, 1990; Hayward, 2002; Vermeulen & Barkema, 2001) and TCT (Anderson & Gatignon, 1986; Hennart & Park, 1993) to analyze and make sense of the phenomenon. Despite all the progress research has accomplished, the lack of a specific theoretical framework is arguably accountable for the contradictory results and incomplete understanding of CBMA (King et al., 2004; Kling et al., 2014; Morosini et al., 1998; Shimizu et al., 2004). Thus, novel theoretical developments with consistent empirical validation would allow for a broader comprehension of CBMA (Shimizu et al., 2004).

CBMA research may also benefit from novel approaches. The understanding of CBMA phenomena arguably requires a better knowledge of the international business environment, as CBMA face specific challenges which may hinder the success of the operation (Kling et al., 2014). The institutional approach may be useful to explain the home-host differences, for instance using the institutional distance construct (Dikova et al., 2010; Gaffney et al., 2016). The institutional approach is arguably suited to analyze the context of CBMA as it is posited to be the third leg of the strategy tripod, together with RBV and industrial organization (Peng et al., 2009). The institutional approach encompasses a larger array of dimensions, compared to the traditional literature on national differences which focus mainly on cultural differences (e.g. Barkema et al., 1996; Kogut & Singh, 1988; Morosini et al., 1998; Stahl & Voigt, 2008; Tihanyi et al., 2005). The institutional approach may also be particularly useful to understand CBMA to and from emerging countries, as the differences in institutions are arguably more evident than in developed countries (Luo & Tung, 2007).

One alternative avenue for CBMA research is to focus on other stages of the M&A process (Haspeslagh & Jemison, 1991). While substantial research exists on challenges to CBMA post-deal integration as well as on the motives for undertaking CBMA, little is known about the pre-completion stage of CBMA (Dikova et al., 2010): what causes firms to abandon an intended or announced deal? What and how national-level, firm-level and deal-level factors influence the decision to abandon the deal? The research opportunities are munificent and may arguably offer a different and more complete perspective of CBMA.

3.6. References

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Chapter 4

The effect of institutional differences on cross-border mergers and acquisitions completion[3]

ABSTRACT

Firms investing abroad face an unfamiliar institutional environment which causes costs, information asymmetry and leads to liability of foreignness, thus requiring firms to gain legitimacy by incorporating local institutions in their structures and behaviors. Although a substantial wealth of research on cross-border mergers and acquisitions exists, the pre-completion stage is still under-explored, as we fail to understand why a significant number of operations are abandoned after being announced. Therefore, this paper puts forward a conceptual model aimed at filling the gap identified in the extant literature, delving on the effect of institutional distance on the cross-border merger and acquisition completion, and taking into account the moderating effect of experience and advisors. By offering an encompassing conceptual model of national-, firm-, and deal-level dimensions which impact cross-border merger and acquisition completion we contribute to a better comprehension of the M&A phenomena as a whole.

Keywords: Cross-border Mergers & Acquisitions; M&A completion; Institutions; institutional distance;

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4.1. Introduction

Firms operating abroad have to cope with a number of differences between home and host countries which constitutes the main challenge of the international business environment (Ferreira et al., 2013). From an institutional approach, the home and host countries differ in “the rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction” (North, 1990: 3). In other words, countries have different sets of institutions which firms need to cope with (Eden & Miller, 2004). Differences between the countries’ institutions arguably increase the costs of doing business abroad by requiring additional resources to retrieve information, deal with unfamiliar hazards and build legitimacy (Zaheer, 1995) and ultimately to deal with uncertainty (Brouthers et al., 2008).

Cross-border merger and acquisitions (CBMAs) are an important strategic choice for growth which is arguably influenced a myriad of factors (Reis et al., 2015b; Shimizu et al., 2004). On one hand, national-level differences – posited from different theoretical approaches, ranging from cultural differences, psychic distance or institutional differences – are posited to influence the decision to enter a given market (Barkema et al., 1996), the selection of CBMAs vis-à-vis other entry modes (Dow & Ferencikova, 2010) and the post-deal performance (Dikova, 2009; Dow & Ferencikova, 2010). The national level differences also influence the post-deal integration, namely the transfer of knowledge and capabilities (Björkman et al., 2007) which hinders firms’ ability to generate synergies (Stahl & Voigt, 2008). On the other hand, research suggests a number of firm-level factors impact CBMAs, both the decision to undertake CBMAs (Tihanyi et al., 2005) and CBMA performance (e.g. King et al., 2004). For instance, firms may undertake CBMA to diversify their business portfolio (Palich et al., 2000) and the relatedness of such diversification impacts CBMA performance (Datta & Puia, 1995). Developing novel capabilities (Zollo & Singh, 2004), acquiring knowledge (Vermeulen & Barkema, 2001) and resources to reinforce the competitive advantage, and further expanding activities (Luo & Tung, 2007) or deploying the resources already held (Capron et al., 2001) may also be motives to undertake CBMAs. Nevertheless the success of CBMAs is affected, among others, by the fit between acquirer and target (Datta, 1991; Nahavandi & Malekzadeh, 1988), previous CBMA experience (Hayward, 2002) and the ownership strategy selected (Chen & Hennart, 2004).

The extant literature on CBMAs – and on mergers and acquisitions (M&A) broadly considered – focus largely on motives for the operations, their constraints and the post-deal outcomes, both integration issues and performance (Reis et al., 2015a). However, the pre-completion phase of CBMA deals lacks analysis as it is one important stage of the CBMA process (Haspeslagh & Jemison, 1991) which is still not completely understood (Dikova et al., 2010). The pre-completion stage of a CBMA is the period from the public announcement of the operation to the decision of the deal – either by completion or abandonment (Boone & Mulherin, 2007). Recently there has been some research on the pre-completion phase of the M&A in an attempt to address the issues that firms face before the completion of an M&A (Muehlfeld et al., 2007; 2011; 2012). However there has been scant attention payed to CBMA completion and the existing studies have focused only in firms from one host country (Zhang et al., 2011) or focus only on one industry (Dikova et al., 2010). Thus the existing knowledge of the pre-completion phase of the CBMA process is insufficient.

Our objective in this paper is to put forward a conceptual framework to explain the influence of the institutional differences on CBMA completion. The completion or abandonment of a CBMA deal is a non-trivial decision since a significant number of operations are abandoned after being announced (Zhang et al., 2011) and failing to complete deal may bear relevant costs for the firm, ranging from reputational problems (Muehlfeld et al., 2007) to high termination fees (Bates & Lemmon, 2003). On the other hand, CBMAs are posited to be sensitive to institutional differences as they influence the efficiency of the market for corporate control (Meyer et al., 2009). Therefore, the institutional differences augment the complexity of conducting pre-deal activities such as due diligence and contract negotiation (Peng, 2006). Thus the research question may be stated as follows: Do the differences between institutional environments influence the completion of a CBMA deal?

This paper makes three contributions to the extant IB literature. First we analyze an under-researched phenomenon – the pre-completion stage of CBMAs – to offer a broad understanding of dimensions which impact CBMA completion using an encompassing conceptual model of national-, firm-, and deal-level effects. Second, we enrich an institution-based approach of international business (IB) research (Peng et al., 2009) by putting forward a conceptual analysis of the relationship between institutional differences (conceived as institutional distance) and CBMA completion. The institutional distance is posited to have a negative impact on the CBMA completion. Third, we propose the moderating effect of previous CBMA experience and advisors to reduce the effect of institutional distance on CBMA completion. We argue that both CBMA experience and advisors (which may serve as surrogates for CBMA experience) contribute to reduce information asymmetry and to provide legitimacy which mitigates liability of foreignness.

This article has four sections following this introduction. First we review the extant literature on national level distances and also the extant literature on CBMA. We proceed by developing our conceptual model. Finally we conclude with a broad discussion of our propositions and we suggest avenues for further investigation.

4.2. National level distances

Firms operating abroad must cope with the challenges which arise from differences between home- and host-country business environments (Zaheer et al., 2012). The differences are often posited using a "distance metaphor" first advanced to explain international trade flows using gravitational models (Beckerman, 1956). The rationale follows Tobler's First Law of Geography which declares that "everything is related to everything else, but near things are more related than distant things" (Tobler, 1970: 234). Thus, distance and its impact have become an important question to IB researchers in several research streams (Conti et al., 2016). The home-host distance is posited to impact aspects that include the location of international operations (Benito & Gripsrud, 1992), the entry mode selected (Kogut & Singh, 1988; Tihanyi et al., 2005), the firms' governance (Gaffney et al., 2016) the performance of CBMAs (Dikova & Sahib, 2013; Morosini et al., 1998), the organizational learning process (Zollo & Singh, 2004) and firms cooperative behavior (Geldes et al., 2015).

Several approaches to distance have been used to delve into the differences between countries (e.g. Conti et al., 2016). The different conceptualizations and theoretical approaches are arguably the cause of inconsistent and contradictory findings on the impact of distance on firms' international operations (Stöttinger & Schlegelmilch, 2000). Three broad categories of distance emerge from the extant IB literature (Conti et al., 2016; Zaheer et al., 2012): cultural distance (Hofstede, 1980; Kogut & Singh, 1988), psychic distance (Dow & Karunaratna, 2006; Johanson & Vahlne, 1977; 2009) and institutional distance (Berry et al., 2010; Ghemawat, 2001; Hutzschenreuter et al., 2014; Xu & Shenkar, 2002).

Although some overlapping exists, the three distances are conceptually different (Sousa & Bradley, 2006; Zaheer et al., 2012).

4.2.1. Cultural distance

International business research has a paramount interest in cultural differences (Ferreira et al., 2013). Although the impact of differences between cultures on firms' international operations have long been posited, the cultural distance (CD) construct has gained traction in the 1980's as the "the sum of factors creating, on the one hand, a need for knowledge, and on the other hand, barriers to knowledge flow and hence for other flows between the home and the target countries". (Luostarinen, 1980: 131-132).

The cornerstone for the CD research was Hofstede's (1980) work, which is the most cited work in IB literature (Ferreira et al., 2013). In his book *Culture's consequences: International differences in work-related values*, Hofstede (1980) offered a parsimonious model to understand "culture" and put forward quantitative measures for the cultural dimensions (Zaheer et al., 2012). Hofstede advanced four dimensions in a continuum – power distance, individualism vs. collectivism, masculinity vs. femininity and uncertainty avoidance – which arguably allow to understand "the collective programming of the mind distinguishing the members of one group or category of people from another" (Hofstede, 1991: 5). The model was eventually revised to include a fifth (long term orientation) and a sixth (indulgence vs. restraint) dimensions (Hofstede et al., 2010).

CD research, especially empirical research, leapt forward with the CD index (Kogut & Singh, 1988). Hofstede's (1980) scores of cultural dimensions were used to construct the CD index (Kogut & Singh, 1988) and a strong connection between the two works is patent when observing the extant IB literature (Reis et al., 2013). The CD index is computed as the sum of the Euclidean distances between a pair of countries along each cultural dimension (Hofstede, 1980) and was first used to explain the entry mode selection (Kogut & Singh, 1988). Thus, all the dimensions of CD are posited to have equal relevance and the distance between two given countries is symmetrical (Kogut & Singh, 1988).

The CD index has been thoroughly used in the IB literature with different and contradictory findings (Conti et al., 2016; Tihanyi et al., 2005). A number of studies support the negative impact of CD, suggesting that greater differences hinder firms' operations (Bailey & Li, 2015). For instance, firms performing foreign direct investment (FDI) arguably prefer locations culturally close (Bailey & Li, 2015) or only commit to higher equity participations when the CD is low (Hennart & Larimo, 1998). Venture longevity is also posited to be negatively impacted by CD (Barkema et al., 1996): the greater the CD, the shorter the longevity. Similarly, MNEs which locate subsidiaries in culturally distant countries incur in greater costs which curtails further expansion (Hutzschenreuter et al. 2011). CBMAs' performance is also posited to be negatively related to CD (Datta & Puia, 1995), as MNEs have greater costs by facing increased uncertainties and difficulties in acquiring and integrating targets (Weber et al., 1996).

The CD has nevertheless been posited to have little or even a positive effect on firm's cross-border operations (Stahl & Voigt, 2008). Contradicting the "distance-differences" paradigm, a number of studies (e.g. Anand & Delios, 1997) have found that firms entering culturally distant locations opt for high control modes. Also, a number of studies have found a positive relation between CD and firm performance (e.g. Morosini et al., 1998). The counter-intuitive empirical results became known as the "cultural distance paradox" (Brouthers & Brouthers, 2001). There are possible explanations for the paradoxical effect of CD: on one hand, a greater CD arguably offers firms a different set of resources which may complement the existing pool of resources (Morosini et al., 1998), despite the challenges of the dual layered acculturation (Barkema et al., 1996). On the other hand, firms may require higher control to cope with uncertainty which arises with CD, namely in interacting with local firms (Slangen & Hennart, 2008).

The CD construct has been criticized and its validity has been challenged (Drogendijk & Martin, 2015; Shenkar, 2001). The CD construct assumes differences between countries are symmetric, stable and linear (Shenkar, 2001) thus oversimplifying the comparison between two countries (Zaheer et al., 2012). CD is also argued to assume that cultural differences have a negative impact on performance (Shenkar, 2001) despite not all the elements being equally relevant nor all mattering to each operation firms perform (Shenkar, 2012). The criticism is also accurate when CD index uses GLOBE's scores (House et al., 2004) instead of Hofstede's (1980), as the underlying assumptions are the same.

The chief alternative advanced to overcome the criticism to CD is to conceptualize cultural differences as "friction" instead of distance (Luo & Shenkar, 2011; Shenkar, 2012). The cultural friction perspective takes into account the background of the organizations and therefore exists only when organizations interact (Luo & Shenkar, 2011). The friction is posited to decrease when "lubricants" (Luo & Shenkar, 2011) are available, such as a reserve of cultural experience (Popli et al., 2016). Nevertheless, analyzing cultural differences – either using CD or cultural friction – neglects differences at other levels (Drogendijk & Martin, 2015).

4.2.2. Psychic Distance

Differences in international business environment may be conceptualized in terms of psychic distance (Conti et al., 2016; Zaheer et al., 2012). Psychic distance (PD) is posited to be "the sum of factors preventing the flow of information from and to the market" (Johanson & Vahlne, 1977: 24) and includes "differences in language, education, business practices, culture, and industrial development" (Johanson & Vahlne, 1977: 24). PD incorporates an individual-level element as the construct describes the individual perceptions of the differences between home and host countries (Sousa & Bradley, 2006). Thus, the PD has a dual basis: on one hand, the physical distance and on the other hand the individual perception of the home-host differences in a wide array of dimensions (Evans & Mavondo, 2002). Moreover, the managers' perceptions of PD are determined by the home country, the international experience, the firms' ownership structure and a myriad of other factors (Evans et al., 2000).

Psychic distance is a core construct of the Uppsala Model (UM) of internationalization (Johanson & Vahlne, 1977; 2009; Johanson & Wiedersheim-Paul, 1975). The UM posits firms select the foreign markets that are psychically closer which arguably augments the likelihood of success (Johanson & Wiedersheim-Paul, 1975). The rationale is that managers must possess knowledge about the market they are about to enter, as "that lack of knowledge due to differences between countries with regard to, for example, language and culture, is an important obstacle to decision making connected with the development of international operations" (Johanson & Vahlne, 1977: 26). Thus as firms gain experience and knowledge they are able to reduce the PD and enter markets which were otherwise too psychically distant (Johanson & Vahlne, 1977; Johanson & Wiedersheim-Paul, 1975).

The negative impact of PD on firms' international operations has been supported by several studies (Dow & Karunaratna, 2006). The selection of market has been posited to be impacted by PD (Child et al., 2002), both when firms perform FDI (Blomkvist &

Drogendijk, 2013; Dow & Ferencikova, 2010) and export (Dow, 2000): firms operating in psychically closer markets tend to perform better. The entry mode selection is also posited to be influenced by PD as firms tend to select higher commitment modes in markets more proximate in terms of PD (Dow & Larimo, 2009), thus corroborating the predictions of the UM (Johanson & Vahlne, 1977). Other business-level issues such as the international marketing strategy (Sousa & Bradley, 2005) and leadership styles (Fenwick et al., 2003) are also influenced by PD.

Although the literature posits a negative impact of PD on firms' international operations (e.g. Dow & Karunaratna, 2006), other studies suggest otherwise (e.g. Evans & Mavondo, 2002; O'Grady & Lane, 1996). PD is posited to have a positive effect on firms' performance since managers make greater efforts to bridge the home-host country differences which arguably increases the success likelihood (Evans & Mavondo, 2002). This has been acknowledged as the "psychic distance paradox", in a seminal study which demonstrated Canadian firms did not successfully operate in the USA, despite being two psychically close countries (O'Grady & Lane, 1996). Managers from two close countries may neglect the differences and hence they do not adequately prepare for them and make eventual adjustments (O'Grady & Lane, 1996). These results have been further supported: firms' operations are no hindered especially when managers possess market-specific knowledge which allows them to reduce the apparently large PD (Dikova, 2009).

Some criticism to PD has emerged, especially taking into account conflicting results (Benito & Gripsrud, 1992; Dikova, 2009; Dow & Karunaratna, 2006). While the PD construct seems conceptually appealing, its operationalization was warranted some concerns (Sousa & Bradley, 2006; Stöttinger & Schlegelmilch, 2000). On one hand, many studies use CD to proxy PD (e.g. Benito & Gripsrud, 1992) thus considering a single dimension of country differences. Although the two constructs share some elements and partially overlap, PD is much broader than CD (Dow & Larimo, 2009) and research posits CD to be an antecedent of PD (Sousa & Bradley, 2006). On the other hand, several of the existing measures of PD use a limited number of dimensions and reduce it further into a single figure (Dow & Ferencikova, 2010; Dow & Karunaratna, 2006) thus preventing to grasp the full effect of PD (Zaheer et al., 2012). Also, PD often measured "at a very high level of analysis" (Sousa & Bradley, 2008:471), meaning it does not take into account the individual perceptions of the differences between countries (Nebus & Chai, 2014).

To overcome the shortcomings of the PD, several routes are suggested (e.g. Nebus & Chai, 2014; Zaheer et al., 2012). On one hand, it is suggested to place the emphasis on the individual cognitions of the home-host differences – namely awareness, perceptions and understanding – and dropping the "distance" metaphor to accurately use the PD construct (Nebus & Chai, 2014). Thus, focusing on the individual cognitions it is arguably possible to grasp the result of the "sum of distance-creating factors (…) minus the sum of distance-bridging factors" (Child et al., 2002: 37). On the other hand, improving the distance metaphor to include direction, asymmetry, complexity, subjectivity and evolution would allow to develop a more accurate operationalization of PD (Zaheer et al., 2012). Recent research has incorporated some of the suggestions and measures PD using individual perceptions of differences both between countries and between people from the countries (Sousa & Lages, 2011).

4.2.3. Institutional distance

Differences between institutions of countries are often posited in terms of institutional distance (ID), i.e., "the extent of similarity or dissimilarity between the regulatory, cognitive, and normative institutions of two countries" (Xu & Shenkar, 2002: 608). ID encompasses a wide range of dimensions and may also be posited in terms of differences in economic, political and social dimensions (Chan et al., 2008), formal and informal institutions (Contractor et al., 2014), cultural, administrative, geographic and economic dimensions (Ghemawat, 2001) or other broader frameworks which include economic, financial, political, administrative, cultural, demographic, knowledge, global connectedness and geographical dimensions (Berry et al., 2010). ID warrants scholars' attention as it is posited to be a key driver of the liability of foreignness since firms have to cope with unfamiliar environment (Zaheer, 1995) and develop legitimacy to operate in the host country (Eden & Miller, 2004).

The ID construct draws on the institutional theory which takes a sociological approach to describe the interactions between people and organizations (DiMaggio & Powell, 1983). While there is no unanimous definition for institutions, they are often posited as "rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction" (North, 1990: 3) or "social structures that have attained a high degree of resilience (…) [that] provide stability and meaning to social life" (Scott, 1995: 33).

In common is the idea that institutions are long-lasting and influence the behavior of individuals and organizations embedded in the institutions. Thus the differences between the institutions of home and host countries force firms to adapt their structure and behavior to conform to the local institutions in what is known as institutional isomorphism (DiMaggio & Powell, 1983).

Recent research conceives institutions to be paramount in understanding firms' decisions and performance, insomuch that the institutional approach is considered the third leg of the strategy tripod (Peng et al., 2009). In fact, institutional differences may hinder firms' operations, namely preventing the exploitation of the resources in some foreign markets (Brouthers et al., 2008; He et al., 2013), decreasing MNEs' subsidiaries performance (Pattnaik et al., 2015) and increasing firms' costs (Bae & Salomon, 2010). Analyzing firms strategic decisions therefore requires to understand not only the firm's industry (Porter, 1980) and the strategic resources the firm controls (Barney, 1991) but also the institutional environment(s) the firm is embedded in and the interaction between institutions, industry and strategic resources (Peng et al., 2009). Thus firms operating in a distinct institutional environment have to cope with uncertainty which is detrimental to their operations and decision-making process (Eren & Jimenez, 2015) by using their strategic resources to sustain the competitive advantage (Hilmersson & Jansson, 2012).

A larger ID is posited to hinder firms operations abroad thus favoring operations in institutionally closer countries (Eren & Jimenez, 2015). Therefore firms tend to enter countries with low ID with non-equity entry modes and as they gain international experience evolve to other more institutionally distant countries and select higher commitment entry modes (Schwens et al., 2011). Moreover, when performing FDI in countries which are institutionally distant, firms prefer a higher equity stake (Contractor et al., 2014) as in countries with high ID greater ownership favors survival of the subsidiaries (Gaur & Lu, 2007).

Nevertheless, ID has been demonstrated to have a positive effect on firms' operations, at least to a certain degree (Choi et al., 2016; Lavie & Miller, 2008). In fact, recent research suggests ID has an S-shaped effect on firm performance: low ID decreases performance, medium ID increases performance and high levels of ID decrease performance (Lavie & Miller, 2008). The rationale for the effect is that managers may neglect important differences when ID is small, at medium ID the managers are cognizant of the differences and act accordingly to reap benefits of the international operation, whereas beyond a given ID threshold the differences are too large to cope with and firms' performance decreases (Miller et al., 2015).

The different types of institutions have been found to have different effects on firms' operations (Hernández & Nieto, 2015; Pogrebnyakov & Maitland, 2011). When selecting the markets, firms may choose the market institutionally closer considering one (or some) of the pillars of institutions (Scott, 1995) and not institutions as a whole (Pogrebnyakov & Maitland, 2011). In recent research, the normative ID was found to have a positive impact on the selection likelihood (i.e. the greater the distance the more likely the country to be selected), whereas the cognitive ID was demonstrated to have a negative effect on the selection likelihood (Pogrebnyakov & Maitland, 2011). The partial effect of ID is also apparent in cross-border investments as larger differences in some institutions, namely formal institutions (North, 1990), may favor FDI inflows (Gooris & Peeters, 2014), especially when the host country is less institutionally developed (Choi et al., 2016).

Thus, the evidence on the effect of ID on firms' international operations is inconclusive (Bae & Salomon, 2010; Choi et al., 2016). While some studies suggest a negative effect ID on firms' international operations (Eren & Jimenez, 2015), others found evidence for a positive effect of ID (Miller et al., 2015). In fact, some of the mixed evidence may result from differences in the conceptualizations of ID (Hilmersson & Jansson 2012), or from the dimensions considered both in the conceptual and empirical models (Pogrebnyakov & Maitland, 2011). Depending on the theoretical approach, different dimensions are considered and emphasized: while international economics scholars tend to focus on formal institutional differences, IB researchers favor the use of Scott's (1995) regulative, normative and cognitive pillars (Bae & Salomon, 2010). Moreover, many studies use a single dimension of institutions (Bae & Salomon, 2010) and fail to grasp the full extent of cross-border differences (Hernández & Nieto, 2015).

4.3. Cross-border mergers and acquisitions

Cross-border mergers and acquisitions may be defined as the transactions in the market for corporate control involving firms based in different countries (Hitt & Pisano, 2004). CBMAs are one of the CEO's preferred strategies and they are often investigated from several perspectives (Reis et al., 2015a). CBMAs are one of the entry modes firms may select to perform FDI, usually considered an alternative to other equity-based entry modes such as greenfield and joint ventures (Brouthers & Brouthers, 2000; Chen & Hennart, 2004). CBMAs offer unique advantages namely a faster access to markets and resources vis-à-vis greenfield (Harzing, 2002) and offer a higher degree of control and reduce uncertainty when compared to joint ventures (Chen & Hennart, 2004). Choosing CBMAs over other entry modes may have several motives which are often classified into value-creating and non-value-creating motives (Hitt et al., 2012). CBMA operations create value by developing synergy – often using complementary resources (Capron et al., 2001) or exploiting the resources held – and more efficiently managing the acquired target (Wright et al., 2002). Alternatively, firms may perform CBMAs due to managerial hubris – the overestimation of managers' ability to produce value (Roll, 1986) – or to maximize managers' own utility at expense of firms' best interests (Seth et al., 2000), which does not create value in either case.

The decision to perform CBMAs has been posited to be influenced by country-, industry- and firm-level factors (e.g. Hitt et al., 2012; Shimizu et al., 2004). The national-level factors include the home-host distance posited from cultural (Kogut & Singh, 1988), psychic (Dow & Ferencikova, 2010) and institutional (Hernández & Nieto, 2015) perspectives. Although the full extent of national-level differences is still far from understood, namely whether they are beneficial (e.g. Morosini et al., 1998) or detrimental (Eren & Jimenez, 2015), the effect of the "distances" is arguably evident (Shimizu et al., 2004). The industry-level factors which influence the choice of CBMAs include dimensions such as technological intensity and advertising intensity (Brouthers & Brouthers, 2000), suggesting some support for the industrial organization perspective (Porter, 1980). The firm-level factors influencing the selection of CBMAs over other entry modes include the level of product diversification (Brouthers & Brouthers, 2000), the relative investment size (Kogut & Singh, 1988) and firms' previous experience both in the focal market (Harzing, 2002) and in performing similar CBMA operations (Schwens et al., 2011).

CBMA performance is posited to be influenced by several factors (Shimizu et al., 2004). The national-level differences are argued to be detrimental to post-CBMA performance, namely differences in institutions (Finkelstein & Haleblian, 2002) and differences in culture (Chatterjee et al., 1992). The differences between home and host countries arguably hinder firms' ability to integrate the acquired targets and synergy generation (Seth, 1990), namely when there is inadequate cultural fit between the acquirer and the target (Datta & Puia, 1995). The performance of CBMAs is also posited to be influenced by firm-level factors such as business diversification (Palich et al., 2000), previous CBMA experience (Hayward, 2002) and strategic motive of the operation (Shimizu et al., 2004). Finally, the fit between the acquirer and the target is posited to influence the performance of the operation, namely at the organizational (Datta, 1991) and corporate culture (Nahavandi & Malekzadeh, 1988) levels.

4.3.1. CBMAs ownership strategies

The CBMAs ownership strategies, i.e., the decision to acquire a partial versus full equity participation has been understudied in IB literature (Malhotra et al., 2011). Most of the literature focus on partially equity acquisition from a joint venture (JV) perspective, as a means to offer incentives to local managers or when it is difficult to acquire the desired assets (Chari & Chang, 2009). Nevertheless, traditional JV literature focus on greenfield JVs which allow for negotiated forms of control and include inter-partner negotiation to evolve to full ownership or exit the venture (Chari & Chang, 2009). Thus some idiosyncratic characteristics of CBMA ownership strategies warrant specific analysis, considering the motives for the operation (Chen, 2008; Chen & Hennart, 2004).

The choice of full versus partial acquisition has been posited to be influenced by multiple factors, from firm- to national-level dimensions (Chari & Chang, 2009). On one hand, the rationale for the CBMA is posited to impact the ownership structure (Chen, 2008; Chen & Hennart, 2004): capability-seeking operations arguably lead to full acquisitions whereas other strategic concerns (such as entry speed) arguably lead to partial acquisitions (Chen, 2008). On the other hand, information asymmetry arising from inter-industry deals may lead firms to opt for non-full equity ownership as a means to overcome valuation problems (Chen & Hennart, 2004). Also, the CD is also posited to have an effect on the equity sought (Chari & Chang, 2009; Malhotra et al., 2011). While some studies posit a negative effect of CD on the equity sought – as a means to incentive local managers to transfer tacit knowledge (Chari & Chang, 2009) – other studies suggest a curvilinear effect – a large equity participation is sought at low and high CD (Malhotra et al., 2011). The curvilinear effect suggests firms seek high control when the operation is similar to the home country or under high uncertainty, i.e. high CD (Malhotra et al., 2011). Other national-level dimensions have been posited to influence the ownership strategy (Chari & Chang, 2009).

For instance, corruption distance is posited to have a negative impact on sought equity as the differences in business practices lead to uncertainty and thus firms cope with uncertainty by performing partial acquisitions (Karhunen & Ledyaeva, 2012). Therefore, CBMAs ownership strategies are not fully understood (Chen & Hennart, 2004; Malhotra et al., 2011).

4.3.2. Previous CBMA experience

The role of CBMA experience has been extensively analyzed, especially from an organizational learning perspective (Hayward, 2002). The rationale supporting the nexus between CBMA experience and CBMA performance is the development of firms' capabilities firms upon performing CBMAs (Muehlfeld et al., 2012). Thus, prior CBMA experience may improve both the post-deal performance (Barkema et al., 1996) and the completion likelihood of CBMA (Dikova et al., 2010; Muehlfeld et al., 2012). Firms may also learn, at least to some extent, from other firms failures and successes, in what is known as vicarious learning, and in fact it may "act as a knowledge source that offers solutions to challenges or displays behaviors to imitate or avoid" (Kim & Miner, 2007:688). In CBMAs the imitative behavior is present in the acquisition strategies (Haunschild, 1993) but also on the location of the target, the value of the deal, and the investment banks (Baum et al., 2000).

Some studies suggest a non-linear effect of experience on CBMA performance (Haleblian & Finkelstein, 1999; Meschi & Metais, 2006). Previous deals offer firms a specific experience in a certain type of targets (McDonald et al., 2008) thus allowing for an increased performance in subsequent deals only if the targets are similar (Haleblian & Finkelstein, 1999). In many cases, the less experienced acquirers wrongly generalize the experience from previous acquisitions which hinders the performance of subsequent deals whereas more experienced acquirers adequately use the experience to reap more benefits from the deals (Haleblian & Finkelstein, 1999). Therefore a U-shaped relationship between experience and performance is posited (Zollo & Reuer 2010). Nevertheless other studies point towards an inverted U-shaped relationship: there is an increase in the CBMA performance after the first operation, then a sharp decrease (Meschi & Metais, 2006). Others still posit a dual effect, whereby a high number of operations hampers CBMA performance but the moderating effect of acquisition capabilities is positive (Laamanen & Keil, 2008). Therefore the contradictory findings suggest firms learning from CBMAs is more difficult than learning operational routines (Haleblian et al., 2006) especially due to the multiple activities involved, the non-routine character and the idiosyncratic nature of a CBMA (Finkelstein & Haleblian, 2002).

4.3.3. Advisors role in CBMAs

When performing CBMAs firms often use advisors to assist in the process (Chahine & Ismail, 2009). Advisors are arguably more relevant in CBMAs than domestic M&As since the information asymmetry in cross-border deals is larger than in domestic deals (Boeh, 2011). The advisors are usually investment banks which may assist both the acquirer and the target firms to complete the deal (Servaes & Zenner, 1996) and are normally compensated – at least to some extent – contingent on the success and the value of the deal (Forte et al., 2010). Since the decision to hire the services of an advisor is non-trivial (Chahine &Ismail, 2009) their role and their value in CBMAs has been thoroughly scrutinized, especially from a financial perspective (Forte et al., 2010; Porrini, 2006; Servaes & Zenner, 1996). The effect of advisors on acquisition premiums has been investigated and a positive relationship has been posited (Porrini, 2006), due to the conflict of interests advisors have (Forte et al., 2010). The conflict of interest may also be patent on the solutions offered to deals' problems as they are often complex and with an unsuccessful outcome (Hayward, 2003).

Securing the assistance of advisors in CBMAs may serve multiple purposes (Chahine & Ismail, 2009; Porrini, 2006). On one hand, advisors may assist in target selection and provide anonymity in the preliminary stages of the M&A process (Haspeslagh & Jemison, 1991), which arguably allows for better and faster deals (Chahine & Ismail, 2009). On the other hand, advisors have capabilities in completing CBMAs which firms may not possess in-house, namely structuring the deals, and negotiation premiums (Porrini, 2006) which may ultimately result in lower costs (Chahine & Ismail, 2009). The advisors may also serve to reduce the information asymmetry between acquirer and target (Servaes & Zenner, 1996) by offering knowledge about countries, markets, industries and firms which may result in a better CBMA (Chahine & Ismail, 2009). Finally, advisors may offer legitimacy to the deal and the parties involved given their reputation (Porrini, 2006) – an important factor for advisor selection (Hunter & Jagtiani, 2003). All in all, the parties make use of advisors to improve the effectiveness of CBMAs, both in terms of financial performance for the shareholders (Forte et al., 2010), the synergies created for the firms involved (Chahine & Ismail, 2009) or more simply to complete the deal (Rosa et al., 2004).

4.4. Conceptual development

Our paper delves on the pre-completion stage of the CBMA process (Haspeslagh & Jemison, 1991), also termed “public takeover process” (Boone & Mulherin, 2007). The pre-completion stage is “the period from the first public announcement of the takeover to the resolution of the takeover” (Boone & Mulherin, 2007: 849), either by completing the deal or withdrawing the intention to complete it (Dikova et al., 2010). Therefore, we may arguably posit the completion of the deal to be a measure of the success of CBMAs, before measuring synergies, stockholders value or other dimensions usually used (Shimizu et al., 2004).

We specifically delve on the impact of institutional differences on CBMA completion. The institutional differences may be posited at multiple dimensions (e.g. Berry et al., 2010; North, 1990; Scott, 1995) but the rationale of its impact holds regardless of the classification (Xu & Shenkar, 2002). The institutional differences between the home country (i.e. the country of the acquirer/acquiring firm) and the host country (i.e. the country of the target/acquired firm) arguably have a dual effect on firms operations abroad. On one hand, institutional differences cause liability of foreignness (Zaheer, 1995), while on the other hand they produce uncertainty due to the information asymmetry (Akerlof, 1970). Thus firms performing CBMAs in countries with a different institutional environment have to adapt to cope with the uncertainty and incur in costs to overcome the information asymmetry (Eden & Miller, 2004), while having to develop legitimacy to conclude the CBMA (Hilmersson & Jansson, 2012).

Operating in a country which is institutionally different means firms have to deal with differences in dimensions such as the regulatory, legal, cultural and so forth (Li et al., 2016). Failing to recognize the differences or failing to adapt to the differences may cause negative consequences for the firm (Xu & Shenkar, 2002). The problems arise from the costs and difficulties to conduct the decision-making processes (Slangen & Van Tulder, 2009) and managerial practices (Gelbuda et al., 2008) in the foreign country similarly to the home country. Moreover, operating in an institutionally distant country may create a negative social image (Li et al., 2016) which hinders the firms’ ability to establish legitimacy (Eden & Miller, 2004).

The complexity of a CBMA deal increases as acquiring firms have to cope with institutions substantially different from their home country (Schwens et al., 2011).

Differences in the institutions between home country and target country means firms must adapt to different political institutions and gain legitimacy to operate in a new country (Meyer & Rowan, 1977). Adapting to target country's political institutions may be easier for acquirers if political institutions are similar to those of the home country (Kostova & Zaheer, 1999). Also, differences in the legal system of home and target countries – civil law versus common law – may cause acquirer firms to withdraw the CBMA deal (Dikova et al., 2010). Differences in culture may render impossible to develop a trustworthy relation with target firm's managers (Very & Schweiger, 2001), or may create problems too difficult to manage (Jemison & Sitkin, 1986) thus forcing the acquirer to withdraw the deal. Different institutions in home and target countries also increase uncertainty and information asymmetry (Akerlof, 1970) and may hinder CBMA completion, much in the same way that different institutions in home and host countries have a negative influence in the performance of a firm (Bevan et al., 2004). Thus we propose:

Proposition 1: A greater institutional distance between acquirer and target nations reduces the likelihood of completing an announced CBMA deal.

The differences in institutional environment may also influence the duration of the pre-completion phase. The institutional approach suggests firms operating abroad may only survive if they gain legitimacy by incorporating local institutions in their structures and behaviors (Eden & Miller, 2004; Meyer & Rowan, 1977). However adapting to local institutions may be costly and firms which operate in more distant institutional countries have to cope with more problems (Dikova et al., 2010). Therefore the adaptation to local institutions may be easier and have less costs if the institutional differences are smaller (Salomon & Wu, 2012). More institutionally proximate countries – both considering formal institutions, as the legal system, and informal institutions, such as the cultural traits (North, 1990) – arguably allow for a better interpretation of the local "rules of the game" and consequently fewer difficulties in adaptation, thus reduce the liability of foreignness (Li et al., 2016).

CBMA deals are usually complex transactions *per se* and greater differences in institutions arguably increases the complexity (Elango et al., 2013). The negotiation process may be hindered by differences in language and in the legal system, which may render negotiations and contract redaction more difficult and thus increasing the time needed to complete the deal (Pogrebnyakov & Maitland, 2011). On the other hand, the political distance may force acquiring firms to cope with asymmetric information (Akerlof, 1970) and therefore may hinder the quick completion of a deal. Therefore firms must develop capabilities and knowledge to adapt to the local institutional environment which may be a long and costly process (Muehlfeld et al., 2012). On the other hand, obstacles along the period before the decision of the deal increase costs (e.g. legal expenses) and may lead firms to abandon the deal (Dikova et al., 2010). Thus, we advance:

Proposition 2: A greater institutional distance between acquirer and target nations increases the period from announcement to decision of the CBMA deal, therefore reducing the likelihood of completing an announced CBMA deal.

4.4.1. The mediator effect of ownership strategy

Institutional distance increases uncertainty and costs of doing business abroad (Eden & Miller, 2004). A different institutional setting poses acquiring firms additional challenges for building legitimacy and transferring strategic routines to the local subsidiary (Kostova & Zaheer, 1999). Institutionally distant countries have different levels of rule of law, contract enforceability and corruption which leads to uncertainty (Gaur & Lu, 2007) and arguably forces acquiring firms to commit more resources and to have more significant exit costs (Hitt et al., 2012). Acquiring firms may therefore benefit from partial equity ownership which grants them increased flexibility. In fact, prior research suggests firms prefer a less than full ownership when there is a high institutional distance between home and target countries (Chari & Chang, 2009), as a partial acquisition may offer easier access to specific information and resources and reinforce operational and managerial links between the two firms (Chari & Chang, 2009; Chen & Hennart, 2004). Also, having a local partner with a significant equity participation arguably helps the acquirer gain local legitimacy (Xu & Shenkar, 2002).

Choosing to pursue a high equity ownership in an institutionally distant country arguably forces firms to cope with increased political, economic and financial risks (Chari & Chang, 2009). In more institutionally distant countries acquiring firms arguably lack legitimacy (Kostova & Zaheer, 1999) and knowledge of the local setting to overcome regulatory scrutiny and defensive actions. In fact, pursuing a high equity ownership in an institutionally distant country may lead target managers to undertake defensive actions

(Flanagan, D'Mello & O'Shaughnessy, 1998) which leads to a lower success rate of deals (Officer, 2003) and thus reduce the likelihood of completing the deal. Therefore, we advance:

Proposition 3: A greater institutional distance between acquirer and target nations reduces the equity sought by the acquirer in a CBMA deal thus increasing the likelihood of completing an announced CBMA deal.

4.4.2. The moderator effect of previous CBMA experience

The acquiring firm's previous CBMA experience is a source of organizational learning which arguably improves its effectiveness as an acquirer (Barkema & Schijven, 2008). Firms which have undertaken previous CBMA deals have arguably learned to perform routines and procedures that may be useful in subsequent deals (Barkema et al., 1996; Elango et al., 2013). Previous research has also suggested that past experience in performing CBMAs increases the likelihood of carrying out future deals (Collins et al., 2009) and some studies suggest acquiring firms learn also from failed attempts (Muehlfeld et al., 2012). The experience on CBMAs arguably offers acquiring firms a set of specific capabilities which allows it to overcome the challenges of pursuing CBMA deals in institutionally distant countries (Muehlfeld et al., 2012; Elango et al., 2013). Therefore we propose:

Proposition 4: Previous experience in CBMA deals moderates the influence of institutional distance on the likelihood of completing an announced CBMA deal, thereby increasing the completion likelihood of a CBMA deal.

Previous CBMA experience also arguably enhances acquiring firms' effectiveness in completing a deal (Kim et al., 2011). The acquisition experience allows firms to develop analytic skills which arguably lead to careful analysis of the target firms (Haleblian & Finkelstein, 1999), for instance using extensive checklists of key factors to look into (Zollo & Singh, 2004). Previous experience thus leads acquiring firms to increase the meticulousness and attention to detail in subsequent deals (Meschi & Metais, 2006) which arguably increases the success rate in detriment of fast growth and excessive risk taking (Kim et al., 2011). In an institutionally distant target country an experienced acquiring firm may thus choose to make use of the developed capabilities and successfully complete of the deal (Muehlfeld et al., 2012). Thus, we propose:

Proposition 5: Previous experience in CBMA deals moderates the influence of institutional distance on the period from announcement to decision of the CBMA deal, thereby increasing the completion likelihood of a CBMA deal.

Acquiring firms learn from their past CBMA deals and arguably become more cautious and meticulous (Kim et al., 2011). Previous CBMA experience arguably helps managers to select a suitable target for the CBMA (e.g. one that fits the acquirer's strategy and capabilities) (Datta, 1991) which allows firms to complete the deal and the subsequent post-deal integration (Haspeslagh & Jemison, 1991). Therefore, building on the argument that more experienced firms are more cautious (Kim et al., 2011), an experienced firm in an institutionally distant country arguably seeks a lower equity ownership (Meschi & Metais, 2006) and strive for acquiring local legitimacy (Xu & Shenkar, 2002) from a local partner with a significant equity participation. Therefore, we propose:

Proposition 6: Previous experience in CBMA deals enhances the influence of institutional distance on the ownership percentage sought by the acquirer in a CBMA deal, thereby increasing the completion likelihood of a CBMA deal.

4.4.3. The moderator effect of advisors

The advisors may play an important role in a CBMA deal (Song et al., 2013), especially in the pre-acquisition phase. Advisors are usually responsible for several due diligence actions (Angwin, 2001) which includes examining – in an objective and independent manner – the financial, operation, tax and valuation issues (Angwin, 2001). The analyses undertaken in the due diligence stage also delve into strategic issues such as the competitive position in the industry (Kissin & Herrera, 1990), future market perspectives and management team's abilities (Angwin, 2001). CBMA deals face specific challenges in the pre-acquisition phase as the target country's institutional setting may be notably distinct from the home country setting (Angwin, 2001) which arguably requires specific knowledge and expertise.

Advisors have specific knowledge, capabilities and expertise which help acquirer firms to pursue and complete a CBMA deal (Benou & Madura, 2005; Song et al., 2013).

Previous research has suggested that advisors influence the speed of completion and the success rate (Hunter & Jagtiani, 2003), and the mere involvement of an advisor may result in a more favorable perspective for the deal (Benou & Madura, 2005). Therefore, an advisor may reduce the information asymmetry (Akerlof, 1970) when performing CBMAs, especially in complex deals involving, for instance, firms from institutionally distant countries (Hayward, 2003). In fact, firms with less experience in M&A deals tend to hire advisors to cope with the complexity of the process (Servaes & Zenner, 1996). Financial advisors are arguably useful for searching the market for a prospective target (Benou & Madura, 2005), for conducting the offer to obtain more favorable conditions (Chahine & Ismail, 2009) and boutique advisors may offer specialized knowledge on a specific industry or location (Song et al., 2013). On the other hand, advisors contribute to a successful deal as they have strong incentives: most of the contracts have substantial fees contingent on the outcome of the M&A deal (Porrini, 2006). Thus we propose:

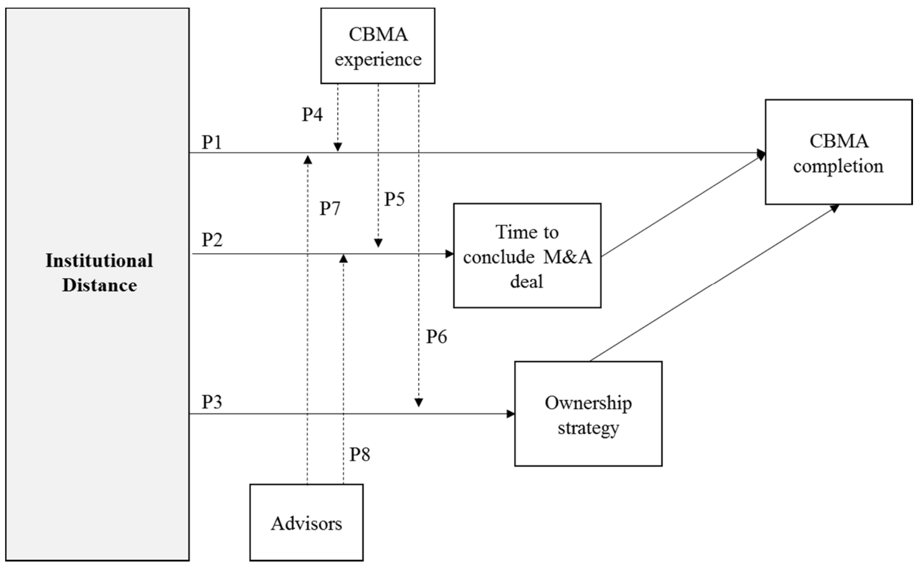
Proposition 7: Acquirer's advisors moderate the influence of institutional distance on the likelihood of completing an announced CBMA deal, thereby increasing the completion likelihood of a CBMA deal.

Advisors knowledge, experience and network on a specific country may contribute to its legitimacy in the target country (Kostova & Zaheer, 1999; Rosa et al., 2004). When undertaking a CBMA in an institutionally distant country the asymmetry in information (Akerlof, 1970; Boeh, 2011) – which includes dealing with such challenges such as fiscal complexity, different national accounting standards, exchange control regulations, cultural differences, legal obstacles and funds' sourcing (Angwin, 2001) – arguably renders the process lengthier. To overcome such obstacles, an acquiring firm may resort to advisors which have experience and knowledge in the target market (Forte et al., 2010). In fact, previous research seems to suggest that hiring an advisor, especially a highly reputed advisor, influences the speed of a successful deal completion (Hunter & Jagtiani, 2003). Despite advisors may serve as legitimacy providers in a certification effect, the complexity of the solutions they offer (Hayward, 2003) arguably extend the period from announcement to the decision of the deal. Thus, we advance:

Proposition 8: Acquirer's advisors aggravates the influence of institutional distance on the period from announcement to decision of the CBMA deal, thereby decreasing the completion likelihood of a CBMA deal.

We seek to ascertain the determinants of CBMA completion, especially delving into the role of institutional environment. We put forward a framework (Figure 4.1) that depicts the proposed influence of the institutional distance on CBMA completion both directly and indirectly: the ownership strategy and the time to complete the CBMA mediate the effect of the institutional differences on CBMA completion.

Figure 4.1. Conceptual framework



Source: Authors

4.5. Discussion and concluding remarks

Our study aimed at understanding the effect of institutional differences on CBMA completion. Thus we put forward a conceptual model which takes the notions of institutional distance, liability of foreignness and information asymmetry to offer a broad theoretical explanation of the impact of national-level differences on CBMA completion, positing firm-level and deal-level moderators. Our contributions to the extant literature are three-folded. First, we shed light on the pre-completion phase of CBMAs, which is underexplored to this date, by offering an encompassing theoretical model which analyzes the effect of institutional differences. Second, we extend the current knowledge of institutions, and specifically of institutional distance, by employing the institutional approach to CBMA completion, thus better grasping the effect of institutions in under-examined phenomenon. Third, we delve into the role of CBMA experience and of the advisors as a surrogate for CBMA experience as moderators of the effect of institutional distance.

We offer a different approach from the extant research on institutional differences. Our study focus on the differences between home and target countries moving beyond the traditional approach which focus on the level of development of institutions (e.g. Chan et al., 2008). Observing the differences in the various aspects of the institutional environment arguably provides a better understanding of firms' actions (Salomon & Wu, 2012), specifically in the context of a CBMA deal. Firms from countries with a high development of the institutional environment arguably have more successful international operations (Chan et al., 2008). However we argue that firms from countries with a high development of the institutional environment will face difficulties when performing a CBMA deal in a target country with low institutional development. The rationale supporting our argument is that the differences in institutions cause information asymmetry (Akerlof, 1970) which leads to uncertainty and force adaptation and costs when performing a CBMA deal (Dikova et al., 2010; Salomon & Wu, 2012). Therefore an acquirer from a country with low institutional development when targeting a firm from a country with a low development of the institutional environment will face less challenges and will require less adaptation (Schwens et al., 2011) thus being arguably less likely to withdraw the deal than an acquirer from a country with high institutional development pursuing the same target country.

Firms which undertake CBMA deals in institutionally distant countries are more likely to abandon the deal. Institutional distance is also posited to influence the time it takes a CBMA deal to come to an end (Dikova et al., 2010) – either to be successfully completed or abandoned (Boeh, 2011). Acquiring firms have to deal with differences in economic, political and social institutions to which they have to adapt in a long and costly process thus lengthening the pre-completion phase (Muehlfeld et al., 2011). A long period between the announcement of the deal and its end (either successful or unsuccessful) increases the opportunity costs for acquirer firms as their managers' attention is focused on the CBMA deal (Muehlfeld et al., 2012). Therefore to avoid incurring in such costs acquirer firms arguably avoid announcing a deal which may lead to high costs (Muehlfeld, et al., 2012). However, a considerable number of announced deals do not come through, suggesting acquirer firms are not effective in assessing costs and benefits before announcing the deal (Zhang et al., 2011).

Entering a country institutionally distant is posited to favor partial ownership over full ownership (Chen & Hennart, 2004). Our propositions follow the extant literature which posits firms choose shared ownership to cope with uncertainty caused by the institutional differences (Karhunen & Ledyaeva, 2012). Large institutional distance cause uncertainty by causing information asymmetry (Akerlof, 1970) which acquiring firms may bridge by maintaining a local partner (Chari & Chang, 2009). Nevertheless, other literature suggests that large institutional distance favors full equity acquisition (Elango et al., 2013) since full acquisitions allow to reduce uncertainty by not having to manage the relationship with a partner (Malhotra & Gaur, 2013). The national-level differences are also posited to have a U-shaped effect on the ownership strategy suggesting firms only pursue partial ownership in moderately distant countries as in proximate countries there is little uncertainty and in very distant countries the firms prefer not to deal with a partner (Malhotra et al., 2011). Notwithstanding, selecting partial ownership strategies in institutionally distant countries arguably allows to overcome both the information asymmetry and the legitimacy issues (Chari & Chang, 2009).

Previous CBMA experience arguably moderates the detrimental effect of institutional distance on CBMA completion, by reducing the information asymmetry. The CBMA experience arguably allows firms to reduce uncertainty caused by differences in the national environment (Muehlfeld et al., 2012). Thus CBMA experience in the country – or in similarly distant countries – may be particularly more useful (Hayward, 2002). In fact, some studies suggest experience to have a non-linear effect on CBMA completion and to be relevant only in less institutionally distant (Dikova et al., 2010). Our argument is built on the assumption that the CBMA experience may constitute a capability (Laamanen & Keil, 2008) which moderates the negative effects of the national-level differences (Meschi & Metais, 2006) and prevents acquirers from making some mistakes such as overpaying for their targets (Kim et al., 2011).

We posit that using advisors in a CBMA deal arguably reduces the effect of institutional distance on CBMA completion likelihood by reducing the information asymmetry and serving to legitimize the acquirer. While prior research on the impact of advisors on M&A success has delivered mixed results, most of the research delved on the effect of advisors on the acquisition premium (e.g. Schijven & Hitt, 2012) and on value creation (Rosa et al., 2004). In fact, the research seems to suggest firms – especially acquiring firms – use advisors in deals which present high levels of uncertainty (Schijven & Hitt, 2012), both due to the complexity of the deal itself (Forte et al., 2010) and the information asymmetry between acquirer and target (Servaes & Zenner, 1996) that may emerge from the differences in the international business environment (Hayward, 2003). In fact, our proposition follows the results presented in the literature (Hunter & Jagtiani, 2003) which posits a beneficial effect of advisors on the completion likelihood although not dissecting the effect. Therefore advisors may complement or serve as a surrogate for the CBMA experience as a means to reduce the information asymmetry (Boeh, 2011).

4.5.1. Future research

There is munificent ground for future research. On one hand, the conceptual model put forward in this paper arguably offers an interesting standpoint for empirical research for further validation. Although we solidly grounded our model in extant literature, the empirical validation of the model is paramount to generalize the findings. The measures for institutional distance are readily available (e.g. Berry et al., 2010) and the empirical analysis may also provide a finer-grain analysis to the different types of institutions, analyzing eventual differences in the intensity of the effect on CBMA completion.

Future research may also analyze the particular context of emerging countries, especially from an empirical perspective, both quantitative and qualitative. While our model is not context-dependent and provides a general explanation of the impact of institutional distance on CBMA completion, the idiosyncratic institutional characteristics of the emerging countries may require specific analysis. In fact, considering the context of emerging countries, the institutional distance may not accurately describe the challenges firms face to complete their CBMAs, since some dimensions appear to have especial relevance in such countries, namely the political influence and the ownership structure.

The theoretical development present a number avenues possible. For instance, it may be worth delving into other moderating effects at different levels. We have posited a dual effect of the moderators (experience and advisors) as a means to bridge the information asymmetry and to provide legitimacy to overcome the liability of foreignness (Zaheer, 1995) However other factors may also offer a solution to those challenges such as the experience and reputation of external board members or other strategic resources. Also, the organizational structure and the internal decision-making processes may have a moderating effect by allowing swifter reactions thus improving CBMA completion likelihood and vice versa. Finally, industry-level factors may also moderate the effect of the institutional distance on CBMA completion, such as the industry dynamism which introduce greater turbulence which may compromise deal completion.

In this paper we use an institutional approach to CBMA completion thus not offering a complete theory of CBMA completion. Taking the notions of institutional distance, liability of foreignness and information asymmetry we offer a broad theoretical explanation of the impact of national-level differences on CBMA completion, positing firm-level and deal-level moderators. Thus we have not theorized on the individual-level differences and on how individual perceptions of the decision-makers may impact the CBMA completion. Nevertheless, future research may evolve to take a different approach, offering an encompassing theory of CBMA completion positing the effects of national-, industry-, firm-, deal- and individual-level dimensions.

4.5.2. Conclusion

Over the past years, the frequency and volume of CBMAs have increased substantially and are one of managers preferred growth strategy. Nevertheless, despite a substantial wealth of research on CBMAs – especially on the motivations for the operation and the post-acquisition phase of the deal (Ferreira et al., 2014; Reis et al., 2015b) – other phases of the deal are still under-researched (Hitt et al., 2012; Reis et al., 2015b). Firms seeking to perform CBMAs assess the quality of the institutions and especially the similarity of institutions (Schwens et al., 2011). Firms seek to reduce the costs of doing business abroad and the liability of foreignness by undertaking operations in countries that are less institutionally distant which also arguably reduces the likelihood of CBMA deal abandonment.

From a practitioners' point of view, a better understanding of the influence of institutional differences on CBMA completion may lead to a more accurate selection of targets to acquire – especially taking into account the market selection issues – and offer a more accurate perspective of the likelihood of successful deals. A favorable institutional environment is arguably important for foreign firms to enter a given country but it is arguably not sufficient to allow for successful CBMA deals. Also, practitioners may benefit from an enlarged understanding of the importance of previous CBMA experience and the value of including advisors in a deal as a surrogate for CBMA experience.

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Chapter 5

Institutional distance impact on cross-border mergers & acquisitions completion: An empirical investigation of South America operations

ABSTRACT

Cross-border mergers & acquisitions are widely analyzed from multiple perspectives, especially analyzing the motives and the outcomes of the operations. However an issue been under-researched: what causes firms to abandon cross-border mergers & acquisitions that had been previously announced? Following previous research on the differences in the international business environment, we hypothesize the differences between home and host countries' business environment may hinder the completion of announced operations. We specifically analyze the differences in institutional environments posited as institutional distance. The empirical analyses use a sample of 368 operations (attempted and completed) in 7 South America countries from 36 countries using data on institutional distance between home and host countries from Berry et al. (2010). Our results present mixed evidence and partially support our hypotheses. Our study contributes to the literature on mergers & acquisitions completions and it is one of the first to focus specifically on cross-border mergers & acquisitions. We thus contribute to shed light on this research gap by analyzing the effect of the institutional distance on cross-border mergers & acquisitions completion.

5.1. Introduction

Firms performing cross-border mergers & acquisitions (CBMAs) face a number of challenges, several of which created by the differences between home country and target country (Reis et al., 2015a). The home-host differences are posited to impact the entry mode decision (Mayrhofer, 2004), the ownership structure (Contractor et al., 2014) and the post-deal integration (Bauer et al., 2016). Nevertheless the effect of the home-host differences is not completely understood: while some studies suggest a detrimental effect of differences on firms' operations (Barkema et al., 1996), others posit the differences may have, at least to some extent, a beneficial effect (Stahl & Voigt, 2008). The home-host differences' effect on CBMAs have been analyzed from a number of perspectives, ranging from the difference between home and host countries' culture, usually termed cultural distance (Bauer et al., 2016), the perceptions of the differences between home and host countries, known as psychic distance (Mayrhofer, 2004), and the home-host differences in the institutional environments posited as institutional distance (Elango et al., 2013). However previous research suggests that the importance of the institutional environment differences on CBMA is understated (Contractor et al., 2014).

While the literature investigating CBMA is extensive, it offers an incomplete comprehension of the phenomenon. Research tends to focus on the motives and the consequences of the deal (Reis et al., 2015b) not considering other phases of the merger & acquisition process (Haspeslagh & Jemison, 1991). The pre-completion phase, i.e. the period from the announcement of the deal until it is resolved (Boone & Mulherin, 2007), is not fully understood and a number of deals are not completed after being announced (Dikova et al., 2010; Muehlfeld et al., 2011). Moreover, failing to complete an announced CBMA deal may hinder firms' results due to reputational costs and termination fees (Boone & Mulherin, 2007). While some attempts have been made to look into the completion of merger and acquisition deals (e.g. Muehlfeld et al., 2011; Muehlfeld et al., 2012) the existing studies focus only on a single industry and most analyze mergers and acquisitions as a whole, including domestic and cross-border deals. Only one attempt – to the best of our knowledge – has been made to specifically analyze the completion of CBMA deals but it also uses a single industry as an empirical setting (Dikova et al., 2010). Thus the current understanding of the CBMA pre-completion period is scarce.

In this paper we aim at looking into the effect of the institutional distance on CBMA completion. Completing a CBMA deal to which resources have been committed is an important decision since the costs may be relevant including direct financial costs such as termination fees (Bates & Lemmon, 2003) and indirect costs due to reputational hazards (Muehlfeld et al., 2007). As a non-trivial number of operations is abandoned after it has been announced (Zhang et al., 2011), the CBMA pre-completion phase warrants further understanding. We have selected an institutional approach to analyze the CBMA pre-completion phase since the differences between home-host institutional environments are posited to have an effect on firms' strategies and decision-making processes (Wu, 2013). The home-host differences arguably lead to information asymmetry (Akerlof, 1970) thus forcing firms to incur in costs (Dikova et al., 2010). The institutional approach is particularly adequate to analyze emerging markets which have less developed institutions than developed countries (considering formal institutions) and idiosyncrasies in informal institutions which distinguish them from developed nations (Contractor et al., 2014). We selected a sample of deals performed in South America, a continent which includes a number of emerging countries (Aleksynska & Havrylchyk, 2013; Lebedev et al., 2015). We use institutional distance (Berry et al., 2010) to measure the home-host institutional differences as it encompasses a wide array of dimensions including regulative, normative and cognitive dimensions – to use Scott's (1995) pillars – or formal and informal institutions (North, 1990).

This paper makes a twofold contribution to the IB literature. On one hand, we empirically analyze the completion of CBMA operations. This study is, to the best of our knowledge, the first to specifically scrutinize the factors influencing the completion of CBMA operations not restricted to a single industry. By complementing previous studies on merger and acquisitions completion (e.g. Dikova et al., 2010; Muehlfeld et al., 2011; Muehlfeld et al., 2012) and advancing the specific knowledge on CBMA completion contributing to shed light on a research gap. On the other hand, we contribute to extend the current knowledge on institutional differences by empirically testing Berry et al. (2010) institutional distance in a novel phenomenon, the CBMA completion.

The paper proceeds by presenting the extant theory and developing the hypotheses anchored in theory. The methodology used is then presented and our findings follow. The paper closes with a broad discussion of our results and avenues for future research.

5.2. Theory and hypotheses

CBMAs are the transactions in the market for corporate control which involve firms from two different nations (Hitt & Pisano, 2004). CBMAs are thus one of the possible entry modes in a foreign market along other equity and non-equity modes. The option for CBMAs over other equity entry modes (greenfield or joint ventures) has been posited to be influenced by multiple firm- and country-level factors (Hernández & Nieto, 2015). In fact, firms have multiple motives to pursue CBMAs such as overcoming entry barriers, augmenting the market power, access novel knowledge and technologies (Hitt et al., 2012) or acquiring resources and knowledge to leverage in their home markets to gain a competitive advantage (Luo & Tung, 2007). One of the main motives for firms to perform CBMAs is synergy creation through the combination of resources in related industries (Datta & Puia, 1995). However a number of CBMA operations fail to create synergies often due to managerialism rather than hubris (Seth et al., 2000).

CBMAs take place in the international business environment and thus have to cope with distinctive challenges (Hitt et al., 2012). Firms performing CBMAs face a liability of foreignness (Eden & Miller, 2004) caused by the differences in culture, norms, legal systems and financial systems (Hitt et al., 2012). Thus the national-level differences are posited to lead firms to opt for lower commitment modes (Hernández & Nieto, 2015) and to have a detrimental effect on CBMA performance (Chatterjee et al., 1992). Since different business environments cause uncertainty, firms are likely to have greater costs to adapt their actions to the host market and thus are not able to compete with local firms (Eden & Miller, 2004). Nevertheless other studies argue that the home-host differences may have beneficial effects for firms performing CBMAs, at least to some extent (Stahl & Voigt, 2008). In fact, some studies suggest national-level differences ,such as cultural distance, have a beneficial effect on CBMA performance as the acquirer taps into the target's culturally embedded routines "that are significantly different and which cannot be easily replicated" (Morosini et al., 1998: 141).

The effect of home-host differences on CBMA has been analyzed from multiple theoretical perspectives (Shimizu et al., 2004). Arguably the most used perspective delves into the effect of culture and scrutinizes the effect of home-host culture differences in several aspects of the CBMA (Barkema et al., 1996; Morosini et al., 1998). Other studies take a psychic distance approach to analyze the home-host differences (Mayrhofer, 2004). Psychic distance is posited to be more encompassing than cultural distance as it includes more dimensions than just difference in culture: psychic distance deals with individual perceptions of every dimension which hinders the flow of information (Zaheer et al., 2012). More recently a number of CBMA studies have selected an institutional approach to home-host differences (Dikova et al., 2010). The institutional distance encompasses a large number of differences which may influence CBMAs (Elango et al., 2013), including differences in culture but also in a number of other institutions (Berry et al., 2010). While perspectives of home-host differences often use a "distance" metaphor, a stream of research suggests it is not a suitable metaphor (e.g. Shenkar, 2001). The "distance" (cultural, psychic, and institutional) assumes the differences between countries are symmetrical and may be assessed by objective data (Berry et al., 2010). However scholars argue the context of the firms (or individuals) should be taken into account since it may mitigate (or enhance) the effect of home-host differences (Zaheer et al., 2012). Thus it is argued the differences should be posited using a friction metaphor instead of distance (Shenkar, 2001).

The institutional distance follows the institutional perspective to describe the home-host differences (Berry et al., 2010). In this study, we consider institutional distance to be "the extent of similarity or dissimilarity between the regulatory, cognitive, and normative institutions of two countries" (Xu & Shenkar, 2002: 608). We thus consider the differences in a wide array of institutions which are the "rules of the game in a society or, more formally, the humanly devised constraints that shape human interaction" (North, 1990: 3). The institutions influence the behavior of individuals and organizations in a given society and thus require foreign individuals and organizations to conform to institutions different from their home country (Eden & Miller, 2004).

5.2.1. Institutional distance and CBMA completion

The completion of CBMA deals may be posited as being performance-related since deal completion is a necessary condition to assess the post-deal performance. In fact, the extant literature on CBMA post-deal performance (Reis et al., 2015b; Shimizu et al., 2004) focus only on completed deals and disregards the deals which have been attempted and abandoned (Muehldfeld et al., 2012). However, the CBMA deals which are abandoned also arguably have to cope with the same adverse conditions of completed deals (Dikova et al., 2010). Therefore, we draw on the literature which analyzes the effect of the home-host differences on CBMA, especially on CBMA performance, to build the argument for our hypotheses.

The institutional distance is posited to cause liability of foreignness thus hindering firms' operations abroad (Hilmersson & Jansson, 2012). When facing an unfamiliar environment firms incur in costs that local firms do not have to deal with (Zhou & Guillén, 2015). The liability of foreignness include the costs of dealing with geographic distance, the lack of knowledge of the host country and the costs of building legitimacy in the host country (Zaheer, 1995). The costs which hinder firms operations arguably stem from the need to gain knowledge and expertise of the local institutions and from the need to develop legitimacy to operate in that country (Eden & Miller, 2004). The liability of foreignness is posited to be greater when the home-host differences are larger (Zaheer, 1995). Therefore, since institutional distance represent the home-host differences in a wide array of dimensions, the institutional distance is likely to have a positive relation with the liability of foreignness (Zhou & Guillén, 2015). As the liability of foreignness augments acquiring firms may abandon the intended CBMA deal as it may be deemed non-viable.

The institutional distance may also cause information asymmetry (Akerlof, 1970) which may hinder firms' operations in the host market (Kang & Kim, 2010). When performing a CBMA in an institutionally distant country the complexity of the deal arguably increases due to the differences in the knowledge acquirer and target have of the institutions (Schwens et al., 2011). The differences in cultural, legal, political and so forth, institutions arguably creates information asymmetry which leads to increased risks when conducting operations abroad, especially in complex operations such as CBMAs (Reuer et al., 2004). The information asymmetry caused by institutional distance is posited to have a negative effect on firms' performance (Eden & Miller, 2004), and arguably impacts CBMA completion.

Performing a CBMA in a country with institutions which are markedly distinct arguably increases uncertainty (Mayrhofer, 2004). The uncertainty arises from the need to deal with institutions which are different from the home institutions considering dimensions such as regulatory, cultural, normative and so forth (Li et al., 2016). Recognizing the differences and adapting to cope with them is paramount as the consequences for ignoring the differences may be severe (Xu & Shenkar, 2002), including the failure of the operation (Dikova et al., 2010). Thus adapting to a novel institutional setting requires new decision-making processes and routines (Slangen & Van Tulder, 2009) which have costs and hinder firms' performance. Moreover when performing CBMAs in an institutionally distant country firms may have a reputational hazard (Muehlfeld et al., 2007) which may compromise the establishment of legitimacy (Kostova & Zaheer, 1999). Thus, as the institutional distance increases the acquirers are more likely to abandon the intended CBMA deals, much in the same way firms are more likely to abandon the operations already established when the institutional distance is greater. (Pattnaik & Lee, 2014). Thus we propose:

Hypothesis 1: The greater the institutional distance (considering each of the nine dimensions) between the home and host country the lower the likelihood of completing an announced CBMA deal.

Establishing legitimacy to overcome the liability of foreignness also arguably impacts the length of the pre-completion phase (Dikova et al., 2010). Adapting to the host country institutions require a process which is costly and difficult (Kostova & Zaheer, 1999). As the institutional distance increases the costs of adaptation are higher since the differences are also more prominent (Eden & Miller, 2004). Adapting to the local institutions is necessary to reduce uncertainty (Hilmersson & Jansson, 2012) and may require knowing and adapting to differences in language, legal system and so forth in what may be a difficult and long process (Dikova et al., 2010). As CBMA operations are already complex, lengthy and risky processes (Reuer et al., 2004), performing CBMAs in an institutionally distant country adds a layer of complexity and arguably increases the timespan of the process and the costs of the process (Muehlfeld et al., 2012). A long period from the announcement to the decision of CBMAs arguably increases the costs of the process which may increase the likelihood of abandoning the deal (Dikova et al., 2010). Therefore we propose an indirect effect of the institutional distance on CBMA completion:

Hypothesis 2a: The greater the institutional distance between the home and host country the greater the period from announcement to decision of the CBMA deal.

Hypothesis 2b: The greater the period from announcement to decision of the CBMA deal the lower the likelihood of completing an announced CBMA deal.

5.2.2. Ownership strategy of CBMAs

Firms arguably take into account the home-host institutional differences when selecting their ownership strategy (Contractor et al., 2014). Choosing a majority or minority ownership strategy has consequences not only in terms of profit distribution but especially in terms of control of the operation (Chari & Chang, 2009). Despite allowing for a greater control, a majority ownership strategy carries more risk (Eden & Miller, 2004). Thus resolving the control-risk trade-off requires assessing the host country environment in terms of uncertainty (Elango et al. 2013). The home-host differences in institutions arguably create uncertainty and greater differences lead to increased uncertainty (Contractor et al., 2014). Therefore when entering an institutionally distant country firms arguably perform minority acquisitions since partial acquisitions provide access to market-specific information (Chari & Chang, 2009) which allows to overcome the information asymmetry (Akerlof, 1970). Also, a local partner with a majority participation may assist in building legitimacy (Kostova & Zaheer, 1999). Moreover, a minority ownership strategy – especially in institutionally distant countries – allows acquirers to avoid defensive reactions which endangers the completion of a CBMA deal (Flanagan et al., 1998). Thus we hypothesize:

Hypothesis 3a: The greater institutional distance between the home and host country the more likely to select a partial ownership strategy.

Hypothesis 3b: Selecting a partial ownership strategy increases the likelihood of completing an announced CBMA deal.

5.2.3. Advisors of CBMAs

During the CBMA process, especially in the pre-completion phase, the acquirers may use advisors (Song et al., 2013). The tasks advisors usually perform in CBMA deals include not only examining financial, fiscal and valuation issues (Angwin, 2001) but also the outlook of the target considering market perspectives and the top management team competences (Angwin, 2001). When CBMAs take place in a country which is institutionally distant from the acquirer's home country the advisors are arguably valuable in bridging the information asymmetry (Boeh, 2011) as they have specific knowledge of the market (Hayward, 2003). Also, advisors allow acquirers in institutionally distant countries to establish legitimacy which is transmitted by the advisors' reputation (Golubov et al., 2012). The advisors are thus able to assist acquirers and the deals arguably have more favorable outcomes (Song et al., 2013). In fact the advisors have strong incentives to see the CBMA deal completed as their fee is usually contingent on the successful completion of the deal (Hunter & Jagtiani, 2003). The role of advisors in the pre-completion phase of a CBMA operation require performing due diligence tasks on the target and the deal itself (Angwin, 2001). The advisor' actions may thus involve lengthy analyses of host country's institutional environment to offer solutions that allow reaping the full benefits of a given deal (Boeh, 2011). However, engaging an advisor may lead firms to adopt complex solutions with unfavorable outcomes (Hayward, 2003). Moreover, CBMA deals are posited to require more time to be completed as they are arguably more complex than domestic deals (Boeh, 2011). Therefore we advance a dual effect of the advisors on the completion of CBMA deals:

Hypothesis 4a: Acquirer's advisors increase the likelihood of completing an announced CBMA deal by mitigating the influence of institutional distance.

Hypothesis 4b: Acquirer's advisors decrease the likelihood of completing an announced CBMA deal by augmenting the period from announcement to decision of the CBMA deal.

5.2.4. Previous CBMA experience

Firms that have performed CBMA deals in the past arguably learn the necessary processes which will arguably be used in subsequent deals (Elango et al., 2013). As in other activities, the CBMA experience is a source of organizational learning despite the non-routine nature of the operations (Meschi & Metais, 2006). The firms are able to develop analytic skills and establish a protocol which may be deployed in subsequent CBMA deals (Zollo & Singh, 2004). In institutionally distant countries, the CBMA experience may prove particularly useful since the capabilities developed in previous deals may be used to overcome the effects of information asymmetry (Collins et al., 2009). Also, firms' previous CBMA experience offers firms the savviness to increase the attention to detail (Meschi & Metais, 2006) thus preventing errors and making the pre-completion phase swifter. Learning from previous CBMAs, even from abandoned deals, arguably augments the likelihood of completing a CBMA deal (Muehlfeld et al., 2012). In fact, the importance of experience is more relevant in cross-border than in domestic deals (Collins et al., 2009) arguably due to the increased complexity and uncertainty of a CBMA deal (Mayrhofer, 2004). More experienced firms are also more likely to draw on the previous deals' learning to determine the most adequate ownership strategy: it is argued that selecting the adequate equity level for each context is the result of experiential learning (Meschi & Metais, 2006). Thus in an institutionally distant country acquiring firms are more likely to select a partial equity ownership as it reduces uncertainty (Mayrhofer, 2004) and arguably allows to build legitimacy more effortless (Kostova & Zaheer, 1999). Therefore, we advance the hypotheses:

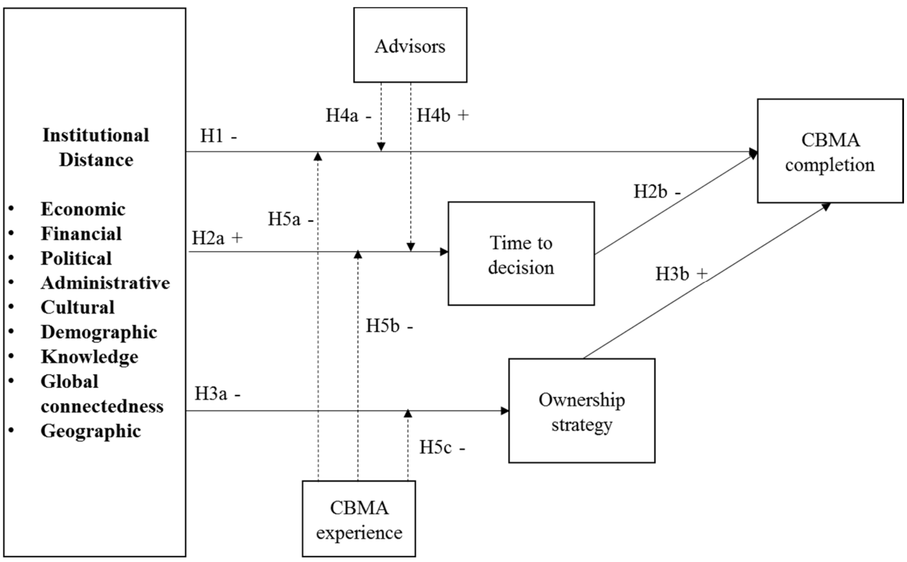
Hypothesis 5a: Previous experience in CBMA deals increases the likelihood of completing an announced CBMA deal by decreasing the influence of institutional distance.

Hypothesis 5b: Previous experience in CBMA deals increases the likelihood of completing an announced CBMA deal by decreasing the period from announcement to decision of the CBMA deal.

Hypothesis 5c: Previous experience in CBMA deals increases the likelihood of completing an announced CBMA deal by increasing the likelihood of selecting a partial ownership strategy.

The hypotheses derived from the extant literature are schematically represented in Figure 5.1 below.

Figure 5.1. Theoretical model



Source: Authors

5.3. Method

5.3.1. Sample and data

The sample used to test our conceptual model referred to operations performed in South American countries. The South American countries provide an interesting context for institutions-related research due to the rather different levels of institutional development along different dimensions (Pajunen, 2008). Thus the variation of characteristics of the institutions in the countries allows for a richer empirical setting than observing a single country. Moreover, a number of South American countries are considered "emerging countries" and thus receive attention and significant investment from foreign firms even when compared to other locations such as China, East Asia and Central and Eastern Europe (Aleksynska & Havrylchyk, 2013).

The empirical data of our sample emerge from two distinct sources. The deal-level and data firm-level was retrieved from Thomson Reuters' SDC Platinum, which is one of the leading databases for financial transactions. SDC has been widely used as a source for M&A data, such as in studies delving on financial issues (Croson et al., 2004), post-integration challenges (Puranam et al., 2006) and strategic partnership management (Cui et al., 2011). The source of country-level variables is Berry et al. (2010) institutional distance data. The approach to the institutional differences first put forward in the *Journal of International Business Studies* (Berry et al., 2010), and updated in 2014, include data on nine dimensions: economic distance, financial distance, political distance, administrative distance, cultural distance, demographic distance, knowledge distance, global connectedness and geographic distance. The institutional distance data (Berry et al., 2010) selected for this study has been widely used by IB scholars to delve into numerous issues: for instance divestment operations of foreign affiliates of MNCs headquartered in South Korea (Pattnaik & Lee, 2014), the establishment of an "home base" which may reduce the effects of the liability of foreignness (Zhou & Guillén, 2015), the effect of institutions on FDI location choices of Chinese firms (Lu et al., 2014), the impact of institutions on emergent market firms' performance (Wu, 2013) and the subsidiary goals' effect on MNCs' ownership strategies (Lee et al., 2014).

We collected data from CBMAs announced in 2012 by firms from any country, in non-financial industries which took place in South American countries. We ensured (a) the final state of the operation is known (no pending operations were included); (b) the nationality of acquirers and targets is known; (c) the acquirers' and the targets' nationalities are different. We retrieved a sample of 398 CBMAs by foreign firms in South American countries. The institutional distance data was not completely available for every pair of countries included in our sample thus we decided to exclude the operations for which data were incomplete. A total of 30 operations were excluded, therefore our final sample comprises 368 CBMA operations in 7 South American countries (Table 5.1) from 36 countries worldwide (Table 5.2). It is worth noting that whenever the home country, i.e. the country of origin of the operation, is in South America that specific operation was carried out in another country. Thus the sample includes only cross-border operations.

Observing Table 5.1 we may identify the 7 countries which have received CBMA operations included in our sample. The country which has received more operations is Brazil (191, representing 51.9% of our sample), followed by Chile (46, 12.5%) and Peru (42, 11.4%). On Table 5.2 we identify the countries from which CBMA operations originate. The countries having more operations are the USA (106 operations, representing 28.8% of the sample), followed by Canada (39, 10.6%) and Spain (33, 9.0%).

Table 5.1. Destination country of the operations

Host country	**Number of operations**	**% of total**
Brazil	191	51.9%
Chile	46	12.5%
Peru	42	11.4%
Argentina	39	10.6%
Colombia	31	8.4%
Uruguay	13	3.5%
Ecuador	6	1.6%

Table 5.2. Country of origin of the operations

Home country	Number of operations	% of total	Home country	Number of operations	% of total
USA	106	28.8%	Argentina	3	0.8%
Canada	39	10.6%	Italy	3	0.8%
Spain	33	9.0%	South Korea	3	0.8%
Chile	23	6.3%	Belgium	2	0.5%
France	22	6.0%	Ireland	2	0.5%
United Kingdom	21	5.7%	Singapore	2	0.5%
Brazil	17	4.6%	China	1	0.3%
Japan	13	3.5%	Denmark	1	0.3%
Australia	10	2.7%	Ecuador	1	0.3%
Germany	10	2.7%	Finland	1	0.3%
Netherlands	9	2.4%	Greece	1	0.3%
Colombia	8	2.2%	India	1	0.3%
Sweden	7	1.9%	Norway	1	0.3%
Mexico	6	1.6%	Philippines	1	0.3%
Switzerland	5	1.4%	Russia	1	0.3%
Luxembourg	4	1.1%	South Africa	1	0.3%
Peru	4	1.1%	Uruguay	1	0.3%
Portugal	4	1.1%	Vietnam	1	0.3%

5.3.2. Variables

The dependent variable in our model is *CBMA completion*. A CBMA is considered to be completed when the CBMA deal effectively comes to terms and is implemented, making it a closed deal. Thus we created a dummy variable which takes the value 1 when the deal is completed after it has been announced and 0 otherwise. The coding of the variable used the SDC data on deal status and included 'intended', 'intended withdrawn' and 'indrawn' categories on the abandoned CBMAs group. This coding partially follows Muehlfeld et al. (2012) classification, although we used a narrower criterion since we did not include in our sample – in any category – the 'rumored' CBMA deals: since no formal announcement of the deal had been made, eventual conclusions based on rumors could arguably bias the findings.

The independent variables in our study are the different dimensions of institutional distance put forward by Berry et al. (2010). We considered the distance for every pair of countries in terms of *Economic distance* which describes the differences in economic development and macroeconomic features; *Financial distance* describing the differences in the development of the financial sector; *Political distance* accounting for differences in the political stability, political risk and trade blocs; *Administrative distance* concerning differences in language, religion, legal system and eventual colonial ties; *Cultural distance* considering the differences in attitudes of the society towards major cultural traits; *Demographic distance* including differences in the characteristics of the population; *Knowledge distance* accounting for the differences in the scientific system; *Global connectedness* which represents the openness to the rest of the world; and *Geographic distance* between the center of the countries (Berry et al., 2010). All the distances (except geographic distance) are Mahalanobis distances which makes it unitless and scale invariant. Also, Mahalanobis distance takes into account the underlying data as it considers the variance-covariance matrix in computation.

The mediating and moderating variables were also extracted from the SDC database. *Time to decision* is measured by the number of days from the announcement to the decision of the deal – either the completion of the deal or the abandonment. It is computed using the 'deal announcement date' and the 'date effective' or the 'date withdrawn' – for completed or abandoned deals respectively – available in SDC. *Ownership strategy* represents the equity positon sought in the CBMA deal inferred by the 'Form of the deal' data on SDC: we constructed a dummy variable which takes the value 1 when majority ownership (also includes full ownership) is sought, and takes the value 0 when a minority position is sought. *Advisors* represents the number of financial advisors working for the acquirer in the focal CBMA deal as stated in SDC. *CBMA experience* is measured by the number of CBMA deals the acquirer has been involved in (meaning both completed and non-completed deals) in the 5 years prior to the focal deal, according to SDC. While a number of studies use a three-year window to measure experience (e.g. Elango et al., 2013), we augmented the window to 5 years. Nevertheless previous research suggests no substantial difference in using 3-, 5-year or historical data on experience (Muehlfeld et al., 2012).

We also considered some control variables which are posited to influence CBMA completion, extracted from SDC. We considered previous literature on M&A completion (Dikova et al., 2010; Muehlfeld et al., 2012) and also from post-M&A performance (e.g. King et al., 2004), as well as the data available in the database. Following previous research (Muehlfeld et al., 2012) we considered that a factor with a positive influence in post-M&A performance also arguably influences CBMA completion. *Relatedness* describes whether acquirer and target are in related businesses as reported by the 4-digit SIC codes, since in related CBMA deals synergies are more likely to occur which may render the operation more attractive; we constructed a dummy variable which takes the value 1 if acquirer and target are in related businesses and 0 otherwise. *Friendly deal* indicates if the 'attitude' of the deal as a friendly deal is arguably more likely to be completed; a dummy variable takes the value 1 if the deal is friendly and 0 otherwise. *Payment method* is also posited to influence deal completion since cash deals are more attractive to shareholders; following previous studies (Dikova et al., 2010) a dummy variable takes the value 1 if a deal is primarily (more than 50% of the total amount) paid in cash and 0 otherwise.

Other control variables were also considered but were not included in our models for different reasons. The deal value (i.e. the value offered or paid in the deal) was not included since a large number of operations did not report this figure and the missing values would substantially reduce the significance of the models. Three other variables in extant literature are posited to influence CBMA completion, namely: (a) the deal being carried out by means of a tender offer, in which case it is more likely to be completed; (b) the number of bidders, i.e., the number of challenging offers for one target; (c) defensive actions undertaken in hostile takeovers to discourage the completion of the deal (e.g. stock repurchase, self-tender, poison pill, scorched earth); however, in our sample, there was no significant variation since only one operation was a tender offer, only one operation had more than one bidder and no deal had defensive actions. Thus we omitted these variables from further analysis.

Table 5.3 briefly summarizes the variables considered in our models.

Table 5.3. Variables description

Variable name	Description	Source
CBMA completion	Dummy variable with value 1 for deal completed after being announced and 0 otherwise	SDC Platinum
Economic distance	Differences in income, inflation, exports and imports. Computed with Mahalanobis distance.	Berry et al. (2010)
Financial distance	Differences in the financial system of the countries in terms of: private credit, stock market cap and listed companies. Computed with Mahalanobis distance.	Berry et al. (2010)
Political distance	Differences the nature of the political systems, namely in: policy-making uncertainty, democracy score, size of the state, world trade agreements and regional trade agreements. Computed with Mahalanobis distance.	Berry et al. (2010)
Administrative distance	Differences in bureaucratic patterns, influenced by: colonizer-colonized link, common language, common religion and legal system. Computed with Mahalanobis distance.	Berry et al. (2010)

Cultural distance	Differences in cultural values and norms across countries – assessed by World Values Survey responses – in four measurements following Hofstede's (1980) dimensions: uncertainty avoidance, power distance, individualism and masculinity. Computed with Mahalanobis distance.	Berry et al. (2010)
Demographic distance	Differences in size, growth, age structure and qualities of the populations ascertained by: life expectancy, birth rate, population under 14 and population under 65. Computed with Mahalanobis distance.	Berry et al. (2010)
Knowledge distance	Differences in the capacity to create knowledge and to innovate determined by: patents and scientific articles per capita. Computed with Mahalanobis distance.	Berry et al. (2010)
Global connectedness	Differences in the ability to interact with other parts of the world, obtaining information and diffusing activities ascertained by: international tourism expenditures (%GDP), international tourism receipts (%GDP) and internet users (% of population). Computed with Mahalanobis distance.	Berry et al. (2010)
Geographic distance	Great circle distance between a pair of countries. Measured in thousands of kilometers.	Berry et al. (2010)
Time to decision	Number of days between the announcement and the end of the deal (the end of the deal may either be by completing the deal or withdrawal of the offer).	SDC Platinum
Ownership strategy	Level of ownership intended to acquire in the CBMA deal. Dummy variable which takes the value 1 if a majority/full ownership position is sought, 0 if a minority position is sought.	SDC Platinum
Advisors	Existence of advisors in the CBMA deal. Measured by the number of advisors in the deal.	SDC Platinum
CBMA experience	Measure of acquirer's prior experience in undertaking CBMA deals. Measured by the number of CBMA deals involved in the previous five years.	SDC Platinum
Relatedness	The acquirer's business is related to the target's business, based on matching 4-digit SIC codes for the acquirer and the target. Dummy variable has value 1 if the acquisition is related and 0 otherwise.	SDC Platinum
Friendly deal	There is a recommendation of the target company's management or board of directors for a friendly transaction. Dummy variable with value 1 for friendly acquisition and 0 otherwise	SDC Platinum
Payment method	Dummy variable with value 1 if the acquisition is majority paid in cash (>50% of the value) and 0 otherwise.	SDC Platinum

Table 5.4 presents the descriptive statistics and the correlation matrix for the data in our sample. We observe that 97% of the CBMA operations in the sample were completed, a percentage slightly higher than in other studies (e.g. Muehlfeld et al., 2011; Dikova et al., 2010). The time to decision is on average 24.6 days and there are 0.2 advisors per deal on

average. The average number of previous CBMA deals is 3.4. Observing the correlations, we notice they are well within the standardly defined threshold of 0.7 – the highest correlations are between demographic distance and geographic distance (0.469) and administrative distance and demographic distance (0.445), both under 0.5. Also the variance inflation factor (VIF) values ranged between 1.046 and 2.104, under even the stricter cut-off level of 5. Thus no multicollinearity issues were evident in our sample.

Table 5.4. Descriptive statistics and correlations

		Mean	s.d.	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1	CBMA comp.	0.973	0.163	1.000																
2	Econ. dist.	8.993	8.467	0.054	1.000															
3	Fin. dist.	6.307	4.140	-0.053	0.167**	1.000														
4	Pol. dist.	162.722	57.041	-0.138**	-0.034	0.040	1.000													
5	Admin. dist.	20.508	12.712	0.054	0.193**	-0.184**	-0.305**	1.000												
6	Cult. dist.	21.499	27.324	-0.041	-0.058	-0.139**	0.375**	-0.212**	1.000											
7	Dem. dist.	9.114	8.509	0.079	-0.019	0.088	-0.343**	0.445**	-0.107*	1.000										
8	Know. dist.	11.506	9.592	0.047	0.452**	0.263**	0.310**	0.266**	0.020	0.063	1.000									
9	Glob. con.	2.675	1.231	-0.002	0.461**	0.300**	0.024	0.328**	-0.134**	0.228**	0.483**	1.000								
10	Geog. dist.	7.980	3.612	-0.013	0.271**	0.307**	0.010	0.307**	-0.202**	0.469**	0.223**	0.373**	1.000							
11	Time to dec.	24.557	55.149	-0.261**	-0.066	-0.064	0.134*	-0.237**	0.115*	-0.132*	-0.225**	-0.114*	-0.001	1.000						
12	Own. strat.	0.389	0.488	-0.072	-0.114*	0.021	-0.013	0.004	-0.109*	0.065	-0.105*	-0.008	-0.002	0.067	1.000					
13	Advisors	0.226	0.605	0.062	-0.044	-0.064	0.046	-0.113*	0.003	-0.067	-0.165**	-0.200**	-0.115*	0.412**	0.044	1.000				
14	CBMA exp.	3.356	7.701	0.071	0.100	-0.005	-0.061	0.123*	-0.011	0.131*	0.086	0.140**	0.133*	-0.079	-0.067	-0.027	1.000			
15	Relatedness	0.416	0.494	0.107*	-0.131*	0.040	-0.058	-0.037	-0.038	-0.018	-0.148**	-0.061	-0.007	0.044	0.108*	0.059	-0.010	1.000		
16	Friendly	0.978	0.146	0.090	0.023	0.019	0.004	-0.043	-0.026	0.035	-0.035	0.084	-0.057	0.003	0.042	0.025	0.017	0.050	1.000	
17	Pay. meth.	0.098	0.297	-0.001	0.093	0.014	0.004	0.059	0.002	0.008	0.010	0.103*	0.042	0.244**	0.000	0.104*	-0.032	-0.018	0.049	1.000

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

5.3.3. Procedures of analysis

To test the hypotheses put forward we estimated different sub-models, each with a different dependent variable. Considered together, the submodels allow us to test the conceptual model proposed. First we used a multivariate linear regression to assess the effect of the institutional distance on the *Time to decision* (to test H2a, H4b and H5b). The dependent variable is the number of days from announcement to decision and the sample does not have operations with an unknown outcome (classified as 'pending'). Therefore the data does not suffer from right-censoring as the decision date (either completion or abandonment of the CBMA operation) is known thus making survival analysis models not adequate to the data we collected (Dikova et al., 2010). Moreover no multicollinearity issues were identified (all VIF scores under 3) and using a multivariate linear model allows for a more straightforward interpretation of the regression coefficients than survival analysis (Gujarati, 2004). The assumptions underlying the multivariate linear regression (correct specification, exogeneity, independence of the regressors, homoscedascity, no autocorrelation of the errors and normality of the residuals) were analyzed and are verified.

To test the other hypotheses we estimated multivariate logistic regression models with the dependent variables "Ownership strategy" and "CBMA completion". Both dependent variables are binary (0-1) and other alternatives could be used, namely discriminant analysis and Probit regression models (Efron, 1975; Lennox, 1999). One alternative was using discriminant analysis, which analyzes the relation between independent variables and a categorical dependent variable using a discriminant function score (Spicer, 2004). However using discriminant analysis requires predictor variables to be measured in continuous or interval scales (using dummies reduces the trustworthiness of the results), to have a normal distribution and to have similar variance within each category (Dikova et al., 2010; Spicer, 2004). If the assumptions for using this technique are violated the results may not be consistent and thus less efficient (Efron, 1975). Therefore, discriminant analysis is not the most adequate technique for testing our hypotheses. Probit models could also have been used as they are posited to have relatively similar estimations to logistic models (Lennox, 1999). In fact, for balanced data – such as the one in our sample – the estimates for Probit models and multivariate logistical models are not distinguishable (Chen & Tsurumi, 2011). Since our predictor variables are a mix of continuous, discrete and categorical (binary) variables a multivariate logistic model is arguably suitable (Press &

Wilson, 1978). Moreover, when analyzing a similar problem (i.e. failure of companies) previous research found multivariate logistical models to perform better than discriminant analysis and equivalently to Probit models (Lennox, 1999). Therefore we selected multivariate logistical models. The assumptions of the multivariate logistic regression (binary dependent variable, independence of the regressors, linear relationship between the logit of the independent and dependent variables) were analyzed and are verified.

5.4. Results

The results of the multivariate linear regression predicting *Time to decision* are displayed on Table 5.5. Model 1 presents a baseline model including only the control variables. We then entered the institutional distance variables on Model 2 representing the distance between home and host countries of the firms involved in the deal. Three variables are statistically significant: *Administrative distance* and *Knowledge distance* have a negative coefficient whereas *Geographic distance* has a positive coefficient. In Model 3 we entered the moderating variables *Advisors* and *CBMA experience*. In Model 3 four variables are statistically significant: *Administrative distance* (negative coefficient), *Knowledge distance* (negative coefficient) and *Geographic distance* (positive coefficient) and the newly entered *Advisors* has a positive coefficient. Observing the adjustment of the models, we conclude Model 2 is substantially better than the baseline model (R^2 = 0.191), and Model 3 has an even higher explaining power (R^2 = 0.312). Therefore we find mixed support for H2a – the geographic distance increases the time to decision, whereas administrative and knowledge distances reduce the time to decision. As for the role of previous experience no effect was significant thus not supporting H5b. Having advisors had a positive impact on the time to decision: the more advisors the acquirer includes the more time until a deal comes to a decision. Thus H4b is supported.

Table 5.5. Results of the linear regression analysis predicting *Time to decision*

	Model 1	Model 2	Model 3
Constant	22.015 (0.248)	26.043 (0.238)	18.082 (0.376)
Relatedness	5.441 (0.339)	2.705 (0.620)	0.670 (0.894)
Friendly deal	-4.260 (0.825)	-6.123 (0.740)	-7.163 (0.674)
Payment method	45.463 ** (0.000)	46.156** (0.000)	37.901** (0.000)
Economic distance		0.227 (0.570)	-0.122 (0.743)
Financial distance		-1.162 (0.137)	-1.282 (0.076)
Political distance		0.114 (0.078)	0.049 (0.413)
Administrative distance		-0.826** (0.004)	-0.812** (0.002)
Cultural distance		0.102 (0.354)	0.171 (0.097)
Demographic distance		-0.326 (0.444)	-0.543 (0.169)
Knowledge distance		-1.378** (0.000)	-1.019** (0.005)
Global connectedness		0.577 (0.837)	3.946 (0.136)
Geographic distance		2.212* (0.026)	2.932** (0.002)
Advisors			33.149** (0.000)
CBMA experience			-0.323 (0.319)
N	368	368	368
F-value	8.004**	6.969**	11.452**
(df1, df2)	(3, 364)	(9, 355)	(2, 353)
Model R^2	0.062	0.191	0.312
Adjusted R^2	0.054	0.163	0.285

p-value in parentheses.
**. Significant at the 0.01 level (2-tailed).
*. Significant at the 0.05 level (2-tailed).

Table 5.6 presents the results on the logistic regression predicting the *Ownership strategy*. The models therefore allow us to ascertain the effect of the different variables on the decision to have a minority or a majority ownership strategy. We first estimated the model including only control variables (Model 4). We then estimated Model 5 by entering the different dimensions of institutional distance. The *Cultural distance* coefficient is negative and significant thus partially supporting H3a: a greater cultural distance between home and host countries is posited lead firms to prefer a minority ownership strategy over majority ownership. Model 6 includes the effect of *CBMA experience* which was not statistically significant: only *Cultural distance* continues to be statistically significant. However none of the models (Model 4-6) are statistically significant thus requiring prudent conclusions.

Table 5.6. Results of the logistic regression predicting *Ownership strategy*

	Model 4	Model 5	Model 6
Constant	-1.218 (0.139)	-1.358 (0.170)	-1.328 (0.179)
Relatedness	0.441* (0.042)	0.368 (0.103)	0.370 (0.101)
Friendly deal	0.587 (0.478)	0.338 (0.691)	0.344 (0.685)
Payment method	0.002 (0.995)	0.024 (0.949)	0.007 (0.985)
Economic distance		-0.019 (0.365)	-0.018 (0.376)
Financial distance		0.021 (0.513)	0.019 (0.556)
Political distance		0.005 (0.084)	0.004 (0.100)
Administrative distance		0.005 (0.668)	0.005 (0.667)
Cultural distance		-0.011* (0.024)	-0.011* (0.027)
Demographic distance		0.027 (0.124)	0.028 (0.115)
Knowledge distance		-0.027 (0.110)	-0.027 (0.113)
Global connectedness		0.081 (0.487)	0.091 (0.436)
Geographic distance		-0.042 (0.302)	-0.039 (0.343)
CBMA experience			-0.019 (0.256)
N	368	368	368
Chi-square	4.826	19.642	21.077
Nagelkerke pseudo-R^2	0.018	0.071	0.076

p-value in parentheses.

**. Significant at the 0.01 level (2-tailed).

*. Significant at the 0.05 level (2-tailed).

The results of the logistic regression predicting *CBMA completion* are presented on Table 5.7. Model 7 includes only the control variables and is not statistically significant. In Model 8 we entered the distance variables which allow us to test H1. The model is statistically significant and has a pseudo-R^2 of 0.312. *Financial distance* and *Political distance* have negative coefficients and are statistically significant, whereas the other dimensions of institutional distance are not statistically significant. Therefore the greater the financial (political) distance the smaller the likelihood of completing a CBMA deal, thus supporting H1. In Model 9 we entered the *Time to decision* and *Ownership strategy* variables. In this model, which is statistically significant and has a pseudo-R^2 of 0.490, *Time to decision* is statistically significant with a negative coefficient and *Ownership strategy* is not statistically significant, thus supporting H2b. In Model 9, in addition to *Financial distance* and *Political distance*, *Administrative distance* is also statistically significant having a negative coefficient, consistent with H1. In Model 10 we tested the effect of *Advisors* and *CBMA experience*, together with the distance variables. Albeit the statistical significance of the model, the newly entered variables are not significant. Finally, in Model 11 we performed a joint test of the distance variables, *Time to decision*, *Ownership strategy*, *Advisors* and *CBMA experience*. Model 11 has a pseudo-R^2 of 0.595 and further supported our conclusions on H2b (negative effect of *Time to decision* on *CBMA completion*). *Ownership strategy*, *Advisors* and *CBMA experience* are not significant. In Model 11, two dimensions of institutional distance are significant with a positive coefficient (*Demographic distance* and *Geographic distance*) thus providing some evidence not supporting H1. Nevertheless two other dimensions of distance are significant and have a negative coefficient as in previous models (*Financial distance* and *Political distance*), further corroborating H1.

Table 5.7. Results of the logistic regression predicting *CBMA completion*

	Model 7	**Model 8**	**Model 9**	**Model 10**	**Model 11**
Constant	1.679 (0.122)	6.766* (0.020)	11.973** (0.007)	5.721 (0.066)	13.848* (0.020)
Relatedness	1.852 (0.081)	2.481* (0.041)	3.533* (0.020)	2.517* (0.036)	3.792* (0.024)
Friendly deal	1.546 (0.177)	1.145 (0.504)	-0.711 (0.749)	0.985 (0.583)	-2.111 (0.400)
Payment method	-0.078 (0.943)	0.133 (0.916)	1.268 (0.443)	-0.273 (0.844)	1.231 (0.581)
Economic distance		0.084 (0.695)	0.493 (0.348)	-0.020 (0.930)	0.206 (0.730)
Financial distance		-0.387* (0.027)	-0.856** (0.005)	-0.313 (0.089)	-0.963** (0.007)
Political distance		-0.022* (0.040)	-0.029* (0.047)	-0.022* (0.040)	-0.037 (0.063)
Administrative distance		-0.075 (0.107)	-0.162** (0.006)	-0.078 (0.180)	-0.293* (0.014)
Cultural distance		-0.003 (0.778)	-0.004 (0.816)	0.006 (0.614)	0.016 (0.433)
Demographic distance		0.269 (0.101)	0.603 (0.011)	0.228 (0.174)	0.633* (0.026)
Knowledge distance		0.104 (0.414)	-0.112 (0.690)	0.176 (0.218)	0.083 (0.793)
Global connectedness		-0.258 (0.525)	-0.139 (0.819)	-0.313 (0.479)	0.376 (0.685)
Geographic distance		0.102 (0.441)	0.343 (0.086)	0.125 (0.417)	0.593* (0.027)
Time to decision			-0.020** (0.004)		-0.028** (0.009)
Ownership strategy			-1.247 (0.195)		-1.132 (0.298)
Advisors				36.094 (1.000)	44.116 (1.000)
CBMA experience				1.347 (0.148)	0.529 (0.493)
N	368	368	368	368	368
Chi-square	6.387	26.245**	42.112**	35.202**	51.847**
Nagelkerke pseudo-R^2	0.078	0.312	0.490	0.413	0.595

p-value in parentheses.
**. Significant at the 0.01 level (2-tailed).
*. Significant at the 0.05 level (2-tailed).

Table 5.8 presents a summary of the hypotheses tested, presenting both the expected relation in the theoretical model and the empirical conclusion. We present the dissected effect of the different dimensions of institutional distance (H1, H2a and H3a). We find mixed evidence concerning H1, as some dimensions have an effect contrary to expected in one of the empirical models. As for H2a, only *Geographic distance* appears to have the expected effect on *Time to decision*, whereas *Knowledge distance* and *Administrative distance* have an effect opposite to our theoretical model.

Table 5.8. Summary of the findings

Hypotheses	Expected signal	Conclusion
H1 (Economic distance)	–	N.E.
H1 (Financial distance)	–	Supported (-)
H1 (Political distance)	–	Supported (-)
H1 (Administrative distance)	–	Partially supported (-)
H1 (Cultural distance)	–	N.E.
H1 (Demographic distance)	–	Partially not supported (+)
H1 (Knowledge distance)	–	N.E.
H1 (Global connectedness)	–	N.E.
H1 (Geographic distance)	–	Partially not supported (+)
H2a (Economic distance)	+	N.E.
H2a (Financial distance)	+	N.E.
H2a (Political distance)	+	N.E.
H2a (Administrative distance)	+	Not supported (-)
H2a (Cultural distance)	+	N.E.
H2a (Demographic distance)	+	N.E.
H2a (Knowledge distance)	+	Not supported (-)
H2a (Global connectedness)	+	N.E.
H2a (Geographic distance)	+	Supported (+)
H2b	–	Supported (-)
H3a (Economic distance)	–	N.E.
H3a (Financial distance)	–	N.E.
H3a (Political distance)	–	N.E.
H3a (Administrative distance)	–	N.E.
H3a (Cultural distance)	–	Supported (-)
H3a (Demographic distance)	–	N.E.
H3a (Knowledge distance)	–	N.E.
H3a (Global connectedness)	–	N.E.
H3a (Geographic distance)	–	N.E.
H3b	-	N.E.
H4a	+	N.E.
H4b	+	Supported (+)
H5a	+	N.E.
H5b	–	N.E.
H5c	–	N.E.

Note: In parenthesis the signal of the coefficient when statistically significant. In case of no statistical significance: “N.E.”.

5.4.1. Robustness tests

We performed additional tests to check the robustness of the results. First we analyzed the distance dimensions to assess if it was possible to use a single dimension or reduce the number of dimensions. We did not follow the procedure put forward for cultural distance (Kogut & Singh, 1988) since this method has been criticized for concealing some effects and assuming all dimensions are equivalently important (Shenkar, 2001). Therefore, we performed a factor analysis to investigate the reduction of the number of dimensions as factor analysis takes into account the correlation between variables (Maroco, 2007). The tests indicated a solution with 6 factors explaining 88.6% of the variance of the data, suggesting a reduction from the 9 original dimensions to 6. This reduction was not considered meaningful and also presented conceptual problems since the factors could not be coherently explained.

To assess the robustness of the multivariate linear model explaining the *Time to decision* we changed the variable selection method in the statistical software (SPSS) from "Enter" to "Stepwise". The "Stepwise" variable selection method allows to understand what the best combination of independent variables to predict the dependent variable is (Maroco, 2007). Therefore not every independent variable is included as only statistically significant variables which increase the model's explanatory power are included (Maroco, 2007). In our model the results are similar considering the signal of the coefficient with one exception: *Geographic distance* was not included in the model and *Political distance* was selected also with a positive coefficient (0.132). The estimated model using the stepwise method has a lower R^2 (0.281 versus 0.312 in the original model).

To check the robustness of the results in the multivariate logistical models we also estimated models using a different variable selection method, specifically changing "Enter" for "Forward (Likelihood Ratio)". Using "Forward (LR)" means the independent variables are entered in the model as long as the score statistic of the model improves in a stepwise process (Maroco, 2007). Thus, as in "Stepwise" for linear regression, not all the independent variables are included in the model (Maroco, 2007). Comparing the models for *Ownership strategy* the estimations do not substantially alter as only two independent variables are significant: *Cultural distance* is significant with a negative coefficient – as in our original model – and *Economic distance* also enters the model as statistically significant with a negative coefficient (-0.033). The Nagelkerke's pseudo-R^2 of the model is worse than our original estimated model (0.048 versus 0.076 in the original model). Concerning the estimated models for *CBMA completion* the quality of the model substantially decreases: the Nagelkerke's pseudo-R^2 of the newly estimated model is 0.276 versus 0.595 of the model we originally estimated. The "Forward (LR)" variable selection method entered substantially less variables, although with similar direction effect.

Therefore we believe our results to be arguably robust. The factor analysis did not offer an accurate and useful method to reduce the number of variables into a single figure of distance without compromising the underlying theoretical concepts. Concerning the stepwise models they did not substantially improve the findings hence we do not extensively present the estimated models. In fact, the stepwise approaches are argued to produce unstable models, to be sensitive to fluctuations in the data of the independent variables (Austin & Tu, 2004) and even to produce spurious findings (Babyak, 2004). Furthermore the robustness tests did not reveal relevant changes in the coefficients.

5.5. Discussion and concluding remarks

In this paper we aimed at analyzing the impact of institutional distance on CBMA completion, an issue which has been under-researched and is not fully understood. We developed and empirically tested a model which posits the negative effect of institutional distance on CBMA completion both directly and indirectly. We argue the institutional distance creates uncertainty and information asymmetry which hinder CBMA completion. Nevertheless, we suggest the effect of institutional distance may be minimized by previous CBMA experience and also by using advisors in the CBMA deal, since both will decrease uncertainty and bridge information asymmetry. We tested our empirical model using a sample of operations (completed or abandoned) in South America. We contribute to the extant knowledge by shedding light on the factors which influence CBMA completion. We go beyond complementing existing studies since this is, to the best of our knowledge, the first study to delve into the completion of cross-border deals not making industry restrictions. Also, we extend the current understanding on the institutional environment by testing the effect of institutional distance on the CBMA completion.

Our results warrant some discussion as the findings have provided some mixed conclusions. We have tested the effect of each dimension of Berry et al.'s (2010) institutional distance on CBMA completion. Although we posited a negative direct effect (i.e. more distance would reduce the completion likelihood of a CBMA) some dimensions have presented some contradictory conclusions. Demographic distance and Geographic distance have been found to have a positive impact on the likelihood of completing a CBMA deal. Albeit the effects are only significant in the full model, we speculate the distance (geographic and demographic) may lead acquiring firms to prepare better for deals in distant countries. As the detrimental effect of geographic distance is well known (Barkema et al., 1996) firms arguably prepare for the hazards of distance, despite previous studies having found little effect of geographic distance on firms' performance (e.g. Thomas, 2006). Moreover since the geographical distance is easily observable, firms are arguably capable of coping with it whereas other differences may be more relevant (Barkema et al., 1996). The rationale is similar in the case of demographic distance, which is also easily observable and firms prepare for such differences. Also, firms may perceive demographically distant markets as prospectively more attractive in the future, thus warranting additional efforts in completing a CBMA (Reuer et al., 2004), since the demographic distance deals with the age structure and the growth rate of the population (Berry et al., 2010) and South America markets are posited to be emergent (Lebedev et al., 2015).

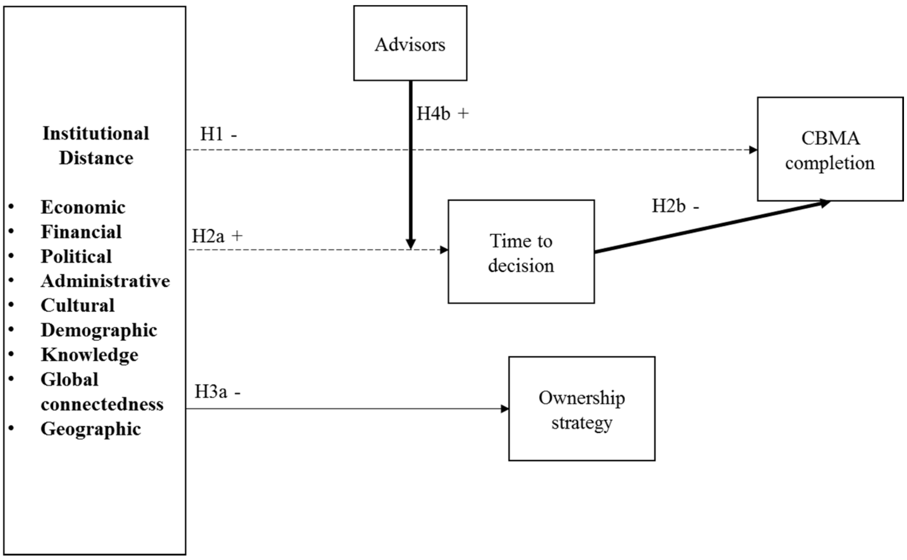
Several of our hypotheses concerning the effect of institutional distance on CBMA completion were empirically supported. Financial distance has been found to hinder CBMA completion. The differences in the conditions of the financial markets are posited to influence firms decisions (Berry et al., 2010). Firms arguably need to finance their operations abroad and having access to deep stock markets is necessary to conduct CBMAs (Giovanni, 2005). Previous research has demonstrated firms with a strong domestic financial market are more likely to invest abroad (Giovanni, 2005). As our empirical setting includes mostly developing and emerging countries (Aleksynska & Havrylchyk, 2013; Lebedev et al., 2015) we speculate firms from countries having more financially developed institutions – thus more financially distant – will tend to view CBMAs as riskier operations and may fail to provide sufficient funding thus hindering the completion of announced CBMA deals. Our hypothesis concerning the effect of political distance on CBMA completion has also been empirically supported: the larger the political distance the more likely a CBMA not to be completed. We argue that the uncertainty created by a larger political distance hinders CBMA completion. In fact, political distance has been posited to have a significant detrimental effect on survival of foreign subsidiaries (Gaur & Lu, 2007). Thus a similar effect may be expect even before establishing a subsidiary through CBMA.

We have also sought to understand the effect of institutional distance on the time to conclude a CBMA deal and the subsequent effect of that time on CBMA completion. We have found mixed evidence: while the geographic distance's effect on time was supported, thus corroborating previous research on the detrimental effects of distance (Barkema et al., 1996), administrative and knowledge distance were found to have a negative effect (i.e. reducing the time to decision). The knowledge distance indicates the differences between two countries scientific systems (Berry et al., 2010). A great knowledge distance suggests acquiring firms' countries have a more developed scientific system – as our empirical context has mainly developing and emerging countries (Aleksynska & Havrylchyk, 2013; Lebedev et al., 2015). Thus firms may arguably benefit from a more developed scientific system to shorten the time to decision. Also, administrative distance (which describes the differences in language, religion and legal system and the existence of colonial ties) has been found to have a negative effect. While a positive effect was expected, since the administrative differences could lead to a greater time to cope with, a more quick decision may arguably be explained by two reasons: (a) the inexistence of colonial ties may facilitate the deal, since colonial ties may lead to friction between acquirer and target thus lengthening the time to decision (Stevens & Shenkar, 2012); (b) the perceived differences in administrative dimensions may lead firms to announce the deals later than normally would, thus decreasing the time to decision. Nevertheless this effect grants further enquiry. The time to decision has a significant have a negative effect on CBMA completion (i.e. more time to decision hinders the CBMA completion) which is consistent with our hypothesis of time creating greater uncertainty (Boeh, 2011) thus leading to the deal not being completed (Dikova et al., 2011). The advisors effect on time to decision has also been empirically supported thus corroborating previous research (Hayward, 2003) which suggests employing advisors increase the time to decision.

Our study has little or no found statistical significance in a number of relations. The impact of institutional distance on ownership strategy is residual. Only cultural distance was found to be significantly consistent with our hypothesis. This is aligned with previous research which considers cultural distance to have a negative effect on the equity sought (Chari & Chang, 2009). Our findings thus partially contrast to previous studies which suggest acquirers tend to favor minority ownership strategies when the institutional distance increases (Contractor et al., 2014). Our findings do not corroborate (i.e. the results are not significant) the selection of a majority ownership strategy when the economic and knowledge distances are high (Gaffney et al., 2016). The effect of previous CBMA experience has not been found statistically significant, which is not aligned with substantial past research suggesting an important effect of previous experience in dealing with institutional distance (Schwens et al., 2011) and even in completing CBMA deals (Muehlfeld et al., 2012).

Figure 5.2 below presents the final model, i.e., the effects which were empirically supported. It is worth noting that some mixed evidence was found on H1, H2a and H3a, not fully supporting our predictions.

Figure 5.2. Final model



Source: Authors

5.5.1. Limitations and future research

This paper has a number of limitations worth noting but which provide some opportunities for future research and further advancement of the extant knowledge. First, our sample only has operations in South America where most of the countries are emergent or developing. Thus generalizing our findings requires caution and may lead to biased conclusions. Also the sample is somewhat limited as it uses only operations announced in a single year and may be extended to include more years. Therefore future research may use a broader sample of operations to investigate the pre-completion phase of CBMAs in other empirical contexts, namely with different institutional settings. Including operations from different continents may thus complement our findings and contribute to a better understanding of the effect of institutional distance on CBMA completion.

Second, the measures we used in our empirical model also have some limitations. We measured institutional distance considering the home and host countries. However, firms having established operations in countries that are institutionally close may develop capabilities which impact the CBMA completion. Future research may focus in analyzing the distance from the countries where acquiring firms are already established to the target firms' countries, using therefore a "home base" perspective (Zhou & Guillén, 2015). On the other hand, we assume the institutional distance between countries to be symmetrical although some studies suggest otherwise (e.g. Hernández & Nieto, 2015). Future research may look into asymmetrical effects of distance on CBMA completion.

Third, analyzing institutional distance *per se* may not fully capture the extent of home-host differences. We analyze national-level dimensions (i.e. institutions) and individuals may perceive the home-host differences differently considering their idiosyncratic background. Especially when considering informal institutions (North, 1990), future research may consider analyzing the effect of individual-level experience in dealing with the focal host country. On the other hand, firm-level dimensions may also distort the institutional distance (augmenting or decreasing it) through organizational learning. We use an aggregate measure of CBMA experience, not discerning between types of experience nor analyzing the effect of "indirect experience". Future research may look into the effect of past deals which have been abandoned or the role of vicarious learning in CBMA completion. Thus the institutional distance construct may be improved to account for other effects.

5.5.2. Conclusion

Overall, our findings suggest the institutional distance plays a role in CBMA completion. Examining other factors influencing the completion of CBMA deals still warrants further research since the phenomenon is not fully understood. Moreover, understanding the influence of institutional distance on CBMA completion arguably allows managers to prepare for that effect. By including the institutional distance in their analyses and decision-making processes the managers will arguably increase the completion of CBMA operations.

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Chapter 6
CONCLUSION

The starting point of this thesis was the effect of external environment – specifically of the international business environment – on firms' actions. We focused on a particular component of firms' actions to analyze the effect of the international business environment on CBMA completion. To understand the impact of the international business environment we used the "distance" metaphor and selected an institutional approach, since institutional distance arguably allowed for a more complete grasp of the differences between home country and host country firms performing CBMAs had to cope with. Thus, throughout the four core chapter of this thesis we have sought to answer the research question "what is the impact of institutional distance on CBMA completion?".

The literature on M&As is vast and multiple fields of Management look into M&As. Thus making sense of such an immense body of knowledge requires a careful examination. We focused on SM and IB literature to understand what were the main issues addressed and theoretical perspectives used in the field. Analyzing the knowledge base (i.e. the references the authors used) of a sample of M&A-related articles allowed us to grasp the intellectual structure of the M&A field and the shifts across time. We have noticed an increase in the attention SM and IB scholars have placed on M&As since the number of published articles has sharply increased. Our findings are consistent with previous research (e.g. Ferreira et al., 2014) and suggest the field is munificent and worth being further looked into. The research focus has also substantially shifted: the financial perspective has lost relevance and the post-deal integration challenges appear to be more important. This arguably suggests the field is maturing and moving to more complex issues than the impact of M&As on financial performance (Christensen & Montgomery, 1981). Scholars appear increasingly interested in understanding the underlying mechanisms which subsequently influences performance (Bauer & Matzler, 2014).

One particular area has gained scholars' attention in recent years, the CBMAs (Reis et al., 2015a). The knowledge base of M&A research includes an increasing number of works which deal with cross-national differences (e.g. Kogut & Singh, 1988), the CBMAs as a form of entry mode (e.g. Hennart & Reddy, 1997) and the role of culture in CBMAs (e.g. Stahl & Voigt, 2008). This suggests that as the M&A field matures and the volume of international acquisitions increases (Alexandridis et al., 2012) the academic interest becomes narrower to address the idiosyncrasies of CBMAs. Therefore we continued to investigate the developing trend and delved into the CBMA literature.

The bibliometric analyses we performed allowed us to conclude the CBMA field is arguably governed by three main concerns. First, scholars examine why firms select CBMAs to enter a foreign market (Kogut & Singh, 1988). Research delves into firm-, industry- and country-level factors (Barkema et al., 1996) which influence the preference for CBMAs *vis-à-vis* other entry modes (Hennart & Reddy, 1997). Second, the motives for conducting CBMA operations are also investigated (Kling et al., 2014) and the explanations include accessing strategic resources, acquire knowledge (Chen, 2008) and gaining competences to leverage in the domestic market (Luo & Tung, 2007). Third, a relevant body of research addresses the post-deal challenges and the consequences, with particular emphasis on the integration process (Birkinshaw et al., 2000) and on performance (Shimizu et al., 2004). Considering CBMAs – a particular case of M&As – are a process with a number of phases (Haspeslagh & Jemison, 1991), one specific phase of the process has been overlooked by extant research, the "public takeover phase" (Boone & Mulherin, 2007). The period which precedes the completion of the CBMA deal but when the intention to acquire a target is already public requires further examination (Muehlfeld et al., 2012) to understand why a number of operations are abandoned after having been announced (Dikova et al., 2010).

The CBMA literature has arguably overlooked the institutional approach (Reis et al., 2015b). When analyzing the cross-national differences CBMA scholars appear to prefer the culture-related approach (e.g. Hofstede, 1980; House et al., 2004), consistent with a trend which is observed for the entire IB literature (Ferreira et al., 2013). Nevertheless, the institutional approach offers a wider depiction of the dimensions which may impact firms' cross-border operations (Berry et al., 2010). Since the institutions are the "the rules of the game in a society […] that shape human interaction" (North, 1990: 3) firms in a foreign country must be aware and adapt to the local "rules" (Kostova & Zaheer, 1999). The institutions in a society are human constructions which include regulative, normative and cognitive dimensions (Scott, 1995) that include not only culture but also the economic system, the political system, the legal system and so forth (Berry et al., 2010). Thus moving past the cultural approach allows to extend the comprehension of the CBMA field (Slangen & Hennart, 2008).

The institutional differences between the home country and the host country of the firm make firms incur in liability of foreignness (Zaheer, 1995). The liability of foreignness, also posited as the costs of doing business abroad (Hymer, 1976), include the costs of adapting to a local institutional setting (DiMaggio & Powell, 1983) and the uncertainty which arises from operating in an unfamiliar environment (Kostova & Zaheer, 1999). As the home-host institutional differences increase so does the liability of foreignness (Zhou & Guillén, 2015) and firms need to perform isomorphic adaptation to the host country institutions (Zaheer, 1995). The institutional differences may be posited as "distance" between countries, following Tobler's law rationale which posits two things (i.e. countries) are more related when they are near (Tobler, 1970). Thus, countries having institutional environments which are more distinct are less related and consequently have a larger "institutional distance" (Berry et al., 2010).

Firms performing CBMAs face a difficult task as they have to perform an operation which is complex *per se* (Dikova et al., 2010) while having to grasp and adapt to a novel institutional setting. We posit a negative relation between institutional distance and CBMA completion: as the institutional distance increases the likelihood of completing the CBMA deal decreases. The rationale supporting the posited relation closely follows the effect of the liability of foreignness on firms' performance (Zaheer, 1995). Coping with increasing institutional distance hinders CBMA completion similarly to the way that institutional distance hinders firms' performance (Hernández & Nieto, 2015). In fact, we argue that CBMA completion may be posited as one measure of CBMA performance/success: assessing if the CBMA permitted achieving the predetermined objectives is only possible if the deal is completed. Therefore, the extant research on failures of CBMA deals (e.g. Morosini et al., 1998) should be observed under a different context: failing to achieve the objectives requires completing the CBMA operation and not abandoning it after having been announced (Dikova et al., 2010).

We posit that institutional distance has a negative effect on CBMA completion. The information asymmetry (Akerlof, 1970) and uncertainty (Hernández & Nieto, 2015) caused by institutional distance arguably lead to costs and firms may abandon the announced operations. Our empirical evidence partially supports our hypothesis, specifically in the cases of financial distance, political distance and administrative distance. Nevertheless we also found some limited evidence contradicting our hypothesis (demographic distance and geographic distance). The mixed results suggest the relevance of using a broad array of dimensions to analyze the home-host differences (Berry et al., 2010). While the theoretical reasoning underlying the theoretical model is anchored in extant theory, the empirical verification suggests the different dimensions of institutional distance (Berry et al., 2010) may have different effects on CBMA completion. In fact, the different dimensions of institutional distance have been shown to have different effects when analyzing the same phenomenon (e.g. Pogrebnyakov & Maitland, 2011). Therefore replicating the analyses with different samples will arguably contribute to improve our comprehension of the effect of institutional distance on CBMA completion.

The interval from announcement of the CBMA to the conclusion or abandonment of the deal significantly impacts the outcome of the deal. A longer period is posited to increase uncertainty and costs (Dikova et al., 2010) which hinders the completion of CBMAs. Previous research has posited an effect of institutional differences on the interval from announcement to decision of the CBMA (Dikova et al., 2010). Our results provide mixed evidence partially corroborating the literature (greater geographic distance increases the interval) but also disputing the suggested effect (greater administrative distance and knowledge distance reduces the interval). The unexpected relation may arguably be explained by the lack of colonial ties – included in the administrative distance – which may avoid historical friction (Stevens & Shenkar, 2012) and thus having a beneficial effect in the interval from announcement to decision of the CBMA. Notwithstanding the mixed and contradictory findings are arguably a symptom of the nascent research on CBMA completion and should spur additional enquiry.

The internal capabilities arguably allow firms to cope with the external environment's challenges and increase their operations' success (Chen, 2008). The effect of experience as a source of organizational learning is widely recognized in multiple contexts (Jiménez & Fuente, 2016). Albeit the extant CBMA literature provides mixed evidence on the effect of experience (Haleblian et al., 2009), previous CBMA experience is also posited to impact CBMA completion (Muehlfeld et al., 2012). However our empirical findings fail to corroborate this perspective. While the lack of statistical significance requires caution in drawing conclusions, we may speculate that the experience in dealing with the host country institutions may be a more relevant source of organizational learning. Hence we conjecture the possibility that a previous experience in the country (either by having used a CBMA or another entry mode) positively influences the CBMA completion.

Firms may also seek to overcome their lack of knowledge of the home-host differences by engaging advisors (Boeh, 2011). The advisor may arguably bridge the information asymmetry (Akerlof, 1970) firms must cope with when performing CBMAs in institutionally distant countries (Boeh, 2011). Involving advisors in a CBMA process may arguably increase the interval from announcement of the deal until decision thereby hindering CBMA completion. Our empirical findings suggest the advisors have no significant effect in bridging the information asymmetry to increase the likelihood of CBMA completion. However the impact of advisors on the interval is significant, suggesting the advisors may indirectly hinder CBMA completion. In fac,t this conclusion is consistent with previous research which suggests advisors tend to provide solutions which are too complex merely to justify their importance (Hayward, 2003).

The process of answering the research question “what is the impact of institutional distance on CBMA completion?” has provided us with multiple insights. We have sought to understand both the direct and some indirect effects of the institutional distance on CBMA completion. The empirical evidence has delivered mixed findings and suggests further research is required to fully grasp this effect. Nevertheless considering the entire corpus of this thesis we dare to summarize in a sentence the answer to our research question: “institutional distance hinders, at least to some extent, the completion of CBMA deals”.

6.1. Contributions to extant knowledge

The contributions of this thesis to the IB literature are the result of the contributions of the individual papers and also of the thesis as a whole. Chapter 2 “An overview of three decades of mergers and acquisitions research” puts forward an objective depiction of the accumulated knowledge in M&As. The findings of our bibliometric analyses permit a dual contribution to the literature. First, we complement existing reviews on M&As (e.g. Ferreira et al., 2014; Haleblian et al., 2009) using a method which is less prone to bias than traditional literature reviews. Therefore we are able to identify the knowledge base which has been used by the scholars and we have identified shifts in the theoretical foundations of more recent M&A research. Armed with this information scholars are able to quickly grasp what has been done and arguably forecast the future directions of research endeavors. Second, we have used novel techniques (factor analysis) in a bibliometric analysis of the M&A field. To the best of our knowledge, this is the first bibliometric article on M&As using these techniques which allow for a better understanding of the structure of the knowledge base. Therefore we extend the knowledge on methods available to M&A scholars allowing for the replication in other fields of study in IB and SM.

Chapter 3 "Cross-border mergers & acquisitions: A bibliometric review and future research avenues" focus specifically on CBMAs and it is, to the best of our knowledge, the first bibliometric review of the CBMA field. Thus, we contribute to the IB literature by analyzing the research over the years and offering an objective description of the CMBA-related research. Literature reviews – traditional, qualitative, quantitative or other – are useful for scholars periodically take stock of what has been done and to track the direction of the field. The CBMA literature is not often reviewed thus our study stands out and may provide useful conclusions to scholars – especially junior scholars – which could not be found elsewhere. Finally we contribute to the literature by identifying common tendencies but also gaps in the research. The gaps we have identified (specifically the lack of relevance of the institutional perspective and overlooking the pre-completion phase) were followed in this thesis but may also be further delved into by other scholars.

The conceptual paper in Chapter 4 "The effect of institutional differences on cross-border mergers and acquisitions completion" has important contributions to extant theory. On one hand it delves into an issue which has been substantially overlooked – the pre-completion phase of CBMAs. Albeit a conceptual paper, the theoretical reasoning allows to extend the current knowledge on CBMA completion and thus provide a better understanding of the factors which may influence it. On the other hand we also contribute to extend the current understanding of the institutional based view of firms (Peng et al., 2009). The institutional distance construct has been considered relevant and has been used to explain several phenomena but has not been used to analyze the CBMA completion. Thus we are able to grasp the effect of institutional distance in a novel phenomenon. Finally, we contribute to extend the current understanding of the role of advisors in CBMA operations – which we argue may serve as surrogates for CBMA experience – and is an issue which receives little attention in IB and SM literatures.

Chapter 5 entitled "Institutional distance impact on cross-border mergers & acquisitions completion: An empirical investigation of South America operations" contributes to the literature on CBMAs and also on the institutional approach. First, it is the one of the few studies to focus on CBMA completion and the first to analyze CBMA completion in multiple industries. Therefore we not only complement the existing studies (e.g. Dikova et al., 2010; Muehlfeld et al., 2012) but make a significant contribution to the advancement of knowledge on CBMA completion. Second, we empirically test the institutional distance scores (Berry et al., 2010) thus contributing to extend the understanding of institutional distance and offering additional validation of the data available. Third, we provide some insight on the CBMAs performed in South America which is not a common empirical setting despite having a number of emerging countries.

Considering the corpus of papers the contribution to extant theory is significant. The focus placed on CBMA completion as the core issue of this thesis is itself a parsimonious contribution to a better understanding of this issue. While we do not offer a definitive comprehension of the phenomenon we contribute to shed light on CBMA completion by offering a conceptual model and performing a partial empirical verification. The interest in M&A completion is nascent and cross-border operations are seldom analyzed (e.g. Dikova et al., 2010). Thus the first contribution of the thesis is to draw attention to the completion of CBMAs which in their nature are idiosyncratic and complex operations that warrant particular attention. In fact, the advancement of knowledge on this phenomenon is particularly important since a more accurate understanding of what leads announced operations to be abandoned may be relevant to theory but especially for managerial practice.

The institutional perspective we have used to develop our arguments and models also contributes to extend the knowledge of cross-national differences. Most of the previous research on CBMAs has relied on cultural differences (and cultural distance) to grasp home-host differences, disregarding other approaches, especially the institutional perspective. This dissertation has identified the gap and has acted on the findings to offer a broader array of dimensions which are posited to impact CBMAs (specifically CBMA completion). Thus, highlighting the research gap and contributing to address the gap in the same corpus arguably provides a more significant advancement of the knowledge on institutional approach.

On a global perspective this thesis contributes to demonstrate that the international business environment still has impacts which are not fully grasped. The international business environment has been posited to be the defining element of IB research and its effects are vastly analyzed (Ferreira et al., 2013). By analyzing – theoretically and empirically – the effect of institutional distance on the CBMA completion phenomenon we contribute to extend the understanding of the international business environment. Moreover we have also identified some gaps in the current understanding of the international business environment. We thus offer additional evidence to support the need to pursue the endless quest for complete knowledge.

6.2. Managerial implications

This thesis not only advances the current knowledge and prove useful to scholars but is also contributes to improve the managerial activity. We analyze the factors which influence CBMA completion, focusing specifically on institutional distance. The attention to this phenomenon *per se* may be considered a managerial contribution as this is an often overlooked phenomenon. Managers arguably assume the deals that are announced are also completed and tend to focus their attention on post-acquisition integration, synergy creation and so forth. However a non-trivial number of operations fail to be completed which may cause substantial problems. Thus, drawing attention to the pre-completion phase of the CBMA process may encourage the managers to focus their attention on the specific challenges which may endanger firms' success.

The theoretical approach – the institutional distance – we selected may also contribute to the managerial practice. Managers arguably recognize the importance of geographic distance and become increasingly aware of the hazards of cultural distance. By using a broader conceptualization of the differences between home and host countries, the institutional distance, we contribute to demonstrate to managers that other dimensions are relevant and may impact firms' success. Therefore this thesis may encourage managers to assess the home-host differences using an institutional approach to account for the multiple influences. Our findings suggest not all we dimensions of institutional distance are equally important in completing a CBMA deal: financial, political and administrative differences are arguably more important and thus should be more carefully taken into account. Furthermore, when performing CBMAs, the managers may benefit from using the institutional distance construct in their analyses concerning other phases of the CBMA process, such as the post-deal integration. Additionally, the institutional distance may be useful when deciding on other international expansion issues such as the market selection and entry mode decision.

Our findings also suggest that a longer period from the announcement of the operation until the decision of the deal hinders the likelihood of completing a CBMA operation. Armed with this knowledge, managers may adapt their behavior to minimize the period from announcement to decision. Also, our findings suggest that advisors increase this period and no significant impact of the advisors on CBMA completion was found. Thus managers should be cautious in their decision to use advisors in CBMA deals, as their actions and the solutions suggested may have an effect contrary to expected.

6.3. Limitations and future research

This thesis has some limitations which are worth mentioning and which may be addressed in future research. One group of limitations concern the two bibliometric studies which are presented in Chapter 2 and Chapter 3. While the contents of the two papers are substantially different, the approach was similar and thus the limitations are common. On one hand, the sample we collected to analyze is not exhaustive of all the research on M&As and CBMAs. We have relied on just peer-reviewed articles published in journals which are indexed in ISI *Web of Knowledge*. While we have followed the common procedures for bibliometric analyses (e.g. Ferreira et al., 2013; Xu & Shenkar, 2013), other sources of knowledge could have been used. On one hand, other journals publish M&A- and CBMA-related research but are not covered in ISI Web of Knowledge. Thus future research may use articles published in journals indexed in other sources such as Scopus, or even journals which are not indexed. On the other hand, other forms of peer-reviewed knowledge are also relevant to the advancement of a field, such as doctoral theses and conference proceedings. In fact, these sources tend to present the most cutting edge research as the publication process, with the review & resubmit steps, may be lengthy (Ferreira, 2013). Future research may overcome this limitation by including proceedings and thesis in the sample. Finally, non-peer-reviewed sources may also be relevant to a more complete understanding of the M&A (and CBMA) fields. Books and book chapters are often the outlet for novel and challenging perspectives. Thus including books in the sample of works analyzed may offer a more accurate understanding of the fields. Nevertheless we are confident the sample we selected for the studies presented in Chapter 2 and Chapter 3 are representative of the respective field since they encompass a large number of articles published in a broad collection of outlets.

Another limitation common to the bibliometric studies presented in Chapter 2 and Chapter are the type of analyses we performed. We have used quantitative methods of analysis which are useful to deal with large volumes of research (Ramos-Rodríguez & Ruíz-Navarro, 2004). The citation and co-citation techniques (complemented with factor analyses) arguably allow us to make sense of the knowledge base of the M&A (and CBMA) fields. However, observing the knowledge base of the articles (i.e. the list of references the authors relied on) does not allow us to understand the context in which the reference is used. Authors use references – which are certified knowledge (White & McCain, 1998) – to support their arguments. But the authors may also use a reference to justify using a different theory or method; to criticize that work (theory or method); to build on the argument of that work and extend it; or authors may use the reference in ceremonial way, merely to acknowledge its existence (Ferreira et al., 2013). Therefore the extant quantitative analyses we present in Chapter 2 and Chapter 3 may be complemented with some qualitative analyses which may make use of content analysis techniques.

Chapter 5 presents the empirical study which tests our hypotheses on the effect of institutional distance. As in any empirical study, we must acknowledge some limitations and which may be overcome in future studies. The sample of operations we selected is limited to deals in South America in 2012. The empirical setting provides an interesting setting for institutions-based research since most countries are developing and emerging (Lebedev et al., 2015). However, a full empirical validation of the model would warrant a more diverse sample of deals in countries with different degrees of economic and institutional development. Future research may therefore include more operations from different institutional settings to provide additional empirical evidence which may support our model.

The institutional distance approach we have selected may also be considered a limitation. The institutional distance construct makes a symmetry assumption (Berry et al., 2010) positing the perspective from which you analyze the differences is not relevant to understanding their impact. However, other studies suggest institutional distance may not be symmetrical (e.g. Hernández & Nieto, 2015) thus having different effects considering the home country of the firm. Also, the multinational experience, with subsidiaries in different countries, may impact CBMA completion. Therefore future research may delve into the asymmetrical effect of institutional differences (e.g. Stevens & Shenkar, 2012) and may also scrutinize the CBMA completion departing from a "home base" perspective (Zhou &

Guillén, 2015). Finally future research may also delve into other dimensions of organizational experience such as the specific role of completed vs. not-completed deals or the effect of vicarious learning (Jiménez & Fuente, 2016) in CBMA completion.

Considering the thesis globally other limitations are worth mentioning. We have selected an institutional approach to understand the home-host differences. The institutional-based view is considered the third leg of the strategy tripod, together with resource-based view and industrial organization (Peng et al., 2009). Nevertheless, other approaches are available in the extant literature (Ferreira et al., 2013). For instance, the cultural differences approach (for instance using cultural distance) is widely used in CBMA research (Reis et al., 2015b). However the cultural dimensions are posited to be one of the institutions although under different names – informal institutions (North, 1990), cognitive institutions (Scott, 1995) and cultural distance (Berry et al., 2010). Therefore we selected a broader perspective which accounts for other national-level dimensions which may influence CBMA research. Another approach which could have been select is the psychic distance approach. Psychic distance accounts for the factors disturbing the flow of information from citizens from one country to citizens of another (Johanson & Vahlne, 1977) and is posited to be an individual perception of the differences between countries (Sousa & Bradley, 2006). Therefore understanding the individual-level perceptions of home-host differences is an interesting avenue for future enquiry.

This thesis contributes to shed light into a research gap we have identified. Notwithstanding the research efforts which have been made, other avenues may be pursued to advance the extant knowledge. Two major avenues of future research may be identified. On one hand, the institutional distance approach warrants further understanding. The impact of institutions on firms' cross-border operations is still not fully understood, despite having received some scholarly attention in recent years. The specific case of the home-host differences is still ground for academic debate as no consensus has emerged. While the bulk of international business research deals with the international business environment (Ferreira et al., 2013) research so far has captured only a partial understanding, often using a single (or a few) dimensions. Thus the institutional distance may contribute to explain how the home-host differences may impact several decisions concerning not only different phases of the CBMA process but also other dimensions of the operations abroad.

On the other hand the CBMA completion is still not fully understood and requires further analysis. We have sought to scrutinize the effect of institutional distance on CBMA completion to assess the impact of the national-level differences. However other effects beyond national-level differences are also worth delving into. The individual-level effects may play a role in CBMA completion: the managers' previous experience – both in CBMA deals and in operations in the focal market – may arguably substitute, at least to some extent, organizational knowledge gaps. Also, the strategic motivations underlying the decision to perform a CBMA (for instance, market seeking vs. resource seeking) may also influence the effort a firm commits to a given operation which may impact CBMA completion. Moreover, a thorough examination of the consequences of failing to complete CBMA deals is warranted. While some evidence exists concerning the costs of abandoned operations and the reputational problems failed operations carry, the full extent of consequences is not known. For instance, failing to complete CBMA may impact firms' strategic decisions concerning further international expansion the entry mode decision and market selection. The future presents a myriad of immense research paths which may help us look beyond the horizon!

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Appendix 1. Journals included in the sample (Chapter 2)

#	Journal	C	%	#	Journal	C	%
1	Journal of International Business Studies	39	15.23	**36**	Business History	1	0.39
2	Journal of World Business	19	7.42	**37**	Business History Review	1	0.39
3	International Business Review	18	7.03	**38**	California Management Review	1	0.39
4	European Journal of International Management	15	5.86	**39**	Canadian Journal of Administrative Sciences	1	0.39
5	Strategic Management Journal	14	5.47	**40**	European Management Review	1	0.39
6	Journal of Management Studies	10	3.91	**41**	Family Business Review	1	0.39
7	Management International Review	10	3.91	**42**	Gender Work and Organization	1	0.39
8	British Journal of Management	8	3.13	**43**	Human Relations	1	0.39
9	International Journal of Human Resource Management	7	2.73	**44**	Human Resource Management Journal	1	0.39
10	Journal of International Management	7	2.73	**45**	Industrial Marketing Management	1	0.39
11	Organization Studies	7	2.73	**46**	International Journal of Research In Marketing	1	0.39
12	Journal of Business Research	6	2.34	**47**	International Journal of Service Industry Management	1	0.39
13	Long Range Planning	6	2.34	**48**	International Journal of Technology Management	1	0.39
14	Harvard Business Review	4	1.56	**49**	Journal for East European Management Studies	1	0.39
15	International Marketing Review	4	1.56	**50**	Journal of Business	1	0.39
16	Journal of Management	4	1.56	**51**	Journal of Business & Industrial Marketing	1	0.39
17	Scandinavian Journal of Management	4	1.56	**52**	Journal of Business and Psychology	1	0.39
18	European Management Journal	3	1.17	**53**	Journal of Business-To-Business Marketing	1	0.39
19	Baltic Journal of Management	3	1.17	**54**	Journal of Management Inquiry	1	0.39
20	Emerging Markets Finance and Trade	3	1.17	**55**	Journal of Organizational Change Management	1	0.39
21	Academy of Management Journal	3	1.17	**56**	Journal of Productivity Analysis	1	0.39
22	Human Resource Management	3	1.17	**57**	Journal of Retailing	1	0.39
23	Industrial and Corporate Change	3	1.17	**58**	Management and Organization Review	1	0.39
24	Journal of Economics & Management Strategy	3	1.17	**59**	Management Science	1	0.39
25	Asia Pacific Journal of Management	2	0.78	**60**	MIS Quarterly	1	0.39
26	Australian Journal of Management	2	0.78	**61**	Personnel Review	1	0.39
27	Chinese Management Studies	2	0.78	**62**	RAE-Revista de Administração de Empresas	1	0.39
28	Corporate Governance-An International Review	2	0.78	**63**	RBGN-Revista Brasileira de Gestão de Negócios	1	0.39
29	Cross Cultural Management-An International Journal	2	0.78	**64**	Research Policy	1	0.39
30	Organization Science	2	0.78	**65**	Sloan Management Review	1	0.39
31	R & D Management	2	0.78	**66**	Small Business Economics	1	0.39
32	Service Industries Journal	2	0.78	**67**	Strategy Process	1	0.39
33	Academia-Revista Latinoamericana de Administracion	1	0.39	**68**	Technology Analysis & Strategic Management	1	0.39
34	Asia Pacific Business Review	1	0.39	**69**	Universia Business Review	1	0.39
35	Asian Business & Management	1	0.39				

Note: C represents the number published in the journal; % is the percentage of articles of the sample published in the journal.
Source: Authors computations using WoK data.