Light-Touch Integration, Institutional Distance and the Acquirer's Innovation Performance : Evidence from Chinese Reverse M&A

Binglun Li
Chinese Graduate School, Panyapiwat Institute of Management, Thailand
E-mail: 1500782301@qq.com

****

Abstracts

This study aims to investigate how light-touch integration affects the acquirers' post-M&A innovation performance in the setting of reverse cross-border M&As (RCBMAs) and the possible moderating effect of institutional distance.

This study used a sample of 93 RCBMAs involving Chinese A-share listed high-tech companies as the acquirers and completed between 2011 to 2017. The sample was constructed by using data from the Wind Economic Database. In addition, other relevant information was collected from various sources including China Research Data Service Platform, WGI Database, Hofstede official website, Thomson ONE Database, and the acquiring firm's announcements on the focal event, annual reports and news reports as well. The negative binomial regression model is applied to the quantitative data to test the research hypotheses.

Empirical findings support that the light-touch integration is positively associated with the acquirer's innovation performance and the association is strengthened as the regulative and normative distances between the host country and China increase. The results also suggest that the cognitive distance has a subtle, profound and self-sustaining implication for post-M&A performance. Overall, the findings reveal the benefits of light-touch integration for the acquirer's innovation which may vary according to the institutional distance between the host and home countries. Implications in theoretical development and future research are also discussed.

Keywords: Reverse cross-border M&A; Light-touch integration; Institutional distance; Innovation performance

Introduction

The recent decades have witnessed a significant rise of cross-border merger and acquisitions (CBMAs) in developed economies by emerging market multinational enterprises (EMNEs) to acquire advanced technologies aiming at catching up with global leaders. These CBMAs are referred to as reverse cross-border merger and acquisitions (RCBMAs). Despite the promising expectation motivating RCBMAs, many of these acquisitions fail to achieve the anticipated outcome. One main reason is that EMNEs encounter great difficulties in conducting effective integration after the completion of acquisitions. In the traditional scenario where the acquirers of CBMA are dominated by firms from developed economies, the acquiring firms possess not only the formal rights, but also the technological, management and legitimacy advantages. In the scenario of RCBMA, however, things are different. EMNEs face two reverse gaps with the targets: the gap of technological capability and the gap of identity caused by legitimacy disadvantage which is the combined effect of liability of foreignness and liability of origin. Due to the existence of the two gaps, EMNEs usually find themselves, though

* Received: March 24, 2022; Revised: April 23, 2022; Accepted: April 25, 2022

acquiring a controlling interest in the target, in an inferior position in the bilateral relationship, which leads to various challenges during the post-M&A integration process.

Chinese multinationals (CMNEs) have been the most active among EMNEs in conducting RCBMA. According to the Report "*Active M&A, lagged-behind integration --- Investigation on Chinese enterprises' cross-border M&A and post-M&A integration*" issued by Deloitte in 2017, 44% of the CBMAs initiated by Chinese MNEs were aborted, and about 50% of the completed deals suffered from unsuccessful integration. In particular, as the economic globalization is hit seriously nowadays, Chinese MNEs are facing even tougher liability of origin in their process of internationalization. PwC released "*2019 Chinese Enterprises' M&A Market Review and 2020 Prospect"* showing that large-scale overseas M&A by Chinese high-tech companies suffered a major blow due to various sensitive factors. The Center for China and Globalization pointed out in its released *Report on Chinese Enterprises' Globalization 2020* that the developed countries tightened their review on foreign capital investment and took Chinese enterprises as the leading targets for review. This observation indicates that the worsening liability of origin increases the obstacles to completing RCBMAs by CMNEs, and also implies that the hurdles in the post-M&A phase, in the case of a deal having been completed, are even greater.

To cope with the challenges in the integration process as mentioned above, CMNEs develop some distinctive integration approach which is characterized by maintaining the boundary of the two parties, keeping the target management team intact and granting high autonomy to the target. Unlike the traditional absorption, symbiosis or preservation approaches (Haspeslagh & Jemison, 1991 : 183-296), this novel approach is seen as a hybrid between symbiosis and preservation and labeled as "light-touch integration" (Liu & Woywode, 2013 : 469-483). The light-touch feature also underlies the "supportive partnering approach" suggested by De Oliveira & Rottig, (2018 : 230-241) and the "Wu Wei paradigm" suggested by Sun (2018 : 774-794).

Researchers have examined the characteristics and antecedents of light-touch integration through multiple cases. However, we still lack the understanding of whether light-touch integration helps promote Chinese acquirers' innovation performance and why that is. In addition, which contextual factors could influence the effect of light-touch integration remains unanswered. Except for a few case studies, there is little large-sample research on these issues. With the unaddressed issues as guiding questions and adopting a quantitative methodology, this article aims to offer some insights to fill this theoretical gap.

Literature Review

The accumulated knowledge on M&A strategy and performance from management scholars' perspectives emphasizes the importance of the post-M&A integration process, which eventually allows the realization of the synergies from M&A deals. Post-M&A integration is defined as the multifaceted, dynamic process through which the acquirer and the target firm are combined to form a new organization. This process involves two conceptually distinctive aspects: strategic integration and sociocultural integration (Graebner et al., 2017 : 1–32). Strategic integration refers to the ways in which organizations are aligned and resources are combined to create value, including issues of structural combination, target autonomy, resource reconfiguration, functional restructure, standardization of practices and communication and coordination. Socio-cultural integration refers to the various human, social and cultural aspects of integration, including issues of identity, justice and trust. Among all the issues acquirers must attend to, scholars have described choices of structural combination or separation and the degree of target autonomy as the important initial decisions that shapes further fine-grained

integration actions (Zollo & Singh, 2004 : 1233–1256).

The resource-based view (RBV) is the main basic theory of M&A study. The broad sense of "resource" also includes "capabilities". Extant literature usually argues that economic synergies in acquisitions stem from resource relatedness between the two parties, which comprises both similarity and complementarity (Lubatkin, 1983 : 218-225). Complementarity refers to bringing together two parties' resources with different attributes that make the combination more valuable than the sum of each alone (Milgrom & Roberts, 1995 : 179-208). Relatedness between the two parties is an important factor in determining the post-M&A integration approach. Both the theoretical analysis and empirical evidences tend to support that high structural combination and low autonomy to the target are helpful for achieving synergy when there is high similarity between the acquirer and the target, and that less structural combination and greater autonomy increases the productivity of the acquisition when high complementarity exits between the two parties (Zaheer et al., 2013 : 604-632). It is noteworthy that no matter which condition of relatedness is present, the acquirer and the target need to coordinate their resources and activities in a way that allows for the effective combination to take place (Ranft & Loard, 2002 : 420–441).

The neo-institutional theory provides another interpretation logic to CBMAs. Institutions manifest the formal and informal constraints that influence and shape human interactions. Scott (1995 : 93-167) classifies these institutions along regulative, normative and cognitive dimensions (i.e. the three pillars of institutional environments). The regulative pillar is composed of explicitly stated requirements of the regulative system such as rules and laws. The normative pillar goes to the domain of social values. The cognitive pillar reflects the cognitive structures and social knowledge shared by people in a given society. Neo-institutional theory stresses that the institutional environment, as opposed to technological or material imperatives, is the key determinant of organization structure and behavior. At the core of this perspective lies the concept of organizational legitimacy, which stems from a congruence between the behaviors of an entity and the institutional framework and is vital for organizational survival and success (DiMaggio & Powell, 1983 : 147-160).

One critical issue faced by multinational enterprises (MNEs) involves the establishment and maintenance of legitimacy in their multiple host environments. Institutional distance, the extent of similarity or dissimilarity between the regulative, normative and cognitive institutions of two countries (Kostova & Zaheer, 1999 : 64-81), has been widely used to explain MNEs' behavior in general and the process and outcome of CBMA in particular. Regarding the effect of institutional distance on post-M&A innovation outcome, researchers generally hold two opposite views. Some argue that institutional differences intensify barriers during the integration process, cause social conflicts and create problems for transferring knowledge across units, which may lead to poor innovation performance (Muralidharan et al., 2017: 503-518). Others posit that institutional differences can be a source of complementarity, which contributes to a better innovation outcome (Vaara et al., 2012 : 1-27).

Besides liability of foreignness, EMNEs encounter challenges associated with their country-of-origin (i.e. the liability of origin). While the liability of foreignness is a challenge for both developed and emerging economy multinationals, the liability of origin is primarily an issue for EMNEs. The liability of origin is mainly induced by negative images of an EMNE's home country hold by the stakeholders in a more-developed host country who use some negative stereotypes to judge all firms from that home country. This makes EMNEs even harder to obtain legitimacy from the host environment. Legitimacy deficit of EMNEs increases the transaction and coordination costs incurred in RCBMAs, which poses great difficulty for

completing the deal and implementing integration as well (Zheng et al, 2016 : 177-186 ; Wei & Yang, 2018 : 140-156).

Researchers have noticed that EMNEs, including CMNEs, are not taking the traditional structural combination approach as their more developed counterparts commonly do (Kale & Singh, 2017 : 153－172). The novel approach adopted by Chinese acquirers is known as "light-touch integration" through which the acquirers remain structurally separated with the target firms and grant a great deal of managerial freedom to the retained management team while hunting for synergies through the selective coordination of business activities in a step-wise manner (Liu & Woywode, 2013 : 469-483; Zheng et al., 2016: 177-186). Muralidharan et al. (2017: 503-518) argue that the approach helps overcome the general challenges of liability of foreignness and the specific challenges of liability of origin. Liu & Meyer, (2020: 1-14) conclude from a multiple case study that light-touch approach enables the target's willingness to collaborate with the acquirer, hence promoting reverse knowledge transfer. Although prior case studies enlarge our understanding of light-touch integration, we still lack large-scale evidence to or not to support those findings and propositions. Moreover, little attention is devoted to the possible effects of institutional distance on the outcome of light-touch integration, which contrasts with the broader CBMA field where institutional distance has been a dominant factor for analysis.

Research Objectives

Building upon the resource-based view and neo-institutional theory, this study attempts to explore how the adoption of light-touch integration affects the acquirer's innovation performance in the setting of RCBMAs. Furthermore, since the acquirer and the target firm come from different countries, the effect of post-M&A integration could differ due to institutional variances. Thus, the second purpose of this study is to examine how institutional factors would moderate the relationship between light-touch integration and the acquirer's innovation performance.

Research Conceptual Framework

1. Light-touch integration and the acquirer's innovation

Drawing on extant research and CMNEs' practice, this article further clarifies "light-touch integration" as an integration approach, adopted by CMNEs especially in the first couple of years after completing a RCBMA, through which the acquirer brings little change to the target, gives high autonomy to the target management and keeps structurally separated from the target. The "light-touch" feature determines the tone of the approach, but does not represent the full content of CMNEs' integration activities which involve various coordination mechanisms and socio-cultural integration as well. This study focuses on the "light-touch" aspect only since it is the key element of this novel approach and could be an early step of research in this direction.

In the context of RCBMAs, CMNEs, similar to their counterparts from other emerging economies, face significant reverse gaps both in technological capability and organizational identity with the targets. The gap of technological capability, due to the fact that the target firms always possess more advanced technology than CMNEs do, results in high complementarity between the two parties.

According to the relationship between the technologies possessed by the target and the technological fields that the acquirer has been involved in, RCBMAs by CMNEs can be roughly classified into two categories: explorative technology acquisitions and exploitative ones. In cases of explorative RCBMAs, the target firm's technologies belong to fields about which the Chinese acquirer has little knowledge. Such a RCBMA brings the acquirer with brand-new technologies, products and markets. An example of this type is the acquisition of KUKA, a Germany-based world's top robotics maker, by China's home appliance manufacturer Midea in 2017. By contrast, through exploitative RCBMAs, CMNEs aim to acquire more advanced technologies in a field they have been engaged in and to enhance the utilization of their extant capacity. One of such cases is that Midea acquired a majority stake in Toshiba's Home Appliances Business in 2016. Although not leading the acquirer into a new technology field, exploitative RCBMAs still bring certain newness which is imbedded in the advancement of concerned technologies.

Based on the above classification, both explorative and exploitative RCBMAs provide CMNEs with complementary technologies and resources. Because the value of complementarity comes from value-enhancing differences in the elements of the two parties, its potential comes from the ways in which targets are unfamiliar to acquirers. That is, complementarity results in acquirers' unfamiliarity, which is greater in explorative cases than in exploitative ones, with the knowledge repositories and technologies of targets. Consequently, CMNEs need to rely on target personnel's knowledge about the complementary elements and willingness to collaborate in order to realize their potential value (Zaheer et al., 2013 : 604-632). Light-touch integration, characterized by "few changes, high autonomy and structurally separated", may help avoid disrupting routines in the target firm, retain the key management and R&D personnel of the target (Puranam et al., 2006 : 263–280) and motivate them to share knowledge (Ranft & Lord, 2002 : 420–441). All of these contribute to a successful transfer of knowledge and capability from the target to the acquirer, hence promoting the acquirer's innovation performance.

At the same time, the gap of perceived organizational identity constitutes a further condition for implementing light-touch integration. Knowledge transfer is undoubtedly crucial for achieving strategic goals of RCBMAs. However, knowledge tends to be socially complex, embedded and tacit (Barney, 1991 : 99-120). This implies that the processes of knowledge transfer within an MNE are complex (Björkman et al., 2004 : 443–455) and require the participation of and interaction with "individuals" who possess the knowledge. Therefore, adequate and smooth communication among members of the acquiring and target firms, which largely depends on the perceptions of employees about each other (Empson, 2001 : 839–862), has a bearing on the success of the knowledge transfer.

Nevertheless, the legitimacy disadvantage, worsened by the liability of origin, may reinforce the perceived inferior organization identity of CMNEs by stakeholders in developed host countries, which can create fundamental problems for the interaction and cooperation between the two parties. Under these circumstances, an approach characterized by more changes, lower autonomy and structural unification is likely to increase stress and lead to feelings of hostility and distrust on the part of the target firm members, and may thus impede the knowledge transfer process (Björkman et al., 2007 : 658–672). On the contrary, the light-touch approach reduces the scope and extent of contact that the members of the two parties are brought into, which signals respect for the target's ways of doing things and limits the potential for conflicts during the integration process. This helps avoid the reinforcement of the negative perception about the Chinese acquirer held by the target members, and lessen their reluctance

and resistance to collaboration and knowledge transfer, hence laying a foundation for the acquirer to learn and absorb the knowledge concerned and to improve its technological capability as well.

These arguments lead to the proposition that in the setting of RCBMAs, the light-touch approach will help alleviate barriers incurred during integration process due to the disadvantages in technological capability and legitimacy faced by Chinese acquirers, thus promoting the reverse knowledge transfer and the acquirer's innovation performance.

H1: Light-touch integration is positively associated with the acquirer's post-M&A innovation performance.

2. The moderating role of institutional distance

Kostova & Zaheer, (1999 : 64-81) suggest that the greater the institutional distance between the home country and a particular host country, the greater the challenge an MNE will face in establishing its legitimacy in that host country. Since the light-touch approach helps alleviate integration challenges caused by legitimacy disadvantage as posited above, this study expects that this effect may vary with the institutional distance between the home and host countries. Following Xu & Shenkar, (2002 : 608-618), I decompose institutional distance into its three component parts—regulative, normative and cognitive distances and discuss the implications of the three for the effect of light-touch integration.

2.1 The moderating role of regulative distance

Prior studies support a negative relationship between regulative institutional differences and the likelihood of CBMA completion. According to Kostova & Zaheer, (1999 : 64-81), acquirers typically understand and adjust more easily to a regulative institutional environment that is similar to the one in their home country. The pressure for compliance with host-country rules and laws that a foreign acquirer cannot easily comprehend, i.e. establishing regulative legitimacy in the host country, obstructs the deal completion (Dikova et al., 2010 : 223–245). It is noteworthy that these challenges in obtaining regulative legitimacy are not prominent during the post-M&A phase since the acquirer, at this point, has successfully overcome the difficulties in conforming with the host country's regulative requirements and completed the deal. Therefore, the main influence of regulative distance on integration strategy and outcome is its implications on establishing normative and cognitive, rather than regulative, legitimacy.

The three domains of country institutional environments are, though distinct, not independent (Kostova & Zaheer, 1999 : 64-81). Values and cognitive categorization may influence and be influenced by regulation. As a matter of fact, regulative factors of the home institutional environment are among the causes for negative stereotypes about EMNEs (Pant & Ramachandran, 2012 : 224-243; Wei & Yang, 2018 : 140-156). For example, consumers in developed countries tend to label EMNEs from a particular country as lack of transparency and plagued with corruption due to their similar impression about the home country's political system. A further example is that the host stakeholders readily accuse EMNEs of attaching little importance to environmental and labor rights protection because the home country is perceived to lack rigorous legal requirements for these matters (Yang & Liu, 2020 : 113-125). These examples, and many others not listed here, indicate that the regulative differences between a developing country-of-origin and a developed host country could worsen the host stakeholders' negative assessment of EMNEs.

Based on this argumentation, in the context of RCBMAs, stakeholders in a host country with a larger regulative distance from China may have a stronger sense of superiority regarding their own regulative environment, which often leads to a worse perception about China and exacerbates the liability of origin faced by CMNEs. Consequently, Chinese acquirers will find it harder to establish normative or cognitive legitimacy, to win trust from and achieve cooperation with the target. In such cases, if the acquirer doesn't adopt a light-touch approach during the integration process, social conflicts are more likely to occur and knowledge transfer is less likely to be enabled, thus undermining the foundation for the boost of innovation. That is, the positive association between light-touch integration and the acquirer's innovation is strengthened in a setting of greater regulative institutional distance.

H2: Regulative distance positively moderates the relationship between light-touch integration and the acquirer's innovation performance.

2.2 The moderating role of normative distance

The normative pillar of an institutional environment consists of values and norms. Since national culture, the collective programming of the mind acquired by growing up in a particular country, is an important mechanism for the formation of social values and norms, it is widely accepted as an external manifestation and a measurement of a country's normative institutions (Qiao & Wu, 2019 : 1291-1311). Following this angle, this study used national cultural distance as a proxy for normative distance between the home and host countries to examine its moderating role on the relationship between light-touch integration and the acquirer's innovation outcome.

In CBMA settings, national cultural differences have been frequently used as explanations of problems in the integration process. Most studies have endorsed the argument that national cultural differences explain integration failure. A central reason is that a larger cultural distance causes increased social conflicts ranging from different opinions to mistrust and open confrontation between the acquiring and target firms, which impedes cooperation and also knowledge transfer (Sasrala & Vaara, 2010 : 1365–1390). People tend to associate similarity concerning beliefs and values with attractiveness and trustworthiness and this association often leads to the development of in-group versus out-group biases especially in the context of international acquisitions where the two parties come from different nations (Vaara et al., 2012 : 1-27).

The thinking of "us vs. them" is likely to be amplified in politically sensitive conditions, one of which is EMNEs facing the liability of origin. For example, when talking about the acquisition of Volvo, an executive of GEELY Group stated: "The leaders of Volvo trade union have expressed their distrust of our human rights protection for former employees after the deal. The cultural differences between China and the West and some slanders against China over human rights issues make our explanation very weak" (Wei et al., 2020 : 101-119). These remarks reveal that with a greater cultural distance, stakeholders in a developed host environment are more reluctant to recognize and accept the less-developed acquirers, partly due to their reinforced preconceived notion of "we are superior to them". This exacerbates the lack of legitimacy faced by CMNEs and hampers mutual communication, collaboration and knowledge transfer during the integration process.

The other side of the coin is that cultural differences can also have a positive impact on post-M&A performance. The key point is that CBMAs in culturally distant countries enhance the probability that the acquirer and the target will have different routines and repertoires and consequently different knowledge stocks. If the knowledge stocks of both parties are different, they are likely to be less duplicative and more complementary, and thus

increase knowledge transfer potential (Björkman et al., 2007 : 658–672) and promote innovation performance.

The two coexisting effects of cultural differences signify the importance of the integration process. This article argues that the positive effects of light-touch integration are greater in the context of RCBMAs in a host country with a larger national cultural distance from the home. The underlying rationale is that through light-touch integration, the acquirer can not only alleviate the integration barriers caused by cultural differences, but also reap the innovation potential residing in the knowledge complementarity of the two parties.

H3: Normative distance positively moderates the relationship between light-touch integration and the acquirer's innovation performance.

2.3 The moderating role of cognitive factors

The cognitive pillar of institutions highlights internal representation of the environment by actors (Xu & Shenkar, 2002 : 608-618). Organizations have to conform to established cognitive structures in society to be legitimate. In other words, what is legitimate is what has a "taken for granted" status in society (Kostova & Zaheer, 1999 : 64-81). When there are great cognitive differences between the home and host countries, the actions of an EMNE, which are consistent with the cognitive structures in its home environment, may be regarded as inconsistent with or even contrary to the cognitive institutions of the developed host environment. For example, stakeholders in developed market economy countries and their Chinese counterparts differ greatly in how they view the government's close monitoring of and relationship with enterprises. The latter takes these for granted, but the former holds quite an opposite view. This has been an important reason for oppositions to CMNEs from developed market stakeholders (Yang et al., 2020 : 74-85). Therefore, a large cognitive distance will increase the difficulty for CMNEs to establish cognitive legitimacy in developed markets, which in turn creates greater barriers to the post-M&A integration and reinforces the need for the light-touch approach. As the preceding discussion suggests, this is expected to strengthen the positive association between the light-touch approach and the acquirer's innovation.

According to Suchman (1995 : 571-610), the cognitive pillar is the most subtle, profound and self-sustaining among the three domains of institution, which leads to enormous difficulties in its measurement. Hence, there are few valid methods for measuring cognitive distance in extant literature. Following Qiao & Wu, (2019 : 1291-1311), this article identified the number of fellow acquisitions as a cognitive factor in the setting of CBMAs. "Fellow acquisitions" refer to acquisitions initiated and completed by CMNEs in a same host country. The number of fellow acquisitions cannot directly reflect the cognitive distance between China and the host country, but it captures information related to cognitive legitimacy gained by CMNEs in the host environment and may have an impact on the effect of light-touch integration for the following two reasons.

First, stakeholders may eventually take it for granted when they get more and more familiar with and then accustomed to actions of an organization. With the number of fellow acquisitions increasing, the local stakeholders are getting to know CMNEs better, which helps to ease the problem of information asymmetry and the stakeholders judge CMNEs more correctly.

Second, legitimacy gained by more and more Chinese acquirers has an external spillover effect. During the daily business operation after completing RCBMAs, Chinese acquirers can have more opportunity to interact with the host environment and gain legitimacy. Such incremental legitimacy can also influence the legitimacy of any firm from China. For example, once there are precedents for CMNEs to acquire manufacturing enterprises in

Germany, it becomes easier for other CMNEs to do likewise.

Taken all together, the challenge faced by a Chinese acquirer in establishing its cognitive legitimacy in a specific host environment will be alleviated as the number of fellow acquisitions increases. Based on this logic, the less the fellow acquisitions, the less the legitimacy disadvantage is mitigated, which suggests that Chinese acquirers encounter greater difficulty in gaining recognition from local stakeholders and may cause greater barriers during the integration process. In a scenario with severe cognitive legitimacy disadvantage, the need for light-touch integration is reinforced since social conflict is more likely to occur. As a result, the positive association between light-touch integration and acquirers' innovation outcome is strengthened when the number of fellow acquisitions is smaller.

H4: The number of fellow acquisitions negatively moderates the relationship between light-touch integration and the acquirer's innovation performance.

Figure 1 summarizes the theoretical framework proposed by this study.

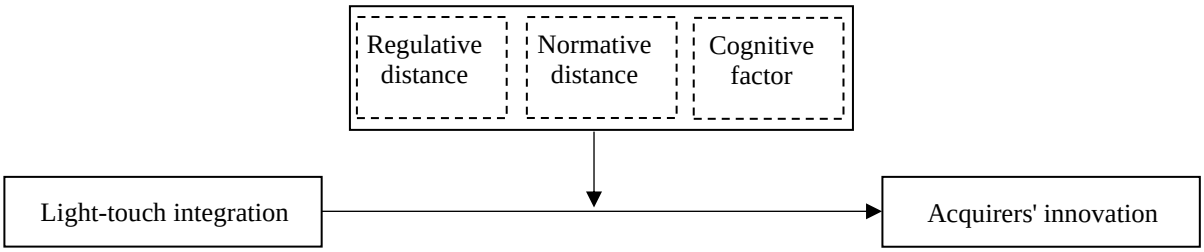

Figure 1: Research Conceptual Framework

Research Methodology

1. Sample and data

This study adopts the quantitative research method. To test the hypotheses, I used a sample of 93 RCBMAs involving Chinese A-share listed high-tech companies as the acquirers and completed between 2011 to 2017. The sample was constructed in four steps. First, I used the Wind Economic Database to select all completed CBMAs by A-share listed companies in high-tech industries including electronics, drugs, chemical, IT, automobile, aerospace and so on during the period. Second, deals with a target firm not from developed economies or not motivated to obtain access to technology were excluded. Third, to ensure that the acquirer had the power to decide which integration approach to be used, all deals were eliminated from the sample in which the acquirer didn't gain a controlling interest in the target firm. Lastly, deals with missing values were removed, leaving a final sample of 93 acquisitions from 76 acquiring firms.

Table 1 presents the basic information of sample distribution across years and host countries. We can see that the majority of target firms were located in the United States, Germany and Italy and that the number of deals kept rising during the period.

Table 1. Sample distribution

Host country	Number of Deal							Total
	2011	2012	2013	2014	2015	2016	2017	
United States	0	0	2	3	9	4	4	22
Germany	0	6	2	3	1	3	4	19
Italy	0	1	0	1	3	4	3	12
United Kingdom	0	0	0	0	2	0	4	6
Singapore	0	0	1	1	1	1	1	5
Netherlands	1	1	0	0	1	1	0	4
France	1	1	0	0	0	1	0	3
Spain	0	0	0	0	0	2	1	3
Australia	0	0	0	1	0	0	1	2
Austria	0	0	0	1	0	0	1	2
Canada	0	1	0	0	0	0	1	2
Denmark	0	0	0	2	0	0	0	2
Finland	0	0	0	0	0	1	1	2
Japan	0	0	0	0	0	1	1	2
Malta	0	0	0	0	0	1	1	2
Switzerland	0	0	0	1	0	1	0	2
Belgium	0	0	0	0	0	1	0	1
Cyprus	0	0	0	0	0	0	1	1
Luxembourg	0	0	0	0	0	1	0	1
Total	2	10	5	13	17	22	24	93

2. Variable definitions and measures

2.1 Dependent variable

Innovation performance can be measured in terms of innovative inputs or outputs such as patenting frequency, which can be affected by acquisitions (Ahuja & Katila, 2001 : 197–220). A patent is the grant of a property right to an inventor for an invention, and represents a unique and novel element of the inventor's knowledge base. Puranam & Srikanth, (2007 : 805–825) argue that the count of patents filed after an acquisition by the two firms concerned is an effective measure of the successful leveraging of technology acquisitions. In keeping with prior studies, I measured the dependent variable, the acquirer's post-M&A innovation performance, by the firm's total number of invention patent applications in mainland China, two years after the completion of the focal acquisition as it represents a reasonable period to assess the likely impact of the integration since it takes time for the acquirer to learn and digest new knowledge from the target (Kale & Singh, 2017 : 153－172 ; Li et al., 2019 : 1366-1374).

2.2 Independent variable

This study's major explanatory concept is light-touch integration. Many researchers employ the term, but few address the issue of its operationalization. According to the definition of light-touch integration adopted by this study, a six-item measurement, as indicated in Table 2, is used to assess the construct. These items cover three aspects: retention of the target's staff, changes to the target's business model and organizational structure, and the autonomy granted

to the target. For each item, information is collected from publicly available sources including the acquiring firm's announcements on the focal event, annual reports, and news reports as well. It's noteworthy that the target firm of each sample event continued to operate as an independent subsidiary of the acquirer, hence no item for measuring structural combination is included.

The light-touch integration is measured for each sample event in two steps. Firstly, I assigned a value of "0" or "1" to each item based on a "yes" or "no" judgment on the item with the information obtained. Secondly, the values for each item are summed up to get a total score ranging between 0-6. A higher total score indicates that the target experiences less changes and/or is granted greater autonomy, which suggests a more significant “light-touch” feature of the integration approach.

Table 2. Measurement of light-touch integration

No.	Items to measure light-touch integration	Value Assignment
(1)	Were excessive number of the target's board members retained? The answer is "yes" when either of the following two conditions is met: a) more than half of the target's board members were retained in the case of the target being a non-wholly-owned subsidiary of the acquirer; b) one or more board members were retained in the case of the target being a wholly-owned subsidiary.	“No,” assigned value “0”
		“Yes,” assigned value “1”
(2)	Was the target's CEO retained?	“Yes,” assigned value “1”
		“No,” assigned value “0”
(3)	Any changes to the target's top management other than the CEO?	“Yes”, assigned value “0”
		“No,” assigned value “1”
(4)	Any changes to the target's key technical personnel?	“Yes,” assigned value “0”
		“No,” assigned value “1”
(5)	Any significant change to the target's business model or organizational structure?	“Yes,” assigned value “0”
		“No,” assigned value “1”
(6)	Did the acquirer exert much control on the daily operation of the target?	“Yes,” assigned value “0”
		“No,” assigned value “1”

2.3 Moderators

Regulative distance was derived from the Worldwide Governance Indicators (WGI). The WGI report on six broad dimensions of governance: Voice and accountability, political stability and absence of violence/terrorism, government effectiveness, regulative quality, rule of law, control of corruption. Using WGI's indices, a composite index was formed as follows:

$$Dis\_reg_j = \sum_{i=1}^{6} \{(W_{itj} - W_{itC})^2 / v_{it}\} / 6$$

where W_{itj} stands for the score for the ith governance dimension and jth country in the tth year, v_{it} is the variance of the score of the ith dimension for the tth year, C indicates China, and Dis_reg_j is regulative distance between the jth country and China.

Normative distance was measured by the cultural difference of a host country from China. This study used the 2015 version, the latest one, of national scores along different dimensions of culture released on Geert Hofstede web site to measure national culture, a way that is the most established in the international business literature by far. Hofstede (and his team) assigned survey-based scores to countries on six dimensions: Power distance, uncertainty avoidance, individualism, masculinity, long- term orientation and indulgence. Cultural difference is calculated using the formula built in Kogut & Singh, (1988 : 411-432) as follows:

$$Dis\_nor_j = \sum_{i=1}^{6} \{(I_{ij} - I_{ic})^2 / V_i\} / 6$$

where I_{ij} stands for the score for the ith cultural dimension and jth country, V_i is the variance of the score of the ith dimension, C indicates China, and Dis_nor_j is the normative distance (i.e. cultural distance) between the jth country and China.

The number of fellow acquisitions affects the cognitive understanding of stakeholders in a host country towards CMNEs, hence having an impact on the cognitive legitimacy of Chinese acquirers. The variable was measured by the count of acquisitions completed by CMNEs in the same host country during a five-year period prior to a focal deal. The data was obtained from Thomson ONE database.

2.4 Control variables

This study controlled for several acquirer characteristics that might influence light-touch integration decision and innovation outcome.

Investment in R&D was calculated by taking the natural logarithm of the sum of acquirer's R&D expenses within two years after the acquisition was completed which was to be consistent with the measurement period of the dependent variable. R&D investments by acquirers could lead to superior innovation outcomes on their own (Puranam et al., 2006 : 263–280).

Acquirer size was measured as the natural logarithm of the acquirer's total assets in the year when the acquisition was completed. The acquirer's size may influence the firm's innovation in two ways: On one hand, large firms possess greater resources to advance the integration and realize the synergy of the two parties (Li et al., 2019 : 1366-1374); on the other hand, large firms typically suffer from insufficient incentives and low innovation efficiency (Wu, 2016 : 56-62).

Acquirer acquisition experience was an acquirer's experience in completing CBMAs prior to the focal event (1="has prior experience", 0="has no experience"). Acquisition experience has been shown to have effects on post-M&A performance (Bauer et al., 2016 : 76–86) but it's argued that the effects of applying past acquisition experience may vary from

positive to negative depending on the nature of antecedent conditions (e.g., the similarity between firms' acquisitions) (Haleblian & Finkelstein, 1999 : 29–57).

Acquirer internationalization experience was measured as the acquirer's ratio of overseas revenue to total revenue in the year before the completion of a focal acquisition to avoid possible turbulence caused by the deal. Firms' internationalization is a process of incrementally increasing involvement in foreign markets and usually starting from export activities, and such experiences are very important to the subsequent internationalization steps (e.g., FDI) (Johanson & Vahlne, 1977 : 23-32; Li et al., 2010 : 126-137).

All the data needed to measure the control variables was obtained from Wind Economic Database.

3. Model specification

Since the acquirer's post-M&A innovation outcome has non-negative integer values and exhibits over-dispersion (i.e., the variance of the variable is greater than its mean), the negative binomial regression model is applied to test the hypotheses. Formula 1 aims to test the impact of light-touch integration on the acquirer's innovation outcome, and formula 2, 3 and 4 are used to test the moderating effect of the regulative distance, normative distance and cognitive factor respectively.

$$\text{Innovation} = \alpha_0 + \alpha_1 * Light + \gamma_1 * Controls + \varepsilon_1 \quad (1)$$

$$\text{Innovation} = \eta_0 + \eta_1 Light + \eta_2 Dis\_reg + \eta_3 Dis\_reg \times Light + \gamma_2 Controls + \varepsilon_2 \quad (2)$$

$$\text{Innovation} = \delta_0 + \delta_1 Light + \delta_2 Dis\_nor + \delta_3 Dis\_nor \times Light + \gamma_3 Controls + \varepsilon_3 \quad (3)$$

$$\text{Innovation} = \theta_0 + \theta_1 Light + \theta_2 Num + \theta_3 Num \times Light + \gamma_4 Controls + \varepsilon_4 \quad (4)$$

where *Light* refers to light-touch integration; *Controls* refer to control variables; *Dis_reg* refers to regulative distance; *Dis_nor* refers to normative distance and *Num* refers to the number of fellow acquisitions.

Research Results

1. Descriptive statistics

Table 3 presents the descriptive statistics, variance inflation factor (VIF) values and correlations for the variables included in the analysis. All VIF values are well below the acceptable benchmark of 10, thus multicollinearity is not an issue needed to be further addressed. The correlation between light-touch integration and the acquirer's innovation outcome is positive but not statistically significant. Whether light-touch integration has an incremental explanatory power on the acquirer's innovation needs to be tested by the regression model.

Table 3. Descriptive statistics, VIF and correlations

Variable	Mean	S.D.	Min.	Max.	VIF	1	2	3	4	5	6	7	8	9
1. Innovation	226.85	893.63	0	6711		1								
2. Light	3.68	1.45	0	6	1.08	0.16	1							
3. Dis_reg	3.53	1.12	1.360	5.590	1.13	0.05	-0.16	1						
4. Dis_nor	2.88	1.06	0.568	5.079	1.35	-0.11	0.14	0.06	1					
5. Num	84.33	83.13	0	302	1.40	-0.05	0.09	-0.15	0.44***	1				
6. RD	10.54	1.47	6.863	14.480	3.42	0.50***	0.10	0.17*	-0.12	0.02	1			
7. Size	13.21	1.31	11.063	17.027	3.30	0.50***	0.06	0.12	-0.12	0.03	0.83***	1		
8. CBMA	0.40	0.49	0	1	1.23	0.05	0.06	0.04	-0.04	0.11	0.31***	0.30***	1	
9. International	0.31	0.29	0	0.876	1.19	0.06	0.04	0.03	0.06	0.25**	0.170	0.14	0.33***	1

N=93. The dependent variable is reported for 2013-2019 while the independent variable and moderators are reported for 2011-2017 (average).

*** p<0.01； ** p<0.05； * p<0.1.

2. Results of hypothesis testing

Evidence supports three of the four hypotheses proposed above. Table 4 presents results from negative binomial regressions on acquirers' innovation outcome. Model 1 includes control variables alone. Model 2 incorporates the key explanatory variable *Light* (i.e. light-touch integration) to test H1. The coefficient of *Light* is significantly positive (α_1=0.26, t=2.67, $p<0.01$), suggesting that the higher the level of light-touch integration, the better the acquirer's post-M&A innovation performance. Hence, H1 is supported.

H2 predicts that the regulative distance would have a positive moderating effect. As shown in Model 3, the coefficient for the interaction term (*Dis_reg*×*Light*) has the expected positive sign and is significant (η_3=0.101, t=1.81, $p<0.1$), which provides support for H2. To

illustrate this moderating effect further, I plotted the results using the method shown in Makri et al. (2010 : 602-628). In the graph presented in Figure 2, I show the effects of light-touch integration on the acquirer's innovation for two levels of regulative distance, low and high (minus and plus one standard deviation from the mean respectively). As can be seen in Figure 2, when regulative distance is high, light-touch integration has a significantly more positive effect on the acquirer's innovation performance than when regulative distance is low.

H3 predicts a positive moderating effect of normative distance. As expected, the coefficient for the interaction term (*Dis_nor*×*Light*) in Model 4 is positive and statistically significant (δ_3=0.048, t=1.67, p<0.1), providing support for H3. Figure 3 illustrates this moderating effect. Similarly, when the normative distance is high, light-touch integration has a marginally more positive effect on the acquirer's innovation performance.

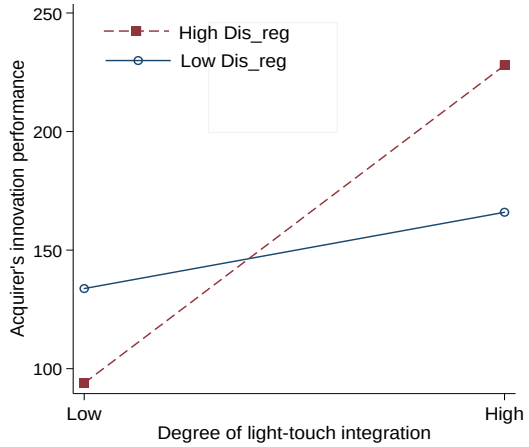

Figure 2. Moderating effect of regulative distance on the relationship between light-touch integration and innovation

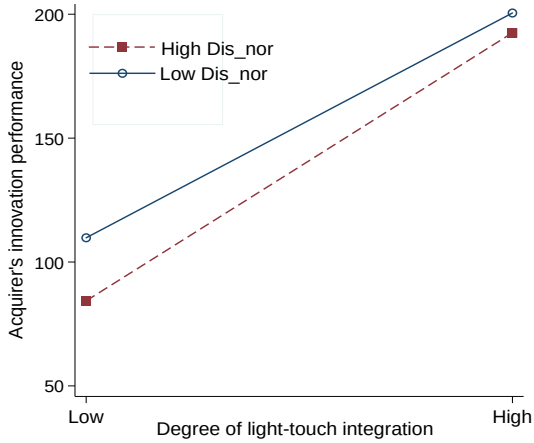

Figure 3. Moderating effect of normative distance on the relationship between light-touch integration and innovation

However, evidence doesn't support H4, which predicts that the cognitive factor, i.e. the number of fellow acquisitions, negatively moderates the relationship between light-touch integration and acquirers' innovation. Although the parameter estimate for the interaction term (*Num*×*Light*) is negative (θ_3=-0.001), it is not statistically significant. A direct interpretation for the result suggests that, on average, the number of fellow acquisitions has no meaningful implications for the positive association of light-touch integration with acquirers' innovation. In the Discussion section, a possible explanation is provided for this nonfinding.

Table 4. Negative Binomial Regression Results of Hypotheses

	Model 1	Model 2 (H1)	Model 3 (H2)	Model 4 (H3)	Model 5 (H4)
Constant	-4.589*** (-3.05)	-5.099*** (-3.50)	-5.466*** (-3.68)	-4.853*** (-3.06)	-5.306*** (-3.78)
RD	1.113*** (4.82)	1.095*** (5.07)	1.103*** (5.08)	1.124*** (5.31)	1.074*** (5.31)
Size	-0.243 (-0.96)	-0.268 (-1.13)	-0.268 (-1.13)	-0.303 (-1.31)	-0.223 (-1.01)
CBMA	-0.069 (-0.22)	-0.152 (-0.52)	-0.103 (-0.35)	-0.171 (-0.57)	-0.061 (-0.21)

Table 4. Negative Binomial Regression Results of Hypotheses

	Model 1	Model 2 (H1)	Model 3 (H2)	Model 4 (H3)	Model 5 (H4)
International	-0.334 (-0.60)	-0.453 (-0.88)	-0.429 (-0.85)	-0.556 (-1.07)	-0.227 (-0.47)
Light		0.260*** (2.67)	0.222** (2.18)	0.282*** (2.82)	0.235** (2.50)
Dis_reg			0.027 (0.24)		
Dis_reg×Light			0.101* (1.81)		
Dis_nor				-0.069 (-0.57)	
Dis_nor×Light				0.048* (1.67)	
Num					-0.005*** (-3.46)
Num×Light					-0.001 (-0.67)
Year	fixed	fixed	fixed	fixed	fixed
Industry	fixed	fixed	fixed	fixed	fixed
Pseudo R^2	0.1113	0.1172	0.1189	0.1181	0.1282
LR chi2	118.19	124.43	126.28	125.46	136.16
Prob > chi2	0.0000	0.0000	0.0000	0.0000	0.0000

Note: N=93; * p<0.1; ** p<0.05; *** p<0.01.

3. Robustness test

To check the robustness of the results, a different proxy to measure the acquirer's innovation performance is applied. The number of the acquirer's applications for invention patent within one year after the focal acquisition is used instead. And i*nvestment in R&D* was measured by taking the natural logarithm of acquirer's R&D expenses during the corresponding period. As shown in Table 5, major findings remained the same in terms of the sign and significance of regression coefficients, which provides further support for the arguments made above.

Table 5. Results of Robustness Test for Hypotheses

	Model 1	Model 2 (H1)	Model 3 (H2)	Model 4 (H3)	Model 5 (H4)
Constant	-4.214** (-2.39)	-5.101*** (-3.07)	-5.398*** (-3.27)	-4.747*** (-2.63)	-5.263*** (-3.32)
RD	1.121*** (4.30)	1.100*** (4.60)	1.115*** (4.71)	1.109*** (4.62)	1.062*** (4.60)
Size	-0.254 (-0.87)	-0.284 (-1.07)	-0.266 (-1.02)	-0.302 (-1.13)	-0.225 (-0.89)
CBMA	-0.170 (-0.51)	-0.337 (-1.07)	-0.257 (-0.84)	-0.316 (-0.99)	-0.232 (-0.77)
International	0.080	0.012	0.061	-0.046	0.160

Table 5. Results of Robustness Test for Hypotheses

	Model 1	Model 2 (H1)	Model 3 (H2)	Model 4 (H3)	Model 5 (H4)
	(0.13)	(0.02)	(0.12)	(-0.08)	(0.31)
Light		0.371*** (3.37)	0.312*** (2.77)	0.379*** (3.40)	0.338*** (3.18)
Dis_reg			-0.063 (-0.56)		
Dis_reg×Light			0.157** (2.00)		
Dis_nor				-0.065 (-0.50)	
Dis_nor×Light				0.002* (1.73)	
Num					-0.005*** (3.20)
Num×Light					-0.001 (1.12)
Year	fixed	fixed	fixed	fixed	fixed
Industry	fixed	fixed	fixed	fixed	fixed
Pseudo R^2	0.1180	0.1283	0.1328	0.1286	0.1408
LR chi2	109.71	119.35	123.52	119.61	130.98
Prob > chi2	0.0000	0.0000	0.0000	0.0000	0.0000

Note: N=93; * p<0.1; ** p<0.05; *** p<0.01.

Discussion

1. The implication of light-touch integration on the acquirer's innovation

In this article, I examined how light-touch integration affects the acquirer's innovation performance in the setting of reverse cross-border M&A. The quantitative analysis of a large sample of RCBMAs done by Chinese MNEs indicated that there is a significantly positive association between light-touch integration and the acquirer's innovation. The results supported the proposition that the light-touch approach helps CMNEs cope with integration challenges caused by disadvantages both in technology and legitimacy, and thus promotes the acquirer's innovation.

This article adds to the stream of work that uses the resource-based view to explain the integration process and outcome of M&A in general. This study argued that the gap of technological capability between CMNEs and the more developed target firms results in high complementarity and found, like prior studies, that integration with light-touch feature promotes the post-M&A performance when high complementarity exists. Additionally, this study extends prior research by adding the implication of legitimacy disadvantage into the discussion. While the literature has also extensively discussed the obstacles during RCBMAs created by liabilities of origin faced by EMNEs and the possible alleviating measures, researchers tend to explain the integration process from the institutional perspective separately. This study considered both the resource-based perspective and the institutional one, and posited that the positive impact of light-touch integration on the acquirer's innovation stems not only from realizing the potential benefits of complementarity, but also from alleviating legitimacy

disadvantage.

Furthermore, this article also extends M&A research investigating the distinguishing features in the integration process and outcome of RCBMA by EMNEs in general and by CMNEs in particular. Whereas some case research has highlighted the benefits of light-touch integration, quantitative methodologies have been rarely applied resulting in a lack of quantitative evidence in the domain. This study fills in this research gap by offering an operational way to measure the implementation of light-touch integration and providing a large-sample empirical evidence from Chinese MNEs.

2. The moderating effect of institutional distance

This study has also examined the moderating role of regulative, normative and cognitive factors respectively. The quantitative data analysis revealed that both the regulative and normative distances positively moderate the positive association between light-touch integration and the acquirer's innovation. Prior studies have pointed to the complexity surrounding the effects of institutional differences on post-M&A integration's performance and suggested the existence of two offsetting effects. The "dark side" of institutional differences is associated with increased social conflicts and inter-group tensions, and the "bright side" is to provide complementary knowledge bases hence spurring innovation. It's difficult, if not impossible, to predict the net effect of the above two, which leads to mixed research results. This study provides a new perspective to interpret the comprehensive implication of institutional distance. Instead of focusing on the institutional variances' direct impact on the performance of RCBMAs, I argued and tested that the positive effect of light-touch integration on the acquirer's innovation is strengthened when the regulative and normative distances rise up. The rationale is that the light-touch approach helps to alleviate the integration barriers and realize the increased potential benefits of complementarities in a setting with greater institutional distance. These findings contribute to the knowledge on the links between institutional heterogeneity across countries and the outcome of post-CBMA integration.

On the other hand, the quantitative evidence did not support that the cognitive factor identified in this study influences the main effect in a statistically significant way. Such a lack of effect is likely because the number of fellow acquisitions measures more about the shortening of cognitive distance instead of the distance itself. If the cognitive distance between the host and the home countries is too large, incremental information obtained by stakeholders in the host country from interaction with CMNEs through recent business activities such as RCBMAs may fail to substantially shorten the cognitive distance, which helps CMNEs little to alleviate the liability of origin and thus has no meaningful implication on the relationship between light-touch integration and innovation. Therefore, the result might not be a rejection to the expectation that cognitive distance may moderate the association between light-touch integration and innovation, but rather suggests that cognitive distance could have a profound and self-sustaining influence on the effect of post-M&A integration, which is not easily changed by business activities in a short period of time.

Due to the enormous difficulties in measuring a country's cognitive environment, the extant literature usually uses national culture indicators as the proxy for the informal institutions which is the combination of the normative and cognitive pillars, and little research has identified and measured national cognitive factors alone to examine their impact on CBMAs. This article has made an attempt in this direction and advanced our understanding of the cognitive distance's implication on the integration and outcome of RCBMAs.

Suggestion

This study has its limitations, which suggests a need for further research in this area. First, the findings of this study may be limited to industries where patents are meaningful indicators of innovation since I used high-tech companies only as the sample. However, firms from other industries conduct reverse cross-border technology acquisitions too and should be included in the sample of future research. Second, this study focused on some structural aspects of integration process and didn't take into consideration the numerous coordination mechanisms, formal and informal, employed by CMNEs. Future research should pay attention to the interplay of these different aspects. Third, this study examined the implications of legitimacy disadvantage at the country level. But firms from the same home country may face varying level of legitimacy disadvantage in a host country. How this heterogeneity at the firm level affects the integration process will be an interesting and meaningful topic for future research. Finally, there is also a need to examine the process and effect of light-touch integration in settings of EMNEs from other emerging economies and to compare the findings.

References

Ahuja, G., & Katila, R. (2001). Technological acquisitions and the innovation performance of acquiring firms: A longitudinal study. *Strategic Management Journal*, 22, 197–220.

Barney, J. B. (1991). Firm resources and sustained competitive advantage. *Journal of Management*, 17, 99-120.

Bauer, F., Matzler, K., & Wolf, S. (2016). M&A and innovation: The role of integration and cultural differences—a central European targets perspective. *International Business Review*, 25, 76–86.

Björkman, I., Barner-Rasmussen, W., & Li, L. (2004). Managing knowledge transfer in MNCs: The impact of headquarters control mechanisms. *Journal of International Business Studies*, 35(5), 443–455.

Björkman, I., Stahl, G., & Vaara, E. (2007). Cultural differences and capability transfer in cross-border acquisitions: The mediating roles of capability complementarity, absorptive capacity, and social integration. *Journal of International Business Studies*, 38 (4), 658–672.

De Oliveira, R.T., & Rottig, D. (2018). Chinese acquisitions of developed market firms: Home semi-formal institutions and a supportive partnering approach. *Journal of Business Research*, 93, 230-241.

Dikova, D., Sahib, P.R., & Witteloostuijn, A.V. (2010). Cross-border acquisition abandonment and completion: The effect of institutional differences and organizational learning in the international business service industry, 1981–2001. *Journal of International Business Studies*, 41, 223–245.

DiMaggio, P. J., & Powell, W.W. (1983). The Iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. *American Sociological Review*, 48(2), 147-160.

Empson, L. 2001. Fear of exploitation and fear of contamination: Impediments to knowledge transfer in mergers between professional service firms. *Human Relations*, 54(7), 839–862.

Graebner, M.E., Heimeriks, K.H., Huy, Q.N., & Vaara, E. (2017). The process of postemerger integration: a review and agenda for future research. *Academy of Management Annals*, 11 (1), 1–32.

Haleblian, J., & Finkelstein, S. (1999). The influence of organization acquisition experience on acquisition performance: A behavioral perspective. *Administrative Science Quarterly*, 44, 29–57.

Haspeslagh, P. C., & Jemison, D. B. (1991). Managing acquisitions: Creating value through corporate renewal. New York: The Free Press.

Johanson, J., & Vahlne, J-E. (1977). The internationalization process of the firm - A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8 (1),23-32.

Kale, P., & Singh, H. (2017). Management of overseas acquisitions by developing country multinationals and its performance implications: The Indian example. *Thunderbird international business review*, 59 (2), 153－172.

Kogut, B., & Singh, H. (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, Fall, 411-432.

Kostova, T., & Zaheer, S. (1999). Organizational legitimacy under conditions of complexity: The case of the multinational enterprise. *Academy of Management Review*, 24 (1), 64-81.

Li, H., Ye, G., & Zhao, W. (2019). Knowledge distance and innovation performance of Chinese cross-border acquisitions. *Chinese Journal of Management*, 16 (9), 1366-1374. (in Chinese)

Li, Z., Li, Y., & Chen, D. (2010). Internationalization experience and going global: An empirical research on listed companies in China's electronic information technology industry. *China Soft Science*, 8, 126-137. (in Chinese)

Liu, Y., & Meyer, K.E. (2020). Boundary spanners, HRM practices, and reverse knowledge transfer: The case of Chinese cross-border acquisitions. *Journal of World Business*, 55 (2), 1-14.

Liu, Y., & Woywode, M. (2013). Light-touch integration of Chinese cross-border M&A: The influences of culture and absorptive capacity. *Thunderbird International Business Review*, 55 (4), 469-483.

Lubatkin, M. H. (1983). Mergers and the performance of the acquiring firm. *Academy of Management Review*, 8, 218-225.

Makri, M., Hitt, M. A., & Lane, P. J. (2010). Complementary Technologies, Knowledge Relatedness, and Invention Outcomes in High Technology Mergers and Acquisitions. *Strategic Management Journal*, 31, 602-628.

Milgrom, P., & Roberts, J. (1995). Complementarities and fit: Strategy, structure, and organizational change in manufacturing. *Journal of Accounting and Economics*, 19: 179-208.

Muralidharan, E., Wei, W., & Liu, X. (2017). Integration by Emerging Economy Multinationals: Perspectives from Chinese Mergers and Acquisitions. *Thunderbird International Business Review*, 59 (4), 503-518.

Pant, A., & Ramachandran, J. (2012). Legitimacy beyond borders: Indian software services firms in the United States, 1984 to 2004. *Global Strategy Journal*, 2 (3), 224-243.

Puranam, P., Singh, H., & Zollo, M. (2006: 1233–1256). Organizing for innovation: Managing the coordination-autonomy dilemma in technology acquisitions. *Academy of Management Journal*, 49 (2), 263–280.

Puranam, P., & Srikanth, K. (2007). What they know vs. what they do: How acquirers leverage technology acquisitions. *Strategic Management Journal*, 28, 805–825.

Qiao, L., & Wu, J. (2019). Pay for being responsible: The effect of target firm's corporate social responsibility on cross-border acquisition premiums. *Sustainability*, 11, 1291-1311.

Ranft, A. L., & Lord, M. D. (2002). Acquiring new technologies and capabilities: a grounded model of acquisition implementation. *Organization Science*, 13, 420–441.

Sarala, R.M., & Vaara, E. (2010). Cultural differences, convergence, and cross-vergence as explanations of knowledge transfer in international acquisitions. *Journal of International Business Studies*, 41, 1365–1390.

Scott, W.R. (1995). Institutions and organizations. Thousand Oaks, CA: SAGE Publications.

Suchman, M. C. (1995). Managing legitimacy: strategic and institutional approaches. *Academy of Management Review*, 20 (3), 571-610.

Sun, Z. (2018). Chinese reverse M&A: The Wu Wei paradigm of post-M&A integration process. *Chinese Management Studies*, 12 (4), 774-794.

Vaara, E., Sarala, R., Stahl, G.K., & Björkman, I. (2012). The impact of organizational and national cultural differences on social conflict and knowledge transfer in international acquisitions. *Journal of Management Studies*, 49, 1-27.

Wei, J., & Yang, Y. (2018). Bridging the chasm between identities: Identity asymmetry and post-acquisition integration strategy. *Journal of Management World*, 6, 140-156. (in Chinese)

Wei, J., Wang, D., & Liu, Y. (2020). Liabilities of country-of-origin and legitimacy strategies: A multiple case Study on EMNEs' cross-border M&A. *Journal of Management World*, 3, 101-119. (in Chinese)

Wu, X. (2016). Knowledge-seeking overseas acquisition and innovation performance: Evidence from Chinese enterprises. *Journal of Industrial Engineering and Engineering Management*, 30 (3), 56-62. (in Chinese)

Xu, D., & Shenkar, O. (2002). Institutional distance and the multinational enterprise. *Academy of Management Review*, 27(4), 608-618.

Yang, B., & Liu, J. (2020). Liability of origin: The "born disadvantages" faced by EMNEs during internationalization: A literature review. *Foreign Economics & Management*, 42 (1), 113-125. (in Chinese)

Yang, B., Qi, X., & Zhang, N. (2020). Liability of origin and the internationalization of EMNEs: An organizational identity perspective. *Research on Economics and Management*, 41 (4), 74-85. (in Chinese)

Zaheer, A., Castañer, X., & Souder, D. (2013). Synergy sources, target autonomy, and integration in acquisitions. *Journal of Management*, 39 (3), 604-632.

Zheng, N., Wei, Y., Zhang, Y., & Yang, J. (2016). In search of strategic assets through cross-border merger and acquisitions: Evidence from Chinese multinational enterprises in developed economies. *International Business Review*, 25 (1), 177-186.

Zollo, M., & Singh, H. (2004). Deliberate learning in corporate acquisitions: Post-acquisition strategies and integration capability in U.S. bank mergers. *Strategic Management Journal*, 25, 1233–1256.