

CROSS-BORDER MERGERS AND ACQUISITION AND INTERNATIONAL BUSINESS PERFORMANCE OF NIGERIAN MANUFACTURING FIRMS

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ABSTRACT: *The purpose of this study was to investigate the strategic motives for cross-border mergers and acquisitions, as well as, examines specific relationships between these strategic motives and international business performance (IBP) of Nigerian manufacturing firms that have implemented international mergers and acquisition as a strategic imperative in the past one decade. 462 senior and management staff of 13 Nigerian manufacturing companies, quoted on the Nigerian stock exchange was randomly selected from a business-to-business database maintained by a national list provider. Using the integrated conceptual framework of cross-border entry strategy by Du and Boateng (2012), factors manifesting international business performance were regressed on the strategic motives for Cross-Border Mergers and Acquisition (CBM&As). Findings based on the survey revealed that strategic motives positively affected international business performance of Nigerian manufacturing firms involved in CBM&As. Overall, the paper argue that an institution-based motive of CBM&As, in combination with transaction cost-analysis, resource-based views, and internalization views will not only help sustain a strategy tripod, but also shed significant light on the most fundamental questions confronting motives for cross-border mergers and acquisition. Hence, a model incorporating the key elements of each approach could present a more realistic and comprehensive picture of CBM&As strategies. The model also provides predictive implications on improved international business performance, given the activities of the strategic motives for CBM&As by Nigerian manufacturing firms.*

KEYWORDS: Cross-border Mergers and Acquisition, CBM&As, International Business performance, Transaction cost analysis, Resource-based view, Institutional theory, Internalization theory, Manufacturing Firms, Regression analysis, Nigeria

INTRODUCTION

Understanding the motivation that drives CBM&A activities continues to elicit interest among academics and practicing managers. This interest stems from the various empirical findings that suggest that more than two-thirds of all merger deals are financial failures, when measured in terms of their ability to deliver profitability (Ravenscraft and Scherer, 1987). In sharp contrast to the past, when firms from developed countries dominated the global corporate marketplace and developing countries were merely recipients of international investment, Cross-Border Mergers and Acquisition (CBM&As) by emerging economy firms (EEFs) from countries such as India, China, Brazil, South Africa and Russia have accelerated (Child, 2009; Kiymaz, 2003; Aw and Chatterjee, 2004; Aybar and Ficici, 2009; Du and Boateng, 2012). For example, between 1990 and 2003, the average share of CBM&As purchases as a percentage of FDI outflows of

developing countries reached 40% (Du and Boateng, 2012). Since then, the pace of CBM&As from developing countries has continued to increase. In 2008, FDI from China alone was 52 billion USD, of which 42 billion was via M&As (UNCTAD, 2010; Du and Boateng, 2012). However, the Nigeria's CBM&As efforts in the manufacturing sector just began a few years ago when they realized world market would offer them more opportunity and unlimited scope for growth (Onafowora and Owoye, 2006; Ezeoha, 2007). In a similar vein, the increasing rate of CBM&A activities by developing and EEFs has prompted academic literature on this new phenomenon (Aybar and Ficici, 2009; Du and Boateng, 2012). International entry decision research is important because setting the correct motives, time and boundaries of the firm has significant performance implications (Brouthers et al., 2003).

While the volume of CBM&A literature is considerable with a diverse range of findings that encompass finance and international business strategy, the overall literature seem to lack empirical findings concerning the motives of CBM&A activities from developing economies, and at best, still remain fragmented with virtually no work synthesising the motives and performance related literature towards a more integrated understanding of CBM&A activities (Aybar and Ficici, 2009; Du and Boateng, 2012). In addition, However, there are no coherent frameworks that may help practitioners to gain a convergent understanding of the strategic motives for CBM&As by manufacturing companies. Although some scholars (Brouthers & Brouthers, 2001; Brouthers et al., 2000; Brouthers and Hennart, 2007) had developed the globalization model for manufacturing companies, those models were not fully examined in developing markets (Onafowora and Owoye, 2006). However, as the forces of globalization drive firms to expand outside their home market, a primary issue of concern is in determining motives, when and how (mode) to enter foreign market(s) (Child, 2009; Kiymaz, 2003; Aw and Chatterjee, 2004; Aybar and Ficici, 2009; Du and Boateng, 2012). This lack of research is an important omission, and this study attempts to address this issue. Consequently the aim of this paper was to investigate the strategic motives for cross-border mergers and acquisitions, as well as, examines specific relationships between these strategic motives and international business performance (IBP) of Nigerian manufacturing firms that have implemented international mergers and acquisition, as a strategic imperative, in the past one decade.

This study was motivated by the submissions of Child (2009), Kiymaz (2003), Aw and Chatterjee (2004), Aybar and Ficici (2009) and Du and Boateng (2012). According to Kiymaz (2003) and Aw and Chatterjee (2004), since an extensive longitudinal study of the rise and fall of strategic entry motives and performance implications, with respect to the relationship-factor of the important variables has hardly been done, in the Nigerian context, this study intends to bridge this gap. In addition, this type of study will reveal the notable contributions of developing and EEFs, further our understanding of the performance of emerging market multinationals' investments, and can create a framework for additional research (Child, 2009; Aybar and Ficici, 2009; and Du and Boateng, 2012). These gaps were also corroborated by Brouthers & Brouthers (2001), Brouthers et al. (2000) and Brouthers and Hennart (2007). According to Brouthers & Brouthers (2001) and Brouthers et al. (2000), despite the significant investments in internationalization initiatives by manufacturing firms around the world, formal efforts to determine their success and the underlying motives have been very limited. Contending with the measurement of business performance, which was often focused on financial metrics, Brouthers

and Hennart (2007) specifically identified this gap in the literature. This is on the premise that many researchers often use objective measures such as turnover and profit as a form of measuring firm business performance from the various internationalization strategies. However, according to Brouthers and Hennart (2007), perceived measures can replace objective measures of performance. Lastly, Brouthers & Brouthers (2001) and Brouthers et al. (2000) also posited that much effort is needed in developing a model for strategic internationalization motives, whether for private organizations or for public organizations in the manufacturing sectors of a developing economy.

REVIEW OF RELEVANT LITERATURE

Theoretical Framework

A firm's strategic asset is defined as "a set of difficult to trade and imitate, scarce, appropriable and specialized resources and capabilities that bestow the firm's competitive advantage" (Amit and Schoemaker, 1993:36). These assets include reputation, tacit knowledge, buyer-supplier relationship, research and development (R&D) capability, brand name, knowledge and proprietary technologies. A large number of theories have been used to explain theoretical motivations for CBM&As, i.e., what drives emerging economy firms to undertake acquisitions, as identified in the literature (Kiyamaz, 2003; Aw and Chatterjee, 2004). Although numerous prior studies have utilised internalization theory and resource-based views, the primary motives for CBM&As by emerging economy firms remain unclear (Child, 2009; Aybar and Ficici, 2009; and Du and Boateng, 2012). In addition, traditional theories of MNEs also highlighted asset exploitation and exploration as important motivations for the international expansion of MNEs (Du & Boateng, 2012; Child, 2009). Apart from the study of Boateng et al. (2008), which attempted to rank the motives that drive Chinese firms abroad, other studies (Deng, 2009; Child, 2009) have only used case studies to analyse a single motive, such as a resource-based view and strategic intent (Aybar and Ficici, 2009; and Du and Boateng, 2012). However, as noted by Boateng et al. (2008), firms that undertake acquisitions are not motivated by a single reason but a set of motives. Consequently, Du & Boateng (2012), Child (2009) and Aybar and Ficici (2009) suggested the need to conduct further research to uncover the primary motives and their relative importance, the institutional drivers of CBM&As, and the need to fully examine the often cited motivation for mergers and acquisition by Emerging Economies Firms (EEFs) "to acquire strategic assets". However, the research of Madhok and Keyhani (2012) and Li (2009) indicates that the existing theories do not sufficiently explain the internationalisation of developing and EEFs, and they have called for either the extension of existing theories or the development of new theories to explain this phenomenon (Du and Boateng, 2012).

In summary, among the most commonly applied theories are transaction cost analysis (TCA), the resource-based view, internalization and institutional theories; these four theories are used as the theoretical foundation for almost 80% of the published entry mode studies (Brouthers and Hennart, 2007). Other less frequently applied theories include control theory, agency theory, bargaining power theory, and resource dependency theory (Brouthers and Hennart, 2007). However, many existing literature shows no agreement regarding the conceptual framework and constructs that should be used to explain a firm's internationalization motives, while a theoretical framework can be based on more than one theory (Andersen, 1997). Consequently, the

theoretical framework for this study was based on the four (transaction cost analysis-TCA, the resource-based view, internalization and institutional theory) most common theories of international entry motives (Brouthers & Brouthers, 2001, Brouthers et al., 2000, 2002, 2003; Brouthers and Hennart, 2007).

Transaction Cost Analysis argues that managers suffer from bounded rationality, whereas potential partners may opportunistically act if given the chance (Brouthers and Hennart, 2007). The approach seeks to identify the environmental factors that together with a set of related human factors explain how companies can organize transactions to reduce the costs associated with these transactions (Andersen, 1993).

The resource-based theory views internal organizational factors as the determinants of international business strategy and performance (Asika, 2006). The resource-based view suggests that valuable firm resources--comprising tangible and intangible elements--are usually scarce, imperfectly imitable, and lacking in direct substitutes (Brouthers and Hennart, 2007). It is about producing the most value from one's existing capabilities and resources by combining these with others' sources of advantage and, in this, ensuring complementarity is paramount (Johanson, 1990). The resource-based view suggests that firms must develop some unique strategic assets or resources that they can exploit in foreign markets or use foreign markets as a source for acquiring or developing new resource-based advantages (Luo, 2002).

Luo (2002) suggests that firms develop resource-based advantages by developing or acquiring a set of firm-specific resources and capabilities that are valuable, rare and imperfectly imitable and for which there are no commonly available substitutes. Consequently, Makino et al. (2002) argue that EEFs are motivated by the search for strategic assets embodied in other firms and they increasingly use CBM&A as a foreign entry mode. Makino et al. (2002) also noted that Asian firms are most interested in acquiring qualities that are unavailable domestically, such as superior assets and skills, by means of acquisitions in advanced countries. In addition, Du & Boateng (2012) posits that Chinese firms strategically use CBM&As to achieve specific goals, such as acquiring strategic capabilities to offset their competitive weaknesses and leveraging their unique ownership advantages, while using institutional incentives and minimizing institutional constraints.

Contrary to the institutional-based theoretical perspective of CBM&As strategies, the influence of the "environment" (Lawrence & Lorsch, 1969) has long been featured in the industry- and resource-based views. However, not until recently, scholars had rarely looked beyond the task environment to explore the interaction among institutions, organizations, and strategic choices. Consequently, a number of researchers suggest that firms need to consider wider influences from sources such as the state and society when crafting and implementing their strategies (Du and Boateng, 2012). Institutional theory research suggests that a country's institutional environment affects firm's CBM&As entry decisions, because the environment reflects the "rules of the game" by which firms participate in a given market (Brouthers and Hennart, 2007). For example, Hitt et al. (2004) noted that in emerging economies such as that in China, economic reforms have focused on improving firms' innovatory capacity as part of the institutional transition from planned to market economy. Deng (2009), in his multiple case study, showed how Chinese firms

undertake strategic asset-seeking M&As to mitigate domestic institutional constraints and respond to the unique institutional characteristics of China, such as complying with the government's "go global" strategy. Instead of arguing for "a fundamentally different way" of thinking about CBM&As strategies, this paper is of the opinion that, an institution-based view represents a great deal of continuity with existing research, and that it is best viewed as complementing – but not substituting – the industry, internalization and resource-based views. Its novelty lies in its attempt to explicitly add a missing leg in the strategic motives (Peng, 2006; Brouthers and Hennart, 2007).

Internalisation theory, on the other hand, is on the premise that firms extract above-normal returns from CBM&A investment by internalising host country imperfections when their firm-specific assets cannot find comparable value elsewhere (Du & Boateng, 2012; Morck and Yeung, 1991; 1992; Gubbi, Aulakh, Ray, Sarkar, & Chittoor, 2010). The resulting economic rents derived from internalisation are expected to be converted into a higher value for the firm (Aybar and Ficici, 2009). Internalisation perspective, which was developed largely in the context of the advanced market economies of North America and Western Europe, has been used to explain emerging economy firms' acquisitions abroad (Boateng et al., 2008; Aybar and Ficici, 2009). This is consistent with the views of other researchers such as Lall (1983) and Wells (1983), who first pointed to the limited applicability of internalisation theory in the context of firms from one developing country entering into other developing countries. Lall (1983) and Wells (1983) argued that firms from developing countries primarily expand into similar or less-developed countries using proprietary advantages, such as low input costs, inexpensive labour, managerial skills, and other advantages associated with conglomerate ownership. Gubbi et al. (2010) point out that these advantages helped emerging economy firms to expand predominantly into other, similar emerging economies.

International Business Performance (IBP)

Previous studies suggest that the ability for mergers and acquisitions to create value for acquiring firms' shareholders is, at best, mixed, with studies reporting both value destruction and abnormal returns (Child, 2009; Kiymaz, 2003; Aw and Chatterjee, 2004; Aybar and Ficici, 2009). Research on post-acquisition performance has been examined from two main research streams. The first research stream, examines the issue of shareholder wealth creation. This line of research examines the stock market's reaction to CBM&A announcements. The second stream uses a multiple-case approach and a cross-sectional quantitative approach to analyse one or more factors that may influence post-acquisition performance (Du & Boateng, 2012). Mergers and acquisitions studies that examine the value creation of acquiring firms from emerging economies have approached the subject using stock market-based performance measures and event study methodologies (Boateng et al., 2008; Aybar and Ficici, 2009; Gubbi et al., 2010). The majority of the studies have reported significant positive returns for acquiring firms (Boateng et al., 2008; Gubbi et al., 2010), and one study, Aybar and Ficici (2009), documents the value destruction.

The predominant use of stock market based performance measurement, calculated by the cumulative abnormal returns over short event windows around announcement period of 2- to 5-day in order to measure shareholder wealth changes, has been faulted in the literature (Du & Boateng, 2012; Boateng et al., 2008; Gubbi et al., 2010). This is on the premise that stock

market based performance model only measures investors' expectations and not realized performance (Schoenberg, 2006). Consequently, Du & Boateng (2012) posit for the use of perceptual or ex post assessment of senior and management staff after mergers and acquisition and stock market based measures to evaluate performance and long-term synergies accruing from the acquisitions.

Consequently, business performance outcomes of mergers and acquisition can be considered both in financial and non-financial terms (Du & Boateng, 2012; Bontis, 1998; Bontis et al., 2000). While business performance of the enterprise determine the objective measures such as return on investment, profits and sales turnover, perceived measures of international business performance of the enterprise relates to perceived management satisfaction, improved percentage of foreign sales and improved value creation for shareholders. In this paper, the latter was used to measure international business performance, since perceived measures can replace objective measures of international business performance (Dess and Robinson, 1984). Additionally the reliabilities and correlations between objective measures and perceived measures are strong (Lyles and Salk, 1996). This was further corroborated by Du and Boateng (2012). According to them "to get deeper insights into why emerging economy firms undertake CBM&As, the use senior managers assessment appears a promising line to proceed (p.47). Research method follows.

METHODOLOGY

Surveys were the primary source of data collection for this study. This is on the premise that, survey research is an appropriate method to generalize from a sample to a population, allowing in this sense, to establish inferences over the entire population (Mullins and Larreche, 2006). Using random sampling, 462 senior and management staff of 13 Nigerian manufacturing companies, quoted on the Nigerian stock exchange was randomly selected from a business-to-business database maintained by a national list provider. The unit of analysis of this study is the firm.

Although items contained in the survey instrument had been validated by previous studies, to get insights into the essential strategic motives of CBM&As in the Nigerian context, all items representing motives and IBP measures were validated and accepted individually by three professors in Management studies and five experts in CBM&As, specifically in the Nigerian context. Recommendations from experts were processed after effecting necessary modifications and then, the final version was accepted. In all, based on the sample frame of 40,666 senior and management staff, the sample size for this study was determined using the modified Yamane (1967:886) formula, as used by Khong (2005). The total Sample size was settled at 462 respondents. Consequently, a total of 462 questionnaires were administered to all the participating firms. In the questionnaire, participants were asked to answer two important sections; one with regards to the strategic motives of CBM&As and the other to IBP. In motives for CBM&As, they were asked to rate the degree of usefulness of 23 variables (table 2) in association with their firms' internationalization decisions; in IBP, they were also asked to rate 3 variables (table 3) in relation to their companies' international business performance. Each of the variables contained questions with the rating based on an interval scale from 1 to 5, where 1 is

“strongly disagree” while 5 is “strongly agree”. n/a (not applicable or no comment) option was also included, so as not to force the respondents to select from the available options.

Table 1: Participating manufacturing industries in the survey

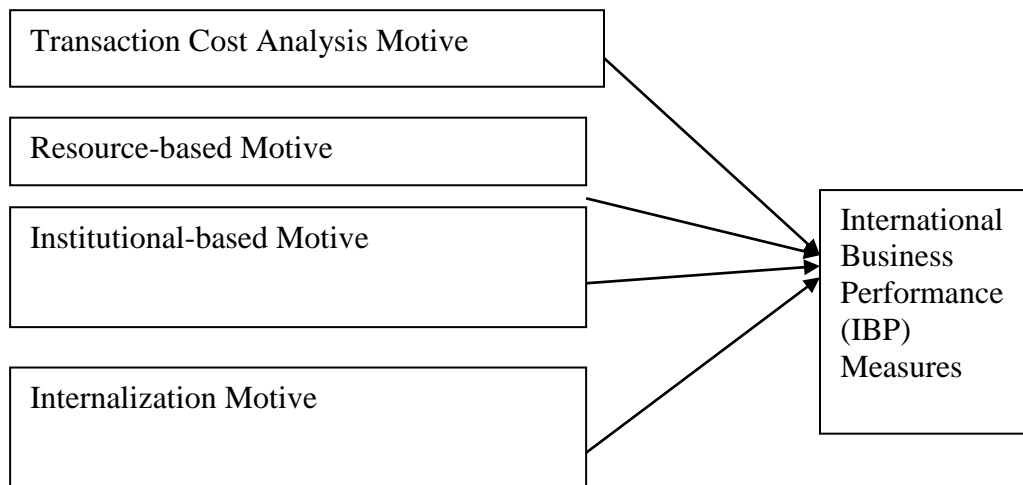
Name of Sector/Industry	Number of Company	Total Questionnaire
Agriculture	2	78
Conglomerates	4	106
Consumer Goods	2	92
Industrial Goods	4	116
Oil and Gas	1	70

The senior and management staffs (respondents) from the participating companies were expected to be an active participant of the CBM&As effort. These respondents were selected based on the premise that they are among the most knowledgeable informants on CBM&As decisions and the derived international business success in their respective organizations.

Questionnaire: Instrument Development and Operationalization.

The Du & Boateng (2012) integrated conceptual framework is one of the most widely cited CBM&As model. The value of the Model is that it not only identifies four items (constructs) influencing CBM&As motives but also proposes relationships among them. The Du & Boateng (2012) integrated conceptual framework of CBM&As appears in Figure 1, and formed the model analysis for this study.

Figure 1: The Du & Boateng (2012), integrated conceptual framework of CBM&As



Given the background of the extensive literature reviewed to identify strategic motives for CBM&As, this research focuses on identifying factors impacting the dimension of improved international business performance as a consequence of CBM&As decisions. In summary, the

results from the reviewed literatures were used to construct a questionnaire, similar to the variables and factors (shown in Tables 2 and 3) distilled from previous studies.

Table 2: The measure of CBM&As Motives

Vari able	Description of factors	CBM&As motives	Author
A1	Our foreign entry decisions are based on making investments that are specific to the buyer	Transaction Cost Analysis Motive	Brouthers and Hennart, 2007
A2	The level of technological advancement influences international exposure of my company		Palenzuela & Bobillo, 1999;
A3	Increase in the value and number of employee encourages the decision to expand to other countries		Brouthers & Brouthers, 2003; Brouthers et al., 2003
A4	political and economic stability of our target country encourages international operations		Brouthers, 2002; Brouthers & Brouthers, 2003; Brouthers et al., 2003; Luo, 2001
A5	High market potential influences international presence		Brouthers, 2002
A6	similarity and familiarity with a country's cultures and environments encourages foreign investments		Brouthers, 2002; Kim & Hwang, 1992; Gomes-Casseres, 1989.
A7	International expansion is encouraged by the perceived simplicity in partner selection and ability to enforce, monitor, and control contractual agreements		Brouthers, 2002; Brouthers & Brouthers, 2003; Brouthers et al., 2003
A8	International investment is influenced if the transactions are recurrent and/or large		Williamson, 1985
B1	The higher my company's international experience, the higher the urge to expand internationally	Resource-based Motive	Zhao et al., 2004; Gomes-Casseres, 1989
B2	Increasing length and scope of my company's international experience encourages further international investment		Brouthers and Hennart, 2007
B3	Possession of a country-specific experience induces setting up international presence in the		Zhao et al., 2004; Gomes-

	target country		Casseres, 1989
B4	Possession of unique proprietary technology, tacit know-how, and firm reputation induces our companies propensity to expand to foreign countries		Ekeledo and Sivakumar (2004)
B5	The reputation of our company in the industry encourages international operations		Ekeledo and Sivakumar (2004)
C1	Acceptability and adaptability of our products in a foreign country/ culture encourages international presence in that country	Institutional-based Motive	Brouthers,2002; Brouthers & Brouthers, 2003
C2	Favorable government policy in the host and home countries influences decisions to increase international investments		Brouthers,2002; Brouthers et al., 2003
C3	Price stability, controlled inflation and favourable monetary policies in a host nation induces my company's foreign exposure in the host country		Brouthers, 2002
C4	Complementary and receptive host nation's organizational structures, processes and administrative conveniences encourages increased foreign commitment of our company		Brouthers, 2002
C5	The level, pattern and government regulation of competition in the host nation influences our company's foreign commitment.		Brouthers,2002; Brouthers & Brouthers, 2003
D1	Our firm expand into similar or less-developed countries due to the possession of low input costs	Internalization Motive	Lall (1983) and Wells (1983)
D2	Our firm extract above-normal returns from CBM&A investment by internalizing host country imperfections when their firm-specific assets cannot find comparable value elsewhere		Du & Boateng, (2012), Morck and Yeung (1991)
D3	Our firm expansion to other countries is based on inexpensive labour force		Aybar and Ficici (2009)
D4	The level of managerial skills in our organization is very high to support international expansion		Du & Boateng, (2012), Morck and Yeung (1991)

D5	Our firm expand into similar or less-developed countries using our proprietary and other advantages associated with conglomerate ownership		Lall (1983) and Wells (1983)
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According to the framework of Aybar & Ficici (2009); Chen & Young (2010); and Deng (2010), the variables manifesting IBP (International Business Performance) are depicted in table 3.

Table 3: The measure of International Business Performance

Variable	Key factors manifesting PIBPM	Author
E1	Our organisation's target of foreign sales as a percentage of total sales are met	Aybar & Ficici (2009); Chen & Young (2010); Deng (2010)
E2	Management is satisfied with our current level of international performance	Gubbi et al. (2010)
E3	There is improved value creation for our shareholders	Chen & Young (2010); Deng (2010)

Source: Aybar & Ficici(2009); Chen & Young (2010); Deng (2010)

However, since the purpose of this study was to examine the impact of CBM&As motives on IBP, it is expected that the former (strategic motives) will positively improve the latter (IBP). Results and findings follows.

RESULTS

To analyse the data collected via the survey instrument, an appropriate statistical procedure was subsequently formulated using the methodologies recommended by Hair et al. (1998). From the formulated methodologies, specific relationship between strategic motives of CBM&As and IBP were established. In sequential order, the recommended methodologies are:

1. Reliability and Validity analysis
2. Factor analysis
3. Regression Analysis

Reliability Analysis

Reliability analysis is conducted in order to measure the internal consistency of variables, measured by interval scale items, in a summated scale (Hair et al., 1998). In this study, the summated scales are the strategic motives and IBP. Using the regression tool in SPSS (statistical package for social scientist), the robustness of Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy (0.622); and the Bartlett's test of sphericity (1004.44) were also used to rejects/accept the fact that the population correlation matrix is an identity matrix.

Table 4: Summary of Test Result- Reliability Analysis

Constructs	Number of Questionnaire items	Cronbach's Alpha (mean)	Composite Reliability (CR)	Average Variance Extracted (AVE)
Transaction Cost Analysis motive	8	0.812	0.844	0.858
Resource-based motive	5	0.905	0.777	0.780
Institutional-based motive	5	0.881	0.780	0.723
Internalization motive	5	0.888	0.798	0.709
IBP	3	0.840	0.804	0.773

From the results of the reliability analysis, shown in table 4, the cronbach's alpha, CR and AVE of all the five constructs measuring CBM&As motives and IBP were well above the recommended minimum of 0.70, hence, the set of variables were consistent in what they were intended to measure (Hair et al., 1998; Fornell and Larker, 1981).

Test Result for Validity analysis.

This research utilised convergent and discriminant validity tests, to demonstrate various aspects of construct validity- the ability of the measurement items to measure accurately the constructs of the study (Hair et al., 1998).

Table 5: Summary of Test Result- Validity Analysis and KMO and Bartlett's Test

Model	Collinearity Statistics		Durbin- Watson:
	VIF	Tolerance	
(Constant)			2.031
Transaction Cost analysis motive	1.023	.977	
Resource-based motive	1.053	.972	
Institutional-based motive	1.045	.969	
Internalization motive	1.166	.926	

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.622
Bartlett's Test of Sphericity	Approx. Chi-Square	1004.44
	Df	405
	Sig.	.000

Factor Analysis, via “Principal Components extraction”, was the technique used to test discriminate Validity. Factoring method used was “Principal Components”, applying an Orthogonal Varimax rotation with Kaiser’s normalization (Khong, 2005). Based on these conditions, 5 factors were obtained (Kaiser’s criterion of retaining factors with eigenvalues greater than 1), which was consistent with the 5 variables used in the model (Asteriou and Hall, 2007).

Factor Analysis

The purpose of factor analysis, in this study, was to reduce the 26 variables, of which 23 were manifesting CBM&As motives and 3 manifesting IBP, to a more manageable set of factors (Aaker and Day, 1986). Exploratory factor analysis was used to summarise and reduce the data. After exploratory factor analysis, confirmatory factor analysis was also conducted. In order to define which factors determine the successful CBM&As motives and IBP, confirmatory factor analysis method was employed (Hair et al., 1998). When conducting confirmatory factor analysis, variables with high factor loadings were assigned to describe the respective factors. Therefore, variables that have low loadings on respective factors were constrained to zero (Hair et al., 1998). According to Carmines and Zeller (1979), the acceptable threshold for factor loading is 0.7 or above. Consequently, variables with loadings less than 0.7 were constrained to zero. Using SPSS, the results of this factor analysis, with the assumption of extracting via principal components method and rotating via varimax, are shown in tables 6.

Table 6: Rotated Factor Matrix

Total Item Correlation	Variable	Factor			
		1	2	3	4
.723	E2	.833			
.695	E3	.773			
.597	E1	.758			
.473	B3				
.427	B5				
.130	B1				
.794	A1		.882		
.741	A4		.801		
.486	A1				
.796	C3			.804	

.758	C2			.716		
.500	C1					
.174	A4					
.127	A3					
.793	B4				.711	
.790	B2				.705	
.665	C5					
.539	C4					
.261	A7					
.276	A8					
.295	A6					
.759	D1					.812
.604	D5					.764
.530	D3					.722
.467	D4					
.370	D2					
.						

Extraction Method: Principal Component Analysis (5 factors Extracted)

Rotation Method: Varimax with Kaiser Normalization.

The factor matrix for successful CBM&As motives and IBP revealed five significant factors, that is, factors 1, 2, 3, 4 and 5 respectively; and the five factors were extracted. Consequently, factors 2, 3, 4 and 5 manifested the constructs of CBM&As motives while factor 1 manifested international business performance (IBP). From table 6, variables A1, A4; B4, B2; C3,C2; D1,D5,D3; and E2, E3, E1 were retained for manifesting motives for CBM&As and IBP respectively, because their factor loadings were above the 0.7 threshold. The retained variables were used in estimating a model via regression analysis.

Hypothesis testing

In order to examine the relationships between motives for CBM&As (exogenous constructs) and International business performance (endogenous constructs) of Nigerian manufacturing firms, the following hypotheses were tested:

H0: The respective exogenous construct has no positive effects on the respective endogenous construct

OR

H1: transaction cost analysis motives has positive relationship with international business Performance

H2: resource-based motive has positive relationship with international business Performance

H3: institutional based motive has positive relationship with international business Performance

H4: Internalization motive has positive relationship with international business Performance

H1, H2, H3 and H4 are set to examine the effects of CBM&As motives on international business performance (IBP). By testing these hypotheses, an overview of successful CBM&As

motives towards international business performance in Nigerian manufacturing firms was determined.

Table 7: Testing the Hypotheses

R²=							0.5221
Sig <.0001							
Durbin				Watson=		2.031	
IBP							
Construct Association	'α' Level	Beta	ρ-value	Significant (yes/no)	Hypothesis	Validation	
Transaction Cost analysis motive with IBP	0.05	0.36	0.0230	Yes	Accept H1	Yes	
Resource-based motive with IBP	0.05	0.34	0.0491	Yes	Accept H2	Yes	
Institutional-based motive with IBP	0.05	0.32	0.0407	Yes	Accept H3	Yes	
Internalization motive with IBP	0.05	0.39	0.0307	Yes	Accept H4	Yes	

Note: α level denotes significant level

DISCUSSION OF FINDINGS

The survey revealed that successful CBM&As motives positively affected international business performance. The results suggests the positive effects of the strategic motives for CBM&As (Transaction Cost analysis motive - $\beta=0.36$, $p=0.0230$; Resource-based motives - $\beta=0.34$, $p=0.0491$; Institutional-based motive - $\beta=0.32$, $p=0.0407$; Internalization motive - $\beta=0.39$, $p=0.0307$) on improved international business performance of Nigerian manufacturing firms, and were corroborated empirically in this study. All the constructs were validated at $\alpha=0.05$ level of significance. A positive and significant relationship obtained in this study agrees with the findings of Lall (1983), Wells (1983), Boateng et al. (2008), Ekeledo and Sivakumar (2004), Zhao et al. (2004) and Javalgi et al. (2003). Specifically, Lall (1983) and Wells (1983) argued that firms from developing countries primarily expand into similar or less-developed countries using proprietary advantages, such as low input costs, inexpensive labour, managerial skills, and other advantages associated with conglomerate ownership. Moreover, in a study of Chinese CBM&As, Boateng et al. (2008) also emphasize the internalization of the acquiring firm's intangible assets and the target's intangible assets by way of reverse internalisation to avoid misappropriation of intangible assets and reduce transaction costs. This may be due to the fact that, traditional theories of MNEs are premised on exploiting a firm's superior resources abroad (Dunning, 1988; Rugman, 1981). However, EEFs are resource deficient, begin with weak advantages and tend to go abroad to access these resources (Du and Boateng, 2012). Consequently, emerging economy firms (EEFs) are motivated predominantly by the need to acquire strategic assets and increase market development. Secondly, governments in emerging

economies exert considerable influence over businesses, as compared with their counterparts in advanced countries (Du and Boateng, 2012). This is also consistent with the view of Shimizu et al. (2004), who note that government authority over business in emerging economies is more pervasive and pronounced. This study also differs from a similar study by Aybar and Ficici (2009). Aybar and Ficici (2009) studied 14 emerging economies, using a sample of 433 acquisitions over the period from 1991 to 2004 reported that, on average, CBM&As of emerging economies do not create value but destroy value for more than half of the transactions analyzed over a two- and three-day event window.

However, not all of the manifesting variables in CBM&As motives were positively affecting IBP. A1, A4; B4, B2; C3, C2; D1, D5, D3 variables manifesting successful CBM&As were subsequently ranked according to their importance in the construct. Hence, implementations of effective motives for CBM&As to improve international business performance of Nigerian manufacturing firms should begin with A1,A4,C3,D1 (Park 1) and B4,B2,C2,D5,D3 (Park 2). Park 1 decisions were the most influential motives for CBM&As by Nigerian manufacturing firms. Hence, for CBM&As efforts to be successful in the Nigerian manufacturing sector, foreign entry decisions must be based on making investments that are specific to the buyer; while political and economic stability of the target country should encourages international operations. In addition, price stability, controlled inflation and favourable monetary policies in a host nation also motivates CBM&As by Nigerian manufacturing firms; most importantly, Nigerian firms often expand into similar or less-developed countries due to the possession of low input costs.

Other secondary prerequisite of a successful CBM&As of Nigerian manufacturing firms are: Possession of unique proprietary technology, tacit know-how, and firm reputation; increasing length and scope of a company's international experience; favorable government policy in the host and home countries; proprietary and other advantages associated with conglomerate ownership; and the availability of inexpensive labour force.

CONCLUSION AND IMPLICATIONS FOR PRACTICE

In this paper, an empirical framework was created to assess specific relationships between motives for CBM&As and IBP in the Nigerian manufacturing industry. Findings based on the survey revealed that successful CBM&As motives positively affected international business performance. The results suggests the positive effects of the strategic motives for CBM&As (Transaction Cost analysis motive - $\beta=0.36$, $p=0.0230$; Resource-based motives - $\beta=0.34$, $p=0.0491$; Institutional-based motive - $\beta=0.32$, $p=0.0407$; Internalization motive - $\beta=0.39$, $p=0.0307$) on improved international business performance of Nigerian manufacturing firms, and were corroborated empirically in this study. As a result, the measurement and structural equation contrived offered a mathematical interpretation of how motives for CBM&As can affect IBP. Hence, to enhance their competitive position in the global market place, Nigerian manufacturing firms should give high priority to their CBM&As efforts. The model contrived provides predictive implications on improved international business performance, given the activities of key factors manifesting successful motives for CBM&As. This paper identifies the following: foreign entry decisions must be based on making investments that are specific to the buyer, political and economic stability of the target country, price stability, controlled inflation and favourable monetary policies in the host nation, expansion into similar or less-developed

countries. Other secondary prerequisite of a successful CBM&As of Nigerian manufacturing firms are: Possession of unique proprietary technology, tacit know-how, and firm reputation; increasing length and scope of a company's international experience; favorable government policy in the host and home countries; proprietary and other advantages associated with conglomerate ownership; and the availability of inexpensive labour force.

This research also assisted in demonstrating how motives for CBM&As influenced international business performance, stimulating Nigerian manufacturing firms to embrace CBM&As that can impact their competitiveness. Moreover, the corroborated findings provide valuable implications for practice. Finally, this study is expected to provide specific direction to companies contemplating CBM&As, hence, the study is expected to be beneficial to Nigerian manufacturing firms and other Nigerian companies alike, policy makers in private and public sectors of the Nigerian economy by, enabling better strategic and tactical judgments with regards to CBM&As efforts. It will help Nigerian companies understand CBM&As as a business philosophy, its key components and motives.

This study seems to be among the few examining the relationships between motives for CBM&As and IBP by Nigerian manufacturing firms, and the related success, in the perspective of how organizations fare after implementing CBM&As efforts. The notion of internationalization success was analyzed explicitly by assessing the value derived from implementing it. According to Kiymaz (2003) and Aw and Chatterjee (2004), since an extensive longitudinal study of the rise and fall of strategic entry motives and performance implications, with respect to the relationship-factor of the important variables has hardly been done, in the Nigerian context, this study intends to bridge this gap. Another contribution of this study is the measurement of performance, which was not limited to or focused on financial metrics, but encompasses diverse indicators and perspectives, like Perceived International Business Performance. Brouthers and Hennart (2007) specifically identified this gap in the literature. This is on the premise that many researchers often use objective measures such as turnover and profit as a form of measuring firm business performance from the various internationalization strategies. However, according to Brouthers and Hennart (2007), perceived measures can replace objective measures of performance. Lastly, Brouthers & Brouthers (2001) and Brouthers et al. (2000) also posited that much effort is needed in developing a model for strategic internationalization motives, whether for private organizations or for public organizations in the manufacturing sectors of a developing economy.

In addition, this study seems to be one of the few that aims at investigating the success of CBM&As motives in the manufacturing sector of a developing economy, like Nigeria, by proposing a model and validating it empirically. In addition, this study revealed the notable contributions of developing and EEFs, in furthering our understanding of the performance of emerging market multinationals' investments, and can create a framework for additional research (Child, 2009; Aybar and Ficici, 2009; and Du and Boateng, 2012). This gap was also corroborated by Brouthers & Brouthers (2001), Brouthers et al. (2000) and Brouthers and Hennart (2007). According to Brouthers & Brouthers (2001) and Brouthers et al. (2000), despite the significant investments in internationalization initiatives by manufacturing firms around the

world, formal efforts to determine their success and the underlying motives have been very limited.

Finally, this paper advocate for the integration of several theoretical perspectives to construct a conceptual and multi-theoretical framework of CBM&As strategies. Overall, the paper argue that an institution-based view of CBM&As strategy, in combination with transaction cost analysis-, internalization and resource-based views, will shed significant light on the most fundamental questions confronting CBM&As efforts. However, since only one perspective in each organization was collected (senior and management staff responsible/ actively participated in the internationalization process) and for the fact that few respondents were chosen from each participant companies, it is not unreasonable to claim that a method bias may limit the research findings. But even if the constructs measured were conceived as “perceptual” ones identified by a rater (senior and management staff), additional guidelines might be used in future studies to minimize this potential limitation, which may include the use different methods to measure the independent versus dependent variables, or to call for multiple raters from different rater classes, such as junior staff, experts and consultants.

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