

**Post-acquisition integration of emerging market multinational corporations:  
A research agenda**

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## **Abstract**

**Purpose** – Mergers and acquisitions being done by emerging market multinational corporations (EMNCs) increasingly attract scholarly attention. However, conclusions concerning the nature and the theoretical underpinnings of EMNCs' post-acquisition integration vary significantly, calling for an assessment of the state of affairs in this field. This paper aims to critically review the extant studies on EMNCs' post-acquisition integration and to make a comparison with advanced economy multinational corporations' (AMNCs') post-acquisition integration, in order to formulate an agenda for future research.

**Design/methodology/approach** – A sample of papers from twenty-one leading journals in the fields of international business, management, human resource management and strategy published between 1991 and March 2018 are included in the literature review. Qualitative content analysis was conducted.

**Findings** – The topics are clustered into the four themes of strategies and processes, influencing factors, acquisition performance, and antecedents of post-acquisition integration of EMNCs. The literature on EMNCs and AMNCs converges with regard to the broad methodological and theoretical approaches that have been adopted. Yet EMNCs and AMNCs diverge on the detailed strategies and behavioral patterns of post-acquisition integration, mostly as a consequence of country of origin factors.

**Originality/value** – The paper identifies a number of deficiencies within existing research and suggests how they can be addressed in future research. By doing so the paper deepens the argumentation of the third camp in the 'Goldilocks debate' (Cuervo-Cazurra, 2012) arguing that

the phenomenon of post-acquisition of EMNCs is 'just right' for theory extension and development.

Keywords: emerging market multinational corporations; mergers and acquisitions; post-acquisition integration; liability of emergingness

# **Post-acquisition integration of emerging market multinational corporations: A research agenda**

## **Introduction**

Emerging market multinational corporations (EMNCs) have become key actors in outward foreign direct investment (OFDI) activity (Guillen and Garcina-Canal, 2009; UNCTAD, 2006). OFDI from EMNCs into major developed economies such as Germany, the United Kingdom, the United States and Japan has increased almost tenfold in the last ten years (Buckley and Niron, 2014). Amongst the various forms of OFDI by EMNCs, cross-border M&As have been favorite (Deng, 2012; Liu and Woywode, 2013; Marchand, 2017). This preference for M&As over other forms like strategic alliances and joint ventures (JVs) is seen to be a consequence of opportunity seeking behavior (Madhok and Keyhani, 2012; Yiu *et al.*, 2007) driven largely by EMNCs' particular strategic intent (Rui and Yip, 2008) of wanting to gain control over an acquisition target's knowledge, brands and other proprietary assets (Contractor, 2013; Deng, 2007; Kumar, 2009; Luo and Tung, 2007). Furthermore, M&As help EMNCs to increase competitiveness in comparison with advanced economy multinational corporations (AMNCs) (Deng, 2009, 2012; Kalasin *et al.*, 2014), to minimize latecomer disadvantages in areas such as consumer base, brand recognition, and technological expertise (Elango and Pattnaik, 2007; Luo and Tung, 2007), and to overcome disadvantages due to their country of origin (Madhok and Keyhani, 2012; Wilkinson *et al.*, 2014).

Despite the increase in cross-border M&As by EMNCs, success rates (Stahl *et al.*, 2013) have been low (Aybar and Ficici, 2009; Contractor, 2013). Budhwar *et al.* (2009) noted that at least 50 percent of M&As by EMNCs failed to achieve their original objectives and over 80 percent of M&As underperformed one year after the M&A deal was concluded. For example, six years after Tata Steel acquired Anglo-Dutch Corus Steel, a write-off of \$1.6 billion was quietly recorded

(Contractor, 2013). Additionally, a meta-analysis of 93 empirical studies by King *et al.* (2004) revealed that on average, the post-acquisition performance of acquiring firms does not surpass or tends to be slightly poorer than that of non-acquiring firms. The post-acquisition phase is regarded as one of the most crucial success factors for M&As and therefore has been blamed for the failure of a large number of them (Ataullah *et al.*, 2014; Birkinshaw *et al.*, 2000; Bjorkman *et al.*, 2007; Luo and Tung, 2007; Stahl and Voigt, 2008; Zollo and Singh, 2004).

The apparent importance of the post-acquisition phase has inspired a number of scholars to investigate post-acquisition integration of EMNCs in cross-border M&As. However, compared with the broader research area of EMNCs' international expansion (see, for example, special issues published in *Global Business Strategy* in 2012, Volume: 2, Issue: 3; *Human Resource Management* in 2014, Volume: 53, Issue: 6; and *Journal of International Business Studies* in 2007, Volume: 38, Issue: 4), this area is still rather under researched, especially when compared with the extensive body of literature on post-acquisition integration of AMNCs' cross-border M&As. The bulk of this focuses on AMNCs from the United States and Western Europe. There is a question whether the theoretical insights in AMNCs' post-acquisition integration can be applied to EMNCs.

The extent to which theories in international business (IB), which tend to be derived largely from studying AMNCs, are germane to the explanation of EMNC phenomena is known as the 'Goldilocks' debate (Cuervo-Cazurra, 2012). There are three main camps identified in this debate (Cuervo-Cazurra, 2012, p.154). The first camp argues for new theory development because EMNCs and AMNCs are profoundly different. EMNCs are therefore a 'hot' topic (Luo and Tung, 2007; Mathews, 2006). The second camp regards the study of EMNCs as 'cold' because they are essentially similar to AMNCs (Dunning *et al.*, 2008). The third camp emphasizes that the analysis of EMNCs is 'just right', as EMNCs can help extend and modify existing theory (Buckley *et al.*,

2014; Ramamurti, 2012). When it comes to the more specific topic of post-acquisition integration of EMNCs, this ‘Goldilocks’ debate engenders a need to (a) critically review the extant literature on EMNCs in relation to post-acquisition integration research and theory, (b) to compare EMNCs’ post-acquisition integration with more general approaches to cross-border post-acquisition integration that is mostly derived from involving AMNCs, and (c) to suggest future research directions for EMNCs’ post-acquisition integration.

We place ourselves in the third camp of ‘just right’ by arguing that the study of EMNCs is a useful laboratory for questioning the unstated assumptions underpinning extant theory and for further exploring the theoretical peripheries of cross-border M&As. We propose that country-of-origin factors, which are identified as (a) the stage of development and/or emergingness of an MNC (Cuervo-Cazurra, 2012; Ramamurti and Hilleman, 2018) and (b) firm-specific advantages (FSA) (Li and Oh, 2016; Rugman and Nguyen, 2014) and springboard/leapfrogging advantages (Luo and Tung, 2007, 2018), impact post-acquisition integration strategy and the behavior of acquiring firms, apart from areas where there is a lack of country of origin influence. In these instances, extant theory of AMNCs’ post-acquisition behavior will be appropriate. We underpin this proposition with a critical review of the extant literature on post-acquisition integration of EMNCs and of general cross-border M&As mostly represented by AMNCs.

To the best of our knowledge there is no comprehensive literature review on post-acquisition integration, which explicitly compares and contrasts EMNCs and AMNCs in the context of cross-border M&As. This, we argue, constitutes a major deficit in our understanding of post-acquisition integration in cross-border M&As. Moreover, several scholars have called for research aimed at examining and comparing the uniqueness of EMNCs vis-à-vis AMNCs (see, for example, Awate *et al.*, 2015; Cuervo-Cazurra, 2012; Luo and Tung, 2007; Ramamurti, 2012).

Accordingly, one of the purposes of this study is to explore the similarities and differences in post-acquisition integration between EMNCs and AMNCs.

This paper will address three questions: (1) What is the current state of play on EMNCs' post-acquisition integration? (2) What are the similarities and differences between EMNCs and AMNCs with regard to post-acquisition integration? (3) What are prospective future research directions for EMNCs' post-acquisition integration? To address these questions, this paper provides a critical literature review of scholarly articles published between 1991 and March 2018 in leading journals in the fields of international business, management, human resource management and strategy. We set the time period for the literature search between 1991 and March 2018 because international restrictions placed on most emerging economies were lifted in 1990 (see Contractor, 2013). Besides by 1990 there were only a limited number of studies published on post-acquisition integration in both EMNC and AMNC contexts. We questioned our sample on research question, theoretical foundation, research methodology, and country of origin of the EMNCs studied. We aim to critically probe the extant literature on post-acquisition integration of EMNCs, to review its content in comparison to the more established literature on post-acquisition integration of general cross-border M&As mostly represented by AMNCs, and to offer future research directions based on the deficiencies in the research we identified.

The paper is structured as follows. First the review methodology will be introduced. Then the findings from the literature review are presented in terms of the major common themes across the literature of post-acquisition integration of EMNCs. An analysis of the similarities and differences between EMNCs' and AMNCs' post-acquisition integration processes will follow next. Based on this analysis, we will discuss avenues for future research on EMNCs' post-acquisition integration.

## **Review methodology**

### *EMNCs and post-acquisition integration*

There is a myriad of definitions of EMNCs and of emerging markets where EMNCs are based (Cuervo-Cazurra, 2012; Luo and Zhang, 2016). In this paper we adopt the widely used Luo and Tung's (2007) definition of EMNCs and Hoskisson *et al.*'s (2000) definition of emerging markets. Luo and Tung (2007, p.482) regard EMNCs as “international companies that originated from emerging markets and are engaged in outward FDI, where they exercise effective control and undertake value-adding activities in one or more foreign countries”. EMNCs are different from AMNCs, with AMNCs defined as international companies from advanced markets (e.g., US, Japan, and Western Europe) or newly industrialized economies (e.g., Singapore, Hong Kong, Taiwan and Korea) (Luo and Tung, 2007). Hoskisson *et al.* (2000, p.249) define emerging markets as countries that satisfy two criteria: “a rapid pace of economic development, and government policies favoring economic liberalization and the adoption of a free-market system”. They identify 64 countries as emerging markets. Hence, we used this list of emerging markets as a basis for our review.

Our take on post-acquisition integration builds on Graebner *et al.* (2017, p.2) who defines it as “the multifaceted, dynamic process through which the acquirer and acquired firm or their components are combined to form a new organization”. A notable characteristic of this definition is that both structural arrangements and socio-cultural considerations are emphasized (Birkinshaw *et al.*, 2000). Our review incorporates not only empirical studies but also includes conceptual articles. We also included Research Notes, commentaries, and special issue editorial articles.



### *Journal selection*

Following recent review practices on similar topics (Deng, 2012; Jormanainen and Koveshnikov, 2012; Luo and Zhang, 2016; Zhu and Zhu, 2016), we exclusively focused on peer-reviewed English-language journals, and excluded books, book chapters, edited book series, and teaching cases from our sample. The argument is that peer reviewed journal articles can be considered as validated knowledge (Deng, 2012), they are deemed as setting the benchmark for theory development, and they provide good examples for future scholars (Tsui *et al.*, 2007). The high quality journals included for the literature search are Academy of Management Journal (AMJ), Academy of Management Review (AMR), Administrative Science Quarterly (ASQ), Global Strategy Journal (GSJ), Human Relations (HR), Human Resource Management (HRM), International Business Review (IBR), International Journal of Human Resource Management (IJHRM), Journal of Business Research (JBR), Journal of International Business Studies (JIBS), Journal of International Management (JIM), Journal of Management (JM), Journal of Management Studies (JMS), Journal of World Business (JWB), Management International Review (MIR), Multinational Business Review (MBR), Strategic Management Journal (SMJ), Organization Science (OS), Organization Studies (OSS). In addition, two highly regarded scholarly practitioner journals have been included as well, as these have been found to be relevant for the study of cross-border M&As and post-acquisition integration. These are Thunderbird International Business Review (TIBR) and Harvard Business Review (HBR). In total, 21 journals were included for our literature search.

### *Review procedure*

We began with a keyword search in titles and abstracts in the ProQuest/ABI, JSTOR and Business Source Premier Complete electronic databases. We have chosen a number of keywords in line with our research questions on post-acquisition integrations of EMNCs and on general cross-border M&As mostly represented by AMNCs. The keywords included *emerging market multinationals*, *emerging multinationals*, *multinational corporations* and/or *MNCs* in combination with *M&A*, *acquisition*, *acquire*, *merge*, *mergers*, *mergers and acquisitions*, *outward foreign direct investment*, *cross-border*, *integrate* or *integration*. The resulting sample of articles was subjected to a double screening. First, we excluded articles that were not relevant for the review on the basis of the article's title and abstract. Second, reading the main body of the articles, we filtered out articles that were not relevant because they appeared to be not about post-merger integration. Additionally, the reference lists of the articles that remained were perused to check whether any additional articles from other journals needed to be included. Overall, our literature search identified 78 articles in 21 leading journals in various disciplines, published between 1991 and March 2018, 25 of which involved EMNCs, 35 of which involved AMNCs, 10 of which involved both EMNCs and AMNCs, and 8 of which involved general cross-border M&As with no specification on AMNC or EMNC. An additional 11 articles were identified based on scanning the reference lists of the articles in the sample: 3 were published in British Journal of Management, 1 in Business History, 1 in the Indian Journal of Industrial Relations, 1 in Journal of Asia Business Studies, 1 in Journal of Economic Geography, 2 in Journal of Organizational Change Management, 1 in Long Range Planning, and 1 in Management Science. These 11 articles were also included in our review. In total, our sample consisted of 89 articles. Despite the fact that we attempted in every way to be thorough in our search, there is still a possibility that we might have unintentionally

omitted some scholarly literature. Hopefully, any omissions would not considerably change the conclusions of our review.

A qualitative content analysis was adopted. Following prior review studies (Jormanainen and Koveshnikov, 2012; Luo and Zhang, 2016), we aimed to identify major themes in our sample of papers and eventually arrived at research question, theoretical foundation, research methodology, and country/region of origin of the EMNCs studied. To allow for more precision in our analysis, we identified several sub-themes within these four themes. As an example, for methodology, we investigated what methodological approach (i.e., qualitative or quantitative or both) was adopted and what research method (e.g., archival, survey, and case studies) was employed. After settling on our themes, we coded each paper accordingly and retained this information in an Excel spreadsheet. Any disagreements during the coding process were discussed and resolved mutually among the co-authors.

## **Review results**

### *Journal and year distribution*

The spread of published articles over time is presented in Figure 1, indicating the trend in scholarly attention to EMNCs in the leading journals (Jormanainen and Koveshnikov, 2012). The annual distribution suggests that the topic of EMNCs' post-acquisition integration is very new. The majority of articles on this topic have been published within the last five years. Yet research on AMNCs' post-acquisition integration started much earlier and continued from 1991 onwards, probably because of the well-established construct of AMNC in international business. 2014 and 2016 saw the highest number of publications (8 and 5 respectively). Such an overall increase of

publications within the last five years reveals that there has been a growing interest in the area of EMNCs' post-acquisition integration.

The distribution of published articles over each of the leading journals is presented in Figure 2. The journal distribution indicates that most of the articles appeared in international business and management journals. There are more articles published on AMNCs than on the EMNCs. With regard to EMNCs' post-acquisition integration, the largest number of articles was published in JWB (9) and TIBR (5) followed by JIBS (4), GSJ (3), and HRM (3). Altogether, international business and management journals published 40 articles on post-acquisition integration of EMNCs comprising 95% of all publications in our sample. The fact that the majority of articles are published in international business and management journals suggests that the phenomenon of EMNC post-acquisition integration is currently IB-bound. Overall, it can be concluded that this topic is not yet widely discussed in more general academic management journals.

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Insert Figure 1 about here

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### *Theoretical foundation*

We present the theories employed in the articles in our sample in Table 1. The top three most used theories to study post-acquisition integration of EMNCs are resource-based view (RBV) or knowledge-based view (KBV) (n=19, percentage=20.21%), ‘other theory’ (n=16, percentage=17.02%) and cultural or cultural distance theory (n=12, percentage=12.77%). The first and third theoretical categories are both regarded as traditional IB theories. The second largest category of ‘other theory’ contains non-IB and/or non-traditional theoretical approaches/concepts such as strategic entrepreneurship (Madhok and Keyhani, 2012), management cognition (Jaura and Michailova, 2014), and awareness–motivation–capability framework of competitive dynamics (Cui et al.,2014). The more recently developed theories focusing on the behavior of EMNCs, such as the Linkage-Leverage-Learning (LLL) model (Mathews, 2006) (n=7, percentage=7.45%) and the springboard perspective (Luo and Tung, 2007, 2018) (n=8, percentage=8.51%) have increasingly received scholarly attention.

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In order to scrutinize the theoretical contributions of the articles further, we summarized the theoretical contributions made by these studies. The findings are presented in Table 2. Specifically, we examined the focal theoretical underpinning(s) employed by each study and identified three distinct theoretical development approaches: theory testing, theory extension, and theory building. Drawing on Luo and Zhang’s (2016, p.336) definitions of theoretical development, we define theory testing as “drawing on prior theoretical concepts to validate specific propositions” or reexamining the theoretical concepts “in an alternative empirical

context”, theory extension as extending existing theories with new “variables”, “concepts” and/or “altering the existing framework for new empirical settings”, and theory building as proposing “new constructs and relationships that completely differ from existing theories (Whetten, 1989)”.

Our results in Table 2 show that theory extension is the major theoretical development approach adopted in the articles, comprising 85.71% of all articles reviewed. More than 50% of the articles employ multiple theories, which shows that theory extension is often achieved through the integration of different theoretical frameworks. These results show that existing theories are still relevant for explicating the EMNC phenomena but some of the underlying theoretical assumptions may need further extension. The second most used theoretical development approach is theory building, but only constituting 9.52% of all articles on EMNCs. This result suggests an increase in scholarly attention to novel theoretical development of EMNCs. The least popular theoretical development approach is theory testing, comprising 4.76% of the articles on EMNCs.

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*Methodology and data sources*

An overview of the methodological approaches and data sources in our sample is presented in Table 3. Consistent with our findings in theory development, quantitative methodology is the dominant methodological approach, represented by 52% of the articles on EMNCs. Studies employing qualitative methodology constitute the remaining 48%. For data sources, 8 of the 42 articles on EMNCs (19.05%) used survey data, 18 (42.86%) used archival data, 4 (9.52%) used a single case study, 14 (33.33%) used multiple case studies, 1 (2.38%) used other sources, and 4 (9.52%) used no data (i.e. commentary or conceptual articles). These results show that archival

data and quantitative analysis are the preferred data source and analytical approach. However, due to the rise of EMNCs as a relatively new global normal (Luo and Zhang, 2016), we believe that more qualitative studies such as single and multiple case studies are needed to explore the strategies and processes of post-acquisition integration of EMNCs (Liu and Woywode, 2013).

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Insert Table 3 about here  
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#### *Country/region of origin of EMNCs*

Because EMNCs are originating from a diverse range of countries and regions, analysis of the geographical distribution of the country/region of origin is essential for identifying the geographic regions that need more scholarly attention in order to broaden out future research (Luo and Zhang, 2016). Figure 3 presents the country/region of origin for EMNCs studied in our review sample. The results reveal that Indian and Chinese MNCs are the hot spot in EMNC studies. Out of the total 71 counted geographic territories, 20 articles have focused on Indian MNCs, which constitutes 28.17% of total research; 19 articles have focused on mainland Chinese MNCs and 2 on MNCs from Taiwan. Combining EMNCs from mainland China and Taiwan (n=21, percentage=29.58% of total counted territories), China is the largest geographical territory that is being studied with regard to EMNCs. India is ranked the second, followed by (Eastern) Europe and Central Asia (n=9, percentage=12.68% of total counted territories), Latin-America (n=8, percentage=11.27%), Africa and Middle East countries (n=7, percentage=9.86%). Additionally, out of the 42 articles on EMNCs, 23 articles used single country studies, 16 articles used multiple country studies, and 3 articles had no specification of the country/region of origin. This finding

suggests that comparative studies of EMNCs are still under represented, which is in line with previous findings (Marchand, 2017).

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### **Topics and findings on post-acquisition integration of EMNCs**

Based on the qualitative content analysis of our sample, we found that the research questions clustered into four broad themes. These are strategies and processes of post-acquisition integration of EMNCs, influencing factors of post-acquisition integration of EMNCs, acquisition performance of EMNCs, and antecedents of post-acquisition integration of EMNCs (see Table 4). These four broad themes featured a number of sub-themes. Specifically, the theme of strategies and processes of post-acquisition integration of EMNCs contains the sub-themes of organizational behavior and human resource practices, autonomy and control (light-touch integration), knowledge sharing (reverse knowledge transfer), and integration speed. The theme of influencing factors of post-acquisition integration of EMNCs includes the sub-themes of cultural differences, institutional factors, and liability of foreignness/emergingness. The theme of antecedents of post-acquisition integration of EMNCs contains the sub-themes of motivations for cross-border M&As, prior-acquisition experience, M&A deal abandonment, and pre-merging planning. It is worth noting that although each individual article is focused on a particular theme, we found that most articles examined more than one topic, which makes the total number of articles (n=91) in Table 4 larger than the sample size of 42. This suggests that a certain extent of interdisciplinarity is present in EMNC research (Luo and Zhang, 2016). The theme of strategies and processes of post-acquisition integration of EMNCs is the largest topic area, which constitutes 47.25% of the total number of



articles. The second largest theme is influencing factors of post-acquisition integration of EMNCs (23.08%), followed by acquisition performance of EMNCs (15.38%), and antecedents of post-acquisition integration of EMNCs (14.29%). These four major themes will be reviewed below.

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### *Strategies and processes of post-acquisition integration of EMNCs*

The theme of strategies and processes of post-acquisition integration of EMNCs focuses on the examination of how EMNCs integrate and interact with the target firms after the completion of the cross-border M&A deal. We found this theme contains four sub-themes. These sub-themes are organizational behavior and human resource practices (16.48% of the total articles), autonomy and control referencing light-touch integration (14.29%), knowledge sharing mainly focusing on reverse knowledge transfer (12.09%), and integration speed (4.40%).

*Organizational behavior and human resource practices.* The sub-theme of organizational behavior and human resource practices involves a) processes and constraints of cross-national transfer of human resource (HR) policies and practices and b) social interactions and behavioral patterns between EMNCs and target firms. This sub-theme aligns with Birkinshaw et al.'s (2000, p.400) concept of human integration, which is defined as “the creation of positive attitudes towards the integration among employees of both sides”. The literature suggests that there are two distinct but interrelated streams with regard to organizational behavior and human resource practices (Lu, 2014). The first stream addresses that there is a HR perspective that presents HR practicalities as a major obstacle to acquisition integration (see Liu and Woywode, 2013; Peng, 2012). The second

stream highlights organization culture, arguing that cultural distance between the organizations involved can significantly constrain post-acquisition integration of EMNCs and affect their acquisition performance (Kale and Singh, 2017; Popli *et al.*, 2016). A wide range of theories has been drawn upon by the existing literature such as liability of emergingness (LOE) (Madhok and Keyhani, 2012), institutional theory (Peng, 2012), and cultural or cultural distance theory (Hofstede, 2005).

The literature on processes and constraints of cross-national transfer of HR policies and practices address the challenges of transferring HR policies and practices from the acquiring to the target firm, which are associated with institutional, cultural, and organizational factors (Budhwar *et al.*, 2009; He *et al.*, 2018; Krug and Nigh, 2001; Zhu *et al.*, 2014). The literature also highlights the important role of integration managers in post-acquisition integration because they bear responsibility for acquisition performance (Panibratov, 2017; Peng, 2012). However, empirical research into the managerial actions in post-acquisition integration of EMNCs in various geographical and industry contexts is still lacking.

The literature on social interactions and behavioral patterns addresses issues of organizational identification, communication and trust building between EMNCs and target firms (Hajro, 2015; Jaura and Michailova, 2014; Liu and Woywode, 2013; Stahl *et al.*, 2011). There is a general consensus in the literature with respect to trust building between the acquiring and target firm members as a precondition for achieving collaborative synergy (Liu and Woywode, 2013). The literature also suggests the importance of building a shared identity during post-acquisition integration to facilitate communication and cooperation among acquiring and target firm members (Jaura and Michailova, 2014). Although trust and identity are deemed as important factors for

acquisition performance, here too there is a lack of empirical research into the role of trust and identity in EMNC post-acquisition.

*Autonomy and control (light-touch integration approach).* The literature introduced the concept of light touch (partnering) integration as describing the predominant approach used by EMNCs to integrate with their target firms which are mostly based in advanced markets (Kale, 2009; Kale and Singh, 2017; Kale *et al.*, 2009; Liu and Woywode, 2013; Marchand, 2017; Parthasarathy *et al.*, 2017; Peng, 2012). Having its theoretical roots in the general M&A literature (Haspeslagh and Jemison, 1991), utilizing a light-touch integration strategy is described as a collaborative approach between EMNC and their upmarket target firm (Liu and Woywode, 2013; Marchand, 2017), which promotes the target's structural separation, organizational autonomy, selective coordination of the two entities' activities, preservation of the target's resources (such as management team and product brands), and slow integration speed. The rationale of the light-touch approach is that EMNCs in this way retain strategic assets or knowledge, which are present within upmarket target firms, in order to discard home country based firm disadvantages (Kale *et al.*, 2009; Liu and Woywode, 2013; Madhok and Keyhani, 2012; Wang *et al.*, 2014). Additionally, there is an expectation that poor EMNC corporate governance and institutional practices at corporate headquarters, which are regarded as country-of-origin factors, will negatively affect corporate governance at the subsidiary level (Wang *et al.*, 2014). The theoretical extension of Haspeslagh and Jemison's (1991) post-acquisition integration approaches in the context of EMNCs, represented by the emerging concept of light-touch integration of EMNCs, is an example of Cuervo-Cazurra's (2012) third camp of 'just right' for theory building and development with particular attention to the effect of country-of-origin factors in the explanation of the idiosyncratic features of EMNCs in post-acquisition integration.

In their research of Chinese MNCs, Wang et al. (2014) found support that EMNCs delegating autonomy to key subsidiaries as part of the light-touch integration approach equips EMNCs with a greater capacity to perform critical functions in foreign markets. Target autonomy distances the subsidiaries from the parent organization, thereby helping to discard the negative institutional heritage associated with EMNCs outside their domestic environments (ibid). Further research has shown a positive impact of the light-touch integration approach on EMNC acquisition performance. By analyzing 15 Indian companies' overseas acquisitions, Kale and Singh (2017) tested the relationship between structural separation and acquisition performance and their findings suggest that structural separation enhances EMNC acquisition performance. However, empirical research in this area is still scarce. The transferability of this relationship to EMNCs from other emerging economies is also still questionable and requires further investigation. Moreover, this type of research overlooks time effects of light-touch integration, as acquisition performance might vary between the long term and the short term. Having achieved initial strategic intentions from light-touch integration, EMNCs may need to re-evaluate their integration approach as part of their developing internationalization strategies.

Furthermore, the literature reveals that the process of light-touch integration itself is problematic. A qualitative investigation of light-touch integration of a Chinese cross-border M&A in Germany (Liu and Woywode, 2013, p.477) found that the target firm in Germany was not used to such an approach and confusion emerged due to German firm employees' perceiving the Chinese partners as "too passive". This finding suggests that the effect of the contextual factors such as cultural differences and communication on the relations between the light touch approach and acquisition performance are yet to be researched.

*Knowledge sharing (reverse knowledge transfer).* Current literature underscores the importance of effective knowledge sharing with knowledge flowing from the upmarket target firm to the EMNC parent firm (Elango and Pattnaik, 2011; Jaura and Michailova, 2014; Kotabe *et al.*, 2014; Nair *et al.*, 2015, 2016; Nair *et al.*, 2017) – a process that has been termed as reverse knowledge transfer (RKT). Research in this area has drawn from a wide range of perspectives, such as RBV, KBV, LOE, the springboard perspective, the LLL model, and absorptive capacity. The conventional view of the knowledge flow from parent to subsidiary within AMNC research was challenged, with EMNC post-merger integration expecting to see a knowledge flow from target to acquirer (Bjorkman *et al.*, 2007). The main rationale of engaging in RKT is that knowledge helps EMNCs to overcome their LOE (Madhok and Keyhani, 2012) and gain much needed competitive advantage (Nair *et al.*, 2015). There appears to be a close correlation between light-touch integration and effective RKT on the basis that synergy is realized in areas which are peripheral to the running of the target organization (Kale *et al.*, 2009). Problems with weak transferability of knowledge seem not to arise in the context of EMNCs acquiring firms in developed countries because rather than seeking to transfer opportunities to the subsidiary, they instead are trying to extract advantage from the target (Madhok and Keyhani, 2012).

The link between absorptive capacity and integration strategy for EMNCs is also addressed. Liu and Woywode (2013) argued that the level of absorptive capacity that a firm possesses is a good predictor of the integration strategy chosen by the firm. Additionally, the literature emphasizes the essential role of absorptive capacity embedded in RKT in achieving positive outcomes of EMNC acquisitions (Nair *et al.*, 2015, 2016; Nair *et al.*, 2017). The argument is that EMNCs' acquisition performance in developed country acquisitions is contingent on its understanding and incorporation of its absorptive capacity (Buckley *et al.*, 2014). It suggests that

EMNCs who want to make inroads into developed economy markets need to be well equipped with managers having the skill set and experience to manage cross-national operations, and with combinative capabilities, which will enable effective assimilation and integration of the acquired strategic assets, and the ability to execute the right strategy to enable effective application of the acquired assets to commercial ends, in order to achieve optimal performance of their business (Deng, 2010). Moreover, the literature revealed that political networking connections with home country governments in emerging markets might exert a complementary role in the absorptive capacity of EMNC. This is because such connections can enable EMNCs to receive preferential tax treatments, bank loans, and long-term debt (Luo, 2000); allowing them to generate the necessary capital for R&D efforts and radical innovation, which in turn may result in increased absorptive capacity (Kotabe *et al.*, 2014).

Current studies on RKT in EMNCs' cross-border acquisitions were largely conducted in the context of Indian MNC knowledge intensive firms (6 out of 11 articles, percentage=54.55%). The applicability of the findings to other geographical and industrial contexts is still unknown.

*Integration speed.* The sub-theme of integration speed involves how quickly the acquiring firm integrates with the target firm after the M&A deal is completed (Lu, 2014). There are still a limited number of studies (4 articles in the sample) in this area in the context of EMNCs and the findings were mostly generated from historical secondary data (see Lu, 2014 and Panibratov, 2017). A wide range of influencing factors on integration speed has been identified, from macro institutional and environmental factors (Lu, 2014) to cultural and behavioral factors within and between firms (Panibratov, 2017). Kale *et al.* (2009) comprehensively review the underlying conditions for an EMNC's adoption of slow integration speed in comparison with their AMNC counterparts. The underlying causes are strategic-asset seeking motivations, LOE due to country of origin, and

partnering mentality combined with the willingness to learn. Due to the scarcity of empirical studies on integration speed, it is unknown whether integration speed can vary across the time span of an EMNC's internationalization. That is, when EMNCs gain more experience on cross-border M&As and post-acquisition integration, will they accelerate integration speed in subsequent cross-border M&As?

### *Influencing factors of post-acquisition integration of EMNCs*

There are 21 studies addressing the influencing factors of post-acquisition integration of EMNCs, the second largest theme in our review. The influencing factors lie in the areas of cultural differences, institutional factors, and liability of foreignness/emergingness. These influencing factors are often studied along with other themes such as strategies and processes of post-acquisition integration and acquisition performance. These three influencing factors will be briefly reviewed below.

Although the role of national and organizational culture in M&As has been extensively researched in mainstream cross-border M&A research, there is only a limited number of studies conducted in the context of EMNCs. Research so far yielded contradictory findings (Li *et al.*, 2017; Popli *et al.*, 2016; Sarala and Vaara, 2010; Teerikangas and Very, 2006) on the moderating effect of cultural distance on post-acquisition integration and performance. For instance, Popli *et al.* (2016) examined the relationship between cultural differences and deal abandonment in cross-border acquisitions. Their findings suggest that cultural differences negatively impact on cross-border M&A deal completions and that a firm's cultural experience reserve helps mitigate such negative impact. In contrast to Popli *et al.* (2016), Li *et al.* (2017) finds cultural differences having a positive impact on the outcome of cross-border M&As. They develop cultural attractiveness as

a theoretical construct and argue that cultural attractiveness is a predictor of FDI inflows and acquisition performance. Cultural theory (Hofstede, 2005) is still widely used in the examination of cultural impact on post-acquisition integration of EMNCs.

Institutional factors have been examined in the areas of host country political risk, home country government, and institutional void (Luo and Zhang, 2016). These factors have been deemed as important variables in the investigation of cross-border M&A deal completion/abandonment by EMNCs and EMNCs' post-acquisition integration strategies (see, for example, Lu, 2014; Malhotra *et al.*, 2016; Peng, 2012; Thite *et al.*, 2012). Drawing mostly from institutional theory, existing studies have suggested that home country institutions can serve as a double-edged sword for EMNCs (Luo and Zhang, 2016), which may either accelerate or hinder cross-border M&As of EMNCs. On the one hand, EMNCs may benefit from the resource support provided by home country governments for their internationalization by cross-border M&As (Panibratov, 2017). On the other hand, home governments may have preferences for particular industries and EMNC size with respect to providing support like, for instance, favorable incentives given to state-owned enterprises for cross-border M&As (Peng, 2012). As a consequence, EMNCs that are not well supported by home country governments may struggle with cross-border M&A deal completions. More empirical research is needed to examine both the positive and negative impact of home country institutions.

Liability of foreignness (LOF) and LOE are also recognized as important for understanding post-acquisition integration strategies of EMNCs. The concept of LOF is defined by Zaheer (1995) as the liability incurred from geographical, psychological, cultural and institutional distance between home and host countries. The concept of LOE, developed by Madhok and Keyhani (2012), is defined as the double hurdle of not only LOF, but also of a further liability due to country



of origin – faced by EMNCs in their internationalization process. The LOE perspective on the internationalization of EMNCs is adopted by scholars as a theoretical foundation to explain EMNCs’ strategies and behaviors in cross-border M&As (Kale and Singh, 2017; Marchand, 2017; Parthasarathy *et al.*, 2017; Wilkinson *et al.*, 2014). However, there is a lack of empirical research into how LOE actually affects post-acquisition integration of EMNCs. There is also a tendency of overlooking the temporal implications of LOE which may be either aggregated or mitigated in the course of EMNCs’ internationalization and cross-border M&A activities.

### *Acquisition performance of EMNCs*

The analysis of the 42 EMNC articles in our sample indicates that acquisition performance is a recurring topic representing the third largest theme (14 articles) in the review. Acquisition performance appears in research question(s) on post-merger integration as a dependent variable in relation to the research themes studied. What constitutes performance varies, as Stahl *et al.* (2013, p.338) distinguish between five types of acquisition performance measures: financial (e.g., return on investment and earnings on stock share), economic (e.g., profitability and synergy), strategic (e.g., strategic goals), executive (e.g., CEO’s earnings) and regulatory (e.g., public interest and antitrust legislation) (Lees, 2003). The most commonly used measures of acquisition performance in the research on post-acquisition integration of EMNCs are financial or economic performance and strategic goal attainment. This suggests that acquisition performance is a “multifaceted construct” (Zollo and Meier, 2008, p.55) and it is difficult for scholars to identify a general measure for acquisition performance that is “valid across all types of organizations and in different circumstances” (Meglio and Risberg, 2011, p.429). Research that explains performance differences as a consequence of the impact the acquisition has on the acquiring firm is scarce.

Moreover, there is a lack of theory development that links post-acquisition performance with the integration processes (Birkinshaw *et al.*, 2000; Bjorkman *et al.*, 2007; Stahl *et al.*, 2011).

Ataullah *et al.* (2014) investigated the impact of the cross-border acquisitions made by EMNCs on employee productivity and employment growth. Their findings contradict the extant literature which suggests that cross-border acquisitions facilitate EMNCs to obtain new skills and knowledge intensive assets. Rather, their findings indicate that the cross-border acquisitions of EMNCs reduce employee productivity and have a limited impact on employment growth. Particularly, cross-border acquisitions in less-developed countries and in culturally distinct countries tend to be linked with reduced productivity. Overall, their findings challenge the assumption that cross-border acquisitions facilitate EMNCs to improve their human capital productivity.

#### *Antecedents of post-acquisition integration of EMNCs*

The theme of antecedents of post-acquisition of EMNCs is the fourth largest theme (13 articles) in our sample. This theme involves the examination of factors that drive an EMNC to pursue cross-border M&As in their internationalization process and the linkages between prior acquisition experience/planning and post-acquisition integration. Scholars have studied motivations for cross-border M&As (Elango and Pattnaik, 2011; Madhok and Keyhani, 2012; Rui and Yip, 2008), prior acquisition experience (Buckley *et al.*, 2014; Krug and Nigh, 2001; Parthasarathy *et al.*, 2017), M&A deal abandonment (Popli *et al.*, 2016), and pre-merger planning (Panibratov, 2017). These antecedents of post-acquisition integration of EMNCs tend to be examined as a separate stage, isolated from the process of post-acquisition integration. There is still a lack of research on how

antecedents of post-acquisition integration play a role in the integration between EMNCs and target firms.

In all, the review maps out the most researched topics on post-acquisition integration of EMNCs. The theoretical underpinnings employed are either rooted in existing literature (e.g., cultural theory and institutional theory) or extended/adapted from ‘old’ concepts (e.g., LOE) or newly developed (e.g., springboard perspective and LLL model). In order to identify how EMNC studies can bring additional lights to theory advancement for post-acquisition integration studies, it will be important to review to what extent the post-acquisition integration of EMNCs depart from the traditional cross-border M&As literature mostly studied as AMNCs. The comparison between EMNCs and AMNCs with regard to post-acquisition integration will be presented in the next section followed.

### **Comparisons between EMNCs and AMNCs on post-acquisition integration**

The literature on post-acquisition integration of EMNCs and AMNCs align with regard to the broad methodological and theoretical approaches adopted. Yet they differ on the detailed strategies and behavioral patterns of post-acquisition integration, which is attributed to country-of-origin factors. These similarities and differences will be discussed below.

On the one hand, as suggested in Table 3, both EMNC and AMNC studies predominantly adopt a quantitative methodological approach with data collected through surveys or derived from existing databases, with the purpose of extending current theories (also see Table 2). The traditional IB theories of RBV, KBV, institutional theory, and cultural theory are still widely adopted across both EMNC and AMNC studies. With regard to the ‘Goldilocks’ debate, these similarities across the EMNC and AMNC literature suggest that traditional theories are still

relevant for explaining the EMNC phenomenon with country of origin having a limited impact on an MNC's strategies and behaviors. For instance, the literature suggests that trust building is a universal issue present in the post-acquisition integration process (Stahl *et al.*, 2011; Stahl *et al.*, 2012). Scholars argue that no matter where the country of origin of the MNC is, the acquiring and acquired firm employees need to deal with issues of trust building (Aguilera and Dencker, 2004; Gomes *et al.*, 2013; Stahl *et al.*, 2013). Likewise, theoretical perspectives based on social capital have been applied in the examination of both EMNC and AMNC contexts (Nair *et al.*, 2017; Stahl *et al.*, 2013).

On the other hand, the literatures on EMNCs and AMNCs differ in the areas of integration strategies and knowledge transfer practices due to country-of-origin factors pertaining to the early stages of the internationalization of EMNCs (Cuervo-Cazurra, 2012), FSA (Li and Oh, 2016; Rugman and Nguyen, 2014), and to springboard/leapfrogging advantages (Luo and Tung, 2007, 2018). First, the AMNC post-acquisition literature indicates that the integration strategy of target autonomy is exercised differently by EMNCs and AMNCs. Target autonomy allows AMNCs to prevent a loss of market share, which may be brought about by a larger turnover of acquired firm top management (Cannella and Hambrick, 1993; Lubatkin *et al.*, 1999). Unlike AMNCs who engage in forward diffusion of superior home country practices into developing country subsidiaries, EMNCs often deliberately allow acquired target companies to retain autonomy by keeping top management of the acquired firm intact, while gradually encouraging interaction between the two sides (Ataullah *et al.*, 2014; Peng, 2012) so that superior practices can flow from the acquired to the acquirer. Scholars have argued that in the early stages of internationalization, EMNCs tend to expand rapidly (Cuervo-Cazurra, 2012) and create autonomous managerial structures in their acquired subsidiaries (Luo and Tung, 2018) in order to optimize their FSA

through the development of subsidiary-specific advantages (Li and Oh, 2016; Rugman and Nguyen, 2014) and to facilitate springboard advantages in asset-seeking and opportunity-seeking (Luo and Tung, 2018; Wang *et al.*, 2014).

This light-touch integration approach identified in the EMNC literature is congruent with the polycentric perspective in the AMNC literature (Thite *et al.*, 2012). Scholars argue that EMNC acquisition of strategic assets requires substantial managerial resources for leading the acquisition and integration process, to manage the target firm effectively, and to ensure that interfaces with target firm employees and business partners are sensitive to institutional and cultural distance (Cui *et al.*, 2014, p.493). From an EMNC perspective, granting target autonomy and even improving the status of acquired executives has been found to associate with strategic asset seeking motives and this leads to a greater likelihood of top management retention and consequently, higher post-acquisition performance (Cannella and Hambrick, 1993; Kale *et al.*, 2009).

Furthermore, the literature suggests that EMNCs and AMNCs manage knowledge flow and transfer differently due to country-of-origin factors. AMNC studies largely focus on the flow of knowledge from parent to subsidiary due to the superior knowledge and expertise that the AMNC possesses in comparison with the acquired firm in an emerging market. In the EMNC literature, such conventional view of knowledge flow from parent to subsidiary has been challenged, with EMNCs engaging in knowledge transfer from target to acquirer (Bjorkman *et al.*, 2007), also termed as RKT (Nair *et al.*, 2015; Nair *et al.*, 2017). Awate *et al.* (2015) studied post-acquisition integration of EMNCs in the knowledge-intensive wind power industry and developed a sourcing-accessing dichotomy of knowledge flows. Specifically, they argue that the EMNC is usually deficient of knowledge relative to its acquired subsidiaries during the post-acquisition stage, which give rise to the process of reverse knowledge flow or knowledge accessing by the

EMNC. EMNCs thus enhance their FSA through the utilization of subsidiary-specific advantages such as advanced technology and R&D (Li and Oh, 2016; Rugman and Nguyen, 2014) and leapfrog from their global newcomer or latecomer status through critical asset acquisition (Luo and Tung, 2018). This is contrary to AMNCs where the parent often initiates the knowledge flow or knowledge sourcing. The concept of LOE (Madhok and Keyhani, 2012) may also be helpful in explaining RKT of EMNCs. There is an underlying assumption that the target firm managers and employees may perceive that they have superior technical and managerial knowledge compared with the EMNC acquiring firm and as a result they may question the legitimacy and viability of EMNC knowledge sharing and human resource practices (Wilkinson *et al.*, 2014, p.841). Research in this realm often draws upon institutional and cultural approaches that argue that (a) institutional and cultural distance between the home and host country can affect the acquisition performance and (b) in order to overcome the integration obstacles caused by institutional and cultural distance, multinational corporations need to adapt their knowledge sharing and human resource practices to the host country (Ataullah *et al.*, 2014; Hebert *et al.*, 2005).

In summary, the similarities and differences between EMNCs and AMNCs on post-acquisition integration of cross-border M&As suggest the relevance of traditional IB theories (e.g., cultural theory and RBV) that have been largely derived from earlier AMNC studies. However, there are features specific to the EMNC context associated with country-of-origin factors, which require scholars to extend the traditional theories and/or develop new theoretical frameworks to comprehensively explain the EMNC phenomena in cross-border M&As. These are uncharted waters that we have identified in our literature review and these opportunities for future research will be discussed next.

## **Directions for future research**

The qualitative content analysis of post-merger integration research reveals the significant progress that has been made in respect to understanding EMNC post-acquisition integration over the past two decades. The critical literature review also exposed several areas that need to be addressed and extended. In this section, we discuss the most salient issues by reflecting on extant deficiencies to offer recommendations for future research on EMNC post-acquisition integration.

### *Deficiency 1: linking pre-merger activity and post-acquisition integration of EMNCs*

To explain acquisition performance and address the influencing factors the relationship between pre-merger activity and post-acquisition integration of EMNCs should be studied. Drawing from Gomes *et al.* (2013), we define pre-merger activity as any strategic action singly or jointly taken by the acquiring or the target company before the formal transfer of ownership of the target to the acquirer. Pre-merger activity can range from accumulated prior experience on M&As including prior collaborative experience between the acquirer and the target (Vermeulen and Barkema, 2001; Zollo and Singh, 2004), evaluation of the strategic partner (Angwin, 2001; Lubatkin, 1987), and courtship and communication between the acquirer and the target (Jemison and Sitkin, 1986; Teerikangas, 2012). Ai and Tan's (2017) study looks at the impact of prior knowledge on post-acquisition integration processes of Chinese firms' M&As into the EU. This study responds to the call for connecting pre- and post-acquisition stages to uncover M&A performance indicators (Gomes *et al.*, 2013) and can serve as a good starting point for exploring topics pertaining to this area. For example, the extant literature predominantly focuses on strategic asset seeking as the major strategy for EMNCs acquisition integration. Scholars have argued that this motive drives EMNCs to adopt light-touch integration, with their post-merger integration strategy facilitating

RKT. Research was confined to knowledge-intensive firms that have been deemed as the archetypical research context for EMNC acquisition studies (Jaura and Michailova, 2014; Liu and Woywode, 2013; Nair *et al.*, 2015, 2016). However, research on EMNCs with other strategic intents such as market-seeking is still rare. The different acquisition motives may lead to a more varied understanding of the post-integration strategies adopted by EMNCs. For instance, Xie and Li (2017) examine imitation behavior in cross-border M&As by EMNCs in terms of equity share sought in such acquisitions. Different motivations on the pursuit of equity share may influence the subsequent post-acquisition integration between EMNCs and target firms. Future research should focus on the influence of different acquisition motives in the pre-acquisition stage on EMNC post-acquisition integration strategies and subsequent performance.

#### *Deficiency 2: temporality of LOE*

As mentioned earlier, the seminal paper of Madhok and Keyhani (2012) argues that cross-border M&As in developed countries are a strategic mechanism used by EMNCs to overcome their LOE. They analyzed the elements that contribute to LOE and treated LOE as something that needs to be overcome by EMNCs. However, there has been little research on the effect of LOE on EMNC post-acquisition integration processes and performance (Madhok and Keyhani, 2012). More specifically, as EMNCs enter into M&As to overcome LOE, it can be expected that the effect of LOE on the post-merger acquisition process would diminish in the course of the process. Future research should focus on whether and how EMNCs can overcome their LOE in post-acquisition integration and compare their coping strategies with AMNCs' strategies of overcoming LOF. The findings may suggest that LOE can generate different effects over the time span of EMNC post-acquisition integration. That is, LOE may be aggregated at some point of the integration process due to particular EMNC activities and at other times LOE may be mitigated. Future research can



then focus on what factors contribute to the aggregation and/or mitigation of the LOE during the EMNCs' acquisition integration process and on the implications for EMNC's favored light-touch integration strategy.

*Deficiency 3: implications of EMNC acquisition performance*

Our review shows that there is little agreement on what constitutes acquisition performance in EMNC acquisition integration studies (Meglio and Risberg, 2011; Stahl *et al.*, 2011; Zollo and Meier, 2008). Economic and financial performance is predominantly used as a measure for acquisition performance. Other measures of acquisition performance such as strategic goal attainment have not received much attention (Meglio and Risberg, 2011). Therefore, more research is needed to examine the performance implications of EMNCs' post-acquisition integration processes utilizing a wider range of performance measures (Meglio and Risberg, 2011; Zollo and Meier, 2008). A closely related topic that has not been investigated in the context of EMNCs is M&A failure and abandonment (Zhang *et al.*, 2011). This topic needs scholarly attention because studies have shown that less than half of cross-border M&A deals announced by Chinese MNEs are completed (Sun *et al.*, 2012). Little has been done on abandoned cross-border acquisitions by EMNCs (Peng, 2012). Future studies can examine why these abandoned acquisitions occur, what the driving factors are, and how these abandoned acquisitions affect the strategies and practices of subsequent cross-border M&As of EMNCs (Nicholson and Salaber, 2013; Zhang *et al.*, 2011).

*Deficiency 4: managerial action embedded in the integration processes*

The literature has emphasized the importance of managerial capabilities and actions in achieving acquisition success (Cui *et al.*, 2014). However, the micro processes of managerial activity in post-acquisition integration are largely under explored (Vaara, 2003; Vaara *et al.*, 2012). Meyer and

Peng (2016) have called for further studies to apply institutional theory to explain micro level EMNC behavior. The upsurge of cross-border M&As requires EMNCs to employ management resources to effectively manage the integration processes (Liu and Woywode, 2013). The managers employed are expected to realize the potential value of acquired brands and technologies and need to have a firm understanding of the formal and informal arrangements in the target firm (Budhwar *et al.*, 2009; Teerikangas *et al.*, 2011). Future research should focus on how management activity at the group and individual level affects acquisition performance.

*Deficiency 5: plurality of EMNC types*

Our analysis suggests that current studies of EMNCs' post-acquisition integration are based on a limited number of countries, predominantly centering on Asian EMNCs (Deng, 2010; Kale, 2009; Kale and Singh, 2017; Liu and Woywode, 2013). As mentioned earlier, Chinese and Indian MNCs are the hot spot in EMNC studies, constituting 57.75% of the total counted geographic territories (41 out of 71). For instance, Kale and Singh (2017) investigate the implications of post-acquisition integration upon the post-acquisition performance of Indian MNCs. Their findings suggest that Indian MNCs often keep the acquired firm structurally separate from their own organization and such a structural arrangement contributes to better acquisition performance. Liu and Woywode (2013) echo this light-touch approach to managing acquisitions as they examine the post-acquisition integration process of Chinese MNCs of target companies in Germany. This integration approach is attributed to the contextual characteristics of Chinese cross-border M&A, such as cultural and learning influences (*ibid*). Liu and Woywode (2013) identify differences in organizational-level absorptive capacity between state-owned enterprises and privately owned Chinese firms in post-acquisition integration. Compared with state-owned enterprises, private owned Chinese enterprises have less complex organizational structures and they exhibit a stronger

willingness to learn when they interact with target companies. Despite the progress made toward studying post-acquisition of Chinese and Indian MNCs, research on EMNCs from other regions is notoriously absent (Kale and Singh, 2017; Liu and Woywode, 2013). Hence the question of whether or not current EMNC theories (e.g. the springboard perspective and LOE) will be relevant for other emerging economy contexts remains to be seen.

#### *Deficiency 6: research design for processual studies of EMNC M&As*

Our review suggests that the effect of some constructs like LOE and HR practices seem to vary in the course of acquisition process. However, these constructs have not been examined from a processual perspective (Van de Ven and Poole, 1995). Among the 28 empirical articles on EMNC post-acquisition integration, 10 were quantitative (36% of the total sample), 7 were purely qualitative (25%), and no article used both qualitative and quantitative method. There is not any study using a longitudinal research design. Most of the research topics were examined at organizational level. The micro level of managerial actions was largely under explored. Moreover, there are only 3 multiple case studies (Liu and Woywode, 2013; Marchand, 2017; Parthasarathy *et al.*, 2017). It is thus important to investigate post-acquisition integration over time to effectively address process questions about the variability of effects while the post-acquisition process progresses. Longitudinal studies and mixed research methods across different levels are therefore urgently needed (Ahuja and Katila, 2001; Graebner *et al.*, 2017; Meglio and Risberg, 2011).

## **Conclusions**

This paper critically reviews the extant literature on post-acquisition integrations of EMNCs and compares them with studies of cross-border M&As of AMNCs. The rise of OFDI by EMNCs especially in the form of cross-border M&As is evidenced by the increasing scholarly attention to

the topic in international business research and elucidated by its relevance in highlighting competitive and strategic concerns of the emergence of EMNCs globally. The EMNC phenomena also gave rise to the ‘Goldilocks’ debate among scholars (Cuervo-Cazurra, 2012). Our literature review leads us to support the third camp in the ‘Goldilocks’ debate, highlighting the phenomena of post-acquisition of EMNCs as ‘just right’ for theory extension and development. Additionally, the review results suggest that research to date has been fragmented, and considerable theoretical and empirical areas of post-acquisition integration of EMNCs remain largely underexplored. In particular, we identified that limited empirical studies have been conducted on EMNC post-acquisition integration processes. We made recommendations for future research in this area. Overall, the field would benefit from more longitudinal, multilevel and multi-method studies that can provide richer insights about cross-border M&As and about post-merger integration.

Moreover, the theories developed in the EMNC context, such as the LLL model (Lu *et al.*, 2017; Mathews, 2006) and springboard perspective (Luo and Tung, 2007), can be extended to the context of post-acquisition integration of EMNCs. As Thite *et al.* (2012) argue it is clear that the theories developed mostly in advanced economies are not necessarily applicable to EMNCs. If EMNCs have become the new norm, we need to develop additional models to aid our understanding of how EMNCs exercise corporate control in an increasingly multi-polar world. Such theory extension and development in the context of EMNCs responds to the special issue call of Journal of World Business (2018, Volume: 53, Issue: 3) on “Contextualizing international business research: Enhancing rigor and relevance”. Practically, the findings gleaned from our sample of articles can provide a valuable ‘tool box’ which references theoretical understandings on motives, influencing factors and integration issues, which managers often need to address in their strategy making in the context of cross-border M&As originating from emerging markets. As

an important issue at the intersection of management, strategic management and international business, research on EMNC post-merger integration should be highlighted as a top priority on research agendas of ever more scholars globally.

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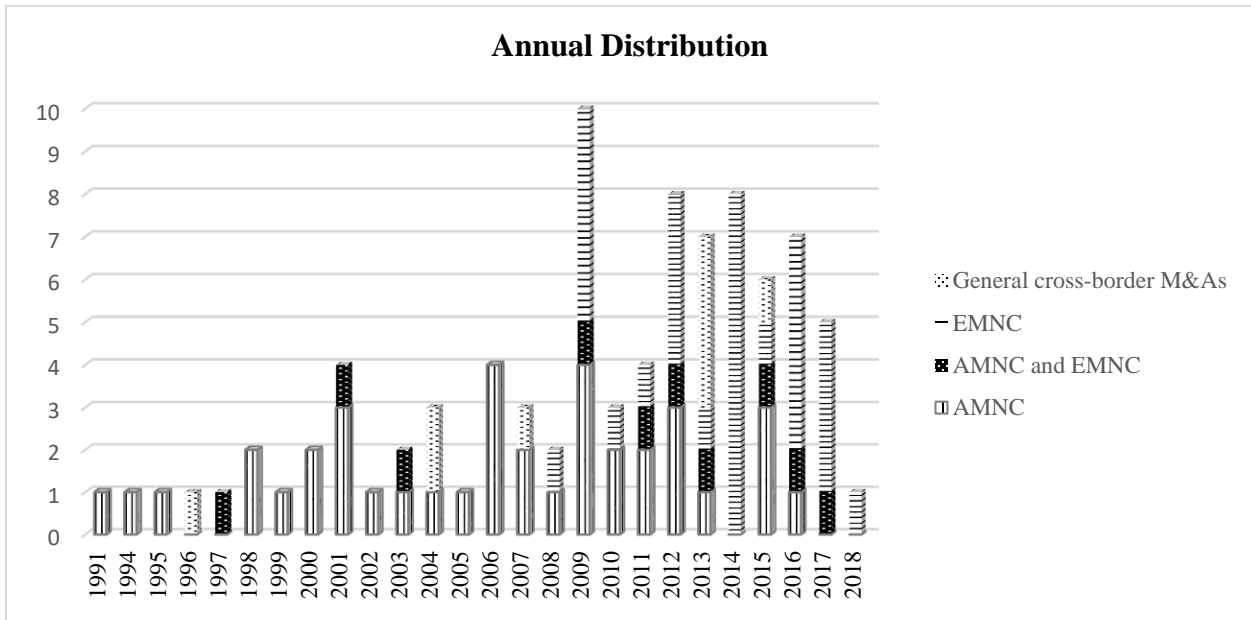
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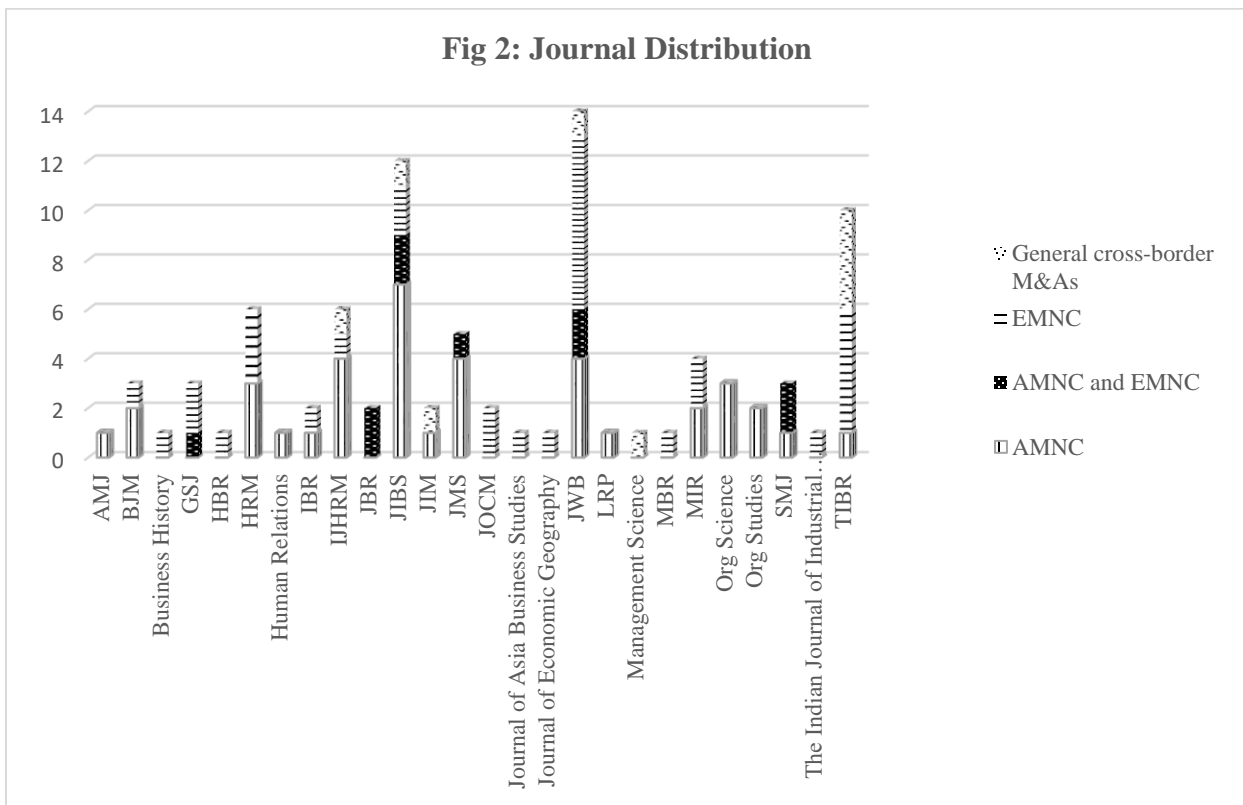
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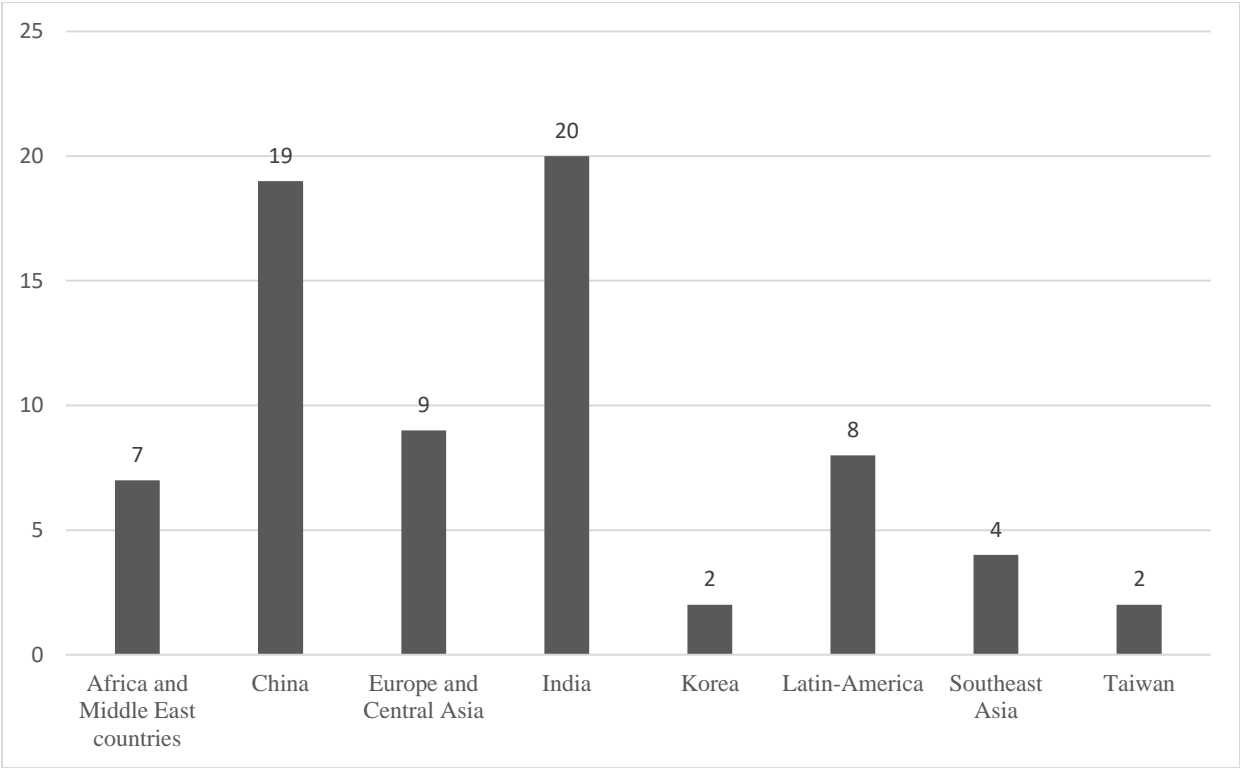
**Figure 1: Annual distribution of publications on EMNC and AMNC post-acquisition integration**



**Figure 2: Journal distribution of publications on EMNC and AMNC post-acquisition integration**



**Figure 3: Country of origin of EMNCs studied during 1991-2018**



**Table 1: Distribution of theories**

Theory name	EMNCs	EMNCs and AMNCs	AMNCs	General cross-border M&As (no specification of country of origin)	Total
Transaction cost theory (TCE)	0	1 (Malhotra <i>et al.</i> , 2016)	2 (Colombo <i>et al.</i> , 2007; Datta and Puia, 1995)	0	3
Agency theory	0	0	2 (Bjorkman <i>et al.</i> , 2004; Puranam, 2009)	0	2
RBV/KBV/dynamic capability/absorptive capacity	16 (Ai and Tan, 2017; Buckley <i>et al.</i> , 2014; Deng, 2010; Elango and Pattnaik, 2011; Hansen <i>et al.</i> , 2016; He <i>et al.</i> , 2018; Jaura and Michailova, 2014; Kale, 2009; Kale <i>et al.</i> , 2009; Liu and Woywode, 2013; Nair <i>et al.</i> , 2015, 2016; Nair <i>et al.</i> , 2017; Peng, 2012; Rui and Yip, 2008; Thite <i>et al.</i> , 2012)	3 (Awate <i>et al.</i> , 2012, 2015; Meyer and Lieb-Doczy, 2003)	9 (Birkinshaw <i>et al.</i> , 2000; Bjorkman <i>et al.</i> , 2004; Colombo <i>et al.</i> , 2007; Hebert <i>et al.</i> , 2005; Junni and Sarala, 2013; Lee <i>et al.</i> , 2015; Meschi and Metais, 2006; Morosini <i>et al.</i> , 1998; Sarala and Vaara, 2010)	1 (Bjorkman <i>et al.</i> , 2007)	29
Institutional theory/institution-based view	3 (Peng, 2012; Thite <i>et al.</i> , 2012; Zhu <i>et al.</i> , 2014)	0	2 (Rees and Edwards, 2009; Uhlenbruck and De Castro, 2000)	1 (Zhu <i>et al.</i> , 2015)	6
OLI model/eclectic paradigm	4 (Kale and Singh, 2017; Parthasarathy <i>et al.</i> , 2017; Peng, 2012; Sun <i>et al.</i> , 2012)	0	0	0	4
LLL model	4	3	0	0	7

Springboard perspective	(Nair <i>et al.</i> , 2016; Nair <i>et al.</i> , 2017; Parthasarathy <i>et al.</i> , 2017; Peng, 2012)	(Awate <i>et al.</i> , 2012, 2015; Malhotra <i>et al.</i> , 2016)	5	3	0	0	8
Organizational learning theory	(Elango and Pattnaik, 2011; Malhotra <i>et al.</i> , 2016; Nair <i>et al.</i> , 2017; Parthasarathy <i>et al.</i> , 2017; Wang <i>et al.</i> , 2014)	(Awate <i>et al.</i> , 2012, 2015; Malhotra <i>et al.</i> , 2016)	4	1	4	1	10
Internationalization theory (Uppsala model)	(Buckley <i>et al.</i> , 2014; He <i>et al.</i> , 2018; Liu and Woywode, 2013; Popli <i>et al.</i> , 2016)	(Dikova and Sahib, 2013)	3	1	1	0	5
FDI theory (e.g. liability of foreignness/liability of emergingness)	(Elango and Pattnaik, 2011; Kale and Singh, 2017; Parthasarathy <i>et al.</i> , 2017)	(Malhotra <i>et al.</i> , 2011)	5	0	1	0	6
Merger and acquisition theory (incl. light-touch integration)	(He <i>et al.</i> , 2018; Kale and Singh, 2017; Madhok and Keyhani, 2012; Parthasarathy <i>et al.</i> , 2017; Wang <i>et al.</i> , 2014)	(Stahl <i>et al.</i> , 2012)	8	1	5	1	15
Identity theory (social identity theory; organizational identity theory)	(Chang <i>et al.</i> , 2009; Kale, 2009; Kale and Singh, 2017; Kale <i>et al.</i> , 2009; Lu, 2014; Marchand, 2017; Parthasarathy <i>et al.</i> , 2017; Wang <i>et al.</i> , 2014)	(Li <i>et al.</i> , 2017)	1	0	4	1	6
Cultural/cultural distance theory	(Jaura and Michailova, 2014)	(Hajro, 2015; Larsson and Lubatkin, 2001; Puranam, 2009; Reus and Lamont, 2009; Slangen, 2006)	7	5	13	5	30

	(Ataullah <i>et al.</i> , 2014; Liu and Woywode, 2013; Nair <i>et al.</i> , 2017; Panibratov, 2017; Popli <i>et al.</i> , 2016; Thite <i>et al.</i> , 2012; Zhu <i>et al.</i> , 2014)	(Chakrabarti <i>et al.</i> , 2009; Dikova and Sahib, 2013; Krug and Hegarty, 1997; Li <i>et al.</i> , 2017; Malhotra <i>et al.</i> , 2011)	(Calori <i>et al.</i> , 1994; Datta, 1991; Datta and Puia, 1995; Faulkner <i>et al.</i> , 2002; Hajro, 2015; Lubatkin <i>et al.</i> , 1998; Morosini <i>et al.</i> , 1998; Reus and Lamont, 2009; Sarala and Vaara, 2010; Slangen, 2006; Stahl <i>et al.</i> , 2012; Stahl and Voigt, 2008; Vaara <i>et al.</i> , 2012)	(Bjorkman <i>et al.</i> , 2007; Rottig, 2013; Stahl <i>et al.</i> , 2013; Viegas-Pires, 2013; Weber <i>et al.</i> , 1996)	
Other theory	13	3	17	3	36
	(Aybar and Ficici, 2009; Budhwar <i>et al.</i> , 2009; Cui <i>et al.</i> , 2014; Hansen <i>et al.</i> , 2016; He <i>et al.</i> , 2018; Jaura and Michailova, 2014; Madhok and Keyhani, 2012; Nair <i>et al.</i> , 2017; Parthasarathy <i>et al.</i> , 2017; Rui and Yip, 2008; Sun <i>et al.</i> , 2012; Wilkinson <i>et al.</i> , 2014; Zhu <i>et al.</i> , 2014)	(Krug and Nigh, 2001; Li <i>et al.</i> , 2017; Meyer and Lieb-Doczy, 2003)	(Antila, 2006; Birkinshaw <i>et al.</i> , 2000; Bjorkman <i>et al.</i> , 2004; Brannen and Peterson, 2009; Datta, 1991; Hajro, 2015; Larsson and Lubatkin, 2001; Meyer and Altenborg, 2007; Puranam, 2009; Rees and Edwards, 2009; Reus, 2012; Reus and Lamont, 2009; Risberg, 2001; Stahl <i>et al.</i> , 2011; Teerikangas <i>et al.</i> , 2011; Uzelac <i>et al.</i> , 2016; Vaara, 2003)	(Aguilera and Dencker, 2004; Rottig, 2013; Stahl <i>et al.</i> , 2013)	
Literature review only/no specific theory	0	0	1 (Cooke, 2006)	2 (Gomes <i>et al.</i> , 2013; Shimizu <i>et al.</i> , 2004)	3
Total	73	21	61	15	170

(Note: The total number in this table is larger than 89 because some articles use multiple theories)

**Table 2: Theoretical development approaches**

<b>Theoretical development approaches</b>	<b>EMNCs</b>	<b>EMNCs and AMNCs</b>	<b>AMNCs</b>	<b>General cross-border M&amp;As (no specification of country of origin)</b>	<b>Total</b>
Theory building	4	0	0	0	4
Theory extension	26	10	37	9	82
Theory testing	2	0	1	0	3
Total	32	10	38	9	89



**Table 3: Content analysis of research methodology**

<b>Research methods and data sources</b>	<b>EMNCs (number of articles: 32)</b>	<b>EMNCs and AMNCs (number of articles: 10)</b>	<b>AMNCs (number of articles: 38)</b>	<b>General cross-border M&amp;As (number of articles: 9)</b>	<b>Total</b>
Quantitative method	13	9	28	2	52
Survey data	7	1	21	1	30
Archival data	9	9	10	1	29
Qualitative method	16	4	16	0	36
Single case study	4	0	7	0	11
Multiple case study	11	3	7	0	21
Other sources	0	1	2	0	3
Conceptual or overview studies	4	0	0	7	11

**Table 4: Topics on post-acquisition integration of EMNCs**

<b>Topics</b>	<b>Research Issues</b>	<b>No. of articles</b>	<b>Percentage</b>
Strategies and processes of post-acquisition integration of EMNCs	How do EMNCs integrate and interact with the target firms after the completion of cross-border M&A deals.	43	47.25%
<i>Organizational behavior and human resource practices</i>	Strategic opportunities, processes and constraints in cross-national transfer of HR policies and practices;	15	16.48%
<i>Autonomy and control (light-touch integration)</i>	What degree of control and autonomy is given to the target firm by EMNCs; what factors influence EMNCs' decision on target autonomy delegation.	13	14.29%
<i>Knowledge sharing (reverse knowledge transfer)</i>	What is the general pattern of knowledge sharing and transfer between EMNCs and target firms; what factors impact on knowledge sharing/transfer.	11	12.09%
<i>Integration speed</i>	How quickly do EMNCs integrate with the target firms after M&As; what factors impact on the speed of integration.	4	4.40%
Influencing factors of post-acquisition integration of EMNCs	What factors impact on post-acquisition integration of EMNCs.	21	23.08%
<i>Cultural differences</i>	How do differences in national culture and/or organizational culture influence post-acquisition integration of EMNCs.	11	12.09%
<i>Institutional factors</i>	Institution factors (home country/host country) and their impact on post-acquisition integration of EMNCs.	7	7.69%
<i>Liability of emergingness; liability of foreignness</i>	Country-of-origin effect on post-acquisition integration of EMNCs.	3	3.30%
Acquisition performance of EMNCs	The performance and consequence of post-acquisition integration of EMNCs; how do M&As of EMNCs influence acquisition performance.	14	15.38%
Antecedents of post-acquisition integration of EMNCs	What factors drive an EMNC to pursue cross-border M&As in their internationalization process; how do prior acquisition experience and planning link with the post-acquisition integration.	13	14.29%
Total		91	100%

(Note: The number of articles in this table is larger than 42 because some papers address more than one topic)