# Standardization versus adaptation of global marketing strategies in emerging market cross-border acquisitions

Rekha Rao-Nicholson

Bristol Business School
University of the West of England
Bristol, UK
rekha.nicholson@uwe.ac.uk

Zaheer Khan*
Sheffield University Management School
University of Sheffield
Sheffield, UK
z.khan@sheffield.ac.uk
*corresponding author

Note: This is a pre-print non-publisher post peer review version

please cite: Rekha Rao-Nicholson, Zaheer Khan, (2016), Standardization versus adaptation of global marketing strategies in emerging market cross-border acquisitions, *International Marketing Review*, DOI (10.1108/IMR-12-2015-0292).

**Abstract**

**Purpose:** The recent increase in the presence of emerging-market firms (EMFs) in global markets requires a closer examination of their international marketing strategies (including branding). This paper examines the factors behind the standardization or adaptation of global marketing strategies adopted by EMFs for their cross-border acquisitions.

**Methodology/Approach:** This paper examines the determinants of the marketing strategies adopted by Indian and Chinese firms for their cross-border acquisitions. The drivers of the standardization/adaptation of marketing strategies (including branding) are identified using both quantitative data collected in 168 cross-border acquisitions conducted by the EMFs mentioned above and the institutional theory and organizational identity literature.

**Findings:** Institutional factors have a stronger effect than organizational identities on global marketing strategies, including branding. The standardization of the EMFs' marketing strategies is driven by the private statuses of the acquirers, legal distances, target countries' economic development, and the ethnic ties that exist between the home and host countries. The acquirers' decisions to retain the targets' brand identities, thus adapting their global marketing strategies, is related to the cultural distances, economic freedom distances and sizes of the targets.

**Research limitations/implications:** In this study, two large emerging markets—India and China—are used to gather the empirical data; future works can expand upon this line of research and examine other EMFs.

**Practical Implications:** The acquiring companies have to decide whether to adopt an adaption marketing strategy, with reference to the acquired targets' local stakeholder requirements, or to incorporate their targets' brands into their own global marketing strategies.

**Originality/ Value:** Typically, previous work on the adaptation versus standardization of global marketing strategies adopted in the wake of cross-border deals has focused on acquisitions involving companies from developed countries; this paper extends the field of research to the EMFs of two of the most important developing countries: China and India.

**Article Classification**: Research paper

**Keywords:** adaptation versus standardization, branding, marketing strategy, cross-border acquisitions, emerging markets firms

## Introduction

In this paper, we examine the motivations underpinning the global marketing strategies adopted by emerging market firms (EMFs) in their cross-border acquisitions and elucidate the different factors that lead to either the standardization or adaptation of their global marketing strategies in the post-acquisition period.

The growth of EMF cross-border acquisitions has led to a closer examination of their acquisition processes, post-acquisition performances and post-acquisition integrations (Buckley et al., 2007; Buckley, Forsans & Munjal, 2012; Gubbi, Aulakh, Ray, Sarkar & Chittoor, 2010; Li, 2007; Nicholson & Salaber, 2013, 2014; Rao-Nicholson, Salaber & Cao, 2015; Yaprak & Karademir, 2010). Research into the standardization/adaptation strategies adopted by EMFs in the branding of their acquisitions in order to streamline their global marketing strategies is pertinent as EMFs try to mitigate any 'latecomer' issues in the international business world by acquiring incumbent firms in both developed and developing markets. EMFs also acquire relevant strategic assets, including brands, and marketing and distribution channels (Li, 2007; Yadong Luo & Tung, 2007; Makino, Lau & Yeh, 2002; Mathews, 2002; Rui & Yip, 2008; Yaprak & Karademir, 2010). The standardization/adaptation strategies (Demetris, Alkis & Iasonas, 2009) adopted in the branding of cross-border acquisitions also relates to EMFs' adoption/non-adoption of global marketing strategies (Kumar, 2009).

In developed country contexts, standardization is based on financial gains and competitive advantages, whereas adaptation is driven by location specific requirements which outweigh economics of scale (Zou & Cavusgil, 2002). Particularly, the arguments for and against the standardization of global marketing strategies are based on two key factors: cost savings and enhanced value. Both these factors are driven by considerations of market homogeneity (Szymanski, Bharadwaj, & Varadarajan, 1993; Zou & Cavusgil, 2002). Yet, in spite of the growth of EMF cross-border acquisitions, there is limited research on the determinants behind standardization/adaptation of their global marketing strategies. For example, EMFs will typically suffer from liability deriving from their foreignness and from the perceptions of their countries of origin (Salomon & Wu, 2012; Zaheer, 1995). Thus, in this study, the decision to adapt to/standardize the targets' brands with respect to those of the EMFs forms the focus of an empirical investigation aimed at answering the following research question: what drives EMF decisions to standardize/adapt their global marketing strategies in the aftermath of their cross-border acquisitions.

The personalities and identities of multinational companies are determinants of consumer choice between their products and those of other companies (Eales, 1990). The core of a business's projected image is its brand identity, which is reflected by its adopted name, logo, colour, slogan and typography (Melewar & Saunders, 1998). The decisions towards the adoption of branding standardization/adaptation strategies have stimulated considerable interest among academics and others with regard to the formulation of appropriate international marketing strategies (Cavusgil & Zou, 1994; Chung, Lu Wang & Huang, 2012; Demetris et al., 2009; Jain, 1989; Okazaki, Taylor & Zou, 2006; Theodosiou & Leonidou, 2003). For example, Rosson and Brooks' (2004) study found that, in 80% of cases, the targets assumed the acquirers' brand identities. In those exceptional cases in which the targets' brand identities were maintained in the post-acquisition periods, the factors underlying such decisions related to the fact that the targets operated as autonomous subsidiaries or were major brand entities.

Earlier studies on emerging-markets typically looked at the entry of developed markets' firms into them (Aysegul, Muzaffer & Cavusgil, 1991; Grosse & Zinn, 1991; Hoskisson, Eden, Lau & Wright, 2000), while little attention was given to the international marketing strategies adopted by the EMFs in their cross-border activities (Aulakh, Rotate &

Teegen, 2000; Salwan, 2009; Zou, Andrus & Wayne Norvell, 1997). In spite of the rapid globalization and growth of international trade and cross-border acquisitions, the cultural barriers to both business and consumer activities are still all pervasive (Whitelock & Pimblett, 1997). These issues can be assumed to be highly pertinent for EMFs, which may face liabilities of foreignness and of country of origin in foreign markets (Salomon & Wu, 2012; Zaheer, 1995). Kumar (2009) illustrated how the acquisition of foreign firms led one Indian aluminium company, Hindalco, to obtain knowledge of the industry's value chain and to develop the ability to brand products and distribute them to both vendors and business-to-business customers. Similarly, Tata Tea Ltd.'s acquisition of Tetley Tea, a 160-year-old British company, helped it establish the Tetley brand in more countries than before (Pradhan & Abraham, 2005). Through this acquisition, Tata was able to access global tea markets as well as Tetley's brand, technology, and expertise. Yet, there is limited literature on the determinants behind EMF decisions to retain the brand identities of their acquisitions in the post-acquisition period. Thus, this paper fills this gap in the extant literature on the determinants of the standardization versus adaptation of EMF global marketing strategies in their cross-border acquisitions.

This study contributes to the extant literature in three important ways. First, it establishes a link between acquirer and target organizational identities and the standardization/adaptation adopted by EMFs to align their global marketing strategies. Previous studies have examined EMF global marketing strategies in the context of greenfield investments and exports (Zou et al., 1997). Yet, EMFs have also emerged as the leading companies engaging in the cross-border acquisitions ( Buckley et al., 2007; Kumar, 2009; Nicholson & Salaber, 2013; Rao-Nicholson et al., 2015); thus, this paper provides a valuable insight to understand how organizational-level attributes could drive companies' global marketing strategies. Second, this paper identifies the relationship between the institutional factors that impact the targets' branding standardization/adaptation strategies. This work links to other cross-border studies that relate company-level strategies to institutional factors (Albaum & Tse, 2001; Auh & Menguc, 2009; Zou et al., 1997) and extends their scope to reflect the impact of institutional factors on acquirer global marketing strategies in the post-acquisition period. Third, this study demonstrates that institutional factors have a stronger impact on target branding decisions than both acquirer and target organizational identities. Thus, the liability of foreignness and of country of origin arguments have a much higher resonance in the decision-making process in terms of the EMFs' adoption of standardization/adaptation marketing strategies (including branding).

## Literature Review

### *Post-acquisition integration*

Post-merger integration (PMI) is vital for the success of cross-border M&As. Most M&As fail due to poor integration; it has been suggested that culture and identity related issues play central roles in their high failure rate (e.g., Drori, Wrzesniewski & Ellis, 2011; Nahavandi & Malekzadeh, 1988; Weber, Tarba & Rozen Bachar, 2012). For instance, Drori et al. (2011) reported cultural clashes occurring in the wake of M&As involving high technology start-ups. Culture and identity issues could also affect the transfer of marketing related knowledge between the merging entities (Drori et al., 2011), and identity issues have been suggested to play an important and vital role in the post-merger integration of companies, as boundaries are negotiated (Drori, Wrzesniewski & Ellis, 2013). Culture and identity related clashes could potentially affect the standardization or adaptation of global marketing strategies following M&As. However, despite its contributions, prior research on PMI has largely neglected the factors that lead to the standardization or adaptation of marketing strategies adopted during the M&A integration phase (e.g., Homburg & Bucerius, 2005; Sinkovics, Jedin & Sinkovics, 2014). This gap is even more glaring in the context of EMNEs M&As. Studies have noted the challenges emerging in customer relationships management following M&As (Degbey, 2015; Öberg, 2014). Scholars have documented the role played by marketing integration during M&As (Sinkovics et al., 2014). Research has also focused on brand equity following M&A and whether the merging companies should retain their existing names or be jointly identified by that of the acquiring company (Lambkin & Muzellec, 2010). For instance, Lambkin and Muzellec (2010) showed that rebranding is useful for integrating the acquired company and has a positive association with employees and the merging of the companies' stock market performances. Recent studies have noted that M&As may cause changes to business networks, particularly amongst customers and suppliers, and other actors that are part of the M&As (Degbey & Pelto, 2015). The above discussion suggests that, following M&As, the standardization or adaptation of marketing programmes could be crucial for the successful PMI of cross-border M&As.

*Standardization/Adaptation of the EMFs' global marketing strategies*

The extant literature has defined standardization in two different ways—one, the same marketing strategies are used in all markets, and two, the domestic marketing strategies are applied to foreign markets (S Tamer Cavusgil, Zou & Naidu, 1993; Samiee & Roth, 1992; Zou et al., 1997). For the purpose of this study, the standardization of the EMFs' global marketing strategies means that the same marketing modes are applied to all markets (Kamel, Mehmet, Cavusgil, & Wade, 2010), while also being impacted by institutional factors (Irem, Emine, Muge, & Pervez, 2010). The degree of standardization of the EMFs' global marketing strategies depends on organizational and environmental factors (Zou et al., 1997). Despite playing an important role in the post-integration stage, both the marketing strategies, and the targets' post-acquisition corporate identities and cultures are short-changed in most post-acquisition studies (Melewar, Gupta, & Czinkota, 2013; Rosson & Brooks, 2004; Weber, Tarba & Bachar, 2011; Weber, Tarba & Reichel, 2011). In this study, we are also keen to examine the standardization/adaptation of the targets' visual identities, which are embedded in their brands, rather than considering the whole set of marketing tools available to the acquirers to structure their global marketing strategies (Demetris et al., 2009). The primary motive for this focus on brand visibility and standardization/adaptation is that most EMFs are viewed with some degree of suspicion (Aybar & Ficici, 2009) and the host stakeholders are likely to perceive any visible changes with considerable misgivings; more than they would any soft changes made to the target organizations' marketing departments, to the local positioning of the products, or to advertising campaigns. In addition, when they acquire developed market companies, EMFs face legitimacy issues, as some see the acquisition of strategic assets as the key motive behind their investments (Nicholson & Salaber, 2013).

Corporate or organizational brand identities are defined by the ways in which companies view themselves and by what others think of them. This is especially pertinent for EMFs, which have both foreignness and country of origin liabilities to contend with in foreign markets. Foreign market consumers, both individual and business customers, may be reticent to buy the EMFs' products (Aybar & Ficici, 2009). Thus, the organizational brand identities of both acquirers and targets may drive the choice between the standardization or adaptation of the acquirers' marketing strategies, which may also be affected by institutional factors (Zou et al., 1997).

At present, we don't know much about the relative importance of the roles played by institutional factors and organizational brand identities in company decisions on whether to standardize or adapt their marketing programmes in international markets. For the purpose of this study, we consider these two motivators as distinct channels driving standardization/adaptation in the post-acquisition period. Next, we describe both these channels separately, taking one from organizational identity literature and the other from institutional literature, and develop testable hypotheses based on our literature review.

*EMF organizational brand identities*

Tihanyi, Johnson, Hoskisson and Hitt (2003) argued that different types of institutional owners have different stakes in company strategies, and that contextual factors, such as boards, accentuate these differences. In the EMF context, the home countries' institutional voids make effective company-level monitoring particularly important. Hence, some ownership identities that are uncommon in advanced markets are commonplace in emerging ones. The extant literature has noted the extensive role played by business groups in emerging markets (Guillen, 2000; Khanna & Palepu, 2000; Khanna & Rivkin, 2001; Maman, 2002; Yaprak & Karademir, 2010). The works on business groups in India have highlighted the important role played by these business entities in circumventing institutional weaknesses across various elements of the business ecosystem, such as the financial system and contract management. Thus, in the post-acquisition stage, EMFs that belong to business groups are likely to standardize their marketing strategies across their newly acquired companies to reinforce the groups' brand identities.

Another key ownership brand identity in emerging markets is the ownership structure; for instance, government-owned or state-owned enterprises (Bremmer, 2009; Buckley et al., 2007; Li, 2007; Lu & Yao, 2006). The studies on the internationalization of Chinese firms have noted the role played by government policies (Cai, 1999; Chen & Findlay, 2003; Deng, 2007; Yadong Luo & Tung, 2007; Y. Luo, Xue & Han, 2010; Singh, 2009; Sun, Peng, Ren & Yan, 2012), as well as the soft internationalization loans that government-owned enterprises are granted for their cross-border activities (Nicholson & Salaber, 2013). Some of the companies are national icons and are tightly linked to their governments' brand identities (Wang, Hong, Kafouros, & Boateng, 2012). Whereas private business entities are typically free to make their strategic decisions free of governmental interference, state-owned organizations are, in many cases, the vehicles of government policies and are restricted from exercising the full breath of their strategic decision-making. In the wake of their cross-border acquisitions, these EMFs are more likely to standardize their marketing strategies towards the target companies as this facilitates the easier implementation of their home governments' policies.

Many internationalizing EMFs are privately owned and are not exposed to the same level of scrutiny as public listed ones. Following their cross-border acquisitions, these EMFs may want to retain the original nature of their business; in these cases, they are likely to curtail the targets' marketing strategies and streamline them by standardizing them to their own.

Thus, companies belonging to business groups with standardized marketing strategies will adopt strict standardization to reinforce group brand identities. Government- or state-owned companies will standardize their marketing strategies as this will enable them to seamlessly apply the policies of their main stakeholder. Finally, privately owned companies are likely to adopt standardization of marketing strategies to align them with those adopted in their home markets. In all these three cases, organizational identities descending from the nature of their ownerships will drive marketing strategies; we argue that this will lead to the alignment of their targets' marketing strategies with those of the acquirers. In all three organizational brand identity cases mentioned above, EMFs will be expected to focus on standardizing their marketing strategies in the post-acquisition period. Hence, we posit that:

**H1**: EMF organizational brand identity factors positively impact marketing strategy standardization.

*Target organizational brand identities*

The reasons that may cause EMFs to allow their targets to retain their original brand identities can be linked to the value to the acquirers of the target brands or the EMFs' strategic decisions to operate their new acquisitions as stand-alone subsidiaries with their own unique identities. Rosson and Brooks (2004) found that, during the post-acquisition period, standardization was relatively common, with the targets adopting the acquirers' brand identities in 80% of the cases. The exceptions, in which the acquirers decided to preserve the targets' brand identities and adopt adaptation strategies in the post-acquisition period, were typically motivated by the targets operating as autonomous subsidiaries or by their being major brand entities. Thus, in the case of EMFs, it can be argued that the strength of a targets' assets will drive acquirers to adapt to local stakeholder demands and potentially lead to the adoption of adaptation strategies.

Kumar (2009) suggested that EMFs typically acquire global market companies to access new technologies, brands and consumers. In this assessment, EMFs are usually low-cost commodity players, which acquire value-added branded-product companies in foreign markets. Thus, the value of the targets' existing brand identities can bring about the acquirers' decision to allow them to operate independently of their own. Also, EMFs prefer not to interference much in their new acquisitions' management and may thus adopt a light-integration strategy, allowing them to operate independently in their own markets (Kumar, 2009; Liu & Woywode, 2013). For example, India's Hindalco's post-acquisition integration strategy for US Can manufacturing company Novelis involved allowing the latter to operate under its existing brand name. Similarly, Chinese acquisitions, such as Shanghai Automotive Industry Corporation's (SAIC) acquisition of MG in the UK and Geely's acquisition of Volvo, did not result in the loss of the targets' brand identities. Thus, in high technology sectors, the targets' brand value is likely to dissuade the acquirers from adopting a standardization strategy for their global brand management.

From the above discussion, it can be argued that when a target's organizational identity is stronger than or equal to that of the acquirer, the target is likely to experience a loose integration with the acquirer (Liu & Woywode, 2013) and retain the autonomy to pursue its own marketing strategies. Thus, EMFs are less likely to adopt standardization in their marketing strategies. Either the strength of the targets' assets or their ownership of well-known brands make it likely that their unique organizational brand identities will prevent the acquirers' from adopting standardizing global marketing strategies. Thus, we argue:

**H2**: The strength of the targets' organizational brand identities will be negatively correlated to the acquirers adopting standardizing global marketing strategies in the post-acquisition period.

*Institutional and cultural factors*

Institutional factors have been demonstrated to impact company marketing strategies (Homburg, Workman Jr. & Krohmer, 1999; Zou et al., 1997). The central thesis of institutional theory is that company level strategies and structures are embedded in the business environment and are affected by such environment's legitimacy requirements (Friedland, Alford, Powell & DiMaggio, 1991). Homburg et al. (1999) argued that both the state and the broader society can place pressure on companies to pursue one option rather than another via implied societal norms, regulations, and other factors. The authors also found that institutional factors account for variance not explained by other determinants commonly studied in marketing literature.

Studies of cross-border acquisitions enacted by developed country companies have found that these acquirers are more likely to engage in standardization (Brooks, Rosson, & Gassmann, 2005). Also, the acute liabilities linked to the foreignness of EMFs manifest themselves across institutional factors such as economic distance (Salomon & Wu, 2012). The differences between the formal institutions found in the EMFs' home countries and those of the host countries can drive EMFs to identify any synergies made possible by cross-border economic status and regulatory differences. In this case, acquiring EMFs may decide to preserve their targets' brand independence not only to assuage any potential conflict with host country stakeholders (Zou et al., 1997), but also to cater to both home and host country consumers. An example of this adaptation logic of EMF marketing strategies is provided by the cross-border acquisitions completed by Indian company Tata, which acquired premium brands such as Jaguar and Land Rover. In these cases, Tata decided to continue to market its targets' products as independent brands rather than merging them all under Tata's umbrella branding. This argument for adaptation to local situations also reflects the drawbacks linked to the adoption of standardizing marketing strategies, which imply placing the focus upon products rather than upon consumers and competitors (Zou et al., 1997). Hence, we argue that:

**H3a:** The institutional distances that exist between home and host countries are likely to negatively impact the adoption of standardizing marketing strategies by EMFs.

The branding of products and services is affected by cross-cultural differences; thus, companies need to be sensitive to effect these may have in driving consumer perception of their products (Jun & Lee, 2007). Jun & Lee's (2007) study of the top 100 South Korean and US companies found that brand-logos found in the former country tend to be more abstract compared to those prevalent in latter. This demonstrates the importance for EMFs to develop locally adapted marketing strategies.

On the other hand, the existence of cross-border ethnic ties will have a moderating effect upon any changes linked to brand cultural integration. Also, several challenges presented by country of origin liabilities can be mitigated by the presence, within the target's country, of populations with ethnic ties to those of the acquirer (Kedia & Bilgili, 2015). In this particular situation, EMFs might engage in standardization strategies to leverage the benefits of scale inherent in a single global marketing strategy. Thus:

**H3b:** Whereas cultural distance will negatively impact standardizing marketing strategies, the existence of historical and ethnic ties will positively impact them.

Figure 1 shows the relationship between various stakeholders and EMF marketing strategies for their newly acquired targets.

---------------------------------------------------------------------------

Insert Figure 1 about here

---------------------------------------------------------------------------

## Methodology

*Sample selection*

Cross-border acquisitions from China and India form this study's empirical setting to examine the adoption of target brand post-acquisition standardization/adaptation by EMFs. We chose two large emerging markets, India and China, as they have different home country business environments, different historical and ethnic ties, and can traditionally be expected to have different approaches to the standardization/adaptation of the targets' brands. In addition, these two markets are the largest brand acquirers in both the developing and developed country context. The data on the foreign acquisitions of Indian and Chinese companies were collected from the Thomson One database, which holds information on all global mergers and acquisitions. The data relating to cross-border acquisitions were collected for all those deals that met the following criteria: one, the deals were from China and India; two, the acquisitions had been completed; three, the acquirers owned majority stakes in the target companies after the acquisition; four, the targets were publicly listed companies. This data collection process lead to a set of 173 deals for which company-level information on acquirers and targets was available. Chinese deals were more numerous than Indian ones and all had been completed between 1986 and 2014.

*Brand identity change* (*STANDARD*). Post-acquisition target brand standardization/adaptation was proxied by any changes in name, symbol, typography, and colour. The main analysis presented in this paper made use of the name change variable, whereas the other change variables were used for robustness checks. Although we could probably replicate the study using other proxies for the standardization/adaptation dimension—e.g., slogan—the results of our study would be likely to be the same since acquirers are likely to change all brand elements once they decide to replace the targets' brands with their own.

The brand identity change data were collected from various sources, including both acquirer and target company websites, Nexis, and the OSIRIS database (which also provides company-level activity and financial information). This helped us identify whether the EMFs adopted standardization/adaptation strategies for their targets. The *STANDARD* variable, which is a dummy variable, takes value 1 if the target's name was changed to that of the acquirer and 0 if the target retained its original name. For five deals, there was no information on whether the targets had undergone a name change or not; thus, these deals were excluded from further analysis. Table 1A provides information on the standardization/adaptation variable; we observe that around 44% of targets underwent a post-acquisition change of name to that of the acquiring EMFs. Table 1B shows the top ten host countries in which the sample EMFs conducted cross-border acquisitions. We observe that Chinese firms typically engage in cross-border activities with Hong Kong (which, for the purposes of this study, is considered a different host destination as its institutional and cultural environment are different from those of mainland China), where they have strong ethnic ties. Indian firms, on the other hand, invest mostly in the US, which is one of the largest global markets.

---------------------------------------------------------------------------

Insert Tables 1A and 1B about here

-----------------------------------------------------------------------------

*Acquirer organizational brand identity*. In this study, the acquirer's organizational brand identity is determined by its various company level characteristics, such as membership of a business group (BUSINESS_GROUP), government ownership (GOV_OWN), and private acquirer (PRIVATE_ACQUIRER). Internationalizing Indian companies are traditionally part of large business groups; for example, companies like TATA, Reliance, and Mahindra & Mahindra are at the forefront of cross-border acquisitions. In case of China, government-owned companies—e.g., Sinopec, Industrial, and the Commercial Bank of China—are leading cross-border acquirers.

*Target organizational brand identity.* For the purpose of this research, the target's organizational brand identity is valuable to the acquirer if the target belongs to the high technology product market (HIGHTECH) and, in the case of large targets, if their stakeholders are more powerful in local markets (LOG_ASSET).

*National Institutional and Cultural factors*.

This study looks at various national institutional factors that may impact target brand identity change—official language distance (LANG_OFF_DIST), political risk difference (DIFF_POLRISK), economic distance (DIFF_EFI), target national development (TAR_NAT_DEV), and legal distance (LEGAL_DIST). The official language distance is a dummy variable that indicates whether the EMF's and target's countries share the same official language (in which case it is set to 1; to 0 if they do not). The underlying argument presented for the impact of official language similarity is that a shared language implies ease of doing business, which may instil confidence in an EMF with regard to doing business in the target country. A high political risk distance between home and host countries might impel an EMF to grant its target a higher degree of autonomy, also aimed at shielding the target from any negative information from the home country, thus allowing it to operate independently. Political risk difference (DIFF_POLRISK) is therefore a good measure to examine the EMFs' adoption of standardization/adaptation strategies for their targets.

Economic distance is proxied by the economic freedom index developed by the Heritage Foundation (Kane, Holmes & O'Grady, 2007; Meyer, Estrin, Bhaumik & Peng, 2009), which provides detailed information on institutions, concentrating on the freedom the people and companies of a country have in establishing and managing their business operations. This index (DIFF_EFI) has been used widely in the extant literature (Bengoa & Sanchez-Robles, 2003; Easton & Walker, 1997; Meyer et al., 2009; Stroup, 2007). Also, this index is available as time series and generates time-sensitive variations among our cross-section data. Target national development, TAR_NAT_DEV, is a dummy variable that indicates whether the target belongs to a developed economy (as classified by the World Bank); it is assigned a value of 1 if it does and 0 otherwise (Gubbi et al., 2010; Sun et al., 2012). The data from the IMD WYC executive survey are used to create the legal distance index (LEGAL_DIST), which is available in time series format.

In this study, several of the cultural factors that can potentially impact target brand identity change were examined—namely, cultural distance (CULTURE_DIST), historical links (HISTORICAL_LINKS), and ethnic ties (ETHNIC_TIES). As in prior related works (Kogut & Singh, 1988; Morosini, Shane & Singh, 1998), cultural distance is a composite measure calculated as:

$$CULTURE\_DIST_f = \sqrt{\sum_{i=1}^{6} \left(I_{if} - I_{ih}\right)^2}$$

where the cultural dimensions are power distance (PDI), individuality-collectivism (IDV), masculinity-femininity (MAS), uncertainty avoidance (UAI), long term orientation versus short term orientation (LTO) and indulgence versus restraint (IND), and Ii is the index for each. *f* denotes the index pertaining to the host country and *h* denotes that of home country. Historical links (HISTORICAL_LINKS) are those that exist between the home and host countries, whereas ethnic ties (ETHNIC_TIES) are a measure of the similarities in population ethnicity between the home and host countries. For example, Malaysia has a sizeable ethnic Chinese population and, similarly, South Africa is home to a substantial Indian one.

*Control variables*

We also controlled for various deal-level characteristics which may impact the decision to change target name: if both target and acquirer belong to the same industry (SAME_INDUSTRY); if the deal was paid in cash (CASH); the percentage of the target acquired (PERCENTACQ); if the deal was likely to have been carried out due to market-seeking motives (MARKET_SEEKING); or to leverage currency advantage (FOREX). We also include industry and year dummies in our analysis to control for their effects. Table 2 presents the information on our variables and Table 3 shows the summary statistics and Pearson correlation between the non-binary variables and the Phi correlation between the binary ones. We do not observe a high degree of correlation between our explanatory variables and we believe not to have experienced multicollinearity issues in our empirical analysis.

--------------------------------------------------------------------------

Insert Tables 2 and 3 about here

--------------------------------------------------------------------------

**Results**

The results of the analyses of target and acquirer organizational brand identities with regard to standardization are presented in Table 4. These indicate that membership of business groups, BUSINESS_GROUP, and government ownership, GOV_OWN, do not have effect on acquirer standardization decisions. We find that acquirer private ownership, PRIVATE_ACQUIRER, has a positive effect on standardization (coeff - 0.524, significance - 10% level). The size of the target, proxied by its assets, LOG_ASSET, has a negative and significant effect on the standardization variable (coeff - -0.252, significance - 10%).

The analysis of the impact of institutional factors is presented in Table 5. We acknowledge the low reliability of the regression results presented in columns 1 to 8 of this table (Prob > chi2 are all greater than 0.0000). The final model presented in this table, which is our full model, not only has a satisfactory Prob > chi2 value (0.0000) but also a good R2 one (0.3609). We observe that DIFF_EFI, which indicates differences in home and host country economic freedom, has a negative and significant effect on the standardization variable (coeff: -4.154; significance: 10% level). This supports our hypothesis 3a. The TAR_NAT_DEV (coeff: 4.922; significance: 1% level) and LEGAL_DIST (coeff: 2.644; significance: 5% level) variables both have positive and significant effects on the standardization variable. This result contradicts our hypothesis 3a. So overall, we observe partial support for our hypothesis 3a.

From table 5, column (9), we observe that our cultural distance variable, CULTURE_DIST, has a negative and significant effect on the standardization variable (coeff: -0.189; significance: 1% level). Also, the variable that measures ethnic ties between the home and host countries, ETHNIC_TIES, has a positive and significant impact on the standardization measure (coeff: 2.186; significance: 10% level). Thus, we find support for our hypothesis 3b. Table 6 summarizes the results of our empirical analysis and we observe that most of our hypotheses are supported by this study's results.

-----------------------------------------------------------------------------

Insert Tables 4, 5 and 6 about here

-----------------------------------------------------------------------------

*Robustness checks*

We used variance inflation factor (VIF) and tolerance (Tolerance) values to examine the level of multi-collinearity of our variables. We found that both these values were within the acceptable levels for this type of analysis. We found that all VIF values were below 10 and Tolerance values above 0.10.

To test the robustness of our results, we ran our analyses with alternate measures for the standardization of the EMFs marketing strategies. Instead of using target name change as the dependent variable, we evaluate changes in symbol, typography, and colour. The analyses of these three dependent variables did not produce results significantly different from those presented in this paper. We also used alternate measures of country-level institutional variables. We used institutional data from Berry, Guillen and Zhou (Berry, Guillén & Zhou, 2010) in our analyses. These yielded results similar to those presented in this paper.

## Discussion and Research Implications

The aim of this paper was to examine the factors that lead to the standardization or adaptation of global marketing programmes of EMF M&As. The contemporary research notes that, due to the integration of world economies, there is no need for companies to adapt their marketing strategies in host markets; rather, companies should standardize. Yet, studies point out that cultural differences matter and companies should find ways to adapt at least certain elements of their marketing programmes. It is in this context that this paper examines the decision of EMFs to standardize/adapt their global marketing strategies after cross-border acquisitions. There has been a limited research investigating marketing integration related issues that follow M&As (Degbey & Pelto, 2015; Öberg, 2014; Sinkovics et al., 2014). Yet, marketing integration is as important as other variables, such as cultural integration and boundary negotiation, between the merging companies (Drori et al., 2011, 2013; Sinkovics et al., 2014). Compared to institutional and cultural dimensions, target and acquirer organizational identities are observed to have a weaker effect on EMFs' decisions regarding standardization of marketing strategies.

Organizational brand identities of privately owned EMFs will be positively related to the standardization of marketing strategies in the post-acquisition period (e.g., Lambkin & Muzellec, 2010). One potential underlying reason could be that, compared to publicly listed EMFs, privately owned acquirers are less likely to be closely scrutinized by external stakeholders. Hence, privately owned EMFs can freely integrate strategic resources, including brand and marketing, into their own assets. Yet, target size will drive EMFs towards adapting their marketing strategies to meet local demands; hence, EMFs will grant targets the autonomy to pursue their own local marketing strategies.

Contrary to our expectations, we observe that institutional distance positively impacts the standardization of EMF global marketing strategies. It can be argued that, in their pursuit of the transfer of capabilities from more highly developed host markets to their home ones, EMF stakeholders may rely on a higher degree of integration of the acquired subsidiary with the parent EMF (Björkman, Stahl & Vaara, 2007; Meyer et al., 2009). Also, in the case of economies less developed than that of their home country—e.g., Chinese acquisitions in Africa and East Asia—the benefits linked to standardization of marketing strategies may outweigh retaining the local identities of target companies. Nevertheless, we observe that the economic freedom distance between the home and host countries negatively impacts standardization of marketing strategies. The possible explanation for this positive effect rests on the EMFs' possible desire to leverage the higher economic freedom found in some of their targets' markets, thus allowing their subsidiaries to maintain their own independent operations.

EMFs have to take great care in responding to cultural pressures without the restrictive constraints of institutions (Goodrick & Salancik, 1996). Kostova and Zaheer (1999) insisted that cultural distance creates greater issues than institutional distance for foreign companies. In the case of EMFs, hence, cultural distance will negatively impact the standardization of marketing strategies and targets may be granted considerable autonomy (Wang, Luo, Lu, Sun, & Maksimov, 2013). Similarly, when there are profound historical and ethnic ties between countries, EMFs can leverage relationship based synergies to strengthen their cross-border presence and acceptability. Hence, in the case of countries with a sizeable presence of ethnic Indian and Chinese populations, we observe that EMFs are likely to engage in the standardization of their marketing strategies in the post-acquisition period.

Based on these findings, we believe that this paper enhances the academic understanding of the factors that lead to the standardization or adaptation of global marketing strategies (Degbey & Pelto, 2015; Lambkin & Muzellec, 2010; Öberg, 2014) during PMI, thus contributing to cross-border M&A success in three important ways.

First, it provides an initial understanding of the factors that lead to the standardization or adaptation of global marketing strategies during the PMI period. This adds to the existing studies investigating the factors that contribute to the successful integration of two merging companies (Drori et al., 2011, 2013). The paper establishes a link between acquirer and target company identities and the standardization/adaptation adopted by EMFs to align their global marketing strategy. Most existing research has focused on EMF global marketing strategies in the context of greenfield and exporting (Zou et al., 1997), while ignoring the global marketing strategies involved in EMF cross-border acquisitions.

Second, the study identifies the relationship between the institutional factors that impact target brand standardization/adaptation strategies. By doing so, it ties in to other cross-border studies which link company-level strategy to institutional factors (Albaum & Tse, 2001; Auh & Menguc, 2009; Zou et al., 1997), and extends these studies to reflect the impact of institutional factors on acquirer global marketing strategies in the wake of M&As.

Third, this study highlights that institutional factors have a higher impact than organizational identities on target branding decisions made by both acquirer and target (Drori et al., 2013; Lambkin & Muzellec, 2010). This indicates that foreignness and country of origin liability arguments have much higher resonance in the decision-making process in terms of the standardization/adaptation marketing strategies (including branding) adopted by EMFs following M&As.

Besides this, our study also enriches previous M&A-related performance research by providing an advanced understanding of the role played by standardization or adaptation of global marketing strategies during the PMI period. More specifically, previous research focused on the performance implications of post-merger marketing integration and particularly addressed the issue of integration speed as a success factor of M&As (e.g., Homburg & Bucerius, 2005). By contrast, our study analyses how different factors lead to the standardization or adaptation of global marketing strategies during the post M&A phase of EMFs.

**Limitations and Future Research Directions**

Although we have considered the two largest emerging economies, the lessons from this study are still limited to the institutional and cultural factors that govern these countries, which are also uniquely placed for this research as they have deep ethnic and historical links with several other countries worldwide. However, this is not true for several other emerging economies, so EMFs from these should potentially reflect on these issues whilst internationalizing their marketing strategies (Seth, 1986). This point is equally valid for researchers examining these EMFs' marketing strategies, as these companies might derive synergies in other areas.

Also, Indian and Chinese EMFs are themselves different from those from other emerging economies in terms of sheer size, institutional support for internationalization, and policies mandating target integration with parent companies; hence, differences, however subtle, need to be taken into account when comparing the results of this research with other EMFs' post cross-border acquisition marketing strategies.

Due to the limited availability of data, the proxies for both acquirer and target organizational brand identities were restricted to a few key characteristics; future authors can potentially examine the issues of post-acquisition marketing strategies on a wider set of characteristics making up organizational brand identities. Lastly, studies on EMFs should also pay closer attention to corporate social responsibility issues (Khan, Lew, & Park, 2015), and their links with standardization or adaptations of marketing strategies in host markets, as companies may adapt their marketing strategies in order to portray themselves as being socially responsible.

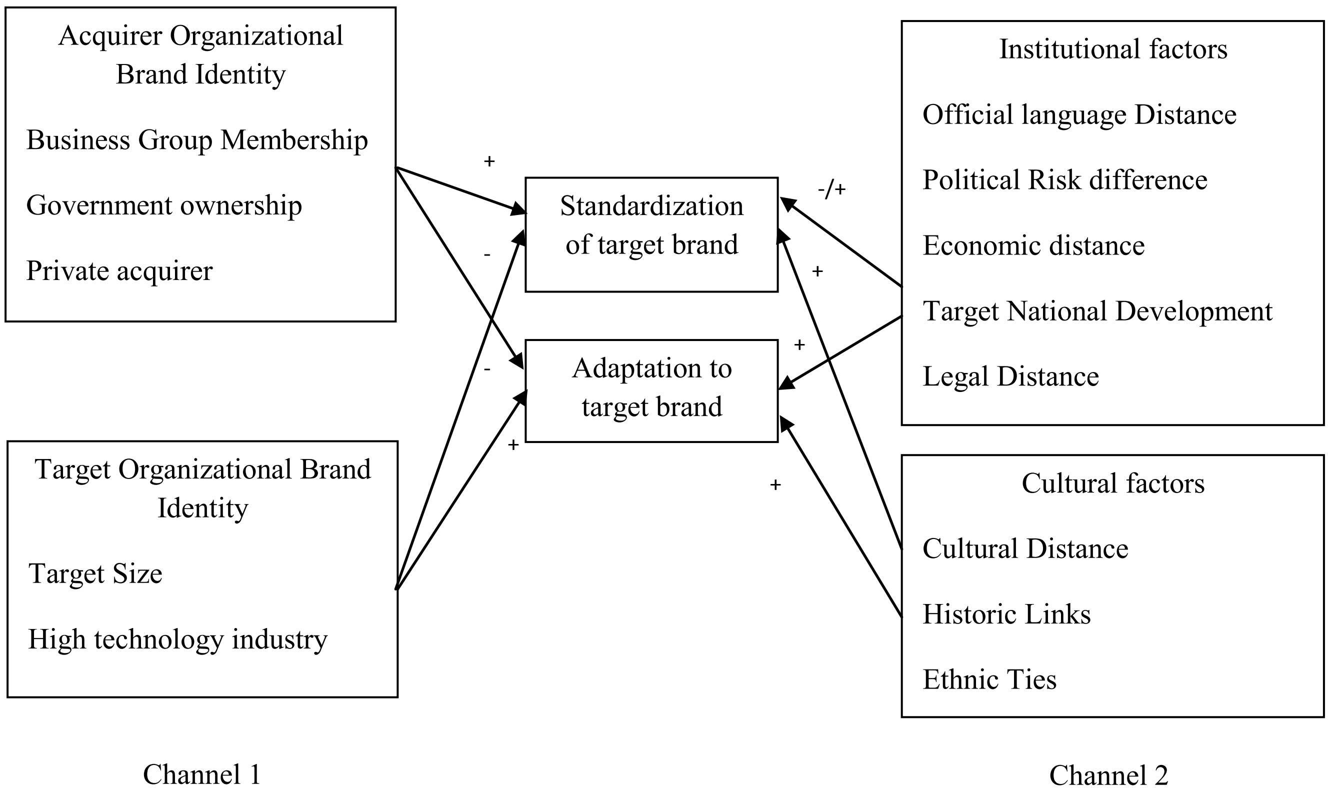


Figure 1. Adaptation versus Standardization in global branding strategies in emerging market companies' acquisitions

Table 1A. Summary details on the sample of emerging-market firms

| | STANDARD = 1/0 | | | | |
|---|---|---|---|---|---|
| Home country | STANDARD=0 | STANDARD=1 | *Total* | %STANDARD=0 | %STANDARD=1 |
| China | 74 | 51 | ***125*** | 59% | 41% |
| India | 20 | 23 | ***43*** | 47% | 53% |
| ***Total*** | ***94*** | ***74*** | ***168*** | ***56%*** | ***44%*** |

Table 1B. Top ten target destinations for Chinese and Indian firms

| **China** | | **India** | |
|---|---|---|---|
| ***Destinations*** | ***Total deals*** | ***Destinations*** | ***Total deals*** |
| Hong Kong | 52 | United States | 18 |
| Australia | 17 | United Kingdom | 6 |
| Canada | 17 | Canada | 3 |
| United States | 17 | Germany | 3 |
| Singapore | 6 | South Africa | 3 |
| United Kingdom | 5 | Australia | 2 |
| Japan | 2 | Bermuda | 2 |
| South Korea | 2 | Singapore | 1 |
| Thailand | 2 | South Korea | 1 |
| Germany | 1 | Thailand | 1 |

Table 2. Details on variables

| Variable name | Source | Data description |
|---|---|---|
| STANDARD | company websites, Nexis, OSIRIS | when target changed its name to that of acquirer = 1 / 0 otherwise |
| BUSINESS_GROUP | company websites, Thomson One | if acquirer was part of business group = 1 / 0 otherwise |
| GOV_OWN | company websites, Thomson One | if acquirer was majority owned by government = 1 / 0 otherwise |
| PRIVATE_ACQUIRER | Thomson One | if acquirer was privately owned = 1 / 0 otherwise |
| LOG_ASSET | Thomson One | log (target assets) |
| HIGHTECH | Thomson One | if target belonged to high technology industry = 1 / 0 otherwise |
| CULTURE_DIST | Website of Geert Hofstede | Data on 6 dimensions from the website |
| HISTORICAL_LINKS | national newspapers, country information website | If there were colonial links between countries = 1 / 0 otherwise |
| ETHNIC_TIES | country information websites | If there was a significant % of ethnic population in that country = 1 / 0 otherwise |
| LANG_OFF_DIST | CIA World factbook | official language for target and acquirer is same = 1 / 0 otherwise |
| DIFF_POLRISK | IMD WYC executive survey | data for political risk variable |
| DIFF_EFI | Heritage foundation | the difference of composite index for economic freedom |

| | | |
|---|---|---|
| TAR_NAT_DEV | World Bank | if World Bank listed target country as developed = 1 / 0 otherwise |
| LEGAL_DIST | IMD WYC executive survey | data for legal distance |
| SAME_INDUSTRY | Thomson One | if target and acquirer belonged to the same industry = 1 / 0 otherwise |
| CASH | Thomson One | if deal was paid in cash = 1 / 0 otherwise |
| PERCENTACQ | Thomson One | % shares acquired in transaction |
| MARKET_SEEKING | World Bank | if GDP(target) > GDP(acquirer) = 1 / 0 otherwise |
| FOREX | oanda.com | target currency to $/acquirer currency to $ |

Table 3. Descriptive statistics and Pearson and Phi correlation (for binary variables) matrix

| | Variable name | Mean/ frequency | S.D. | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | STANDARD | 74 | | 1.00 | | | | | | | | | | | | | | | | | |
| 2 | BUSINESS_GROUP | 41 | | 0.026 | 1.00 | | | | | | | | | | | | | | | | |
| 3 | GOV_OWN | 91 | | -0.122 | -0.28* | 1.00 | | | | | | | | | | | | | | | |
| 4 | PRIVATE_ACQUIRER | 109 | | 0.100 | 0.011 | 0.124 | 1.00 | | | | | | | | | | | | | | |
| 5 | LOG_ASSET | 2.11 | 0.93 | -0.149 | 0.178 | 0.29* | -0.115 | 1.00 | | | | | | | | | | | | | |
| 6 | HIGHTECH | 30 | | -0.038 | -0.084 | -0.194 | -0.145 | -0.044 | 1.00 | | | | | | | | | | | | |
| 7 | CULTURE_DIST | -4.40 | 18.61 | -0.035 | -0.129 | -0.39* | -0.33* | -0.26* | 0.103 | 1.00 | | | | | | | | | | | |
| 8 | HISTORICAL_LINKS | 71 | | -0.055 | 0.187 | 0.109 | 0.20* | 0.23* | 0.073 | -0.51* | 1.00 | | | | | | | | | | |
| 9 | ETHNIC_TIES | 88 | | 0.029 | 0.125 | -0.063 | -0.027 | 0.123 | 0.29* | -0.45* | 0.647* | 1.00 | | | | | | | | | |
| 10 | LANG_OFF_DIST | 128 | | -0.067 | -0.007 | 0.38* | 0.35* | 0.172 | -0.32* | -0.45* | 0.110 | -0.39* | 1.00 | | | | | | | | |
| 11 | DIFF_POLRISK | 1.22 | 0.32 | -0.043 | -0.091 | -0.031 | 0.23* | -0.209 | -0.130 | 0.020 | -0.004 | -0.061 | 0.058 | 1.00 | | | | | | | |
| 12 | DIFF_EFI | 1.52 | 0.16 | 0.012 | 0.028 | 0.25* | 0.40* | 0.035 | 0.030 | -0.64* | 0.41* | 0.44* | 0.160 | 0.34* | 1.00 | | | | | | |
| 13 | TAR_NAT_DEV | 91 | | 0.046 | -0.144 | -0.22* | -0.026 | -0.34* | -0.007 | 0.74 | -0.62* | -0.61* | -0.149 | 0.32* | -0.25* | 1.00 | | | | | |
| 14 | LEGAL_DIST | 1.21 | 0.37 | -0.004 | -0.022 | 0.196 | 0.24* | 0.059 | -0.045 | -0.53 | 0.198 | 0.33* | 0.064 | 0.39* | 0.73* | -0.183 | 1.00 | | | | |
| 15 | SAME_INDUSTRY | 83 | | 0.010 | -0.007 | -0.070 | -0.37* | 0.26* | 0.161 | 0.30* | -0.146 | -0.035 | -0.20* | -0.166 | -0.32* | 0.120 | -0.25* | 1.00 | | | |
| 16 | CASH | 90 | | -0.015 | -0.137 | 0.101 | -0.059 | 0.030 | 0.091 | -0.098 | -0.097 | 0.068 | -0.072 | 0.027 | 0.111 | -0.041 | 0.27* | 0.036 | 1.00 | | |
| 17 | PERCENTACQ | 63.70 | 32.49 | 0.102 | -0.095 | -0.196 | -0.014 | -0.154 | -0.008 | 0.45* | -0.33* | -0.34* | -0.173 | 0.061 | -0.34* | 0.47* | -0.34* | 0.085 | 0.195 | 1.00 | |
| 18 | MARKET_SEEKING | | | -0.073 | 0.069 | -0.109 | 0.023 | 0.084 | 0.112 | -0.26* | 0.44* | 0.56* | -0.092 | -0.129 | 0.100 | -0.49* | -0.002 | -0.007 | -0.196 | -0.22* | 1.00 |
| 19 | FOREX | 3.57 | 21.53 | -0.002 | -0.060 | 0.036 | -0.139 | 0.023 | -0.068 | 0.071 | -0.094 | -0.136 | 0.091 | -0.180 | -0.32* | -0.160 | -0.26* | 0.141 | -0.047 | -0.073 | 0.0986 |

Correlation significant at * p<0.1

Table 4. Organizational identity measures for acquirer and target, and their impact on target standardization/adaptation branding strategy

| | (1) | (2) | (3) | (4) | (5) |
|---|---|---|---|---|---|
| *ACQUIRER CHARACTERISTICS* | | | | | |
| BUSINESS_GROUP | | 0.0299 | | | 0.128 |
| | | (0.260) | | | (0.295) |
| GOV_OWN | | -0.139 | | | 0.325 |
| | | (0.281) | | | (0.321) |
| PRIVATE_ACQUIRER | | | 0.495* | | 0.524* |
| | | | (0.279) | | (0.303) |
| *TARGET CHARACTERISTICS* | | | | | |
| LOG_ASSET | | | | -0.219* | -0.252* |
| | | | | (0.127) | (0.134) |
| HIGHTECH | | | | -0.185 | -0.205 |
| | | | | (0.331) | (0.342) |
| SAME_INDUSTRY | 0.0278 | 0.0398 | 0.128 | 0.192 | 0.272 |
| | (0.249) | (0.250) | (0.255) | (0.294) | (0.295) |
| CASH | 0.0295 | 0.0366 | 0.0927 | 0.00572 | 0.0734 |
| | (0.231) | (0.230) | (0.234) | (0.248) | (0.251) |

| | | | | | |
|---|---|---|---|---|---|
| PERCENTACQ | 0.00202 | 0.00173 | 0.00123 | 6.44e-05 | -0.000380 |
| | (0.00343) | (0.00351) | (0.00354) | (0.00373) | (0.00397) |
| MARKET_SEEKING | -0.472* | -0.477* | -0.520* | -0.307 | -0.365 |
| | (0.274) | (0.275) | (0.280) | (0.291) | (0.291) |
| FOREX | -0.00145 | -0.00115 | -0.000154 | -0.00133 | -0.000197 |
| | (0.00462) | (0.00481) | (0.00458) | (0.00450) | (0.00425) |
| Industry dummies | Included | Included | Included | Included | Included |
| Year dummies | Included | Included | Included | Included | Included |
| DUM_INDIA | 0.338 | 0.267 | 0.520 | 0.367 | 0.676* |
| | (0.293) | (0.319) | (0.319) | (0.326) | (0.385) |
| Constant | 5.160*** | 5.400*** | 4.579*** | 5.959*** | 5.011*** |
| | (1.013) | (1.111) | (1.075) | (1.148) | (1.290) |
| Observations | 168 | 168 | 168 | 148 | 148 |
| R2 | 0.0814 | 0.0829 | 0.0946 | 0.0845 | 0.1025 |
| Prob > chi2 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 5. Institutional and cultural factors affecting EMF standardization/adaptation marketing strategies for targets

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|---|
| LANG_OFF_DIST | -0.132 | | | | | | | | 0.435 |
| | (0.488) | | | | | | | | (1.031) |
| DIFF_POLRISK | | 0.212 | | | | | | | 0.519 |
| | | (0.606) | | | | | | | (0.914) |
| DIFF_EFI | | | 1.036 | | | | | | -4.154* |
| | | | (1.026) | | | | | | (2.500) |
| TAR_NAT_DEV | | | | -0.101 | | | | | 4.922*** |
| | | | | (0.394) | | | | | (1.487) |
| LEGAL_DIST | | | | | 1.017** | | | | 2.644** |
| | | | | | (0.457) | | | | (1.157) |
| CULTURE_DIST | | | | | | -0.0310** | | | -0.189*** |
| | | | | | | (0.0122) | | | (0.0590) |
| HISTORICAL_LINKS | | | | | | | -0.529 | | -0.785 |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | (0.332) | | (0.724) |
| ETHNIC_TIES | | | | | | | | 0.104 | 2.186* |
| | | | | | | | | (0.389) | (1.203) |
| SAME_INDUSTRY | 0.375 | 0.812* | 0.438 | 0.369 | 0.565 | 0.477 | 0.321 | 0.378 | 1.336** |
| | (0.407) | (0.477) | (0.412) | (0.399) | (0.422) | (0.405) | (0.408) | (0.403) | (0.587) |
| CASH | -0.0150 | 0.412 | -0.0620 | -0.0228 | -0.169 | -0.195 | 0.0697 | -0.0314 | 0.262 |
| | (0.286) | (0.333) | (0.274) | (0.295) | (0.279) | (0.283) | (0.274) | (0.296) | (0.459) |
| PERCENTACQ | 0.00362 | -0.000981 | 0.00535 | 0.00423 | 0.00670 | 0.00786* | 0.00245 | 0.00414 | 0.000847 |
| | (0.00447) | (0.00489) | (0.00461) | (0.00488) | (0.00466) | (0.00471) | (0.00455) | (0.00470) | (0.00768) |
| MARKET_SEEKING | -0.111 | -0.415 | -0.121 | -0.127 | -0.157 | -0.348 | 0.110 | -0.144 | -1.308 |
| | (0.342) | (0.374) | (0.330) | (0.365) | (0.329) | (0.342) | (0.349) | (0.385) | (0.873) |
| FOREX | 0.0007 | -0.0008 | 0.0038 | 0.0001 | 0.0037 | 0.0026 | -0.0013 | 0.0010 | 0.0116* |
| | (0.0050) | (0.0051) | (0.0054) | 0.0048 | (0.0042) | (0.0042) | (0.0049) | (0.0052) | (0.0069) |
| Industry dummies | Included | Included | Included | Included | Included | Included | Included | Included | Included |
| Year dummies | Included | Included | Included | Included | Included | Included | Included | Included | Included |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| DUM_INDIA | 0.0741 | 0.289 | 0.268 | 0.156 | 0.306 | 0.627 | 0.141 | 0.119 | 4.574*** |
| | (0.501) | (0.522) | (0.395) | (0.373) | (0.394) | (0.437) | (0.375) | (0.395) | (1.148) |
| Constant | -0.834 | -0.788 | -2.555 | -0.872 | -2.634** | -0.820 | -0.917 | -0.971 | -2.896 |
| | (1.180) | (1.502) | (1.842) | (1.149) | (1.302) | (1.102) | (1.087) | (1.067) | (3.396) |
| Observations | 129 | 107 | 129 | 129 | 128 | 128 | 129 | 129 | 106 |
| R2 | 0.0986 | 0.1243 | 0.1054 | 0.0985 | 0.1210 | 0.1338 | 0.1124 | 0.0987 | 0.3609 |
| Prob > chi2 | 0.9753 | 0.9673 | 0.9367 | 0.9665 | 0.7697 | 0.7567 | 0.9705 | 0.9666 | 0.0000 |

Robust standard errors in parentheses

*** p<0.01, ** p<0.05, * p<0.1

Table 6. Summary of results

| **Explanatory variables** | **Expected effect** | **Observed effect on the standardization strategy** |
|---|---|---|
| Acquirer Organizational Identity | Positive | Positive |
| Target Organizational Identity | Negative | Negative |
| Institutional distance | Negative | Positive |
| Cultural distance | Negative | Negative |
| Ethnic ties with host country | Positive | Positive |

## References


Albaum, G. and Tse, D. K. (2001), "Adaptation of international marketing strategy components, competitive advantage, and firm performance: a study of Hong Kong exporters", *Journal of International Marketing,* Vol. 9 No. 4, pp. 59-81.

Auh, S. and Menguc, B. (2009), "Broadening the scope of the resource-based view in marketing: The contingency role of institutional factors", *Industrial Marketing Management,* Vol. 38 No. 7, pp. 757-768.

Aulakh, P. S., Rotate, M. and Teegen, H. (2000), "Export Strategies and Performance of Firms from Emerging Economies: Evidence from Brazil, Chile, and Mexico", *Academy of Management Journal,* Vol. 43 No. 3, pp. 342-361.

Aybar, B. and Ficici, A. (2009), "Cross-border acquisitions and firm value: An analysis of emerging-market multinationals", *Journal of International Business Studies,* Vol. 40 No. 8, pp. 1317-1338.

Aysegul, O., Muzaffer, B. and Cavusgil, S. T. (1991), "Marketing Standardisation by Multinationals in an Emerging Marketnull", *European Journal of Marketing,* Vol. 25 No. 12, pp. 50-64.

Bengoa, M. and Sanchez-Robles, B. (2003), "Foreign direct investment, economic freedom and growth: new evidence from Latin America", *European Journal of Political Economy,* Vol. 19 No. 3, pp. 529-545.

Berry, H., Guillén, M. F. and Zhou, N. (2010), "An institutional approach to cross-national distance", *Journal of International Business Studies,* Vol. 41 No. 9, pp. 1460-1480.

Björkman, I., Stahl, G. K. and Vaara, E. (2007), "Cultural differences and capability transfer in cross-border acquisitions: The mediating roles of capability complementarity, absorptive capacity, and social integration", *Journal of International Business Studies,* Vol. 38 No. 4, pp. 658-672.

Bremmer, I. (2009), "State Capitalism Comes of Age: The End of the Free Market?", *Foreign Affairs*, pp. 40-55.

Brooks, M. R., Rosson, P. J. and Gassmann, H. I. (2005), "Influences on post-M&A corporate visual identity choices", *Corporate Reputation Review,* Vol. 8 No. 2, pp. 136-144.

Buckley, P. J., Clegg, L. J., Cross, A. R., Liu, X., Voss, H. and Zheng, P. (2007), "The Determinants of Chinese Outward Foreign Direct Investment", *Journal of International Business Studies,* Vol. 38 No. 4, pp. 499-518.

Buckley, P. J., Forsans, N. and Munjal, S. (2012), "Host–home country linkages and host–home country specific advantages as determinants of foreign acquisitions by Indian firms", *International Business Review,* Vol. 21 No. 5, pp. 878–890.

Cai, K. G. (1999), "Outward foreign direct investment: A novel dimension of China's integration into the regional and global economy", *China Quarterly,* Vol. 160 No. 4, pp. 856-880.

Cavusgil, S. T. and Zou, S. (1994), "Marketing Strategy-Performance Relationship: An Investigation of the Empirical Link in Export Market Ventures", *Journal of Marketing,* Vol. 58 No. 1, pp. 1-21.

Cavusgil, S. T., Zou, S. and Naidu, G. (1993), "Product and promotion adaptation in export ventures: an empirical investigation", *Journal of International Business Studies*, pp. 479-506.

Chen, C. and Findlay, C. (2003), "A Review of Cross-border Mergers and Acquisitions in APEC", *Asian-Pacific Economic Literature,* Vol. 17 No. 2, pp. 14-38.

Chung, H. F., Lu Wang, C. and Huang, P.-h. (2012), "A contingency approach to international marketing strategy and decision-making structure among exporting firms", *International Marketing Review,* Vol. 29 No. 1, pp. 54-87.

Degbey, W. Y. (2015), "Customer retention: A source of value for serial acquirers", *Industrial Marketing Management,* Vol. 46, pp. 11-23.

Degbey, W. Y. and Pelto, E. (2015), "Uncovering different forms of customer network changes in M & A", *Management Research Review,* Vol. 38 No. 11, pp. 1191-1212.

Demetris, V., Alkis, T. and Iasonas, L. (2009), "International marketing adaptation versus standardisation of multinational companiesnull", *International Marketing Review,* Vol. 26 No. 4/5, pp. 477-500.

Deng, P. (2007), "Investing for strategic resources and its rationale: The case of outward FDI from Chinese companies", *Business Horizons,* Vol. 50 No. 1, pp. 71-81.

Drori, I., Wrzesniewski, A. and Ellis, S. (2011), "Cultural clashes in a "merger of equals": The case of high-tech start-ups", *Human Resource Management,* Vol. 50 No. 5, pp. 625-649.

Drori, I., Wrzesniewski, A. and Ellis, S. (2013), "One out of many? Boundary negotiation and identity formation in postmerger integration", *Organization Science,* Vol. 24 No. 6, pp. 1717-1741.

Eales, R. (1990), "Multinational report: multinational corporate communications, a growth sector", *Multinational Business,* Vol. 4, pp. 28-31.

Easton, S. T. and Walker, M. A. (1997), "Income, growth, and economic freedom", *The American Economic Review*, pp. 328-332.

Friedland, R., Alford, R. R., Powell, W. W. and DiMaggio, P. J. (1991), "The new institutionalism in organizational analysis", *The new institutionalism in organizational analysis*.

Goodrick, E. and Salancik, G. R. (1996), "Organizational discretion in responding to institutional practices: Hospitals and cesarean births", *Administrative Science Quarterly*, pp. 1-28.

Grosse, R. and Zinn, W. (1991), "Standardization in International Marketing", *Journal of Global Marketing,* Vol. 4 No. 1, pp. 53-78.

Gubbi, S., Aulakh, P., Ray, S., Sarkar, M. and Chittoor, R. (2010), "Do international acquisitions by emerging-economy firms create shareholder value: The case of Indian firms", *Journal of International Business Studies,* Vol. 41 No. 3, pp. 397-418.

Guillen, M. F. (2000), "Business groups in emerging economies: A resource-based view", *Academy of Management Journal,* Vol. 43 No. 3, pp. 362-380.

Homburg, C. and Bucerius, M. (2005), "A marketing perspective on mergers and acquisitions: How marketing integration affects postmerger performance", *Journal of Marketing,* Vol. 69 No. 1, pp. 95-113.

Homburg, C., Workman Jr, J. P. and Krohmer, H. (1999), "Marketing's influence within the firm", *The Journal of Marketing*, Vol. 63 No. 2, pp. 1-17.

Hoskisson, R. E., Eden, L., Lau, C. M. and Wright, M. (2000), "Strategy in Emerging Economies", *Academy of Management Journal,* Vol. 43 No. 3, pp. 249-267.

Irem, E. E., Emine, C., Muge, Y. and Pervez, N. G. (2010), "Internationalization of emerging market firms: the case of Turkish retailersnull", *International Marketing Review,* Vol. 27 No. 3, pp. 316-337.

Jain, S. C. (1989), "Standardization of International Marketing Strategy: Some Research Hypotheses", *Journal of Marketing,* Vol. 53 No. 1, pp. 70-79.

Jun, J. W. and Lee, H.-S. (2007), "Cultural differences in brand designs and tagline appeals", *International Marketing Review,* Vol. 24 No. 4, pp. 474-491.

Kamel, M., Mehmet, D., Cavusgil, S. T. and Wade, D. (2010), "Marketing strategies of MNCs from emerging markets: internationalisation and market entry mode", *International Marketing Review,* Vol. 27 No. 3.

Kane, T., Holmes, K. R. and O'Grady, M. A. (2007), "2007 Index of economic freedom".

Kedia, B. L. and Bilgili, T. V. (2015), "When history matters: The effect of historical ties on the relationship between institutional distance and shares acquired", *International Business Review*.

Khan, Z., Lew, Y. K. and Park, B. I. (2015), "Institutional legitimacy and norms-based CSR marketing practices: Insights from MNCs operating in a developing economy", *International Marketing Review,* Vol. 32 No. 5, pp. 463-491.

Khanna, T. and Palepu, K. (2000), "Is group affiliation profitable in emerging markets? An analysis of diversified Indian business groups", *Journal of Finance,* Vol. 55 No. 2, pp. 867-891.

Khanna, T. and Rivkin, J. W. (2001), "Estimating the performance effects of business groups in emerging markets", *Strategic Management Journal,* Vol. 22 No. 1, pp. 45-74.

Kogut, B. and Singh, H. (1988), "The effect of national culture on the choice of entry mode", *Journal of International Business Studies,* Vol. 19 No. 3, pp. 411-432.

Kostova, T. and Zaheer, S. (1999), "Organizational legitimacy under conditions of complexity: The case of the multinational enterprise", *Academy of Management Review,* Vol. 24 No. 1, pp. 64-81.

Kumar, N. (2009), "How emerging giants are rewriting the rules of M&A", *Harvard Business Review,* Vol. 87 No. 5, pp. 115-121.

Lambkin, M. C. and Muzellec, L. (2010), "Leveraging brand equity in business-to-business mergers and acquisitions", *Industrial Marketing Management,* Vol. 39 No. 8, pp. 1234-1239.

Li, P. P. (2007), "Toward an integrated theory of multinational evolution: The evidence of Chinese multinational enterprises as latecomers", *Journal of International Management,* Vol. 13 No. 3, pp. 296-318.

Liu, Y. and Woywode, M. (2013), "Light-Touch Integration of Chinese Cross-Border M&A: The Influences of Culture and Absorptive Capacity", *Thunderbird International Business Review,* Vol. 55 No. 4, pp. 469-483.

Lu, Y. and Yao, J. (2006), "Impact of state ownership and control mechanisms on the performance of group affiliated companies in China", *Asia Pacific Journal of Management,* Vol. 23 No. 4, pp. 485-503.

Luo, Y. and Tung, R. L. (2007), "International expansion of emerging market enterprises: A springboard perspective", *Journal of international business studies,* Vol. 38 No. 4, pp. 481-498.

Luo, Y., Xue, Q. and Han, B. (2010), "How emerging market governments promote outward FDI: Experience from China", *Journal of World Business,* Vol. 45 No. 1, pp. 68-79.

Makino, S., Lau, C.-M. and Yeh, R.-S. (2002), "Asset-exploitation versus asset-seeking: Implications for location choice of foreign direct investment from newly industrialized economies", *Journal of International Business Studies*, pp. 403-421.

Maman, D. (2002), "The emergence of business groups: Israel and South Korea compared", *Organization Studies,* Vol. 23 No. 5, pp. 737-758.

Mathews, J. A. (2002), *Dragon multinational: A new model for global growth*, Oxford University Press, New York.
Melewar, T., Gupta, S. and Czinkota, M. (2013), "Global business management for sustainability and competitiveness: The role of corporate branding, corporate identity and corporate reputation", *Journal of World Business,* Vol. 3 No. 48, pp. 285-286.
Melewar, T. and Saunders, J. (1998), "Global corporate visual identity systems: Standardization, control and benefits", *International Marketing Review,* Vol. 15 No. 4, pp. 291-308.
Meyer, K. E., Estrin, S., Bhaumik, S. K. and Peng, M. W. (2009), "Institutions, resources, and entry strategies in emerging economies", *Strategic Management Journal,* Vol. 30 No. 1, pp. 61-80.
Morosini, P., Shane, S. and Singh, H. (1998), "National cultural distance and cross-border acquisition performance", *Journal of International Business Studies,* Vol. 29 No. 1, pp. 137-158.
Nahavandi, A. and Malekzadeh, A. R. (1988), "Acculturation in mergers and acquisitions", *Academy of Management Review,* Vol. 13 No. 1, pp. 79-90.
Nicholson, R. R. and Salaber, J. (2013), "The motives and performance of cross-border acquirers from emerging economies: Comparison between Chinese and Indian firms", *International Business Review,* Vol. 22 No. 6, pp. 963–980.
Nicholson, R. R. and Salaber, J. (2014), "The Impact of the Financial Crisis on the Performance of European Acquisitions", *International Business and Institutions after the Financial Crisis*, pp. 73.
Öberg, C. (2014), "Customer relationship challenges following international acquisitions", *International Marketing Review,* Vol. 31 No. 3, pp. 259-282.
Okazaki, S., Taylor, C. R. and Zou, S. (2006), "Advertising Standardization's Positive Impact on the Bottom Line: A Model of When and How Standardization Improves Financial and Strategic Performance", *Journal of Advertising,* Vol. 35 No. 3, pp. 17-33.
Pradhan, J. P. and Abraham, V. (2005), "Overseas mergers and acquisitions by Indian enterprises: patterns and motivations", *Indian Journal of Economics,* Vol. 85 No. 33, pp. 365-386.
Rao-Nicholson, R., Salaber, J. and Cao, T. H. (2015), "Long-Term Performance of Mergers and Acquisitions in ASEAN Countries", *Research in International Business and Finance*, Vol. 36, pp. 373-387.
Rosson, P. and Brooks, M. R. (2004), "M&As and Corporate Visual Identity: An Exploratory Study", *Corporate Reputation Review,* Vol. 7 No. 2, pp. 181-194.
Rui, H. and Yip, G. S. (2008), "Foreign acquisitions by Chinese firms: A strategic intent perspective", *Journal of World Business,* Vol. 43 No. 2, pp. 213-226.
Salomon, R. and Wu, Z. (2012), "Institutional distance and local isomorphism strategy", *Journal of International Business Studies,* Vol. 43 No. 4, pp. 343-367.
Salwan, P. (2009), "Internationalizing Business Model for Reinventing the Company's Fortunes", *Indian Journal of Industrial Relations,* Vol. 45 No. 1, pp. 84-100.
Samiee, S. and Roth, K. (1992), "The influence of global marketing standardization on performance", *The Journal of Marketing*, Vol. 56 No. 2, pp. 1-17.
Seth, N. B. (1986), "Organizational adaptation to international marketing", *International Marketing Review,* Vol. 3 No. 4, pp. 17-26.
Singh, D. A. (2009), "Export performance of emerging market firms", *International Business Review,* Vol. 18 No. 4, pp. 321-330.

Sinkovics, R. R., Jedin, M. H. and Sinkovics, N. (2014), "Marketing integration in cross-border mergers and acquisitions: conceptual framework and research propositions", *European Journal of International Management,* Vol. 8 No. 6, pp. 644-670.
Stroup, M. D. (2007), "Economic freedom, democracy, and the quality of life", *World Development,* Vol. 35 No. 1, pp. 52-66.
Sun, S. L., Peng, M. W., Ren, B. and Yan, D. (2012), "A comparative ownership advantage framework for cross-border M&As: the rise of Chinese and Indian MNEs", *Journal of World Business,* Vol. 47 No. 1, pp. 4-16.
Szymanski, D. M., Bharadwaj, S. G. and Varadarajan, P. R. (1993), "Standardization versus adaptation of international marketing strategy: an empirical investigation", *The Journal of Marketing*, Vol. 57 No. 4, pp. 1-17.
Theodosiou, M. and Leonidou, L. C. (2003), "Standardization versus adaptation of international marketing strategy: an integrative assessment of the empirical research", *International Business Review,* Vol. 12 No. 2, pp. 141-171.
Tihanyi, L., Johnson, R. A., Hoskisson, R. E. and Hitt, M. A. (2003), "Institutional ownership differences and international diversification: The effects of boards of directors and technological opportunity", *Academy of Management Journal,* Vol. 46 No. 2, pp. 195-211.
Wang, C., Hong, J., Kafouros, M. and Boateng, A. (2012), "What drives outward FDI of Chinese firms? Testing the explanatory power of three theoretical frameworks", *International Business Review,* Vol. 21 No. 3, pp. 425-438.
Wang, S. L., Luo, Y., Lu, X., Sun, J. and Maksimov, V. (2013), "Autonomy delegation to foreign subsidiaries: An enabling mechanism for emerging-market multinationals", *Journal of International Business Studies,* Vol. 45 No. 2, pp. 111-130.
Weber, Y., Tarba, S. Y. and Bachar, Z. R. (2011), "Mergers and acquisitions performance paradox: the mediating role of integration approach", *European Journal of International Management,* Vol. 5 No. 4, pp. 373-393.
Weber, Y., Tarba, S. Y. and Reichel, A. (2011), "A model of the influence of culture on integration approaches and international mergers and acquisitions performance", *International Studies of Management & Organization,* Vol. 41 No. 3, pp. 9-24.
Weber, Y., Tarba, S. Y. and Rozen Bachar, Z. (2012), "The effects of culture clash on international mergers in the high tech industry", *World Review of Entrepreneurship, Management and Sustainable Development,* Vol. 8 No. 1, pp. 103-118.
Whitelock, J. and Pimblett, C. (1997), "The Standardisation Debate in International Marketing", *Journal of Global Marketing,* Vol. 10 No. 3, pp. 45-66.
Yaprak, A. and Karademir, B. (2010), "The internationalization of emerging market business groups: an integrated literature review", *International Marketing Review,* Vol. 27 No. 2, pp. 245-262.
Zaheer, S. (1995), "Overcoming the liability of foreignness", *Academy of Management Journal,* Vol. 38 No. 2, pp. 341-363.
Zou, S., Andrus, D. M. and Wayne Norvell, D. (1997), "Standardization of international marketing strategy by firms from a developing country", *International Marketing Review,* Vol. 14 No. 2, pp. 107-123.
Zou, S. and Cavusgil, S. T. (2002), "The GMS: A broad conceptualization of global marketing strategy and its effect on firm performance", *Journal of Marketing,* Vol. 66 No. 4, pp. 40-56.