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Accepted for publication in Human Resource Management

Research Repository link: <https://repository.essex.ac.uk/43324/>

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<https://doi.org/10.1002/hrm.70078>

www.essex.ac.uk

Cross-Border Acquisitions and Firm Financial Performance: The Overlooked Role of Training Investments

Cross-border acquisitions involving developed and emerging economies serve as an important source of organizational learning and performance renewal. Yet, how these cross-border learning opportunities are internalized through human capital investment and how such investments influence post-acquisition outcomes remain a theoretically rich but empirically underexplored question. Based on the resource-based view of the firm and, in conjunction, the absorptive capacity literature, we propose that acquisitions between firms from different economic categories (developed vs. emerging economies) have a positive effect on the training investments, which, in turn, positively mediates the effect of cross-border acquisitions on post-acquisition firm performance. We further propose firm-specific contingencies that bound the relationships between cross-border acquisitions, training investments, and firm performance. Specifically, we argue that acquirers with prior experience are less reliant on training investments, and R&D of the acquired firm plays a complementary role to training investments in generating higher returns from the acquisition. We test these propositions using data on 1759 acquisition deals during the period 2004-2023. Our results provide support for our theoretical arguments. The findings advance the human resource management literature by highlighting the capability-building role of training in leveraging human capital to enhance firm performance in cross-border acquisitions. The study also has practical implications for multinational acquirers aiming to strengthen organizational capabilities and build post-acquisition resilience through targeted training investments.

Keywords: Cross-border acquisition; Training investment; Firm performance; Emerging economies; Developed economies

1. Introduction

Acquisitions play a critical role in firm growth by facilitating expansion to new markets, obtaining valuable resources, and leveraging economies of scale and scope (e.g., Haleblian et al., 2009; Kim, Haleblian, and Finkelstein, 2011). Yet, acquisitions are associated with high uncertainty and probability of failure, with multiple statistics showing that up to 70-90% of deals are unsuccessful (Christensen, Alton, Rising and Waldeck, 2011; Lev and Gu, 2024). When firms pursue cross-border acquisitions¹ in particular, i.e., those where the acquiring and target firm have headquarters in different countries with disparate institutional norms, cultures, and employment systems (Aguilera and Dencker, 2004), the chances for success are further undermined by geographic and cultural differences, language barriers, and integration difficulties associated with combining employees from two different firms (Shimizu, Hitt, Vaidyanath, and Pisano, 2004; Yahiaoui, Jiang, Stokes, Pereira, and Sinha, 2025; Yu, Lee, Han, and Cantor, 2025). This context makes managing human resources—and thus realizing value from the acquisition—all the more difficult. Despite these challenges, many firms continue to pursue cross-border acquisitions suggesting that some acquirers might be better at managing their human resources. This presents a critical and underexplored question to (HR) theory: How can firms manage human resources in such a way to improve firm performance in cross-border acquisitions?

Since human capital, or the knowledge skills, and other capabilities of employees, (Ployhart and Moliterno, 2011) plays a key role in acquisition dynamics, including communication, interactions, coordination, and integration between the acquirer and target (Devers, et al., 2020; Fulghieri and Sevilir, 2021), prior research has proposed that better

¹ We examine cases where the acquiring company is from a developed economy and the target company is from an emerging economy as well as cases where the acquiring company is from an emerging economy and the target company is from a developed economy.

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preparation of employees can increase chances of acquisition success (Aguilera and Dencker, 2004). Since training is an HR practice that is essential for preparing employees to deal with the uncertainty and complexity (Noe, Clarke, and Klein, 2014), it is important to examine the role of training investments in the cross-border acquisition process. Although the literature has proposed that training is important in cross-border acquisitions, there has been a relative lack of empirical investigation on the topic (Tarba, Cooke et al., 2020). More importantly, the scarce findings on this topic are inconclusive (Tarba, Cooke et al., 2020; Weber et al., 2012). It is as yet unclear as to how, and under what conditions, cross-border acquisitions result in improved firm performance. To address these issues, we develop and test a theoretical rationale as to how a firm can improve post-acquisition performance through training investments.

Based on the resource-based view of the firm (Barney, 1991; Wernerfelt, 1984) and, in conjunction, the literature on absorptive capacity (Cohen and Levinthal, 1990), we propose that because an acquisition between firms in different economies exposes the acquiring firm to a new and different knowledge base, absorptive capacity becomes important to the success of the acquisition. Our core proposition, in other words, is that in cross-border acquisitions in which acquiring, and target firms belong to different economic categories (developed vs. emerging economies), training investments are an important way by which to build absorptive capacity—that training investments help workers to recognize, assimilate, and apply new knowledge so as to improve organizational effectiveness (Cohen and Levinthal, 1990). This overarching proposition, which we develop below as testable hypotheses, advances the literature by providing an explanation as to how cross-economy acquisitions can lead to post-acquisition success in the form of improved firm performance. We further propose contingencies that bound the relationships between cross-border acquisitions, training investments, and firm performance. We provide an

explanation as to the conditions under which cross-border acquisitions will be more or less successful and help to address unresolved findings in the literature.

Training is a tool through which firms can structure the assimilation and integration of external knowledge in environments of high organizational disruption, such as cross-border acquisitions. Cross-border acquisitions entail distinct workplace cultures, managerial practices, and institutional logics between the acquirer and target that undermine the ability for an effective integration of the knowledge base of the two firms. To alleviate these differences, the acquiring firm is likely to increase its training investments to enhance the absorptive capacity of employees (Lane et al., 2001; Soo et al., 2017) for better assimilation and reconfiguration of existing and new knowledge. As a result, training investments should lead to improved post-acquisition integration and ultimately to improved financial performance. Furthermore, since prior acquirer experience is essential in subsequent acquisition decisions (Barkema and Schijven, 2008), we focus on its contingency effect on the relationship between cross-border acquisitions and training investments, i.e., expenditures designed to improve employee knowledge and skills for the purpose of improving organizational productivity (Bartel, 1994). Since the knowledge base of the target firm, typically associated with its R&D intensity (Moncada-Paternò-Castello et al., 2020), affects how effectively its employees can assimilate new knowledge (Sinani et al., 2025), we examine the moderating effect of acquired firm R&D intensity on the relationship between HR training investments and firm performance. Our conceptual model is summarized in Figure 1.

Insert Figure 1 about here

Our study aims to make two contributions to HR theory and research. First, we address a critical, yet unanswered, research question in the literature, i.e., how can firms manage human resources in such a way to improve firm performance in cross-border acquisitions? Prior

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acquisitions research has focused on the role of cultural integration and the ways employees adjust to newly merged realities (e.g., Jiang and Noma, 2025; Brede et al., 2025; Reus and Lamont, 2009; Björkman et al., 2007); employment practices that reduce division between the acquiring and target firms (e.g., Aguilera and Dencker, 2004; Chung et al., 2014; Cooke and Huang, 2011; Weber et al., 2012); as well as role of HR systems in knowledge transfer and organizational learning (Aguilera et al., 2008; Li and Scullion, 2006; Liu and Meyer, 2020; Soo et al., 2020). With that said, “although research has highlighted the importance of training to M&A post-merger integration process, empirical investigation of the role of training in international M&A is limited” (Tarba, Cooke et al., 2020, p.20), especially when it comes to linking training to firm performance (Tarba, Cooke et al., 2020; Weber et al., 2012).

Second, we address the inconclusive nature of the literature on training and firm performance in the context of acquisitions. Of the research on training as it relates to firm performance in the context of an acquisition, the evidence is mixed (Tarba, Cooke et al., 2020; Weber et al., 2012). For instance, some studies report a positive relationship between training and firm performance, and other studies report a negative relationship between training and firm performance (see Tarba, Cooke et al., 2020). This is likely because the linkage between training investments and firm performance is complex and is bounded by firm-level characteristics (Weber et al., 2012). In our study, we examine contingencies that are relevant to training investments on the one hand, and to firm performance on the other. We therefore address the mixed and inconclusive findings in the literature by investigating two potential boundary conditions that operate at different stages of our model, i.e., at different points in time—prior to making training investments and after. In this way, we are better able to understand when cross-border acquisitions relate to training investments, and when training investments relate to firm performance. Our contention is that we offer a more conceptually rich model and commensurately sophisticated

research design when it comes to understanding the relationship between training and firm performance in the context of cross-border acquisitions than has been offered heretofore.

2. Theory and Hypotheses Development

2.1. Theoretical Foundation and HR-Focused Acquisition Research

The resource-based view (RBV) of the firm suggests that a firm's ability to create value depends on its unique bundle of physical resources and capabilities of the firm (Barney, 1991; Grant, 1991; Wernerfelt, 1984). It holds that for any resource to confer a sustainable competitive advantage, it must be valuable, rare, imperfectly imitable, and non-substitutable. This perspective is based on the assumption that the managerial challenge is not merely competing across industries, but rather identifying, nurturing, and orchestrating firm-specific resources in ways that competitors cannot easily replicate (Barney, 1991; Wright and McMahon, 1992). In this regard, human resources constitute one of the most consequential resources for firms. Unlike physical or technical resources, human resources embody the tacit knowledge, skills, and experience of employees—qualities that are deeply embedded and socially complex, which makes them highly firm-specific and difficult to replicate elsewhere without a significant loss of value (Hitt et al., 2001). Moreover, the utilization of human resources is not confined to a single, narrowly defined task. Rather, the knowledge, skills, and abilities that individuals bring can be adapted and applied across various organizational functions, providing a form of flexibility that other resources typically lack (Wernerfelt, 1984).

Firms build competitive advantage not only by cultivating resources internally but also by acquiring them externally through acquisitions, a practice that remains one of the most prominent means of resource reconfiguration (Aguilera and Dencker, 2004; Tarba et al., 2020). Acquisitions allow firms to access valuable resources, including knowledge, technologies, and capabilities that

would otherwise be costly or time-consuming to develop in-house (Yu et al., 2016). Human resources are a pivotal driver of translating acquired resources into enduring performance gains. However, the successful integration of such resources depends on the integration process, wherein human resources often become the decisive element in transforming acquired resources into economic value (Barney, 1991; Wright et al., 2001). We propose that training investments drive this integration process and that a firm's absorptive capacity captures the value of such investments. This is because the skills, tacit knowledge, and relational capabilities of employees enable firms to absorb, recombine, and deploy newly acquired resources effectively (Cooke et al., 2021; Weber and Tarba, 2010).

2.2. Absorptive Capacity and Acquisition

Absorptive capacity has long been recognized as an important capability that enables firms to leverage external knowledge for competitive advantage. It reflects a firm's ability to identify, assimilate, and apply knowledge that originates outside its boundaries (Cohen and Levinthal, 1990). Zahra and George (2002) further refined the construct and suggest that absorptive capacity is a dynamic and evolving capability that can be cultivated and strengthened over time. In this way, absorptive capacity acts as both a learning process and a capability that enables firms to transform external knowledge into internally valuable resources.

Human capital stands at the very core of absorptive capacity. The recognition, assimilation, and application of external knowledge are ultimately enacted through employees' experience, cognitive skills, and ability to adapt to new contexts (Minbaeva et al., 2014; Soo et al., 2017). At the firm level, absorptive capacity is often described as a collective capability; however, it is essentially grounded in the competencies of employees who interpret, translate, and embed novel knowledge into firm routines (Moura et al., 2024). Without a sufficiently skilled and adaptable

workforce, the organizational structures designed to capture external knowledge and improve firm performance remain underutilized.

The context of acquisition underscores the critical role of absorptive capacity and human capital that underpins it. Acquisitions, particularly cross-border acquisitions, expose firms to new technological, cultural, and institutional knowledge and resource bases (Zhou et al., 2020). The extent to which firms derive value from such knowledge and resources depends not only on the firm's strategic intent but also on the human capital available to process and integrate it (Larsson and Finkelstein, 1999). Employees must be capable of bridging cultural and cognitive gaps across acquired and acquiring firms to make the acquired knowledge meaningful and actionable. In this way, human capital serves as a conduit through which absorptive capacity translates the potential of acquisitions into realized organizational outcomes. Drawing on the resource-based view of the firm (Barney, 1991), a burgeoning body of research underscores the central role of human capital in developing absorptive capacity, which in turn facilitates the exchange of knowledge and resources between headquarters and subsidiaries (e.g., Chang et al., 2012; Situmorang and Japutra, 2024), joint ventures and alliances (Hayton and Zahra, 2005; Yoo et al., 2016), and between acquiring and target firms (e.g., Björkman et al., 2007; Deng, 2010; Zhou et al., 2020). These studies show how investments in employee knowledge, skills, and experience determine an organization's absorptive capacity, which in turn facilitates knowledge transfer across firms.

2.3. Acquisition and Training Investment

We posited above that training investments are a critical lever through which the workforce in the acquired firm can absorb and make use of new knowledge. Training investments represent a firm's commitment towards building the absorptive capacity necessary to recognize, assimilate, and apply newly acquired resources (Minbaeva et al., 2014). Essentially, it is considered as a critical

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first step in the capability-development process, determining whether organizational resources can be effectively used to realize organizational objectives (Choi and Yoon, 2015; Sung and Choi, 2018). Without sufficient investments, even well-designed content cannot be effectively delivered or absorbed, limiting the potential for valuable gains. When firms from different economic environments combine, they are not only merging assets but also integrating distinct knowledge bases, management practices, and institutional logics (Greve and Zhang, 2017; Lakshman, 2011). In such settings, absorptive capacity, which determines the ability of the employees of the acquired firm to internalize and utilize new knowledge, is central to realizing the benefits of acquisition. We argue that targeted training investment is one of the most effective methods through which firms may cultivate this capacity. This is consistent with studies in the human resource management literature that have positioned training as a way for employees to absorb knowledge in the context of acquisitions (Weber et al., 2012). Training equips employees to understand, adapt, and utilize new knowledge that originates in a different organizational setting. Hence, we contend that a cross-border acquisition creates an environment that makes training investment critical to realize the acquisition benefits.

Cross-border acquisitions expose the acquired firm to a new knowledge base that differs in scope and depth from its own (Li and Scullion, 2006). These differences are more pronounced when both acquiring and acquired firms originate from different economic environments (e.g., developed versus emerging economies), where workplace cultures, managerial practices, HR systems, and institutional logics follow divergent trajectories (Hong and Nguyen, 2009). To bridge these differences, training can be an essential tool for employees in the acquired firm that enables them to understand, adapt, and apply practices transferred from the acquiring firm. From an absorptive capacity perspective, training initiatives improve both cognitive and practical foundations of knowledge (Lane et al., 2001; Soo et al., 2017), which allows employees to

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assimilate and reconfigure new knowledge. Essentially, training investments develop firm-specific human capital by equipping employees not only with technical skills but also with the interpretive capabilities needed to adapt practices to their local context and adjust to their new roles and responsibilities in the combined firm (Bansal, 2017). In doing so, employees become more than carriers of inherited practices; they evolve into active translators and co-creators of organizational knowledge. Consequently, training turns the challenges of asymmetric knowledge bases associated with cross-border acquisitions into pathways of value creation, positioning human capital as the cornerstone through which absorptive capacity is realized. Without such training, employees are far more likely to misread, resist, or underutilize the new knowledge being transferred.

Cross-border acquisitions are often characterized by a greater cultural distance—differences in workplace values, communication styles, and decision-making processes that may shape the way firms perceive and integrate with one another (Björkman et al., 2007; Reus and Lamont, 2009). Such differences can hinder the transfer of knowledge if employees are unable to interpret and adapt unfamiliar practices (Tian et al., 2021). Training may play an important role in addressing this challenge by developing the human capital needed to bridge cultural divides. Through cultivating a shared interpretive framework, training builds employees' interpretive capacity to interpret, internalize, and reconfigure new practices within their own cultural context. In this sense, training operates as both a cultural bridge and an institutional translator that eases the transition for employees in a new cultural environment, which facilitates realizing the potential gains of acquisition.

Another possible reason for higher training investments in cross-border acquisitions lies in the risk of losing human capital, which can hinder the post-merger value creation. Prior studies widely document that employees are more likely to leave their jobs when they perceive that new foreign ownership introduces values, norms, or workplace practices misaligned with their own

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(e.g., Chow et al., 2021; Krug et al., 2014; Ng et al., 2019). Such departures create a serious challenge for acquiring firms, as the exiting employees often carry critical tacit knowledge and firm-specific skills that are not easily replaced (Ng et al., 2019). The loss of this human capital can weaken the organization's capacity to absorb and deploy new knowledge, thereby undermining the synergies that acquisition intends to generate (Junni and Sarala, 2013). Against this backdrop, training investments send a strong and reassuring signal that the firm is committed to employee development rather than displacement (Dietz and Zwick, 2021). Such investments foster trust, nurture confidence, and strengthen commitment (Tannenbaum et al., 1991), thereby preserving critical talent within the organization (Ju and Li, 2019).

The value of training investment holds in cross-border acquisitions in both directions, whether the acquirer is from a developed economy targeting an emerging-economy firm or an emerging-economy acquirer targeting a developed-economy firm. Specifically, developed-economy acquirers bring advanced technological capabilities, structured managerial practices, and global market experience to the target firm (Deng and Yang, 2015). For example, when IBM acquired Daksh eServices, India's leading business processing outsourcing company, it contributed through transferring its advanced technological (enterprise software systems and proprietary process automation tools) and managerial capabilities. These interventions professionalized Daksh's operations and aligned the firm with IBM's global standards, enabling it to serve multinational clients more effectively from an emerging-economy base (Rossi, 2006). Yet, these valuable capabilities – technological and managerial – remain latent without deliberate investments in training that align employees' cognition and behavior, activate absorptive capacity, and embed acquired knowledge into organizational routines to generate sustainable synergies.

Regarding emerging-economy acquirers, they contribute contextual knowledge, unique

market expertise, and relational networks to the developed-economy target firm (Deng and Yang, 2015). For example, when Geely (a Chinese emerging-economy firm) acquired Volvo Cars from Ford, it actively contributed its own capabilities as an emerging-economy acquirer, including flexible organizational practices, cost-efficient production systems, and agile supplier-relationship management (Yakob et al., 2018). While valuable, these capabilities need to be actively transferred and deployed in the target firm. It is through deliberate investments in training that these operational and relational acquirer strengths become legitimized and adopted by employees and codified into organizational routines that are essential for successful acquisition integration and value creation.

Based on this discussion, and our general proposition that because an acquisition between firms in different economies exposes the acquiring firm to a new and different knowledge base and thus the acquiring firm must align and integrate human resources (from both acquiring and acquired firms in a newly formed entity) for optimal value creation, we hypothesize:

Hypothesis 1: *Acquisitions between firms from different economic categories (that is, deals from both developed to emerging and emerging to developed economies) have a positive effect on training investments.*

2.4. Mediating Role of Training Investment

Cross-border acquisitions immerse firms in contexts of pronounced resource heterogeneity (Greve and Zhang, 2017). Each firm brings not only distinct resources, but also explicit and implicit knowledge honed under unique market conditions (Soo et al., 2017). Firms from developed countries generally tend to bring advanced technological capabilities, established managerial practices, and global market experience, whereas emerging markets' firms often contribute contextual knowledge, localized expertise, relational networks, and adaptive routines (Deng and Yang, 2015). From the RBV's perspective, such heterogeneity offers fertile ground for value

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creation. When firms integrate, these resources combine in ways that create bundles that are valuable, rare, and resistant to imitation—the very foundations of sustained competitive advantage (Hitt et al., 2000). When the technological and managerial sophistication of developed-economy acquirers or the adaptive ingenuity of emerging-economy acquirers is complemented by the targets' essential local knowledge, market-specific capabilities, and operational routines, it can generate synergistic effects that yield outcomes greater than what either side could achieve independently (Deng and Yang, 2015). Thus, cross-border acquisitions are best understood not as mere transfers of ownership but as an opportunity to combine diverse forms of knowledge and organizational routines into novel resource bundles. When managed effectively, such integration improves the operational capacity of the acquired firm and ultimately translates into superior performance. A large body of literature acknowledges cross-border acquisitions as one of the main ways for firms to improve performance by accessing new knowledge resources and generating synergy of complementary resources (e.g., Boateng et al., 2022; Cheng and Yang, 2017). In sum, both theory and empirical evidence offer compelling support for the existence of a direct link between cross-border acquisition and post-acquisition firm performance.

In addition to explicating a direct effect between a cross-border acquisition and firm performance, we develop logic and rationale for the mediating role of training investments. We build on our core proposition that in cross-border acquisitions, training investments are an important way by which to build absorptive capacity—that training investments help workers to recognize, assimilate, and apply new knowledge so as to improve their performance (Cohen and Levinthal, 1990), which then translates into improved performance. Training investments provide the structured platform through which employees internalize and adapt new practices (Chung et al., 2014). Training does so by acting as a bridge between exposure to new knowledge and its practical assimilation within the firm. This process of knowledge assimilation and routine

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recombination not only reduces downtime and minimizes the likelihood of integration errors but also enhances operational efficiency, which is expected to reflect positively on firm performance. Dedicated training makes employees more adept at identifying complementarities between acquired and existing resources (Aklamanu et al., 2016), regardless if the acquired firm is from a developed or an emerging economy. The improved capacity to identify and integrate knowledge across domains tends to improve cross-department coordination, optimize decision-making, and foster incremental and radical innovation (Rampa and Agogu , 2021). Smooth coordination reduces transaction costs and rework that improves utilization of resources and operating margins (Zhou, 2011). Similarly, efficient decision-making enables employees to make informed choices about product mix, resource allocation and capacity utilization (Halid et al., 2024), which ultimately materializes in higher operating returns. Training-driven innovation equips employees to develop new products, refine processes, and improve services, which help firms to attain sustainable competitive advantage and improve performance (Rampa and Agogu , 2021).

In acquisitions where developed-economy firms acquire emerging-economy firms, training investments facilitate the target's absorptive capacity, allowing the organization to fully leverage the acquirer's technological and managerial advantages, which in turn, reflect positively on firm performance. Relatedly, when emerging-economy firms acquire developed-economy firms, training investments help in codifying tacit knowledge, clarifying the institutional logic behind emerging-market practices, and promote organization-wide adoption. In doing so, training not only institutionalizes the capabilities of emerging markets in the newly acquired target but also legitimizes them, reduces employees' resistance or skepticism, and prevents knowledge loss. In this way, training investments serve as the mediating mechanism through which acquired resources are transformed into measurable performance outcomes.

As discussed earlier, investing in training after cross-border acquisitions conveys a clear signal of organizational commitment to employees, particularly those in the acquired firm who hold critical firm-specific tacit knowledge (Thakur et al., 2016). By investing in their development, firms not only enhance employees' absorptive capacity but also reinforce employees' sense of value and belonging and maintain employee commitment which is essential for successful acquisition integration (Bert et al., 2003). This dual effect reduces voluntary turnover among key personnel, preserving intricate and context-specific knowledge that is essential for maintaining operational continuity and realizing post-acquisition synergies. The continued presence of experienced employees facilitates smoother integration of acquired routines, faster absorption of acquired knowledge, and uninterrupted execution of strategic initiatives, directly improving the firm's performance. Additionally, the retention of such human capital tends to mitigate the substantial costs associated with recruitment, onboarding, and re-training of new staff (Li et al., 2022). Hence, training transforms human capital retention into a mediating mechanism through which cross-border acquisitions yield tangible post-acquisition performance gains.

Here, we acknowledge that training does not always yield positive outcomes as poorly designed programs or excessive time demands can lead to increased costs, lost productivity, or employee frustration (Bapna et al., 2013; Flegl et al., 2022). Nonetheless, in line with prevailing prior empirical evidence showing that the benefits of targeted training generally outweigh its costs (e.g., Choi and Yoon, 2015; Sheehan et al., 2025; Sung and Choi, 2018), we expect training to enhance firm performance by building employees' absorptive capacity (enabling them to effectively acquire, assimilate, and apply new knowledge) and reducing employee turnover. We accordingly hypothesize that:

Hypothesis 2: *Training investment positively mediates the effect of cross-border acquisitions (that is, deals from both developed to emerging and emerging to developed economies) on post-acquisition firm performance.*

2.5. Moderating Role of Acquirer's Prior Cross-border Acquisition Experience

The theorization thus far suggests that cross-border acquisition leads to an increase in training investment; however, we propose that this effect is not uniform across all acquirers. We include acquirer prior cross-border acquisition experience as a first-stage moderator in our model, given the literature, which has shown that such acquisition experience (Haleblian and Finkelstein, 1999), particularly prior cross-border acquisition experience (Galavotti, Cerrato, and Depperu, 2017), influences acquisition behavior (Peng and Fang, 2010). We argue, more specifically, that acquiring firms with prior experience in managing acquisitions in cross-border settings are less dependent on training to build the absorptive capacity of the firm to realize the acquisition benefits. In other words, acquirer prior cross-border acquisition experience should negatively moderate the relationship between a cross-border acquisition and training investments. Our contention is based on the following two reasons.

First, acquiring firms with prior cross-border acquisition experience already possess the routines, knowledge structures, and human capital needed to navigate managerial, cultural, and institutional differences (Basuil and Datta, 2015; Wu and Reuer, 2021), which reduces the reliance on formal training programs. More specifically, employees and managers of experienced acquirers develop their competence at recognizing and exploiting complementarities between heterogeneous knowledge bases (Felker et al., 2024). Over time, this accumulated experience becomes embedded within organizational human capital (Li et al., 2016). Consequently, it reduces the necessity of formal training initiatives to build the workforce capacity.

Second, experienced acquirers often rely on dedicated integration teams and boundary spanners— individuals who act as cross-organizational bridges (Liu and Meyer, 2020; Meglio et al., 2015). Due to successive transactions in a similar institutional environment, these teams accumulate not only technical knowledge but also social capital (informal trust-based relationships, credibility, and network) that ease the transfer of knowledge across organizational boundaries (Colman and Lunnan, 2024). In particular, established trust-based relationships reduce the costs of information gathering and processing, and create channels of trust and reciprocity that allow tacit knowledge to flow between firms (Lane, Koka, and Pathak, 2006). This all being the case, the need for training investments is weakened when the acquiring firm has prior experience with acquisitions in a cross-border context. Accordingly, we hypothesize that:

Hypothesis 3: *The positive relationship between cross-border acquisitions and training investments is weakened when the acquirer has greater prior similar cross-economy acquisition experience in the target firm's country.*

2.6. Moderating Role of R&D Intensity of the Acquired Firm

The performance outcomes of training investment are not uniform across all firms. In fact, they hinge on the organizational setting in which such investments are made. One important contingency lies in the knowledge environment of the acquired firm. The knowledge environment of a firm reflects the scope and depth of its knowledge base that includes not only codified, explicit knowledge but also deeply embedded, tacit information (Sinani et al., 2025). It is commonly observed through a firm's R&D intensity (see Moncada-Paternò-Castello et al., 2020).

We include the knowledge environment, as operationalized by R&D intensity, as a second-stage moderator in our model, given the literature, which has shown that the knowledge environment can bound firm performance in acquisitions (e.g., Chen, Hwang, and Raghu, 2010). Acquisitions involving firms with greater R&D intensity expose the acquiring firm to a more complex and

dynamic knowledge base, which requires higher absorptive capabilities. Therefore, we expect that the performance effect of training investment is likely to be stronger when target firms have greater R&D intensity. In other words, higher R&D investments should positively moderate the relationship between training investments and firm performance.

The knowledge base of R&D-intensive firms is typically anchored in informal practices, tacit routines, and problem-solving heuristics that cannot be easily transferred (Martin and Salomon, 2003; Tandon et al., 2024). Training here becomes a conduit not only for transferring explicit knowledge but also for developing the subtle learning skills that employees acquire through interaction, mentoring, and hands-on experience. This strengthens the absorptive capacity of the acquiring firm and amplifies the performance payoffs. Knowledge dynamism is a key characteristic of an R&D environment (Tandon et al., 2024). In such contexts, knowledge becomes obsolete very rapidly, which weakens the value of accrued knowledge (Drakeman and Oraiopoulos, 2020). Continuous training lessens this risk by keeping employees aligned with evolving knowledge trajectories. The alignment between R&D intensity and training thus ensures that the firm sustains its absorptive capacity updated in such a dynamic environment, which in turn, magnifies the performance gains. Thus, we hypothesize that:

Hypothesis 4: *R&D intensity of acquired firm strengthens the positive effect of training investments on the firm's performance.*

3. Methods

3.1. Sample

This study analyzes completed worldwide cross-border acquisition deals (that is, from both developed to emerging and emerging to developed economies) from 2004 to 2023, utilizing data from the Securities Data Corporation (SDC). The sample includes completed acquisition deals where the target is a publicly listed subsidiary firm, enabling the collection of training investment

data from the WorldScope database. Our identification strategy follows existing studies on the impact of cross-border acquisitions on the outcomes of subsidiaries (e.g., Jaffe et al., 2015; Uhlenbruck, 2004). All accounting data, such as Tobin's q and leverage, is sourced from WorldScope. The initial sample consists of 2618 acquisition deals involving subsidiary targets. Consistent with prior research (Hussain and Kumar, 2025; Tunyi, 2021), deals are excluded if the target country has fewer than five deals during the sample period to reduce noise in regression analyses. Moreover, deals are also excluded if the target firm operates in the Financials industry due to its distinct regulations and accounting practices (Bose et al., 2021; Carow et al., 2004; McNamara et al., 2008; Tunyi, 2021) or if the target's accounting information is unavailable from the WorldScope. The final sample comprises 1759 deals with complete information for analysis². All data are measured at four time points, i.e., deal characteristics at time t (year of acquisition deal announcement), firm characteristics at time $t-1$ (one year before the deal announcement), training investment at $t+1$ (one year after the deal announcement), and ROA at time $t+2$ (two years after the deal announcement).

Sample distribution across years, industries, and countries is provided in Panel A of Appendix Table A1. Panel B shows that the sample includes cross-economy acquisitions in both directions: 232 deals involve acquirers from developed economies acquiring firms in emerging economies, while 199 deals involve emerging-economy firms acquiring firms in developed economies.

3.2. Construct Measurement

3.2.1. Training Investment

² Notably, we do not have any hostile acquisition deals in our sample.

Our dependent variable is the training investment made by the acquiring firm in the acquired subsidiary, which is measured as total training expenditures divided by total sales one year after the completed deal (Black and Lynch, 2001; Caliendo et al., 2022)³. Cost-based measures of training investment are commonly used in large-sample empirical settings where detailed quality or content data are unavailable and are widely accepted as proxies for the commitment of firm resources to human capital development (Choi and Yoon, 2015; Huerta et al., 2006; Sung and Choi, 2014; Sung and Choi, 2018; Van de Wiele, 2010).

3.2.2. Firm Performance

Firm performance of the target subsidiary after the acquisition is another dependent variable. We calculated firm performance using industry-adjusted ROA, which is defined as target firm ROA minus industry ROA (Eisenberg et al., 1998; Hussain and Tunyi, 2025). We calculate industry-adjusted ROA two years after the deal completion because the effect of improved training investment can translate into firm performance at least one year after the implementation.

3.2.3 Cross-border Acquisition

The primary independent variable of interest is cross-border acquisition, which is coded as one when the acquirer and target originate from different economic categories (either a developed-economy firm acquiring an emerging-economy firm or an emerging-economy firm acquiring a developed-economy firm) and zero otherwise, in alignment with established M&A literature (Ahmad et al., 2025; Huizinga and Voget, 2009).

³ It is important to note that when the acquiring firm takes over the target subsidiary, a new combined entity is formed that integrates employees from both firms. Since ownership and control rest with the acquiring firm, all post-acquisition training investments are initiated and financed by it. These training programs are implemented within the newly formed entity (acquired subsidiary) aimed at enhancing the absorptive capacity of the integrated workforce to ensure effective post-acquisition integration.

3.2.4 Acquirer's Cross-Border Acquisition Experience and R&D Intensity of Acquired Firm

The first-stage moderator is acquirer's prior cross-border acquisition experience with firms from a similar economic context (developed or emerging) as the target firm. Acquisition experience is coded as one if the acquirer has prior acquisition experience in the target country during the sample period and zero otherwise, consistent with (Hussain and Tunyi, 2025; McDonald et al., 2008). The second-stage moderator is R&D intensity of the acquired subsidiary and is measured as R&D expenditures divided by total sales, in line with existing studies (Franzen et al., 2007; Padgett and Galan, 2010). Both moderators are calculated one year before the acquisition deal.

3.2.5. Control Variables

We control for several deal and firm-level control variables that can influence training investment in the target subsidiary. Deal-level variables comprise the same industry deal, measured as a dummy variable equal to one if the acquirer and target are in the same industry and zero otherwise; and a stock-financed deal, defined as a dummy variable equal to one if the acquirer pays entirely in stock and zero otherwise. Reilly et al. (2023) suggest that acquirer often looks to eliminate redundancies, feel ease in the same-industry deals, and employees of the target firm may prefer training initiatives. Similarly, Reglero et al. (2024) suggest that stock-financed deals are linked with higher post-deal scrutiny of the target firm, which can lead to less spending on training programs.

The next set of control variables that can affect the level of training investment in the acquired subsidiary includes target firm characteristics such as Tobin's q , defined as equity's market value plus debt's book value, all scaled by asset's book value; and leverage, measured as long-term debt scaled by total assets. In models where the dependent variable is training investment, we also control for the one-year lagged value of training investment. Similarly, when

the dependent variable is acquired firm's performance (ROA), we control for the one-year lagged value of ROA. All these variables are calculated one year before the acquisition deal.

3.3. Analytic Plan

We use cross-sectional regression estimates to test the first hypothesis. Specifically, to test hypothesis 1 (H1), we used regression analysis. We test the mediation hypothesis (H2) using the structural equation modeling (SEM) path analysis technique. We employ the bootstrapping method with 5,000 resamples to estimate the bootstrap confidence interval for the mediation effect, which provides a robust test of mediation that does not assume normality of the sampling distribution. The significance of the mediation effect is evaluated by determining whether the 95% bootstrap confidence interval includes zero (Preacher and Hayes, 2008). For moderating analyses (*H3* and *H4*), we employ regression analyses with interaction terms.

4. Results

Table 1 presents the descriptive statistics, including the mean and standard deviation for all variables used in the study. Notably, 24.5% of acquisitions in our global sample were cross-border, which is comparable to international samples of Hussain and Shams (2022) and Moeller and Schlingemann (2005). We also show intercorrelations among the used variables, and the low correlations indicate that multicollinearity is not a concern in the estimated model. As anticipated, cross-border acquisition shows a positive and significant correlation with the training investment within the acquired subsidiary and its performance (ROA).

Table 2 presents the key findings of *H1* where we find that the estimated coefficient of the key variable of interest, cross-border acquisition ($b = 0.068$, $p = 0.000$), is positive and statistically significant, supporting our first hypothesis that cross-border acquisitions involving deals from

developed to emerging and emerging to developed countries increases training investment within the acquired subsidiary after the successful acquisition deal.

Before testing the mediation hypothesis, we assessed the model fit of the proposed partial mediation model. In this regard, we used Akaike Information Criterion (AIC) and Bayesian Information Criterion (BIC) to assess model fit; smaller values suggest a superior fit (Kline, 2023), as our proposed model is just-identified. Moreover, our evaluation of the proposed model is based on lower-order components of the model, such as directionality and significance of effects, confidence intervals, and theoretical fidelity of the model (Tomarken and Waller, 2005, 2003). With that said, consistent with prior research, we also test our model against other theoretically-plausible models (e.g., Clugston, 2000) to help determine the fit of our model to the data. Specifically, we compared the proposed partial mediation model against two alternative over-identified models, that is, the full mediation model and the non-mediation model. The results indicated that the partial mediation model (AIC = 12.000, BIC = 44.835) provided a superior fit to the data compared to the full mediation model (AIC = 18.347, BIC = 45.710) and the non-mediation model (AIC = 27.062, BIC = 54.424).

Next, we evaluate model fit of our proposed partial mediation model based on the lower-order components from above. Results of the SEM path analysis (see Table 3) indicated that the direct effect of cross-economy acquisition was significant and was in the predicted direction ($b = 0.134$, $p = 0.000$, 95% BCI: 0.042, 0.217). The results of the bootstrapping method using 5,000 replications indicated that the indirect effect of cross-economy acquisition on the target's ROA via target training investment was significant ($b = 0.020$, $p = 0.000$, 95% BCI: 0.005, 0.052), because zero was not included in the 95% bootstrap confidence interval (Preacher and Hayes, 2008), lending support to H2.

Table 4 shows the moderating effects of the acquirer's prior experience of acquisitions (H3) and the R&D intensity of the acquired subsidiary (H4). In Model 1, we introduce an interaction term (Cross-border acquisition \times Acquisition experience) that captures the impact of acquisition experience on the relationship between cross-border acquisition and training investments. The results show that prior acquisition experience reduces the positive impact of cross-border acquisitions on training investment ($b = -0.070$, $p = 0.000$), supporting Hypothesis 3. Figure 2 illustrates this effect: experienced acquirers invest 20.4 ($b = 0.204$, $p = 0.000$) percentage points less in training, while non-experienced acquirers invest 8.9 ($b = 0.089$, $p = 0.000$) percentage points more. In Model 2, we introduce an interaction term (Cross-border acquisition \times R&D intensity) that captures the impact of the target subsidiary's R&D intensity on the relationship between training investment and firm post-acquisition subsidiary performance. Model 2 indicates that R&D intensity strengthens the positive relationship between training investment and subsidiary ROA ($b = 0.250$, $p = 0.000$), supporting Hypothesis 4. Figure 3 further confirms this: at low R&D intensity (-1SD), the effect is downward sloping ($b = -0.33$, $p > 0.10$), but at high R&D intensity (+1SD), the effect is upward sloping ($b = 1.02$, $p = 0.000$). These findings highlight the importance of both acquirer prior acquisition experience and R&D intensity in shaping training investment outcomes across both types of cross-border deals—when developed-economy firms acquire emerging-economy firms and when emerging-economy firms acquire developed-economy firms—, confirming both moderating hypotheses.

So far, our results suggest that cross-border acquisitions increase training investment in subsidiary targets; however, it is possible that cross-border acquisitions across different economic categories (developed vs. emerging) are not randomly distributed, which will lead to sample selection bias – a case of endogeneity. Thus, we use Entropy-balanced matching (EBM) and Propensity score matching (PSM) to tackle the potential sample selection problem. Prior research

(Jiang et al., 2018; Shahab et al., 2024) suggests that EBM is advantageous compared to other techniques because of its “equal percent bias reducing” methodology and the way it assigns weights, ensuring that the descriptive statistics of treatment and control subsamples become well-aligned (Hainmueller, 2012). Importantly, we employ the maximum-entropy reweighting method to identify subsamples of treatment and control groups. Regarding PSM, we generate two comparable samples of cross-border acquisitions versus domestic acquisitions. We employ a one-to-one matching with a caliper distance of 0.01 to figure out pairs of comparable takeovers from the subsamples of cross-border and domestic acquisitions. The results reported in Table 5 confirm that our drawn inferences are valid.

Further, it is possible that our findings are driven by the dominance of observations from a certain industry, country or years. In our sample, we observe that the leading year, industry, and country are 2013, the high technology industry, and the United States, respectively. Thus, we re-estimate our baseline model in Table 2 and find similar results in Table 6 (Models 1 to 3). Lastly, we use additional control variables, including takeover competition, target cash flows, acquirer training investment, acquirer Tobin’s q, acquirer leverage, acquirer cash flows, target minority shareholder protection index, and target country governance, that may affect target training investment. Results are reported in Model 4 of Table 6. Overall, these additional results suggest that cross-border acquisition is an important determinant of the training investment within the acquired subsidiary.

Notably, firms’ extent of investment in post-acquisition training may differ depending on their acquisition motive. For example, if the motive for the acquisition is to acquire technological knowledge from the acquired subsidiary, then the acquirer tends to invest more heavily in the training program. Prior studies (e.g., Cook et al., 2018; Deng, 2009) have discussed various motives for cross-border acquisitions; however, accurately determining these motives requires

access to detailed investment-level data that is often unavailable. Given the absence of such information in our dataset, we follow the studies that adopt an industry-based categorization of cross-border investment motives (e.g., Athrey et al., 2021; Brouthers et al., 2008; Lu et al., 2011). Following this categorization, acquisitions in sectors such as consumer products and services, consumer staples, agriculture, media and entertainment, and real estate are classified as market-seeking, whereas those in technology-intensive or resource-based industries—such as automobiles, electronics, chemicals, pharmaceuticals and healthcare, oil and gas, mining, telecommunications, and software—are categorized as strategic asset-seeking. We use this classification to analyze how the effect of cross-border acquisitions on training investment differs between market-seeking and strategic asset-seeking motives. Results are reported in Panel C of Table 6. The acquisition is found to be a significant driver of training investment across both categories of acquisitions.

Our baseline models focus on cross-border acquisitions (developed ↔ emerging) do not show the separate impact of developed to emerging acquisitions or emerging to developed acquisitions. To address this, Table 2 and Table 4 are re-estimated by substituting the key variable of cross-border acquisition with either developed to emerging (assigned a value of one if the acquirer is from a developed country and the target is from an emerging economy, zero otherwise) or emerging to developed acquisition (assigned a value of one if the acquirer is from an emerging economy and the target is from a developed country, zero otherwise), in separate regressions. Panel D of Table 6 shows that the coefficients for both sub-samples are positive and significant, although the economic magnitude for the developed to emerging acquisition (Model 1) is slightly higher than that of the coefficient for emerging to developed acquisition (Model 2). For moderating effects, in Panel E of Table 6 (Model 1), we find that the interaction effect of developed to emerging acquisition and acquirer acquisition experience ($b = -0.143$, $p = 0.000$) is negative and

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statistically significant, and is also marginally lower than the interaction effect of emerging to developed acquisition and acquirer acquisition experience ($b = -0.132$, $p = 0.000$; see Model 2). Also, we find that the economic magnitude for the interaction effect of training investments and R&D intensity on post-deal performance is slightly higher for deals of developed to emerging acquisitions (Model 3) than emerging to developed acquisitions (Model 4). Collectively, these subsample analyses report findings consistent with our original results and indicate that the mechanisms linking cross-border acquisitions, training investments, and firm performance hold across both acquisition directions. Thus, it is not the origin of acquisitions per se but the specific characteristics of the acquisition process – training investments, acquirer prior acquisition experience, and R&D intensity of the acquired firm – and their specific interactions that affect the acquisition success.

Recognizing that institutional and cultural differences vary substantially both within and across developed and emerging economies, we move beyond a dichotomous country classification by incorporating culturally grounded heterogeneity. Following earlier cross-border acquisition research (e.g., Drogendijk and Slangen 2006), we conduct robustness tests using Hofstede's cultural dimensions⁴ to re-estimate Tables 2 and 4 for subsamples of high versus lower cultural gap between acquirer and target countries. Specifically, we draw on Hofstede's (1980) six cultural dimensions to construct the Kogut and Singh (1988) index, which captures the absolute cultural distance between the acquirer and target home countries. The index adjusts for differences in the variances of each cultural dimension and then averages the standardized distances. Using the sample median as a cutoff, we split our sample into high and low cultural distance. We report results in Panels F and G of Table 6 and find that cross-border acquisition increases training

⁴ <https://geerthofstede.com/research-and-vsm/dimension-data-matrix/>

investment (Panel F) for both groups of high and low cultural gap (with higher economic magnitude for high cultural gap). In Panel G, we find that the joint effect of cross-border acquisition and acquirer prior acquisition experience on training investment (Models 1 and 2) or the joint effect of training investment and R&D intensity on post-deal performance (Models 3 and 4) is only significant in the high cultural gap subsample. These findings reinforce our main results by highlighting that training is particularly critical in contexts where institutional and cultural gaps are high.

4.1. Supplementary analyses

Prior HRM research (Newman et al., 2011; Randall et al., 2022; Shuck et al., 2014) demonstrates that training investment shapes employees' attitudes and behaviors and, critically, influences their propensity to remain with the organization. Accordingly, we anticipate that the performance effects of training investment are likely to be realized through its impact on employee retention. To examine this mechanism more directly, we conduct a supplementary sequential mediation analysis that tests the mediating roles of training investment and employee turnover in the relationship between cross-economy acquisitions and post-deal performance. Employee turnover data were obtained from the NRG Metrics database, which is widely used in the literature (Capolupo et al., 2025; Delis et al., 2020), and is defined as the percentage of employees who voluntarily or involuntarily leave their jobs. Employee turnover was calculated for the period following deal completion ($t+1$). The results of the bootstrapping method using 5,000 replications, shown in Table 7, indicated that the total indirect effect of cross-border acquisition on the target's ROA sequentially mediated through target training investments and employee turnover was significant ($b = 0.023$, $p = 0.000$, 95% BCI: 0.007, 0.056). This finding suggests that cross-border acquisitions increase firm performance both directly and indirectly by enhancing training that, in turn, reduces employee turnover, ultimately leading to improved ex-post deal financial outcomes.

To further assess the robustness of our mediating effect of training investments, we re-estimate the mediating effect of training investment on the relationship between cross-economy acquisitions and post-deal performance while including employee turnover as a covariate. The results (Table 8) remain qualitatively consistent with our earlier findings and continue to provide strong support for training investment as a key mechanism through which cross-economy acquisitions enhance firm performance.

5. Discussion

In this study, we examined the role of training investments in the cross-border acquisition context. Drawing on the resource-based view of the firm (Barney, 1991; Wernerfelt, 1984) and absorptive capacity perspective (Cohen and Levinthal, 1990), we theorized and found empirical support that training investments play a role in recognizing, assimilating, and applying new knowledge in the context of cross-border acquisitions. As such acquisitions are inherently complex and entail major differences in workplace cultures, managerial practices, communication styles, and institutional arrangements between the acquiring and target firm, training investments enable the effective integration of the two firms. Moreover, we argued that training investments serve as an underlying mechanism that facilitates the successful execution of cross-border acquisitions where acquiring and target firms belong to different economic categories (developed vs. emerging economies), resulting in improved financial performance. Stated differently, training investments act as a structured platform and bridge for knowledge assimilation, routine recombination, cross-department coordination, and improved decision making between the acquiring and target firm. Ultimately, we provide empirical evidence that training investments appear as the “secret sauce” that allows cross-economy acquisitions to yield performance gains and identify contingencies that modulate the effectiveness of this secret sauce.

5.1. Contributions to HR Theory and Research

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In designing this study, we intended to make two contributions to HR theory and research. First, we address a critical, yet unanswered, research question in the literature, i.e., how can firms manage human resources in such a way to improve firm performance in cross-border acquisitions? Scholars have highlighted the importance of training in cross-border acquisitions, but there has been little theory development or empirical research to date to flesh this out. We add to the ever-present debate of whether and how acquisitions can improve firm performance (e.g., King et al., 2004; King et al., 2021). Our study reveals that training investments are a key element in the acquisition process that facilitates the successful integration of the acquiring and target firm and ultimately generates financial gains. More importantly, we show that these effects are persistent regardless of the direction of acquisitions (from developed to emerging economies or emerging to developed economies). This finding further highlights the critical role of training investments in the acquisition process and indicates that it might not be the origin of acquisitions but the way their human resources are managed that determines their ultimate success.

To delve deeper into the “black box” of the acquisition process and provide a more nuanced understanding of the sequential steps that link otherwise distant constructs (i.e., cross-border acquisitions and firm performance), we explored the mediating role of employee turnover. Contrary to arguments that turnover can lead to efficiency gains and cost reductions post acquisitions, we expected it to undermine the successful integration of acquisitions (for review, see Haleblian et al., 2007). As turnover could jeopardize tacit knowledge loss (e.g., Cannella and Hambrick, 1993), it is critical for firms to limit its detrimental impact via training investment. The latter could prevent employees from leaving by facilitating greater trust and organizational commitment. Indeed, our findings were in line with these arguments and showed that turnover is a critical piece of the puzzle associated with acquisition success. Moreover, training investment and turnover appear to be two key intervening mechanisms that can facilitate managerial efforts

in undertaking and completing effective and beneficial acquisitions. This presents opportunities for future research to further unpack more specific ways by which, as well as the types of training, that facilitate firm performance in cross-border acquisitions. It would be useful, for instance, for future research to investigate how training helps firms structure the assimilation and integration of external knowledge in cross-border acquisitions. Moreover, as some turnover might be inevitable in acquisitions, it would be important to examine how training can prevent the spillover of negative emotions and attitudes from dismissed employees throughout the firm.

Second, we address the mixed findings on training and firm performance in the context of cross-border acquisitions. We proposed that findings as to the relationship between training and firm performance in the context of cross-border acquisitions are mixed, likely due to firm-specific factors. We therefore integrated two firm-specific factors as contingencies in our model and at different stages in our model. Our results revealed that while cross-border acquisitions are generally linked to greater training investments, acquirers with prior experience are less dependent and reliant on training investments. In other words, such acquirers can substitute their established acquiring routines and practices for further investments in training. Regarding the target firm's R&D intensity, we argued and found empirical support that it plays a complementary role to training investments in generating higher returns from the acquisition. In sum, these moderating factors confirm a well-established premise in acquisition research – the success of acquisitions, including cross-border ones, is dependent on contextual conditions (e.g., Haleblan et al., 2009). This provides insight into the mixed findings in the extant literature, i.e., they could be due to firm-specific factors such as prior acquisition experience and R&D intensity. This also presents opportunities for future research, i.e., to probe relevant, firm-specific factors that modulate training effectiveness as it relates to ROA in the context of cross-border acquisitions.

Our findings offer important insights for theory. The core proposition we posed, and further developed as testable hypotheses, was that in cross-border acquisitions, training investments are an important way by which to build absorptive capacity—that training investment is a useful tool to reserve tacit knowledge and talent in the organization and help workers to recognize, assimilate, and apply new knowledge so as to improve organizational effectiveness. This proposition was supported in that training investments mediated the relationship between cross-border acquisitions and firm performance. This provides insights for the resource-based view of the firm and, in conjunction, absorptive capacity insofar as they relate to cross-border acquisitions. Our theory and results suggest that training investments are a way for firms to develop absorptive capacity through its employees because they are better equipped to absorb, recombine, and deploy newly acquired resources in the acquisition more effectively. This enhanced capability for absorptive capacity ultimately provides firms that invest in training with a competitive advantage in that they are orchestrating firm-specific resources—human resources—in ways that competitors cannot easily replicate. Future research should investigate what types of training programs are best-suited to help employees recognize, assimilate, and deploy new knowledge in cross-border acquisitions.

Finally, our supplementary findings indicate that cultural gap is an important boundary condition for the theorized relationships in our model. Cultural challenges are critical to global mergers and acquisitions (Tarba, Cooke, et al., 2020). Consistent with prior research (Weber et al., 2009), we examined cultural distance in the context of cross-border acquisitions. We do so to determine if firms invest in training across levels of cultural distance, as well as how our variables of interest relate to firm performance post-acquisition across levels of cultural distance. This is important because differences between the acquiring and acquired firm in culture and related characteristics, such as communication styles and decision-making processes, can affect post-

acquisition integration and hinder knowledge transfer (Björkman et al., 2007; Reus and Lamont, 2009; Tian et al., 2021). Our results indicate that cross-border acquisitions are related to increased investments in training regardless of cultural distance, but that the joint effect of the acquisition and acquirer prior acquisition experience on training investments and the joint effect of training investments and R&D intensity on firm performance post-acquisition are significant only for acquisitions characterized by high cultural distance. This suggests that training investment is relevant and used by firms as an effective means to improve acquisition integration, especially when cultural distance is high.

5.2. Practical Implications for Human Resource Management

Our study offers important practical implications for firms and the management of human resources. First, firm managers and board of directors should pay particular attention to allocating sufficient resources for employee training during the cross-border acquisition process. As our findings indicate, such investments are critical for ensuring the successful implementation of such acquisitions. While acquisitions are usually associated with cost cuts and streamlining of functional areas (e.g., Haleblan et al., 2009), firms need to be cognizant and avoid reducing training budgets in order to avoid suboptimal acquisition integration. Our results suggest that cost-cutting, at least when it comes to training investments, can be a reason why cross-border acquisitions so often fail and result in lower performance over time.

We theorized above that firms with more cross-border acquisition experience are less dependent on training investments to build absorptive capacity because firms with such experience already possess the routines, knowledge structures, and human capital needed to navigate managerial, cultural, and institutional differences. Supporting our argumentation, we found that prior cross-border acquisition experience negatively moderated the relationship between cross-

border acquisitions and training investments. This does not mean that prior cross-border acquisition experience is a perfect substitute for training investments, nor does it mean that firms with such experience do not benefit from training investments as they relate to absorptive capacity and, ultimately, to firm performance. To substantiate our point, we conducted a post-hoc analysis of the relationship between training investment and firm performance among firms that were not experienced (see Panel B of Table 6). The results of this analysis show that firms without prior experience still benefit from training investments.

Considering our results in total, we therefore recommend that firms with prior experience should still invest in training during a cross-border acquisition. These firms should carefully consider what types of training investments are best-suited to help them build the employee capabilities needed for effective integration. For instance, whereas firms with relatively less cross-border experience might benefit more from training programs about cultural and institutional differences between the two firms or from socialization-based programs (Weber, 2015, Zhou, Fey, & Yildiz, 2020), firms with more experience might benefit more from training programs about knowledge transfer between teams and work units (Xie et al., 2022). We see a slightly different picture for firms with a relatively less rich knowledge base, as indicated by R&D intensity. Our results demonstrate that too much training investment might have diminishing returns and become wasteful. As there is less technological knowledge subject to obsolescence, increasing training investment might become an unnecessary expense that hurts performance. While we do not suggest that these firms completely abandon investment in training, they need to be cognizant of a threshold point beyond which more investment can become counterproductive. Moreover, we contend that it is important for HR managers to determine what types of training programs are more important for their acquisition based on the knowledge base of the acquiring and acquired

firm. Ultimately, for cross-border acquisitions to succeed, managers need to incorporate training investments as an integral part of the planning and negotiation phases of the acquisition.

5.3. Limitations and Future Research

As any study, ours is not without limitations, which offer ample opportunities for future research. First, while we relied on well-established theoretical frameworks of resource-based view and absorptive capacity to develop and test our conceptual model, we did not measure directly how training investments impact firm performance. This is a common limitation in macro-level research utilizing large secondary data where scholars could only theorize on a mechanism and not measure it directly (c.f., Volberda et al., 2010). Future research can utilize primary data – surveys and case-based methods – to obtain a more fine-grained account of absorptive capacity and how training investments facilitate the internal dynamics and ongoing processes of integration between employees from the acquiring and target firm. Second, we focused on training investments as a core HR practice that prepares employees to deal with the inherent uncertainty and complexity of cross-border acquisitions (e.g., Noe, Clarke, and Klein, 2014); yet, due to data constraints our operationalization of training investment does not capture quality, content, or type of training provided. We speculate that examining quality and content of training, for example, could provide a more nuanced understanding of the performance implications of training investment. In particular, subject matter experts from the acquirer, such as engineers, accountants, or marketers, could deliver specialized technical skills training to target employees that not only speeds knowledge accumulation and combination, but also reduces training costs. Relatedly, types of training (e.g., regulatory, occupational safety and health, or technical) and other HR practices are likely to play an important role in the acquisition process. For example, the level and type of compensation are essential for motivating employees to follow through with the successful implementation of an acquisition (Schijven, Kolev, and Haleblian, 2024). Thus, the alignment of

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ability (through investment training) and motivation (through employee compensation and incentives) can be a powerful combination for generating financial gains from acquisitions. Finally, while we utilized ROA as a well-established measure of acquisition performance, we envision other potential outcomes that could reflect acquisition success. For example, as training investments facilitate knowledge integration and recombination and discourage target employees from leaving, we view innovation and employee turnover, respectively, as supplementary measures to gauge the success of cross-border acquisitions.

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Table 1: Descriptive statistics and correlations for study variables

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	Mean	SD									VIF
(1) Training investment (t+1)	0.186	0.259	1.00								
(2) Post-deal Performance(t+2)	0.161	0.807	0.11*	1.00							
(3) Cross-border acquisition	0.245	0.430	0.11*	0.08*	1.00						1.01
(4) Same industry deal	0.603	0.489	0.04	0.02	0.04	1.00					1.01
(5) Stock-financed deal	0.115	0.320	0.04	0.03	-0.09*	-0.06	1.00				1.01
(6) Target Tobin's q	0.425	1.196	0.08*	0.01	-0.02	0.03	0.01	1.00			1.01
(7) Target leverage	0.044	0.050	-0.04	-0.04	0.01	-0.02	0.01	0.03	1.00		1.22
(8) Pre-deal training investment (t-1)	0.009	0.116	0.01	0.00	0.01	-0.02	0.01	0.01	0.42*	1.00	1.22

* $p < 0.1$

Table 2: Regression results for the impact of cross-border acquisitions on training investment within acquired subsidiary (*HI*)

Dependent variable: Training investment (t+1)	(1) Coefficient B (SE)
Cross-border acquisition	0.068*** (0.014)
Same industry deal	0.022 (0.013)
Stock-financed deal	0.043** (0.019)
Target Tobin's q	0.018*** (0.005)
Target leverage	-0.305** (0.136)
Pre-deal training investment (t-1)	0.082 (0.058)
Constant	0.157*** (0.012)
<i>N</i>	1759
<i>R</i> ²	0.025

** $p < 0.05$; *** $p < 0.01$

Table 3: Results of Path analysis (H2)

Pathway	(1) Coefficient B (SE)
Cross-border acquisition → Training investment (t+1)	0.068*** (0.014)
Training investment (t+1) → Post-deal Performance (t+2)	0.294*** (0.074)
Direct effect (Cross-border acquisition → Post-deal Performance (t+2))	0.134*** (0.044)
Indirect effect via Training investment (t+1)	0.020*** (0.006)
Total effect (Direct + Indirect)	0.154*** (0.044)
Control variables	Yes
<i>N</i>	1759

This table shows the results for the path analysis through structural equation modelling (SEM).

*** $p < 0.01$

Table 4: Regression results for the moderating effects on the relationship between cross-border acquisition and training investment within acquired subsidiary (*H3 and H4*)

Dependent variable:	(1)	(2)
	Training investment (t+1)	Post-deal performance (t+2)
	Coefficient B (SE)	Coefficient B (SE)
Cross-border acquisition × Acquisition experience	-0.070^{***} (0.033)	
Cross-border acquisition	0.079 ^{***} (0.016)	
Acquisition experience	-0.075 ^{***} (0.016)	
Training investment (t+1) × R&D intensity		0.250^{***} (0.080)
Training investment (t+1)		0.279 ^{***} (0.077)
R&D intensity		0.049 ^{**} (0.024)
Same industry deal	0.025 ^{**} (0.012)	0.020 (0.039)
Stock-financed deal	0.046 ^{**} (0.019)	0.071 (0.060)
Target Tobin's q	0.018 ^{***} (0.005)	-0.207 ^{***} (0.066)
Target leverage	-0.324 ^{**} (0.134)	-0.540 (0.390)
Pre-deal training investment (t-1)	0.094 (0.058)	
Pre-deal ROA (t-1)		-0.190 (1.049)
Constant	0.176 ^{***} (0.013)	0.177 ^{***} (0.062)
<i>N</i>	1759	1759
<i>R</i> ²	0.051	0.020

This table shows the joint effect of cross-border acquisition and acquisition experience on training investment within acquired subsidiary (Model 1) after the successful takeovers. Model (2) reports results for the joint effect of training investment and R&D intensity on post-deal (after two years) target's ROA. ** $p < 0.05$; *** $p < 0.01$

Table 5: Endogeneity tests– Sample selection bias

Dependent variable:	Entropy balanced matching	Propensity score matching
	(EBM)	(PSM)
	(1)	(2)
	Training investment (t+1)	Training investment (t+1)
	Coefficient	Coefficient
	B (SE)	B (SE)
Cross-border acquisition	0.070^{***}	0.070^{***}
	(0.022)	(0.026)
Same industry deal	0.032	0.033
	(0.018)	(0.026)
Stock-financed deal	0.046	0.020
	(0.031)	(0.051)
Target Tobin's q	0.217 ^{**}	0.288 ^{***}
	(0.105)	(0.042)
Target leverage	-0.291	-0.234
	(0.150)	(0.303)
Pre-deal training investment (t-1)	0.057	-0.028
	(0.052)	(0.353)
Constant	0.073	0.045
	(0.043)	(0.033)
<i>N</i>	1759	746
<i>R</i> ²	0.066	0.075

This table shows the effect of cross-border acquisition on target's training investment after tackling potential sample selection bias through entropy balanced matching (EBM) and propensity score matching (PSM). ** $p < 0.05$; *** $p < 0.01$

Table 6: Robustness tests

Panel A: Dropping dominant year, industry, and country (Models 1-3) & Additional control variables (Model 4)				
Dependent variable:	(1)	(2)	(3)	(4)
	Training investment (t+1)	Training investment (t+1)	Training investment (t+1)	Training investment (t+1)
	Coefficient	Coefficient	Coefficient	Coefficient
	B (SE)	B (SE)	B (SE)	B (SE)
Cross-border acquisition	0.070^{***} (0.015)	0.053^{***} (0.015)	0.061^{***} (0.017)	0.069^{***} (0.014)
Same industry deal	0.019 (0.013)	0.029 ^{**} (0.014)	0.019 (0.015)	0.023 [*] (0.013)
Stock-financed deal	0.042 ^{**} (0.020)	0.054 ^{**} (0.021)	0.050 ^{**} (0.022)	0.034 (0.019)
Target Tobin's q	0.017 ^{***} (0.005)	0.015 ^{***} (0.005)	0.015 ^{***} (0.005)	0.020 ^{***} (0.005)
Target leverage	-0.311 ^{**} (0.140)	-0.307 ^{**} (0.147)	-0.329 ^{**} (0.158)	-0.284 (0.149)
Pre-deal training investment (t-1)	0.082 (0.059)	0.052 (0.177)	0.082 (0.062)	0.082 (0.059)
Takeover competition				0.006 (0.006)
Target cash flows				-0.084 (0.114)
Acquirer training investment (t-1)				-0.013 (0.454)
Acquirer Tobin's q				-0.021 (0.014)
Acquirer leverage				-0.022 (0.072)
Acquirer cash flows				-0.053 (0.075)
Target minority shareholder protection index				0.031 ^{***} (0.009)
Target country governance				0.001 (0.001)
Constant	0.159 ^{***}	0.152 ^{***}	0.162 ^{***}	-0.054

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	(0.013)	(0.013)	(0.015)	(0.145)
<i>N</i>	1676	1475	1374	1759
<i>R</i> ²	0.025	0.023	0.022	0.034

Panel B: Cross-border acquisitions of non-experienced acquirers and firm performance

Dependent variable:	Post-deal Performance	
	(t+2)	
	Coefficient	
	B (SE)	
Cross-border acquisition	0.183^{***}	
	(0.059)	
Same industry deal	0.032	
	(0.053)	
Stock-financed deal	0.102	
	(0.083)	
Pre-deal ROA (t-1)	-0.508	
	(1.465)	
Target Tobin's q	0.029	
	(0.040)	
Target leverage	-0.470	
	(0.534)	
Constant	0.131	
	(0.085)	
<i>N</i>	1301	
<i>R</i> ²	0.009	

Panel C: Acquisition motives and impact of cross-border acquisitions on training investment

Dependent variable: Post-deal training investment (t+1)	Strategic-asset seeking motives	Market-seeking motives
	(1)	(2)
	Coefficient	Coefficient
	B (SE)	B (SE)
Cross-border acquisition	0.070^{***}	0.062^{***}
	(0.018)	(0.021)
Same industry deal	0.034	0.015
	(0.019)	(0.016)
Stock-financed deal	0.038	0.038
	(0.030)	(0.024)
Target tobin q	0.171 ^{***}	0.013 ^{**}
	(0.027)	(0.005)
Target leverage	-0.613 ^{**}	-0.190
	(0.239)	(0.168)

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Pre-deal training investment (t-1)	0.139** (0.068)	0.091 (0.187)
Constant	0.104*** (0.022)	0.157*** (0.016)
<i>N</i>	571	1188
<i>R</i> ²	0.100	0.020

Panel D: Regression results for the impact of developed to emerging or emerging to developed acquisitions on training investment within acquired subsidiary

Dependent variable: Training investment (t+1)	(1) Coefficient B (SE)	(2) Coefficient B (SE)
Developed to emerging acquisition	0.096*** (0.018)	
Emerging to developed acquisition		0.088*** (0.019)
Same industry deal	0.025** (0.012)	0.026** (0.013)
Stock-financed deal	0.041** (0.019)	0.040** (0.019)
Target Tobin's q	0.017*** (0.005)	0.017*** (0.005)
Target leverage	-0.300** (0.136)	-0.303** (0.136)
Pre-deal training investment (t-1)	0.080 (0.058)	0.081 (0.058)
Constant	0.159*** (0.012)	0.161*** (0.012)
<i>N</i>	1759	1759
<i>R</i> ²	0.028	0.024

Panel E: Moderating effects on the relationship between developed to emerging or emerging to developed acquisitions and training investment within acquired subsidiary

Dependent variable:	(1) Training investment (t+1) Coefficient B (SE)	(2) Training investment (t+1) Coefficient B (SE)	(3) Post-deal performance (t+2) Coefficient B (SE)	(4) Post-deal performance (t+2) Coefficient B (SE)
Developed to emerging acquisition x Acquisition experience	-0.143*** (0.044)			
Emerging to developed acquisition x Acquisition experience		-0.132***		

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		(0.049)		
Developed to emerging acquisition	0.118***			
	(0.020)			
Acquisition experience	-0.074***	-0.079***		
	(0.015)	(0.014)		
Emerging to developed acquisition		0.104***		
		(0.021)		
Training investment x R&D intensity			0.147***	0.144***
			(0.038)	(0.038)
Training investment (t+1)			0.213***	0.295***
			(0.049)	(0.056)
R&D intensity			0.043***	0.045***
			(0.011)	(0.011)
Same industry deal	0.028**	0.029**	-0.011	-0.013
	(0.012)	(0.012)	(0.018)	(0.018)
Stock-financed deal	0.044**	0.043**	0.097***	0.095***
	(0.019)	(0.019)	(0.027)	(0.027)
Target Tobin's q	0.017***	0.017***	-0.156***	-0.162***
	(0.005)	(0.005)	(0.033)	(0.033)
Target leverage	-0.325**	-0.330**	-0.330	-0.321
	(0.134)	(0.134)	(0.180)	(0.179)
Pre-deal training investment (t-1)	0.095	0.096		
	(0.057)	(0.058)		
Pre-deal ROA (t-1)			0.020	-0.084
			(0.482)	(0.483)
Constant	0.178***	0.181***	0.147***	0.140***
	(0.012)	(0.012)	(0.029)	(0.030)
<i>N</i>	1759	1759	1560	1527
<i>R</i> ²	0.057	0.051	0.038	0.044

Panel F: Regression results for the impact of cross-border acquisitions on training investment within acquired subsidiary in subsamples of high versus lower cultural gap

	(1)	(2)
	High cultural gap (HCG)	Low cultural gap (LCG)
Dependent variable:	Coefficient	Coefficient
Training investment (t+1)	B (SE)	B (SE)
Cross-border acquisition	0.082***	0.045***
	(0.024)	(0.015)
Same industry deal	0.039*	0.004
	(0.022)	(0.012)
Stock-financed deal	0.021	0.071***
	(0.033)	(0.018)
Target tobin's q	0.010	0.041***
	(0.007)	(0.007)

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Target leverage	-0.256 (0.292)	-0.348*** (0.109)
Pre-deal training investment (t-1)	-0.330 (0.522)	0.094** (0.040)
Constant	0.151*** (0.023)	0.159*** (0.011)
<i>N</i>	882	877
<i>R</i> ²	0.020	0.075

Panel G: Moderating effects on the relationship between cross-border acquisitions and training investment within acquired subsidiary in subsamples of high cultural gap (HCG) versus lower cultural gap (LCG)

	(1) HCG	(2) LCG	(3) HCG	(4) LCG
Dependent variable: Training investment (t+1) or post-deal performance (t+2)	Coefficient B (SE)	Coefficient B (SE)	Coefficient B (SE)	Coefficient B (SE)
Cross-border acquisition	0.108*** (0.027)	0.037** (0.016)		
Cross-border acquisition x Acquisition experience	-0.119** (0.054)	0.005 (0.036)		
Acquisition experience	-0.067** (0.029)	-0.077*** (0.014)		
Training investment (t+1) x R&D intensity			2.435*** (0.396)	-0.404 (0.258)
Training investment (t+1)			-0.513*** (0.152)	0.938*** (0.155)
R&D intensity			-0.306*** (0.079)	0.545** (0.230)
Same industry deal	0.042* (0.022)	0.007 (0.011)	-0.021 (0.061)	0.043 (0.048)
Stock-financed deal	0.024 (0.033)	0.071*** (0.018)	0.128 (0.090)	-0.035 (0.076)
Target tobin's q	0.011 (0.007)	0.039*** (0.007)	-0.059 (0.126)	-0.422*** (0.139)
Target leverage	-0.324 (0.289)	-0.351*** (0.107)	-1.317 (0.814)	-0.156 (0.397)
Pre-deal training investment (t-1)	-0.177 (0.518)	0.102*** (0.039)		
Pre-deal ROA			0.958 (1.687)	-0.710 (1.254)
Constant	0.168*** (0.024)	0.180*** (0.012)	0.221** (0.104)	0.075 (0.074)
<i>N</i>	882	877	882	877
<i>R</i> ²	0.044	0.112	0.054	0.049

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Panel H: Path analysis across high vs. low cultural distance

High cultural distance	
Pathway	(1) Coefficient B (SE)
Cross-border acquisition → Training investment (t+1)	0.082*** (0.023)
Training investment (t+1) → Post-deal Performance (t+2)	0.182* (0.094)
Direct effect (Cross-border acquisition → Post-deal Performance (t+2))	0.119* (0.066)
Indirect effect via Training investment (t+1)	0.014* (0.008)
Total effect (Direct + Indirect)	0.133** (0.066)
Control variables	Yes
<i>N</i>	882
Low cultural distance	
Pathway	(1) Coefficient B (SE)
Cross-border acquisition → Training investment (t+1)	0.045*** (0.014)
Training investment (t+1) → Post-deal Performance (t+2)	0.765*** (0.138)
Direct effect (Cross-border acquisition → Post-deal Performance (t+2))	0.153*** (0.060)
Indirect effect via Training investment (t+1)	0.034*** (0.012)
Total effect (Direct + Indirect)	0.187*** (0.061)
Control variables	Yes
<i>N</i>	877

** $p < 0.05$; *** $p < 0.01$

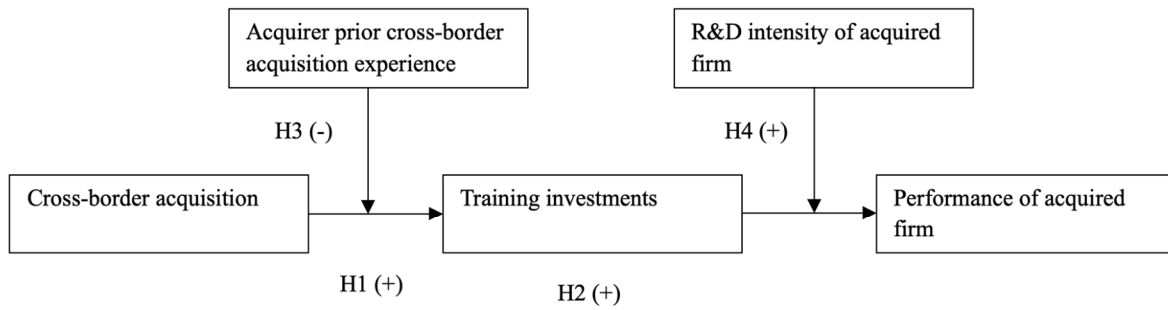
Table 7: Supplementary analysis-Sequential mediation analysis

Pathway	(1) Coefficient B (SE)
Cross-border acquisition → Post-deal Performance (t+2)	0.131*** (0.044)
Cross-border acquisition → Training investment (t+1)	0.068*** (0.014)
Cross-border acquisition → Employee turnover (t+1)	-0.006 (0.004)
Training investment (t+1) → Employee Turnover (t+1)	-0.017** (0.008)
Training investment (t+1) → Post-deal Performance (t+2)	0.283*** (0.074)
Employee turnover (t+1) → Post-deal Performance (t+2)	-0.618*** (0.215)
Cross-border acquisition → Training investment (t+1) → Post-deal Performance (t+2)	0.019*** (0.006)
Cross-border acquisition → Employee turnover (t+1) → Post-deal performance (t+2)	0.004 (0.003)
Cross-border acquisition → Training investment (t+1) → Employee turnover (t+1) → Post-deal performance (t+2)	0.007 (0.004)
Total indirect effect	0.023*** (0.007)
Total effect (Direct + Indirect)	0.154*** (0.044)
Control variables	Yes
<i>N</i>	1759

Table 8: Path analysis

Pathway	(1) Coefficient B (SE)
Cross-border acquisition → Training investment (t+1)	0.066*** (0.014)
Training investment (t+1) → Post-deal Performance (t+2)	0.283*** (0.074)
Direct effect (Cross-border acquisition → Post-deal Performance (t+2))	0.131*** (0.044)
Indirect effect via Training investment (t+1)	0.019*** (0.006)
Total effect (Direct + Indirect)	0.150*** (0.044)
Employee turnover (t+1)	Yes
Control variables	Yes
<i>N</i>	1759

Figure 1: Conceptual model



Cross-border acquisitions include both developed to emerging and emerging to developed economies deals

H2(+) is the mediation hypothesis

Figure 2: Interaction of acquisition type and takeover experience

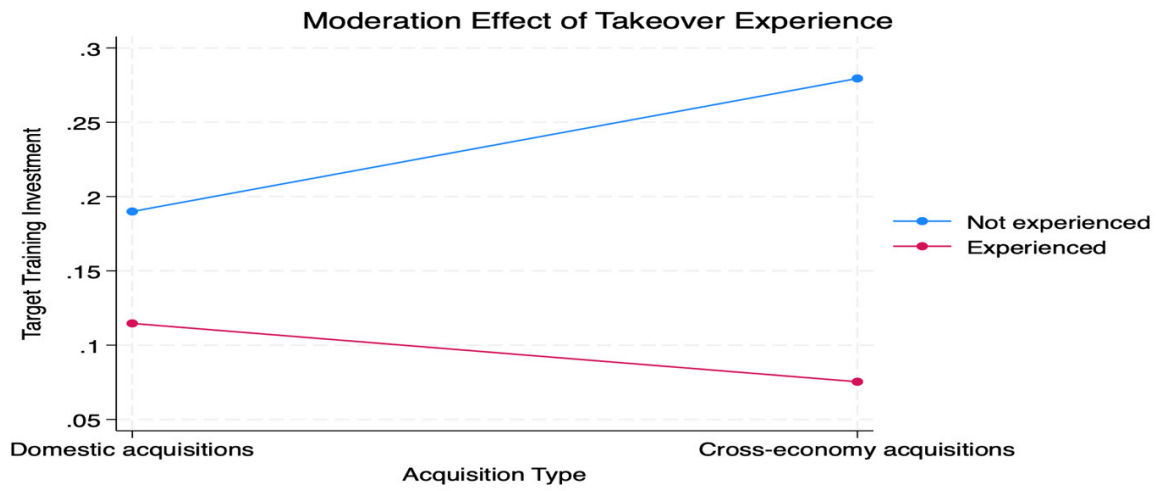
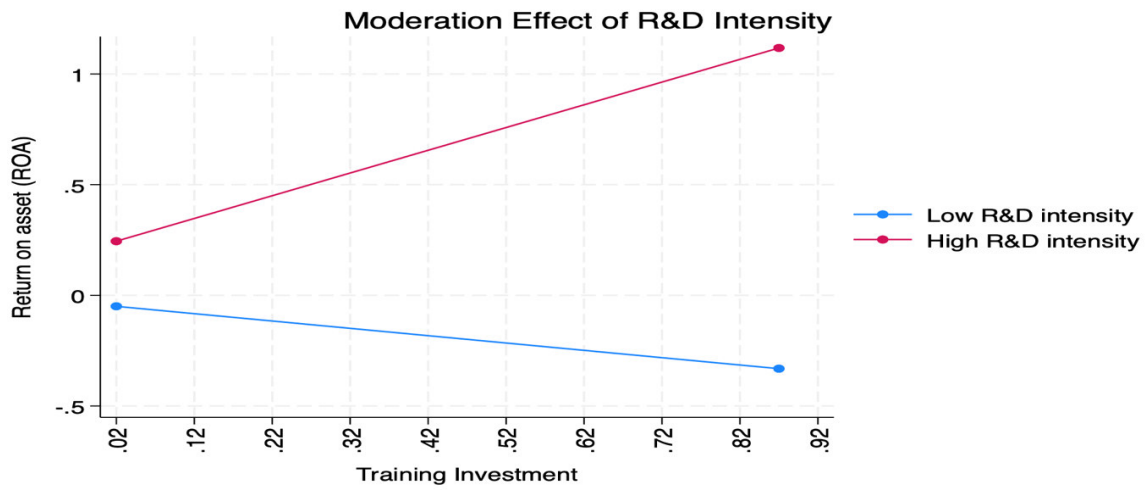


Figure 3: Interaction of training investment and R&D intensity



Appendix:

Table A1: Sample distribution

Panel A: Sample distributions across deal announcement year, acquirer industry, and acquirer country								
	N	%	Acquirer Industry	N	%	Acquirer country	N	%
2004	103	5.86	Consumer Products and Services	117	6.65	Australia	56	3.18
2005	82	4.66	Consumer Staples	109	6.20	Austria	10	0.57
2006	78	4.43	Energy and Power	173	9.84	Belgium	8	0.45
2007	89	5.06	Healthcare	66	3.75	Brazil	27	1.53
2008	108	6.14	High Technology	332	18.87	Canada	80	4.55
2009	101	5.74	Industrials	273	15.52	Chile	8	0.45
2010	82	4.66	Materials	327	18.59	China	91	5.17
2011	71	4.04	Media and Entertainment	108	6.14	Colombia	4	0.23
2012	133	7.56	Real Estate	71	4.04	Czech Republic	3	0.17
2013	83	4.72	Retail	116	6.59	Denmark	7	0.40
2014	89	5.06	Telecommunications	67	3.81	Finland	2	0.11
2015	78	4.43				France	49	2.79
2016	84	4.78				Germany	29	1.65
2017	79	4.49				Greece	12	0.68
2018	60	3.41				Hong Kong	6	0.34
2019	64	3.64				Hungary	3	0.17
2020	81	4.60				India	54	3.07
2021	102	5.80				Indonesia	9	0.51
2022	107	6.08				Ireland	11	0.63
2023	85	4.83				Israel	11	0.63
						Italy	32	1.82
						Japan	199	11.31
						Kazakhstan	5	0.28
						Kuwait	5	0.28
						Luxembourg	3	0.17
						Malaysia	40	2.27
						Mexico	10	0.57
						Netherlands	11	0.63
						New Zealand	3	0.17
						Norway	34	1.93
						Peru	4	0.23
						Philippines	7	0.40
						Poland	30	1.71
						Portugal	7	0.40
						Russia	88	5.00
						Saudi Arabia	4	0.23
						Singapore	23	1.31
						South Africa	17	0.97
						South Korea	99	5.63
						Spain	17	0.97
						Sweden	31	1.76
						Switzerland	18	1.02
						Taiwan	44	2.50
						Thailand	30	1.71
						Turkey	14	0.80
						United Arab Emirates	6	0.34
						United Kingdom	92	5.23
						United States	385	21.89
						Vietnam	21	1.19
Total	1759	100.00		1759	100.00		1759	100.00

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Panel B: Descriptive statistics for deals of different or the same economic regions		
Economic category	N	%
Developed to emerging	232	13.189%
Emerging to developed	199	11.133%
Same region (developed to developed or emerging to emerging)	1328	75.49%
Total	1759	100.00

Table A2: Variable definitions

Variable	Definition
Training investment	Training investment made by the acquiring firm in the acquired subsidiary, which is measured as total training expenditures divided by total sales one year after the completed deal.
Pre/Post-deal Performance	It is industry adjusted ROA (Net income scaled by total assets) which is calculated as target firm ROA minus industry ROA for each year, industry, and country. We calculate both one year before (t-1) and two years after (t+2) the deal announcement.
Cross-border acquisition	Dummy variable: 1 when the acquirer and target originate from different economic categories (either a developed-economy firm acquiring an emerging-economy firm or an emerging-economy firm acquiring a developed-economy firm) and 0 otherwise.
Same industry deal	Dummy variable: 1 if the acquirer and target belong to the same industry and 0 otherwise.
Stock-financed deal	Dummy variable: 1 if the acquirer pays 100% in stock and zero otherwise.
Target Tobin's q	Equity's market value plus debt's book value all scaled by asset's book value.
Target leverage	Long term debt scaled by total assets.
Acquisition experience	Dummy variable: 1 if the acquirer already have a takeover experience and 0 otherwise.
Research & Development intensity	Research and development expenditures scaled by total sales.