Hybrid ownership structures and cross-border acquisition completion of emerging market firms: An institutional and signalling theory perspective

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Abstract

Over the last decade, cross-border acquisitions (CBAs) have emerged as one of the most significant engines through which emerging market firms (EMFs) carry out foreign investments. Yet, emerging market acquirers (EMAs) terminate a significant percentage of initiated CBAs before completion. Compared to the 18 percent termination rate of CBAs involving acquirers from developed economies (DEs), CBAs by EMAs have a 33 percent termination rate. Scholars attribute the higher CBA termination by EMAs to the dual hurdle of 'liability of origin' and 'liability of foreignness' arising from direct government involvement and institutional voids in emerging economies. Although extant research provides in-depth insights into *why* EMAs have higher CBA termination rates than developed economies acquirers, they fall short in exploring *how* EMAs can navigate these challenges. Hence, in this study, I aim to investigate ownership-based solutions to the institutional challenges affecting the CBA completion of EMAs.

A striking phenomenon in the foreign investment of EMFs is that a firm's ownership matters. Pioneering ownership-based studies reveal that state-owned enterprises (SOEs) and private-owned enterprises (POEs) experience distinct interactions with home and host countries leading to diverse foreign investment challenges and strategies. Government regulatory discretion combined with capital market imperfection in emerging markets means that SOEs are privileged in accessing government support. In contrast, POEs lack direct government support and seek to establish and leverage political ties to survive. This need for sustained firm-government relationships and the gradual pro-market reforms in many emerging economies catalyse hybrid ownership structures among EMFs where state and private owners coexist in one organization. However, this emergence of hybrid ownership structures and their implications for EMFs' foreign investment activities are under-investigated in the international business domain.

Building on the new institutional theory and the signalling theory, I argue that hybrid ownership structures can act as signals through which external stakeholders evaluate and confer legitimacy on EMAs during the CBA process. My conceptualization emphasizes the mixture of unique resources brought into hybrid organizations by both SOEs and POEs. Accordingly, I assert that as hybrid organizations incorporate elements prescribed by both SOEs and POEs, they are likely to project at least partial appropriateness to a broader set of institutional referents. As a result, hybrid ownership structures confer legitimacy-enhancing benefits, resource-enhancing

benefits, and operational autonomy benefits that position EMAs to simultaneously navigate the home and host institutional challenges in CBAs ultimately increasing the completion likelihood.

In addition to proposing a direct effect of hybrid ownership on CBA completion, I develop novel varieties of hybrid ownership structures that categorize variations in the internal configurations of hybrid organizations as typology, degree, and nature of hybridization. I carry out further investigation on how the hybrid ownership effect might vary with these varieties of hybrid ownership structures. Subsequently, I identify top executives' political connection, target industry political sensitivity, and host country regulatory quality as contingences to the effect of hybrid ownership on CBA completion of EMAs.

Analysing a dataset of 838 CBAs by Chinese firms between the years 2008 to 2017, the results from this study demonstrate that acquirers with hybrid ownership structures are more likely to complete CBAs than nonhybrid acquirers. Moreover, while the hybridization effect varied with the degree of hybridization, the results did not provide conclusive evidence for the nature of hybridization. The result also reveals that top executives' political connection and the host country regulatory quality present differing interactions with the hybrid ownership effect relative to the hybrid organization's typology.

With these findings, I contribute to the literature on EMFs' CBA completion by demonstrating that hybrid ownership structures benefit from their different owners' resources to overcome challenges in CBAs. I also contribute to the conceptualization and implication of hybrid ownership for EMFs strategic outcomes. I find that the benefits of hybrid ownership differed with the controlling shareholder's identity and the degree of hybridization in a hybrid organization. Furthermore, by examining the boundary conditions of top executives' political connection, target industry political sensitivity, and host regulatory quality, I provide insights into how intra-organizational attributes and external factors shape the significance of ownership structures in EMFs foreign investment.

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Table of Contents

LIST OF TABLES

LIST OF FIGURES

CHAPTER 1: INTRODUCTION

1.1 RESEARCH BACKGROUND AND RATIONALE OF THE STUDY

Outward foreign direct investment (OFDI) from emerging economies has been on a steady increase over the last 20 years. According to the World Investment Report (2019), in 2018, OFDI by emerging economy firms (EMFs) reached $397 billion, accounting for 39% of global FDI outflows compared to $229 billion representing 15% of global FDI outflows. This accelerated growth in OFDI from emerging economies is associated with the record volume of cross-border mergers and acquisitions (CBAs) conducted by emerging market acquirers (EMAs) (Deng & Yang, 2015; Ramamurti, 2012; Luo & Tong, 2007). EMAs are motivated to engage in CBAs to get direct and swift access to strategic resources from developed economies (Elia & Santangelo, 2017; Zheng, Wei, Zhang & Yang, 2016; Meyer, 2015). In other words, EMFs use CBAs as a springboard to catch up with multinationals from developed economies, compensate for competitive disadvantages, and alleviate domestic institutional constraints (Guillen & Garcia-Canal, 2009; Luo & Tong, 2007; Matthews, 2006).

Despite this frequency and magnitude of CBAs by EMAs, many announced CBA deals either take several months to complete or are not completed at all. (He & Zhang, 2018; Li, Xia & Lin, 2017; Zhou, Xie & Wang, 2016; Zhang & He, 2014; Dikvova, Sahib & Witteloostuijn, 2010). A Thomson Financial Merger and Acquisition database report (2016) revealed that emerging market acquirers (EMAs) terminate 33 percent of their announced CBAs before completion. Terminating CBAs after the public announcement poses significant financial, reputation, and strategic cost implications to the acquirers and targets (Zhou et al. 2016; Dikova et al., 2010; Luo, 2005). Thus, understanding why EMAs terminate CBAs and how they can avoid the termination of CBAs is of substantial concern to multinationals, international business experts, and the primary objective of this study.

Extant studies attribute CBA termination to home and host country regulatory barriers, information asymmetry, and high financial commitment involved in the CBA process (Dong, Li, McDonald, & Xie, 2019; Ahern, 2015; Dikova et al. 2010; Muehlfeld, Sahib, Witteloostuijn, 2007). However, many studies have established host country legitimacy barriers as the most significant cause of CBA termination (Li et al., 2017; UNCTAD, 2017). According to the World

Investment Report (2017), the value of CBAs terminated for regulatory and political reasons in 2016 represented 73.9 percent of all failed CBAs. As CBAs confer immediate ownership of domestic resources to foreign acquirers, host country policymakers establish stringent regulatory mechanisms for assessing the national security and domestic competition implications of proposed inward CBAs.

Although all acquiring firms experience some level of regulatory scrutiny during CBAs, EMAs experience further host country regulatory barriers associated with their country of origin (Cuervo-Cazzura & Li, 2021; He & Zhang, 2018; Stoian & Mohr, 2016), which creates additional complexity around their ability to complete CBAs. Several studies (e.g., Dong et al., 2019; He & Zhang, 2018; Zhou et al. 2016,) reveal that CBAs by EMAs are characterized by less completion success than the global average despite tending to bid higher. For instance, a study by Zhou et al. (2016) involving 3,483 CBAs from BRIC countries found that 33 percent of announced CBAs involving EMAs were terminated compared to an 18 percent termination rate of CBAs announced by acquirers from developed economies.

Researchers attribute the higher termination rate of EMAs CBAs to the double hurdle of 'liability of origin' and 'liability of foreignness' that EMAs experience during CBAs (Kim & Song, 2017; Zhang, He & Gorp, 2016;). Unlike developed economies, emerging economies (EEs) are characterized by unrefined institutional frameworks, poorly established capital markets, government interference, and volatile rules and regulations, which present home country constraints to their CBAs (Li & Fleury, 2020; Cuervo-Cazurra, Luo, Ramamurti, Ang, 2018; Hobdari, Gammeltfot, Li & Meyer, 2017; Stoian & Mohr, 2016; Voss Buckley & Cross, 2010). Furthermore, earlier research pointed to institutional differences between the home and host countries as the primary source of legitimization challenge for EMFs in host countries (Cuervo-Cazurra, et al., 2018; Wu & Salmon, 2016; Meyer, Ding, Li & Zhang, 2014; Kostova & Zaheer, 1999). As a result, CBAs by EMAs are adversely affected by difficulty in attaining legitimacy in host countries. This host country legitimacy barrier arises from negative stereotypes and poor institutional image about emerging economies and their political and economic systems globally (He & Zhang, 2018; Cuervo-Cazurra & Ramumarti, 2017).

Overall, the literature on CBA completion of EMAs provides in-depth insights into *why* EMAs are less likely to complete CBAs compared to DMNEs. However, the literature falls short in exploring *how* EMAs can navigate these institutional challenges. Thus, the purpose of this study is to identify how EMAs can navigate the home and host country institutional challenges plaguing their CBAs. Based on insights from extant studies indicating that a firm's ownership structure and identity shape its ability to attain legitimacy at home and in host countries (Cui, Hu, Li & Meyer, 2018; Meyer et al. 2014; Cuervo-Cazurra, Inkpen, Musacchio & Ramaswamy, 2014; Cui & Jiang, 2012), I investigate an ownership-based solution to the home and host institutional challenges plaguing CBA completion of EMAs. I also adopt this ownership-based solution based on studies suggesting that organizations structures, procedures, and personnel may be utilized to prove and attain organizational legitimacy from external stakeholders (Zhang, Young, Tan & Sun, 2018; Ahlstrom, Bruton & Yeh, 2008; Oliver, 1991; DiMaggio & Powell, 1983),

Extant studies reveal that home and host country institutional challenges do not apply homogeneously to all EMFs (Amighini, Rabellotti, Sanfilippo, 2013; Cui & Jiang, 2012; Meyer et al., 2014). Highlighting the significance of internal governance and ownership structures, various studies (e.g., Cuervo-Cazzura & Li, 2021; Mariotti & Marzano, 2019; Kalasin, Cuervo-Cazurra, Ramamurti, 2020; Cui & Jiang, 2012; Fang & Wang 2010) show that emerging market state-owned enterprises (SOEs) and private-owned enterprises (POEs) have distinctive interactions with home and host country institutions, resulting in different institutional challenges and OFDI strategic outcomes. From a home country perspective, SOEs possess domestic government support and financial resources that enable the initiation of CBAs (Enderwick, 2017; Pan, Teng, Supapol, Lu, Huang, & Wang, 2014; Meyer et al., 2014). However, due to government involvement and possible political objectives, SOEs lack the operational autonomy and host country legitimacy needed to finalize initiated CBAs (Wright, Wood, Musacchio, Okhmatovskiy, Grosman & Doh, 2021; Li, Li, & Wang, 2019; Meyer et al., 2014). On the other hand, POEs are subject to less host country resistance and easily attain host country legitimacy in CBA (Li et al., 2019). Yet, POEs are constrained by capital market imperfection in EEs that limits financial resources required to initiate and cover the progressively growing costs associated with CBAs (Hobdari et al., 2017; Morck, Yeung & Zhao, 2008).

While this conventional taxonomy of ownership as either state or private has underscored the importance of ownership structures in EMFs' OFDI, many studies in this area present some contradictions in the theoretical arguments and empirical findings. For instance, some scholars argue that SOEs from emerging markets are less likely to attain host country legitimacy (Li et al. 2019; Shi; Hoskisson & Zhang, 2016; Hong, Wang & Kafourous, 2015; Meyer et al. 2014; Cui et al., 2012). Other studies find no significant impact of state ownership on EMFs' OFDI (Li et al., 2017). Some studies find a positive impact of state ownership on overseas investment (Ramamurti & Hillemann, 2018; Pan et al., 2014). Recent studies find that the significance of state ownership is contingent on home country characteristics (Wright et al., 2021; Mariotti & Marzano, 2019; Estrin et al. 2016). These conflicting results warrant a more in-depth investigation of the interactions between organizations and institutions that ultimately shape CBA activities.

The conventional categorization of ownership as either state or private is driven mainly by the prevalence of ownership concentration where controlling owners are noticeably state or private. Nevertheless, recent studies (e.g., Che, 2019; Hu & Cui, 2014; Aguilera, Capape & Santiso, 2016; Mariotti & Marzano, 2020) indicate that despite controlling owners having substantial control over firms, other non-controlling shareholders are not merely dormant or non-contributory to organizations strategic outcome. Hence, a more comprehensive approach to study the role of ownership structures in OFDI should deviate from the simplified categorization of ownership based on controlling state or private owners and consider the roles played by all investors irrespective of their controlling power.

Accordingly, recent studies in the international business (IB) domain are starting to diverge from the black or white categorization of ownership as either state or private (e.g., Kalasin et al. 2020; Chen Musacchio & Li, 2018; Zhou 2018; Li, Cui & Lu, 2017; Bruton, Peng, Ahlstrom, Stan & Xu, 2015; Inoue, Lazzarini, & Musacchio, 2013; Mussachio, Lazzarini, & Aguilear, 2015). Instead, these studies adopt a hybrid perspective towards ownership by considering state and private owners' coexistence in one organization. This shift in the conceptualization of ownership structure presents critical implications for the OFDI of EMFs as scholarly work from the organizational studies and the public administration domains indicate that hybrid organizations can exploit the different ownership structures' complementary characteristics and implement strategies that each partner could not have done individually

(Mair, Mayer & Lutz, 2015; Panche & Santos, 2013). However, studies in the IB domain are yet to investigate these implications thoroughly in the context of foreign investments.

Hybrid ownership structures are prevalent among EMFs (Curvo-Cazurra et al., 2014; Inoue, et al., 2013; Bruton et al. 2015). Faced with active government intervention, gradualist pro-market reforms, scarce resources, and foreign regulatory scrutiny, EMFs adopt hybrid ownership structures that combine varying degrees of state and private ownership to foster strategic and operational flexibility through the simultaneous development of political and market capabilities. In recent years, a burgeoning stream of IB research has explored the significance of hybrid ownership in the OFDI of EMFs (Mariotti & Marzano, 2020; Kalasin et al. 2020; Zhou, 2018; Li, et al., 2017a; Mussachio et al., 2015; Inoue et al. 2013). However, this research stream still falls behind in theoretical and simulation frameworks. First, research on the OFDI strategies of hybrid organizations, particularly CBAs, is lacking in the IB domain. Various researchers (e.g., Estrin et al., 2016; Bruton et al., 2015; Li, Ciu & Lu, 2014) also identify this gap. As results adopting the conventional SOE vs. POEs definition of ownership has yielded mixed findings on the impact of ownership on CBA outcome (Cuervo-Cazurra & Li, 2021; Li et al. 2018; Li et al. 2017b), adopting a hybrid perspective of ownership might yield new insights into the CBA completion of EMAs and the overall OFDI strategic outcome of hybrid ownership structures.

Secondly, the current dominant conceptualization of hybrid ownership considers most hybrid organizations as hybrid-SOEs birthed out of SOEs' partial privatizations (Cuervo-Cazurra & Li, 2021; Kalasin et al. 2020; Cuervo-Cazurra et al. 2014). Research on private firms turned hybrids (hybrid-POEs), and the implication for OFDI activities is still lacking, except for a few notable studies (Oh & No, 2020; Inoue et al., 2013). Given that the controlling owner of a firm significantly influences the firm's strategy, development, and motives (Grøgaard, Rygh, & Benito**,** 2019; Lazzarini & Mussachio, 2018; Meyer et al. 2014; Amighini et al. 2013; Cui & Jiang, 2012), I conjecture that the hybridization trajectory and outcome of SOEs and POEs will differ, resulting in different implications for OFDI. Accordingly, there is a need for hybrid ownerships to be conceptualized from both the perspectives of SOEs becoming hybrid-SOEs and POEs becoming hybrid-POEs.

Thirdly, extant studies on hybrid ownership in the International Business (IB) domain have taken a fixed approach to conceptualizing hybrid ownership by simply categorizing ownership as simply hybrid or not hybrid. While the acknowledgment of such qualitative differences between hybrids and non-hybrids is valuable, it runs the risk of overgeneralizing the internal heterogeneity among hybrid organizations (Shepherd, Williams & Zhao, 2019; Alexius & Furusten, 2018; Battilana, Besharov, Mitzinneck, 2017). Against this backdrop, there is still a paucity of research proposing a thorough conceptual framework that deconstructs the intra-organizational attributes of hybrid organizations, and their FDI implications, particularly in the context of CBAs.

Beyond just identifying organizations as hybrid or non-hybrid, I argue that there is a need for the IB literature to identify the *internal elements that are integrated into the creation and strategic orientation of hybrid organizations* (Shepherd et al. 2019; Smith & Besharov, 2019; Wry & York, 2017; Schmitz & Glanzel, 2016). This approach provides a more wholistic view as different owners and investors possess and contribute unique resources to organizations. For instance, while controlling state owners can provide financial, policy and regulatory-related benefits to firms (Enderwick, 2012; Cui & Jiang, 2012; Morck, Yeung & Zhao, 2008), foreign and institutional non-controlling owners can provide superior managerial and marketing expertise that provide a competitive advantage to EMFs during foreign investments (Mariotti & Marano, 2020; Aguilera et al. 2016; Bhaumik, Driffield & Pal, 2010).

Following these discussions, I problematize core assertions of the literature streams on hybrid ownership of EMFs and CBA completion by EMAs and offer insights into potential solutions to the literature gap. I conceptualize hybridity one step further by carving out three hybrid ownership varieties that capture hybrid firms' intra-organizational elements (typology, degree, and nature of hybridization). Furthermore, I apply this modified conceptualization of hybrid ownership to the literature on EMAs' CBA completion. By emphasizing the mixture of unique resources brought into the alliance by the different actors in a hybrid firm, I argue that EMAs with hybrid ownership structures are more likely to complete CBAs than nonhybrid acquirers. I propose that hybrid ownership facilitates CBA completion by exploiting the combination of state and private ownership to generate legitimacy-enhancing benefits, resource-enhancing benefits, and operational autonomy benefits. This trio hybridization benefits will create an opportunity to simultaneously alleviate home and host country institutional challenges allowing EMA with hybrid ownership structures to complete CBAs.

The benefits of hybrid ownership will also vary with the hybrid organization's internal configuration through the typology, degree, and nature of hybridization. By conceptualizing varieties of hybrid ownerships from a typology, degree, and nature perspective, I offer a more sophisticated theorization and measurement to advance knowledge on hybrid ownership in the IB domain. I also respond to multiple calls in the literature that studies on hybrid ownership should treat it as a "matter of degree" (Shephard, et al., 2019; Battilana et al., 2017; Schmitz & Glanzel, 2016).

Theoretically, my conceptualization of hybrid ownership draws on integrating the neo-institutional theory's legitimacy perspective (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Powell and DiMaggio, 1991) and the signalling theory (Spence, 2002). I follow the integration of these theoretical perspectives as a promising pathway for advancing this scholarship for two reasons. Firstly, institutions shape ownership structures (Wright et al., 2021; Mariotti & Marzano, 2019; Estrin et al. 2016; Liang, Ren, & Sun, 2015; Cui & Jiang, 2012), and most importantly, emerging markets are drivers of hybrid ownership structures (Bruton et al. 2015; Cuervo-Cazurra et al. 2014). More so, experts in institutional theory have elucidated legitimacy-building strategies that leverage on organizations structures, ownership characteristics, and decision-makers' attributes (Cui et al. 2018; Li et al. 2019; Ahlstrom et al. 2008; Olivier, 1991; Di Maggio & Powell, 1983). As CBAs involve approval from home and host countries, institutional duality complexities mean that *legitimacy-building strategies need to reconcile institutional and legitimacy pressures from both home and host countries.* This process of assessing, conferring, and attaining legitimacy is grounded in the neo-institutional theory (Scott, 2001). The neo-institutional theory thus sets the foundation for the arguments in this thesis.

Secondly, Kostova & Zaheer (1999) highlight that the process of evaluating and conferring legitimacy on organizations is often grounded in information asymmetry. In other words, during CBAs, host country regulators and stakeholders do not always have all the information with which to judge and confer legitimacy on EMAs. Studies adopting a signalling theory perspective (e.g., Gulati & Higgins, 2003) show that under uncertainty and risk of adverse selection, stakeholders become attuned to signals in the environment to evaluate and confer legitimacy to other stakeholders. Extending this to the CBA process indicates that host regulators will become attuned to signals with which to evaluate and confer legitimacy on foreign investors during CBAs. This ideology of identifying and exploiting signals to overcome information asymmetry in decision-making is grounded in the Signalling theory (Spence, 2002).

Guided by institutional and signalling theories, I assert that hybrid organizations and their different varieties can act as signals by which home and host country institutions judge and confer legitimacy on EMAs during CBAs. Accordingly, I position hybrid ownership structures as a strategy EMFs can adopt to facilitate information availability, positive perceptions in home and host countries, and sustained financial resources towards increased CBA completion. My contribution, however, is not to merely propose hybrid ownership benefits but also to identify contingencies that may hinder or facilitate the proposed benefits of hybrid ownership on CBA completion. Subsequently, I introduce moderating variables at the micro (top executives' political connection), meso (politically sensitive industry), and macro (host regulatory quality) levels as boundary conditions for the proposed hybridization effects.

Choudhry and Khanna (2014) highlight that ownership affects firms either through the level of ownership or through the decision-making process. Similarly, present research asserts that specific predictions regarding the impact of ownership structures on strategic behaviours and outcomes need to be qualified by the ownership and governance structure characteristics (Cuervo-Cazurra et al., 2014; Ding, Jia, Wu & Zhang, 2014; Liang et al., 2015; Tihanyi, Aguilera, Heugens, Essen; Sauerwald, Duran, Turturea, 2019). Thus, to fully uncover the impact of hybrid ownership requires unpacking the elements of the governance structure. I argue that the hybridization process also extends into the managerial components of hybrid firms (Bruton et al., 2015) such that hybrid firms will consist of SOEs-top executives (politically oriented) and POE-top executives (economically oriented). Consequently, hybrid organizations will exhibit varying levels of political connection in their top executives' composition

Pfeffer and Salancik (1978, p.6) stated that "one function of the leader or manager is to serve as a symbol … to personify the organization, its activities, and its outcomes". To this end, several empirical works have documented how top executives act as signals for their organizations (Wang, 2015; Pollock, Chen, Jackson & Hambrick, 2010; Zhang & Wieresema, 2009; Zimmerman, 2008). They identify top executives' characteristics such as TMT prestige, TMT legitimacy, and TMT background as signals through which outsiders and relevant stakeholders judge a firm's quality. Guided by these arguments, I include top executives' political connections as moderating variables in this thesis. Just like ownership, top executive political connection poses resource, legitimacy, and operational autonomy implications for a firm's foreign investment (Leung & Sharma, 2021; Tihanyi et al., 2019; Mellahi, Frynas, Sun & Siegel, 2016; Zheng, Singh & Mitchell, 2017; Sun, Mellahi & Thun 2010). Thus, investigating the outcome of the interaction between hybrid ownership and political connection will provide a more comprehensive probing of the hybridization effect.

In probing the moderation effect of top executives' political connection, I depart from extant studies adopting a group perspective (e.g., Greve & Zhang, 2017; Zheng et al., 2017) and instead focus on key strategic decision-makers who can be strong signals in the CBA process; the CEO and the Chairpersons (Levi et al. 2010; Hu & Cui, 2014). This is in line with studies (e.g., Firth et al.,2014; Benishcke et al., 2015) highlighting the need for studies to base the top executives' definition on the particular outcome in question. CEOs are responsible for managing and running organizations' daily activities, while the Chairpersons are responsible for monitoring the CEOs' activities. These different but key positions might provide thought-provoking insights into understanding how different positions might send different signals to host country stakeholders.

Furthermore, institutions differ regarding legitimate behaviour and the criteria for conferring legitimacy (Kostova & Zaheer, 1999). One such institutional difference is evident in the regulative institution, which prescribes the extent to which countries can enforce policies that promote competition between private entities while deterring government intervention (Cuervo-Cazurra, Mudambi, Pederson, 2019). In line with this idea, state ownership is therefore susceptible to different levels of legitimacy challenges in different host countries (Kolstad & Wiig, 2012). By extension, this indicates that the benefits of hybridization will vary in response to the host country's regulative institutions. I capture this critical role of host country regulatory institutions by including target industry and the host country regulatory quality as moderating factors.

In summary, in this study, I develop a dynamic, multi-level conceptual framework that integrates insights from existing literature streams on institutions, corporate political connection, and OFDI (Cuervo-Cazurra, 2019; Aguilera & Groogard 2019; Cui et al. 2018; Tallman & Pederson, 2015). I disentangle mechanisms and pathways through which the different ownership forms within hybrid structures exert their distinct influences that culminate into a synergy that facilitates CBAs. Subsequently, I identify the micro-level managerial political connection, industry conditions, and host country regulatory environments as contingencies to the effect of hybrid ownership on CBA completion of EMAs.

1.2 RESEARCH QUESTIONS AND OBJECTIVES

Building on the background and literature, I aim to answer the following questions in this research

Research Questions

i. How does hybrid ownership influence the likelihood of completing cross-border acquisitions by emerging market acquirers?

ii. How do the various typologies of hybrid ownership structures differ in their effects on completing cross-border acquisitions?

iii. How do the host country's regulatory environment, the target industry's political sensitivity, and an acquiring firm's top executive political background reinforce or undermine the hybridization effect?

Research Objectives

i. To examine the influence of hybrid ownership structures on the likelihood of completing CBAs by EMAs.

ii. To examine the significance of the variety of hybrid ownership structures on the likelihood of completing CBAs by EMFs.

iii. To examine the moderating effect of acquirers' top executives' political connection, target industry political sensitivity, and host country regulatory quality on the relationship between hybrid ownership and cross-border acquisition completion.

1.3 RESEARCH METHODOLOGY AND CONCEPTUAL MODEL

I address the above research questions by analysing 838 CBA deals carried out by 538 Chinese firms between the years 2008 to 2017. China is one of the fastest-growing economies globally and accounts for a significant proportion of global and emerging market outward investments. The overarching interaction between state and private entities is a source of ambiguity in Chinese firms' corporate structure that significantly shapes their OFDI, thus creating an exciting context for dissecting the role of hybrid ownership in CBAs.

I develop a conceptual model with testable hypotheses to illustrate the ideas in this thesis. I anchor the hypothesis on the neo-institutional theory and the signalling theory, which are both mature theories in the IB domain. Considering the level of prior knowledge in the theoretical perspectives, I adopt a quantitative approach as the appropriate methodological fit (Edmondson & McManus, 2007). Through secondary data obtained from the SDC Platinum database, CSMAR database, and organizations' annual reports, I develop nuanced variables and proxies in relation to existing quantitative measures. Furthermore, I conduct all preliminary analyses of the main hypothesis testing using STATA software version 16. I also ensure the results' robustness by implementing multiple sensitivity and robustness tests using various time lags and alternative proxies for interest variables.

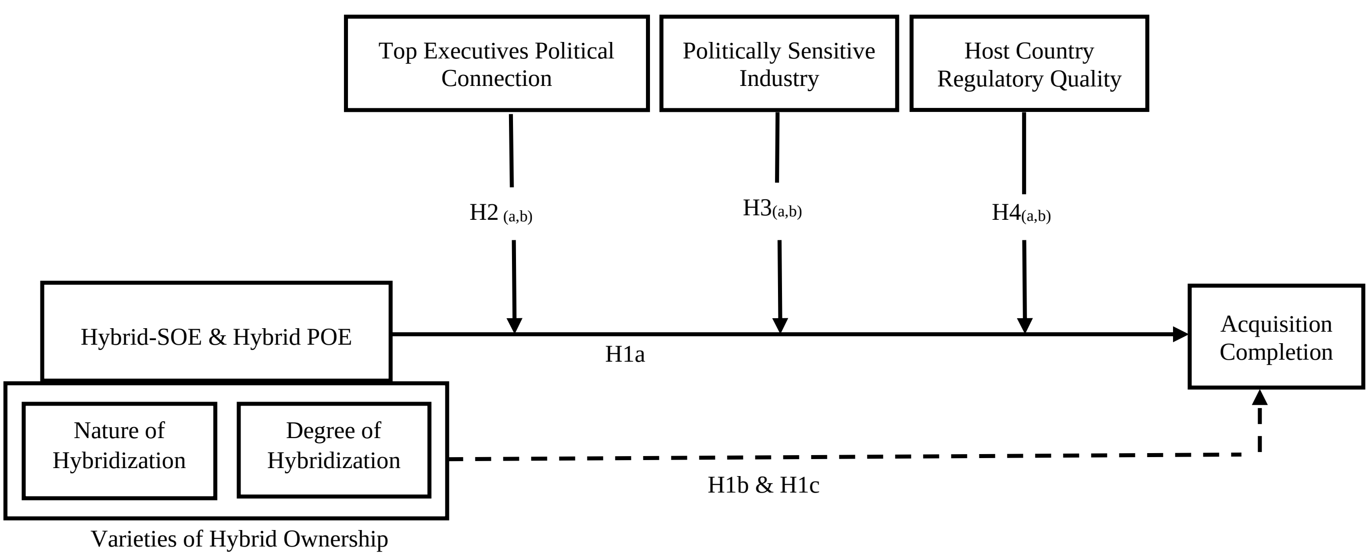

Figure 1. 1: Conceptual Model

1.4 RESEARCH CONTRIBUTIONS

Firstly, through this research, I contribute to the literature on the CBA completion of EMAs. Extant studies in this domain provide in-depth insights into *why* EMAs CBAs have higher CBA termination rates than DMNEs. However, they fall short in exploring *how* EMFs can navigate these challenges. A limited number of studies (Zhang et al., 2018; Kim & Song, 2017) provide strategies that EE acquiring firms can implement or leverage to improve the likelihood of completing CBAs. However, these strategies highlight an opportunity cost between legitimacy and self-interest and often do not lead to acquiring firms' best strategic options. I account for this gap in the literature by advancing a hybrid perspective of ownership structure as a firm-level foundation for legitimacy building that facilitates EMAs' CBA completion.

A noteworthy observation from the extant literature was that the process through which target companies and host country regulators assess and confer legitimacy on EMAs during CBA is biased by information asymmetry and the risk of adverse selection (Kostova & Zaheer, 1999; Li & Sun, 2020). Guided by this, I draw insights from studies highlighting that stakeholders become attuned to signals in the environment when faced with information asymmetry (Higgins & Gulati, 2006; Gulati & Higgins, 2003). I propose that hybrid ownership structures act as signals through which target companies and host country stakeholders judge EMFs' legitimacy during CBAs. This argument is further qualified by extant studies indicating that signals can emanate from different firm-level characteristics such as owners and managers (Wang, 2015; Rogazzino & Reur, 2011; Zhang & Wieresema, 2009; Kang, 2008; Connelly, Certo, Ireland & Reutzel, 2011). Other studies also establish that these characteristics shape firms' ability to attain legitimacy at home and in host countries (Cui et al., 2018; Meyer et al., 2014; Ahlstrom et al., 2008).

Secondly, I contribute to the literature on the conceptualization of hybrid ownership by responding to several calls by scholars to capture the variation in the configuration of the intra-organizational elements constituting hybrid organizations (Shepherd et al. 2019; Battilana et al. 2017; Alexius & Furusten, 2018; Mariotti & Marzano, 2020). I attend to this gap in the literature by carving out three varieties of hybrid ownership that capture the intra-organizational elements of hybrid firms: the typology of hybridization, degree of hybridization, and nature of hybridization. Through my conceptualization of hybrid ownership that considers heterogeneity in hybrid ownership forms, I find that the benefits of hybrid ownership differ with the typology of hybrid organization and the degree of hybridization. This finding has powerful implications for research. It confirms that the degree and pattern of organizational hybridity are crucial in conceptualizing and adopting hybrid ownership structures during foreign investments.

Thirdly, I contribute to the literature on the corporate political connection (Ding et al., 2014; Tihanyi et al., 2019; Cui et al., 2018) by differentiating the political influence of ownership from that of management. I carve out corporate political connection through top executives' political background as contingencies under which hybridization applies. My findings indicate that top executives' political connection presented differential impacts on CBA completion depending on the hybrid organization's typology (hybrid-SOE or hybrid-POE) and top executives' position (CEO or Chairperson). These findings are meaningful in the CPC literature as the state ownership and political connections literature has been mainly developed independently of each other. By doing this, I answer several calls in the literature to unbundle the different types of political connections (Cui et al., 2018; Ding et al., 2014) and to create a more nuanced understanding of the effects different top executives have on firm strategic outcomes (Tihanyi, et al., 2019).

Fourthly, I advance the legitimacy perspective of institutional theory by introducing hybrid ownership structures as new dimensions through which EMFs can build and attain legitimacy in host countries. Earlier studies highlight adaptation strategies (Cuervo-Cazurra, et al., 2019; Kostova & Roth, 2002), partnering with local firms in the host country (Lu & Xu, 2006; Yiu & Makino, 2002; Zhang et al. 2018), the use of low profile entry strategies (Meyer et al. 2014; Meyer & Thein, 2014), entry into similar locations (He & Zhang, 2018) and the use of corporate social responsibilities (Zhang et al., 2018; Zhao, Park, & Zhou, 2014) as legitimacy attainment strategies. In this study, I propose hybrid ownership as legitimacy-building signals that reconcile the conflict between legitimacy and self-interest in the legitimacy-building process. The results show that hybrid organizations benefit from superior resources that facilitate initiation and financing of CBAs and reduced home and host country legitimacy barriers that ultimately increase the CBA completion likelihood.

Finally, I provide more in-depth insight into different aspects of the signalling process. I contribute to understanding signal receivers and signal environments by identifying host countries as receivers of signals. For the most part, extant literature applying the signalling theory have done so from a domestic perspective focusing on investors, consumers, competitors, and employees as receivers of signals (Daily et al. 2005; Michael, 2009; Cohen & Dean, 2005; Gao, Darroch, Mather, MacGregor, 2008; Zhang & Wiersema, 2009). However, I recognize that in the context of CBAs, where host country regulators are faced with uncertainties and the risk of adverse selection regarding national security concerns, they become attuned to signals in the evaluation of the quality of foreign investments. Accordingly, organizations can strategically identify behaviours, activities, and internal characteristics that can foster their foreign investments by acting as credible positive signals to host country regulators.

1.5 STRUCTURE OF THE THESIS

This thesis comprises seven chapters and an appendix. Below, I give a brief description of each chapter.

Chapter 1 details the research background and provides a rationale for this study. In this chapter, I underscore the research questions and objectives and the methodology I implement to address them. This chapter ends with the contributions I intend to advance through this research.

Chapter 2 is a detailed discussion of the literature review on CBA completion overall. This chapter further highlights the unique case of CBA completion of EMAs, emphasizing the gap in this literature while making a case for further research in the EMAs CBA niche literature. This chapter also creates a linkage between EMAs CBA completion and ownership structures that create the foundation for this research's propositions.

Chapter 3 provides an overview and justification of the theoretical underpinning I adopt in this research; neo-institutional theory and signalling theory. I also discuss the conceptual model to build arguments and postulate the hypothesis to be tested.

Chapter 4 focuses on the research design and methodologies used to test the previous chapter's hypothesis. This chapter discusses the research approach consisting of the philosophical worldview and the research design. I also provide details of the sampling and data collection process; then, I give a detailed description and justification for the variables and their measurements in this thesis. Following this, I describe the statistical techniques used to estimate the preliminary analyses and the main regression.

Chapter 5 captures the data analysis and results of this study. In the first section, I report the preliminary analysis that assesses the model's assumptions, i.e., outlier detection, linearity, and multicollinearity. After this, I provide insights into the data by discussing the descriptive statistics. Subsequently, I interpret the main regression results and end the chapter with the results from various sensitivity tests that assess the results' robustness.

Chapter 6 provides an in-depth discussion of the results as it relates to existing studies. I highlight the point of departure of this study from extant literature and give alternate explanations for inconclusive findings.

Chapter 7 is the concluding chapter which breaks down the contributions of the findings to the literature. In this chapter, I also present the managerial and policy implications of the findings and highlight the study's limitations as an avenue for future research to advance CBA and ownership research domain.

CHAPTER 2: LITERATURE REVIEW

2.1 AN OVERVIEW OF CROSS BORDER ACQUISITIONS

One of the crucial decisions for multinationals is adopting foreign entry strategies that fit their resources, motives, and investment location (Brouthers & Hennart, 2007). Foreign entry strategies involve the choice between acquiring existing foreign firms (cross-border acquisitions) or establishing a new subsidiary from scratch (greenfield entry) (Slangen & Hennart, 2007). Cross-border acquisitions (CBA) are acquisitions "involving an acquiring firm and a target firm whose headquarters are located in different home countries" (Shimizu, Hitt, Vaidyanath & Pisano, 2004, p. 309).

Over the last decade, the global appetite for CBAs has grown significantly. For instance, despite a 13% percent decline in global FDI reported in 2018, CBA increased by 18%, from $694 billion in 2017 to $816 billion (UNACTAD, 2019). Researchers and analysts attribute this rise in CBA preference to businesses pursuing swift access to new markets, technologies, capabilities, and products to drive growth, innovation, and transformation. Overall, studies categorize the factors driving the growth of CBAs into the four themes of strategic asset seeking, natural resource seeking, market seeking, and efficiency-seeking motives of CBA (Dikova, Panibratov & Veselova, 2019; Deng & Yang, 2015; Li & Xie, 2013; De Beule & Duanmu, 2012; Rui & Yip, 2008).

Multinationals are motivated to engage in CBAs to get direct and quick access to strategic resources such as superior organizational capabilities, technologies, and products (Elia & Santangelo, 2017; Meyer, 2015). Gaining market power, expanding the consumer base, and exploring new markets are also essential motives behind CBAs (Deng & Yang, 2015). This market-seeking motive of CBAs allows organizations to access and serve foreign needs, ultimately increasing their global standing. Furthermore, firms carry out CBAs to increase efficiency through lower-cost locations and synergy from firms' integration with complementary resources (Dikova et al., 2019). Finally, multinationals are motivated to engage in CBAs to secure an uninterrupted supply of natural resources that may be in short supply in the home market or considered important and competitive globally (DeBeule & Duanmu, 2012).

These motives and drivers of CBAs are a clear indication that CBAs are critical strategies through which businesses can stay globally relevant and competitive in this modern globalized world. Following these observations, a key question becomes, "What do CBAs entail? And how do firms engage in the CBA process?" In the next section, I shed more light on the different aspects of the CBA process.

2.1.1 CBA process and stages

Over the last few years, researchers (e.g., Welch, Pavićević, Keil, & Laamanen, 2020; Bertrand, Betschinger, & Settles, 2016) have called for the adoption of more careful consideration of the acquisition process. The acquisition process consists of two phases; private takeover and public takeover phases (Boone & Mulherin, 2007). More recent studies have (e.g., Welch et al., 2020; Zhou et al., 2016) further identify the individual activities that occur within each period or event. In Figure 2.1 below, I integrate the different CBA stages described in extant literature to create a holistic picture of the CBA process.

The pre-completion stage begins with the private takeover process when a potential acquirer makes a solicited or unsolicited bid for a target company. Solicited proposals are triggered by selling firms to negotiate and identify ideal potential bidders, whereas acquirers initiate unsolicited offers (Dikova et al., 2010; Welch et al., 2020). Irrespective of which party initiates the CBA, the goal is to select an acquirer or seller that increases the likelihood of completing the CBA. Interestingly, a review of the literature reveals that most research on target selection adopts an acquirer perspective even though sellers often initiate CBAs searching for the right ‘target bidder' (Boone & Mulherin, 2007; Welch et al., 2020).

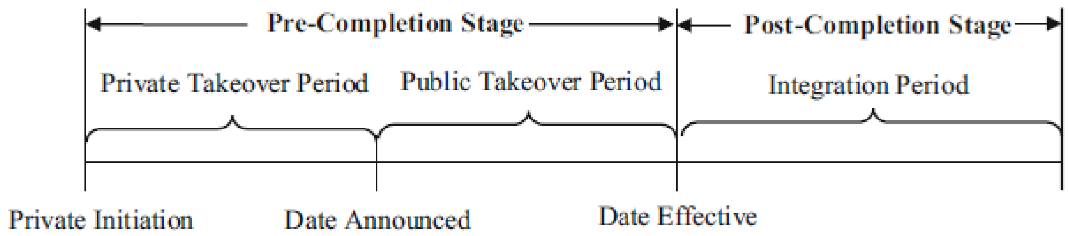

Figure 2. 1: Cross-border acquisition process
Source: Boone & Mulherin (2007)

Following the identification of suitable targets, acquirers and sellers proceed to private bidding and negotiation, where both parties undertake extensive due diligence to decide on the terms of financing (Bertrand et al., 2016; DePamphilis, 2009). Provisions such as the payment method, stake to be acquired, and financing sources are critical discussions characterizing the negotiation and valuation activity. Overall, the private takeover phase is a process of target selection, bidding and negotiation, valuation, and deciding on financial terms. These activities are heavily reliant on the availability and free flow of information to enable parties to accurately determine if a CBA deal is worth pursuing (Chakrabrati & Mitchell, 2013). From this point ahead, the "public takeover phase" begins, where both parties make a public announcement about the ongoing transaction.

Announced CBAs are subject to the reaction from external stakeholders such as employees, shareholders, media, community, and regulatory agencies who investigate and express their opinions based on their perception of the deal (Zhang, Zhou & Ebbers, 2011). This stage mostly presents great complexity for CBAs as the nature of the external reactions significantly influences the completion or termination of a CBA. Overall, the public takeover period begins with a deal's announcement and ends with the announced deal's outcome (completion or abandonment of the deal). If a CBA deal is complete, then the integration phase begins. The integration phase involves activities that ensure a seamless merging of the acquirer and target firms to operate and function as a cohesive business. It involves decisions about integration, blending organizational and national cultures, and human and capital management for efficient optimization (Vermeulen & Barkema, 2001).

I categorize extant CBA studies into three streams based on the CBA stage under investigation. Private takeover literature tends to analyse the acquirers CBA motives (Elia & Santangelo, 2017; Meyer, 2015; Rui & Yip, 2008), target selection (Hernandez & Shaver, 2019; Bena & Li, 2014), host country selection (Erel, Liao & Weisbach, 2012), equity control in target ownership (Fuentelsaz, Garrido, & Gonzalez, 2020; Pinto, Ferreira, Falaster, Feury & Fleury, 2017). The public takeover studies investigate the factors influencing the completion or abandonment of announced CBAs (e.g., Dikova et al., 2010; Li et al., 2017b), while the post-completion research delves into the post-acquisition performance (Bertrand et al., 2016; Caizza and Volpe, 2015).

My literature review revealed that most of the CBA scholastic inquiry has focused on the post-completion stage investigating the post-acquisition financial performance and integration (Dikova et al., 2010). Although the post-completion stage is undoubtedly crucial, the pre-completion stage creates significant cost implication for the overall outcome of CBAs, making them warrant even more attention (Kumar & Senegupta, 2020)

2.1.2 Why study the public takeover stage and CBA completion?

In this thesis, I focus on the pre-completion stage and the outcome of CBAs after the announcement. As CBAs involve an acquiring firm taking ownership of a selling firm, the CBA outcome is the final status of the announced deal, indicating whether or not the transfer of ownership occurred. CBAs are considered *Complete* when the acquiring firm takes ownership of the selling firm at the end of the negotiations whereas, CBAs are considered *Terminated* when the transfer of ownership does not occur at the end of the negotiations.

I focus on CBA outcomes for various reasons. Despite the reasons for and the expected positive outcome of CBAs, not all initiated CBAs are completed. Organizations often abandon or terminate CBA after the public announcement. Thomson Financial Merger and Acquisition database report revealed that only 68.7% of worldwide CBA attempts announced between 1982 and 2009 were completed. This report shows a global CBA abandonment rate of 32.7%. Abandoned or terminated CBA deals presents significant financial, reputation, and strategic cost implications to the acquirers and targets. Thus, it is of substantial concern for multinationals and international business experts (Zhou et al., 2016; Dikova et al., 2010).

Terminating CBAs after their announcement can severely harm a firm's credibility and reputation (Luo, 2005; Dikova et al., 2010). Organizations involved in terminated CBAs can be perceived as problematic or of questionable standards by the public and external stakeholders, negatively affecting future CBA transactions (Dikkova et al. 2010). From a strategic and competitive perspective, acquirers in abandoned CBA deals bear the costs of revealing valuable private information and strategy as competitors become aware of acquirers' long-term strategic intent from the announced CBA (Zhou et al., 2016). Also, for the target companies, CBAs can cause disruptions to employees, customers, suppliers, and other critical stakeholders due to uncertainty over the outcome of the deal and the acquirer's intentions (Butler & Sauska 2014).

Following the increased CBA termination rate after the initial announcement and the associated negative consequences, an increasing number of IB and strategy literature has displayed a growing interest in critically investigating *Why* firms terminate CBA deals. In the subsection below, I present a thematic review of extant literature investigating factors that affect and predict the outcomes of attempted CBAs.

2.2 CBA OUTCOME (COMPLETION AND TERMINATION)

Various researchers (e.g., Welch et al., 2020; Muehlfeld, Sahib, Witteloostuijn, 2012; Dikova et al., 2010) highlight that CBA outcome is an underexplored topic in the IB and strategy literature. Nevertheless, over the past decade, studies investigating CBA outcome have gained prominence in the IB, academic, and policy community (Hawn, 2020; Kumar & Senegupta, 2020; Li et al., 2019; Li & Huang, 2018). These studies suggest that an array of country, firm, industry and, deal characteristics affect the likelihood that an announced CBA will be completed or terminated. In this section, I inquire into the available literature on CBA outcome to answer the following questions

1. What is the status of research into CBA outcome?
2. Why are announced CBAs terminated or completed?
3. What are the different areas of research that emerge from extant literature on CBA outcome?
4. What are the contradictions and gaps in the literature?

My literature review reveals that extant studies on factors influencing CBA outcome can broadly be categorized into four broad themes 1) Deal factors, 2) Industry factors, 3) Firm factors, and 4) Institutional factors. Thus, I discuss this literature review according to these themes.

2.2.1 Deal-level determinants of CBA outcome

The deal-related determinants of CBA outcome are characteristics, nature, and negotiation terms of CBAs that intensify or solve problems inherent in CBAs. Extant literature identifies factors such as use of financial advisors, termination fees, mode of payment, and deal attitude factors that influence CBA outcome. The arguments and findings indicate that a CBA's specific features can help solve problems or be used as a deterministic tool for the completion or termination of a deal.

Advisors: To curtail the prospect of engaging in value-destroying CBAs, firms may hire transaction service providers to assist with due diligence and assess the viability of a deal (Chuang, 2017). Due to specialist knowledge and repeated exposure to CBAs, advisors can evaluate synergies and facilitate favorable negotiation terms. Such advisors include law firms, investment banks, and other financial advisors.

Krishnan and Masulis (2013) study top-market-share law firms as legal advisors in CBA and their impact on CBA completion. Krishnan and Masulis find that CBAs are more likely to be completed when *acquirers* hire top-tier law firms as advisors. On the contrary, when *targets* hire law firms as advisors, CBAs are less likely to be completed but are more likely to have higher takeover premiums when they do get completed. The authors anchor these findings on the argument that acquiring firms sort top-tier law firms' services to negotiate and ensure regulatory compliance, while targets seek the services of legal advisors to ensure wealth gains and higher takeover premiums from a CBA. Though these findings are insightful, they assume that wealth gains are the only ultimate goal targets seek in CBAs. In instances where targets operate in dwindling industries or are in financial predicaments, the ultimate goal here could be survival rather than wealth maximization. In this case, the role of legal advisors may be different.

Another type of transactional service providers organizations hire in CBAs is financial advisors (Song, Wei & Zhou, 2013). Song et al. (2013) differentiates between boutique financial advisors and full-service advisors to investigate boutique advisors' impact on CBA completion. The authors argue that boutique financial advisors possess industry-specific knowledge, leading to more accurate evaluation and rigorous deal negotiation during complex and hostile CBAs. Ultimately boutique advisors increase the likelihood of deal completion compared to full-service advisors. Despite the convincing argument, Song and colleagues did not find statistically significant support. On the contrary, Loyeung (2019), applying the same view, found a positive relationship between boutique advisors and CBA completion. I attribute these mixed findings to differences in the empirical setting as Song et al. (2013) applied their arguments to the US while Loyeung (2019) applied their views to the Australian context.

Deal Attitude: CBA deals may be friendly or hostile. Friendly deals involve negotiations with the target's management to reach a sale and purchase agreement. However, in hostile CBAs, the acquirers alienate the target's management and instead negotiates directly with the target's shareholders. As such, hostile CBAs are subject to strong resistance from the target's management and are more likely to be terminated than friendly deals (Muehlfeld, Sahib, Witteloostuijn, 2007).

Muehfeld et al. (2007) and Muehfeld, Weitzel & Witteloostuijn, (2011) investigate the impact of deal hostility on CBA completion through the perspective of 'white knight' resistance in the newspaper and food processing industries, respectively. In both studies, the authors find empirical support for the argument that management resistance and competing bids increase the associated costs of hostile bids making it more difficult to complete such transactions. Extending the cost implication of deal hostility on CBA completion, Ngo and Susnjara (2016) explore information leakage as a mechanism through which target management resists hostile CBAs. Ngo and Susnjara found that information leakage about the pending deal invites additional 'white knight' bidders, which induces an increase in the final price the hostile bidder has to pay. In other words, information leakage about the pending deal strengthens the negative relationship between deal hostility and CBA completion. Considering that these arguments are anchored mainly on the presence of competing bids, I question the extent to which competing bids negatively affect CBA completion if the original bidder was friendly and not hostile. On one hand, I reckon that sellers may be more inclined to choose a higher bidder even if an initial bidder was friendly on the other hand, sellers might not be open to even considering competing bids if initial bidders were friendly with a satisfactory bid.

Competing Bids and Termination Fees: Target termination fees are clauses included in the negotiation process that entail payment to a counterparty when the former prematurely dissolves the agreement (Officer, 2003). Termination fees are either target payable or bidder payable (Kumar & Senegupta, 2020). Target payable termination fees indicate that the target has agreed to pay a fee to the bidder if the target terminates the agreement and vice versa for bidder payable termination fees (Bates, & Lemmon, 2003). Favorable competing bids are the main reason why targets might prematurely terminate a CBA. Moscheri and Campa (2014) find that competing bids indeed negatively affect CBA completion; as a result, bidders or acquirers introduce target termination fees to deter competing bids by creating opportunity costs associated with terminating a deal.

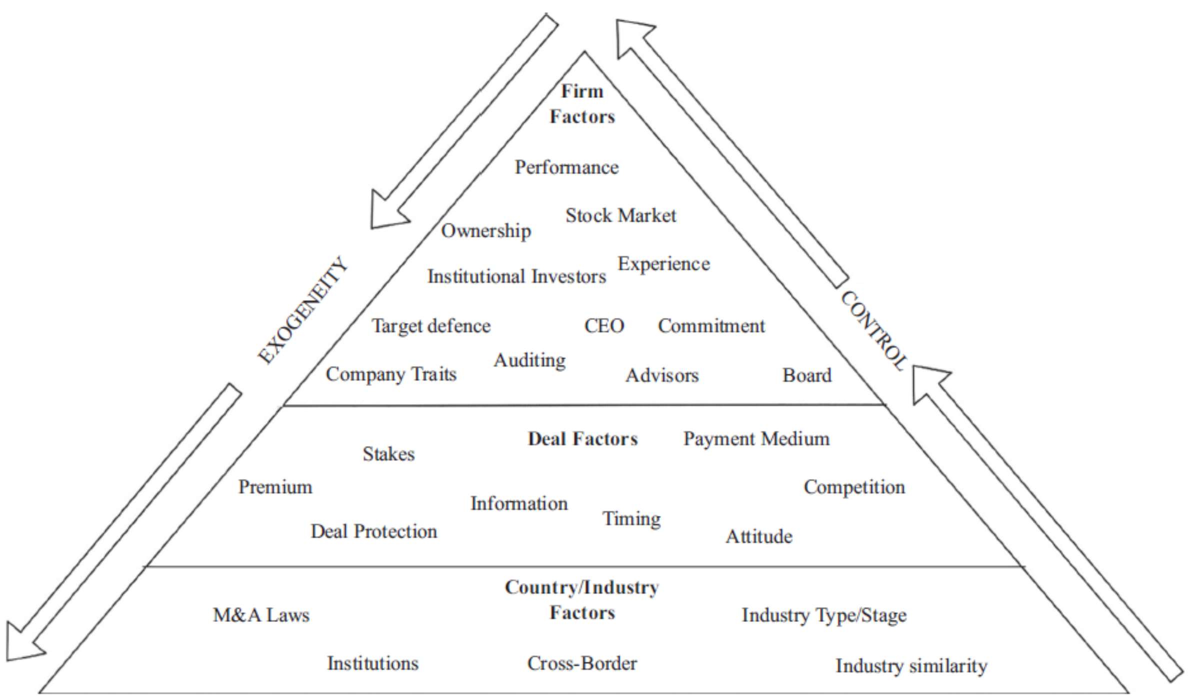

Figure 2. 2: Determinants of CBA Outcome – Literature Review Themes
Source: Kumar & Sengupta, (2020)

Bates and Lemmon (2003) posit that target termination fees truncate the natural bidding process in CBAs that causes targets to abandon deals for favorable alternative acquirers. Officer (2003) also found that target termination fees positively affect CBA completion, although their arguments differed from those of Bates and Lemmon (2003). Officer argued that targets managers agree to termination fee clauses to solve information asymmetry and negotiation problems. In the presence of a target termination fee, bidders are encouraged to reveal valuable private information as dissolution of the deal in favor of competing bids will require competing bidders to incur the target termination fees' cost. Following these findings by Bates and Lemmon (2003) and Officer (2003), a critical question that arises involves how institutional context might affect the significance of termination fees? In Countries with flawed rule of law and enforceability, targets might not be pressured to abide by the termination fee terms.

Butler and Sauska (2014) introduce a caveat to arguments on the role of termination fees and examine the termination fee size role in completing CBA deals. They find that termination fees are only useful in fostering a commitment to a deal when they are high enough to create an opportunity cost. Their studies reveal that among deals with termination fees, the terminated deals had lower termination fees than the completed deals.

Payment Method: Organizations can finance CBA deals through cash payments, stocks, debt, or any combination of the three. Shimizu et al. (2004) reveal that cash payments are the most straightforward payment methods making such deals more likely to be completed. According to Muehfeld et al. (2007), stock payment requires the valuation of both companies involved in the CBA process, which increases information asymmetry challenges and creates more scope for disagreement and conflict. Muehfeld et al. (2011) uncovered similar results but anchored their arguments on the signalling theory and information asymmetry perspective. The authors argue that the payment method signals the acquiring firm's "true" value such that cash payments signal economic motives, whereas stock-financed payments are signals of managerial motives.

On the other hand, Tomas (2009) adopts a different perspective favouring stock payment. Mantecon argues that acquirers use contingent payments such as stock and earnouts as mechanisms for reducing risks and uncertainty in CBAs. Mantecon suggests that contingent payment involves structured payments contingent on performance, allowing buyers to share the risk with the sellers as the sellers continue to retain equity positions in the business.

Zhou et al. (2016) examined the role of payment method from an institutional context and argue that the impact of payment method is contingent on the target country and the target company's financial needs. The authors argue that for EEs with a greater need for capital investment, cash payments from DMNEs imply a more considerable contribution to the local economy, motivating EE governments to secure such deals. As a result, in EEs, cash payment increases CBA completion likelihood, while cash payment reduces CBA completion likelihood in DEs. On the other side of institutions, Moscheri and Campa (2014) found a negative relationship between cash payment and CBA completion. Moscheri and Campa suggest that this negative impact of cash payment is associated with lower premiums as their sample indicates that cash payments often carry with them lower premia.

Percentage of Target Sought: Muehfeld et al. (2007) adopt a regulatory perspective and suggest that the level of regulatory scrutiny and involvement of regulatory agencies in focal CBAs varies in relation to the percentage of ownership that foreign acquirers propose to purchase. The authors find statistical support for the argument that CBA deals where acquirers sort to purchase significant degree of ownership and control are subject to more stringent regulatory barriers and are less likely to be completed. However, while Zhou et al. (2016) found a negative relationship between percentages sought and CBA completion, their finding depended on the target country's institutional context. Zhou and colleagues suggest that DMNEs seeking a higher percentage in EE target countries signal more commitment to the deal and are more likely to receive approval from the EE government, relying on inward foreign investment to boost economic growth.

***Media Coverage of Deal*:** The media plays a critical role in disseminating information to society. By this role, the presence or absence of media coverage of specific CBA deals is critical to the information asymmetry inherent in CBAs. Kim (2019) conducted a cross-country analysis to identify institutional and societal factors in which media coverage is useful in CBA completion. Kim found that the impact of media coverage on CBA outcome is more effective in countries with greater societal trust or concern for shareholder wealth maximization. Interestingly, Kim also found that the credibility of the news information in terms of local media freedom had no impact on the role of media coverage on CBA completion. Thus indicating that media coverage's effectiveness depends on the audience trusting the information and less on whether the trusted information is credible.

While public trust matters for the effectiveness of media coverage, the nature of the coverage is also an important factor that determines the public reaction that ultimately affects CBA outcome. Hawn (2020) suggests that media coverage of corporate social responsibility (CSR) and corporate social irresponsibility (CSI) may act as signals by which host country regulators and stakeholders form their opinion about the acquirers' credibility. Hawn found media reports of CSI activities such as product safety violations, bribery, poor labour practices, and environmental problems negatively affect CBA outcomes. Conversely, media coverage of CSR activities such as community engagement and volunteerism had no impact on the CBA completion. I proffer that an interesting angle to this result will be to question whether host countries differ in CSR and CSI reporting sensitivity. As studies by Kim (2019) already indicate that institutions differ regarding their response to media information.

Yapici and Hudson (2020) investigate scandals as a form of media coverage that affects CBA outcomes. Yapici and Hudson argue that local stakeholders skilfully use scandal to resist unwanted CBAs and induce hostility around a deal. The authors assert that scandals about prospective bidders induce an attentive and negative response from target stakeholders and politicians. Such a combination of engaged politicians and public pressure causes the acquirer to drop the deal in an attempt to end the surrounding hostility.

In conclusion, I found the relevance of deal factors in CBA outcome interesting and insightful, particularly how targets might resist hostile deals through "White Knights" and information leakage (Yapici & Hudson, 2020; Muehlfeld et al., 2011). The literature discussing media coverage, scandal and CSI were also nuanced and interesting avenues through which the nature of a deal interacts with the external environment to affect CBA outcome (Hawn, 2020; Kim, 2019). Overall, deal-level determinants of CBA outcome focus on transaction cost and information asymmetry. Organizations implement strategies such as transaction service advisors and the termination fee clause to ensure accurate due diligence to solve information asymmetry challenges and facilitate deal completion. The payment method opted by an acquirer also serves as a signal of an acquirer's motive (Muehfeld et al. 2007). At the same time, the deal hostility increases the transaction associated with CBA deals, which forces acquirers to terminate a deal.

2.2.2 Industry factor determinants of CBA outcome

The literature analysing how industries matter for CBA outcome highlight factors such as industry regulations (Li & Huang, 2018; Ermolaev, 2017; Ferreira, Borini, Vicente, & Almeida, 2017), industry relatedness (Dong et al., 2019; Labbas, Sahib, & Doan, 2018; Lim & Lee, 2016) and merger wave (Faud & Gaur, 2019). The arguments and findings indicate that industry context differs in terms of information asymmetry and stringent regulatory scrutiny that affect CBA negotiations towards closing a deal.

Industry Regulations: Industry-specific regulatory scrutiny may create substantial barriers to CBA completion. Zhang and He (2014) examine the role of industry-specific regulatory scrutiny in the Chinese institutional environment and argue that governments will prohibit or restrict foreign investments in sectors that they considered crucial to national security. The authors identify "sensitive industries" as those whose operations involve military production, energy, scarce natural resource, and crucial infrastructure and find a negative relationship between sensitive industries and the likelihood of completing CBAs. Ferreira et al. (2017) extend similar arguments to the Brazilian context and posit that highly regulated industries involve complex administrative processes and negotiations that may inhibit the CBAs. Li and Huang (2018) also integrate institutional and industry context to examine CBA outcome. The authors find empirical support for the argument that CBA deals involving target firms in a politically sensitive industry are less likely to be completed. The authors identify sensitive industries as defence, financial institutions, and telecommunications

Unlike Zhang and He (2014) and Ferreira et al. (2017), Moscheri and Campa (2014) found that within the EU, industry regulations had no significant effect on CBA completion. Moscheri and Campa explain that unlike Brazil and China, where industry regulations take the form of policies, in the EU, industry regulations are in the form of directives, which affects their enforceability. These findings set the tone for conversation on how different forms of industry regulations affect firm behaviour and international participation.

Nature of Industry: Industries differ not only in terms of the extent of regulatory scrutiny but also in their knowledge, technological, and capital intensity (Ermolaeva, 2017; Popli, Akbar, Kumar & Gaur, 2016). Ferreira et al. (2017) examine how technological intensity affects CBA outcome. The authors argue that technology-intensive target industries exacerbate information asymmetry challenges, leading to a longer time to complete CBAs. Dong et al. (2019) adopted similar arguments about information asymmetry challenges inherent in technology-intensive industries by explaining that acquirers find it challenging to place a value on the assets and know of prospective targets. While Dong and colleagues found a negative relationship between the technology industry and CBA completion, Ferreira and colleagues found a positive relationship despite their predicted negative relationship.

The positive findings by Ferreiria et al. (2017) closely echo the arguments made by Ermolaeva (2017) that motivation to acquire cutting-edge technology can compel EE acquirers to complete CBA deals at all costs. Unlike other studies examining the target industry's role, Ermolaeva investigates the acquirer's industry within the Russian context and found a positive relationship between the Russian acquirers' technology industry and CBA completion.

Industry Relatedness: Muehlfeld et al. (2007) examine the impact of industry relatedness on CBA completion. The authors adopt a regulatory perspective and argue that while related CBAs are subject to antitrust regulations and competition laws, unrelated CBAs are less likely to reduce competition and face less regulatory scrutiny, increasing their likelihood of completion.

Contrary to Muehfeld et al. (2007), other studies propose a positive relationship between industry relatedness and CBA completion. Lim and Lee (2016) adopt a behavioural perspective about risky decision-making. They argue acquisitions involving related industries place decision-makers in a familiar situation, thereby increasing the probability of deal completion. The information advantage benefit of related industry CBAs was also evident in Labbas, Sahib, and Doan (2018). Labbas and colleagues suggest that while spatial distance between the target and acquirer might increase information asymmetry, structural similarities between both industries reduce uncertainties and facilitate the evaluation, negotiations, and due diligence process to complete a deal.

Merger Wave: Industry-level analysis has shown that acquisitions often occur in waves characterized by periods of increased and intense CBA activities within specific industries. Faud and Gaur (2019) argue from a frictional lens perspective that increased industry activities induced by merger waves generate external shocks, which changes operation costs, innovation, and regulations in the focal industry. Such changes bring about uncertainty, heightening information asymmetry issues, especially around assessing the target's real value, which makes acquisition during merger waves less likely to complete.

In conclusion, extant studies on the industry level determinants of CBA outcomes indicate that industry factors create information asymmetry challenges and regulatory barriers that influence CBA outcomes. Regulations governing the target industry mostly relate to competition law and national security concerns (He & Zhang, 2014; Ferreria et al., 2017). Information asymmetry around negotiations, valuation of targets, and knowledge transfer to facilitate negations appears to be influential in CBA completion. Although the findings on these industry-related factors provided mixed results, they were anchored in various rich and relevant theoretical perspectives.

2.2.3 Firm-level determinants of CBA outcome

This stream of research focuses on acquirer and target characteristics that influence CBA outcome. Internal factors such as experience, age, top executives, ownership structure, and listing status either intensify regulatory barriers or mitigate information asymmetry challenges in CBA. However, the overall arguments indicate that context-specific experience and acquirer ownership status are the most influential firm-level determinants of CBA outcome.

Prior CBA Experience: The research stream investigation the role of prior CBA experience on CBA outcome adopts the organizational and experiential learning perspective, which explains that firms learn by interpreting the past and incrementally adapting routines based on feedback from past actions and their outcomes (Dencker, Grube, & Shah, 2009). Dikova et al. (2010) applied this principle and posit that organizations create routines that facilitate quick comprehension of rules and regulations through ongoing CBA activities in distant countries. Similarly, integrating CBA experience from a geographic distance perspective, Chakrabarti and Mitchell (2016) posit that that spatial barrier to information can be reduced as organizations gain acquisition experience over time. Even so, both studies from, Chakrabariti and Mitchell (2016) and Dikova et al. (2010) emphasize that institutional distance increases the need for context and the location-specific experience for firms to navigate challenges in CBA.

Extant studies categorize CBAs along numerous structural and contextual dimensions such as location, industry, and even deal attitude (Muehlfeld et al., 2012; Wang, Schweizer, Michaelis, 2020). Consequently, only experiences gained in contextual and structurally similar CBAs would significantly affect the completion likelihood of focal CBA. Muehfeld et al. (2012) extend this argument and posit that hostile CBAs are characterized by high structural variance, which hinders learning and limits experience's usefulness. Muehfeld and colleagues attribute the structural variance in hostile deals to the variety of defence measures targets implement and the wide range of stakeholders ranging from target management to the media. Popli and Kumar (2015) extend the context specificity of experiential learning by investigating how host country experience diminishes cultural distance's negative effect on CBA outcome. The authors argue that managers' cultural learning and knowledge in particular cultural blocks can be transferred within the block, which reduces uncertainty in deal negotiations, resolves deadlocks, and ultimately reduces the risk of deal abandonment.

Other studies investigate the significance of Context-specific knowledge and experience from an industry level. Wang et al., (2020) suggests that specific industries possess a dominant structure regarding concepts, processes, regulations, and business models. Industry dissimilarities across these structures create learning barriers that prevent organizations from transferring knowledge from one industry-specific CBA to another. Accordingly, Wang and colleagues found that industry structural similarities increase the likelihood of CBA completion.

As researchers continued to develop theory about the context-specificity and outcome-dependence of experiential learning in the CBA process, various studies started to advocate for the differentiation of prior experience in terms of success or failure-based experience (Ermolaeva, 2017; Muehlfeld et al., 2012). This argument's fundamental ideology is that experiential learning from success and failure differs because success and failure stimulate distinct search processes (March 1991). Muehlfeld et al. (2012) assert that success experiences lead to positive but diminishing returns in CBA outcome as firms suffer from the competency trap that limits the search for new alternatives. On the contrary, failure-based experiences induce a problematic search for superior solutions. Accordingly, the authors find a U-shaped relationship between failure experiences and subsequent deal completion likelihood.

Ermolaeva et al. (2017) attempted to contradict the positive effect of failure-based learning by arguing that failures can cause learning inhibitors, which unconsciously restrict information processing, causing acquirers to replicate mistakes. However, the authors did not find empirical support for this argument. While these findings on failure-based learning are impressive, considering the financial, strategic, and uncertainty cost associated with terminated CBAs, I question how realistic and sustainable it is for firms to learn from failure especially accumulated failure, as suggested by Muehlfeld et al. (2012).

Top Executives**:** The top executives ultimately decide whether or not to terminate a deal. Thus, individual characteristics and personal background are essential factors in the outcome of CBAs. Levi, Li, and Zhang (2010) explore the fascinating role of testosterone associated with male dominance to explain the role of top executives' characteristics in influencing CBA withdrawals. Using CEO age as a proxy for male CEO testosterone, the authors argue that CBAs are high competitive situations that cause testosterone levels to increase. Younger CEOs with higher testosterone are more likely to initiate CBA withdrawal instead of forcing CBA completion that may be unfavourable.

Decision-makers' attitude to risk and risk-bearing may also influence their propensity to see an announced deal to completion. Benishcke, Martin, & Lim, (2015) contend that when CEOs possess exercisable wealth options in a company, there is greater incentive for said CEOs to protect their wealth from short-term losses, strengthening the desire for loss aversion in favor of CBA completion. Beyond the effect of single top executives and their characteristics, Waqar (2019) integrates perspectives of group decision-making theory and institutional theory to examine how the interaction between acquirer board size and acquirer country institutional development affect CBA outcomes. Waqar argued that while larger boards provide a diverse range of capabilities and resources to make effective strategic decisions, they may increase coordination cost, ultimately reducing the likelihood of CBA completion.

Target Firm Ownership Characteristics: Different aspects of target ownership characteristics presents information and regulatory scrutiny implications that affect CBA outcome. Rogazzino and Reur (2011) adopt ideologies from information economics and signal theory to explore how features of an IPO can affect CBA involving newly public target firms. They find statistical support for the argument that venture capitalist backing, the reputation of the target's lead underwriter, and under-pricing the target during IPO provide important information about the target that the acquirers will ordinarily not have access to. These findings are noteworthy and raise questions about what other ownership characteristics can act as signals during the CBA process.

Muehlfeld et al. (2007) and Meuehlfeld et al. (2011) integrate the information and regulatory scrutiny perspective of ownership and argue that acquiring public targets is more complicated due to stringent disclosure requirements. The authors suggest that acquirers and target may engage in more transparent and reciprocal information exchange in the absence of compulsory requirement for information disclosure. Such genuine mutual exchange of information results in accurate assessment of corporate fit, ultimately fostering CBA completion. Similarly, Brugh and Sahib (2018) find that the negative impact of a public target on CBA completion is even more salient in the electricity and gas industry due to the prevalence of state ownership and SOEs operating in these industries.

2.2.4 Institutional-level determinants of CBA outcome

Institutions are made of formal laws, rules, and regulations (Khanna & Palepu, 1997; Kostova & Zaheer, 1999), and informal culture and norms (Kogut & Singh, 1988) that guide individual and organizations' behaviour. The literature analysing this phenomenon highlights institutional factors such as; institutional quality (Zhang et al., 2011), institutional development (He & Zhang, 2014), language and religion (Li & Sai, 2020), protectionism (Dinc & Erel, 2012), economic freedom (Zhang & He, 2014) amongst others. The overall arguments indicate that variations in these institutional dimensions across various home and host institutional contexts create learning, negotiations, and legitimacy implications that could hinder or enhance a positive CBA outcome.

Host institutions and CBA completion: As firms establish operations in foreign countries, they become exposed to the formal and informal environment of various host countries. Zhang et al. (2011) examine how host country institutional quality affects the likelihood that CBA deals will be completed. Zhang and colleagues assert that quality host institutions possess clearly defined rules, creating less risk and cost associated with navigating complex procedures involved in CBA transactions. Zhang and colleagues find statistical evidence that firms are more likely to complete CBAs when the host country's institutional quality is high. Interestingly these arguments by Zhang et al. (2011) can be presented as a double-edged sword. While host country institutional quality might facilitate ease of transactions on the one hand, on the other hand, countries with high institutional quality are also more inclined to impose stringent regulatory policies in the CBA process, leading to adverse outcomes (He & Zhang, 2018; Meyer et al., 2014).

A stream of research investigates the different forms of host country foreign investment regulatory policies and their impact on CBA outcome. Dinc and Erel (2012) suggest that host country governments can react to CBAs in three possible ways; support, oppose or stay neutral. The authors compare government reactions to domestic and foreign CBA attempts in 15 European Union Countries between 1997 and 2006. They find that relative to neutral government response, CBA deals are more likely to complete when they receive government support and more likely to be abandoned if the host government opposes the deal. Dinc and Erel's findings were replicated in Canada and the United States by Callaghan (2018), who studied the impact of host country protectionism on the completion and duration of CBAs. Callaghan argued that government opposition to CBAs could take the form of non-tariff barriers.

Zhang and He (2014) take a different approach and redefine protectionism in CBA outcome. The authors argue that economic nationalism is dynamic on a spectrum ranging from protectionist to liberalist. Accordingly, the authors assert that policies implemented are contingent on whether host country regulators perceive a deal as either beneficial or a threat to national security at a given time. They find that CBAs where the target is a state-owned enterprise or the target company operations are considered to have national security implications are more likely to face protectionist policies.

In conclusion, the literature review suggests that host country regulators obstruct CBA activities by protectionist conduct and regulatory scrutiny. This stream of the literature reveals that host government agencies "often have the ultimate authority to decide whether and when to approve a proposed CBA" (Li et al., 2017b p, 1917). Altogether, these arguments establish that positive CBA outcomes are highly dependent on host country legitimacy that is conferred on the perception that an acquirer and its proposed CBA deal does not threaten the host country's national security.

Formal Institutional Distance: Institutional distance captures how institutions differ across the formal regulatory and informal cultural dimensions (Kostova, 1999; Xu & Shenkar, 2002). IB studies have conceptualized institutional distance as a constraint to obtaining legitimacy, a source of added uncertainty, information asymmetry, organizational and administrative costs, and the difficulty of transferring knowledge (Johanson & Vahlne, 1977; Kim & Song, 2017; Bhaumik et al., 2018).

CBAs are, by nature, complex business activities as they involve information asymmetry and are subject to formal host country regulatory scrutiny (Kim & Song, 2017; Li et al., 2017b). The institutional distance can thus affect CBA outcome by intensifying the impact of these complexities. For instance, Dikova et al. (2010) explore institutional distance as barriers to host country regulatory approval. The authors argue that target countries whose legal environments are dissimilar from those of the acquirer's, present rules and regulations that are challenging for acquirers to comprehend obstructing CBA deal completion. The institutional distance can also intensify information asymmetry inherent in CBAs by acting as barriers to information that organizations need to make the appropriate decisions. Bhaumik et al. (2018) investigate the role of customer information availability on banks' CBA outcomes in central European countries. The authors find statistical support for the argument that acquirers may still consider target banks unattractive even when there is substantial information because institutional distance increases information verification costs.

While Dikova et al. (2010) and Bhaumik et al. (2018) provide significant insights into the role of distance in CBA outcome, their findings and arguments highlight the importance of implementing distance directionality distance-related studies. For instance, Dikova et al., (2010) argument that distance increases the difficulty in comprehending host country regulations can be contingent on whether the target country is more developed. Various researchers (e.g., Dong et al., 2019; Zhang et., 2011) posit that quality host institutions possess clearly defined rules that make it easy for foreign acquirers to navigate complex procedures towards positive CBA outcomes.

Following the realization of the importance of accounting for the asymmetric nature of distance in IB studies, recent academic studies began to implement the directionality of distance on various institutional dimensions and geographic locations to investigate the impact of national disparity between home host countries. Zhou et al. (2016) adopt an organizational learning perspective and assert that large differences between the target and acquirer's legal and regulatory environments lead to mistakes and misinformation that negatively affect CBA outcomes. These learning barriers are more salient when acquirers attempt to purchase targets from a lower institutional environment with poorly defined regulations.

External learning barriers arise when the political, legal, and social systems of an institutional environment are unstructured and underdeveloped, making it challenging for organizations and individuals to comprehend and comply. The collective state of an institution's political, legal, and social systems is reflected in its economic development. Lim and Lee (2016) investigate the impact of national economic disparity between acquirer and target country on CBA resolution. Lim and Lee find statistical support for the argument that when target firms are from less developed economies, acquirers' perceived risk is high because of the additional cost of adjusting to unfamiliar environments and challenges in the integration process. This unfamiliarity ultimately leads to CBA termination.

Lim and Lee's (2016) findings were replicated by Dong et al. (2019), also studying the role of economic development distance on CBA completion. Dong and colleagues posit that more developed target countries reduce the information disadvantages intrinsic in CBAs as access to information and quality of information is better established in such environments. Accordingly, Dong and colleagues find statistical evidence that Chinese firms acquiring targets in more developed economies are more likely to completed CBA deals. In contrast, Chinese firms acquiring from less developed economies are less likely to complete CBA deals. Ermolaeva (2017) report similar arguments and findings in the Russian context. Ermolaeva captured economic development by the level of business freedom and found that when Russian firms acquired targets from countries with higher business freedom, they had a higher likelihood of completing CBAs.

Informal Institutional Distance: In addition to the effects of formal institutional distance, informal institutional environment, cultural differences, and norms have been shown to significantly affect the outcome of CBAs as well (Ahern, 2015; Ferrerira et al., 2017). Unlike formal rules and regulations that are explicit, certain aspects of cultural norms such as socially acceptable ways of conducting business and attitude to trust are implicit. These hidden aspects of cultural institutions can increase difficulties in comprehending key agents' attitudes and the CBA negotiation process, and the risks and transaction costs that will negatively impact CBA completion. Dikova et al. (2010) investigating the impact of power distance and uncertainty avoidance dimensions of culture on CBA outcome. The authors find that a high difference in power distance and uncertainty avoidance between the acquirer and target creates tension in the negotiation process, increasing the likelihood that a CBA will be abandoned.

Tension in the negotiation process arises when there is a lack of trust between the acquirer and target (Ahern, 2015). Trust is a vital aspect of completing CBAs as it may affect the perceived reliability of information each party provides. Ahern et al. (2015) assert that national cultures differ in their attitude towards building and conferring trust, further exacerbated by information asymmetry inherent in CBAs. Information asymmetry and differences in trust cultures facilitate arms-length negotiations, which can result in adverse CBA outcomes.

Another important aspect of cultural distance significant in the negotiations phase of CBA is language and religion. Li and Sai (2020) assert that language differences can reduce communication efficiency and speed of information transfer, becoming an obstacle in the negotiation process. Li and Sai also argue that religion is often associated with the interpretation of information and the inclination to trust the communication process's information. As the negotiations process is communication heavy, it creates an avenue for religious differences to increase misunderstandings and influence trust negatively, ultimately leading to deal abandonment.

Geographic and Spatial Distance: Geographic distance captures the distance between actors in relevant units of space such as kilometres or miles. Chakrabarti and Mitchell (2016) explore the role of information needs and asymmetry in CBA completion by evoking a geographic distance perspective. Chakrabarti and Mitchell found that geographic distance reduced the likelihood of completing related acquisitions because soft information cannot be uncovered through arms-length due diligence. Ciobanu (2016) replicates findings by Chakrabarti and Mitchell in the Romanian context. Ciobanu positively associates distance with asymmetric information between acquirer and target organizations and argues that nearby acquirers can better grasp the key resources of targets such as human capital, brands, growth prospects, and relationships. These essential resources are similar to soft information highlighted by Chakrabarti and Mitchell in their study.

Overall, the related literature shows that geographic distance negatively influences CBA deals' success by creating barriers to access and assess information. However, this information disadvantage is more salient for soft information such as goals, motivations, knowledge, and relationships compared to hard information such as financial performance, and easily quantifiable stock returns.

Country and Political Relationships*:* Diplomatic and national relationships indicate that two or more countries support bilateral and economic exchanges for mutual growth and development. Such foreign government support can mean easy entry and less regulatory scrutiny during the CBA process. Li and Huang (2018) examine the impact of diplomatic relations on CBA outcome. Their study supports the argument that formal and mutually recognized diplomatic relationships between two countries provide a neutral and friendly avenue to resolve national security conflicts and concerns, which mitigates regulatory barriers and improves CBA completion. While Li and Huang provide empirical support for their arguments, they do not consider changes in diplomatic relations over time.

Incorporating the concept of time into diplomatic relationships, Chowdhury and Maung (2018) investigate the role of historical ties and colonial links between home and host countries on CBA outcome. Chowdhury and Maung position historical ties as an informal mechanism to mitigate information asymmetry problems in CBAs. The authors argue that historical ties between nations can influence CBA activities by providing location-specific information, which reduces transaction cost and enhances firm-level negotiations and internal legitimacy. Following their theorizing, Chowdhury and Maung found a positive relationship between historical ties and the number of completed CBA in host countries. However, I find the argument on the mitigation of information asymmetry only partially convincing. While it is understandable how historical ties can help with location-specific information, whether it can resolve information asymmetry relating to firm-specific information can be questionable.

The literature on the role of institutions on CBA outcome has identified various social, economic, and cultural aspects of institutions that are influential in CBAs. Overall, a common theme that emerged from the study of institutional factors and CBA outcome is that institutions create legitimacy and information barriers that affect how organizations interact with each other and external regulators during the CBA process. From a formal and regulatory institution perspective, one stream of research highlights the authority host country regulators possess in deciding a deal's outcome. Another stream of research highlights the impact of institutional differences and the importance of accounting for institutional differences' directionality. In conclusion, from an institutional perspective, CBA outcome is greatly influenced by the ability to navigate legitimacy and information asymmetry created by the external environment.

2.2.5 Emerging markets firms and CBA outcome

Several studies (e.g., He & Zhang, 2018; Zhou et al. 2016; Peng, 2012; Dong et al. 2019) reveal that CBAs by EMFs achieve less completion success than the global average despite tending to bid higher. A study of 3,483 CBAs involving BRIC countries by Zhou et al. (2016) found that 32.5% of EMFs announced CBAs were abandoned compared to an 18% abandonment rate of CBAs announced by DMNEs. Researchers attribute the higher abandonment rate in EMFs CBAs to the double 'liability of origin' and ‘liability of foreignness’ EMFs experience during CBAs (Zhang, et al.,2016; Kim & Song, 2017). Unlike developed economies, EEs are characterized by unrefined institutional frameworks, poorly established capital markets, government interference and volatile rules and regulations, which present unique conditions that affect the CBA outcome of EMFs (Li & Fleury, 2020; Wu & Chen, 2014; Estrin, Poukliakova, & Shapiro, 2009; Voss Buckley & Cross, 2010; Cuervo-Cazurra et., al 2018; Stoian & Mohr, 2016).

Although all firms irrespective of origin experience the generic deal, industry, and firm-level factors affecting CBA outcome, EMFs experience additional CBA barriers associated with their country of origin. Kim and Song (2017) examine how institutional voids in emerging economies' capital market affect CBA abandonment and how businesses overcome this capital market imperfection through business group affiliations. The authors argue that information asymmetry and financial constraints exacerbated by capital market imperfections in EEs underlies EMFs CBA termination. EMFs thus adopt business groups as informal capital markets providing financing and information to group members. The authors found statistical support for the argument that while capital market underdevelopment might negatively affect the CBA outcome of emerging market firms, business group affiliations will reduce the likelihood of CBA abandonment.

Also focusing on the significance of emerging market institutional characteristics on CBA completion of EMFs, Zhang, He and Gorp (2016), examine the impact of home country economic freedom on the completion likelihood of CBAs. The authors suggest that there is significant variance among EEs in terms of their level of economic freedom. Accordingly, the authors argue acquirers from EEs with relatively high economic freedom benefit from less government interference and a better-developed private sector, making them more competitive. On the contrary, acquirers from EEs with lower economic freedom suffer from government intervention that creates negative perceptions in host countries and hinders host country legitimacy, ultimately affecting their CBA outcome negatively.

Exploring the strategic implication of asymmetric institutional distance reveals that EMFs experience 'legitimacy deficit' when they attempt to acquire DMNEs, further complicating the likelihood of a positive outcome. He and Zhang (2018) proffer solutions to overcome the legitimacy imbalance EMNEs experience in acquiring DMNEs. The authors posit that EMFs could acquire from similar countries where legitimacy requirements are easy to understand and where the perception about EEs is less damaging. These will increase the likelihood of CBA completion. I find this argument to be counterproductive to the motives behind EMAs CBA in developed economies. EMAs acquisition of DMNEs is driven by the need to acquire strategic assets, superior brands, and technologies that they lack (Cuervo-Cazurra & Ramamurti, 2015). EMFs acquisition of DMNEs is also motivated by discriminatory escape (Ermolaeva, 2017; Stoian & Mohr, 2016). EMFs will thus be unable to achieve these motives by acquiring from institutionally similar countries like themselves. Solutions to the legitimacy disadvantages EMFs experience in DEs should involve adapting and appealing to DEs and not avoiding DEs.

Zhang et al. (2018) provide more concrete strategies to overcoming legitimacy imbalance in EMFs acquisitions of DMNEs. The authors assert that the legitimacy imbalance arises externally from developed country regulators who discriminate against EMFs and internally from the staff of acquired DMNEs who fear they are "moving backward." In their study, Zhang and colleagues identified consistent, transparent behaviour, social capital development, and investment in the host economy as effective legitimacy-building strategies. They also find that the presence of foreign co-investors and institutional investors also facilitate legitimacy in the eye of host country stakeholders. Their cooperation can act as signals that the acquirer is reliable and trustworthy. Finally, Zhang and colleagues find that the use of prominent consultancy companies, accounting, and law firms enhances trustworthiness and legitimacy.

Overall, studies exploring the role of EE institutional characteristics on CBA outcome highlight the liability of origin EMFs experience in CBA and attempt to prescribe solutions to these problems. EMFs need access to resources, information, and host country legitimacy to complete CBAs. Capital market imperfection and low economic freedom characterizing emerging economies exacerbate challenges accessing resources and accurate information, leading to CBA abandonment (Kim & Song, 2017; Zhang et al., 2016). However, through business group formation and participation (networks of legally independent firms, bound together by formal and informal ties with some degree of central coordination among the affiliate firms (Khanna & Yafeh, 2007)), EMFs can overcome some of the adverse effects of capital market imperfection (Kim & Song, 2017). Furthermore, poor host country institutional image also creates a negative perception among host country stakeholders that hinders host country legitimacy and increases the likelihood of deal abandonment (He & Zhang, 2018). While international experience and collaborating with foreign companies can alleviate such a negative image, acquiring through foreign subsidiaries may not be a reliable solution.

2.2.5.1 Emerging market acquirers ownership structure and CBA outcome

Firms' ownership structures and governance attributes are influenced by the home country institutional arrangement (Aguilera, Duran, Heugens, Sauerwald, Turturea, VanEssen, 2021; Mariotti & Marzano, 2020; Hobdari, Gammeltoft, Li & Meyer, 2017; Zhou et al., 2015). Emerging economies are typically characterized by consistent governmental interference as strategist and competitor in the business environment (Marrioti & Marzano, 2019; Cuervo-Cazurra et al. 2018). In emerging economies, SOEs are firms owned by the central or state government and their agencies (Stan, Peng, & Bruton, 2014) for engaging in commercial and political activities (Cuervo-Cazurra et al., 2014) and actively compete with domestic private owners and foreign investors (Hobdari et al., 2017). Although SOEs are present in developed countries, they exist mainly in natural monopoly industries to ensure the basic needs of a nation are met and not for promoting economic growth through domestic and international competition, as is the case with EEs (Che, 2019).

EE SOEs benefit from favourable government support and policies due to their state affiliation, which increases their OFDI abilities (Morck et al., 2008; Cuervo-Cazurra et al., 2014). On the other hand, their dependence on the government for resources makes SOEs vulnerable to government interference. Government interference leads to the loss of operational autonomy and market orientation (Huang, Xie, Li, Reddy, 2017; Xia, Ma, Lu & Yiu, 2014) in SOEs. As a result, EE SOEs are characterized by government support, political objectives, government intervention, and lack of operational autonomy. These characteristics differ significantly from those of EE private firms (POEs). In emerging markets, POEs are firms with no formal links to the government and are typically smaller than SOEs (Peng, Tan, & Tong, 2004). Due to the absence of state affiliation, POEs may not benefit from government support relative to SOEs. However, the absence of state ownership means that they possess purely economic objectives and benefit from operational autonomy.

Captivated by the differing internal features of EE SOEs and POEs and the increasing role of EE SOEs in foreign investment, several studies have examined the determinants of foreign investment behaviours of SOEs and POEs (Wright et al. 2021; Mariotti & Marzano, 2020; Kalasin et al., 2019; Estrin et al. 2016; Lebedev, Peng, Xie, Stevens, 2015; Duanmu, 2014; Cui & Jiang, 2012; Amighini et al. 2013; Ding et al. 2014; Li et al., 2014). This research stream indicates that home and host country institutional conditions do not apply homogeneously to SOEs and POEs. Notably, extant literature suggests that SOEs and POEs face different levels of institutional support and constraint at home (Hobdari et al. 2017; Wang, Hong, Kafouros, Wright, 2012; Cui & Jiang, 2012), and as a result, experience different host country legitimacy and regulatory scrutiny (Cuervo-Cazzurra et al., 2014; Meyer et al., 2014) leading to different foreign investment strategies. Overall, SOEs and POEs exhibit significant differences in their corporate priorities and overall internationalization strategies (Amighini et al., 2013; Lin & Farrel, 2013; Duanmu, 2012).

Li et al. (2017b) adopts the regulatory and legitimacy perspective to assert that SOEs are less likely to complete CBAs than POEs. The authors emphasize 'theorization' as a mechanism that links host country legitimacy concerns with CBA outcomes. They propose that SOEs experience more host country legitimacy challenges in CBA because of suspected political objectives and lack of transparency which exacerbates information asymmetry inherent in CBAs. Accordingly, the authors predict a negative relationship between state ownership and CBA completion. Interestingly the authors did not find statistical support for this argument. However, they do find that state ownership increases the duration of CBA completion. Li et al. (2019) further explore transparency as a source of legitimacy barrier in SOE CBA and investigates how SOEs can overcome their opaqueness disadvantages. Li and colleagues found that being publicly listed on a stock exchange in advanced economies and using highly regarded auditors, signals host stakeholders of commitment towards transparency, reducing the legitimacy barriers induced by opaqueness in SOEs. Accordingly, the authors found that while SOEs are less likely to complete CBAs, the negative effect is weakened by foreign stock exchange listing and hiring a reputable auditor.

Although the dominant ideology regarding how ownership matters in CBA outcome focus on the dichotomy between state and private ownership, other ownership forms exist that play different roles within the context of EEs. Zhou, Lan, and Tang (2015) integrate perspectives from agency and institutional theory and examine the role of institutional investors on the likelihood of CBA completion. Zhou and colleagues suggest that as EEs lack investor protection regulations, host stakeholders perceive institutional investors as alternative corporate governance mechanisms which increase host legitimacy. The authors also assert that institutional investors possess superior investment and management skills, which reduces the bargaining and transaction costs in the negotiations process and facilitates CBA completion. They found that the relationship between institutional investors and CBA completion is weaker in host countries with strong investor protection regulations as targets, and acquirers do not need to rely on institutional investors for corporate governance and information. However, I wonder whether, in poor markets, the internal governance mechanisms will apply? If acquirers are from DEs, will they be inclined to take advantage of EES's low regulations?

Deviating from the perspectives of single ownership comparison between SOEs and POEs, Chen, Mussachio & Li (2018) assert that organizations consisting of multiple institutional logics with conflicting objectives exist. A noteworthy phenomenon in EEs is hybrid organizations jointly owned by state and private entities (Hobdari et al., 2017; Bruton et al., 2015; Inoue et al., 2013; Mussachio et al., 2015). Chen and colleagues adopt an agency perspective to reconcile how principal-principal conflict between state and private blockholders in a hybrid firm affects management decisions to complete CBAs. The authors based their argument on the assumption that in hybrid organizations, the agents (CEOs and other decision makers) proportionally represent their largest shareholders' interests. Accordingly, Chen and colleagues find that when ownership concentration is high (for either state or private ownership in the hybrid firm), agents can easily make decisions in favour of the controlling shareholder. Such easy decision-making increases the likelihood of CBA completion.

In conclusion, the significance of emerging market firm ownership structure in understanding their foreign investment behaviour is well established in the international business literature. This line of inquiry highlights that emerging economies SOEs and POEs have unique interactions with home and host country institutions that shape their resources, objectives, autonomy, and legitimacy, ultimately affecting their propensity for CBA.

2.2.6 Why are announced CBAs terminated? Summary of the literature

In this literature review, I sort to uncover the status of research into CBA outcomes and to answer the question "Why are announced CBAs terminated?" and "What are the different areas of research that emerge from extant literature on CBA outcome?" The literature review revealed that various deal, industry, firm, and institutional level factors generate information asymmetry challenges, institutional barriers (regulatory and legitimacy challenges), and transaction cost implications that ultimately shape the outcome of CBAs. Overall, the answer to the question "Why are announced CBAs terminated?" is that CBAs are terminated due to information asymmetry, institutional barriers, and high financial requirements involved in the CBA process. Furthermore, in the cases of CBAs by EMAs, the information asymmetry, institutional barrier and financial requirements barriers to CBA completion varies with the ownership structure of the acquirer.

Information Asymmetry**:** Information asymmetry occurs when "different people know different things" (Stiglitz, 2002. Pp.469). In CBAs, information asymmetry refers to the difference in information between the buyer, seller, and all stakeholders associated with both parties (Boeh, 2011). During the CBA process, buyers and sellers exert efforts conducting due diligence. Yet, such investigations can fail to unearth the sort of knowledge about either party upon which the success or failure of the deal may ultimately depend. Information asymmetry is a significant challenge in CBA outcomes because it leads to the risk of adverse selection for either party (Welch et al. 2020; Kim & Song, 2017). The literature review revealed that this information challenge inherent in CBAs is intensified or mitigated by some aspects of the firm, deal, institutional, and industry factors of the acquirer and target.

Institutional Barriers**:** CBAs present institutional duality implications as acquirers must deal with home and host country institutional settings that may differ across a continuum. Institutional barriers affecting CBAs arise mostly from host country regulatory scrutiny and the ability to attain legitimacy from host country stakeholders (Li et al., 2017b; Zhou & He, 2014 Dinc & Erel, 2012). To determine whether a CBA deal is legitimate, host country governments consider factors like the economic implication of specific CBA deals, national security, employment, and industry monopoly. Similarly, stakeholders like target companies worry about post-acquisition integration, corporate strategy, employee layoffs and benefits, and customer care. Therefore, host country stakeholders implement regulatory measures to evaluate acquirers' quality and motives when considering a deal's legitimacy. The greater the legitimacy concerns about these issues, the greater the probability of a deal not receiving regulatory approval.

Financial Intensity and Risk**:** CBAs are financially intensive investment activities (Liu, Wang, Zhang, 2013). Not only do they involve the actual cost of purchasing the target company, but additional costs associated with information gathering and due diligence, specialist advisory services, and transaction costs build-up to the financial commitment and requirements. An interesting revelation from the literature review is that both the institutional barrier and information asymmetry factors responsible for CBA failure leads to increased financial implications and risks. The risk of adverse selection induced by information asymmetry (Rogazzino & Reur, 2011) lead businesses to incur extra costs for information verification, making specific deals too expensive for financially constrained acquirers. This is particularly salient when new information arises after a publicly announced deal (Kim & Song, 2017; Chakrabrati & Mitchell, 2016).

Emerging Market Acquirer Ownership: Although all firms experience the information, institutional and financial challenges underlying CBA failures, these factors apply heterogeneously to EMAs, and even further differentials exist based on the ownership structure of the EMA. Due to their political affiliation with the government and possible political motives behind the CBAs, EE SOEs experience significantly more institutional barriers in their CBAs compared to EE POEs (Li et al., 2019). While the extant research provides mixed results on the impact of increased institutional barriers on the CBA outcome of EE SOEs, the established literature on the role of ownership structure in EMFs overall FDI strategies indicate that different ownership structures of EMFs interact with home and host country institutions differently such that they experience different resources, constraints, and barriers in overseas investments (Meyer et al., 2014; Cuervo-Cazurra et al., 2018)

2.3 RESEARCH GAP IN CBA OUTCOME

The last few years have seen an increase in the number of studies investigating the public takeover process and CBA outcome specifically (e.g., Dikova et al., 2010; Li et al., 2017b; Zhang et al., 2011; Zhou et al., 2016; Labbas et al., 2018; Li et al. 2019; Hawn, 2020). However, these studies still fall short in thoroughly how organizations can fully navigate the challenges associated with CBAs. In this section, I discuss the gaps in the current literature and pave the way to validate the essence of the research questions and objectives of this thesis.

From the literature review, it is evident that many scholars have directed efforts towards understanding *why* organizations terminate CBAs after the announcement by predicting the likelihood of deal completion (Wang, 2020; Muehlfeld et al. 2012; Zhou et al. 2011). However, one key question remains largely unanswered: *How* can organizations make deal completion more likely? How can firms position themselves to navigate better the institutional, financial, and information asymmetry challenges in CBAs? A limited number of studies (Zhang et al., 2018; Kim & Song, 2017) provide strategies that EMAs can implement or leverage to improve the likelihood of completing CBAs. For instance, He and Zhang (2018), suggest that EMFs can generally overcome legitimacy challenges by acquiring from locations that are more like their home country, Zhang et al. (2018) proposed partnering with local firms, and Meyer et al. (2014) recommended implementing entry strategies that are less prone to regulatory scrutiny. Yet, these strategies often do not lead to the best strategic options for acquiring firms. I suggest that an acquisition's motive should determine the target company and the location that organizations acquire. When a CBA's motivation is to acquire strategic assets, organizations should pick locations strictly, for this reason, irrespective of whether they are similar to the acquirer's home country or not. Therefore, there is a need to identify effective solutions that simultaneously facilitate CBA completion and empower organizations to make CBA decisions that align with their motives.

Information asymmetry is a big issue underlying the termination of CBAs (Welch et al., 2020; Kuma & Sengupta, 2020). Extant studies have mostly focused on information asymmetry between the target and the acquirer (Ferreira et al., 2017; Labbas et al., 2018; Faud & Gaur, 2019), providing solutions on how organizations can navigate this information asymmetry (Loyeung, 2019; Song et al., 2013; Muehlfeld et al., 2013). While these firm-level information transfers are undoubtedly crucial for CBA completion, host country governments and regulators often decide whether CBAs are approved or rejected based on legitimacy (Li et al., 2017b; Dinc & Erel, 2012; UNCTAD, 2020). Legitimization is a complex process that often draws on incomplete information and imperfect interpretation in multiple socially constructed environments (Li & Sun, 2020; Kostova & Zaheer 1999). There is, therefore, significant information asymmetry between acquirers and host country regulators that comes to play in the completion of CBAs. Research suggesting strategies to bridge the gap between acquirers and host regulators is lacking (apart from one notable study by Li et al., 2019).

What strategies can EE acquirers implement to induce positive perceptions about their CBAs to host regulators? In their literature review focusing on the process and theories in CBA pre-deal phase, Welch et al. (2020) highlight that there is a gap between the acquiring firms and external stakeholders and how their interactions affect CBA outcome. If "legitimacy is conferred upon or attributed to organizations by its [stakeholders] – like beauty, it resides in the eyes of the beholder" (Ashforth & Gibbs 1990, pp.117). It is then fundamental to address the linkage between engaging stakeholders and attaining legitimacy in the host countries.

Due to country-of-origin poor institutional image (He & Zhang, 2018) and lack of trust for information originating from EE institutional context (Kim & Song, 2017), host country stakeholders experience more information disadvantage when acquiring firms are from EEs. This heightened information disadvantage associated with EMFs is responsible for the increased regulatory and legitimacy barriers affecting EMF-specific CBAs and largely explains why CBA failures of EMAs exceed those of DMNEs by 50% (Zhang et al., 2018). More so, these EMF institutional barriers do not apply homogeneously to all EMFs. The extant literature adopts an ownership perspective to postulate that SOEs face more stringent regulatory and institutional barriers than POEs and are thus less likely to complete CBAs. However, results supporting this argument have been mixed. While Li et al. (2019) foumd that SOEs are less likely to complete CBAs than POEs, Li et al. (2017b) found no significant impact of SOEs on the likelihood of CBA completion. I posit that these mixed findings can be attributed to a gap in the literature that is yet to examine the new varieties of hybrid ownership structures in EEs and the information asymmetry implication of these hybrid ownership structures during CBAs.

Faced with active domestic government intervention, scarce resources, and foreign regulatory scrutiny, EMFs are starting to adopt hybrid ownership structures that enable strategic and operational flexibility by simultaneously developing political and market capabilities. These hybrid firms combine varying degrees of state and private ownership and do not fit precisely into established categories of ownership forms as either state or privately owned (Pache & Santos, 2013; Schmitz & Glänzel, 2016). While a nascent line of inquiry has begun to apply the concept of hybrid ownership in the IB domain, it is still emerging slowly, in need of further conceptualization, and is yet to be applied to CBAs.

In this study, I advance a hybrid perspective of ownership structure as a firm-level foundation for legitimacy building in EMAs CBAs. In so doing, I prescribe hybrid organizations as a solution to the information, institutional and resource challenges plaguing the CBA completion of EMAs. I focus on EMAs and their ownership structure for various reasons. First, although the initial convention was to separate investments led by SOEs from those of POEs, recent research highlights that many EMNEs are hybrid, combining both state and private ownership in one organization (Wright et al., 2021; Marriotti & Marzono 2020; World Bank, 2019; Bruton et al., 2015, Mussachio et al., 2015; Inoue et al., 2013).

Second, the CBA abandonment rate of EMAs is nearly 50% higher than those of DMNEs (He & Zhang, 2018). This difference in CBA outcome between EMAs and DMNEs is driven by a combination of institutional and firm-level factors that magnify the role of ownership structure in EMAs' CBAs. There is no doubt that ownership matters in the FDI of EMFs (Wright et al., 2021; Kalasin et al., 2019; Cuervo-Cazurra, 2018; Bruton et al., 2015; Mussachio et al., 2015; Feng & Wang, 2010). However, research into the interaction between ownership structure and institutions to influence EMAs' CBA outcomes is yet to explore the significance of hybrid ownership structure. Taking this opportunity, I examine the impact of hybrid ownership on EMAs' CBA outcomes while also exploring contingencies under which the proposed relationship varies.

In the next section, I briefly describe hybrid ownership structures and review the existing literature on hybrid ownership and EMFs FDI with particular attention to CBA outcome. I further problematize the literature's core premise on hybrid ownership and offer insights and potential solutions to better conceptualize hybrid ownership.

2.4 HYBRID OWNERSHIP STRUCTURES

Broadly, the term "hybrid" refers to the combination of multiple organizational elements conventionally perceived as distinct from each other (Schmitz & Glänzel, 2016). From an organizational perspective, scholars have established many definitions to capture the essence of hybrid organizations. Kickert (2001, p. 135) defines hybrids as "organizations that exist in the intersection of two distinct spheres – the public and the private." Battilana et al., (2017, p.129) define hybridity as "the mixing of core organizational elements that would not conventionally go together." Overall, Literature from *organizational studies* defines hybridization as combining different institutional logics in one firm to create an amalgam possessing mixed elements, value systems, and action logics of the parties involved (Pache & Santos, 2013). Different institutional logics characterize SOEs and POEs as the latter is generally presumed to be profit-oriented, and the former is believed to follow political agendas mostly. Thus, a combination of these disparate institutional logics creates a hybrid organization.

2.4.1 Emerging economies as drivers of hybrid ownership structures

The past two decades have seen countries broadly classified as emerging economies, such as China, Russia, Vietnam, and many Eastern European countries, adopt promarket reforms to transition from centrally planned economic systems towards market-based approaches (Cuervo-Cazurra & Li, 2021; Megginson & Netter, 2001). The essential task of these transitions is the restructuring of SOEs through privatization and the reduction of government interference in businesses to promote competition among firms. While many Eastern European countries adopted a radical approach towards transition, countries like China, India, and Brazil adopted a more gradualist approach (Valeer & Schrage, 2009).

Gradualism approach to privatization means that the ownership reform for many SOEs did not result in an outright full sale but rather a diversification in ownership structure that progressively decreased the proportion of state-ownership in SOEs. As a result, hybrid organizations, where the state held various ownership proportions emerged (Cuervo-Cazurra & Dau, 2009; Xia et al., 2014). Furthermore, such a gradualist approach allowed the government to maintain power and influence in businesses to some degree. Some anecdotal evidence suggests that China adopted a gradualist approach towards transition due to its reluctance to relinquish total control. Because of the government's sustained involvement in businesses, political ties to the government also remained valuable for private-owned enterprises, leading to the advent of hybrid ownership structures.

Emerging economies are characterized by scarcity of resources and the government's power over resource allocation (Cuervo-Cazurra et al., 2018; Xu & Meyer, 2013). These two factors make government ties valuable to EMFs' OFDI activities, often through favourable access to resources, diplomatic support, and the alleviation of external uncertainties (Feng & Wang, 2010; Morck et al., 2008; Sun, Mellahi, & Wright, 2012). For instance, extant research shows that EE POEs implement 'normative conformance' (Ahlstrom et al., 2008) and the 'red hat strategy' (Tsang, 1996) to circumvent discrimination in the access to financial resources. Both strategies involve an alliance with the home government through taking in state investments (Feng & Wang, 2010) or hiring personnel with links to the government (Faccio, 2006; Liu et al., 2013). Such partial state ownership and political networking in POEs informally substitutes the absence of formal market supporting institutions (Meyer & Peng, 2016; Song, Wang, Cavusgil, 2015) that hinder the OFDI propensity of POEs. Consequently, under-development in the factor market and government's active role in business underpin the hybridization of EE POEs.

Increased domestic competition within EEs can also be considered a driver of hybridization. EE governments have enthusiastically welcomed IFDI to boost local economic development (Hernández & Nieto, 2016; Child & Rodrigues, 2005), also increasing competition for EE domestic firms. Manoeuvring a progressively dynamic economy characterized by the inflow of profit-oriented and more advanced foreign multinationals challenges EMFs' organizational logic and structure. Under institutional constraints and increased competition, firms can respond differently (Kostova et al., 2008; Cuervo-Cazurra et al., 2014; Pache & Santos 2010), and one of such options is how they design their ownership structure in response to the environment (Hobdari et al., 2017; Dieleman & Boddewyn, 2012; Ahslstrom et al., 2018). Therefore, as competition increases within EEs, and as POEs and SOEs are compelled to internationalize and compete with advanced multinationals, hybridization for government support, preferential resources, and host country legitimacy becomes a viable strategy for consideration. Overall, the tight state-market relationship and institutional void characterizing EEs are the major driving forces behind EMFs hybridization.

2.4.2 Hybrid ownership structures and overseas investment of EMFs

In recent years, many IB research has explored hybrid ownership through various theoretical lenses. Greve and Zhang (2017) adopt the agency perspective to explore the decision-making process in hybrid organizations. The authors argue that hybrid organizations create avenues for contesting views and objectives such that decision making on the objective to follow is shaped by building and deploying coalitions among decision makers. Greve and Zhang found that when decision-makers carry a socialism logic as represented in the combination of ownership and board members, they are less likely to engage in market-oriented CBAs. Chen, Musacchio, & Li (2020) also adopt the agency perspective to reconcile how differences between state and private blockholders in a hybrid firm affects management decisions to complete CBAs. The authors argue that agents (CEOs and Chairpersons) proportionally represent the interests of the largest shareholders. Hence during conflicts, agents can easily make decisions in favour of the controlling shareholder. Such easy decision-making increases the likelihood of CBA completion.

Another line of inquiry investigates hybrid ownership through the lens of varieties in state capitalism by highlighting the significance of introducing private ownership into traditional state-owned firms. The overarching argument focuses on how different levels of state ownership in businesses allow SOEs to overcome their 'liability of stateness'. Li et al. (2017a) investigates the effect of marketized state ownership on EMFs' propensity to engage in FDI. Li and colleagues elucidate that, unlike wholly owned SOEs, marketized SOEs possess an extra degree of managerial freedom that promotes the adoption of market and profit seeking strategies. The combination of operational autonomy and sensitivity to market signals improves the international competitiveness of marketized SOEs, ultimately increasing their FDI activities compared to wholly owned SOEs.

Mussachio et al. (2015) investigate hybrid organizations by identifying three state capitalism varieties; organizations where the government is the majority owner, organizations where the government is the minority shareholder, and organizations where the government is a strategic investor. Following this categorization, Zhou et al. (2018) compare the internationalization strategy of majority-owned and minority-owned SOEs. The authors posit that majority owned SOEs are more inclined to develop internationalization strategies in alignment with government institutional pressure because they rely on the government for resources more than minority SOEs. Similarly, Kalasin et al. (2019) compare low, medium, and high state ownership levels and found an S-curve relationship with foreign investment. The authors argue that the varying degrees of private ownership present in the three levels of state ownership mitigate the liabilities of stateness to different degrees.

Some recent studies adopting an institution-based view have also theorized that the impact of hybrid-SOE ownership on firm strategy is shaped by the institutional environment that governs it and the type of shareholder investing in the hybrid-SOE firm (Cheung, Aalto & Nevalainen, 2020; Mariotti & Marzano, 2020; Marrioti & Marzano, 2019; Hu & Cui, 2014). Hu and Cui (2014) and Zhou et al., (2015) examine the role of institutional investors in hybrid firms on the likelihood of CBA completion by Chinese listed firms. Highlighting the institutional voids present in EEs, Zhou and colleagues argue that institutional investors are smarter and better informed than individual investors and possess superior investment management skills, which reduces the bargaining and transaction cost to facilitate CBA completion. However, they find that this positive impact of institutional investors is undermined as the level of market regulation increases. Also focusing on the nature of private investors in a hybrid-SOEs organization, Mariotti and Marzano (2020) examine the impact of foreign multinational enterprises as “relational” co-owners. Mariotti and Marzano find that foreign investors create an avenue for SOEs to access their networks and benefit from relevant interfirm externalities, leading to an improved degree of internationalization.

Limited research has also studied hybrid organizations formed out of POEs by highlighting the significance of political connection in EE POEs. Inoue et al. (2013) examine minority state ownership as a mechanism for overcoming institutional voids in emerging economies. The authors find a positive impact of minority state ownership on POEs capital expenditures. This financial contribution of minority state ownership in private firms was asserted by Liu et al. (2013). They provide empirical evidence that private firms with political connections have a higher probability of engaging in CBAs and tend to engage in larger-scale CBAs. Oh and No (2020) further investigate the nature of state-firm coordination in POE firms' internationalization. Oh, and No, find that state-firm coordination amongst POEs vary with at the transaction level. This variance ranges from close partnerships creating beneficial policies and financing to minimal or transactional engagements.

Overall, existing studies on hybrid ownership tends to focus mainly on SOEs' hybridization, creating a narrative indicating that hybridization is adopted only by SOEs. In reality, POEs have strong incentives to hybridize through taking in state investments (Liu et al., 2013; Inoue et al., 2013; Faccio, 2006; Oh & No, 2020). The rapid growth in the international expansion of EE POEs is attributable to POEs receiving government investments from sovereign wealth funds and state-owned banks (Cuervo-Cazurra & Li, 2021; Ferrerira et al., 2017; Aguilera & Crespi-Cladera, 2016). Given that the controlling owner of a firm significantly influences the firm's strategy, development, and motives (Grøgaard et al., 2019; Lazzarini & Mussachio, 2018; Meyer et al., 2014; Amighini et al., 2013; Cui & Jiang, 2012), I conjecture that the hybridization trajectory and outcome of SOEs and POEs will differ, resulting in divergent implications for

OFDI. Accordingly, the hybridization process needs to be conceptualized from the perspectives of SOEs becoming hybrid-SOE and POEs becoming hybrid-POEs.

More so, scholars (e.g., Shepherd et al. 2019; Battilana et al., 2017; Alexius & Furusten, 2018) have recently begun to suggest that we can no longer consider hybrid ownership as a monolithic ownership type. They propose that future studies leave the typical analytic design of comparing hybrids to non-hybrids and instead identify the intra-organizational elements that allow different forms of hybrid ownership to achieve their potential compared to non-hybrids. Following these discussions, I take the conceptualization of hybridity one step further by carving out three varieties of hybrid ownership that capture the intra-organizational elements of hybrid firms: the typology of hybridization, degree of hybridization, and nature of hybridization.

2.4.3 Varieties in hybrid ownership

The hybridization process predominantly affects four aspects of organizational characteristics: resources, goals, governance, and identity (Schmitz & Ganzel, 2016; Thomasson, 2009). Accordingly, these organizational elements are relevant for analysing and defining hybrid organizations.

Different scholars have categorized owners in different ways. Thomsen and Pedersen (2000) identified five large categories of owners: institutional investors, families, banks, governments, and corporate owners based on the differential ownership preferences and objectives that they bring to the organization. Again, considering both owners' motives and voting rights, owners are categorised into four groups: families, states, widely held financial institutions, widely held corporations (Claessens, Djankov, & Lang, 2000). While all shareholders possess specific resources, different shareholders can contribute diverse types of resources to firms. Thus, it is critical to consider every owner's unique resources and the power they wield over an organization in theorizing hybrid ownership structure.

2.4.3.1 Understanding the importance of hybrid typologies from the perspective of the controlling shareholder

When nonhybrid-SOEs become hybrid-SOEs, they do so by relinquishing different levels of their state ownership to private investors. In other words, hybrid-SOEs are former state-owned firms that have accepted investments from private owners (Li et al., 2017a; Bruton et al., 2015). Following this definition, it becomes apparent that when nonhybrid-POEs accept state investments, they should be considered hybrid-POEs by virtue of their original and controlling owner. In this case, the fundamental difference between hybrid-SOEs and hybrid-POEs is the direction of their hybridization in relation to the home government. While nonhybrid-SOEs hybridize moving away from home government, nonhybrid-POEs hybridize moving towards the home country government. The significance of this direction of hybridization can best be assessed from the reaction that they generate from stakeholders globally. For instance, a wholly owned POE giving away 50% of its shareholding to state investors will raise concerns over political alignment. On the contrary, a wholly owned SOE giving away 50% of its shareholding to private investors will be applauded for adopting a market orientation. This difference in hybridization direction is critical for the conceptualization and implication of hybrid ownership in foreign investment.

Unfortunately, IB studies investigating hybrid ownership have yet to consider this significance of the controlling shareholder in their theorizing of hybrid ownership. Although some studies (e.g., Inoue et al., 2013; Mussachio et al., 2015) acknowledge that minority state ownerships are POEs where the government holds a minority stake, they still conflate these kinds of ownership configurations with state ownership and theorize them as hybrid-SOEs. A recent study by Cuervo-Cazurra and Li (2021) divides the diversity of state ownership into two types: “firms in which the government has direct ownership stakes, and firms in which the government has indirect stakes through state-owned banks and sovereign wealth funds.” However, in their review, they only focus on the state-owned firms with direct state ownership. Cuervo-Cazurra and Li establish that while state-owned firms with direct ownership are usually created by government, firms with indirect government stakes are rarely considered state owned. I proffer that the group of “state-owned” firms with indirect government stakes are hybrid-POEs scholars are yet to conceptualize in the hybrid ownership literature.

I account for this gap in this thesis by adopting the typology of hybridization in my conceptualization of hybrid ownership structures. I suggest that the hybridization of SOEs and its implication for FDI should be assessed based on the extent and nature of private investment in comparison to nonhybrid-SOEs. Similarly, the hybridization of POEs and its implication for FDI should be assessed based on the extent and nature of state investment in comparison to nonhybrid-POEs. This argument is supported by Pinto (2017) suggesting that having the government as the owner (as is the case with hybrid-SOEs) poses different home and host country implications as having the government as an investor (as is the case with hybrid-POEs).

2.4.3.2 Understanding the importance of nature of hybridization

The nature of hybridization captures the identity of the non-controlling shareholders or hybridizing agents chosen by a controlling owner. For instance, SOEs might choose to partner with foreign or domestic firms in their hybridization (Hu & Cui, 2014; Mariotti & Marzano, 2020), and POEs can choose to partner with state institutional investors, state corporations, or different levels of state agencies in their hybridization (Cuervo-Cazurra, 2018; Mussachio et al. 2015; Oh & No, 2020). These different investor types possess unique resources, expertise and home and host legitimacy implications that are key for conceptualizing hybrid organizations (Bhaumik et al., 2010).

As EMFs typically possess concentrated ownership structures where controlling owners are noticeably either state or private, extant research often does not pay attention to the interests and roles played by the non-controlling owners. Although controlling owners have considerable influence over firms, other non-controlling shareholders are not merely passive or non-contributory (Che, 2019; Hu & Cui, 2014). Controlling and non-controlling owners confer varying degrees of institutional, financial, and governance implications that ultimately influence firms' strategic outcomes. Thus, choosing the right investor to partner with can prevent internal conflict, ensure autonomy (Schmitz & Ganzel, 2016) and facilitate the hybridization motive.

In emerging economies, foreign investors, institutional investors, and state-owned institutional investors such as pension funds and sovereign wealth funds are common forms of non-controlling shareholders (Zhou et al., 2015; Ramamurti, 2015; Hu & Cui, 2014; Mariotti & Marzano, 2020). Hu and Cui (2014) and Zhou et al., (2015) study the impact of institutional investors and foreign investors on EMFs OFDI propensity and CBA completion, respectively. Hu and Cui argue that institutional investors act as an informal mechanism to navigate capital market imperfection in EEs. At the same time, Zhou and colleagues assert that institutional investors augment corporate governance quality and low investor protection in EEs. Mariotti and Marzano examine the role of foreign relational investors and find that they improve the internationalization of SOEs more than POEs. They posit that foreign investors provide firms involved in the privatization process with elements essential for effective restructurings, such as monitoring, advice, knowledge, and expertise.

Overall, the existing literature points to the significance of non-controlling shareholders and their unique contributions to hybrid organizations. Therefore, there is a need for studies adopting a hybrid ownership perspective to account for the resource, legitimacy, and governance implications of the non-controlling shareholders. I distinguish state and private, hybrid organizations by the nature of their non-controlling shareholder.

2.4.3.3 Understanding the importance of degree of hybridization – symbolic vs. substantial hybridization

The representation of ownership types (i.e., how much ownership of an organization is controlled by each type of owner) may differ between hybrid organizations and over time (Alexius & Furusten, 2019). The degree of hybridization captures the mixture and configuration of ownerships that make up a hybrid organization at a given point in time. Recent work conceptualizes the degree of hybridization as a continuum anchored by two different endpoints (Alexius & Furusten, 2019; Shepherd et al., 2019), along which different degrees of hybridization may be formed. For instance, Billis (2010) identifies shallow and entrenched degrees of hybridization, while Shepherd et al., (2019) categorize the degree of hybridization based on high relativity and low relativity along a continuum of social vs. economic objectives. Following similar logic, I conceptualize degree of hybridization as a specific blend on a continuum anchored by state ownership at one end and private ownership at the other end. Along this continuum, I categorize two degrees of hybridization; symbolic and substantial hybridization.

Symbolic hybridization means low levels of hybridization. Here, the hybrid organization intends to conform closely to its original identity and mode of operation to maintain autonomy from the hybridizing agent. I argue that symbolic hybridization represents a form of organizational response to external pressures where "organizations conform closely to the meanings and categories ritually defined by the environment, but do not attempt seriously to implement them at the operational level" (Scott 2003, p.279). Thus, through symbolic hybridization, hybrid organizations create and maintain gaps between symbolically adopted ownership and actual organization behaviour. Hybrid-POEs with symbolic hybridization are thus private firms taking in just low levels of state investments. Hybrid-SOEs with symbolic hybridization are SOEs taking in low levels of private investments.

On the contrary, substantial hybridization shows a high level of hybridization. Here the hybrid organization tends to be influenced by the practices and operations of the hybridizing agent. Following this distinction, it becomes evident that the degree of hybridization is an essential aspect of hybrid structures. It depicts the importance the hybrid organizations may ascribe to given ownerships in the hybrid configuration. (Shepherd et al., 2019).

2.5 LITERATURE REVIEW SUMMARY

This chapter reviewed the status of current research into CBA completion and pinpointed the limited understanding of *how* EMFs can navigate the home and host country institutional challenges in their CBA. Focusing on this limitation, I propose in this study, that EMFs can overcome institutional challenges in CBAs by leveraging synergistic benefits from hybrid ownership structures. More so these benefits will vary in response to the varieties of hybrid ownerships as represented in the internal elements and configurations that make up the typology, nature and degree of hybrid organization. The next chapter presents the conceptual and hypothesis development drawing from appropriate theoretical perspectives to create a multilevel conceptual framework.

CHAPTER 3: CONCEPTUAL AND HYPOTHESIS DEVELOPMENT

3.1 INTRODUCTION

The literature review I conducted in the previous chapter revealed that information asymmetry, host country legitimacy barriers, financial and transaction costs are the underlying factors driving CBA termination after the announcement. These factors are even more prominent in CBAs where the acquirers are EMFs. Furthermore, the literature review reveals limited knowledge on how EMFs can overcome these home country-induced challenges in CBAs. Based on this revelation, I integrate perspectives from the Signalling theory (Spence, 1973) and the New-Institutional theory (Scott, 2005; DiMaggio & Powell, 1983; Meyer & Rowan, 1977) to propose a potential ownership-based solution to EMFs CBA challenges. More so, I identify boundary conditions that may facilitate or inhibit the proposed ownership-CBA outcome relationship.

3.2 JUSTIFICATION OF THEORETICAL UNDERPINNINGS

Announced CBAs are subject to external reactions from various stakeholders, including the public, consumers, suppliers, and host country governments. Existing studies and current events indicate that host country regulators often possess the ultimate authority to approve or reject proposed CBAs (Li et al., 2017; UNCTAD, 2016). Thus, the successful completion of a CBA depends on receiving host country regulatory approval (Li et al., 2017; Lim & Lee, 2016; Zhang et al., 2011). Host country regulators approve CBAs by assessing and conferring legitimacy – which is the judgment of whether an acquirer's behaviour is appropriate and aligns with the host country environment (Li et al., 2019; Meyer et al., 2014; Dinc & Erel, 2012). This process of assessing, conferring, and attaining legitimacy is grounded in the neo-institutional theory (Scott, 2001). The neo-institutional theory thus sets the foundation for the arguments in this thesis.

To assess acquirers' legitimacy, host country regulators require access to accurate information on the focal acquirer's quality and intent. This information is often not always available or clear to host country regulators, which raises information asymmetry. Several studies (e.g., Lim & Lee, 2016; Li et al., 2019) highlight the information disadvantage host country regulators and stakeholders experience during CBA. Furthermore, Kostova and Zaheer

(1999, pp.73-74) state that "the host country ….. typically has less information with which to judge an MNE entrant". In the presence of such information asymmetry, regulators turn to external cues and signals to judge the quality and intent of acquirers. Various studies (Rogazzino & Reur, 2011; Spence, 1974) show that signals can facilitate exchange by reducing adverse selection from information asymmetry in various transactions and markets. This ideology is grounded in the Signalling theory (Spence, 1974; Spence, 2002), which is fundamentally concerned with reducing information asymmetry between two parties.

Guided by the institutional theory and the signalling theory, I assert that hybrid organizations can act as signals by which host country institutions judge and confer legitimacy on EMFs during CBAs. Accordingly, I position hybrid ownership structures as a strategy EMFs can adopt to facilitate information availability, positive perceptions in home and host countries, and sustained financial resources towards increased CBA completion. I propose an ownership-based solution to EMFs CBA challenges based on insights from extant studies indicating that firms' ownership structure and identity are a product of their environment (Richter & Weiss, 2013; Aguilera, De Castro & Cladera, 2011). Moreso, more insights indicate that signals can emanate from different firm-level characteristics such as owners and manager (Rogazzino & Reur, 2011; Ramaswami, Dreher, Bretz & Wiethoff, 2010; Zimmerman, 2009; Zhang & Wieresema, 2009; Kang, 2008; Connelly et al. 2011) and these characteristics shape firms' ability to attain legitimacy at home and in host countries (Cui et al., 2018; Meyer et al. 2014). These further render the institutional and signalling perspectives helpful theoretical tools in this study. In the next section, I briefly discuss the neo-institutional and signalling theories.

3.2.1 The new institutionalism theory

The new institutionalism is rooted in the sociology and organization discipline (DiMaggio & Powell, 1983; Meyer & Rowan, 1977; Powell and DiMaggio, 1991). It focuses on organizational forms and practices rather than the rules of the game. It identifies the regulative, normative, and cognitive pillars of institutions and suggests that these three aspects of an institution exert pressures for legitimacy on individuals and organizations, thereby influencing their behaviours (Scott, 2005; DiMaggio & Powell, 1983; Meyer & Rowan, 1977). Legitimacy refers to the "generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (Suchman, 1995, p.574).

The new-organizational institutional theory's central tenet asserts that individuals and firms are pressured to align their practices and strategies to patterns deemed legitimate or acceptable by the legitimating actors in an environment. Organizations submit to such institutional forces because conformity increases organizational legitimacy, which further leads to acceptance, support, and access to resources, subsequently improving an organization's survival (Meyer and Rowan, 1977).

The regulatory institution encompasses the setting, monitoring, and enforcement of rules, laws, and expectations (North, 1990). It includes political and social configurations (Dikova, Van & Witteloostuijn, 2007) that determine the governance framework for economic, legal, and social relations (Globberman & Shapiro, 2009). Thus, the regulatory process involves the power to establish rules, inspect others' conformity to these rules and, when necessary, manipulate rewards and punishments to align the behaviour of observed entities (Scott, 2001). Organizations therefore comply and adapt their operations to these rules to gain legitimacy even if it is contrary to their interest or increases their transaction cost.

The normative institution denotes widely accepted values, norms, and beliefs about human behaviour that individuals socially accept in an environment (Scott, 2001). These shared values and standards are embedded in a given country's national culture (Hofstede, 1980; Kogut and Singh, 1988). Therefore, to gain legitimacy, individual actions must be in accord with the national culture of an environment (Ang & Michailova, 2008).

The cognitive pillar refers to the subjective interpretation of the external environment that shapes the nature of social reality and creates the frames of reference through which meaning is inferred (Ang et al., 2015; Scott, 2001). Cognitive legitimacy is achieved when legitimating actors can match an organization's characteristics and actions to particular known and accepted organizational forms. Under such circumstance, focal firms are motivated to mimic the behaviour of reference organizations, as a deviation from their behaviour will negatively affect the legitimacy

In summary, the new-institutional theory proposes that firms' strategic choices are based on the dynamic interaction between institutions and organizations. When applied to CBAs, this dynamic interaction between organizations and institutions will involve both home and host institutions which may exert conflicting pressures for legitimacy on acquirers (Cui & Jiang, 2012). The big question becomes how then, can organizations develop strategies that can simultaneously counteract these home and host country institutional pressures?

3.2.2 Signalling theory

Signalling theory is fundamentally concerned with reducing information asymmetry between two parties (Spence, 2002). Originally set up in the labour market, Spence's (1973) seminal work demonstrated how a job applicant might engage in behaviours to reduce information asymmetry that hampers prospective employers' selection ability. Spence illustrated how high-quality prospective employees distinguish themselves from low-quality prospects via the costly signal of rigorous higher education. This work triggered an enormous volume of literature applying signalling theory to selection scenarios. Accordingly, signalling theory holds a prominent position in various management and strategy research (Gao, Darroch, Mather, MacGregor, 2008; Zhang & Wiersema, 2009; Wang, 2015; Reuer & Ragozzino, 2014).

The signalling theory consists of four essential elements, the signaller, the signal, the receiver, the feedback, and the signalling environment (Conelly et al., 2011). ***Signallers*** are people, products, or firms that own private information about their quality and intent that may be useful to the receiver. ***Receivers*** are external individuals or groups of individuals who lack information–about the other party (signaller) and would like to receive this information for decision-making. Signallers and receivers also have partially conflicting interests such that successful deceit would benefit the signaller at the receiver's expense (Bird & Smith, 2005). However, the critical point to this signalling is that the receivers stand to gain from making better decisions based on information obtained from signals. ***Signals*** are the private information that a signaller holds and decide whether to communicate to the receivers. Such information might be positive or negative; though, the signalling theory focuses on the deliberate communication of positive information to convey positive organizational attributes (Connelly et al., 2013). Nonetheless, some scholars have examined actions taken by signallers that unintendedly communicate negative organizational attributes (Jain, Jayaraman & Kini, 2008). While signallers send signals to the receivers, ***feedback*** can be considered a form a countersignal sent back to the signallers by the receivers (Srivastava, 2001). Receivers desire information about signallers, but signallers also desire information about receivers so that they may know which signals are most reliable, to which signals receivers are paying the most attention, and how receivers are interpreting signals (Gulati & Higgins, 2003). The ***signal environment*** represents the context of the transaction and information exchange between the signaller and the receiver. It can be viewed as the combined effect of the signallers and receivers' unique environment that shapes information asymmetry and how signals are designed by the signaller and received by the receiver.

In figure 3.1, I integrate elements of the signalling theory with the CBA process and show the significance of combining the institutional and signalling theories. From the diagram, the signallers are EMFs attempting CBA. Hybrid-ownership structures may act as the signals by which host country regulators assess and confer legitimacy to EMFs acquirers. Accordingly, host country regulators are the signal receivers. The feedback is the ultimate CBA approval or rejection from host country regulators. Finally, the signalling environment consists of the home country that shapes EMFs' ownership structures, the host country, which determines the extent to which hybridization signals are meaningful, and the acquirer and target industry, which present unique information asymmetry and legitimacy challenges.

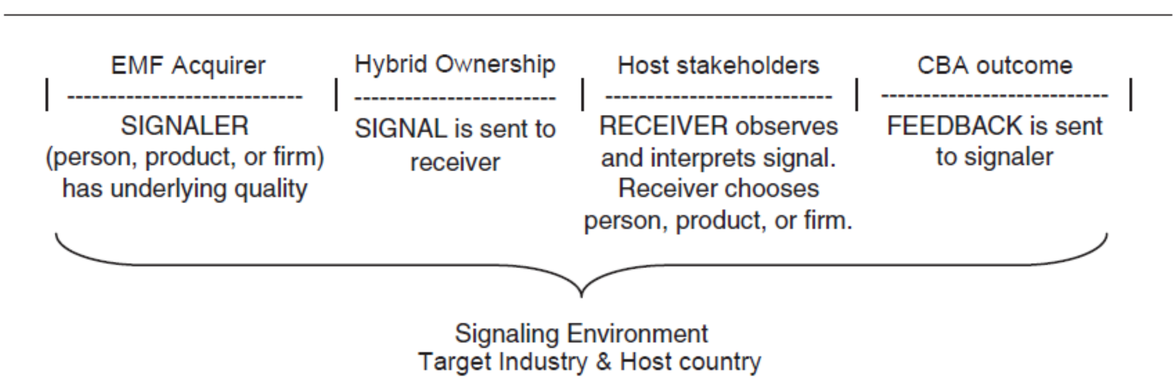

Figure 3. 1: Integration of the signalling and CBA processes

Source: Adapted from Connelly et al. (2011)

3.3 CONCEPTUAL DEVELOPMENT

Figure 3.2 is the conceptual model depicting the hypothesis I present in this thesis. Hypothesis 1 represents the baseline hypothesis, where hybrid ownership (hybrid-SOE and hybrid-POE) influences the likelihood of EMFs CBA completion. I argue that hybrid-ownership structures create resource, information, and legitimacy enhancing benefits that facilitate CBA completion. Also, I suggest that cultivating hybridity enables hybrid organizations to pick and choose legitimacy-enhancing elements from different institutional logics, which creates varieties of hybrid organizations. I capture this variety in hybridization through the degree and nature of the hybridization hypothesis. I argue that the benefits of hybridization will vary in response to the internal elements of hybrid organizations. Subsequently, I introduce moderating variables at the micro (top executives' political connection), meso (politically sensitive industry), and macro (host environment) levels that may hinder or facilitate the proposed benefits of hybridization on CBA completion. These three moderating variables provide a rich multilevel contingency investigation of the hybrid ownership effect on CBA completion

Extant research asserts that specific predictions regarding the impact of ownership structures on strategic behaviours and outcomes need to be qualified by the ownership and governance structure characteristics (Cuervo-Cazurra et al., 2014). Therefore, in this thesis, I include top executives' political connection as a contingency that could reinforce or undermine the legitimacy, resource, and autonomy implications of hybrid ownership. Hybridization of EMFs presents managerial implications such that a mixture of state and private top executives are present in hybrid firms. For instance, SOEs' partial privatization involved replacing government-appointed officials with political backgrounds with professional managers with technical and market expertise (Mussachio et al., 2015). Yet, the government often sorted to maintain some control in hybrid-SOEs by retaining some government representation in top management (Cuervo-Cazurra et al., 2014; Liang et al., 2014). Similarly, emerging market POEs employ politically connected individuals in their top management to navigate the institutional void at home and benefit from government affiliations (Wang, 2011; Cui et al., 2018).

Several empirical works have documented how top executives act as signals for their organizations (Wang, 2015; Zhang & Wieresema, 2009; Zimmerman, 2008; Chen, Jackson & Hambrick, 2010). Just like ownership, top executive political connection poses resource, legitimacy, and operational autonomy implications for a firm's foreign investment (Cheung & Sharma, 2021; Tihanyi et al., 2019; Mellahi, Frynas, Sun & Siegel, 2016; Zheng, Singh & Mitchell, 2015; Sun, Mellahi & Thun 2016). Accordingly, I include top executive political connection as moderating variables in this thesis to provide a potentially rich analysis of the hybrid ownership structure.

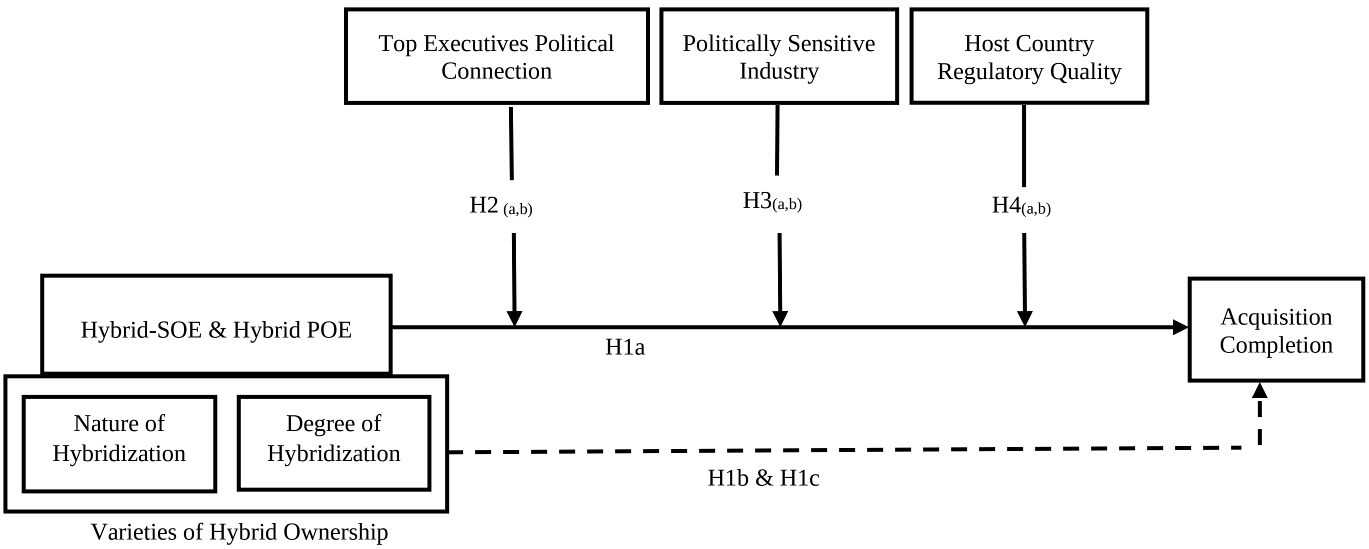

Figure 3. 2: Conceptual model

The industry and host country moderating variables capture the essence of external environmental factors that generate varying information asymmetry and legitimacy barriers that increase or minimize the hybridization effect. The signalling perspective highlights that the signalling environment shapes how signals are received and interpreted to solve information asymmetry. The signal strength is also moderated by the signalling environment (Park & Mezias, 2005; Janney & Folta, 2003). Thus, investigating two levels of signalling environment via industry and host country creates a holistic investigation of all the elements of the signalling process of hybrid ownership.

Overall, this conceptual framework highlights that when faced with different institutional, firm, and competitive situations, organizations have a variety of strategic choices to choose from - one of these choices being Hybrid ownership. Thus, the aim of this study was to understand the efficacy of hybrid ownership as a strategic choice. To do this, I conceptualize hybrid ownership from the institutional and signalling theory perspective. While institutions provided a basis for the conceptualization of hybrid ownership, the aim of this study is not to understand antecedents of ownership structure or institutions as antecedents of ownership structure. The main objective as is evident from the empirical testing is to understand the impact of hybrid ownership as a strategic choice and how this impact may vary under different institutional, industry and governance settings. Recent studies looking at how ownership matters under different institutional context have also taken similar approach (Kalasin et al. 2020; Mariotti & Marzano, 2020)

3.4 HYPOTHESIS DEVELOPMENT

3.4.1 Hybrid ownership and cross border acquisition completion

Scholars adopting an institution-based view suggest that EMFs are plagued with a myriad of home country failures and host country regulatory barriers that critically affect the outcome of announced CBAs (Meyer et al., 2014; Hobdari et al., 2017; Cuervo-Cazurra et al. 2018). Capital market imperfection and overall institutional void in EEs combined with the host country's poor institutional image about EEs create resource challenges, information asymmetry, and legitimacy scrutiny that increase EMFs' CBA termination rate (He & Zhang, 2018; Kim & Song, 2017; Cuervo-Cazzura & Ramamurti, 2015). Studies show that these institutional factors apply heterogeneously to different ownership structures leading to different CBA termination rates among EMFs (Li et al. 2019; Grøgaard et al. 2019; Meyer et al. 2014; Li et al. 2017)

The two dominant players in EEs are SOEs and POEs (Hu & Cui, 2014; Cuervo-Cazzura et al., 2014; Marrioti & Marzano, 2020). SOEs possess domestic government support and financial resources that enable the initiation of CBAs. However, due to government involvement and possible political objectives, they lack the operational autonomy and host country legitimacy needed to finalize initiated CBAs (Li et al., 2017). On the other hand, POEs are subject to less host country resistance and easily attain host country legitimacy in CBA (Li et al., 2019). Yet, POEs are constrained by capital market imperfection in EEs that limits financial resources required to initiate and cover the progressively growing costs associated with CBA (Morck et al., 2008; Hobdari et al., 2017). These discussions reveal that host country legitimacy challenges and financial constraints are some of the challenges plaguing EMFs CBA.

To this end, Hennart (1988) proposed that mixed ownership is an efficient strategy when: (1) markets fail for the key resources held by each owner; and (2) replicating these resources is expensive. The key resources owned by SOEs are preferential government resources which the EE fails to provide for POEs. On the other hand, key resources owned by POEs are host legitimacy and operational autonomy, which SOEs do not possess. Therefore, I conceptualize hybrid ownership by emphasizing the mixture of the unique resources brought into the entity by SOEs and POEs. I argue that hybridization fosters EMFs' opportunity to leverage the synergy effect gained from combining SOEs' different ownership advantages and POEs in CBAs. Through hybridization, EMFs can benefit from SOEs' special resources, and POEs' operational autonomy, and low host country legitimacy barriers.

As a result, hybridization may confer institutional and competitive advantages that increase the CBA completion of EMFs by generating combined benefits of legitimacy enhancement, resource endowment, and operational autonomy. Therefore, hybrid organizations can simultaneously navigate both home and host country institutional challenges in CBA better than non-hybrids organizations. To give a detailed analysis of these arguments, I discuss the role of hybridization in the CBA of both POEs and SOEs

3.4.1.1 Hybrid-SOE and cross border acquisition completion

The CBA outcome of conventional SOEs is strongly influenced by the helping and hindering hand of the government in EEs (Kalasin et al. 2020). On the one hand, SOEs enjoy preferential government resources and ownership advantages that help them initiate CBAs (Benito et al., 2016; Hong et al., 2015; Du & Boateng, 2015; Groogard et al. 2019; Pinto et al. 2017). On the other hand, SOEs dependence on the governments makes them subject to government political objectives (Rodriguez & Dieleman, 2018; Deng et al. 2018; Choudhury & Khanna, 2014) and host country legitimacy barriers (Tao et al. 2017; Li et al. 2017; Meyer et al. 2014), which creates adverse CBA outcomes. For instance, Tao et al. (2017) assert that because of host market political sensitivity induced by state-ownership, state-owned acquirers compared to their private counterparts may induce adverse market reactions in host markets. Overall, though SOEs possess the financial resources and home government support that facilitates the initiation of CBAs, they lack the market sensitivity and host country legitimacy required to finalize CBAs.

I contend that hybridization can simultaneously mitigate these home and host country institutional challenges facing SOEs CBA by providing the opportunity to exploit host country legitimacy benefits and operational autonomy inherent in POEs. Firstly, the introduction of profit-seeking private investors into conventional SOEs facilitates the "power escape" from the government (Cuervo-Cazurra et al., 2014; Rodriguez & Dieleman, 2018). According to Rodrigquez & Dieleman (2018), a firm can escape from a relationship of mutual dependence by crafting power asymmetries through which it becomes less dependent on a given actor by obtaining alternative resources (Hillman et al., 2009). SOEs are susceptible to domestic government pressure and intervention due to their dependence on the government for resources (Zhou et al., 2018; Xia et al., 2014; Rodriguez & Dieleman et al., 2018). Therefore, I argue that SOEs create alternate means of resource acquisition through hybridization, which reduces their dependence on the government for resources, ultimately increasing their operational autonomy and market sensitivity.

For instance, many hybrid-SOEs are publicly listed on stock exchanges worldwide, have large institutional investors, and have improved governance practices such as a board with independent external members, professional managers, and improved transparency (Mussachio et al., 2015; Bruton et al., 2015). Private investors' presence, improved governance practices, and power escape mitigate the government's inclination to use SOEs as vehicles to pursue political and social objectives at the expense of profitability. Empirical evidence (e.g., Li, Cui, et al., 2017; Musacchio et al., 2015) shows that governments hold different expectations for SOEs and marketized-SOEs, such that the pressure to carry out political objectives reduces for marketized-SOEs. Thus, hybridization reduces political objectives and fosters a closer alignment with market incentives in SOEs. Yngfalk & Yngfalk (2019) assert that a SOEs hybridize, they begin to adopt a "marketization" strategy which refers to the rise of market exchange and profit-seeking as the dominant mode of coordinating organizational activities

Enhanced market competitive pressure, formalized corporate governance and reduced government control facilitate the CBA of hybrid-SOEs by reducing information asymmetry and aiding the attainment of host country legitimacy. A significant source of legitimacy deficit affecting SOEs CBA is opaqueness around their motives, operations, and functions (Cannizzaro & Weiner, 2018; Li et al., 2019; Enderwick, 2017; Liu & Woywode, 2013). SOEs' opaqueness is often explicit through government policy and/or lack of voluntary information disclosure or implicit through internal effort to prevent information leakage (Wang et al. 2008; Chen & Young, 2010; Li et al. 2019). Nevertheless, because people are generally more concerned about unknown, unfamiliar, and more ambiguous risks, an opaque acquirer's CBA will be less favorable than a more transparent one. Accordingly, SOEs find it challenging to convince host stakeholders that their CBAs are driven by genuine economic objectives (Cogman et al., 2017).

However, improved corporate governance induced by hybridization involves many hybrid-SOEs publicly trading in domestic and foreign stock exchanges. Stock exchanges enforce stringent requirements to follow set accounting standards such as IFRS or GAAP, regular and up-to-date information disclosure, and auditing by reputable accounting firms (Mussachio & Lazarini, 2017; Li et al., 2019). These measures increase transparency by generating information availability and verification, reducing the information disadvantages that host regulators experience in judging and conferring legitimacy. Cannizzaro & Weinger (2018) argue that SOEs can strategically use transparency – voluntary disclosure of firm-specific, value-relevant information to improve foreign investment. Similarly, Cuervo-Cazurra et al. (2014) and Sun, Tong, and Tong (2002) assert that publicly traded SOEs, at home or in other stock exchanges, adopting corporate governance practices that align with market objectives may be perceived as less of a threat by host country governments.

In line with these arguments, I contend that in SOE-hybrids, host country stakeholders perceive hybridization as signals of commitment to market orientation and reduced political objectives, increasing the likelihood of receiving approval to complete proposed CBAs. Furthermore, improved transparency through hybridization also creates a wealth of information that host country stakeholders can assess, which reduces their fear of adverse selection and information asymmetry, increasing their inclination to approve CBA deals. Accordingly, compared to SOEs, hybrid-SOEs are more likely to complete CBAs. Therefore I hypothesize that:

H1ai: ***Hybrid-SOE firms are more likely to complete CBAs than nonhybrid-SOEs***

3.4.1.2 Hybrid-POE and cross border acquisition completion

A significant driver of EMFs CBAs is "discrimination escape" (Cuervo-Cazzura & Ramamurti, 2015; Sotian & Mohr, 2016). The negative institutional image associated with originating from emerging economies presents international competitive disadvantages that EMFs seek to escape by acquiring strategic assets, technology, and expertise from foreign brands. This discriminatory escape is often a failure for POEs from emerging markets as the capital market imperfection inherent in the institutions constrain POEs financially (Chen, Li, & Hambright, 2016; Kalotay & Sulstarova, 2010; Voss et al., 2010; Morck et al., 2008). Weak financial systems in many emerging economies have been one of the most significant challenges for the growth of POEs (Dana & Ramadani, 2015; Feng & Wang, 2010; Li & Sun, 2020). Based on political rather than economic concerns, state-owned financial institutions are incentivized to grant SOEs loans (Abramov et al., 2017; Morck et al., 2008). By contrast, they often exercise a 'tight fist' when lending to private firms (Hobdari et al., 2017; Feng & Wang, 2010).

The effect of POEs resource constraint is more salient in CBAs where failure is primarily driven by financial requirements that progressively increase during the process. CBAs involve the actual cost of purchasing the target company and the additional costs associated with information gathering, due diligence, and specialist advisor services (Song et al., 2013; Chakrabrati & Mitchell, 2016). Accordingly, many POEs have abandoned CBAs after announcement due to the inability to finance the deal (Inoue et al., 2013). However, I propose that hybridization can alleviate the home and host country institutional challenges in POEs by creating the opportunity to exploit the political connection and associated resource advantage inherent in state ownership.

Government control over critical resources in emerging economies is well established in the literature (Voss et al., 2010; Hobdari et al., 2017; Deileman & Rodriguez, 2018). This has made political connections a vital source of social and financial capital for emerging economies POEs (Feng & Wang, 2010; Meyer & Peng, 2016; Sun, Mellahi & Wright, 2012). Thus, hybridization of POEs through partial state ownership establishes political connections that can be leveraged to expand the scope of domestic legitimacy, consequently increasing access to resources. Such government-affiliated capital supports riskier longer-term projects for POEs that would otherwise remain unfunded (Inoue et al., 2013). In support of this argument, Song, Nahm

& Zhang (2017) find that POEs with partial state ownership are more likely to receive bank loans with more favourable terms. Similarly, Liu et al. (2013) provide empirical evidence indicating that private firms with political connections have a higher probability of engaging in CBAs and tend to engage in larger-scale CBAs.

Overall, state ownership in hybrid-POEs provides them with resources and domestic government support that facilitates CBA initiation. Also, government investments in POEs are usually driven by a desire to obtain a return on investment rather than a need to address political agendas (Mussachio et al., 2015). Therefore hybrid-POEs are rarely considered state-owned (Cuervo-Cazzura & Li, 2021) and will therefore continue to enjoy sustained host country legitimacy. This increased resources and sustained host country legitimacy in hybrid-POEs increase their likelihood of completing CBAs relative to nonhybrid-POEs. Therefore, I hypothesize that:

H1aii: ***Hybrid-POE firms are more likely to complete CBAs than nonhybrid-POEs firms.***

3.4.2. Varieties of hybrid ownership and cba completion

Although hybridization generates the triple benefits of resource, legitimacy, and operational autonomy, I contend that the scope of a hybrid firms' embeddedness in the firm-government relationship influences the extent to which these benefits accrue to facilitate CBA completion.

From the signalling perspective, the significance of the varieties of hybrid ownership in CBA completion is tied to the notion that not all hybridization signals are equally efficacious. The usefulness of a signal depends on the extent to which the signal corresponds with the signaller's sought-after quality and the extent to which signallers attempt to deceive the signal receiver (Connelly et al., 2011). Hybrid organizations exist under different configurations of state and private ownership (Mussachio et al., 2015; Kalasin et al., 2020; Wright et al., 2021). Therefore, the hybridization signals and their effectiveness will vary with different hybrid ownership configurations (Shepherd et al., 2019). I capture these different hybrid configurations through the varieties of hybrid ownership examined in two forms a) degree of hybridization and b) Nature of hybridization.

3.4.2.1 Degree of hybridization

A signal's effectiveness is determined by being credible enough to convince signal receivers in favour of the signaller. A signal is credible when it aligns with the qualities that signal receivers desire in the signaller. This is called the signal fit (Zhang & Wiersema, 2009). Another aspect of signal credibility is signal honesty, which is the extent to which the signaller genuinely possesses the underlying qualities associated with the signal (Arthurs et al., 2008). Accordingly, the degree of hybridization assesses whether the internal elements of hybrid firms meet the requirements of signal fit and signal honesty. I categorize the degree of hybridization as *symbolic* or *substantial hybridization*, where symbolic hybridization indicates a lower degree of hybridization and substantial hybridization indicates are a higher degree of hybridization.

Substantial hybridization involves firms actively engaging a diverse set of stakeholders and pursuing objectives different from those of the original organizational functioning (Besharov & Smith, 2014; Mair et al., 2015). On the contrary, symbolic hybridization involves adopting a different institutional logic into an organization to achieve a desired outcome without drifting too much toward the new institutional logic such that the hybridizing organization's objectives are altered (Maier et al., 2015). Following this distinction, it becomes evident that the degree of hybridization is an essential aspect of hybrid structures. It depicts the level of importance the hybrid organization may ascribe to a given logic or ownership in the hybrid configuration. (Shepherd et al., 2019).

Degree of Hybridization: Hybrid-SOEs and CBA Completion

The degree of hybridization in hybrid-SOEs captures the extent to which state owners relinquish control to private investors. Therefore, the higher the private ownership, the higher the degree of hybridization hybrid-SOEs. In this case, substantial hybridization refers to state owners transferring high levels of ownership to private investors. Thus, substantial hybridization will act as strong signals of departure from political objects and a genuine adoption of economic and market orientation for hybrid-SOEs. Studies (e.g., Sun, Tong and Tong, 2002; Cuervo-Cazurra et al., 2014) suggest that SOEs' sale of a large proportion of their equity to the public signals both domestic markets and host country constituents that the government is committed to privatization and adoption of market orientation.

Simultaneously, under substantial hybridization, the governments' ability to impose social and political goals and interfere managerially is further restricted by the majority presence of private shareholders and their representation in the top executives (He, Eden & Hitt, 2016). The recent literature on SOE has focused on privatization as a mechanism to achieve resource independence and operational autonomy from the government and its agencies. For instance, Demsetz & Lehn (1985) note that greater private ownership during privatization leads to more decentralized power. Similarly, Choudhury and Khanna (2014) point that by seeking cash flow from non-government agencies, SOEs achieve autonomy, discretion, and bargaining power to withstand government pressure and implement economic objectives. Therefore, I argue that at substantial hybridization levels, hybrid-SOEs will experience increasing operational autonomy benefits, leading to higher host country legitimacy.

Nevertheless, I acknowledge that the government's resource support might be limited under a substantial hybridization degree in hybrid-SOEs (Kalasin et al., 2019; Okhmatovskiy, 2010; Stan, Peng & Bruton, 2014). Kalasin et al. (2019) suggest that firms with low levels of state ownership might benefit significantly from the state helping hand. However, capital markets have become more open and integrated than ever before, making it easier for EMFs to raise foreign equity capital and debit or list their shares on foreign stake exchanges (Ramamurti, 2008). Accordingly, at substantial degrees of hybridization, hybrid-SOEs can gain resource independence from the government while still enjoying resource munificence in their operations. The combination of minimal government support (Li et al. 2014) and global cashflow (Choudhury & Khanna, 2014) still position hybrid-SOEs to navigate the financial challenges in CBAs.

On the other hand, symbolic hybridization refers to hybrid-SOEs with low levels of private investment. Symbolic hybridization indicates majority control and ownership are still in the hands of state owners. Under majority state ownership, hybrid-SOEs will still suffer from some of the liability of stateness that reduces the likelihood of CBA completion (Cuervo-Cazurra et al. 2018a; Li et al., 2019; Mariotti & Marzano, 2020). Kalasin et al. (2019) assert that while firms with high levels of state ownership have greater access to financial resources from the state, they suffer from heavy government interference that blunts their efficiency, capabilities, and competitiveness. For instance, when the government is a major shareholder, it can appoint board members, CEOs, and key decision makers who explicitly carry out the government's agenda (Bruton et al., 2015; Mussachio et al., 2015). Thus hybrid-SOEs with a symbolic degree of hybridization will lack operational autonomy and independence from the government.

As a result, host country regulators may perceive symbolic hybridization as false signals or camouflage signals where symbolic hybrid-SOEs do not genuinely intend to pursue market objectives to be considered entirely legitimate (Connelly et al., 2011; Dacin, Oliver & Roy, 2007).

Accordingly, I argue that while symbolic hybridization in hybrid-SOEs may still lead to some level of host country legitimacy benefits, such legitimacy may be less conferred than when there is a substantial degree of hybridization. As a result, symbolic hybridization will send weaker signals compared to substantial hybridization. These arguments are further substantiated by studies showing that costly signals are more effective and generate more credibility (Cohen & Dean, 2005). Substantial hybridization is costlier than symbolic hybridization as it involves more loss of ownership and control to the government. Following these arguments, I hypothesize:

H1bi: ***SOE-hybrids with substantial hybridization are more likely to complete CBAs than SOE-hybrids with symbolic hybridization***

Degree of Hybridization: Hybrid-POEs and CBA completion

The degree of hybridization in hybrid-POEs captures the extent to which private-owners relinquish control to state investors. For hybrid-POEs, symbolic hybridization involves low levels of state investment, while substantial hybridization involves higher levels of state investment.

Symbolic hybridization allows hybrid-POEs to preserve and nurture their original identity while simultaneously benefiting from having state investors. Mussachio et al. (2015) identify a nuanced hybrid form of ownership where the government support POEs through minority state capital from state-owned banks. Similarly, Inoue et al. (2013) assert that in many EEs, governments often purchase minority equity in POEs through various investment vehicles such as sovereign wealth funds and pension funds. Such government support promotes private firms' capital expenditure while minimizing government interference (Cuervo-Cazzura & Li, 2021;

Mussachio et al., 2015). Under minority state investment and symbolic hybridization in hybrid-POEs, control and decision making continue to be done by the private owners and their top executives, and because government allocations are carried out through minority stakes, there will be restrained political interference (Inoue et al., 2013; Oh & No, 2020). Thus, symbolic hybridization allows hybrid-POEs to preserve operational autonomy and economic objectives.

Furthermore, I argue that under symbolic hybridization, hybrid-POEs do not suffer from the liability of stateness that creates host country legitimacy barriers. Host country legitimacy barriers are often instigated by the potential for political objectives in foreign investors that yield national security concerns (Nyland, Fores-Mewett & Thomson, 2011; Leahmann & Leahmann, 2017). Cazzura & Li (2021) suggest that indirect government ownership in POEs through sovereign wealth funds, state-owned banks, and pension schemes are driven by a desire to obtain profit rather than a need to fulfil political objectives. Consequently, symbolic hybridization in hybrid-POEs does not trigger t national security concerns among host country regulators. So, I argue that hybrid-POEs preserve operational autonomy and economic objectives to sustain host country legitimacy.

Nevertheless, various studies show that POEs need to be mindful of the extent to which government resources are accepted as it can create a power imbalance in the state-firm relationship (Pfeffer & Salancik, 1978; Mellahi et l., 2016; Dieleman & Widjaja, 2019). As the state is a more powerful entity than POEs, substantial hybridization involving high state investment levels will facilitate such power imbalance allowing the state to wield stronger interference in hybrid-POEs. To this end, studies show that those risks are prevalent when there is a power imbalance, as powerful partners may appropriate organizational resources, takeover strategy, and operations, expropriate funds, become involved in corporate governance, and demand bribes (Okhmatovskiy, 2010; Sun, Mellahi, & Thun, 2010; Fan et al., 2007; Sun, Hu, & Hillman, 2016; Sun, Mellahi, & Wright, 2012). Such over-embeddedness in government control can create concerns for target companies and host country regulators in the CBA process.

Accordingly, I argue that while substantial hybridization will generate resources for hybrid-POEs to initiate high-value CBAs (Pinto, 2017; Liu et al., 2013), it can intensify political interference that counteracts the operational autonomy and host country legitimacy sustained in symbolic hybridization. Therefore, symbolic hybridization is a safeguard mechanism for hybrid-

POEs to navigate home country institutional voids without losing host country legitimacy. Through symbolic hybridization, hybrid-POEs can benefit from home country government support, enhance their ability to initiate and fund the entire CBA process. Therefore, I hypothesize that:

H1bii: ***POE-hybrids with symbolic hybridization are more likely to complete CBAs than POE-hybrids with substantial hybridization***

3.4.2.2 Nature of hybridization

The nature of hybridization acknowledges and examines the variety in resources and reputation that different typologies of shareholders and their business operations contribute to the hybridization process, which creates nuances in the hybridization signals. In emerging economies, foreign investors, institutional investors, and state-owned institutional investors such as pension funds and sovereign wealth funds are the common forms of non-controlling shareholders (Zhou et al., 2015; Ramamurti, 2015; Hu & Cui, 2014; Mariotti & Marzano, 2020). Hence the hybridization process involves state and private controlling owners choosing non-controlling investors from these selections. Collectively, these shareholders' resource and legitimacy aspects contribute to the ownership advantages that make hybrid organizations successful in CBAs.

Nature of Hybridization: Hybrid-SOEs and CBA completion

Hybrid-SOEs typically consist of controlling state owners and non-controlling shareholders that are private entities. Private entities that typically operate in emerging economies are family, domestic corporate, domestic institutional, foreign corporate, and foreign institutional (Singla et al., 2017; Chowdhury, 2020). I broadly categorize these private entities investors as domestic and foreign private investors. Thus, hybrid-SOEs may consist of foreign or domestic non-controlling investors.

Compared to domestic investors, foreign investors are more resource endowed and financially capable of acquiring more significant percentages in hybrid-SOEs. Large stakes allow foreign investors to actively engage in strategic issues and decision-making processes, enhancing the market orientation and inclination of hybrid-SOEs (Mariotti & Marzano, 2020; Filatotchev, Wright Uhlenbruck, Tihanyi & Hoskisson, 2003). For instance, Filatotchev et al. (2003) argue that foreign investors often acted as relational owners by providing firms involved in the privatization process with elements essential for effective restructurings, such as monitoring, advice, knowledge, and expertise. At the same time, Mariotti & Marzano (2020) posit that foreign investors as relational owners are forward-looking, build trust and mutual understanding and develop cooperative behaviour. Drawing on these characteristics of foreign investors, I argue that the additional market orientation and monitoring provided enforced by foreign investors serve as further avenues by which host country regulators judge and confer hybrid-SOEs' legitimacy towards approving CBAs.

Consequently, I argue that foreign investors can further mitigate information asymmetry between the host country stakeholders and hybrid-SOEs. The process of attracting and maintaining foreign investors requires hybrid-SOEs to follow information reporting and disclosure standards that surpass those in emerging economies (Li et al., 2019). More so, with improved corporate governance from foreign investors, hybrid-SOEs' actions are closely monitored to align with profitability and are less likely to accept government officials' political discretion (Bertrand, 2006; Boubakri, Cosset & Saffar, 2008). Improved corporate governance and availability of reputable information will send signals of transparency to host country regulators, further mitigating the information asymmetry induced by opaqueness that plagues conventional SOEs. For instance, Zhang et al. (2016) find that foreign co-investors in SOEs can act as signals that the acquirer is reliable and trustworthy.

Furthermore, foreign investors can further increase resource independence from the government in hybrid-SOEs, further shrinking any avenues through which the government may impose its agenda on hybrid-SOEs. Choudhury & Khanna (2014) establish that SOEs can break free from state power by becoming multinationals or by generating global cash flow. Foreign investors can support hybrid-SOEs in gaining operational autonomy by achieving these two strategies. Foreign investors can create opportunities for SOES to access their global networks and resources (Mariotti & Marzano, 2020), which can be leveraged for the financial commitments in the CBA process, to negotiate with target companies, and to navigate host-country institutional barriers.

Overall, I argue that foreign investors in hybrid-SOEs magnify market orientation signals and improved transparency that host country regulators may perceive from hybrid-SOEs. This will further facilitate legitimacy building in host country investors' eyes and increasing the likelihood that a CBA will be approved towards completion. Thus, I hypothesize:

H1ci: ***SOE-hybrids with foreign investors are more likely to complete CBAs than SOE-hybrids with domestic investors***

Nature of Hybridization, Hybrid-POEs, and CBA completion

Hybrid-POEs typically consist of controlling private owners and non-controlling shareholders that are state entities. State entities that typically operate in emerging economies are state corporations, state agencies, and state institutional investors (Delios et al., 2006; Li et al., 2017; Ramamurti, 2015; Aguilera & Crespi-Cladera, 2016). As the literature found that state ownership's effect largely depends on the "type of state owner" (Wang et al. 2012; Liang et al. 2015; Li et al. 2014), I argue that the hybridization impact of the different types of state entities in hybrid-POEs will vary.

State institutional investors are more market-oriented than state agencies and corporations as they carry mandates to achieve a return on investments. For instance, sovereign wealth funds need to ensure the country's future wealth and state-owned pension funds need to ensure future payment of pensions (Aguilera & Crespi-Cladera, 2016; Aguilera, Capape & Santiso, 2016). As a result, hybrid-POEs with state investors are more likely to continue operating with economic objectives. Dieleman and Boddewyn (2012) suggest that when collaborating with political actors, firms use organizational design to selectively open and close organizational boundaries to exclude co-opted political ties from internal processes and lessen the adverse effects of political ties. Thus, it is evident that hybrid-POEs partnering with state institutional investors creates this organizational design that fosters operational autonomy from the government.

Also, as state institutional investors carry a profitability mandate, they are more likely to be invested in the success of hybrid-POEs by providing financial and bureaucratic support that can further support the CBA process (Cuervo-Cazurra et al. 2014). Due to their profitability mandate, Institutional investors are incredibly resourceful in terms of financing capability and superior investment skills, which is critical for private firms from emerging economies plagued with capital market imperfection (Hu & Cui, 2014). Although state company and state agency investors can also generate financial support for hybrid-POEs, their support is more likely to carry with them 'liabilities of stateness' than state institutional investors. While state companies are directly owned and controlled by the government, state investment funds are indirectly owned by the government and are more likely to follow similar behaviours to private firms because the government has a limited ability to control their behaviour (Cuervo-Cazurra & Li, 2021; Cuervo-Cazurra et al., 2014). As a result, host country regulators are less likely to raise suspicions of private hybrids' political objectives with state investment funds. This is further compounded by the fact that managers of state investment funds are typically professional managers, whereas, in state companies, managers are typically civil servants (Cuervo-Cazurra et al., 2014).

From an information perspective, while both institutional and state agencies might have significant levels of information, institutional investors are more sophisticated in processing information for the best strategic action (Andriosopoulos & Yang, 2015). This will provide hybrid-POEs with quicker and faster responses to changes in the external environment. Accordingly, I argue that state-institutional investors will create sustained market orientation and competitiveness in hybrid-POEs than state corporations and agencies, ultimately sustaining host country legitimacy towards completing CBA. Therefore, I hypothesize:

H1cii: ***POE-hybrids with state institutional investors are more likely to complete CBAs than POE-hybrids with state company investors***

3.4.3 Contingencies and moderation of the hybridization effect

3.4.3.1 The moderating role of top executives political connection

Although shareholders own firms, the top executives responsible for developing, monitoring, and implementing organizations' strategies are often selected by the owners. Thus, the motives of hybridization may not merely remain at the ownership level but may also be reflected in the governance and managerial levels (Bruton et al., 2015; Mussachio et al., 2015). For instance, observations of SOEs' massive privatization reveal that improved governance practices accompanied these privatizations. In some cases, the government replaced political appointees in top management with executives possessing more market-oriented and technical expertise (Mussachio et al., 2015; Cuervo-Cazzura et al., 2014). Similarly, POEs typically having top executives with market-oriented backgrounds have increasingly appointed top executives with political backgrounds as nonmarket strategies to counteract home country institutional challenges (Klarin & Ray, 2019; Mellahi, Fynas, Sun & Siegel, 2016; Brockman, Rui & Zou 2013; Pan et al., 2014). Consequently, hybridization opens a 'revolving door' of business-government relationships at the governance and top executive level such that hybrid firms can have a mixture of both political and market-oriented top executives.

Various studies adopt a group perspective in conceptualizing top executives' significance (Greve & Zhang, 2017; Zheng et al., 2017). However, other studies (e.g., Chen et al., 2011; Ding et al., 2014; Firth et al.,2014; Benishcke et al., 2015; Tihanyi et al., 2019) suggest that scholars base the top executive's conceptual definition on the particular outcome in question and possibly unbundle the effects of different types of top executives' and their political connections on organizational outcomes. Following these suggestions, I focus on key strategic decision-makers who can be strong signals in the CBA process; the CEO and the Chairpersons (Levi et al. 2010; Hu & Cui, 2014). While CEOs may influence strategic businesses decisions through the daily operation of the organization, Chairpersons may have a greater influence on the governance of firms. These different but key positions might provide thought-provoking insights into understanding how different positions might send different signals to target companies and host country regulators in the CBA process.

Just like ownership, politically connected CEOs and Chairpersons pose resource, legitimacy, and operational autonomy implications for a firm's foreign investment (Cheung & Sharma, 2021; Tihanyi et al., 2019; Mellahi, Frynas, Sun & Siegel, 2016; Zheng, Singh & Mitchell, 2015; Sun, Mellahi & Thun 2016). Scholarly work demonstrates that politically connected top executives yield many benefits for companies, such as access to government financial resources (Lin et al., 2013; Sun et al., 2012), political knowledge and capability (Fernández-Méndez, García-Canal & Guillén) tax cuts (Faccio, 2010), increased survival (Zheng et al., 2017), and increased foreign investment (Pan et al. 2014). For instance, Bliss and Gul (2012) find that politically connected firms have high leverage ratios indicating that politically connected firms can access debt financing through the political markets. Simultaneously, Pan et al. (2014) find that firms with managerial, political connections are less influenced by the heterogeneity of host-country institutional environment in their subsidiary ownership decision. They argue that the munificent resources associated with political connections increase the firm's tolerance for risk in its foreign investments.

However, there are also indications of adverse economic outcomes associated with politically connected top executives. Some scholars (e.g., Leung & Sharma, 2021; Klarin & Ray, 2020; Chen, Li & Fan, 2017; Mellahi et al., 2016; Sun et al. 2012) argue that top executives' political connection can lead to state control, loss of managerial autonomy, and deviation from economic objectives. Sun et al. (2012) note that top executives' political connection causes vulnerability in focal firms. It leads to over-dependence on the political tie, which creates power imbalance and room for interferences in strategic outcomes. Cui et al. (2018) show that political connections in the home country can magnify legitimacy deficits in host countries, thus creating entry barriers for politically connected foreign investors. Following these opposing effects of top executives' political connection in foreign investments, I expect that politically connected top executives in hybrid firms can reinforce or undermine the resource, autonomy, and legitimacy benefits of hybrid ownership structure. However, this moderating impact of top executives' political connection might differ for CEOs and Chairpersons.

Although studies show that top executives provide access to resources, I posit that not all top executives with political connections can promote resources that are useful for CBAs. While politically connected CEOs can facilitate access to credit and loans to meet the financial requirements of CBAs, studies show that politically connected chairpersons provide firms with political knowledge that contributes to the formation of political capabilities, defined as the routines through which a firm's political resources and skills are deployed to influence political processes (Lawton, McGuire, & Rajwani, 2013; Fernández-Méndez, García-Canal, & Guillén, 2015). Previous research indicates that firms appoint political chairpersons to secure access to contacts and knowledge to manage their interdependence with governments (Pfeffer & Salancik, 2003). Such domestic knowledge and contacts are more valuable for pursuing domestic growth. It is for this reason that politically connected chairpersons are expected to prompt domestic expansion rather than foreign expansion compared to CEOs (Fernández-Méndez et al., 2018).

While CEO political connection might be more relevant for facilitating financial resources required for CBAs, this significance might also vary with the controlling shareholder. Various studies provide evidence that the resource benefits from top managers' political links are less valuable for state-controlled firms (Li & Liang, 2014; Ding et al., 2014). Accordingly, I argue that the resource benefits generated by CEO's political connection are substituted by the direct links to the government created by the state ownership in Hybrid-SOEs. As Hybrid-SOEs already benefit from preferential treatment inherent in their inborn state ownership, the resource benefits of top executives' political connection will be irrelevant. On the contrary, for Hybrid-POEs, politically connected CEOs will co-exist with state ownership in hybrid-POEs to provide access to financial resources to facilitate CBA completion. This is in line with studies showing that resource benefits of politically connected managers are more relevant for private controlling owners but not state owners (Wang, 2017; Li & Liang, 2014; Wang & Qian, 2011). Therefore, while Hybrid-POEs will benefit from the resource advantages of politically connected CEOs during CBAs, these will be irrelevant for Hybrid-SOEs.

Taking an operational autonomy perspective, top executives' political connection has been conceptualized as a measure of state control and a sign of organizational, political objectives and values (Dieleman & Boddewyn, 2012; Liang et al., 2014; Chen, Li & Fan, 2017). This perception can be further strengthened by the dual presence of state ownership and top executives' political connection in hybrid organizations. Mussachio et al. (2015) argue that firms with minority state ownership might still experience residual government interference through collaboration amongst the minor actors. In the case of hybrid firms, state owners may consciously or unconsciously collude with political top executives creating an over-embeddedness in the political methods of operation and agenda. Sun et al. (2016) detailed how state owners collude with political ties to expropriate less powerful shareholders. Similarly, studies of Russian firms with government top executives provide evidence of collusive relationships with state owners (Gorsman, Okhmatovskiy & Wright 2016). Nevertheless, the true presence of state influence exerted by politically connected CEOs and Chairpersons may vary with whether the controlling shareholders are state or private entities.

For Hybrid-POEs, while politically connected CEOs might indicate the presence of state control, that may not be the case for politically connected Chairpersons. Ding et al., (2014) and

Tihaniy et al., (2019) reveal that in firms with private controlling shareholders, politically connected chairpersons are with strong governance scrutiny and monitoring. This finding indicates that private ultimate controllers may well be aware of the possible outcome of powerful, politically connected chairpersons, and thus increase the intensity of monitoring the chairpersons' actions more closely. Such scrutiny of politically connected Chairpersons reduces the opportunity for exerting government and state influences that ultimately reduces operational autonomy. On the contrary, politically connected CEOs may not be subject to a similar level of scrutiny within the EE context as they are under the responsibilities of the Chairperson. This creates avenues for daily operations to be manipulated into fitting political objectives. Moreover, (Ding et al., 2014) show that politically connected CEOs do not influence the intensity of monitoring when compared to politically connected Chairpersons. Thus, I argue that while politically connected CEOs may undermine the operational autonomy benefits of hybridization in Hybrid-POEs, politically connected Chairpersons might strengthen it due to the increased proportion of independent directors.

Prior studies proposed top executives' political ideology as a critical factor affecting organizations' strategic outcomes and objectives (Aguilera et al., 2021; Duran, Kostova & Van Essen, 2017; Brisoce, Chin & Hambric, 2014). At its core, political ideology captures the political belief of those in power (Tetlock, 1983). For instance, Albino, Anand & Dussauge (2018) reveal that mental models of politically embedded decision-makers emphasize the role of government and political orientation over market mechanisms. Similarly, Bruton et al. (2015) suggest that in hybrid organizations, the background of politically connected top executives encourages a mindset or way of doing things consistent with government processes and goals but not necessarily those of private enterprises. Such political ideologies and mindsets are more established when individuals have ongoing political connections compared to past political connections.

Politically connected top executives in Hybrid-SOEs are usually current government officials (Liu et al., 2013; Li et al., 2017) appointed to further state agenda. Such officials tend to carry the logic of social welfare and political objectives into Hybrid-SOEs to shape strategic actions consciously or unconsciously in alignment with political objectives. Thus, Hybrid-SOEs with politically connected top Chairpersons and CEOs may be more susceptible to government interference and control as the executives' values are aligned with political orientation. Such government interference and political orientation of Chairpersons and CEOs may derail Hybrid-SOEs strategy in the CBA process leading to a lesser likelihood of CBA completion. These observations lead me to believe that host country regulators and target firms will be wary of CBAs involving Hybrid-SOEs acquirers with politically connected top CEOs and Chairpersons.

Scholarly work detail that top executives' political connection can also present implications for the legitimacy benefits of hybridization (Cui et al., 2018). Combining politically connected top executives with state ownership in hybrid firms can reinforce the concerns of political agenda of greater significance to host country stakeholders. However, Connelly et al., (2011) show that the reliability and observability of signals might take on different meanings when used by different signallers (Connelly et al. 2011). Consequently, the observability of politically connected CEOs and Chairpersons might present different legitimacy implications.

During the privatization of SOEs, some emerging market governments may appoint state officials in critical positions to sustain some influence over these companies (Boubakri, Cosset, & Saffar, 2008; Dieleman & Boddewyn, 2012). Consequently, top executives' political connection in Hybrid-SOEs can send signals of sustained government interference and political objectives to host country legitimating actors. Such perceptions will lead to legitimacy barriers in host countries, weakening the legitimacy enhancing benefit of hybridization in SOE-hybrids. Furthermore, considering that controlling state ownership significantly deteriorates the effectiveness of corporate governance mechanisms by reducing the intensity of corporate governance scrutiny (references), politically connected Chairpersons may send signals of reluctance to submit to external monitoring which will increase host country legitimacy concerns for Hybrid-SOEs with politically connected Chairpersons.

The same rationale applies to hybrid-POEs. The combination of state investors and politically connected top executives may obscure the boundary between private ownership and state control, ultimately increasing Hybrid-POEs legitimacy barriers. However, this legitimacy implication might also vary for politically connected Chairpersons and CEOs. As politically connected Chairpersons trigger scrutiny from Hybrid-POEs, host country regulators may interpret this as efforts to retain market orientation in Hybrid-POEs and thus may not be a source of legitimacy barrier. On the flip side, as Hybrid-POEs hire executives to further corporate agendas, politically connected CEOs may send signals of an alignment between corporate and political agendas. Combined with the fact that CEOs are subject to less scrutiny than Chairpersons, host country stakeholders will be weary of Hybrid-POEs with politically connected CEOs thus leading to increased legitimacy barriers.

Extending the signalling theory perspective to these arguments, Janey & Folta (2003) suggest that organizations can enhance signalling effectiveness by sending multiple observable signals or increasing the number of signals. However, multiple signals must send the same message and are not conflicting. Gao et al. (2008) define signal consistency as the agreement between multiple signals from one source. Conflicting signals confuse the receiver, making communication less effective, but signal consistency can help mitigate this problem (Chung & Kalnins, 2001; Fischer & Reuber, 2007). Accordingly, I argue that the hybrid ownership signal and top executives' signal will be consistent if mechanisms are put in place to ensure the market orientation of top executives. Without such mechanisms, politically connected top executives will send signals that are inconsistent with the hybridization signals, which confuses host country stakeholders making the hybrid ownership signal less effective.

Chairpersons Political Connection

Overall, my arguments summarize that for Hybrid-SOEs politically connected Chairpersons present no resource implications and undermine the operational autonomy and legitimacy enhancing benefits of hybridization. Therefore:

H2ai: Chairperson's political connection weakens the positive effect of hybrid-SOEs on CBA completion

For Hybrid-POEs, politically connected Chairpersons present no resource implications, increase operational autonomy, and present no implications for legitimacy benefits. Therefore:

H2aii: Chairperson's political connection strengthens the positive effect of hybrid-POEs on CBA completion

CEOs Political Connection

My arguments summarize that for Hybrid-SOEs, politically connected CEOs, present no resource implications, and undermine the operational autonomy and legitimacy enhancing benefits. Therefore:

H2bi: CEO's political connection weakens the positive effect of hybrid-SOEs on CBA completion

For Hybrid-POEs, politically connected CEOs increase financial resources and undermine operational autonomy and legitimacy enhancing benefits. Therefore:

H2bii: CEO's political connection weakens the positive effect of hybrid-POEs on CBA completion

3.4.3.2 Moderating impact of sensitive industry

Existing studies suggest that institutional restrictions on CBAs vary according to target industries. As a result, industry specifics are influential in the outcome of CBAs (Ermolaeva, 2017; Zhang et al., 2011). Specifically, some CBA deals are more susceptible to host regulatory barriers than others because the target company operates in sectors that regulatory agencies consider strategic to national sovereignty and security (Zhang et al., 2011). CBAs, where targets operate in military production, crucial infrastructure, high technology, and natural resources industries, are more likely to fail due to extreme regulatory scrutiny induced by national security concerns and intense financial requirements.

Acquisitions from sensitive industries are subject to in-depth security and regulatory reviews. These reviews are further heightened when the acquirers are SOEs and from EEs. Host country regulators are concerned about foreign governments owning resources that are key to their economic stability and are often more inclined to reject these deals. I argue that compared to nonhybrid-SOEs, hybrid-SOEs will experience less regulatory scrutiny as the observable private investors might mitigate apprehension about political objectives. Thus, the negative impact of sensitive industry on the CBA will be less for hybrid-SOEs than those of SOEs, increasing the likelihood that hybrid-SOEs CBA deals being approved.

Sensitive industries are also resource-intensive industries (Popli et al., 2016; Ermolaeva, 2017). Industries such as technology and knowledge-intensive industries require acquirers to verify and value the assets of the technology being acquired (Dong et al., 2019). This necessity for information verification is even more critical when acquirers seek to access and transfer the acquired knowledge across their networks (Ferreira et al., 2017). Information gathering and verification costs, especially within the technology industries, require specialist advisors who further increase the overall acquisition cost (Song et al., 2013). Considering that EE POEs experience financial constrain induced by home capital market imperfection, sensitive target industries create further financial barriers to completing CBA for POEs. I argue that the resource benefits of hybridization in hybrid-POEs will generate resources to initiate and navigate the progressively increasing cost of CBAs induced by sensitive industries. This assertion is linked to Liu et al.'s (2013) finding that politically connected POEs are more likely to engage in large-scale CBAs.

In summary, I argue that for hybrid-SOEs, the legitimacy-enhancing benefits of hybridization will be more salient in sensitive industries. Concurrently, the resource-enhancing benefits of hybridization will be more salient for hybrid-POEs in sensitive industries. Thus, I hypothesize:

H3a: Politically sensitive target industries will strengthen the positive impact of hybrid-SOE on CBA completion

H3b: Politically sensitive target industries will strengthen the positive impact of hybrid-POE on CBA completion.

3.4.3.3 Moderating impact of host country regulatory quality

Management researchers have found that signalling effectiveness is determined partly by the receiver's characteristics and attention to signals which shape how different receivers receive and interpret the signals (Perkins & Hendry, 2005; Connelly et al., 2011; Srivastava, 2001). In this study, I position host country regulatory quality as a receiver characteristic that affects how the hybridization signal is received and interpreted, ultimately affecting its effectiveness. Host country regulatory quality captures a government's ability to formulate and enforce regulatory policies that permit and promote private sector development (Cuervo-Cazurra et al., 2019). In other words, regulatory quality is the extent to which pro-market institutions are established in an economy (Morck, Xu, & Yeung, 2009; Khanna and Palepu, 2010).

High regulatory quality institutions are less restrictive, and the dominant ideology promotes free competition between privately owned firms (Wright et al., 2021; Mariotti & Marzano, 2020). As a result, government interference in business is minimal, and active state ownership in business competition is rare. On the other hand, countries characterized by low regulatory quality lack the state capacity to develop and enforce stable economic laws that protect the private sector (Cuervo-Cazurra, 2018; Kolstad & Wiig, 2012). For instance, the World Investment Report (2019), report that specific FDI screening mechanisms targeting CBAs are predominantly implemented by developed countries such as Australia, Austria, Belgium, Canada, Finland, France, Germany, the United Kingdom, and the United States. Similarly, Callagan (2018) finds that high regulatory quality countries like Canada and the United States are more likely to implement protectionist actions to foreign investing SOEs

Therefore, I argue that the resource, legitimacy, and operational autonomy implications of hybrid ownership will be meaningful in host countries with high regulatory quality as they are more attentive to signals that align or deviate from their market and economic ideology. As countries with high regulatory quality promote free competition among private actors, state ownership especially from foreign investors will present legitimacy barriers. A survey by the OECD on the opinions about foreign investment by SOEs shows that host country regulators are concerned about maintaining a level playing field, competition enforcement, ad hoc political intervention, and national security when investors are SOEs. Similarly, several studies (e.g. Cuervo-Cazzura, 2018; Meyer et al. 2014; Cui & Jiang, 2012) show how SOEs experience stringent regulatory scrutiny and legitimacy challenges in developed economies.

Nevertheless, I argue that because of the influence of capital markets and private owners, and the resulting profitability motives in hybrid-SOEs, host countries will experience fewer concerns about political intervention and national security. This is because the diluted concentration of state ownership is expected to minimize political objectives and state control that are contrary to the ideologies in developed economies. For instance, Cheng et al. (2020) find that under market logic, the legitimacy of SOEs stems from their financial performance and relative market position which guide managerial attention to growth and shareholder value maximization as opposed to government agenda. Similarly, Cuervo-Cazurra et al. (2014) highlight that publicly traded SOEs at home or in other stock exchanges adopting corporate governance practices that align with market objectives may be perceived as less threat by developed host country governments (Cuervo-Cazurra et., al 2014).

Accordingly, in high regulatory quality institutions, hybrid-SOEs through their ownership structure, signal host country constituents of their commitment to market orientation and economic objectives leading to enhanced legitimacy compared to nonhybrid-SOEs. Therefore, the legitimacy-enhancing benefits of hybridization in hybrid-SOEs will be more strengthened in host countries with high regulatory quality, increasing the likelihood of CBA completion for hybrid-SOEs relative to nonhybrid-SOEs. Congruent with this logic, I argue that developed host country regulators who are vigilant about acquirers' political connections will apply significant weight to hybrid-POEs carrying state ownership. Accordingly, in high institutional quality countries with a commitment to market objectives, hybrid-POEs will experience more legitimacy hurdles relative to conventional POEs leading to more likelihood of CBA failure for private hybrids.

Connelly et al. (2011) posit that signals will not work if the receivers are not looking out for them. As host countries with low regulatory quality lack the capacity to enforce laws that promote competition among private investors, their attention to and scrutiny of state investors from emerging economies will be minimal (UNACTAD, 2019), thus diminishing the legitimacy benefits of hybrid-SOEs. For instance, Kolstad and Wiig, (2012) suggest that SOEs may achieve easier entry into countries with chronically weak institutions and rules like those in the home country. In other words, in host countries with lower regulatory quality, state ownership does not create legitimacy barriers and SOEs can invest irrespective of being hybrid or not.

At the same time, host countries with low regulatory quality are characterized by uncertainty, risks, and inefficient market-based rules (Duanmu, 2012; Wang et al. 2012). As a result, nonhybrid-POEs financially constrained by capital market imperfection at home are often discouraged from investing in these locations. Several studies (e.g., Ramaswamy 2012; Hobdari et al., 2017) show that due to financial constraints and capital market imperfections, emerging market POEs are risk-averse in the foreign location choices. Therefore, I argue that the resource-enhancing benefit of hybrid-POEs will facilitate high-risk tolerance when acquiring from low regulatory quality, ultimately increasing the probability of CBA completion.

From a signalling perspective, Connelly et al. (2011) note that specific signaller-receiver pairs may interact to yield especially effective or ineffective signalling. Following this logic, I argue that hybrid ownership (for both hybrid-SOE and hybrid-POEs) interacts with high regulatory quality to magnify the hybridization signal. In contrast, lower regulatory quality signals make the hybridization signal ineffective. Hence, I hypothesize:

H4a: Higher host country regulatory quality will strengthen the positive effect of hybrid-SOEs on CBA completion.

H4b: Higher host country regulatory quality will weaken the positive effect of hybrid-POEs on CBA completion

CHAPTER 4: RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

In the previous chapter, I developed a conceptual model that discussed the relationship between ownership structure and cross-border acquisition (CBA) completion. The resulting hypotheses highlighted how the likelihood of completing CBAs varies depending on the acquiring firm's ownership characteristics. This relationship is further affected by the political background of the acquirers' top executives and the regulative quality of the host country. Following these debates in Chapter 3, this chapter discusses the methods used to investigate the stated hypotheses. Firstly, I justify the research approach and design, followed by a discussion of my philosophical worldview and then a detailed explanation of the data collection process, data sources, and the rationale behind the variables' measurements. Also, I describe and validate the various statistical and analytical methods utilized to conduct the testing.

4.2 RESEARCH APPROACH

The research approach outlines the plans and procedures I implemented to address the research questions at the centre of this thesis. In assessing the ideal research approach for my research questions, I considered the different existing research approaches in combination with my judgment and knowledge in the research area (Osborne, 2008). The overall goal was to adopt a research approach that fits the research setting and the research questions for which I sort to answer. Ultimately, the research approach I adopted in this thesis was informed by my philosophical worldview, existing procedures of inquiry that are consistent with the assumptions of this view, and the specific methods of data collection, analysis, and interpretation that translate the approach into practice (Creswell, 2014; Rynes & Gephart, 2004). Below, I discuss two sub-sections that inform my decision of the research approach adopted.

4.2.1 Philosophical worldview

Creswell (2014, p. 6) defines worldview as “a general philosophical orientation about the world and the nature of research that a researcher brings to a study.” Philosophical worldview influences how knowledge is researched and interpreted (MacKenzie & Knipe, 2006), ultimately setting the expectations and reasoning behind a study. Following Philips and Burbules (2002) description of philosophical worldviews, I identify my philosophical worldview in this research as post-positivist. Post-positivists seek to discover the truth about reality by applying theory to context through observation and measurements that predict external forces (O'Leary, 2014). The predictive inquiry in post-positivism reflects a "deterministic philosophy" in which causes (probably) determine effects or outcomes" (Creswell, 2014, p.7). This deterministic nature of post-positivism is reflected in my research as I identify and assess the ownership characteristics of firms that influence the completion of cross-border acquisitions (CBA).

To establish and describe causal relationships, post-positivism relies enormously on "reducing reality" into its smallest components like variables, which are ultimately measured through direct observations or proxies (Creswell, 2014). Nevertheless, measuring reality through direct observations or proxies can be prone to fallibility. As such, post-positivism asserts that the truth about reality can never be explained perfectly or completely but can only be approximated predominantly through assigning probabilities (Onwuegbuzie, Johsnson & Collins, 2009). In this thesis, I observe the reality that CBAs sometimes fail to complete, and I capture this reality through several variables that I directly observed or measured by proxies. Furthermore, as human factors (such as who approves or rejects proposed CBAs) largely contribute to a CBA outcome, verifying the "reality" is better presented in probabilities as human behaviour is by nature difficult to predict perfectly. This probabilistic nature of post-positivist research combined with capturing reality through measuring variables renders statistics and inferential statistics an ideal research design.

4.2.2 Research design

While the philosophical worldview addresses the issue at the centre of this thesis related to my broader understanding of the world, the research design specifies the practical details on how I can use data to answer the research questions and reach a conclusion in the study. In creating my research design for this study, my goal was to achieve the best possible fit between the research questions and the procedures available to answer them. The primary decision in the research design involves deciding on the appropriateness of quantitative, qualitative, or mixed methods line of inquiry (Ang, 2014). This decision is guided by carefully identifying the nature of the variables in the study and how to best capture and measure them in relation to the research questions. Figure 4.1 below presents a pictorial depiction of my entire research approach.

The distinction between qualitative, quantitative, and mixed research is often framed by the nature of the data obtained and what this data can achieve for the study (Creswell, 2014). Qualitative research relies on words and talks to create text that describes people's understanding of reality (Rynes & Gephard, 2004). As a result, the qualitative line of inquiry is extremely descriptive, often narrating who said what to whom, how it was said, when and why it was said. This fluid depiction of reality implies that qualitative research is less suited for studying a few static variables and more appropriate for nuanced areas and concepts needing more exploration and insights (Ang, 2014; Rynes & Gephard, 2004). Qualitative research is quite distinct from quantitative research that tests relationships among variables by deducing hypotheses from logical arguments anchored on matured theories and previous works (Creswell, 2014). Quantitative research relies on codes, counts, and quantification of concepts to meaningfully explain reality. As a result, data from this type of research are often numerical and analysed using statistical procedures.

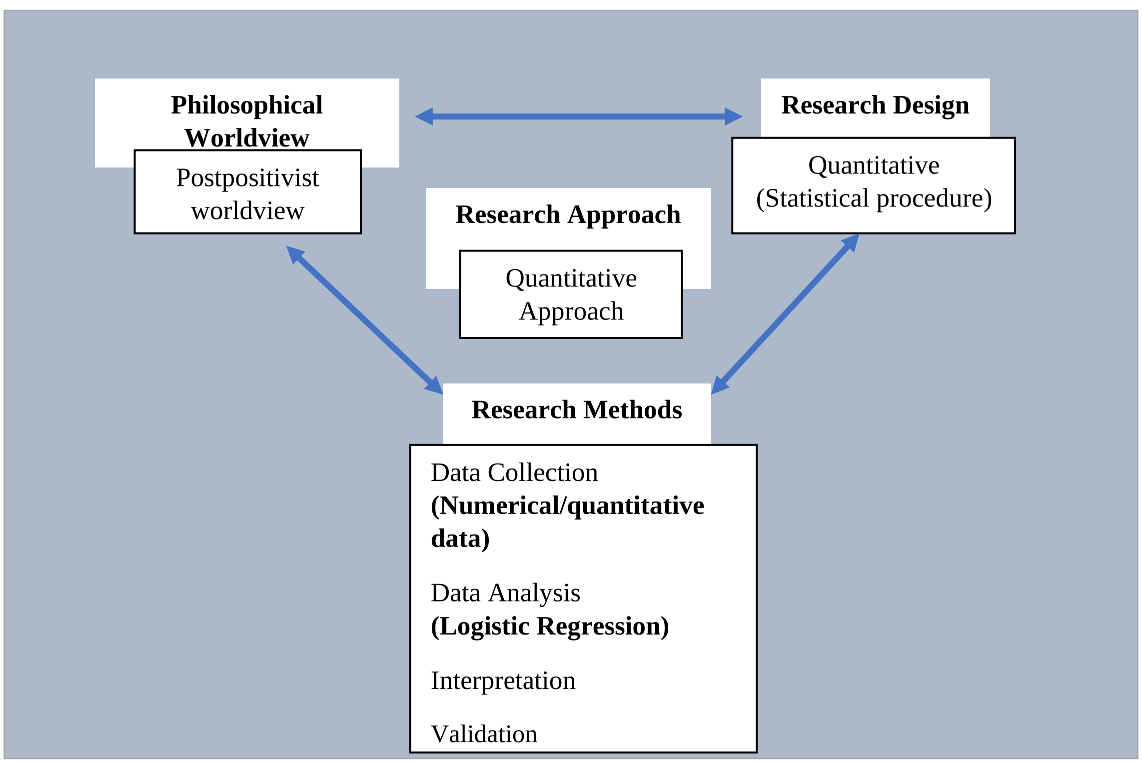

Figure 4. 1: Pictorial depiction of my research approach
Source: Adapted from Creswell, 2014, p.5

Overall, Edmondson and McManus (2007) simplify the choice between quantitative, qualitative, and mixed research by proposing a framework that uses a research area's theoretical and empirical development to guide the selection. The figure below shows that qualitative research is more suited for developing theories with a shortage of prior knowledge. They suggest that, when less is known about a research area, research questions need to be open-ended and flexible to improve understanding of the phenomenon being studied. Conversely, when a specific topic has been studied extensively, researchers can tap into prior literature to identify important independent, dependent, and control variables to explain further and refine nuanced mechanisms underlying a phenomenon. Thus, quantitative research fits better with mature theories. Finally, when a topic of interest is in an intermediate or transition stage, mixed methods research that simultaneously tests a hypothesis and accommodates unforeseen insights from qualitative data will be an ideal research design.

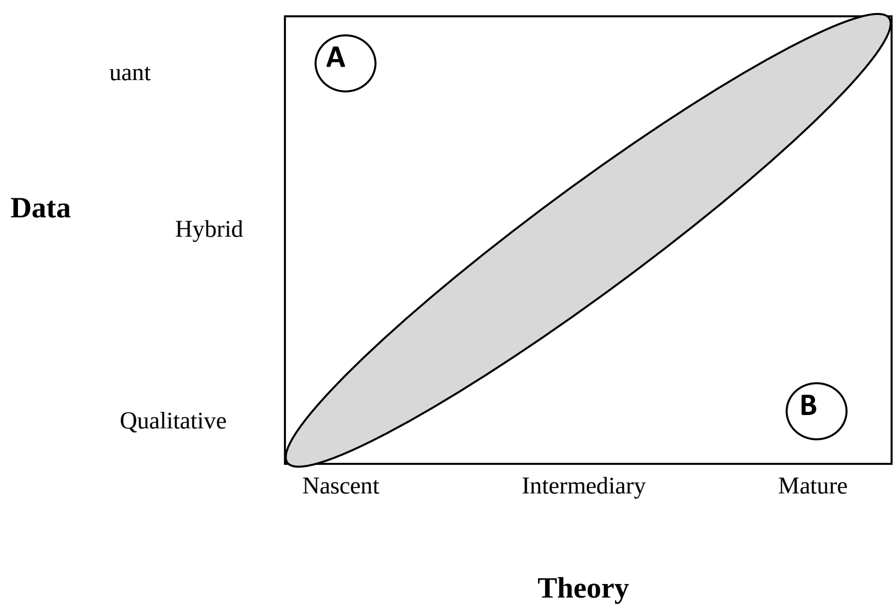

Figure 4. 2: Methodological fit
Source: Edmondson & McManus, 2007, p.1168

Taking all these factors into consideration, I chose to adopt a quantitative method for this thesis. CBA completion – the focus of this research – has been studied extensively in the international business domain. The literature review in Chapter 2 discuss in detail extant research (e.g., Li et al., 2019; Li et al., 2017b; Meyer et al. 2014; Zhang & He; 2014; Deng, 2009) with well-developed constructs and models that have applied varieties of theoretical perspectives to understand the determinants of CBA outcomes. While these studies have not yielded consistent results, they identify a plethora of critical variables that can be refined to further extend knowledge in the research area. Leveraging on this large body of prior works, I identified critical explanatory and control variables and modified their existing measures to reflect my hypotheses.

The variables I identified are rooted in the New Institutionalism Theory (Scott, 2001) and the Signalling Theory (Spence, 1974), which are mature and well-developed theories in the international business field. The first arguments of the institutional theory can be traced back to 1977 and have been used by many scholars to advance various aspects of the international business field such as internationalization (Stoian & Mohr, 2016), location choice (Duanmu, 2012), entry mode choice (Cui & Jiang, 2012) amongst others.

4.3. SAMPLING AND DATA COLLECTION

4.3.1 Empirical setting and sampling frame

The empirical focus of this study is CBAs conducted by Chinese firms from 2008 to 2017. I selected China as the empirical context of this research for various reasons. First, China is one of the fastest-growing economies globally and accounts for a significant proportion of global and emerging market outward investments. In the period of this study (2008-2017), China consistently ranked in the top three largest investors globally and the highest outward investor from emerging economies. According to the World Investment Report (2017), OFDI by Chinese firms stood at $196 billion in 2016, driven by a surge of CBAs. Similarly, various reports have identified China as a major investor in many developed countries, primarily through CBAs (UNCTAD, 2016). Figure 4.3 below shows an overall steady increase in Chinese firms' CBA activities between 2006 and 2016.

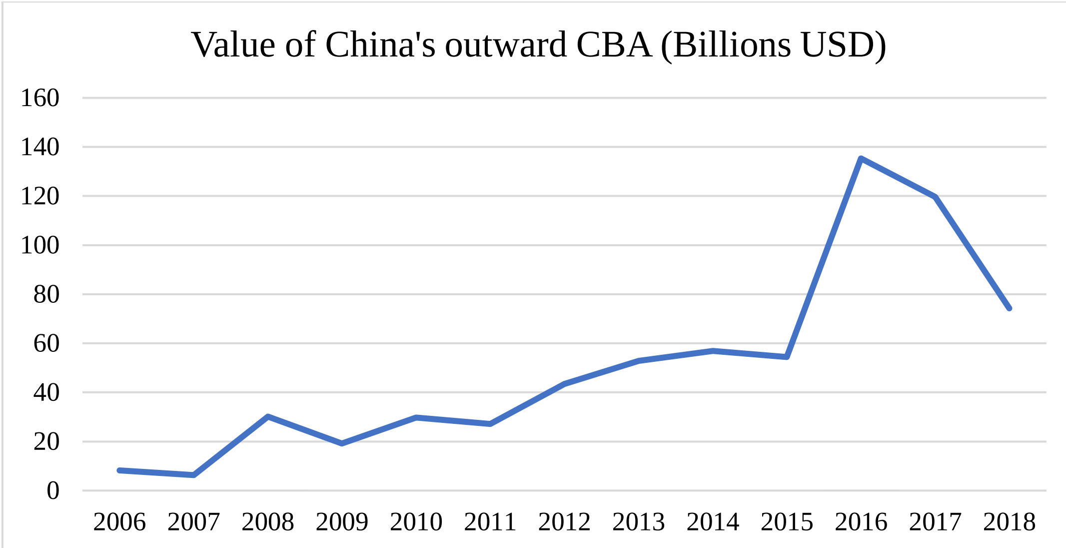

Figure 4. 3: Outward CBA by Chinese firms
Source: MOFCOM China; National Bureau of Statistics of China; State Administration of Foreign Exchange

Researchers attribute the rise to prominence of China's OFDI to its active state and private involvement in OFDI activities. As of 2015, 98 of the Fortune Global 500 corporations were from China, of which 75% were state-owned. Nevertheless, the ongoing pro-market institutional reforms in China stimulated the reconfigurations of many conventional SOEs towards alignment with market-based institutions. The 'zhua da fang xiao' (grasp the big, release the small) policy significantly transformed large amounts of SOEs through privatization, asset sales, and shareholding diversification resulting in mixed Ownership among many SOEs. On the other hand, China's private-owned enterprises serve as the primary driver of China's economic growth. Various reports commonly use the combination of figures 60/70/80/90 to define the private sector's contribution to the Chinese economy: contributing 60% of China's GDP, 70% of innovation, generating 80% of urban employment, and providing 90% of new jobs. The Private Sector is also responsible for 70% of foreign investments and 90% of exports (Guluzade, 2019).

Despite these sweeping reforms, researchers and other stakeholders still consider government intervention to be pervasive in China's economy. The evolving and unstable nexus between political institutions and corporate structures resulting from these reforms are complex and opaque leading to global apprehension about how China's economy works and how organizations function. This overarching interaction between state and private entities is a source of ambiguity in Chinese firms' corporate structure that is significantly shaping their OFDI, thus creating an interesting context for which to dissect the role of hybrid ownership in CBAs. Overall, China has established a system of publicly listed firms with varying ownership identities that allowed me to capture the hybridization concept at the centre of this research. This diversity of Chinese publicly listed firms combined with the significance of Chinese OFDI, primarily through CBA offer an ideal empirical context for this study.

4.3.2 Data collection procedure

I derived the sample for this study from CBAs performed by Chinese firms between 2008 and 2017. I utilize data of publicly traded firms as this allows access to firms' full Ownership and financial information. Listed firms in China are required to reveal the identity and ownership attributes of the first to tenth largest shareholders. The listed firms' annual reports also disclose information on their subsidiaries, including location, voting rights, and cash flow rights in the subsidiary.

I set my observation window for this research as 2008 to 2017 mainly because before 2003, POEs were legally prohibited from investing abroad and OFDI from China was mostly by SOEs (Buckley et al., 2007; Voss et al., 2010). Notwithstanding, China's Ministry of Commerce drafted the first regulatory policy explicitly encouraging the 'go global' of POEs in 2006 (Luo et al., 2010). Overall, OFDI from China stepped into a more comparable representation between SOEs and POEs around 2007 (Huang et al., 2017; MOFCOM, 2009; Morck et al., 2008), making it an excellent time to start the observation of the hybridization effect. Figure 4.3 below shows OFDI between POEs and SOEs from 2006-2015, highlighting a steady increase in the OFDI stock of China's POEs.

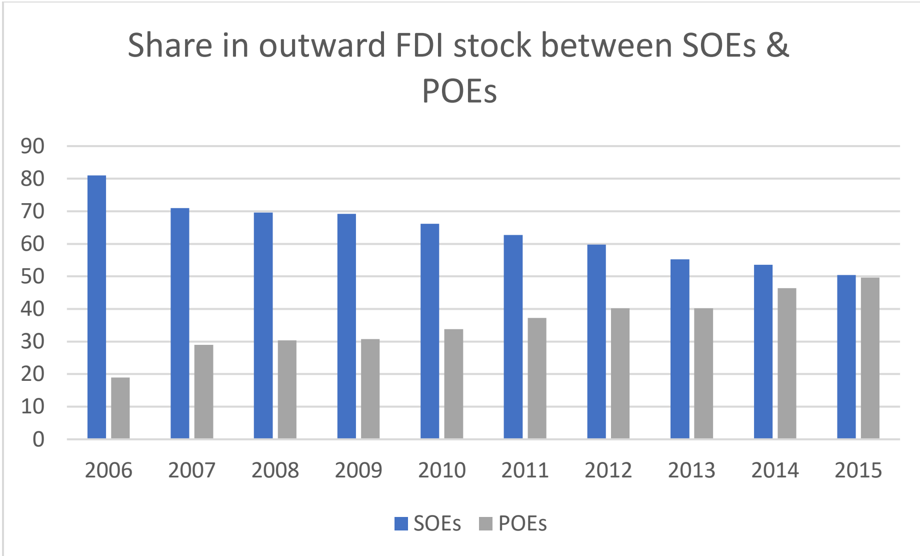

Figure 4. 4: Share of state-owned and private enterprises in OFDI stock between 2006 and 2015. *Source: Statista*

After I identified the publicly listed firms between the years 2008 to 2017 as ideal for the observation, I built my dataset following a meticulous screening procedure that involved aggregating data from various sources. Using the Securities Data Corporation (SDC) database, I extracted a total of 1,719 CBA transactions by Chinese firms over the stipulated 10-year period. Researchers consider the SDC database to be a reliable source of data for CBA activities and have been extensively used in academic research across the international business, finance, management, and marketing fields (e.g., Cao et al., 2019; Dikova et al., 2010; Zhang et al., 2011; Lim & Lee, 2017, Li et al., 2019). The database contains over 1000 data elements covering information on deal, firm, and industry characteristics. For each CBA transaction, I collected the date of a CBA announcement, completion status, Percentage sought by the acquirer, acquirer, and target profiles – including their parent company, industries, listing status, and country of origin. I also extracted deal-related information such as the target's attitude and whether the acquirer employed a financial advisor.

Secondly, I excluded investments made in Hong Kong, Macau, and Taiwan as these territories are legally incorporated or claimed by China and are frequently used as transition points for Chinese firms' foreign investments (Morck et al., 2008). Also, following Li et al., (2017b), Sutherland & Ning, (2011), and Pinto et al., (2017), I excluded CBAs made in

Caribbean tax-haven countries such as the British Virgin Islands, Cayman Islands, Bermuda, and Barbados as researchers typically identify these as being part of round-tripping[1]. According to the OECD (2015, p. 2), "Round-tripping is not genuine FDI." Also excluded were CBAs of less than 10 percent of the target company's equity to avoid capturing portfolio investments (Pinto et al., 2017). Other excluded deals were internal transactions, rumoured deals, and acquisition of assets (Li et al., 2017b). Such deals are not subject to similar home, host country regulatory scrutiny, and possible resource constraints and will not be relevant in testing the hybridization effect.

Thirdly, I merged the deal-level information from SDC with firm and governance-level information from the China Stock Market & Accounting Research (CSMAR) database. CSMAR is a unique, comprehensive database containing China stock returns of all companies listed on the Shenzhen and Shanghai Stock Exchanges. It provides detailed information on listed firms' ownership and governance characteristics, financial statements, and foreign listing status. The CSMAR database is widely used and accepted in China-based research in the International business domain (Du & Boateng, 2015; Huang et al., 2017; Li et al., 2019; Liang et al., 2015).

Finally, to ensure the information's accuracy, I used the Lexis-Nexis Academic Universe database and Factiva to crosscheck both deal and firm-level details. This check revealed instances where the same acquirers made cumulative CBAs directed at the same target companies within a short period (usually 3 to 9 months). I counted these deals as single investments or duplicate investments.

Overall, for a CBA observation to be included in the sample, the following criteria had to be fulfilled

- The acquiring firm had to be headquartered in China and listed on the Shanghai or Shenzhen stock exchange.
- The CBA was conducted between 2008 and 2017 (inclusive).
- The target firm in the CBA was not a Chinese firm
- The target country was not Hong Kong, Taiwan, Macau, British Virgin Island, Cayman Island, Barbados, or Bermuda

[1] Round-tripping occurs when companies undertake investments abroad into offshore funds and brings them back to their home country as inward FDI, often for tax evasion purposes

- The deal sought to acquire 10% or higher of the target firm

This process produced a refined sample of 869 CBA transactions performed by 589 firms.

4.3.3 Sample characteristics

Following the data collection, I ensured that the final sample size gathered was adequate for the statistical procedure as the sample size significantly influences the statistical power of a test. Sample sizes that are too large lead to type I error, creating false positives and statistical significance even when these findings present no practical implications (Hair, et al., 2010). Similarly, sample sizes that are too small may fail to identify existing relationships and differences among variables leading to type II error. Therefore, it was crucial to assess the impact of sample size both at the overall level and on the individual variable level (Hair et al., 2010). Considering the overall sample size for quantitative analysis, research methods experts (e.g., Hosmer & Lemeshow, 2000) suggest a minimum sample size of 400 observations. Hence, my total sample size of 869 CBA deals with 12 variables (including control variables) meets this requirement.

Equally as critical as the overall sample size is the sample size per group of the dichotomous dependent variable with a minimum recommended sample size of 10 observations per group. Even at the minimum recommended size, dependent variables with wide variations between groups might influence the classification of observations in favour of the larger group (Hair et al., 2010). Of the 838 CBAs conducted by 563 firms in my dataset, 534 were completed while 304 failed to complete. This shows a good representation of observations amongst the two categories of the dependent variable.

Panel A of Table 4.1 below provides an interesting overview of the details of the sample. I observed that within the 10-year observation period of this study, Chinese listed acquirers were drawn to strong, more advanced economies like the United States and Australia. This may seem in contradiction to studies suggesting that Chinese firms are attracted to weak and high-risk locations during foreign investments (Buckley et al., 2007; Duanmu 2012; Kolstad & Wiig, 2012). However, the motive for foreign investment highly influences how and where firms invest. In the case of CBAs, Chinese firms are often seeking strategic assets, knowledge, and superior brands for the purpose of discriminatory escape (Cuervo-Cazurra & Ramumarti, 2017;

Li et al. 2012; Cui et al., 2014; Meyer, 2015). What better place to find these than in more advanced developed economies? Studies (e.g., Meyer, 2015) show that a host location's technological capabilities act as a pull factor for attracting foreign investors.

Table 4. 1: Sample distribution of target location, and CBA distribution by year.

Panel A: Distribution of Target Economies ***Panel B: Distribution by Year***

Top 10 Locations	Announced CBAs	Completed CBAs	Year of Acquisition	Announced CBAs	Completed CBAs
United States	167	108	2008	40	23
Australia	78	48	2009	40	25
Germany	65	39	2010	53	31
Canada	57	40	2011	52	35
United Kingdom	51	37	2012	55	27
Italy	34	25	2013	62	36
Japan	33	24	2014	56	39
Singapore	28	18	2015	166	121
South Korea	23	12	2016	190	125
France	21	12	2017	124	72

Table 4.2 provides insights on the industries targeted in the sample and reveals the strategic asset-seeking motives of Chinese CBAs. Here, energy and power, high technology, and industrials account for most of the CBA transactions. As latecomers on the global scene, many emerging economy firms like those from China take a springboard approach to establish themselves in the market through strategic takeover of foreign firms that are more advanced in terms of technology, skills, and managerial capabilities (Deng, 2009; Li et al., 2012). The target industries in advanced economies will provide such strategic assets for Chinese acquiring firms to compete globally.

Table 4. 2: Sample distribution of acquirer and target industries

Acquirer Industry	Announced CBAs	Completed CBAs	Target Industry	Announced CBAs	Completed CBAs
Materials	201	126	Energy and Power	192	133
Industrials	187	111	Industrials	192	120
Media & Ent.	91	51	High Technology	158	96
High Technology	90	62	Materials	76	48
Financials	67	48	Financials	56	30
Energy and Power	53	36	Healthcare	45	35
Healthcare	36	29	Con. Prod. & Sv.	37	25
Cons. Prod. & Sv.	35	23	Consumer Staples	26	13
Consumer Staples	27	19	Telecoms.	20	12
Telecoms.	23	10	Retail	13	12

4.4. MEASUREMENT DEVELOPMENT

4.4.1. Dependent variable

In this thesis, I investigate how the ownership structures of acquiring firms impact the completion of CBAs. As such, the dependent variable is ***CBAoutcome,*** recording whether an announced CBA was completed or not. Consistent with prior research (e.g., Muehlfeld et al., 2012; Zhang et al., 2011; Dikova et al. 2010; Li et al., 2019; Li et al., 2017b), I operationalize the dependent variable as a dichotomous variable, which took the value of 1 if a CBA transaction was completed and 0 if it was not. The SDC database categorizes CBA outcomes as either complete, withdrawn, pending, or unknown.

In the dataset of the deals where both the announcement and completion dates were available the average number of days it took to complete a deal was 98 days. As the investigation period in this thesis was 2008 to 2017, I excluded deals announced in 2018, but I recorded deals announced in earlier years completed in 2018. If announced deals had a pending or unknown status by the end of 2018, they were considered as withdrawn and coded as “0” because 365 days in 2018 is greater than the average number of days (98 days) it took to complete a deal in the dataset. For instance, in 2017, a total of 13 CBAs had their status as pending or unknown. Of these 13, 7 were updated as complete or withdrawn in 2018, and 6 still had a pending status. I followed a similar approach for the starting point of the sample. I only included CBAs announced in 2008. I excluded deals announced before 2008 that were completed in 2008. After cross-checking CBAs with pending and unknown statuses in the following year for updates, the remaining statuses that I could not confidently verify through manual searches were excluded from the sample. In summary, 31 deals were excluded from the sample, refining the sample size to 838 deals carried out by 562 firms.

4.4.2. Independent variables

4.4.2.1 Hybrid ownership

The key explanatory variable in this research is the acquiring firm's ownership structure at the time of the focal CBA. I operationalized the ownership structure with a dichotomous variable **"*Hybrid*"** coded as 1 if the acquirer was a hybrid firm and 0 for non-hybrid firms. Before I identified acquirers as either hybrid or non-hybrid firms, I sorted the entire sample into two groups (the State group and the Private group) based on the identity of the ultimate controlling shareholder[2] (Delios, Jian, Wu & Zhou, 2010; Li et al., 2017a). I categorized acquirers as belonging to the State group if the ultimate controlling shareholder was the government or any of its agencies at the time of a CBA transaction. Alternatively, the Private group contained acquirers whose ultimate controlling shareholder was a private or non-state entity. Of the 838 CBA deals, 305 belonged to the State group and 533 were classified into the Private group. I differentiated the sample into different groups because, as discussed in chapter 2 and 3, SOEs and POEs experience unique resource and legitimacy challenges during CBAs. Consequently, their motives for hybridization and benefit from hybridization will be different. It is therefore evident that hybridization effects will be more accurately investigated within groups:

[2] In the CSMAR database, the ultimate controlling shareholder of the firm is defined based on the Measures for the Administration of the Takeover of Listed Companies issued by the China Securities Regulatory Commission. Here, an ultimate owner is identified based on if (1) it holds the largest amount of shares among all shareholders in the firm; (2) it can execute or control more voting rights than the shareholder with the largest amount of shares; (3) it holds and controls 30% or more of the firm's shares and voting rights.

State group (Hybrid-SOE vs. Nonhybrid-SOE) and Private group (Hybrid-POE vs. Nonhybrid-POE).

After sorting the sample into State and Private groups, within each group, I defined hybrid firms as those firms with both state and private blockholders[3]. In contrast, non-hybrid firms had a single blockholder that was either a Private or State entity. (Appendix 1 contains the detailed processes of ownership categorization). Within the State group, hybrid firms (called *Hybrid-SOEs)* are firms whose ultimate controlling shareholders are the government or its agency that also have private entity blockholders. Conversely, *Nonhybrid-SOEs* do not have private entity blockholders. Accordingly, in the State group, I coded *Hybrid-SOEs* 1 and *Nonhybrid-SOEs* 0.

Similarly, in the Private group, hybrid firms (called *Hybrid-POEs*) are firms whose ultimate controlling shareholders are private entities but also have State blockholders. *Nonhybrid-POEs* do not have State blockholders. Subsequently, in the Private group, I coded *Hybrid-POEs* 1, and *Nonhybrid-POEs* 0. Of the 838 CBA transactions in the sample, 251 were performed by hybrid firms while non-hybrid firms performed 338. Figure 4.4 below shows a pictorial depiction of how I categorized the independent variable to best test the hypothesis.

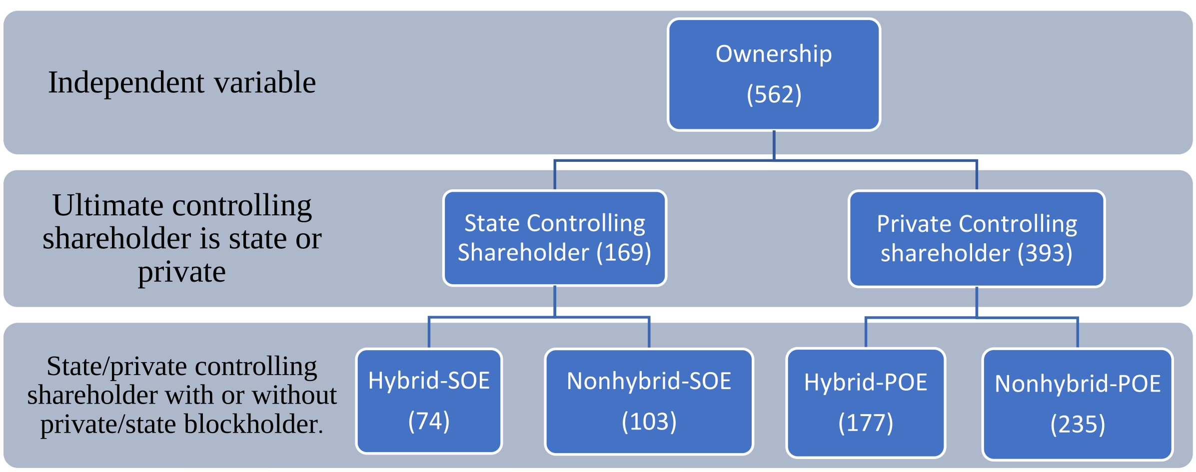

Figure 4. 5: Pictorial depiction of the independent variable[4].

[3] Blockholders are shareholders who own 5% or more of the shares of a company (Edmans, 2013). This cut-off has been used in major International business and finance research (Chen et al., 2009; Zhou, 2018; Li et al., (2017); Wu, 2011). These studies suggest that entities with less than 5% ownership have minimal impact on firm decision making

[4] The state group has 169 unique acquirers while the private group has 393 unique acquirers. For the state group, 8 acquirers had both hybrid and nonhybrid ownership at the different points in the observation window. This made the sum of hybrid and

As I categorized the independent variable, it was interesting to observe the difference in the shareholding composition patterns between firms in the State and Private groups. For instance, the data revealed that state-owned firms (both hybrid and non-hybrid) tend to have more concentrated ownership structures where the largest shareholder often owned the majority of the top 10 shareholders' shares. In contrast, private firms (both hybrid and non-hybrid) mostly had a more dispersed ownership structure, and shares were widely disseminated amongst the top 10 shareholders, often without a dominant shareholder.

4.4.2.2 Varieties of hybrid ownership

Table 4.3 below displays a brief overview of how extant international business and finance research has measured firms' ownership structure as an independent variable. The table shows that earlier ownership-based studies often adopted a black or white approach in categorizing ownership. However, more recent studies (e.g., Lazaarini & Musacchio, 2018; Li et al., 2017a; Mariotti & Marzano, 2019; Zhou, 2018) are starting to move beyond the discrete categorization of ownership as only state or private to capture hybrid ownership. Despite this move towards capturing hybridity in ownership measurements, there is still a lack of research explicitly investigating the detailed internal characteristics of hybrid ownerships (Shephard et al., 2019). My novel conceptualization and measurement of varieties of hybrid Ownership is motivated by this gap in IB literature. Furthermore, several studies in the IB domain recognize that inconsistencies in the findings of ownership-based research could be attributed to the way ownership is being measured and are calling for a conceptually comprehensive framework to improve our understanding of ownership (Delios et al., 2006, Inoue et al., 2013; Musacchio et al., 2015; Ramaswamy et al., 2012). In this study, I refine the measurement of hybrid ownership firms by identifying two new perspectives by which hybrid Ownership can be investigated: The **nature** of hybridization and the *Degree* of hybridization.

nonhybrid greater than the number of unique acquirers in the state group. Same applied in the private group where 19 acquirers had hybrid or nonhybrid ownership at different points in the observation window

Table 4. 3: Overview of Ownership Measures

Author	Independent Variable	Measurement	Data Source	Country Setting
Chen et al., (2009)	Ownership structure	The highest shareholder or ultimate controlling owner	CSMAR	China
Wu, (2011)	Minority state ownership	If government agencies and affiliated SOEs own less than 50% shares	Annual report	Taiwan
Cui & Jiang, (2012)	State ownership	Total Percentage of equity ownership by the government and its agencies	Bureau van Dijk's ORBIS database	China
Inoue et al., (2013)	State minority equity	The Percentage of equity held by the Brazilian development bank	Valor Grandes Grupos databases	Brazil
Meyer et al., (2014)	State ownership	state-owned if the ultimate controlling shareholder is a state entity or owned by a state entity	Annual report	China
Liang, Ren & Sun, (2015)	Government Ownership. State ultimate control	The actual ultimate controller of the firm is the state or government authorities	WIND, CSMAR	China
Benito, Rygh & Lunnan, (2016)	State ownership	Percentage of equity held by the Norwegian government	Annual reports	Norway
Li et al., (2017a)	State-owned foreign firm	Classified as state-owned if the government owned at least 50 percent stake in the firm	Global new issues database	USA
Li et al., (2017b)	Marketized and non-marketized state ownership	Percentage of equity ownership held by market oriented state-owned enterprises	Annual report, WIND	China
Lazzarini & Musacchio, (2018)	Majority and Minority state ownership	Majority state owned when a state-related entity holds more than 50% of voting shares	Orbis & Capital IQ	66 countries
Zhou, (2018)	Majority and Minority state ownership	Majority state owned when a state related entity holds more than 30% shares.	Annual report	China
Grogaard, Rygh & Benito, (2019)	Level of state ownership	Percentage of shares held by the state	Annual report	Canada

- **Nature of Hybridization**

The nature of the hybridization variable captures the unique identities of the non-controlling shareholders or hybridizing agents[5] in a hybrid firm. From a theoretical standpoint, various studies (e.g., Hu & Cui 2014; Bhaumik et al., 2010) have shown that foreign and domestic institutional investors play different but significant roles in a firm's internationalization. Other studies also show that state investments in private firms occur either directly through state companies or indirectly through loans from state-owned banks, sovereign wealth funds, and pension funds (Cuervo-Cazurra, 2018; Mussachio et al., 2015). This variation in the typologies of non-controlling shareholders heightens the significance of capturing the hybridization effects beyond identifying the mix of state and private ownership to precisely understanding who the owners are, their origin, and what their operations entail.

Figure 4.5 is a scatterplot of Hybrid-SOE firms and their nature of hybridization. The scatter plot shows that State-Hybrid firms clustered together based on the nature and identity of their hybridizing agents. In Hybrid-SOE firms, clusters were formed based on whether the highest private blockholder was a foreign entity with H shares, domestic private entity, or domestic institutional investor.

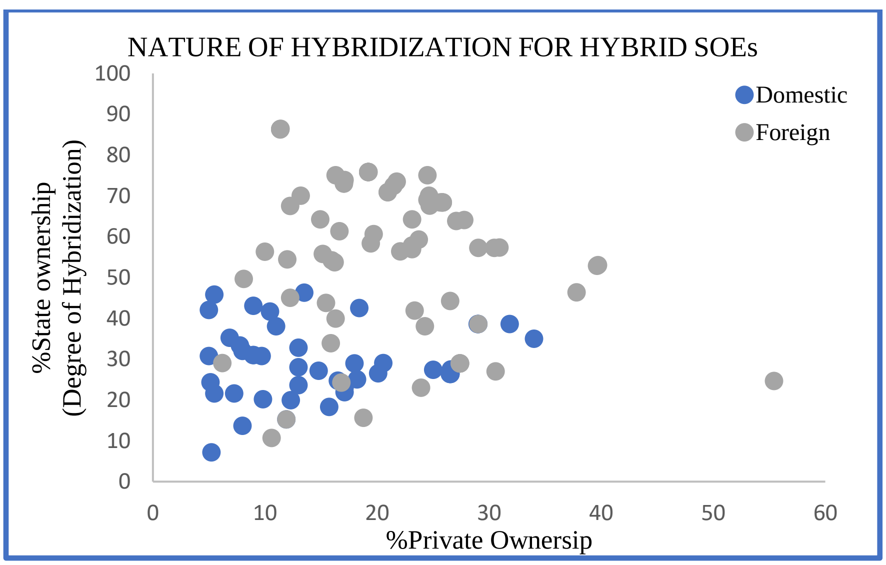

Figure 4. 6: Scatterplot for nature of hybridization (Hybrid-SOEs)

[5] Hybridizing agents are the blockholders whose ownership identity is different from that of the ultimate controlling shareholder.

Following these clusters, I developed 2 categories for the *Nature of hybridization* for Hybrid-SOEs; "*Hybrid-SOEs (foreign)"* and "*Hybrid-SOEs (Domestic)."* Next, I operationalized the nature of hybridization variable as a categorical variable. I coded Hybrid-SOE (foreign*)* with the code "2" if the highest private blockholder in a Hybrid-SOE firm was a foreign entity and coded 1 if the highest private blockholder was a domestic or institutional investor.

On the other hand, the data reveal that the hybridizing agents in Private-Hybrid firms were either state institutional investors or state companies. Accordingly, I developed the variables *"Hybrid-POEs (State.Inst.)"* coded as 2 if the highest state blockholder was an institutional investor and *"Hybrid-POEs (State company)"* coded as 1 if the highest state blockholder was a state company. The scatter plot is attached in the appendix chapter.

- **Degree of Hybridization: Substantial or Symbolic**

The degree of hybridization measures the controlling influence of the ultimate controlling shareholder in a hybrid firm. The premise is that the level of control retained by the controlling shareholder in a hybrid firm reflects their degree of commitment to the partnership between the ultimate controlling shareholder and the hybridizing agent. I identify two typologies of hybridization degree: *"symbolic hybridization"* and *"substantial hybridization."*

In symbolic hybridization**,** the partnership between the ultimate controlling shareholder and the hybridizing agent is weak. The ultimate controller seeks to maintain control, while the hybridizing agent contributes its unique resources to the firm as a strategic investor (Mair et al., 2015; Mussachio et al., 2015). In contrast, substantial hybridization involves a strong partnership between the ultimate controlling shareholder and the hybridizing agent. The controlling shareholder relinquishes significant control to accommodate strategic influences by the hybridizing agent. Subsequently, the degree of hybridization was a categorical variable I coded '2' for substantial hybridization and '1' for symbolic hybridization.

I use 30% shareholding to differentiate between symbolic and substantial hybridization. When the ultimate controlling shareholder held 30% shareholding or above in a hybrid firm, I categorized it as substantial hybridization. Alternatively, when the ultimate controlling shareholder had less than 30% shareholding in a hybrid firm, I classified it as s hybridization. I used 30% shareholding as the cut-off point for various reasons. Firstly, table 4.2 below shows that a common way IB studies (e.g., Zhou, 2018) capture control in a firm is through shareholding percentages. Secondly, article 11 of China's 'Interim Measures for the Administration of State-owned Shares in Limited Corporation' stated that "the government has a controlling influence in firms with state ownership above 30%." Similarly, the CSMAR database defines the ultimate controlling shareholder as "the one who holds and controls 30 percent or above of shares and voting rights". An interesting observation from Figure 4.5 above, show that State-Hybrid (foreign) mostly had a symbolic degree of hybridization. In most cases, state ownership remained significantly high despite being hybrids.

4.4.3 Moderating variables

In this study, I subject the hybridization effect to a series of multilevel contingencies; of the firm, industry, and institutional level factors to create an in-depth understanding of the conditions under which hybridization holds. Thus, this study's moderators include top executives' political connection for firm-level, target industry sensitivity for industry level, and host country regulatory quality for the institutional level. These variables create a strategy tripod (Peng et al., 2008) perspective to fully understand conditions under which the hybridization effect may be strengthened or undermined.

4.4.3.1 Top executives' political connection

Prior studies have established various definitions and constructs to categorize top executives. Some scholars define top executives as employees with titles such as Chief Executive Officer, President, and Chief Operating Officer (e.g., Brockman et al., 2013; Zheng et al., 2017). Carpenter (2002) identified the top two tiers of an organization's management as top executives. Other studies (e.g., Hambrick et al. 1996; Li & Lo, 2017) define top executives as all employees above the vice president level. It is important to note that these studies evoke an upper echelons perspective to explore the combined group effect of decision-makers background on firms' strategic decisions. However, this study is less focused on group effects of top executives' and more on critical positions amongst top executives that carry strong signals of resource, legitimacy, and autonomy implications in the context of CBAs. Renowned IB studies investigating top executives' political connections in CBA have also adopted this approach, focusing on chief executive officers (CEOs) and board chairs (COBs) (Ding et al., 2014; Wu et al., 2013).

Accordingly, I measured the top executive political connection with two variables *Pol.Chair* and *Pol.CEO* both coded as 1 if the CEO or COB was politically connected. Otherwise, I coded them as 0. Top executives' political connection captures whether the CEO or the COB of an acquiring firm worked or continued to work in a government agency at the time of the CBA. I also captured top executives' political connections based on whether the CEO or the Chairperson were members of the Chinese People's Congress (CPC) and the Chinese Peoples, Political Consultative Conference (CPPCC) at county levels and above. I retrieved all top executive political connection details from the CSMAR database, firm annual reports[6], Bloomberg profiles, and LinkedIn profiles.

4.4.3.2 Target sensitive industry

I used the variable "***SensInd***" to capture whether the CBA's target firm operates within an industry considered to have national security or national interest implications. Such sectors are more likely to be obstructed by political forces. Various studies (e.g., Zhang et al., 2011; Zhang and He, 2014; Li et al., 2019; Li et al., 2017) have identified several industries as politically sensitive. These studies commonly identify Infrastructure, energy, petrochemicals, telecommunications, and transportation industries as politically sensitive across these studies.

From the existing classification of politically sensitive industries, it is evident that they focus primarily on natural resources, infrastructure, and technology. Following this lead, I create a dummy variable to capture target-sensitive industry: coded as 1 if the target operated in either the High technology industry or the natural resource industry, otherwise coded 0. I followed the Thomson Reuters Business Classification based on the Standard Industrial Classification code (SIC) at the two-digit level to classify industries. I observed that of the 838 CBA transactions in

[6] The CSMAR database provides the names of top executives of all Chinese listed firms including the date the position was assumed. Also, the annual reports of all publicly listed firms in China follow a standard pattern that enlists the names, background, and work experiences of all members of the top executive team

the sample, 23% targeted firms operating in the energy and power sectors, and 19% targeted firms operating in the technology sectors.

4.4.3.3 Host country regulatory quality

Regulatory quality ***(HostQual)*** captures the condition of policy formulation and implementation within a country and the reliability of the government's commitment to these policies. Cuervo-Cazurra, Mudambi, and Pederson (2019) posit that there are no universally accepted standards for assessing institutions' quality. Instead, researchers should implement measures based on the theoretical approach being adopted and the aspects of institutions that strongly affect the topic being studied. The aspects of regulatory institutions influencing CBA outcomes relate to policies guided by security concerns, nationalist interests, and the protection of domestic economic activities (Dinc & Erel, 2013; Enderwick, 2011; UNCTAD, 2016; Zhang & He, 2014). Following this, I measure host country regulatory quality using the *'regulatory quality'* dimension of the Worldwide Governance Indicator (WGI)[7].

The WGI is the most comprehensive and widely used database for measuring regulatory quality in IB literature (Garrido, Gomez, Maicas & Orcos, 2014). It constructs aggregate indicators of six dimensions compiled using 414 individual variables from 35 data sources. The six dimensions are *voice and accountability* (measuring a country's citizens freedom of association, expression, and free media), *political stability and absence of violence* (measuring the perceptions of the likelihood of political instability), *government effectiveness* (measuring the perception of the quality of public and civil service and their independence from political pressures) *regulatory quality* (measuring perceptions of the ability of the government to create and apply policies that promote private sector), *rule of law* (measuring confidence in the enforcement of regulations in the society), *control of corruption* (measuring perceptions of the extent to which public power is exercised for private gain). These dimensions provide data on over two hundred countries dating back to 1996.

[7] In IB research, proxies for measuring institutional quality have frequently come from five main sources; the Global Competitiveness Report (Gaur et al., 2007; Yiu & Makino, 2002), the Corruption Perceptions Index (DiGuardo, Marrocu & Paci, 2016; Habib & Zurawicki, 2002), the International Country Risk Guide (Dikova et al., 2010; Lim & Li, 2017), the Index of Economic Freedom (Estrin et al., 2009; Kang & Jiang, 2012; Liou et al., 2016) and the Worldwide Governance Indicators (Dikova & van Witteloostuijn, 2007; Lu et al., 2014; He & Zhang, 2018). Across these sources, institutions are measured using multiple indices that capture different aspects of regulatory institutions.

Due to the high correlation amongst the six dimensions of the WGI, extant studies vary in how they operationalize them. For instance, Brockman et al. (2013) and He and Zhang (2018) measure institutional quality by averaging the six indicators into a single index. On the other hand, Globerman and Shapiro (2003) use the common factor based on the six dimensions. Other researchers (e.g., Cuervo-Cazurra & Genc, (2008); Oh and Oetzel (2011) perform their empirical analyses using each of the six dimensions instead of reducing or combining them to a single dimension. A key challenge with combining and merging the six dimensions into one is that they become operationalized into similar constructs when intended to capture different aspects of the regulatory institution (Aguilera & Grøgaard, 2019). As institutional quality is made of multiple dimensions, it must be operationalized to only reflect the aspects that are theoretically relevant to the study. In line with this, I measure host regulatory quality using a single dimension from the WGI database *'regulatory quality'* that closely captures this study's theoretical arguments. Renowned IB studies (e.g., Duanmu, 2012; Tao, Liu, Gao & Gia 2017) have used a similar approach

The regulatory quality dimension from the WGI captures the degree to which governments effectively implement policies and regulations to foster and promote private sector development. The regulatory quality measure is reported in standard normal units ranging from -2.5 to 2.5 with higher values corresponding to higher regulatory quality and vice versa[8]. The regulatory quality dimension is also represented in percentile rank term ranging from 0 (lowest rank) to 100 (highest rank). Thus, in this thesis, the variable **"*HostQual*"** is a continuous variable measured as the country scores of all target firms in the 'regulatory quality' dimension of the WGI. I lagged the scores by 1 year (at t-1).

4.4.4 Control variables

To ensure that results from this thesis clearly define the exact influence of Ownership on CBA outcome, I control several pertinent variables cited in prior CBA studies as having the potential to influence CBA outcome. Following established research guidelines, I ensured that

[8] Countries with the highest regulatory quality score in the entire sample include Australia, New Zealand, Netherland, and Singapore, with scores above 1.80 and ranking higher than the 97th percentile on average over the 10-year period. The Democratic Republic of Congo, Eritrea, Iraq, and Uzbekistan are the countries with the lowest regulatory quality; all having values lower than -1 and ranking below the 10 percentiles averaged over the 10-year period.

the right number of control variables (not too many or not too few) were identified. Overall, there are 12 variables across three levels of analysis, including national level *(political affinity),* firm-level *(firm age, firm size, firm performance, developed market listing and acquisition experience, target firm public status),* and deal level *(Percentage sought, financial advisor, related industry, and reputable auditors)* and I controlled for year variance capturing the difference in political, economic, and firm resources over the duration of the study. I identified these control variables from my review of the literature and related extant studies using similar controls. With these control variables, I can rule out alternative explanations for the outcome variable, enhance the model's statistical power and confidence, and reduce theoretical and methodological rivalry (Cuervo-Cazurra, Andersson, Brannen, Nielsen & Reuber, 2016). All control variables used in the final equation are lagged by 1 year (at t-1). In the next section, I describe the construction and rationale for each choice of control variable used in this thesis.

4.4.4.1 Political affinity

Political affinity reflects the similarity of national interests in global affairs between two countries (Gartzke, 1998; Bertrand et al., 2016). Hence, political affinity creates an avenue for friendly or special relationships between countries that are often extended into foreign investments. Existing research suggests that political, cultural, and institutional similarities lower the potential for conflict and ultimately lower the potential for stringent regulatory processes that negatively affect CBA outcomes (Bertrand et al., 2016; Duanmu; 2014; Gartzke & Gleditsch, 2006). When political affinity is higher, countries are less likely to pose a threat to each other's interests, which reduces the potential for political and economic tension. In this regard, researchers often predict a positive relationship between political affinity and CBA outcome. Following a similar logic, I control for the effect of political affinity between China and the country of origin of all the target firms in the sample over a 10-year period by the variable "*Pol.Affinity.*"

I measured *"Pol.Affinity"* using a proxy from the Affinity of Nations Index (Gartzke & Gleditsch, 2006). The Affinity of Nations Index provides a metric that reflects the similarity of state preferences based on voting positions of pairs of countries in the United Nations general assembly since 1946. The Affinity of Nations Index quantifies countries' vote similarity using Gartzke's "S" measure (Gartzke, 1998), where "S" is the proxy for bilateral political relations (PR). The index is measured by the distance between United Nations General Assembly votes for a given bilateral pair each year. For this research, I operationalized the index using China's voting decisions and the host country *j* in year *t*, leading to a time-varying variable. I calculated the proxy using the equation below

$$Bilateral\ political\ relationship_{j,t} = 1 - \left(\frac{2d_{j,t}}{dmax_{j,t}}\right)$$

The Bilateral Political Relationship$_{,t}$ (political affinity), is the strength of the bilateral relationship between China and country *j* in year *t*, $d_{j,t}$ is the sum of the distance between China and country j in all recorded United Nations votes in year *t*, and *dmax* is the maximum possible distance between votes for a year. The distance between votes is calculated by first classifying "Yes" votes equal to 1 and "No" votes equal to 0. Then for each vote, the distance is calculated as the absolute value of the differences in votes. The affinity index ranges from -1 (least similar interests) to 1 (most similar interests) with a higher value indicating stronger political similarity/relationships. I extract all pairwise political indexes for China. It was interesting to observe that countries like the United Arab Emirates, Malaysia, Vietnam, and Indonesia had a strong political affinity with China based on this index. The United States of America, Canada, and Israel had the lowest political affinity score. With the current global environment surrounding the US-China trade war, this political affinity ranking is not surprising.

4.4.4.2 Percentage of ownership sought

This variable captures the fraction of ownership stake in a target company that an acquirer sought to purchase in the focal CBA transaction. Seeking high Ownership makes a CBA "more sensitive to interest groups" (Zhang & He, 2014, p. 219), generating more resistance from the target company and host country government. In line with this argument, extant research suggests a negative relationship between the Percentage sought and CBA outcome (Dikova et al., 2010; Kim & Song, 2017; Li et al., 2019). Guided by these researchers, I controlled for the effects of the Percentage of Ownership sought with the variable *"% sought"* as a continuous variable measured by the Percentage the acquirer initially sought to buy.

I gathered details on the Percentage of Ownership from the SDC database. In many cases, the Percentage eventually acquired is often lower than the Percentage sought, reflecting how both acquirers and targets continuously negotiate terms of a CBA to promote favorable outcomes.

4.4.4.3 Related industry

Related industry refers to CBA transactions where the acquirer and target firms operate in the same or similar industries. Prior research suggests that CBA transactions involving related industries create opportunities for resource sharing and reduce possibilities of information asymmetry, both of which drive positive CBA outcomes (Lim & Lee, 2016; Zhang et al., 2010; Li et al., 2019). On the other hand, CBAs involving unrelated industries often induce adverse reactions as investors believe they hurt stockholders' interests (Lim & Lee, 2016). Consequently, studies indicate a positive relationship between related industries and CBA outcomes (Li et al., 2017; Muehlfeld et al., 2007).

To address these potential industry effects, I control for industry relatedness between acquiring and target firms with the variable "*RelatedInd*." I concluded industry relatedness existed if the acquirer industry's 3 digit SIC code and target industry matched. I coded transactions with industry relatedness "1" and coded CBAs with unrelated industries "0". Various IB studies (e.g., Zhang et al., 2010; Li et al., 2017) have also used this approach. The SDC database provides information on the acquirer and target macro and micro industry details.

4.4.4.4 Financial advisor

This variable captures whether an acquirer hired a financial advisor during a CBA transaction. Financial advisors are agencies that focus on providing advisory services to either the target or the acquirer during a CBA transaction. One of the primary roles of financial advisors in CBAs is to gather and process transaction-related information (Chari, Shekhar, Tam & Yaho, 2016). Financial advisors utilize their information gathering and processing proficiency to determine the viability of a deal, the risks associated with the transaction, and the potential for gains (Sleptsov et al., 2013). Thus, hiring financial advisors during a CBA is argued to influence a positive CBA outcome (He & Zhang, 2018; Li et al., 2019; Zhou et al., 2011).

In this study, I control for financial advisor effects using the dichotomous variable "*FinAdvisor*" coded as 1 if an acquirer hired a financial advisor or 0 otherwise. This approach is widely adopted in IB literature (e.g., He and Zhang, 2018; Li, et al., 2019; Zhou, 2018). I collected data on financial advisor hiring from the SDC database, which identifies the number and names of financial advisors hired during a CBA process.

4.4.4.5 Reputable auditor

The reputable auditor variable captures the identity of the auditors hired by an acquirer. The primary responsibility of an auditor is to guarantee the integrity of the information reported by firms and their financial disclosure (Li et al., 2019). When acquirers do not provide or have credible information, host country stakeholders cannot confidently differentiate good CBA motives and acquirers from bad ones, which increases their resistance and unfavorable regulatory outcomes. On the contrary, validating the information available about potential acquirers reduces the uncertainty around the CBA approval process. When acquirers have reputable auditors, they signal their commitment to transparency and providing credible information, which reduces concerns about information asymmetry, ultimately leading to positive outcomes (Colquitt, Scott & LePine, 2007; Spence, 1973).

Although auditors ensure the credibility of firms reporting, the quality of auditing firms varies widely, and several studies reveal that 'brand name' auditors provide higher assurance and credibility to audited firms (Mansi, Maxwell, & Miller, 2004; DeFranco, Kothari & Verdi, (2011). In line with this idea, I controlled for reputable auditor's effects using the dichotomous variable *"Rep.Auditor"* which equals 1 if an acquirer's auditing firm was PwC, Deloitte, EY, or KPMG and 0 otherwise. This is a widely adopted approach in finance literature utilized by researchers such as Bushman, Pioreoaki, & Smith, (2004) and Karolyi (2006). PwC, Deloitte, EY, or KPMG are the largest professional services networks globally, offering an extensive range of financial auditing services. Employing these organizations' services can serve as strong signals of transparency to both target stakeholders and host country regulatory agencies. I retrieved information regarding auditors from the annual reports of the acquirers.

Table 4. 4: Description of variables, hypothesis, and measure

Hypothesis	Independent Variables and expected sign	Variable measurement	Source
H1ai	Hybrid-SOE (+)	Dummy variable coded 1 if the ultimate controlling shareholder in a hybrid firm is the government or its agencies, otherwise 0	CSMAR, Annual reports
H1aii	Hybrid-POE (+)	Dummy variable coded 1 if the ultimate controlling shareholder in a hybrid firm is a private entity, otherwise 0	CSMAR, Annual reports
H1b(i, ii)	Degree of hybridization; Substantial (+/-) or symbolic (+/-)	Coded 1 if the ultimate controlling shareholder in a hybrid firm owns less than 30%, otherwise coded 0 for symbolic hybridization	CSMAR, Annual reports
H1c(i,ii)	Nature of hybridization; Institutional investor (+) or state company hybrids (-)	Dummy variable coded 1 if the hybridizing agent in a private-hybrid is a state institutional investor, 0 if the hybridizing agent is a state company	CSMAR, Annual reports
H2(a,b)	Top executives' political connection (-)/(+)	Dummy variable coded 1 if the CEO or Chairperson of an acquiring firm worked or continued to work in a government agency at the time of the acquisition or was a member of the CPC and CPPCC, othersie 0.	CSMAR, Annual reports, bloomberg profiles, LinkedIn profiles
H3(a,b)	Sensitive Industry (+)	Dummy variable coded 1 if the target company in a CBA transaction operates in the natural resource or high tech industries, otherwise coded 0	Thomson Reuters SDC database
H4(a,b)	Host regulatory quality	Continuous variable measured by the '*regulatory quality'* scores of target countries in the World Governance Indictor	World Governance Indicators

4.4.4.6 Developed market listing

This variable captures whether an acquirer is listed in a foreign stock exchange outside of China. As CBAs are characterized by information asymmetry, target companies and host country governments often experience information disadvantage or feel they have too little information about the acquiring firms to make accurate approval decisions. When information about acquirers is readily available, target stakeholders are more likely to quickly and easily make favourable decisions. As a result, acquirers with established information disclosure pose less threat to host country stakeholders, increasing the chances of positive outcomes (Gao, et al., 2008; Li et al., 2019). Studies have shown that being publicly listed in a stock exchange signals a firm's commitment to continuously provide information (Stulz, 1999; Karolyi, 2006).

Publicly listing in the stock exchanges requires listed firms to make accurate and updated filings about significant business operations such as mergers and acquisitions and financial statements and positions. However, information disclosure requirements in stock markets differ by country. Less developed markets tend to experience more institutional voids, particularly concerning information disclosure (Karolyi, 2006). Therefore, many regulators may treat information disclosed from stock exchanges in these economies as false or lacking credibility (Li et al., 2019). On the other hand, stock exchanges in more developed financial markets have more substantial information disclosure requirements and the capability to enforce these. Several accounting and finance studies (e.g., Karolyi, 2006; Khanna, Palepu, & Bullock 2010; Stulz, 1999) have shown that being listed in a developed market improves information disclosure and transparency. Therefore, listing in a developed economy signals a more credible disclosure of information to host country stakeholders.

Guided by these studies, I control for the effect of developed market listing using the variable *"Acq.Dev.Listing"* which equals 1 if an acquirer is listed in a developed market stock exchange outside China (in this case rather than on the Shanghai and Shenzhen stock exchange) and 0 otherwise. From the sample, acquirers listed in developed market stock exchanges were often listed in one of New York stock exchange, Singapore stock exchange, and the Hong Kong stock exchange. Of the 562 unique acquirers in the sample, 102 were listed in a developed market stock exchange, of which 43 were hybrids, and 59 were non-hybrids. structure.

4.4.4.7 Acquirers acquisition experience

Acquisition experience reflects prior CBA performed by an acquiring firm. Previous acquisition experience promotes learning and development of absorptive capacity, strengthening an acquirer's ability to navigate CBA's complex processes and challenges (Vemeulen & Barkema, 2001; Popli et al., 2016). Applying the learning curve perspective, one stream of research views acquisition experience as a uniform, monolithic construct, suggesting a simple positive relationship between acquisition experience and performance (Lahiri 2017; Chakrabarti, & Mitchell, 2016; Dikova et al., 2010). However, more recent studies have called for the specificity of experience, arguing that certain types of experiences may be a more accurate predictor of acquisition outcomes than an aggregate archive of acquisition experience into one whole (Wang et al. 2020; Popli & Kumar, 2015). Distinct types of experience range from experience in specific industries (Peng & Fang, 2010), geographic locations (Popli et al., 2016; Lahiri, 2017; Chakrabarti & Mitchell, 2016), transaction types in terms of international or domestic (Collins, Holcomb, Certo, Hitt & Lester, 2009; et al., 2009; Galavotti et al., 2017).

As these studies indicate the significance of experiential learning in CBA, I control for an acquirer learning experience in this study using the variable "***Acq.Exp***". I operationalized **Acq.Exp** with a dummy variable coded '1' if an acquirer had performed CBA before the focal CBA and '0' otherwise. Several IB studies have implemented this approach in capturing CBA experience (Betrand et al., 2016; Elia and Santangelo, 2017; Zhang et al., 2011). I extracted the data for acquisition experience from the SDC database.

4.4.4.8 Target public status

Target public status indicates whether the target firm in a CBA transaction is publicly owned (listed in a stock exchange) or not. Publicly listed companies are subject to more stringent national and international regulations in their trading activities, further heightening the complexities and regulatory challenges for approval inherent in CBA deals (Dikova et al., 2010; Weston, Mitchell & Mulherin, 2004). Similarly, Li et al. (2019) argue that target companies with diverse ownerships, as publicly listed, increase the coordination costs and complexity of completing a CBA. Overall, extant studies suggest a negative relationship between target public status and CBA completion.

Using information from the SDC database, I controlled for target public status using a dichotomous variable *"Listed Target"* coded 1 if a target was publicly owned and 0 otherwise. Various CBA studies (e.g., Dikova et al., 2010; Li et al., 2017; Lim and Lee, 2016 Muehlfeld, 2012) have used a similar approach to capture target status in CBA studies.

4.4.4.9 Acquirer size

Firm size has been considered an influential factor in market entry strategies and foreign investment behaviour in general (Pinto et al., 2017; Chari & Chang, 2009; Lahiri et al., 2014). Larger firms may have more available resources, strengthening their ability to overcome risks and challenges like those inherent in CBAs (Ferreira, 2016; DeBeule et al., 2014). Studies have also revealed that larger firms can influence public policy in a favourable way to their operations (Macher & Mayo, 2014). Favourable policies both at home and in host countries can facilitate the completion of CBA deals. So, larger firms are more likely to complete CBA deals than smaller firms (Zhou et al., 2016; Li et al., 2017; Du & Boateng, 2015).

In line with previous research (Zhou et al., 2016; Li et al., 2017; Lahiri et al., 2014; Ang et al., 2015), I controlled for the effect of acquirer's size using the variable "***AcqSize***" measured as the natural logarithm of the acquirer's total asset (Chinese Renminbi) averaged over three years before focal CBA. Some studies have operationalized firm size in different ways, such as the number of employees (Lin, Peng, Yang & Sun, 2009; Lahiri et al., 2014) and log of sales (Chikouni et al., 2017; Kim, Lu & Rhee, 2012). However, total assets are the most predominant measure of firm size, especially in studies related to CBA completion, thus adopting the same proxy is consistent with existing research in the IB field. I obtained data on firm size from the CSMAR database and the firm's annual report.

Summary statistics from the sample reveal that hybrids are bigger than non-hybrids when measuring size by total assets. However, this difference in size was only marginal.

4.4.4.10 Acquirer age

Acquiring firm age captures how long an acquirer had been in existence at the time of the focal CBA. Age creates more opportunities for learning through experience. Older firms are more likely to have more general experience and internationalization-specific experience, which can be useful in subsequent CBA deals (Gubbi et al., 2010). I measured acquirers' age with the continuous variable "*AcqAge*" measured by calculating the difference between the year of the focal CBA and the year of incorporation of the acquiring firm. Gubbi et al. (2010), Kim (2013), and Zhou and Guillén (2015) also adopted a similar approach.

I collected data on acquirer age primarily from firms' annual reports and company websites. Interestingly, it was not surprising to observe several firms engaging in CBA activities as early as 1 to 2 years after establishment. This observation aligns with the *springboard perspective* of emerging market firms' internationalization, suggesting that these firms internationalize faster using high-commitment strategies like CBA (Luo & Tong, 2007; Madhok & Keyhani, 2012; Ramamurti, 2012).

4.4.4.11 Acquiring firm performance

Better-performing firms are more likely to invest abroad as they possess the financial stability and resources to counteract the cost and risks associated with foreign investment. CBAs are particularly resource-intensive foreign investments implying that firms with superior resources and capabilities are more likely to achieve positive outcomes in the process (Du & Boateng, 2015; Dutta, Malhotra & Zhu, 2016). Overall, these extant studies suggest that a positive relationship exists between a firm's performance and foreign investment behaviour and outcomes.

Several CBA studies have applied firm performance as a control variable, with the most common measure being the return on assets (ROA) (Delios & Henisz, 2003; Gubbi et al., 2010; Li et al., 2017). Guided by these studies, I controlled for firm's performance using the variable *"AcqPerf,"* operationalized as the acquiring firm's return on asset averaged over the three periods before the year of the focal CBA. Return on asset is a profitability ratio that indicates how much profit a firm generates relative to the asset it owns. Using an average of three years minimizes the impact of accounting manipulations if any). I compiled data on firms' ROA from the CSMAR database and the firms' annual reports.

4.4.4.12 Year dummies

Over time, changes occur in the global financial and economic environment, influencing policy considerations regarding foreign investment and business internationalization strategies (Barkema & Shvyrkov, 2007; Henisz & Delios 2001; DiGuardo, 2016). Factors like an election year, political tension like the US-China trade war, and global pandemics like the 2020 Coronavirus can have significant implications for foreign investment outcomes. I control for such time-specific effects using the "*Year Dummies"* variable. This variable captures each of the 10 years for which data was collected for this research and was coded as a categorical variable across the 10 years by so doing, I control for global shocks that may have affected CBA activities over the period under investigation. Similar CBA studies such as Bertrand et al. (2016), Li et al. (2017), DiGuardo, (2016) have all controlled for time-specific effects using year dummies.

4.5 ANALYTICAL APPROACH AND ESTIMATION TECHNIQUE

The hypothesis in this study explored the effect of Hybrid Ownership on the likelihood of completing CBA. Thus, my thesis analyses the causal relationship between two variables, hybrid ownership (explanatory variable) and CBA completion (dependent variable). Furthermore, I introduced contingencies to the proposed causal relationship through the moderation effects of Top executives' political connection, target industry sensitivity, and host country regulatory quality.

Given the causal relationship predicted in this study, a regression analysis was the appropriate estimation technique to apply. A regression analysis's objective is to predict a single dependent variable from the understanding of the independent variable(s) (Hair, Black, Babin & Anderson, 2010). The specific type of regression analysis to be used is determined by the attributes of the dependent variable, followed by the independent variable (Hair Celsi, Money, Samouel & Page, 2016). As discussed earlier (**section 4.4.1**), the dependent variable *CBAOutcome* is a dichotomous variable. When a dependent variable is dichotomous, a binary logistic regression is an appropriate type of regression to be applied (Hair et al., 2010; Hosmer & Lemeshow, 2000). Accordingly, I used a binary regression as the estimation technique in this study. Similar estimation techniques have been used in CBA studies by Muehlfled et al. (2012), Li et al. (2019), Zhang et al. (2016), and Dikova et al. (2010).

For this research, the unit of analysis was at the CBA transaction level, which meant that there were instances of multiple CBA transactions by the same firm appearing as recurring acquirers during the sample period. In the sample, the average number of transactions per firm was 1.4, and the maximum CBA performed by a firm in the period under investigation was 20 acquisitions. Thus, it was important not to treat the observations as though they were totally independent but to account for within-firm correlation in the error term (Lincoln, 1984; Petersen, 2009).

A common approach used to address the within firm-correlation in IB literature, especially in CBA-related studies, is the clustered standard errors. The clustered standard error is a modification of standard errors that considers observations that naturally fall within clusters (Cameron & Miller, 2015). Adopting a similar technique, I estimated all models in this study, applying the clustered standard errors (clustering by acquirers) to account for within-firm correlations. Various CBA studies have applied a similar approach in recent years (e.g., Muehlfled et al., 2012; Liou et al., 2016; Li et al., 2017b; Li et al., 2019).

The regression model used to test the hypothesis for this research for the i^{th} observation is as follows:

$$P(Deal\ completion = 1) = \frac{1}{1 + \mathrm{e}^{-\mathrm{Z}i}}$$

Here, $P(DealCompletion = 1)$ indicates the probability of CBA i being completed and is equal to 1 if the i^{th} CBA is completed. e is the exponential function, and Z is a linear combination of independent variables as shown below

$$Z_i = \alpha + \beta_{1i}(Hybrid)_i + \beta_{2i}(Hybrid^{*}Pol.CEO\ )_i + \beta_{3i}(Hybrid^{*}Pol.Chair)_i +$$
$$\beta_{4i}(Hybrid^{*}SensInds)_i + \beta_{5i}(Hybrid^{*}HostQual)_i + \beta_{6i}(\%\ Sought)_i +$$

$$\beta_{7i}(FinAdvisor)_i + \beta_{8i}(RelatedInd)_i + \beta_{9i}(Acq.Rep.Auditor)_i + \beta_{10i}(Acq.Exp)_i + \beta_{11i}(Acq.Dev.Listing)_i + \beta_{12i}(Acq.Size)_i + \beta_{13i}(Acq.Perf)_i + \beta_{14i}(Acq.Age)_i + \beta_{15i}(\mathrm{Pol}.Affinity)_i + \beta_{16i}(Listed.Targ)_i + YearDum$$

Where

Hybrid = Ownership structure of the acquiring firm as Hybrid or Non-Hybrid

Pol.Chair = Politically connected chairperson of the board (Acquiror)

Pol.CEO = Politically connected chief executive officer (Acquiror)

SensInds = Politically sensitive industry (target firm)

HostQual = Regulatory Quality of the host country

% Sought = Percentage of Ownership sought to purchase from the target

FinAdvisor = Acquiror hiring a financial advisor in a transaction

RelatedInd = Acquiror and target operate in the same industry

Acq.Rep.Auditor = Acquiror employs are a reputable auditor

AcqExp = Acquiror's prior CBA experience

DevListing = Acquiror is listed in a developed market stock exchange

AcqSize = Acquirors total assets

AcqPerf = Acquirors ROA

AcqAge = Acquirors age

Pol.Affinity = Political affinity between China and target firms' country

PublicTarget = Public listing status of target firm

YearDum = year dummies

CHAPTER 5: DATA ANALYSIS AND RESULTS

5.1 INTRODUCTION

In the previous chapter, I explained the detailed research strategy and variable measurements that I will apply to analyse the hypotheses in this thesis. In this chapter, I report the results of the analysis. Firstly, I carry out an outlier detection and treatment process to ensure that no data observation will skew both assumptions testing results and the primary regression model. Secondly, I show how the assumptions of the logistic regression are assessed and satisfied. An overview of basic descriptive statistics follow this and, finally, the primary regression analysis and various sensitivity and robustness tests.

5.2 ASSESSING THE ASSUMPTIONS OF THE LOGIT MODEL

To accurately predict the probability of outcome variable (in this case, *CBA outcome*), the logistic regression makes several assumptions about the relationship between the independent variable(s) and dependent variables. It also makes assumptions about the relationship between the independent variables in the model. These critical assumptions of logistic regression are called linearity and Multicollinearity (Field, 2013). Violating these assumptions can impact estimating the model coefficients of the variables and the logistic function (Hair et al., 2010). However, before testing these assumptions, it is crucial to ensure that the data is accurate and, observation is noticeably different from the rest by performing an outlier detection and treatment.

5.2.1 Outlier detection and treatment

Outliers are observations in the data possessing unique combinations of characteristics that make them noticeably different from others (Hair et al., 2010). Significant factors include abnormally high or low values on a variable or a combination of values among multiple variables that make them stand out from others. Outliers can distort the validity of inferences drawn from a regression model by weighting the results in favor of clear outlier cases. Hence, the detection and treatment of outliers is an extremely crucial task in any regression analysis to ensure that all cases contribute relatively equivalent amounts of information in predicting the model.

I begin the outlier detection process in this thesis by plotting a box-plot graph of all the continuous variables. I identified extreme outliers in four of the six continuous variables – Host Regulatory Quality (*HostQual*), Acquiror Size (*AcqSize*), Acquiror Performance (*AcqPerf*), and Acquiror Age (*AcqAge*). Before treating these outliers, I established that they were not present due to procedural errors in data entry or coding mistakes.

Next, I applied a winsorizing method to the variables with outliers. Winsorization is a data transformation procedure that treats outliers without deleting them. Several IB studies have used a similar approach (e.g., Albino-Pimentel et al., 2017; Inoue et al., 2013). The winsorizing method transforms outliers in a variable by replacing them with values of a specified percentile of the focal variable. Accordingly, I winsorized *HostQual* and *AcPerf* at 10%, while I winsorized *AcqAge* and *AcqSize* at 20%. The extremity of outliers within each variable guided my choice of winsorizing percentile. I chose the cut-off point at a level that ensures the elimination of all extreme observations. Following this method, the outlier observations disappeared from all variables. Figure 7.1 in the appendix chapter shows the graph of the box plots before and after winsorization

The final stage of outlier detection was the investigation of influential observations. Influential observations are data points whose presence can considerably influence the overall model fit or the regression coefficients of individual predictor variables. Researchers have used several parameters, such as Standardized residuals, DFBeta, and Leverage, to identify influential observations. I implemented the DFBeta technique, which measures changes in the regression coefficients of individual predictor variables when a case is excluded from that variable. According to Field (2013), influential outliers have DFBeta values greater than 1. The results from my DFBeta investigation revealed the absence of influential observations.

5.2.2 Assessing the linearity assumption

The linearity assumption of the logistic regression requires a linear relationship between each continuous independent variable and the dependent variable's logit. I examined the linearity assumption in this thesis by performing the Box and Tidwell (1962) procedure. The Box and Tidwell procedure involves performing a binary logit regression on independent variables and their natural-log transformation interactions. A linear relationship is present when the interaction terms of independent variables and their natural log transformation are insignificant. On the contrary, a significant coefficient might indicate non-linearity and violate the linearity assumption. Table 5.1 below shows my assessment of the linearity assumption using the Box-Tidwell procedure.

Table 5. 1: Box Tidwell - linearity assumption test

Variables	**Coef.**	**Std.Err**	**p-value**
Regulatory quality * Ln Regulatory quality	.029	.141	.836
Percentage sought * Ln Percentage sought	0	0	.648
Political affinity * Ln Political affinity	-1.68	.978	.085
Firm age * Ln Firm age	0	.001	.687
Firm performance * Ln Firm performance	0	0	.511
Firm size * Ln Firm size	0	0	.256

The results in table 5.1 above show that none of the interactions are significant, indicating that all continuous independent variables are linearly related to the dependent variable's logit. Thus, this research satisfied the linearity assumption of logistic regression.

5.2.3 Assessing the multicollinearity assumption

The second assumption of the logistic regression is the (absence of) multicollinearity amongst the independent variables. Multicollinearity denotes that two or more independent variables are highly correlated or similar. The (absence of) multicollinearity assumption is critical as the logistic regression assumes that each independent variable uniquely contributes to predicting the dependent variable. In Multicollinearity, the logistic model cannot accurately isolate the individual effects of the correlated variables, leading to type 1 errors and inflated standard errors.

There are two ways of identifying Multicollinearity in the data. The first and easiest way is by performing a correlation measurement of the independent variables. Correlation measures generate Correlation Coefficient values to assess the association between each pair of independent variables. The nature of the paired variables typically determines the choice of correlation measure. Pearson's Correlation Coefficient and Point Biserial Correlation are both considered ideal for a pair of continuous variables, and the Phi Coefficient is suitable for a pair of categorical variables. Both the Point Biserial Correlation and the Phi Coefficient are like the Pearson's Correlation Coefficient as they all generate coefficient values that range from +1 through 0 to -1. Values greater than ±*0.7* indicate the presence of collinearity amongst paired independent variables (Hair et al., 2010). Several sources suggest that estimating a Pearson's Coefficient Correlation for a pair of continuous and categorical variables or a pair of categorical variables will return a Point Biserial Coefficient and a Phi Coefficient, respectively. As the data in this study are a mix of continuous and categorical variables, it is thus essential to note that the Pearson's Correlation Coefficient Matrix will generate the appropriate correlation coefficients related to the variable types. Table 5.3 below shows the results of the Correlation measures between each pair of independent variables in this study.

The results from table 5.3 reveal that correlation coefficient of all paired independent and control variables were below the benchmark of ±*0.7* except for the correlation between Acquirer Performance *(AcqPerf)* and acquirer size *(AcqSize)* with a significant correlation coefficient of 0.81. This correlation is understandable as I expect that firms with more assets (i.e., bigger firms) are more likely to perform better (higher profit). Other correlation coefficients worth noticing were the correlation between Reputable Auditor (*Acq.Rep.Auditor*) and Developed Market Listing (*Acq.Dev.List)* at *(0.55)* and the correlation between Political Affinity (*Pol.Affinity*) and Host Regulatory Quality (*Host.Qual)* at *(-0.54)*. Reputable auditors and developed market listing have both been used interchangeably as proxies for organizational transparency. So the borderline existence of a correlation between both is not unexpected. However, in this study, while reputable auditors capture transparency, I used developed market listing as a proxy for alternate sources of resources that aid the successful completion of CBAs. Also, the borderline negative correlation between political affinity *(Pol. Affinity)* and regulatory quality *(RegQual)* could indicate that developing and emerging economies are more likely to build bilateral political relationships amongst themselves compared to developed economies. Overall, the correlation matrix results show that collinearity amongst the independent variables was not a major issue except for the correlation between *Acquiror size* and *Acquiror performance*.

Table 5. 2: Descriptive statistics and correlation matrix

Variables	Mean	SD	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
(1) Hybrid	0.46	0.49	1.00															
(2) Pol. Chair	0.56	0.49	0.14*	1.00														
(3) Pol. Mger	0.36	0.48	0.14*	0.37*	1.00													
(4) RegQual.	1.19	0.78	0.07*	-0.08*	-0.07*	1.00												
(5) Sens.Ind.	0.23	0.41	0.07*	-0.04	-0.06	-0.02	1.00											
(6) DevListing	0.24	0.43	0.00	0.07*	-0.03	-0.03	-0.00	1.00										
(7) Rep. Auditor	0.29	0.46	0.15*	0.15*	-0.02	-0.07*	0.12*	0.55*	1.00									
(8) % Sought	68.76	32.47	-0.06	-0.03	-0.04	0.06	-0.06	0.03	0.07	1.00								
(9) Acq. Exp.	0.36	0.48	0.10*	0.17*	-0.01	-0.08*	0.06	0.27*	0.32*	-0.03	1.00							
(10) Fin. Adv.	0.21	0.41	0.06	0.02	0.00	0.01	0.00	0.12*	0.16*	0.11*	0.11*	1.00						
(11) Rel.Ind.	0.58	0.49	0.00	0.12*	0.04	-0.05	0.07*	0.13*	0.12*	-0.06*	0.16*	0.05	1.00					
(12) Pub.Target	0.16	0.36	0.06	0.06	0.01	0.11*	0.02	0.06	0.09*	-0.16*	0.12*	0.05	0.06	1.00				
(13) Pol. Aff	0.49	0.22	-0.04	0.05	0.06*	-0.54*	-0.07*	0.07*	0.05	-0.09*	0.08*	0.01	0.01	-0.05	1.00			
(14) AcqAge	21.95	16.72	0.08*	0.14*	0.02	-0.01	-0.08*	0.09*	0.14*	0.03	0.17*	0.03	0.08*	0.01	0.02	1.00		
(15) AcqSize	21.89	2.09	-0.01	0.03	0.06	-0.01	-0.08*	-0.23*	-0.15*	0.02	-0.08*	-0.03	-0.02	0.05	-0.01	0.02	1.00	
(16) AcqPerf	18.53	2.04	-0.02	0.03	0.05	0.01	-0.04	-0.10*	-0.05	-0.01	-0.02	-0.04	0.01	0.07*	-0.03	0.00	0.81*	1.00

While the correlation matrix captures collinearity among paired independent variables, collinearity is sometimes caused by the combined effect of two or more independent variables (Multicollinearity). Researchers assess the presence of Multicollinearity through the Variance Inflation Factor (VIF). The VIF is a numerical value that denotes the extent of inflation in the regression coefficient caused by Multicollinearity. A VIF value of 10 and above indicates a significant Multicollinearity case, meaning that the focal variables' information is already contained in other variables within the data set. Table 5.2 below shows the result from the VIF test.

Table 5. 3: Variance inflation factor – multicollinearity assumption test

Variable	VIF	1/VIF
Hybrid ownership	1.20	0.91
Political chairman	1.26	0.79
Political manager	1.21	0.83
Sensitive Industry	1.07	0.93
Host regulatory quality	1.47	0.68
Acquiror age	1.08	0.93
Acquisition CBA experience	1.22	0.82
Acquiror size	3.31	0.30
Acquiror performance	3.14	0.32
Developed market listing	1.59	0.63
Financial Advisor	1.06	0.94
Percentage sought	1.08	0.93
Political affinity	1.45	0.69
Publicly listed target	1.08	0.92
Reputable auditor	1.65	0.61
Related industry	1.07	0.94

Using the general benchmark of VIF values greater than 10, the results in table 5.2 above show that Multicollinearity is not present in the data, as the highest VIF value is less than 4. However, it is also noteworthy that both the Acquirer Size (*AcqSize)* and the Acquirer Performance *(AcqPerf)* variables that were correlated in the correlation matrix from table 5.3 returned closely related VIF values. These VIF values also turned out to be the highest values from the test.

Notwithstanding the multicollinearity test results, several statisticians and econometrics professionals (Allison, 2012; Woodridge, 2013) have not only questioned the significance of multicollinearity tests like the VIF but have identified conditions under which high VIF values or collinearity between independent variables may not be problematic. One such situation is when a high correlation among independent variables does not include the main predictor variables (Woodridge, 2013 p. 97). That is when Multicollinearity is between control variables. In such cases, Multicollinearity's impact does not interfere with estimating the model of coefficients of the main predictor variables or the controlling effects of the control variables. This type of collinearity is not considered problematic.

5.4 DESCRIPTIVE STATISTICS

Table 5.4 below is a summary and frequency table of some key variables and a straightforward description of how the variables are represented in the data. It can be seen from the table that there is almost an equal representation of hybrid-owned firms and non-hybrid firms in the dataset. Of the announced CBAs, firms completed 63% and failed to complete 36%. The table also reveals that most CBAs in the data did not involve targets in sensitive industries. Only about 22% of the total CBAs were targeted at politically sensitive sectors. Also relating to industries, the table shows that acquirers often preferred to acquire businesses operating in related industries than those in unrelated industries.

Table 5. 4: Summary frequency of categorical variables

	Frequency	Percent
Ownership		
Non-Hybrid	338	57.39
Hybrid	251	42.61
CBA outcome		
Incomplete	304	36.28
Complete	534	63.72
Chairperson		
Not Political	371	44.27
Political	467	55.73
Chief Executive Officer		
Not Political	535	63.84
Political	303	36.16
Target Industry		
Not Sensitive	648	77.33
Sensitive	190	22.67
Listing		
Not foreign listed	636	75.89
Foreign Listed	202	24.11
Auditors		
Not Reputable	590	70.41
Reputable	248	29.59
Acquisition Experience		
No Experience	534	63.72
Prior Experience	304	36.28
Financial Advisor		
Not employed	663	79.12
Employed	175	20.88
Industry Relatedness		
Not related	350	41.77
Related	488	58.23
Target Status		
Not listed	708	84.49
Listed	130	15.51

5.5 REGRESSION RESULTS

In this section, I analyse and interpret the results of my hypothesis. The hypotheses were tested in STATA using logistic regression with clustered standard errors. Clustering of the data was done at the acquirer level as there were cases where a single acquirer performed multiple CBAs in the study period. All the hypotheses were then tested in different models starting with the control variables and introducing the independent variables of interest in separate models. Model 1 examined the effects of the control variables, and Model 2 introduced the ownership variables to test the impact of hybridization. At the same time, Model 3 and 4 assessed the variety of hybridization effects through the degree and nature of hybridization, respectively. In Models 5 to 7, I tested the interaction effects of top executives' political connection, sensitive target industry, and host country regulatory quality. Finally, Model 8 shows the full model, including all the variables (hybrid degree and nature were excluded). The regression analysis results are presented in Table 5.5a for the State group and 5.5b for the Private group.

Output and results from logistic regression are typically in the form of log-odds or odds ratios. However, odds ratios do not directly reveal the exact probability of the focus event of interest occurring. To make the results and interpretation in this thesis more intuitive and practical, I go beyond just interpreting the log odds of the regression output to investigate and interpret the predictive probabilities and marginal effects of the predictor variables. The predictive margins show the predicted probability of CBA completion for both hybrid and non-hybrid acquirers, bringing a more substantive and quantifiable interpretation of the results. The marginal effects also simplify the interpretation of the output of moderating terms. It shows the difference in the probability of completing CBAs at different levels of the moderating predictor variables.

5.5.1 The effect of hybrid ownership

The first Hypothesis predicted that the likelihood of completing CBAs is higher for *hybrid* firms compared to *non-hybrid* firms. I test this hypothesis (and all other hypotheses in this thesis) by sorting the data into the State group and Private group to investigate the impact of hybridization for each ownership type.

H1ai: State group

Hypothesis $H1_{ai}$ predicted that the likelihood of completing CBAs is higher for *Hybrid-SOEs* firms than *Nonhybrid-SOEs*. Table 5.5a Model 2 shows that the effect of *Hybrid-SOEs* ownership is positive and significant at $p < 0.05$ with a regression coefficient of $\beta = 0.33$. Similarly, the complete model (Model 8) also shows that the effect of *Hybrid-SOEs* ownership is positive and significant at ($\beta = 1.84, p < 0.05$). This result indicates that when other variables are held constant, the log odds of *Hybrid-SOEs* acquirers completing CBAs is 6.1 ($e^{1.84}$) times greater than the log odds of a *Nonhybrid-SOEs* acquirer.

In addition to the log odds, results from the margins table (table 5.6a) further show that *Nonhybrid-SOEs* acquirers have a 44% probability of completing CBAs. In comparison, *Hybrid-SOEs* acquirers have a 75% probability of CBA completion. Hence, *Hybrid-SOEs* ownership increases the likelihood of CBA completion by 31%. Thus, hypothesis H1ai is supported.

H1aii: Private group

Hypothesis $H1_{aii}$ predicted that the likelihood of completing CBAs is higher for *Hybrid-POEs* firms than *Nonhybrid-POEs* firms. The results from Model 2 of table 5.5b show that the effect *Hybrid-POEs* ownership is positive and significant at $p < 0.001$ with a regression coefficient of $\beta = 1.12$. Likewise, the complete model (Model 8) also shows that the effect of *Hybrid-POEs* is positive and significant at ($\beta = 2.08, p < 0.001$). These results indicate that when other variables are held constant, the log odds of *Hybrid-POEs* acquirers completing CBAs is 8.0 ($e^{2.08}$) times greater than the log odds of *Nonhybrid-POEs* completing CBAs.

In addition to the log odds, results from the margins table (table 5.6b) further show that *Nonhybrid-POEs* have a 51% probability of completing CBAs. In contrast, *Hybrid-POEs* acquirers have an 83% probability of CBA completion. Accordingly, *Hybrid-POEs* ownership increases the likelihood of CBA completion by 32%. Therefore, H1aii is supported.

5.5.1.1 H1b: Varieties in hybrid ownership (degree of hybridization)

H1bi: Degree of hybridization – state group

Hypothesis $H1_{bi}$ predicted that for Hybrid-SOEs firms, *Substantial* hybridization (*SubsHybrid*) will have a stronger positive effect on CBA completion than *Symbolic* hybridization (*Symb. Hybrid*) ownership. The results from Model 3 of table 5.5a show that *Substantial* hybridization is positive and significant ($\beta = 1.17$, $p < 0.01$). In contrast, *Symbolic* hybridization is positive but insignificant, with a regression coefficient of $\beta = 0.61$ and $p > 0.05$. An interpretation of the results indicates that when all variables are held constant, the log odds of *Substantial Hybrid-SOEs* acquirers completing CBAs is 3.22 ($e^{1.17}$) times greater than the log odds of *Nonhybrid-SOEs* acquirers. On the other hand, the log odds of Symbolic *Hybrid-SOEs* acquirers completing CBAs is 1.84 ($e^{0.61}$) times greater than the log odds of *nonhybrid-SOEs* acquirers which is however statistically insignificant. As the magnitude or significance of coefficients does not always indicate the effect size in a non-linear model like this one, the marginal effects provide greater insight into how both degrees of hybridization in Hybrid-SOEs perform for CBA completion.

The margins table (table 5.6a) further quantifies these findings. The table shows that *Substantial Hybrid-SOEs* have an 83% probability of completing CBAs while *Symbolic Hybrid-SOEs* have a 74% probability of completing CBAs. The probability of completing CBAs remains at 43% for *Nonhybrid-SOEs* acquirers. Following this, *Substantial hybridization* increases the probability of completing CBAs by 40%, whereas *Symbolic hybridization* increases the probability of completing CBAs by 29%. However, because the coefficient for *Symbolic hybridization* was statistically insignificant, this hypothesis receives partial support.

H1bii: Degree of hybridization – private group

Hypothesis $H1_{bii}$ predicted that for Hybrid-POEs firms, *Symbolic* hybridization (*Subs.Hybrid*) will have a stronger positive effect on CBA completion than *Substantial* hybridization (*Symb.Hybrid*) ownership. The results from table 5.5b Model 3 show that *Symbolic hybridization* is positive and significant at ($\beta = 1.32$ $p < 0.001$) while *Substantial Hybridization* is positive and significant with a lower beta coefficient ($\beta = 0.98$ $p < 0.001$). These regression coefficients indicate that when all variables are held constant, the log odds of *Symbolic Hybrid-POEs* acquirers completing CBAs is 3.74 ($e^{1.32}$) times greater than the log odds of *Nonhybrid-POEs* acquirers. Conversely, the log odds of *Substantial Hybrid-POEs* acquirers completing CBAs is 2.66 ($e^{0.98}$) times greater than the log odds of *Nonhybrid-POEs* acquirers.

Furthermore, the margins table (table 5.6b) show that *Symbolic Hybrid-POEs* have an 85% probability of completing CBAs while *Substantial Hybrid-POEs* have an 81% probability of completing CBAs. The probability of completing CBAs remains at 51% for *Nonhybrid-POEs*. These values mean that *Symbolic Hybridization* increases the probability of completing CBAs by 34%, whereas *Substantial Hybridization* increases the probability of completing CBAs by 30%. This result supports hypothesis Hbii.

5.5.1.2 H1c: Varieties in hybrid ownership (nature of hybridization)

H1ci: Nature of hybridization – state group

Hypothesis $H1_{ci}$ predicted that for *Hybrid-SOEs* firms, hybridizing through *foreign* investors will have a stronger positive effect on CBA completion than hybridizing through *Domestic* investors. Table 5.5a shows that the results are contrary to the prediction. Model 4, table 5.5a, suggests that hybridizing through *Foreign* Investors is positive without a significant p-value ($\beta = 0.47\ p > 0.05$), while hybridizing through *Domestic Investors* is positive and significant ($\beta = 1.27, p < 0.05$). Although results from *Foreign* Investor did not receive statistical significance, it is worth noting that the p-value for *Domestic* investors was greater than that of *foreign* investors. An interpretation of the results shows that the log odds of *Hybrid-SOEs (Domestic)* acquirers completing CBAs is 3.56 times ($e^{1.27}$) greater than the log odds of *Nonhybrid-SOEs* acquirers**.** In contrast, the log odds of *Hybrid-SOEs (Foreign)* acquirers completing CBAs are 1.60 times ($e^{0.47}$) greater than those of *Nonhybrid-SOEs* and did not receive statistical significance.

As the magnitude or significance of coefficients does not always indicate the effect size in a non-linear model like this one, the marginal effects provide greater insight into how both degrees of hybridization in Hybrid-SOEs perform for CBA completion. I further quantify these results in the margins table (table 5.6a). The table shows that *Hybrid-SOEs (Foreign)* has a 73% probability of completing CBAs. In comparison, *Hybrid-SOEs (Domestic)* have an 83% probability of completing CBAs. The probability remains the same for *Nonhybrid-SOEs* acquirers at 44%. Hence, hybridizing through *foreign* companies increases the probability of competing CBAs by 29%, whereas hybridizing through *Domestic* companies increases the probability of completing CBAs by 39%. This result shows that hybridizing through *Domestic* companies increases the probability of completing CBAs more than hybridizing through foreign companies, which is the opposite of the hypothesized effects. Therefore, Hypothesis H1ci is not supported

H1cii: Private hybrids (nature of hybridization)

Hypothesis $H1_{cii}$ predicted that for *Hybrid-POEs* firms, hybridizing through *State Institutional* investors will have a stronger positive effect on CBA completion than hybridizing through *State Corporate* investors. From table 5.5b, it can be assessed that hybridizing through both *State Institutional* investors and *State Corporate* investors were both statistically insignificant at ($\beta = 1.03, p > 0.05$) and ($\beta = 1.09, p > 0.05$) respectively. Thus hypotheses $H1_{cii}$ did not receive statistical support.

5.5.2 H2: Moderating effects of political top executives

H2ai: State hybrids and political chairperson

Hypothesis 2ai predicted that having *Political Chairpersons (Pol.Chair)* will weaken the positive effect of *Hybrid-SOEs* ownership on CBA completion. Table 5.5a Model 5 and Model 8 show that the predicted hypothesis for the interaction effect of *Political Chairpersons* is significant with a negative beta coefficient in Model 5 ($\beta = -1.42, p < 0.1$) and Model 8 ($\beta = -1.45, p < 0.1$). The coefficients from the full model (Model 8) suggest that *Political Chairpersons* decrease the log odds of the effect *Hybrid-SOEs* ownership on CBA completion by 77% ($e^{-1.42}$) is 0.23.

To further facilitate the interpretation of the moderating impact of *Political Chairpersons*, I computed the marginal effect of *Hybrid-SOEs* ownership on *CBA completion* with and without *Political Chairpersons.* The results displayed in the margins table (Table 5.6a) reveal that among acquirers without *Political Chairpersons,* the probability of *CBA completion* is 23% higher for *Hybrid-SOE* firms than for *Nonhybrid-SOEs* firms. On the contrary, among acquirers with *Political Chairpersons,* the likelihood of CBA completion was 13% higher for *Hybrid-SOE* firms than for *Nonhybrid-SOEs* firms. The table also reveals that *Hybrid-SOE* firms without *Political Chairpersons* have an 81% probability of CBA completion. However, *Hybrid-SOE* firms with *Political Chairpersons* have a 64% probability of CBA completion. These probability values suggest that *Political Chairpersons* weaken the effect of *Hybrid-SOE* ownership on CBA completion, which supports Hypothesis H2ai.

Figure 4.1 below is a graphical depiction of the predicted probability of CBA completion in response to *Hybrid-SOE* ownership with and without *Political Chairpersons.* The graph shows that the solid line for *Chairpersons* without political connections has a more pronounced upward slope than the dashed line for *Political Chairpersons.* This graph further clarifies that *Political Chairpersons* reduce the effect of *Hybrid-SOE* ownership on CBA completion. Thus Hypothesis H2ai is supported.

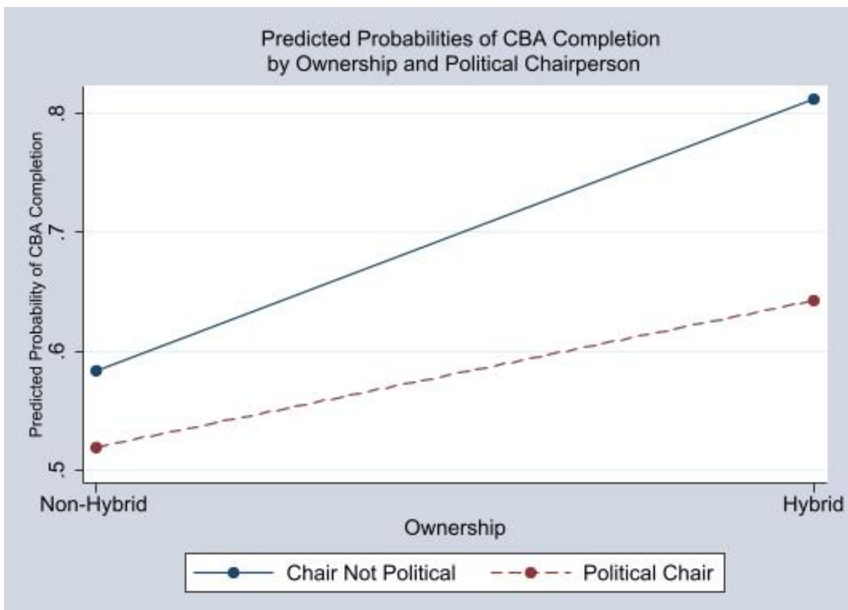

Figure 5. 1: Moderating effect of political chairperson on CBA completion (hybrid-SOES)

Table 5. 5a: Logistic regression of CBA completion by state-group

	(1) Model	(2) Model	(3) Model	(4) Model	(5) Model	(6) Model	(7) Model	(8) Model
Hybrid-SOE		0.75^{*}			1.66^{*}	0.97^{**}	0.79^{*}	1.84^{*}
		(0.33)			(0.72)	(0.38)	(0.33)	(0.75)
Symb. Hybrid			0.61					
			(0.38)					
Subs. Hybrid			1.17^{**}					
			(0.44)					
Doms. Hybrid				1.27^{*}				
				(0.51)				
For. Hybrid				0.47				
				(0.38)				
Pol.Chair x Hybrid					-1.42^{+}			-1.45^{+}
					(0.77)			(0.83)
Pol.CEO x Hybrid					0.55			0.67
					(0.66)			(0.64)
Sens.Inds x Hybrid						-1.13		-0.73
						(0.99)		(0.97)
Host.Qual x Hybrid							0.49	0.61^{+}
							(0.36)	(0.35)
Acq.Dev.List	-0.04	-0.22	-0.20	-0.14	-0.19	-0.35	-0.26	-0.35
	(0.33)	(0.33)	(0.33)	(0.33)	(0.32)	(0.33)	(0.34)	(0.36)
Acq.Exp	0.25	0.20	0.20	0.27	0.19	0.25	0.23	0.26
	(0.38)	(0.38)	(0.39)	(0.38)	(0.38)	(0.38)	(0.38)	(0.37)
Acq.Perf	0.19	0.23^{+}	0.22^{+}	0.21	0.23^{+}	0.23^{+}	0.23^{+}	0.21
	(0.12)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Acq.Rep.Auditor	0.66^{*}	0.43	0.42	0.59	0.46	0.40	0.51	0.54
	(0.33)	(0.35)	(0.34)	(0.37)	(0.35)	(0.35)	(0.36)	(0.36)
Acq.Size	-0.20	-0.11	-0.20	-0.08	-0.10	-0.10	-0.10	-0.09
	(0.12)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)	(0.13)
Fin.Advisor	1.49^{***}	1.57^{***}	1.60^{***}	1.63^{***}	1.58^{***}	1.56^{***}	1.53^{***}	1.55^{***}
	(0.33)	(0.34)	(0.34)	(0.35)	(0.35)	(0.34)	(0.34)	(0.35)
Listed.Targ.	-0.16	-0.14	-0.15	-0.15	-0.17	-0.13	-0.12	-0.15
	(0.33)	(0.35)	(0.35)	(0.34)	(0.36)	(0.34)	(0.35)	(0.37)
Related.Inds	-0.48	-0.48	-0.47	-0.50	-0.45	-0.44	-0.44	-0.36
	(0.35)	(0.35)	(0.35)	(0.35)	(0.34)	(0.35)	(0.36)	(0.36)
Pol.Affinity	1.81^{*}	1.82^{*}	1.81^{*}	1.66^{+}	1.81^{*}	1.91^{*}	1.78^{+}	1.82^{*}
	(0.91)	(0.91)	(0.91)	(0.91)	(0.90)	(0.94)	(0.91)	(0.93)
Pol.Chair	-0.54	-0.53	-0.58	-0.61	-0.03	-0.56	-0.58	-0.09
	(0.42)	(0.43)	(0.43)	(0.45)	(0.49)	(0.44)	(0.43)	(0.49)
Pol.CEO	0.46	0.35	0.35	0.35	0.042	0.37	0.36	0.09
	(0.36)	(0.36)	(0.37)	(0.37)	(0.43)	(0.37)	(0.36)	(0.43)
Sensitive.Inds	0.50	0.36	0.37	0.38	0.37	1.14	0.42	0.93
	(0.38)	(0.41)	(0.43)	(0.40)	(0.40)	(0.79)	(0.41)	(0.77)
Host.Quality	0.75^{**}	0.69^{**}	0.68^{**}	0.66^{**}	0.69^{**}	0.68^{**}	0.48^{+}	0.43
	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.25)	(0.29)	(0.28)
Constant	1.18	1.02	1.07	1.05	0.713	0.87	0.90	0.47
	(0.90)	(0.92)	(0.93)	(0.92)	(0.94)	(0.90)	(0.92)	(0.92)
Observations	305	305	305	305	305	305	305	305
chi2	65.54	72.74	75.90	70.32	69.02	72.05	75.93	72.18

Standard errors in parentheses $^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$ Year dummy, % sought and Acquirer age were included but not reported in table for visual purposes. All standard errors clustered by acquirer

Table 5. 5b: Logistic regression of CBA completion by private-group

	(1) Model	(2) Model	(3) Model	(4) Model	(5) Model	(6) Model	(7) Model	(8) Model
Hybrid-POE		1.12^{***}			1.82^{***}	1.22^{***}	1.25^{***}	2.08^{***}
		(0.24)			(0.39)	(0.26)	(0.26)	(0.41)
Symb. Hybrid			1.32^{***}					
			(0.33)					
Subs. Hybrid.			0.98^{***}					
			(0.27)					
S.Inst. Hybrid				1.03				
				(0.25)				
S.Co. Hybrid				1.09				
				(0.40)				
Pol.Chair x Hybrid					1.05^{+}			0.87
					(0.58)			(0.59)
Pol.CEO x Hybrid					-2.66^{***}			-2.62^{***}
					(0.59)			(0.61)
Sens.Inds x Hybrid						-0.53		-0.39
						(0.55)		(0.63)
HostQual x Hybrid							-0.99^{*}	-1.03^{*}
							(0.40)	(0.41)
Acq. Dev.List	0.57	1.04^{**}	1.01^{**}	1.02^{**}	1.75^{**}	1.04^{**}	1.07^{**}	1.19^{**}
	(0.35)	(0.39)	(0.39)	(0.39)	(0.39)	(0.39)	(0.40)	(0.39)
Acq.Exp	-0.00	-0.06	-0.06	-0.07	-0.18	0.06	-0.09	-0.21
	(0.26)	(0.27)	(0.27)	(0.27)	(0.28)	(0.27)	(0.27)	(0.29)
Acq.Perf	0.11	0.08	0.08	0.09	0.11	0.08	0.05	0.08
	(0.01)	(0.11)	(0.11)	(0.11)	(0.12)	(0.11)	(0.11)	(0.12)
Acq.Rep.Auditor	0.21	0.04	0.08	0.05	-0.05	0.04	0.07	-0.03
	(0.37)	(0.38)	(0.39)	(0.39)	(0.41)	(0.39)	(0.39)	(0.41)
Acq.Size	-0.08	-0.07	-0.08	-0.08	-0.10	-0.07	-0.06	-0.09
	(0.10)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.11)	(0.12)
Fin.Advisor	0.5^{+}	0.60^{+}	0.59^{+}	0.59^{+}	0.57^{+}	0.61^{+}	0.62^{+}	0.59^{+}
	(0.32)	(0.33)	(0.33)	(0.33)	(0.34)	(0.33)	(0.33)	(0.34)
Listed.Targ.	0.56^{+}	0.53	0.55	0.523	0.52	0.52	0.45	0.44
	(0.34)	(0.35)	(0.36)	(0.35)	(0.38)	(0.35)	(0.35)	(0.37)
Related.Inds	-0.20	-0.18	-0.17	-0.18	-0.17	-0.18	-0.21	-0.19
	(0.22)	(0.22)	(0.22)	(0.22)	(0.23)	(0.23)	(0.22)	(0.23)
Pol.Affinity	-0.97^{+}	-1.06^{+}	-1.09^{+}	-1.05^{+}	-0.83	-1.06^{+}	-0.81	-0.59
	(0.57)	(0.60)	(0.61)	(0.59)	(0.62)	(0.60)	(0.59)	(0.62)
Pol.Chair	0.88^{***}	0.94^{***}	0.95^{***}	0.94^{***}	0.49	0.95^{***}	0.96^{***}	0.58^{+}
	(0.24)	(0.26)	(0.26)	(0.26)	(0.31)	(0.26)	(0.26)	(0.32)
Pol.CEO	-0.71^{**}	-1.00^{***}	-1.01^{***}	-0.98^{***}	0.13	-0.99^{***}	-1.01^{***}	0.10
	(0.25)	(0.28)	(0.28)	(0.27)	(0.36)	(0.28)	(0.28)	(0.36)
Sensitive.Inds	0.53^{*}	0.57^{*}	0.56^{*}	0.57^{*}	0.68^{*}	0.76^{*}	0.60^{*}	0.82^{*}
	(0.26)	(0.27)	(0.27)	(0.25)	(0.27)	(0.33)	(0.26)	(0.33)
HostQual	-0.15	-0.22	-0.22	-0.20	-0.19	-0.22	0.09	0.09
	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)	(0.17)	(0.20)	(0.21)
Constant	-2.55^{**}	-2.83^{***}	-2.87^{***}	-2.81^{***}	-3.13^{***}	-2.83^{***}	-2.74^{**}	-3.18^{***}
	(0.91)	(0.83)	(0.83)	(0.84)	(0.76)	(0.84)	(0.86)	(0.83)
Observations	533	533	533	533	533	533	533	533
chi2	80.67	102.8	101.7	102.3	109.4	104.7	107.1	114.0

Standard errors in parentheses $^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$ Year dummy, % sought and Acquirer age were included but not reported in table for visual purposes. All standard errors clustered by acquirer

Table 5. 6a: Predictive margins of nonhybrid-SOE and hybrid-SOE acquirers

Number of obs = 305
Model VCE: Robust

	Margin	Std.Err.	P>z
Ownership			
Nonhybrid-SOE	0.436	0.069	0.000
Hybrid-SOE	0.758	0.051	0.000
	Margin	**Std.Err.**	**P>z**
Hybrid (Degree)			
NonhybridSOE	0.427	0.066	0.000
Hybrid-SOE (Symbolic)	0.736	0.057	0.000
Hybrid-SOE (Substantial)	0.832	0.053	0.000
	Margin	**Std.Err.**	**P>z**
Hybrid (Nature)			
Non-Hybrid	0.442	0.066	0.000
Domesitc Hybrid	0.826	0.069	0.000
Foreign Hybrid	0.726	0.055	0.000
	Margin	**Std.Err.**	**P>z**
Chairperson Moderation			
Hybrid (Chair not Political)	0.812	0.092	0.000
Hybrid (Political Chair)	0.643	0.053	0.000

Table 5. 6b: Predictive margins of nonhybrid-POE and hybrid-POE acquirers

Number of obs = 533
Model VCE: Robust

	Margin	Std.Err.	P>z
Ownership			
Nonnybrid-POE	0.511	0.031	0.000
Hybrid-POE	0.831	0.027	0.000
	Margin	**Std.Err.**	**P>z**
Hybrid Degree			
Nonhybrid-POE	0.510	0.031	0.000
Hybrid-POE (Symbolic)	0.851	0.032	0.000
Hybrid-POE (Substantial)	0.816	0.036	0.000
	Margin	**Std.Err.**	**P>z**
Hybrid Nature			
Non-Hybrid	0.515	0.031	0.000
Hybrid-POEs (State co)	0.822	0.030	0.000
Hybrid-POEs(State Inst.Inv)	0.833	0.044	0.000
	Margin	**Std.Err.**	**P>z**
CEO Moderation			
Hybrid (CEO not Political)	0.889	0.029	0.000
Hybrid (CEO Political)	0.503	0.076	0.000

H2aii: Private hybrids and political chairpersons

$H2_{aii}$ predicted that having *Political Chairpersons (Pol.Chair)* will strengthen the positive effect of *Hybrid-POE* ownership on CBA completion. The results from table 5.5b show that the predicted hypothesis for the interaction effect of *Political Chairpersons* received no support. The effect was significant, with a positive coefficient in Model 5 ($\beta = 1.05, p < 0.1$). However, the effect was non-significant in the full model, Model 8 ($\beta = 0.87, p > 0.1$). This absence of statistical significance suggests that the effect of *Hybrid-POE* ownership on CBA completion is not significantly different in the presence of *Political Chairpersons*. Thus, the findings did not support Hypothesis H2aii.

H2bi: State hybrids and political CEOs

$H2_{bi}$ predicted that *Political CEOs (Pol.CEO)* would weaken the effect of *Hybrid-SOE* ownership on CBA completion. The results from table 5.5a show that the predicted hypothesis for political CEOs' interaction effect received no support. The effect was not significant in both the Model 5 ($\beta = 0.55, p > 0.05$) and Model 8 ($\beta = 0.67, p > 0.05$). The lack of statistical significance indicates that the effect of *Hybrid-SOEs* ownership on CBA completion is not significantly different with p*olitical CEOs.* Thus, the findings did not support Hypothesis H2bi.

H2bii: Private hybrids and political CEOs

Hypothesis $H2_{bii}$ predicted that *Political CEOs (Pol.CEO)* would weaken the effect of *Hybrid-POEs* ownership on *CBA completion*. It can be assessed that this interaction effect is significant, with a negative beta coefficient in Model 5 ($\beta = -2.66, p < 0.001$) as well as in Model 8 ($\beta = -2.62, p < 0.001$). These coefficients indicate *Political CEOs* decrease the impact of *Hybrid-POE* Ownership on CBA completion by 93%.

To further facilitate this interaction term's interpretation, I computed the marginal effect of *Hybrid-POEs* ownership on CBA completion with and without *Political CEOs.* The results displayed in the margins table (table 5.6b) reveal that *Hybrid-POE* firms without *Political CEOs* have an 89% probability of completing CBAs; however, *Hybrid-POE* firms with *Political CEOs* have a 50% probability of completing CBAs.

Figure 4.1 below graphically depicts the predicted probability of *CBA Completion* at different interactions of *Hybrid-POEs Ownership* and *Political CEOs.* The solid line for *CEOs without Political Connections* is upward sloping, indicating an increase in the likelihood of CBA completion if a firm's ownership changes from *Nonhybrid-POEs* to *Hybrid-POE* without a *Political CEO*. On the other hand, the dashed line for *Political CEOs* has a slight downward slope indicating a slight decrease in *CBA completion* probability if a firm's ownership changes from *Nonhybrid-POEs* to *Hybrid-POE* with a *Political CEO*. These findings support Hypothesis H2bii that *Political CEOs* weaken the positive effect of being *Hybrid-POEs* ownership on *CBA completion*.

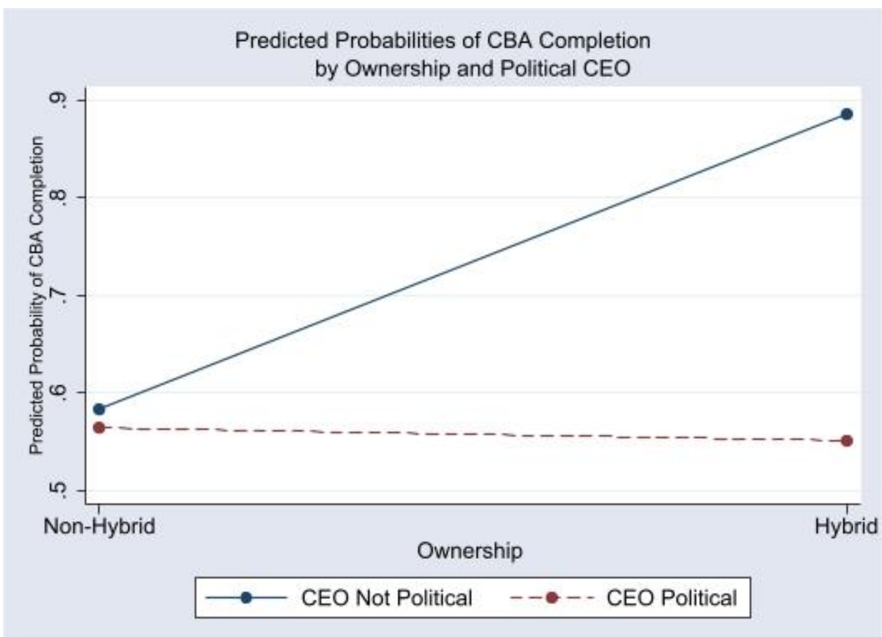

Figure 5. 2: Moderating effect of political CEO on CBA completion (hybrid-POEs)

5.5.3 H3: Moderating effects of sensitive target industry

H3a: State hybrids and sensitive target industry

Hypothesis H3a predicted that *Sensitive Target Industry* (*Sens.Inds)* would strengthen the positive effect of *Hybrid-SOE* ownership on *CBA completion*. Results from the incremental model (Model 6) and the full model (Model 8) in table 5.5a were not statistically significant ($\beta = -1.13, p > 0.05$) and ($\beta = -0.73, p > 0.05$). The absence of statistical significance suggests that the positive effect of *Hybrid-SOE* Ownership on *CBA completion* is not statistically different if the target industry is politically sensitive. Thus, the results did not support H3a.

H3b: Private hybrids and sensitive target industry

Hypothesis H3b predicted that *Sensitive Target Industry* (*Sens.Inds)* would strengthen the effect of *Hybrid-POEs* ownership on *CBA completion*. Results from the incremental model (Model 6) and the full model (Model 8) in table 5.5b were not statistically significant ($\beta = -0.53, p > 0.05$) and ($\beta = -0.39, p > 0.05$) respectively. The absence of statistical significance suggests that the positive effect of *Hybrid-POE* Ownership on *CBA completion* is not statistically different if the target industry is politically sensitive. Thus, the results did not support H3b.

5.5.4 H4: Moderating effects of host country regulatory quality

H4a: Hybrid-SOEs and host country regulatory quality

Hypothesis H4a predicted that Host Country Regulatory Quality (*HostQual)* would strengthen the positive effect of *Hybrid-SOEs* ownership on *CBA completion*. In table 5.5a, while incremental (Model 7) was not significant, results from the full model (Model 8), support this hypothesis. The interaction effect of *Host Regulatory Quality* (*HostQual)* in Model 8 ($\beta = 0.61, p < 0.1$). The coefficients from Model 8 suggest that a one-unit increase in *Host Regulatory Quality* would increase the log odds of *CBA completion* for *Hybrid-SOEs* firms by 1.84 times as ($e^{0.61}$) = 1.84.

Figure 4.3 below shows the interaction between *Hybrid-SOE* ownership and different levels of *Host Regulatory Quality*. The dashed line representing high *Host Regulatory Quality* (i.e. +1 SD above the mean of *Host Regulatory Quality*) shows a more pronounced positive effect of *Hybrid-SOE* ownership than the solid line representing lower *Host Regulatory Quality* (i.e., 1 SD below the mean of *Host Regulatory Quality*). These results correspond with the positive coefficient of the *Host Regulatory Quality* interaction term. They indicate that higher Host Country Regulatory Quality strengthens the positive effect of *Hybrid-SOE* ownership on *CBA completion*.

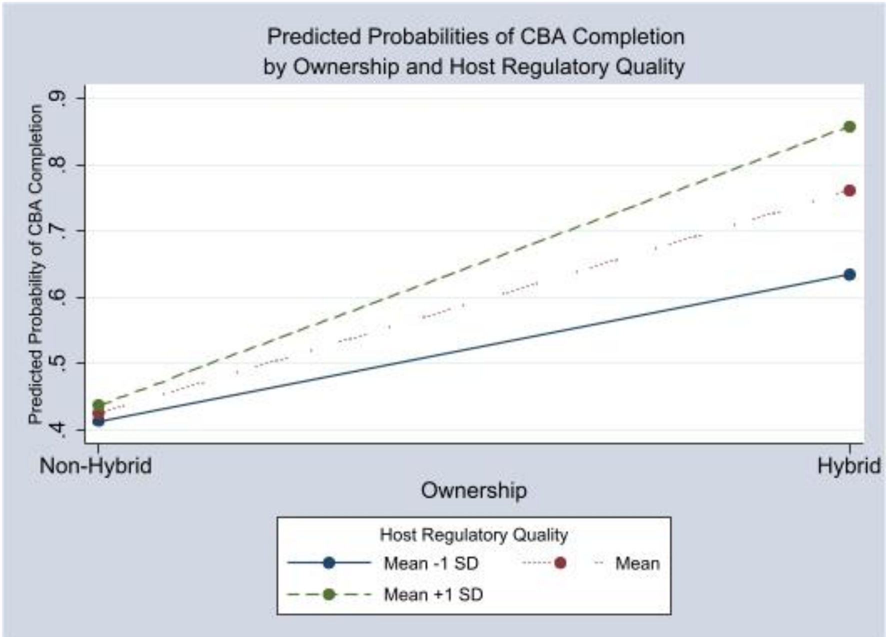

Figure 5. 3: Moderating effect of host regulatory quality on CBA completion (state group)

H4b: Private hybrids and host regulatory quality

Hypothesis H4b predicted that *Host Regulatory Quality (HostQual)* would weaken the effect of *Hybrid-POEs* Ownership on *CBA completion*. Results from table 5.5b show that the interaction effect of *Host Regulatory Quality (HostQual)* was significant with a negative coefficient in both incremental Model 7 (β = -0.99, $p < 0.05$) and the full Model 8 (β = -1.03, $p < 0.05$). Results from Model 8 show that a one-unit increase in *Host Regulatory Quality (HostQual)* will decrease the log odds of *CBA completion* for *Hybrid-POEs* firms by 64% as ($e^{-1.03}$) = 0.36.

Figure 4.4 below gives a graphical depiction of the interaction between *Hybrid-POE* ownership and different Host Regulatory Quality levels. The dashed line representing high *Host Regulatory Quality* (i.e., +1 SD above the mean of *Host Regulatory Quality*) shows a less pronounced positive effect of *Hybrid-POE* ownership than the solid line representing lower *Host Regulatory Quality* (i.e., 1 SD below the mean of *Host Regulatory Quality*). This result corresponds with the negative coefficient of the *Host Regulatory Quality* interaction term. It indicates higher *Host Regulatory Quality* weakens the effects of *Hybrid-POEs* ownership on *CBA completion*. Accordingly, Hypothesis H4b is supported.

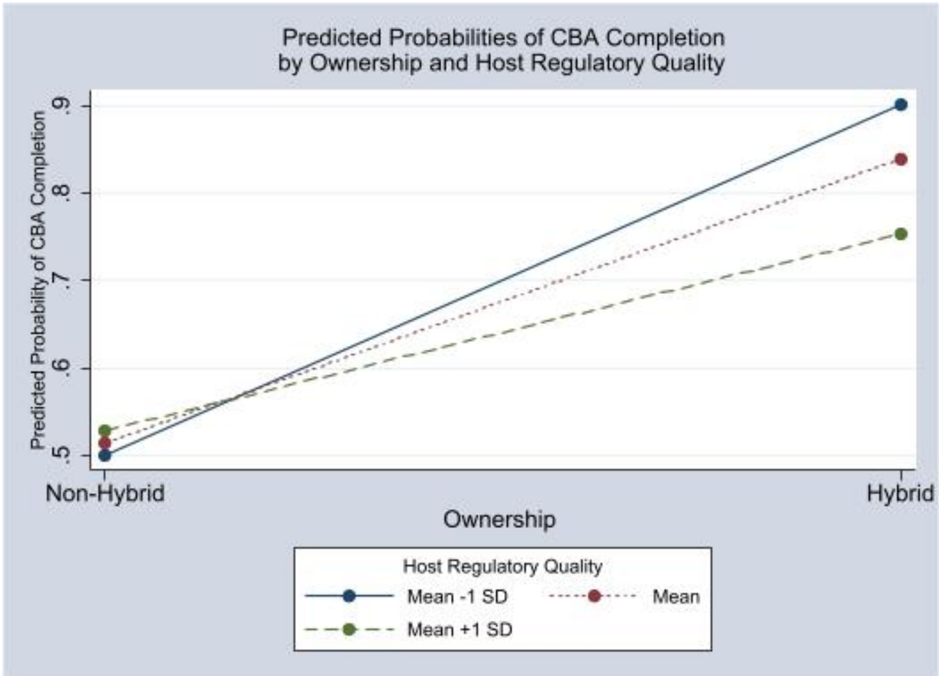

Figure 5. 4: Moderating effect of host regulatory quality on CBA completion (private group)

5.6 CONTROL VARIABLES

In the null model (Model 1), I estimated the control variables' impact on *CBA completion* without including the main predictor variables of interest. It was interesting to observe that some of the findings contradicted extant literature adopting the conventional dichotomy of ownership as state or private (without the hybrid perspective).

The controlling effect of *Political Affinity* (*Pol.Affinity)* was noteworthy. The *Pol.Affinity* variable captured the extent to which the political similarities between the acquirer's country (China) and the target country are aligned. Prior research leans towards a positive relationship between *Political Affinity* (*Pol.Affinity)* and *CBA completion* based on the argument that similar political ideologies ease regulatory barriers. In table 5.5a for the *State* group, *Political Affinity* was positive and significant in all models (Model 2 to Model 8) with $\beta = 1.81$, $p < 0.05$ in the complete model, Model 8. This result shows that in the *State* group, a one-unit increase in *Political Affinity* (*Pol.Affinity)* increases the log odds of *CBA completion* by 6.1 ($e^{1.81}$).

Interestingly, the results were different for the *Private* group in table 5.5b, where the effect of *Political Affinity* (*Pol.Affinity)* was insignificant in the full model (Model 8). These findings are in line with existing literature indicating that POEs are less likely to experience entry barriers in foreign investment than SOEs (Meyer et al., 2014; Mariotti & Marzano, 2019). In this case, the positive effect of political affinity will be significant for SOEs but not POEs as shown in the results

The variable *Acq.Dev.Listing* controlled for the effects of acquiring firms listed in developed markets outside of China. Existing literature predicts a positive relationship between the *Developed Market Listing* and *CBA completion* as listing in developed markets requires more organizational and ownership transparency. Results from table 5.5a show a negative and statistically insignificant relationship between *Acq.Dev.Listing* and *CBA completion* for the *State* group. On the other hand, table 5.5b was positive and statistically significant in Model 2 to Model 8 (β = 1.19, $p < 0.01$) for the *Private* group. This result indicates that for *Hybrid-POE* firms, the log odds of *CBA completion* are 3.3 ($e^{-1.19}$) times greater for acquirers listed in developed markets than acquirers not listed in developed markets.

Another control variable that sparked my interest was the *Fin.Advisor* variable. This variable controlled for the effect of acquirers employing a financial advisor's services in the CBA process. According to prior research, financial advisors increase the likelihood of CBA completion as they ensure that acquirers are financially sound during the CBA process. Results from table 5.5a and table 5.5b both show a positive and significant relationship between *Financial Advisors* and *CBA completion* (β = 1.55, $p < 0.001$) for the *State group* and the (β = 0.59, $p < 0.1$) for the *Private* group. These results suggest that the log odds of completing CBA for acquirers with Financial Advisors in the State group are 4.7 ($e^{1.55}$) times greater than the log odds of acquirers without *Financial Advisors*. And for the private group, the log odds of completing CBA for acquirers with *Financial Advisors* is 1.8 ($e^{0.59}$) times greater than the log odds of acquirers without *Financial Advisors.*

The control variable *Related.Inds* was used to control for the effect of the acquirer and the target firm operating in the same or related industries. Extant research on the significance of industry relatedness in *CBA completion* proposes a positive relationship anchored on the argument that industry relatedness simplifies the CBA process, especially due diligence. Table 5.5a and table 5.5b show a negative but insignificant relationship between *Related Industries* (*Related.Inds*) and *CBA completion*.

Table 5.7: Summary of hypothesis tested and results

Hypotheses tested	Result
H1ai: Hybrid-SOE firms are more likely to complete CBAs than nonhybrid-SOEs.	Supported
H1aii: Hybrid-POE firms are more likely to complete CBAs than nonhybrid-POEs firms.	Supported
H1bi: SOE-hybrids with substantial hybridization are more likely to complete CBAs than SOE-hybrids with symbolic hybridization.	Supported
H1bii: POE-hybrids with symbolic hybridization are more likely to complete CBAs than POE-hybrids with substantial hybridization	Supported
H1ci: SOE-hybrids with foreign investors are more likely to complete CBAs than –hybrids with domestic investors	Not supported
H1cii: POE-hybrids with state institutional investors are more likely to complete CBAs than POE-hybrids with state company investors	Not supported
Hypotheses tested	**Result**
H2ai: Chairperson's political connection weakens the positive effect of hybrid-SOEs on CBA completion	Supported
H2aii: Chairperson's political connection Strengthens the positive effect of hybrid-POEs on CBA completion	Not supported
H2bi: CEO's political connection weakens the positive effect of hybrid-SOEs on CBA completion	Not supported
H2bii: CEO's political connection weakens the positive effect of hybrid-POEs on CBA completion	Supported
H3a: Politically sensitive target industries will strengthen the positive impact of hybrid-SOE on CBA completion	Not supported
H3b: Politically sensitive target industries will strengthen the positive impact of hybrid-POE on CBA completion.	Not supported
H4a: Higher host country regulatory quality will strengthen the positive effect of hybrid-SOEs on CBA completion.	Supported
H4b: Higher host country regulatory quality will weaken the positive effect of hybrid-POEs on CBA completion.	Supported

5.7 ASSESSING THE FIT OF THE LOGISTIC REGRESSION

In this section, I use various goodness-of-fit tests to evaluate and discuss the performance of the logistic models used to test the hypotheses. "A model is only as good as the results of its fit statistics" (Hilbe, 2011, p.64); hence, researchers use Goodness-of-fit tests to assess how well a proposed model fits or predicts a particular data set. Goodness-of-fit tests evaluate model fit by detecting specification errors in a model or the difference between the expected values and observed values. These results can then be used to compare amongst models and determine whether the full model containing all the variables of interest better explains the outcome variable (i.e., CBA completion) than incremental models containing individual variables of interest.

Assessing goodness-of-fit involves evaluating the fit of individual observations and evaluating the overall model fit (Hosmer & Lemeshow 2013; Long & Freese, 2006). Analysing the fit of individual observations in Logistic regression can be done through the Classification Matrix or the Area Under the Receiver Operating Curve (AUROC). The Classification Matrix evaluates the model performance by capturing how a logistic model accurately and inaccurately classifies sample observations into the outcome variable's categories based on a set cut-off. A model is a good fit if the predicted classification of sample observations closely aligns with the observed classification. The AUROC is like the Classification Matrix as it measures a model's ability to rightly distinguish between observations that experience the outcome of interest versus those that do not. In this case, the Area Under the ROC measures the model's ability to distinguish between CBA deals that are complete and incomplete accurately. Researchers typically consider the AUROC to be a more powerful classification statistic than the Classification Matrix. While the Classification Matrix classifies observations using a fixed threshold, the AUROC does not. Instead, the AUROC tests every possible threshold and plots each result as a point on a curve. As a result, I use the AUROC to evaluate the goodness of fit for individual observations.

Table 5.7a and 4.7b show results from the AUROC test for the *State* and *Private* groups respectively. The results show the models' ability to identify the probability of CBA completion correctly, and it ranges from 0.5 to 1. Values greater than 0.5 imply that the regression model can distinguish between completed CBA deals and those that are incomplete, with values closer to 1 showing stronger distinction ability. From the results, in both tables, the ROC probability is above 0.5 and progressively increases from Model 1 to Model 8. For the State group in table 5.7a, Model 1 had a ROC value of 0.78 while model 8 had a ROC value of 0.81. Also, for the Private group in table 5.7b, Model 1 had a ROC value of 0.73, and Model 8 had a ROC value of 0.80. Overall, these results show that the model performs well in fitting individual observations.

To evaluate the overall model fit, I use the Pearson Chi-square goodness-of-fit test and the Akaike Information Criteria (AIC) test (Akaike, 1974). Although the coefficient of determination (R^2) is the traditional goodness-of-fit measure for overall model fit, the R^2 was initially designed for linear regression models. As the logistic regression is non-linear, several statisticians (Hair et al., 2010; Hosmer and Lemeshow, 2013*)* have argued against using R^2 measures to evaluate overall model fit in logistic regression. Although Pseudo R^2 measures have been developed specifically for logistic regression, these measures are rarely reported by statistical in prior empirical studies using logistic regression (Li et al., 2017; Li et al., 2019; Meyer et al., 2014). These arguments guided my decision to use the Pearson Chi-square goodness-of-fit test and the Akaike Information Criteria (AIC) test for evaluating the overall model fit in this thesis.

Pearson chi-square goodness-of-fit test measures the observed number of responses against the expected number of responses using cells specified by the covariate patterns. The result gives a single value that summarizes the extent of alignment between the observed and fitted values. The results can then be compared across several incremental models to estimate individual predictors' significance to a model. Models with higher Chi-square values indicate a better fit. Results from table 5.7a show that for the *State* group, the Pearson χ^2 value is higher in the final model (388.00) compared to the baseline model (320.07). Similar results were estimated in table 5.7b for the Private group, with the final model having a higher Pearson χ^2 value (518.44) than the baseline model (515.21). The results were insignificant for all models at $p< 0.05$, which implies a good fit of all models.

The second goodness of fit test used to evaluate the overall model fit is the AIC. The AIC compares the fit of statistical models to each other by generating a scalar measure where "smaller is better." Given two models, the model with a smaller AIC value is a better fit than the model with a larger AIC. Table 5.7a shows that in the *State* group, the AIC values in the full model,

Model 8 (389.69), are comparatively lower than the baseline model, Model 1 (383.00). Similarly, in table 5.7b for the *Private* group, the AIC statistics in Model 8 (607.11) are lower than those in Model 1 (653.00). In both tables, all models have a lower AIC value than Model 1, implying a better fit and increase in the final model's explanatory power by introducing additional variables.

Table 5. 8a: Evaluation of logistic regression models for the state group

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Pearson χ^2	320.07	321.32	334.00	326.00	361.83	336.15	322.80	388.00
AIC	383	380.40	390.00	379.00	379.12	380.45	380.25	389.69
ROC	0.78	0.79	0.79	0.80	0.80	0.80	0.79	0.81

Table 5. 8b: Evaluation of logistic regression models for the private group

	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6	Model 7	Model 8
Pearson χ^2	515.21	510.59	510.72	502.46	523.42	499.59	500.99	518.44
AIC	653.00	630.37	631.40	633.86	630.37	631.38	624.00	607.11
ROC	0.73	0.76	0.76	0.75	0.76	0.76	0.77	0.80

5.8 SENSITIVITY AND ROBUSTNESS CHECKS

This section discusses various checks and additional statistics to ensure that the analysis results are robust to alternative model specifications. Altogether, I conducted three sensitivity and robustness checks. I used Heckman's Two-Stage Model, to assess potential sample bias, Multiple regression to cross-check assumptions of non-independence of the data. Finally, I used alternate proxies to capture several control variables.

5.8.1 Sample selection bias and Heckman two-stage model

Sample biases may arise when researchers test hypotheses using samples of a population instead of the entire population (Certo, Busenbark, Woo, and Semadeni, 2016). When empirical studies investigate causal relationships using samples of a population, the underlying assumption is that the sample is selected randomly (Angrist & Pischke, 2008). Violating the assumption of random sampling introduces a sample bias into the estimation. Sample bias can lead to inaccurate estimates as both the included and excluded variables may uniquely impact the sample selection and subsequently affect the dependent variable of interest (Sartoi, 2003).

There is a concern of potential sample bias in this study as only CBAs performed by publicly listed firms were selected. In other words, sample selection was non-random as I precluded CBAs conducted by privately held firms and non-listed public firms. I focused on publicly listed firms in the sample selection because they possess reliable ownership-related data and higher standards of transparency and auditing. Nevertheless, it is essential to treat the potential sample bias by accounting for the impact of the unlisted firms excluded from the sample.

Many IB scholars adopt the Heckman Two-Step Model (Heckman, 1979) to resolve sample selection bias (Kim, Hoskisson and Lee, 2015, Li et al., 2017; Meyer et al., 2014; Zhou et al., 2016). In the two-step model, the first stage, also called the selection equation, uses a Probit regression to estimate the probability of an observation being included in the sample. The selection equation must consist of at least one variable (*instrumental variable*) that affects the likelihood of an observation entering the sample but does not affect the ultimate dependent variable of interest (Sartori, 2003). The selection equation results are then used in conjunction with the initial regression (regression with just the selected sample) to generate a selection parameter known as the Inverse Mills Ratio (IMR) or Lambda. In the second stage of the two-step model, IMRs is used as a control variable to perform an outcome equation that includes the ultimate dependent variable of interest and all other initial explanatory variables. In this outcome equation, IMR controls for the effect of observations excluded from the sample. An insignificant IMR in the outcome equation indicates an absence of sample bias (Certo et al., 2016).

In this study, I perform the Heckman Two-Step Model to test for sample bias. In the selection equation, I estimate the likelihood that a listed firm performs a CBA transaction. To do this, I perform a probit regression with the dependent variable *ListingStatus* - a dummy variable coded as 1 if a CBA was performed by a listed firm and 0 otherwise. I completed the probit regression using the entire population of 1719 CBAs performed by listed and unlisted firms in the sample duration. I included an instrumental variable *Acq.Industry* to predict the likelihood of being listed and ultimately being included in the sample. *Acq.Industry* is a dummy variable that captures the industry where the acquirer operates. It is coded as 1 if the acquirer operated in the *High technology, Healthcare*, or *Finance* industries and coded 0 otherwise. The rationale behind using this variable was that firms operating in resource and research-intensive sectors are more likely to seek external capital through public listing than firms operating in less intensive industries. Furthermore, various reports consider the *High technology*, *Healthcare*, and *Financial* sectors as having the most presence in several stock exchanges (Rudden, 2020).

The probit regression with the instrumental variable generated an Inverse Mills Ratio inserted in the outcome equation to adjust the standard errors and control for the effect of unobserved CBAs. Table 5.8 shows the results of the Heckam two-step model. The results from the selection model at the bottom of table 5.8 show that *Acq.Industry* is a statistically significant predictor of being listed at $p < 0.001$ in Panel A (for the State group) and $p < 0.001$ in Panel B (for the Private group). This statistical significance indicates that *Acq.Industry* is an excellent instrumental variable for the Heckman Model.

Furthermore, Model 9 in table 5.8 also shows an insignificant Inverse Mills Ratio in both Panel A (for the State group) and Panel B (for the Private group), suggesting that sample bias is not a concern in this study. Table 5.8 further compares Model 8 (the full model from the initial logistic regression) to Model 9 (the model with the Inverse Mills Ratio accounting for potential sample bias). It can be observed that the results remained largely unchanged.

Table 5. 9: Results of Heckman's two-step model

Panel A: State Group			*Panel B: Private Group*		
	Model (8)	Model (9)		Model (8)	Model (9)
Hybrid-SOE	1.84^{*}	1.82^{*}	Hybrid-POE	2.08^{***}	2.10^{***}
	(0.75)	(0.76)		(0.41)	(0.41)
Pol.Chair x Hybrid-SOE	-1.45^{+}	-1.46^{+}	Pol.Chair x Hybrid-POE	0.87	0.85
	(0.83)	(0.85)		(0.59)	(0.59)
Pol.CEO x Hybrid-SOE	0.67	0.61	Pol.CEO x Hybrid-POE	-2.62^{***}	-2.63^{***}
	(0.64)	(0.64)		(0.61)	(0.61)
Sens.Inds x Hybrid-SOE	-0.73	-0.83	Sens.Inds x Hybrid-POE	-0.39	-0.41
	(0.97)	(0.99)		(0.63)	(0.64)
Host.Qual x Hybrid-SOE	0.61^{+}	0.65^{+}	Host.Qual x Hybrid-POE	-1.02^{*}	-1.03^{*}
	(0.35)	(0.34)		(0.41)	(0.41)
Acq.Dev.List	-0.35	-0.34	Acq.Dev.List	1.19^{**}	1.20^{**}
	(0.36)	(0.36)		(0.39)	(0.40)
Acq.Exp	0.26	0.26	Acq.Exp	-0.21	-1.87
	(0.37)	(0.37)		(0.29)	(0.30)
Acq.Perf	0.21	0.23^{+}	Acq.Perf	0.08	0.08
	(0.13)	(0.13)		(0.12)	(0.12)
Acq.Rep.Auditor	0.54	0.54	Acq.Rep.Auditor	-0.03	-0.04
	(0.36)	(0.36)		(0.41)	(0.41)
Acq.Size	-0.09	-0.11	Acq.Size	-0.09	-0.09
	(0.13)	(0.13)		(0.12)	(0.12)
Fin.Advisor	1.55^{***}	1.51^{***}	Fin.Advisor	0.59^{+}	0.62^{*}
	(0.35)	(0.35)		(0.34)	(0.34)
Listed.Targ.	-0.15	-0.16	Listed.Targ.	0.44	0.43
	(0.37)	(0.37)		(0.37)	(0.38)
Related.Inds	-0.36	-0.31	Related.Inds	-0.19	-0.19
	(0.36)	(0.36)		(0.23)	(0.23)
Pol.Affinity	1.82^{*}	1.83^{+}	Pol.Affinity	-0.59	-0.63
	(0.93)	(0.95)		(0.62)	(0.62)
Pol.Chair	-0.09	-0.10	Pol.Chair	0.58^{+}	0.59^{*}
	(0.49)	(0.51)		(0.32)	(0.32)
Pol.CEO	0.09	0.02	Pol.CEO	0.01	0.10
	(0.43)	(0.42)		(0.36)	(0.39)
Sensitive.Inds	0.93	0.86	Sensitive.Inds	0.82^{*}	0.91^{**}
	(0.77)	(0.79)		(0.33)	(0.35)
Host.Qual	0.43	0.45	Host.Quality	0.09	0.09
	(0.28)	(0.28)		(0.21)	(0.21)
Inverse Mills Ratio		-0.86	**Inverse Mills Ratio**		0.55
		(0.93)			(0.78)
Constant	0.47	1.59	Constant	-3.18^{***}	-3.66^{**}
	(0.92)	(1.57)		(0.83)	(1.19)
Selection Model (DV = Prob. Of being Listed)			*Selection Model (DV = Prob. Of being Listed*		
Acq.Industry		0.55^{***}	**Acq.Industry**		0.47^{***}
		(0.08)			(0.08)
Constant		-0.96^{***}	Constant		-0.60^{***}
		(0.04)			(0.04)

Standard errors in parentheses $^{+}$ *$p < 0.1$* * *$p < 0.05$,* ** *$p < 0.01$,* *** *$p < 0.001$, SE clustered by acquirer*

5.8.2. Independence of observations and multiple regression

Another sensitivity and robustness concern addressed in this thesis is associated with the assumption of independence of the sample observations (Osborne, 2012). As discussed in section 4.5, the unit of analysis in this study was at the transaction level leading to instances where the same firm performed multiple CBA transactions during the sampling period. Thus their ownership data were recurring in the sample. Therefore, it was necessary to account for this within-firm correlation and relax the assumption that the sample observations were independent. For the primary estimation technique in this thesis, I implemented clustered standard errors (clustering by acquirers) to account for the data's non-independence. A similar approach has been adopted in major IB studies investigating CBAs (e.g., Muehlfled et al., 2012; Liou et al., 2016; Li et al., 2017b; Li et al., 2019).

However, some researchers also adopted a multilevel logistic regression to address the non-independence of observations in a sample (Hong & Lee, 2015; Sommet & Morsellin, 2018). In its estimation, multilevel logistic regression considers the hierarchical and nested structure of the data. Based on multilevel regression assumptions, I established that in my sample, CBA transactions (Level 1) are nested within acquirers (Level 2), thereby creating multilevel or nested data. Accordingly, I examine whether the clustering technique applied in the primary logistic estimation sufficiently accounted for the observations' nested nature by performing a multilevel logistic regression and comparing the results. I report the results and the comparison of the multilevel regression in table 5.9 below. Comparison between the initial logistic regression and the multilevel logistic regression show consistency in findings. The findings indicate that using clustered standard errors in the main logistic regression sufficiently accounted for non-independence in the data.

Table 5. 10: Multilevel logistic regression comparison

Panel A: State Group			***Panel B: Private Group***		
	Logistic	Multilevel		Logistic	Multilevel
Hybrid-SOE	1.84^{*}	1.97^{*}	Hybrid-POE	2.08^{***}	2.14^{***}
	(0.75)	(0.80)		(0.41)	(0.49)
Pol.Chair x Hybrid-SOE	-1.45^{+}	-1.50^{+}	Pol.Chair x Hybrid-POE	0.87	0.89
	(0.83)	(0.81)		(0.59)	(0.59)
Pol.CEO x Hybrid-SOE	0.67	0.58	Pol.CEO x Hybrid-POE	-2.62^{***}	-2.69^{***}
	(0.64)	(0.67)		(0.61)	(0.72)
Sens.Inds x Hybrid-SOE	-0.73	-0.51	Sens.Inds x Hybrid-POE	-0.39	-0.41
	(0.97)	(0.99)		(0.63)	(0.60)
Host.Qual x Hybrid-SOE	0.61^{+}	0.62^{+}	Host.Qual x Hybrid-POE	-1.02^{*}	-1.05^{*}
	(0.35)	(0.38)		(0.41)	(0.41)
Acq.Dev.List	-0.35	-0.35	Acq.Dev.List	1.19^{**}	1.24^{**}
	(0.36)	(0.43)		(0.39)	(0.51)
Acq.Exp	0.26	0.22	Acq.Exp	-0.21	-0.21
	(0.37)	(0.38)		(0.29)	(0.29)
Acq.Perf	0.21	0.22	Acq.Perf	0.08	0.08
	(0.13)	(0.13)		(0.12)	(0.10)
Acq.Rep.Auditor	0.54	0.67	Acq.Rep.Auditor	-0.03	-0.03
	(0.36)	(0.43)		(0.41)	(0.43)
Acq.Size	-0.09	-0.09	Acq.Size	-0.09	-0.09
	(0.13)	(0.13)		(0.12)	(0.11)
Fin.Advisor	1.55^{***}	1.65^{***}	Fin.Advisor	0.59^{+}	0.59^{+}
	(0.35)	(0.41)		(0.34)	(0.33)
Listed.Targ.	-0.15	-0.13	Listed.Targ.	0.44	0.44
	(0.37)	(0.40)		(0.37)	(0.37)
Related.Inds	-0.36	-0.36	Related.Inds	-0.19	-0.21
	(0.36)	(0.37)		(0.23)	(0.23)
Pol.Affinity	1.82^{*}	2.03^{+}	Pol.Affinity	-0.59	-0.62
	(0.93)	(1.07)		(0.62)	(0.62)
Pol.Chair	-0.09	-0.11	Pol.Chair	0.58^{+}	0.59^{+}
	(0.49)	(0.51)		(0.32)	(0.34)
Pol.CEO	0.09	0.04	Pol.CEO	0.01	0.09
	(0.43)	(0.47)		(0.36)	(0.37)
Sensitive.Inds	0.93	0.94	Sensitive.Inds	0.82^{*}	0.85^{*}
	(0.77)	(0.77)		(0.33)	(0.38)
Host.Quality	0.43	0.45	Host.Quality	0.09	0.10
	(0.28)	(0.30)		(0.21)	(0.20)
Constant	0.47	0.45	Constant	-3.18^{***}	-3.13^{**}
	(0.92)	(0.83)		(0.83)	(0.96)

Clustered Standard errors in parentheses $^{+}$ $p < 0.1$ * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$

5.8.3. Alternate measures and time lag

I also checked the robustness of this thesis's results using alternate measurements and time lags for some key variables. Firstly, I used an alternate proxy and time lag for the variable Acquisition Experience (*AcqExp*). In the main regression, *AcqExp* was a dummy variable capturing whether a firm performed any CBA at *t-5* of the focal CBA. The results were not statistically significant in all models.

I further examine the robustness of this result by using a count variable to capture Acquisition Experience (*AcqExp*) at *t-3* and *t-5*. I report the results with these alternate measurements and time lags in Table 5.10. In panel A for the *State* group, *AcqExp* remains statistically insignificant with a change in the signs when compared to Model 8 from the initial logistic regression. However, for the *Private* group, *AcqExp* becomes positive and significant in both *t-3* (b = 0.25 P < 0.05) and *t-5* (b = 0.23 p<0.1). The change in significance from Model 8 and the positive coefficient indicates that an increase in CBA activity increases the likelihood of completing CBAs. I also observed that the beta coefficient of *AcqExp* is higher at *t-3* than *t-5*, suggesting that the positive impact of *AcqExp* on CBA completion decreases over time for the *Private* group. Overall, given the alternate proxy and time lags for *AcqExp*, other variables remained similar to Model 8 except for *Acq.Rep.Auditor*, which became positive and significant in *t-3* and *t-5* for the *State* group.

I also assessed the robustness of the Sensitive Target Industry (*SensInds*) variable. In the main regression, the results for *SensInds* as a moderator between *Hybrid* ownership and *CBA completion* were statistically insignificant in both the *State* group and the *Private* group. However, as a control variable, *SensInds* turned out to be a significant predictor of *CBA completion* for the *Private* group but not the *State* group. To further probe the role of Sensitive Target Industry, I use an alternate measure for *SensInds* by creating two dummy variables: *Natural resources* and *Hightech*. *Natural resource* indicates if a CBA target operates in the energy or utilities sector (coded as 1) or not (coded as 0). *Hightech* captures whether a target operates in the technology or telecommunications sector (coded as 1) or not (coded as 0). In the initial measurement, I combined both industries to measure *SensInds.* I reported the results from this alternate measurement in table 5.11. In Panel A and Panel B of the table, the moderating effect of *SensInds* remained statistically insignificant with alternate proxies. This further supports results from the initial logistic regression in Model 8.

Table 5. 11: Regression with alternate proxies and time lag for acquisition experience

Panel A: State Group				***Panel B: Private Group***			
	Model 8	AcqExp t-3	AcqExp t-5		Model 8	AcqExp t-3	AcqExp t-5
Hybrid-SOE	1.84*	1.87*	1.867*	Hybrid-POE	2.08***	1.99***	1.99***
	(0.75)	(0.78)	(0.79)		(0.41)	(0.41)	(0.41)
Pol.Chair x Hybrid-SOE	-1.45^{+}	-1.48^{+}	-1.49^{+}	Pol.Chair x Hybrid-POE	0.87	0.96	0.96
	(0.83)	(0.85)	(0.86)		(0.59)	(0.59)	(0.59)
Pol.CEO x Hybrid-SOE	0.67	0.69	0.71	Pol.CEO x Hybrid-POE	-2.62***	-2.56***	-2.56***
	(0.64)	(0.67)	(0.68)		(0.61)	(0.61)	(0.61)
Sens.Inds x Hybrid-SOE	-0.73	-0.61	-0.62	Sens.Inds x Hybrid-POE	-0.39	-0.36	-0.36
	(0.97)	(0.99)	(0.96)		(0.63)	(0.63)	(0.63)
Host.Qual x Hybrid-SOE	0.61^{+}	0.58^{+}	0.59^{+}	Host.Qual x Hybrid-POE	-1.02*	-1.03*	-1.03*
	(0.35)	(0.34)	(0.33)		(0.41)	(0.41)	(0.41)
Acq.Dev.List	-0.35	-0.28	-0.29	Acq.Dev.List	1.19**	1.09**	1.09**
	(0.36)	(0.36)	(0.35)		(0.39)	(0.39)	(0.39)
Acq.Exp	0.26	-0.06	-0.05	Acq.Exp	-0.21	0.25*	0.23^{+}
	(0.37)	(0.13)	(0.09)		(0.29)	(0.13)	(0.12)
Acq.Perf	0.21	0.21	0.21	Acq.Perf	0.08	0.09	0.09
	(0.13)	(0.13)	(0.13)		(0.12)	(0.12)	(0.12)
Acq.Rep.Auditor	0.54	0.59^{+}	0.60^{+}	Acq.Rep.Auditor	-0.03	-0.09	-0.09
	(0.36)	(0.35)	(0.36)		(0.41)	(0.42)	(0.42)
Acq.Size	-0.09	-0.08	-0.08	Acq.Size	-0.09	-0.10	-0.09
	(0.13)	(0.13)	(0.13)		(0.12)	(0.12)	(0.12)
Fin.Advisor	1.55***	1.58***	1.58***	Fin.Advisor	0.59^{+}	0.55	0.54
	(0.35)	(0.36)	(0.35)		(0.34)	(0.34)	(0.34)
Listed.Targ.	-0.15	-0.14	-0.14	Listed.Targ.	0.44	0.42	0.42
	(0.37)	(0.38)	(0.38)		(0.37)	(0.37)	(0.37)
Related.Inds	-0.36	-0.33	-0.33	Related.Inds	-0.19	-0.21	-0.21
	(0.36)	(0.36)	(0.356)		(0.23)	(0.23)	(0.23)
Pol.Affinity	1.82*	1.76^{+}	1.78^{+}	Pol.Affinity	-0.59	-0.51	-0.52
	(0.93)	(0.94)	(0.93)		(0.62)	(0.62)	(0.62)
Pol.Chair	-0.09	-0.07	-0.07	Pol.Chair	0.58^{+}	0.52	0.51
	(0.49)	(0.50)	(0.50)		(0.32)	(0.32)	(0.32)
Pol.CEO	0.09	-0.01	-0.01	Pol.CEO	0.01	0.11	0.12
	(0.43)	(0.43)	(0.43)		(0.36)	(0.36)	(0.36)
Sensitive.Inds	0.93	0.92	0.96*	Sensitive.Inds	0.82*	0.83*	0.83*
	(0.77)	(0.76)	(0.75)		(0.33)	(0.33)	(0.33)
Host.Quality	0.43	0.41	0.41	Host.Quality	0.09	0.12	0.12
	(0.28)	(0.28)	(0.28)		(0.21)	(0.21)	(0.21)
Constant	0.47	0.62	0.63	Constant	-3.18***	-3.09***	-3.09***
	(0.92)	(0.89)	(0.91)		(0.83)	(0.79)	(0.79)
Observations	305	305	305	Observations	533	533	533
Chi2	114.0	70.87	71.85		114.0	114.9	114.1

Standard errors in parentheses $^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$ Year dummy, % sought and Acquirer age were included but not reported in table. All standard errors clustered by acquirer

Table 5. 12: Regression with alternate proxies for target sensitive industry

Panel A: State Group				***Panel B: Private Group***			
	Model 8	HighTech	NatRes		Model 8	HighTech	NatRes
Hybrid-SOE	1.84*	1.73*	2.05*	Hybrid-POE	2.08***	2.06***	2.16***
	(0.75)	(0.77)	(0.86)		(0.41)	(0.41)	(0.43)
Pol.Chair x Hybrid-SOE	-1.45^{+}	-1.58^{+}	-1.58^{+}	Pol.Chair x Hybrid-POE	0.87	0.93	0.93
	(0.83)	(0.83)	(0.82)		(0.59)	(0.62)	(0.59)
Pol.CEO x Hybrid-SOE	0.67	0.77	0.69	Pol.CEO x Hybrid-POE	-2.62***	-2.44***	-2.51***
	(0.64)	(0.65)	(0.66)		(0.61)	(0.61)	(0.57)
Sens.Inds x Hybrid-SOE	-0.73	0.33	-0.52	Sens.Inds x Hybrid-POE	-0.39	-0.58	-0.69
	(0.97)	(0.91)	(0.62)		(0.63)	(0.54)	(0.50)
Host.Qual x Hybrid-SOE	0.61^{+}	0.63^{+}	0.57^{+}	Host.Qual x Hybrid-POE	-1.02*	-1.00*	-1.07*
	(0.35)	(0.36)	(0.35)		(0.41)	(0.40)	(0.42)
Acq.Dev.List	-0.35	-0.33	-0.38	Acq.Dev.List	1.19**	1.17**	1.19**
	(0.36)	(0.31)	(0.30)		(0.39)	(0.39)	(0.39)
Acq.Exp	0.26	0.30	0.33	Acq.Exp	-0.21	-0.23	-0.21
	(0.37)	(0.36)	(0.37)		(0.29)	(0.28)	(0.28)
Acq.Perf	0.21	0.23^{+}	0.26^{+}	Acq.Perf	0.08	0.09	0.09
	(0.13)	(0.13)	(0.14)		(0.12)	(0.11)	(0.11)
Acq.Rep.Auditor	0.54	0.63^{+}	0.62^{+}	Acq.Rep.Auditor	-0.03	-0.03	-0.04
	(0.36)	(0.36)	(0.36)		(0.41)	(0.39)	(0.40)
Acq.Size	-0.09	-0.11	-0.14	Acq.Size	-0.09	-0.09	-0.09
	(0.13)	(0.13)	(0.14)		(0.12)	(0.11)	(0.11)
Fin.Advisor	1.55***	1.59***	1.60***	Fin.Advisor	0.59^{+}	0.50	0.52
	(0.35)	(0.33)	(0.35)		(0.34)	(0.33)	(0.34)
Listed.Targ.	-0.15	-0.14	-0.14	Listed.Targ.	0.44	0.48	0.46
	(0.37)	(0.36)	(0.37)		(0.37)	(0.38)	(0.37)
Related.Inds	-0.36	-0.40	-0.42	Related.Inds	-0.19	-0.14	-0.13
	(0.36)	(0.35)	(0.36)		(0.23)	(0.23)	(0.23)
Pol.Affinity	1.82*	1.78^{+}	1.74^{+}	Pol.Affinity	-0.59	-0.87	-0.82
	(0.93)	(0.93)	(0.94)		(0.62)	(0.62)	(0.62)
Pol.Chair	-0.09	-0.01	-0.02	Pol.Chair	0.58^{+}	0.45	0.43
	(0.49)	(0.47)	(0.49)		(0.32)	(0.31)	(0.32)
Pol.CEO	0.09	-0.06	-0.05	Pol.CEO	0.01	0.06	0.06
	(0.43)	(0.43)	(0.43)		(0.36)	(0.36)	(0.36)
Sensitive.Inds	0.93	0.19	-0.03	Sensitive.Inds	0.82*	-0.01	0.20
	(0.77)	(0.77)	(0.45)		(0.33)	(0.29)	(0.29)
Host.Quality	0.43	0.41	0.41	Host.Quality	0.09	0.06	0.09
	(0.28)	(0.28)	(0.28)		(0.21)	(0.20)	(0.20)
Constant	0.47	0.50	0.58	Constant	-3.18***	-2.84***	-2.91***
	(0.92)	(0.90)	(0.89)		(0.83)	(0.82)	(0.83)
Observations	305	305	305	Observations	533	533	533
Chi2	114.0	66.63	65.56		114.0	110.8	113.7

Standard errors in parentheses $^{+}$ $p < 0.1$, * $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$ Year dummy, % sought and Acquirer age were included but not reported in table. All standard errors clustered by acquirer

CHAPTER 6: DISCUSSION

6.1 INTRODUCTION

The purpose of this study was to investigate an ownership-based solution to the institutional challenges adversely affecting the CBA completion of EMAs. This chapter discusses significant findings related to the literature on EMFs ownership structure, top executive characteristics, industry influences, and host country regulatory environment. Also included are discussions that connect this study to the institutional and signalling theories.

This chapter contains discussion and future research possibilities to help answer the research questions highlighted in section 1.2:

(R1): How does hybrid ownership influence the likelihood of completing cross-border acquisitions of emerging market firms?

(R2): How do the various typologies of hybrid ownership structures differ in their effects on completing cross-border acquisitions?

(R3): How do the host country's regulatory environment, the target industry's political sensitivity and an acquiring firm's top executive political background reinforce or undermine the hybridization effect?

6.2 SUMMARY OF KEY FINDINGS

In this study, I examined EMFs hybrid ownership structure and how it influences EMFs' CBA completion. Integrating the institutional and signalling theories, I argue that hybrid ownerships act as signals through which home and host country regulators evaluate and confer legitimacy on EMAs in the CBA process. By exploiting the resource benefits inherent in state ownership and the host country legitimacy and operational autonomy of private ownership, emerging market hybrid organizations are better able to navigate the dual hurdle of liability of foreignness and liability of origin plaguing their CBA completion (Cuervo-Cazzura et al., 2018; Zhou et al., 2016; Ramamurti, 2015).

Considering the heterogeneity in controlling and non-controlling shareholders that make up hybrid organizations, I also propose that the effect of hybrid ownership on CBA completion will vary with the internal configuration that makes up a hybrid organization. Considering external and environmental conditions, I also introduced boundary conditions to test how top executives' political connection, target industry political sensitivity, and host country regulatory quality moderates the impact of hybrid ownership on CBA completion.

Results from the analysis revealed that hybrid organizations indeed have a higher CBA completion likelihood than nonhybrid organizations. I also find that hybrid ownership's positive effect on CBA completion varied with the degree of hybridization in a hybrid firm. However, I find that the nature of hybridization as a variety of hybrid ownership did not significantly vary the positive impact of ownership hybridization. The moderating impact of CEOs' and Chairpersons' political connection yielded different results, indicating the need to unpack top executives' influence at the different levels of authority instead of combining the levels to find a group effect. Interestingly I find that target industry political sensitivity had no significant moderating impact. Simultaneously, the host country regulatory quality strengthened the hybridization effect for hybrid-SOEs but weakened it for hybrid-POEs. In the section below, I give a detailed discussion of the key findings of each hypothesis.

6.3 DISCUSSION OF FINDINGS

6.3.1. H1a: Hybrid ownership and CBA completion

In the first hypothesis (H1ai and H1aii), I proposed that SOE-hybrids and POE-hybrids are more likely to complete CBAs than their nonhybrid counterparts. I argued that hybrid acquirers benefit from the 'best of both worlds' by exploiting the unique resources inherent in state ownership and the operational autonomy and host country legitimacy inherent in private ownership. The results from the statistical analysis supported this hypothesis. The analysis results show that the direct effect of hybrid ownership on CBA completion was positive and significant for hybrid-SOEs and hybrid-POEs. Interestingly, the magnitude of the hybridization effect on CBA completion was relatively similar for hybrid-SOEs and hybrid-POEs. Despite this quantitative similarity in hybridization effects of both hybrid-SOEs and hybrid-POEs, it is essential to bear in mind that the hybridization of both SOEs and POEs varies in complexity and motives. For hybrid-SOEs, the hybridization signal is more critical for attaining host country legitimacy. In contrast, for hybrid-POEs, the hybridization signal attempts to reconcile both home and host country legitimacy pressures. This extra layer of complexity in the hybridization of hybrid-POEs could indicate that overall benefits are harder to achieve in this group.

Nevertheless, hybrid-POEs that successfully achieve hybridization benefits may also develop more organizational ambidexterity than nonhybrid-POEs. Luo and Rui (2009) explain that EMFs' international expansion may be somewhat dependent on their ability to act ambidextrously. Organizational ambidexterity is a four-dimension construct (co-evolution, co-competence, co-opetition, and co-orientation) which "deals with a firm's ability to pursue two disparate initiatives at the same time, such as exploitation and exploration, global integration and local responsiveness, stability and adaptability, and short-term profit and long-term profit" (Luo & Rui, 2009, pp. 51). The co-competence dimension emphasizes the twofold possession of relational and transactional abilities. Transactional capabilities are a firm's competitive advantage that arises from economic and market orientation. At the same time, relational competence connotes a firm's strength in building, nurturing, and leveraging relationships with external stakeholders such as governments. Successful hybrid-POEs can thus be considered possessing significant organizational ambidexterity

Regarding hybrid-SOEs, the results are consistent with previous studies, which found that SOEs enjoy legitimacy spillovers when they partner with non-state entities (Li et al., 2019; Mariotti & Marzano, 2020; Zhang et al., 2018; Lu & Xu, 2006). On the contrary, these findings contradict Li et al. (2017), indicating that state ownership had no significant impact on CBA completion. I attribute this inconsistency in findings to the contextual differences of both studies. In their research, Li and colleagues focus on CBAs by EMFs and DMNEs investing in the United States. In contrast, in this research, I focus on CBAs by only EMFs. Extant research has revealed that the significance of ownership structure, particularly state ownership in firms' foreign investment, is more relevant for EMFs (Buckley et al. 2007; Cui & Jiang, 2012; Liang, Lu & Wang, 2012; Hobdari et al. 2017; Cuervo-Cazzura et al. 2018). Therefore, the lack of statistical support on state ownership's role on CBA completion reported by Li and colleagues can be because of mixing EMFs and DMNEs in their study. This further highlights the importance of country-level context in shaping the competitive strategies of firms (Cuervo-Cazzura et al. 2018; Meyer & Peng, 2016; Luo & Wang, 2012)

Regarding hybrid-POEs, the findings in this study correspond to studies indicating that POEs benefit resources from state investment that facilitates their foreign investment (Oh & No, 2020; Mussachio et al. 2015; Pan et al. 2014; Liu et al. 2013; Inoue et al. 2013; Feng & Wang, 2010; Ahlstrom et al. 2008). Although various studies highlight the negative effect of political connection in POEs (Chen et al., 2017; Klarin & Ray, 2019; Mellahi et al., 2016), these studies mainly focus on the political connection of top executives and not political connection established through direct state ownership. Thus, this study's findings extend the literature by unpacking state and private ownership and showing the differential effect of state ownership in SOEs and state ownership in POEs.

6.3.1.1. H1bi: Degree of hybridization (hybrid-SOE)

Hypothesis 1bi was a sub-hypothesis that examined the significance of different degrees of hybridization in CBA completion. I based the rationale for this hypothesis on the premise that the extent to which hybrid firms genuinely possess the qualities that home and host country regulators need to confer legitimacy determines the effectiveness of hybrid signals.

For hybrid-SOEs, I hypothesized that the positive impact of hybrid-SOE on CBA completion relative to nonhybrid-SOEs is stronger for substantial hybrid-SOEs. Following an indirect comparison technique by Mariotti and Marzano (2020), I compared the CBA completion of substantial and symbolic hybrid-SOEs to the CBA completion of nonhybrid-SOEs.

The individual coefficient for symbolic and substantial hybrid-SOEs was positive relative to nonhybrid SOEs, indicating that the log odds of CBA completion for both degrees of hybrid-SOEs were greater than the log odds of CBA completion nonhybrids. The coefficient for comparing the CBA completion of substantial hybrid-SOEs to nonhybrid-SOEs was greater than the coefficient for comparing CBA completion of symbolic hybrid-SOEs to nonhybrid-SOEs. However, while substantial hybrid-SOEs were statistically significant, symbolic hybrid-SOE was statistically insignificant.

As the magnitude or significance of coefficients does not always indicate the effect size in a non-linear model like this one (Mize, Doan, Long, 2019; Sullivan & Feinn, 2012; Karlson, Holm & Breen, 2012), I turned to the marginal effects to better explain the probability of CBA completion for both degrees of hybridization. The marginal effects revealed that substantial hybrid-SOEs had an 83% probability of CBA completion, while symbolic hybrid-SOEs had a 74% probability of CBA completion.

I attribute the statistically non-significance of symbolic hybridization to the role of context specificity in the benefits of hybridization. For example, Kalasin et al. (2019) provide evidence that mixed-owned enterprises with high state ownership enjoy additional government support that enables them to absorb any additional country-specific costs in foreign investment. It is possible that such resource benefits present in symbolic hybrid-SOEs still increase their likelihood of CBA completion in institutional contexts where legitimacy challenges do not apply. Hence, symbolic hybridization might turn up insignificant as the resource benefits and sustained legitimacy challenges continue to conflict.

Overall, the marginal effects provide rich insights supporting the stronger positive effects of substantial hybridization in hybrid-SOEs. These findings support evidence from previous observations (e.g., Cannizzaro & Weiner, 2018; Cuervo-Cazurra et al., 2014; Sun et al., 2002), suggesting that host country governments perceive a minor threat when SOEs' sell large proportions of their equity to the public. This perception of less threat by host governments can be centred around the availability of information that fosters the ability to avoid adverse selection induced by information asymmetry. Li et al. (2019) and Enderwick (2017) highlight that information asymmetry induced by opaqueness is one of the significant factors that could plague SOEs' CBA completion.

Similarly, Cannizzao & Weiner (2018) provide empirical evidence that minority-SOEs' outward FDI is more transparent than majority state-owned. Mussachio and Lazzarini (2017) elucidate that SOEs adopt improved corporate governance mechanisms and information disclosure to attract private investors in a similar vein. Therefore, substantial hybridization in hybrid-SOEs can be considered strong signals of transparency that ultimately lead to the attainment of host country legitimacy towards receiving approval for CBAs. Overall, the statistical support for H1bi extends findings by Cannizzaro & Weiner (2018) and Li et al. (2019) to validate the degree of hybridization as a viable variety of hybrid ownership in hybrid-SOEs.

6.2.1.2. H1bii: Degree of hybridization (hybrid-POE)

In hypothesis H1bii, I posited that for hybrid-POEs, symbolic hybridization would have a stronger positive effect on CBA completion than substantial hybridization. In this hypothesis, I posited that symbolic hybridization allows hybrid-POEs to preserve and nurture their original identity to sustain host country legitimacy while simultaneously enjoying resources benefits from their political affiliation. Previous research shows that minority government investment in POEs promotes capital expenditure while minimizing government interference (Cuervo-Cazurra & Li, 2021; Mussachio et al., 2015). With these considerations, I predicted a more substantial positive effect of symbolic hybridization in hybrid-POEs CBA completion.

The analysis provides statistical support for H1bii. The results show that comparing the CBA completion of symbolic hybrid-POEs to nonhybrid-POEs produced a higher coefficient than comparing the CBA completion of substantial hybrid-POEs to nonhybrid-POEs. The differences in the CBA completion between symbolic and substantial hybridization indicate that various degrees of government investment in POEs yield internal, external, and host country implications that ultimately affect the likelihood of CBA completion.

The more substantial positive effect of symbolic hybridization on CBA completion for hybrid-POEs is consistent with previous studies highlighting the resource benefits and sustained operational autonomy associated with minority state investments in POEs (Cuervo-Cuervo-Cazzura & Li, 2021; Oh & No, 2020; Mussachio et al., 2015; Inoue et al., 2013). For instance, Mussachio et al. (2015) and Inoue et al. (2013) assert that under minority state investment, POEs continue to manage the organization with restrained political interference. Similarly, Cuervo-Cazzura & Li (2021) posit that organizations with indirect government ownership carry profit-seeking objectives and are thus not considered state-owned. These discussions reveal that in addition to the resource benefits of state investment in POEs, symbolic hybrids can also sustain host country legitimacy as they are free from government interference and objectives

Reconciling the past literature also reveals that other extant studies (e.g., Carnnizzaro & Weiner 2018; Shi et al., 2016) argue against the operational autonomy of symbolic hybrid-POEs. Carnnizzaro & Weinger (2018) argue that despite minority stake, some governments can maintain veto-power over corporate decisions using "Golden Shares." At the same time, Shi et al. (2016) argue that majority and minority state investment in POEs may be perceived as similar by some host country regulators. Yet, the findings from this hypothesis support the argument that low levels of government investment in POEs are credible signals of operational autonomy from government interference and political objectives that may sustain legitimacy attainment in host countries.

6.2.1.3. H1ci: Nature of hybridization (hybrid-SOE)

Hypothesis H1ci examined whether the positive relationship between hybrid-SOE and CBA completion varied in response to the nature of the private investors in the hybrid-SOE. I hypothesized that hybrid-SOEs' positive effect on CBA completion would be stronger for hybrid-SOEs with foreign private investors than hybrid-SOEs with domestic private investors. Interestingly, the results are in reverse of the prediction with a statistically significant coefficient showing that hybrid-SOEs with domestic private investors had a stronger positive effect on CBA completion than hybrid-SOEs with foreign private investors.

This result in the reverse of the predicted hypothesis may not be surprising. Previous research has shown mixed results for the impact of foreign investors on focal firms' overseas expansion. On the one hand, several studies have reported a significant positive impact on foreign investors (Hu & Cui, 2014; George & Kabir, 2012; Boubakri et al., 2013; Gupta, 2019). These findings rely on the argument that compared to domestic investors, foreign investors generate financial resources and advanced managerial know-how that increase focal firms' existing resource base to increase their ability to undertake risky strategic decisions such as CBAs. On the other hand, some studies did not find a statistically significant relationship between foreign investors and focal firms' international strategic outcomes (Singla et al., 2017; Mariotti & Marzano, 2020).

The observed stronger positive effect of hybrid-SOEs with domestic investors in CBA completion can also be supported by extant literature. For instance, Kang and Stulz (1997) and Choe, Kho & Stulz (2005) find that domestic investors are better informed and have informational advantages over foreign investors. I proffer that this information advantage of domestic investors over foreign investors in the home market allows domestic investors to function better with hybrid-SOEs to establish and manage overall objectives. Mariotti and Marzano (2020) further magnified the significance of this argument, positing that the success of foreign investors in hybrid-SOEs is contingent on the alignment of motives between both owners.

6.2.1.4. H1cii: Nature of Hybridization (hybrid-POE)

Hypothesis H1cii analysed whether the magnitude of the positive effect of hybrid-POEs varied in response to the nature of state investors in hybrid-POEs. Differentiating between state institutional investors and state corporate investors, I hypothesized that the positive impact of hybrid-POEs on CBA completion would be stronger with state-institutional investors than state corporate investors. Surprisingly, the result from the statistical analysis indicates a lack of support for this hypothesis. The results show that for hybrid-POEs, the positive impact of hybridization does not vary based on the nature of the state investor as state institutional investors or state corporate investors.

There are several possible explanations for the lack of statistical support for the role of nature of hybridization in CBA completion of hybrid-POEs. Various studies (e.g., Cuervo-Cazzura et al. 2014; Li et al. 2014; Wang et al. 2012) have unpacked heterogeneity in state ownership and its significance for OFDI behaviour. However, unlike this study focusing on POEs, extant studies focus on SOEs. For instance, Cuervo-Cazurra et al. (2014) distinguish between SOEs with direct government ownership and SOEs with indirect government ownership. Li et al. (2014) and Wang et al. (2012) differentiate between SOEs with central and local state ownership, Kalasin et al. differentiate between SOEs with full, minority, and majority state ownership, while Aguilera et al. (2016) and Mussachio et al. (2015) distinguish various state investment vehicles in SOEs. Using these studies as a foundation, I extend similar arguments to the hybridization of POEs. Hence, the insignificant findings can be associated with the different controlling shareholder and theoretical perspectives.

Furthermore, in the hypothesis, I argued that state institutional investors send stronger signals of sustained operational autonomy and less government interference, increasing their ability to attain host country legitimacy compared to hybrid-POEs with state corporate investors. However, there is a possibility that host country regulators do not perceive state institutional investors and state corporate investors as indicators of different levels of government intervention. In this case, capturing the nature of hybridization by differentiating state institutional and state corporate investors may not be credible signals for host country legitimacy. According to Janney & Folta (2006), credible signals should be observable. Thus the difference between state institutional and state corporate investors may not be observable to host country stakeholders.

Nonetheless, other nature of state investments in hybrid-POEs can serve as better signals that may create implications for the hybrid-POEs. For instance, Wang et al. (2012) provide statistical evidence that the higher the level of government affiliation in terms of state, provincial, city, or county, the higher overseas investment of EMFs. Similarly, Li et al. (2014) argue that central SOEs will face more pressure for host countries' legitimacy than local SOEs. These are all alternate nature of hybridization for hybrid-POEs that may provide significant implications. Due to data constraints, it was impossible to examine the level of government affiliation as the nature of hybridization in hybrid-POEs. This is thus a limitation and potential area which requires in-depth attention in future studies.

6.3.2 H2: Moderating effect of top executives' political connection

H2a: Moderating effect of chairpersons' political connection

In hypothesis H2a, I proposed that Chairperson political connection will weaken the influence of hybrid-SOE (H2ai) and strengthen the effect of hybrid-POE (H2aii) on the likelihood of CBA completion. For hybrid-SOEs I based this hypothesis on the idea that because chairpersons are the highest authority in the firm and act as legal representatives of the firm in many emerging economies (Grosman et al. 2016; Wu et al. 2012), their characteristics and background may serve as observable signals by which host country regulators judge and confer legitimacy. The results show that political chairpersons weakened the positive effect of hybrid-SOEs on CBA completion. In the case of hybrid-POEs, the political chairperson had no moderating effect.

As mentioned in the literature review, extant studies on the direct or moderating influence of chairperson political connection on foreign strategy are lacking (Tihanyi et al., 2019). However, Ding et al. (2014) suggest that politically connected chairpersons in partial SOEs are associated with few independent directors. Although I discussed the theoretical rationale for this hypothesis in sections 3.3 and 3.5.1, the previous discussion did not consider independent directors' role in governance and CBA completions.

Few independent directors mean that political chairpersons are subject to minor scrutiny and monitoring, allowing them to carry out political objectives freely. Fan et al. (2007) also document that politically connected SOEs are characterized by boards with more political ties and few directors with business experience. Considering that the chairperson is the highest authority in the firm, the lack of corporate governance scrutiny and possibly a higher number of political board members may lead host country regulators to perceive political chairpersons as strong government interference signals. Despite this explanation, independent directors' roles were out of this study's scope, and I could not include them due to sample constraints. However, this is a plausible area for future studies on hybrid ownership to address.

Analysis of H2aii predicted that politically connected chairperson would strengthen the effect of hybrid-POEs on CBA completion. Contrary to expectations, the results did not yield a significant moderating impact of political chairperson. In other words, the effect of hybrid-POEs on CBA completion remains constant irrespective of the presence or absence of a politically connected chairperson. I also link the arguments of Ding et al. (2014) to these findings. The authors posited that POEs are cautious of the possible outcome and influence of politically connected chairpersons, thus increasing the number of independent directors to monitor their actions closely. With stringent internal governance monitoring, host country regulators may disregard politically connected chairpersons in hybrid-POEs are signals and instead turn to other internal characteristics that indicate the presence or absence of legitimacy concerns.

Therefore, it seems that the signalling effect of political chairpersons to moderate the impact of hybrid ownership may be linked to the board independence that determines whether the chair's political connection flows into the business's operations. Board independence refers to the extent to which the board of directors is composed of outside directors that are not employed by the focal company or affiliated company (Dalton, Daily, Ellstrand & Johnson, 1998). Because independent directors have no operational affiliation with the company, they can objectively evaluate and monitor chairpersons' decisions to protect the organization's overall performance. The literature shows that the positive relationship between board independence and firm performance is stronger in state-controlled firms than in other firms. It reduces tunneling and improves SOEs' investment efficiency (Grosman Okhmatovskiy & Wright, 2016; Liu, Miletkov, Wei & Yang, 2015). Therefore, it is plausible that as politically connected chairpersons reduce board independence in SOEs more than POEs, the signalling effect will also be more meaningful in hybrid-SOEs than hybrid-POEs.

H2b: Moderating effect of CEO political connection

In hypothesis 2b, I predicted that CEO political connection would negatively moderate the influence of hybrid-SOE (H2bi) and hybrid-POE (H2bii) on the likelihood of CBA completion. I based this hypothesis on the premise that as CEOs run organizations' daily activities and execute strategic business decisions (Li & Qian, 2013; Hu & Cui, 2014), host country regulators may consider their characteristics as credible signals. For hybrid-SOEs, I found no significant moderating effect of CEO political connection. However, the results indicate that the interaction between hybrid-POEs and political CEO was negative as predicted.

Hypothesis 2bi examined the moderating effect of CEO political connection on the CBA completion likelihood of hybrid-SOEs and found no statistical significance. The insignificant results are consistent with those of previous studies (Wang, 2016; Liang et al., 2015), which found that CEO political connection in SOEs is redundant as their ownership affiliation to the government present stronger links than managers' political connection.

A possible explanation for this insignificant result may be related to the coexistence-versus-substitution effect of state ownership and top executives’ political connection. Tihanyi et al. (2019) provide evidence that the competitive advantage from political managers is dampened and offers less value in SOEs, pointing to a substitution effect rather than coexistence that amplifies benefit or costs. Similarly, Kang (2008) found that signal effectiveness is contingent on who in the organization is acting as a signal. Considering that political chairpersons had a significant negative moderation effect on hybrid-SOEs CBA completion as seen in H2ai, it is possible that political chairpersons are stronger signals than political CEOs in hybrid-SOEs. This is further confirmed by the fact that CEOs are elected by and responsible to the board including the chairperson of the board. For this reason, Chairpersons are usually considered the most powerful in the organization especially within the Chinese context (Wu, Wu, Zhou & Wu, 2012).

Interestingly, the results for H2bii indicated that politically connected CEOs significantly and negatively moderate the effect of hybrid-POEs on CBA completion. It is worth mentioning that the magnitude of the negative moderating influence of political CEOs in hybrid-POEs is relatively large. From Figure 5.2, I observed that for hybrid-POEs, the positive effect of hybridization becomes negative when the CEOs are politically connected. These findings agree with studies highlighting the economic and social costs of politically connected top managers in POEs (Sun et al. 2016; Sun et al. 2012; Wu et al. 2013; Ahlstrom et al. 2008). However, the findings contradict previous findings, which showed that political managers positively affected the internationalization of POEs (Pan et al., 2014; Liu et al., 2013; Shi et al., 2014; Faccio, 2006).

Overall, the findings of hypotheses H2a and H2b underscore the complex relationship and interaction between the different forms of government intervention in emerging market firms (Tihanyi et al., 2019; Cui et al., 2018). On the one hand, the government has continued to exert influence over EMFs via state ownership (Grosman et al., 2016; Inoue et al., 2013). On the other hand, firms have also sought to gain influence over the government through forming new or strengthening their existing political connections (Liang et al., 2017; Haveman et al., 2017; Sun et al., 2012). Much of the literature has sought to answer how these two forms of state involvement affect EMFs OFDI strategies. Still, they expose some inconsistencies in the theoretical arguments and empirical findings. Such mixed findings can be attributed to the fact that state ownership and political connection as means of government intervention have been examined independently of each other (Tihanyi et al., 2019). Thus, in this research, I advance knowledge to recent studies to reconcile whether state ownership and political connection complement or substitute each other. Results from H2bi and 2bii reveal that while state ownership and political connection might not co-exist to amplify resource benefits, they generate legitimacy challenges in host countries when combined.

Furthermore, these findings also help understand nuances in the interaction between ownership and top executives' political connection. The difference in the significance of political chairperson and CEO relative to hybrid-SOEs and hybrid-POEs confirms that the controlling shareholder qualifies the significance of top executives' political connection. The negative moderating effect of political chairpersons for hybrid-SOEs but not hybrid-POEs may be explained by the notion that controlling state owners deteriorates chairperson scrutiny as there will be an expected alignment between state owners and political actors. This may not be the case for hybrid-POEs where politically connected chairpersons are associated with increased corporate governance monitoring to ensure alignment with corporate agenda (Tihanyi et al., 2019). More so, the negative moderating effect of political CEOs for hybrid-POEs but not hybrid-SOEs is supported by the existing literature, which shows that top managers' political connections are more significant for POEs than for SOEs (Wang, 2017; Li & Liang, 2014; Wang & Qian, 2011). From a signalling perspective, these differences in Chairperson and CEO political connection is related to studies showing that the reliability and observability of signals might take on different meanings when used by different signallers (Connelly et al. 2011).

6.3.3 H3: Moderating effect of political sensitive industry

In hypothesis H3, I posited that the target industry's political sensitivity would positively moderate the impact of hybrid-SOEs (H3a) and hybrid-POEs (H3b) on CBA completion. I based this hypothesis on the premise that politically sensitive industries increase host country regulators' attention to signals which magnifies host country legitimacy benefits of hybridization in hybrid-SOEs and the resource enhancing benefits of hybridization in hybrid-POEs. Surprisingly, this study could not demonstrate that politically sensitive target industries significantly moderated the CBA completion of both hybrid-SOEs and hybrid-POEs. In other words, for both typologies of hybrid ownership, the likelihood of CBA completion does not vary in response to the target industry's political sensitivity.

Several reasons can explain the non-significant result of H3a and H3b. First, various signalling environments can affect signals' efficacy, such as the institutional environment, the task environment, and the industry environment (Sandars & Bovie, 2004). The variety in signalling environment and their associated influences may compete for attention and make signals more or less observable (Conelly et al., 2011). As the contexts in which signalling occurs become noisier, it is plausible to think that lower signalling environments may become irrelevant (Jiang, Belohlav, & Young, 2007; Zahra & Filatotchev, 2004). Therefore, I suggest that the host country's institutional environment and target industry create multiple regulatory and legitimacy requirements that add extra complexity to a signal's efficacy. Future studies can therefore test the industry characteristics and institutional environment as mutually exclusive signalling environments.

Another possible explanation for the insignificance of the results can stem from the difference in the definition of the politically sensitive industry across different institutional environments. While some countries may consider natural resources and infrastructure as politically sensitive, some emerging and medium-sized economies may consider agriculture and finance as in need of government protection from foreign investors. Furthermore, new industry categorization in relation to government protectionism has begun to emerge. For instance, the World Investment Report (2020) found that industries related to the sustainable developed goals (SDGs) possessed more stringent regulatory policies in developed economies. Combined with the global move towards sustainability and away from natural resources, it is conceivable that the conventional definition of the politically sensitive industry requires review or that industry-specific regulatory scrutiny is changing over time. Future studies can therefore investigate how global economic and climate changes are affecting the significance of industry-specific regulatory scrutiny

6.3.4 H4: Moderating effect of host regulatory quality

In hypothesis H4, I investigated the moderating effect of host country regulatory quality on the CBA completion of hybrid-SOEs (H4a) and hybrid-POEs (H4b). I anchored this hypothesis on the ideology that institutions differ regarding legitimate behaviour and the criteria through which they confer legitimacy. Considering that the receiver's characteristics partly determine the effectiveness of a signal (Perkins & Hendry, 2005), I hypothesize that host country regulatory quality will determine the legitimacy and operational autonomy implications of hybridization in the CBA completion of hybrid-SOE and hybrid-POE.

Hypothesis 4a proposed that host country regulatory quality will positively moderate the effect of hybrid-SOEs on CBA completion. The results indicated statistical support for this hypothesis showing that as host country regulatory quality increases, the likelihood of CBA completion increases for hybrid-SOEs. The result corroborates the findings of a great deal of the previous work, which showed that SOEs benefit from legitimacy when they partner with non-state entities in foreign investment (Li et al., 2019; Huang et al., 2017; Globberman & Shapiro, 2009).

The idea that SOEs are attracted to countries with risky institutional, high corruption, and poor institutional governance (Duanmu, 2012; Kolstad & Wiig, 2012; Buckley et al., 2007) further supports this finding. SOEs' attraction to these types of institutions is driven by the ease of entry they experience due to the low institutional quality compared to high institutional quality (Kolstad & Wiig, 2012). Therefore, one of the findings that emerge from the moderation effect of host country regulatory quality is that hybrid-SOEs can achieve relatively easier entry into high regulatory quality than nonhybrid SOEs.

Regarding hybrid-POEs, analysis of Hypothesis 4b found statistical evidence that host country regulatory quality weakened the impact of hybrid-POEs on CBA completion. This result confirmed that host country sensitivity to foreign state ownership negatively affects the likelihood of CBA completion for hybrid-POEs. While this explanation might seem at odds with the case of SOE-hybrids, it highlights the significance of conceptualizing hybrid ownership from the perspective of the controlling shareholder. For instance, a wholly-owned POE giving away 50% of its shareholding to state investors will raise concerns over political alignment. On the contrary, a wholly-owned SOE giving away 50% of its shareholding to private investors will be applauded for adopting a market orientation.

Furthermore, prior studies and even the media have raised controversy about the extent to which politically connected POEs coordinate their overseas activities with the government (Oh & No, 2020; Buckley, Clegg, Voss, Cross, Liu & Zheng, 2018). This concern over government affiliation is responsible for many POEs being subjected to stringent regulatory scrutiny, especially in developed countries like the United States, Australia, the United Kingdom, and New Zealand. According to the World Investment Report (2020, p.97), "the policy trend of recent years towards more investment rules related to national security continued in 2019. Most of these measures have been adopted in the developed economies". This statement supports findings from this hypothesis regarding the stringent regulatory policies in countries with high institutional quality

It was not surprising to see that the likelihood of CBA completion for hybrid-POEs was significantly higher in lower institutional quality than higher institutional quality. Developing economies tend to adopt more liberalization policies, promotion, and facilitation of foreign investment (UNCTAD, 2020) that reduces sensitivity to state affiliation in hybrid-POEs. More importantly, the resource-enhancing benefits of hybridization in hybrid-POEs will be more useful in low institutional quality characterized by instability, ambiguous rules, and overall difficulty in business operations that increase transaction costs.

CHAPTER 7: CONCLUSION, CONTRIBUTIONS, AND FUTURE RESEARCH

7.1 CONCLUSION

Over the last decade, CBAs have emerged as one of the most significant engines through which EMFs carry out foreign investments. According to the World Investment Report (2019), EMFs conducted 38.3 percent of global CBA in 2018. Due to the desire to escape discriminatory perceptions abroad and quickly develop a competitive advantage by securing valuable assets, technologies, and managerial know-how, EMFs initiate CBAs in a wide variety of industries globally. However, the completion of CBAs by EMFs is significantly lower than the completion rate of DMNEs (Zhou et al., 2016; He & Zhang, 2018). Approximately 33% of CBA deals initiated by EMFs fail to complete, compared to 18 percent for DMNEs (Zhou et al. 2016). The direct and continuous government involvement in EEs and the negative perception this economic system creates across various host countries present the dual hurdle of liability of "origin" and liability of foreignness that adversely affects EMFs' CBA outcome. Hence, this study's primary purpose was to investigate a solution to the home and host country institutional challenges affecting EMFs CBA. My contribution lies in identifying and exploring ownership hybridization as a mechanism through which EMFs can achieve such balance.

Prior studies reveal that home and host country institutional challenges do not apply homogeneously to all firms (Cui & Jiang, 2012; Meyer et al., 2014). Highlighting the significance of internal governance and ownership structures, various studies (e.g., Li et al., 2019; Li et al., 2017; Meyer et al., 2014; Liu et al., 2013) show that SOEs and POEs have distinctive interactions with home and host country institutions, resulting in different institutional challenges in CBAs. However, the pervasiveness of government involvement in EEs combined with ongoing gradualist pro-market reforms have resulted in hybrid organizations where state and private owners coexist. Hence the static categorization of ownership as either state or private hinders a comprehensive understanding of the mechanisms through which ownership is significant in CBA. The literature review reveals that extant studies have ignored the combined resource and legitimacy implication of hybrid organizations that may shape their strategic outcome differently from nonhybrid organizations in the CBA process.

In this study, I attempt a more comprehensive examination of the role of ownership structure on the CBA completion of EMFs by adopting a hybrid ownership perspective. To hypothesize the effect of hybrid ownership on CBA completion, I integrate the signalling and neo-institutional theory perspectives to conceptualize hybrid ownership as signals that minimize information asymmetry in attaining legitimacy at home and in host countries. The overarching argument is that hybrid organizations are likely to emerge and thrive under conflicting institutional environments because they incorporate elements prescribed by various institutional logics and are likely to project at least partial appropriateness to a broader set of institutional referents (Pache & Santos, 2013). In other words, combining and straddling state and private ownership through hybridization allow EMFs to navigate institutional complexities in CBAs, by exploiting advantages and complementary characteristics of the different ownership features. Specifically, through hybridization, EMFs can leverage government affiliation to mitigate financial constraints and domestic legitimacy challenges while simultaneously benefiting from the operational autonomy in POEs to reduce the negative home and host country effect of political objectives. Consequently, hybridization presents a coping mechanism that concurrently counteracts the integrated home and host country institutional challenges plaguing EMFs CBAs.

Since the inter-organizational elements and composition of hybrid organizations may vary, I also consider varieties of hybrid organizations in terms of typology, nature, and degree of hybridization and propose that the effect of hybrid ownership on CBA completion will vary with these varieties. My conceptual framework further introduced contingencies at the micro, meso, and macro environment levels to test conditions under which the hybridization benefits may accrue or diminish. By considering the moderating impact of top executives, target industry, and host country institutional quality, I create a dynamic multilevel conceptual framework that proposes a solid solution that increases the CBA completion rate of EMFs.

Using a dataset of CBAs by Chinese firms between the years 2008 to 2017, the results from this study demonstrate that the effect of hybrid ownership on CBA completion is noteworthy. The hybridization effect also varies with the controlling shareholder of the hybrid organization and the extent to which the controlling shareholder relinquishes control to an owner with a different institutional logic. I split the sample hypotheses for two types of hybrid firms, i.e., when the controlling shareholder of a hybrid organization is the state and when the controlling shareholder is a private entity. Although both types of hybrid organizations have a higher likelihood of CBA completion than their nonhybrid counterparts, they differed with how hybrid they need to be to achieve optimum hybridization benefits. While hybrid-SOEs required higher hybridization degrees (so-called substantial hybridization), hybrid-POEs required lower degrees (so-called symbolic hybridization).

In addition to revealing the significance of varieties in hybrid organizations, the findings also point that the top executive's political connection and the institutional setting in which the target company is embedded present differing moderating effects relative to the controlling shareholder of the organization. All these findings contribute and extend existing literature in numerous ways while presenting policy and managerial implications. In the following section, I detail the contributions of these studies followed by the policy and managerial implications.

7.2 ADVANCES AND CONTRIBUTION TO RESEARCH

7.2.1 Contribution to the completion of EMFs CBA

The first contribution I make in this study is to the literature on EMFs CBA (Zhou et al., 2016; He & Zhang, 2018; Dong et al., 2019; Kim & Song, 2017; Li et al., 2019; Li et al. 2017). The literature review revealed that the premature termination of CBAs after the announcement is mainly due to information asymmetry, institutional barriers, and high levels of financial requirements. While all firms irrespective of origin experience these generic challenges affecting CBA completion, EMFs experience even additional unique CBA barriers associated with their country of origin. In recent years, scholars in the area have begun to unpack these EE-specific challenges in the CBA completion of EMFs. While these studies provide in-depth insights into *why* CBAs by EMAs have higher CBA termination rates than those by DMNEs, they fall short in exploring *how* EMFs can navigate these challenges. Hence one key question that remained unanswered in the CBA literature of EMFs CBAs was *how* EMAs could navigate the institutional, financial, and information asymmetry challenges in their CBAs (Li & Sun, 2020; Welch et al. 2020)

I account for this gap in the literature by advancing a hybrid perspective of ownership structure as a firm-level foundation for legitimacy building that facilitates EMFs CBA completion. A noteworthy observation from the extant literature was that the process through which target companies and host country regulators assess and confer legitimacy on EMAs during CBA is biased by information asymmetry and the risk of adverse selection. Guided by this, I draw insights from studies highlighting that stakeholders become attuned to signals in the environment when faced with information asymmetry (Higgins & Guali,2006). I proposed that hybrid ownership structures act as signals through which target companies and host country stakeholders judge EMAs' legitimacy during CBAs. Extant studies suggesting that signals can emanate from different firm-level characteristics such as owners and managers (Wang, 2015; Reur & Rogazzino, 2014; Rogazzino & Reur, 2011; Connelly et al. 2011; Zimmerman, 2009; Zhang & Wieresema, 2009; Kang, 2008) and these characteristics shape firms' ability to attain legitimacy at home and in host countries (Cui et al., 2018; Meyer et al. 2014; Ahlstrom et al. 2008) further qualify this argument.

Furthermore, highlighting the weak financial systems in many emerging economies and the significant challenges they pose for POEs particularly in CBAs involving high financial commitments, I proposed that hybridization alleviates these challenges by creating the opportunity to exploit the resource advantage inherent in state ownership. Through these arguments, I extend knowledge to *how* EMAs can overcome barriers in their CBA by prescribing hybrid ownership structures as a solution to the information, legitimacy, and resource challenges plaguing the CBA completion of EMFs. By establishing hybrid organizations as signals through which host country stakeholders evaluate EMFs legitimacy, I offer novel insights into the reconciliation of the institutional duality dilemma of EMFs and the downstream impact of these activities within the host economies in the context of CBAs. This contribution is even more significant in information asymmetry between EMAs and host country regulators as Welch et al.

(2020) highlight a gap between the acquiring firms and external stakeholders and how their interactions affect CBA outcomes.

7.2.2 Contribution to ownership structures and corporate political connections in EMFs

In this study, I contribute to the literature on the conceptualization of hybrid ownership structure by advancing a signalling perspective to explain the relationship between hybrid ownership and CBA outcomes. Though recent studies in the IB domain have recognized the significance of hybrid ownership (Mariotti & Marzano, 2020; Kalasin et al., 2019; Bruton et al., 2015; Mussachio et al., 2015; Inoue et al., 2013), its conceptualization and implication for OFDI activities are still in the early stages. Through my conceptualization of hybrid ownership that considers heterogeneity in hybrid ownership forms, I offer greater precision in theorizing and measurement to advance scholarship on how hybrid ownership matters for EMFs CBAs.

By adopting a controlling shareholder perspective in differentiating hybrid ownership types, I find that hybrid ownership benefits differed with the controlling shareholder's identity. This categorization of hybrid ownership shows that hybrid-SOEs and hybrid-POEs should follow different trajectories to achieve optimum hybridization benefits. The results from the typologies of hybrid ownership constitute a significant contribution to the IB domain as extant studies have yet to consider this significance of the controlling shareholder in their theorizing of hybrid ownership. The dominant conceptualization of hybrid ownership considers most hybrid organizations as "state-hybrids" birthed out of the privatizations of SOEs. This privatization perspective as the primary driver for hybridizations limits hybridization to a process that can only be adopted by SOEs. In reality, POEs have many incentives to adopt hybrid ownership structures and do adopt hybrid ownership structures. Failing to account for this nuance in the typology of hybrid organizations hinders a comprehensive understanding of hybrid organizations and their implication for EMFs CBAs.

Beyond identifying firms as hybrid or not, an important question to answer is how hybrid is a hybrid organization and what does it mean to achieve competitive advantage as hybrid organizations? Scholars (e.g., Shepherd et al. 2019; Smith & Besharov, 2019; Alexius & Furusten, 2018; Battilana et al., 2017) have recently begun to suggest the need to capture the variation in the configuration of the intra-organizational elements constituting hybrid organizations. I advance this line of inquiry through my conceptualization of the degree and nature of hybridization. I find that for hybrid-SOEs, a substantial degree of hybridization offered more benefit in the context of CBA. In contrast, for hybrid-POEs, a symbolic or lower degree of hybridization yielded the most hybridization benefits. However, this study did not find conclusive evidence for the nature of hybridization as a significant measure of hybrid ownership variety. In other words, who organizations hybridize with does not matter. What matters, however, is how hybrid they become.

Further advancing the conceptualization of hybrid ownership structure, I contribute to the literature on corporate political connections (Tihanyi et al., 2019; Cui et al., 2018; Ding et al., 2014) by differentiating the political influence of ownership from that of top executives. I carve out corporate political connection through Chairpersons and CEOs' political background as contingencies under which hybridization applies. My findings indicate that top executives' political influence presented differential impacts on CBA completion depending on the hybrid organization's typology (hybrid-SOE or hybrid-POE) and the position of the top executive (Chairperson or CEO).

In hybrid-SOEs, the chairperson's political connection significantly reduced the likelihood of CBAs. In contrast, for hybrid-POEs chairperson's political connection did not affect CBA completion. Exploring the significance of politically connected CEOs, my results revealed that CEO's political connection significantly diminished the likelihood of CBA completion for hybrid-POEs but not for hybrid-SOEs. Through these findings, I pinpoint the critical interactions between the two strands of political influence and show that chairpersons' and CEOs' political connections might take on different meanings in response to an organization's ownership. These findings are meaningful in the corporate political connection literature as the state ownership and political connections literature has been mainly developed independently of each other. Through my findings, I answer several calls in the literature to unbundle the different types of political connections (Cui et al., 2018) and create a more nuanced understanding of the effects that different levels of top executives have on firm strategic outcomes (Tihanyi, 2019). These also extend knowledge in the signalling literature, highlighting that signal strengths and significance are contingent on who is signalling (Kang, 2008).

7.2.3 Contribution to institutional theory

In this study, I advance the legitimacy perspective of institutional theory by introducing a new dimension through which EMFs can build and attain legitimacy in host countries. Earlier studies highlight adaptation strategies (Cuervo-Cazurra et al. 2019; Kostova & Roth, 2002), partnering with local firms in the host country (Lu & Xu, 2006; Yiu & Makino, 2002; Zhang et al. 2018), the use of low profile entry strategies (Meyer et al. 2014; Meyer & Thein, 2014), entry into similar locations (He & Zhang, 2018) and the use of corporate social responsibilities (Zhang et al., 2018; Zhao, Park, & Zhou, 2014) as legitimacy attainment strategies.

However, these legitimacy-building strategies amplify the opportunity cost between legitimacy-seeking and self-interest motives (Oliver, 1991). For instance, studies empirically support partnership-based strategies like joint ventures as means to enhance host country legitimacy (Meyer et al., 2014; Cui & Jiang, 2012; Yiu & Makino, 2002). However, joint ventures involve sharing the costs and benefits of a business, ultimately preventing resource-rich firms like SOEs from exploiting their resource endowment. SOEs possess the resource capability to absorb the cost of a wholly-owned foreign venture and be entitled to all the returns. Therefore, coping mechanisms that allow SOEs to exploit their resource endowment and still enjoy legitimacy benefits would be more beneficial for their OFDI.

In this study, I propose hybrid ownership as legitimacy-building signals that reconcile the conflict between legitimacy and self-interest in the legitimacy-building process. The results show that hybrid organizations benefit from superior resources that facilitate the initiation and financing of CBAs and reduce home and host country legitimacy barriers that ultimately increase the CBA completion likelihood. Subsequently, I contribute to the institutional duality dilemma facing MNEs by showing that through hybridization, EMFs can simultaneously mitigate home and host country institutional challenges.

Furthermore, this study provides insight into the institutional theory's legitimacy perspective by highlighting that legitimacy hurdles can also arise from the host country's inability to evaluate and confer legitimacy accurately. Earlier research pointed to the institutional distance between the home and host countries as the primary source of legitimization challenge for MNEs in host countries (Wu & Salmon, 2016; Baik, Kang, Kim & Lee, 2013; Eden & Miller, 2004; Kostova & Zaheer, 1999). This argument's central tenet is that distance affects a firm's knowledge of host country rules and regulations, which affects their ability to behave appropriately and thus creates legitimacy concerns for host country regulators. To this end, organizations, therefore, employ various strategies to increase their legitimacy in host countries.

However, this view of legitimacy attainment assumes that host country regulators can accurately interpret these legitimacy-building strategies to evaluate and confer legitimacy on foreign firms. But the legitimization process relies on incomplete information and imperfect interpretation in multiple socially constructed environments. Therefore, the success of legitimacy-building strategies largely depends on the host country's legitimating ability. I extend this aspect of host country legitimizing capacity by examining the heterogenous moderating effect of host country institutional environment on CBA completion in relation to hybrid ownership structures. By doing this, I contribute to the legitimacy perspective of the institutional theory by suggesting that the same legitimacy-building strategy (hybrid ownership) yields the same or different outcomes in different host countries due to the difference in countries' ability to process and interpret legitimating strategies.

7.2.4 Contribution to signalling theory

In this thesis, I provide deeper insight into different aspects of the signalling process. I contribute to the understanding of signal receivers by identifying host countries as receivers of signals. For the most part, extant literature applying the signalling theory have done so from a domestic perspective focusing on investors, consumers, competitors, and employees as receivers of signals (Daily et al. 2005; Michael, 2009; Cohen & Dean, 2005; Gao et al. 2008; Zhang & Wiersema, 2009). However, I recognize that in the context of CBAs, where host country regulators are faced with uncertainties and the risk of adverse selection regarding national security concerns, they become attuned to signals in the evaluation of the quality of foreign investments.

Arguments in the IB domain have failed to acknowledge and highlight that host country evaluation and conferment of legitimacy are often based on incomplete information. By showing the significance of hybrid ownership as signals in CBAs, this study sheds light on the information disadvantage host country regulators might experience in evaluating legitimacy. I also proposed that host country regulators may actively search and pay attention to clues that guide their decision-making. Therefore, organizations can begin to strategically identify behaviours, activities, and internal characteristics that can act as credible signals to host country regulators, ultimately fostering their foreign investments.

Connelly et al. (2011) identify that the signalling environment is an under-researched aspect of the signalling theory. I extend this aspect of the signalling processing by proposing that the stronger environment might overshadow the lower environment's significance in the presence of multiple signalling environments. While the broader institutional environment prescribes the rules that govern how firms operate, industries are also specific mid-level environments that prescribe unique rules and regulations for businesses. Accordingly, studies show that both the institutional and industry environments uniquely affect CBA completion (He & Zhang, 2018; Li & Huang, 2018; Ermolaeva, 2017). However, this study's findings reveal that target industry political sensitivity had no significant impact on the hybridization signal. This indicates that the host environment as a higher-level signalling environment stands out as the more relevant environment for the hybridization signal. This contribution is vital to firms as paying attention to the right signalling environment is important for a signal's success and effect.

7.2.5 Implications for managerial practice

The evolving strategic functions and implications of hybrid ownership structures bring essential consequences for their managers and decision-makers. This research helps EMF owners and managers of hybrid organizations understand their ability to undertake CBA successfully. This study shows that hybrid firms benefit from home and host country legitimacy, resources, and operational autonomy from the government, which positively affects CBA outcomes. By recognizing these new competitive advantages and favourable conditions, managers of hybrid organizations can actively prepare and exploit such competitive advantage in their negotiations and search targets and locations for CBAs.

An important discovery from exploring the internal elements of hybrid ownership in this thesis revealed that although hybrid organizations are designed to handle the institutional crossroads in CBA, the legitimacy of hybrid organizations is not automatic. It needs to be cultivated and nurtured by decision-makers through designing an internal configuration that allows the optimum benefits at home and abroad. This research highlighted that top executives' political background can signal firms over-embeddedness in the political agenda, which may weaken the host country's legitimacy benefit of hybridization. Hence, owners need to pay specific attention to the board's composition and top executives. For example, the differing significance of CEO and Chairperson political connections should guide how the political connection is represented in the top management team. As chairperson political connection reduces hybridization benefits of hybrid-SOEs and CEO political connection does not, the political connection must be avoided in the chairperson role but maintained in the CEO role to sustain the political affiliation needed to survive domestically. Similarly, as CEO's political connection appeared to be present negative implications for the CBA completion of hybrid-POEs, such political connection must be checked and aligned if long-term goals involve CBAs. Also, hybrid organizations can further boost legitimacy by hiring top executives with foreign backgrounds and citizenships (Li & Sun 2020).

Furthermore, findings from this research highlight the importance of transparency and verifiable information in the CBA process through reputable auditors (a control variable in the study), which was particularly statistically significant for hybrid-SOEs (see table 5.5a, Model 1). This is especially critical for hybrid organizations whose operational structure may not be fully understood and accepted globally. Managers of hybrid organizations can thus boost legitimacy by actively and meaningfully engaging with host-country stakeholders and explicitly communicating the firm's commitment to a market-oriented and commercial focus as reflected in the hybridized ownership.

For instance, Huawei, a Chinese POE, was blocked by the US government from investing in the US due to its affiliation with the Chinese government in 2019. In response to this legitimacy hurdle, Huawei launched the "who-we-are" story. One of Huawei's executives, Eric Xu, was quoted saying our PR department asks Huawei executives to speak up about who we are and what we do. So here we are, even though we are not sure whether this can work or not" (Hille 2019). While this effort at transparency will help create clarity around how Huawei works, the results would have been meaningful if it happened before host country regulators questioned the identity of Huawei. Accordingly, to debunk negative stereotyping, it is critical for managers of hybrid organizations to develop a defensive strategy that boosts transparency proactively.

Through proactive and transparent communication, managers of hybrid organizations can shape and reshape stakeholder perception of their operations.

7.2.6 Implications for home and host country government

The fact that corporate structures are complicated and that consequently ownership and governance have become increasingly vague in practice has significant implications for national and international investment policies. From a host country perspective, many developed institutions enforce competitive neutrality arrangements to mitigate the unfair competitive advantages of state ownership (OECD, 2012). However, the increasing complexity of firms' ownership structures requires investment policymakers to carefully consider conventional ownership-based measures' suitability. Exploring hybrid ownership variations in this thesis revealed that conventional SOEs could establish market-oriented governance structures that are also profit-driven. Ignoring such hybrid organizations' market-based motivation when scrutinizing them promotes unfair nationalist interests that hinder the overall benefit of globalization.

It is thus necessary for regulators to adopt a hybrid perspective and model for assessing foreign investors. Policymakers may evaluate whether they should have a more explicit policy for scrutinizing the hybrid ownership structure of the overseas acquirers, find some proxies to detect the level of control by the foreign government in these hybrid firms, and gauge the need for policy adjustments that caters to the hybridization effect of the EMFs. Accurate labeling of foreign investor motives and identity by the host government is crucial to the survival of foreign investors as it also shapes the perceptions of domestic firms and other external stakeholders. Applying finer-grained procedures in identifying the competitive and national risks of foreign investors may offer better guidance to host country firms in considering potential business ventures with foreign investors.

For policymakers in the home country, reflecting on the institutional reform implications for their firms' internationalization is essential. Various studies (e.g., Aguilera et al. 2021; Wright et al. 2020; Mariotti et al. 2019) show that home country political and economic ideology shapes firms' performance and strategic outcomes. While a gradualist approach to a market-based economy presents a slow and steady process towards change, EE governments should not ignore the costs of their sustained interference, which directly impacts hybrid organizations' ability to attain legitimacy in host countries. EE policymakers should consider how hybrid organizations design their strategic attributes by reorganizing institutional elements catalysed by reforms and how changing these elements may prompt a shift in how foreign stakeholders understand hybrid organizations' operations.

To this end, EE policymakers need to design institutional mechanisms in such a way so that they can fulfil a variety of interests for different shareholders and stakeholders. Policies around minority shareholder protection will yield further relevance to hybrid organizations at different degrees of hybridization. Such policies will create a global understanding that although market-government relations are of paramount importance for EMFs, conventionally weaker entities can operate autonomously from the government as their interests are protected.

7.3 LIMITATIONS AND AREAS FOR FUTURE RESEARCH

This research aimed to investigate the impact of hybrid ownership structures on the CBA completion of EMFs. In so doing, I provided insights on various aspects of the interaction between ownership and institutions, including how owners' ability to attain legitimacy differs depending on their internal corporate governance configuration and how these hinder or increase their ability to complete CBAs. Despite these contributions, the findings of this study exhibit some limitations that can be addressed in future research

An unavoidable limitation of this study is that the database used only capture publicly announced CBAs. As a result, the study does not include transactions discussed, approved, or rejected in private. I focus only on publicly listed CBAs because ownership information that is central to this study can only be reliably obtained from publicly listed companies. Notwithstanding, similar ownership-based studies (e.g., Mariotti & Marzano, 2020; Li et al., Li et al. 2019; Ferreira et al. 2017) have also relied on publicly listed companies in their study.

Second, the conceptual model adopted in this study is based on the premise that hybridization yields resource, legitimacy, and operational autonomy benefits for hybrid firms, ultimately increasing their CBA completion. However, the quantitative data and proxies used in this study may not directly observe whether operational autonomy or legitimacy conferment occurs or not. As qualitative research is usually useful for teasing out the details that cannot be otherwise tracked through statistical tests, future studies implementing qualitative and more mixed methods to explore hybridization beyond its proxies will significantly advance the understanding of ownership.

Another essential aspect to understanding hybridization and hybrid ownership structure will be through its measure and conceptualization. This study shows the significant interaction between hybrid ownership and top executives' political connection indicating that hybridization could go beyond ownership per se and probably include additional dimensions such as managers' characteristics and organizational culture. Perhaps, future research can create a hybridization index that captures different aspects of organizations that shape their governance, resources, and operations. If so, such contributions will highlight and justify what variables could be included in such an index.

Although the country-of-origin liabilities and resulting benefits of hybridization I described above are prevalent across emerging economies, there may still be some country-level peculiarities (Hoskisson, Wright, Filatotchev, & Peng, 2013) that warrant cross-country comparative or single country study. The empirical context of China used in this study was highly suitable. However, Chinese firms have also experienced significant backlash globally over the recent years, which may magnify or diminish the significance of hybrid ownership. Future studies may investigate hybrid organizations from other emerging economies such as Russia, India, Brazil, or South Africa to identify if similar hybridization benefits accrue across EE countries. This is particularly important as recent literature indicates that SOEs foreign strategic outcome is dependent on home country institutional characteristics across various economic definitions (Wright et al. 2021; Aguilera et al. 2020; Mariotti & Marzano, 2019)

Similar suggestions above can also apply to host countries. Dinc and Erel (2013) and Moschieri and Campa (2014) found that even in integrated regions such as the European Union, residual country factors continue to affect CBA completion. These studies show that creating a common institutional framework for CBAs does not necessarily lead to the same output in all acquisitions, even among countries that belong to the same political and economic area. Future studies can thus focus on specific host country locations to test and understand the impact of hybridization in specific locations. This will help create a good understanding and help hybrid firms choose their investment locations appropriately.

Also, I acknowledge that the win-win rhetoric of hybridization argued in this thesis may not fully capture hybrid organizations' internal management implications. Despite the hybridization benefits supported in this research, managing hybrid organizations can involve complex dilemmas (Alexius & Furusten, 2019; Mair et al., 2015; Battilana & Lee, 2014). Under circumstances of shared ownership and mutual interdependence with the state or government, the issue of control becomes salient. How do the state and private shareholders jointly manage hybrid organizations? I reckon it will often involve a balancing act that requires substantial managerial competence and judgment. Future studies can thus dig deeper into understanding how different types of hybrid organizations select, prioritize and integrate their strategic decisions.

Finally, while institutional pluralism is increasingly recognized in the IB field, exploring its consequences for firm strategic outcomes is still in the early stages (Cheung et al., 2020). In this study, I examined the impact of hybrid ownership on CBA completion. Still, I acknowledge that the explanatory variables can influence other aspects of foreign investment strategies: the location choice of hybrid organizations, entry mode choice, innovations, duration of CBA completion, and partner selection. Questions regarding whether hybrid-POEs are more willing to invest in risky locations than nonhybrid-POEs or whether ownership hybridization in the home market leads to a high or low ownership control in OFDIs can still be developed. These are promising avenues for future research that would meaningfully progress our understanding of the hybridization effect in the IB domain.

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9 APPENDICES

9.1 Procedure for Identification of Ownership (Hybrid Or Non-Hybrid)

Chinese firms are known to have complex, pyramidical ownership structures where listed firms are usually positioned in the second or third level of ownership, often with an unlisted parent company. Delios et al., (2006) developed a new categorization scheme that identifies the true owner of a listed firm. This categorization takes into consideration the fact that direct shareholders of a firm may not reflect its true ownership as these direct shareholders may be operated by another individual or entity. They propose the principle of the ultimate controller as the last shareholder in a control chain of shareholders behind every shareholder.

Given the complexity of ownership classification for Chinese listed firms, I took meticulous steps when coding the ownership identities in this study. To accurately identify true ownership, I obtained detailed information about sample firms' immediate and ultimate controlling shareholders from the CSMAR database. In some cases, such as the immediate shareholder being the Ministry of Finance, it was straightforward to identify the ultimate controller as the Federal Government. In other cases, it was necessary to track the ultimate controller of the direct shareholder by looking at the owner of that shareholder. After identifying controlling shareholders as state or privately owned, other minority block holders (i.e shareholders with more than 5% shareholding) were further categorized as either state or private. When an acquirer had both state and private minority block holders, they were categorized as hybrid-SOEs or hybrid-POEs depending on the identity of the ultimate controlling shareholder.

9.2 Nature of Hybridization of Hybrid-POEs