Received: 26 January 2018 | Revised: 9 June 2020 | Accepted: 10 June 2020 | Published on: 20 July 2020

DOI: 10.1002/smj.3212

RESEARCH ARTICLE

STRATEGIC MANAGEMENT JOURNAL WILEY

How media coverage of corporate social responsibility and irresponsibility influences cross-border acquisitions

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Abstract

Research Summary: This study contributes to the growing strategic corporate social responsibility (CSR) literature by examining the intersection of acquisition studies and international expansion research and highlighting the unexplored impact of media coverage of CSR and corporate social irresponsibility (CSI) in shaping completion and duration outcomes of cross-border acquisitions. A quantitative analysis of 4,087 cross-border acquisition announcements by firms from Brazil, Russia, India, China, and South Africa (1990–2011) shows that while media coverage of CSR is not important, media coverage of CSI is associated with lower likelihood of and longer duration till acquisition completion. By theoretically and empirically distinguishing media coverage of CSR from CSI, this paper pushes the existing literature to acknowledge these distinct concepts and their varying effects. In sum, managers should beware media coverage of CSI when acquiring abroad.

Managerial Summary: Cross-border acquisitions by firms from emerging markets often do not reach completion or are badly delayed, damaging the firms' attempts to expand. A key barrier to completing deals is that employees, customers, regulators, media, and other stakeholders in the target market are suspicious of these firms, fearing that they will be poor corporate citizens. I examine whether media coverage of acquirers' social activities helps overcome these suspicions. I find that media coverage of socially responsible activities does not facilitate deal completion. Strikingly, however, media coverage of irresponsible actions, such as labor or environmental issues, delays or blocks deal completion. The implication is that firms from emerging markets, which increasingly are expanding abroad, need to avoid activities that people outside their country will interpret as inappropriate.

KEYWORDS

corporate social responsibility (CSR), emerging market multinationals (EMMs), international expansion, M&As, public takeover process

1 | INTRODUCTION

In pursuit of fully identifying and understanding all sources of firm performance heterogeneity, the strategy literature has long begun to examine the strategic value of corporate social responsibility (CSR). Voluntary company activities demonstrating the inclusion of social and environmental concerns in business operations and in interactions with stakeholders (Dahlsrud, 2008; van Marrewijk, 2003) generate a positive reputation (Bermiss, Zajac, & King, 2014) and insurance in times of crisis (Godfrey, 2005; Godfrey, Merrill, & Hansen, 2009; Koh, Qian, & Wang, 2014; Shiu & Yang, 2017), as well as help corporations gain access to capital (Cheng, Ioannou, & Serafeim, 2014) and the policymaking process (Werner, 2015). Yet, despite the argument that "CSR creates intangible assets that help organizations overcome nationalistic barriers and facilitate globalization" (Gardberg & Fombrun, 2006, p. 329), we know relatively little about the role of CSR information in international expansion, particularly in cross-border mergers and acquisitions (hereafter referred to as acquisitions).

Although not always preferred or perceived as appropriate by stakeholders in host countries (Globerman & Shapiro, 2009), acquisitions by emerging market multinationals (EMMs) have increased significantly over time (see Online Appendix A). As they often expand abroad for the first time, there is a lot of uncertainty about EMMs in host countries, making it an ideal setting for examining informational relevance (if any) of CSR in international expansion. Given the informational asymmetry between the local stakeholders and the EMM, and given that information about CSR can help allay their concerns (Carroll, 1979; Dowling & Pfeffer, 1975), while information about its theoretical counterpart, corporate social irresponsibility (CSI) defined as "the set of corporate actions that negatively affects an identifiable social stakeholder's legitimate claims" (Strike, Gao, & Bansal, 2006, p. 852) may increase the potential for stakeholder sanctions (Kölbel, Busch, & Jancso, 2017), I seek to understand how media coverage of CSR and CSI of EMMs affects their acquisition outcomes (i.e., acquisition completion and duration).

This question and empirical setting are critically important for strategy research for several reasons. First, while media coverage of CSI has been shown to increase financial risk (Kölbel et al., 2017), the relationship with acquisition outcomes remains to be understood. Second, while acquisitions represent multistakeholder deals, stakeholder perspectives other than those of shareholders are often neglected in research (Bettinazzi & Zollo, 2017; Meglio, King, & Risberg, 2017) and can be important in the acquisition process (Li, Xia, & Lin, 2017). Third, canceled acquisitions and prolonged deal-making are costly for the acquirers as well as for the target firms (Chakrabarti & Mitchell, 2016)—due to upfront financial costs and termination fees as well as losses in terms of firm reputation, credibility (Luo, 2005), time, and diversion of managerial attention (Dikova, Sahib, & van Witteloostruijin, 2010). Finally, international expansion by EMMs has grown strikingly as part of an ongoing change in global competitive and social dynamics (see Online Appendix A); whereby acquisition has been EMMs' most popular mode of international expansion, and it is one of the most important strategic decisions of any firm (Capron & Mitchell, 2012). Previous studies investigating acquisition completion and duration generally examine the role of learning or experience (Chakrabarti & Mitchell, 2016; Dikova et al., 2010; Muehlfeld, Rao Sahib, & Van Witteloostuijn, 2012), yet 89% of acquisitions in my sample occur for the first time in the focal host country, providing limited learning opportunities.

I examine acquisitions by multinationals from five major emerging markets or home countries—Brazil, Russia, India, China, and South Africa (BRICS). They represent different regions of the world and make up a large proportion of all acquisitions by EMMs: according to the United Nations Conference on Trade and Development (UNCTAD), in 2010 outward foreign direct investment (FDI) from BRICS composed 5% of the world total and 35% of the developing economies total. As they represent about 41% of the world population and their combined GDP constitutes 32% of the world total, BRICS are highly visible to investors, market analysts, and other stakeholders. My sample consists of all cross-border-acquisition announcements by BRICS firms that reached either completion or cancellation from 1990 (the year the expansion began) to 2011 tracked by S&P Capital IQ. I collect additional information from Compustat, LexisNexis, Zephyr, RepRisk, Thomson Reuters ASSET4, and other databases. The findings suggest that controlling for various legitimacy challenges, institutional differences, firm experience, overall media coverage, CSR and state ownership, as well as other observed characteristics, and sentiment in the media, media coverage of CSI is associated with worse cross-border-acquisition outcomes, while media coverage of CSR has no effect.

This study contributes to the growing strategic CSR literature by examining the intersection of acquisition studies and international expansion research and highlighting the unexplored impact of media coverage of CSR and CSI in shaping completion and duration outcomes of cross-border acquisitions. More generally, I show that media coverage of EMMs' CSI is relevant to local stakeholders that evaluate acquiring firms and their legitimacy in the public takeover phase, and it can affect their international expansion both directly (through acquisition completion) and indirectly (through acquisition duration). By theoretically and empirically distinguishing media coverage of CSR from that of CSI and finding the effect on acquisition outcomes of the latter rather than of the former, I push the existing literature to acknowledge these distinct concepts and their varying effects as they may generate different perceptions and outcomes (Shea & Hawn, 2019). In sum, managers should beware the media coverage of CSI of their respective firms when they engage in acquisitions or international expansion.

1.1 | Challenges in international expansion

I begin by outlining three main legitimacy challenges that EMMs face in relation to the outcome of international expansion—liability of foreignness, liability of newness, and liability of origin—and then discuss the acquisition process and how information about CSR and CSI may affect its outcome. To local stakeholders, foreign firms simply do not "make sense" (Suchman, 1995, p. 575) because they are not from the host country: that is, they carry the liability of foreignness (Zaheer, 1995). The liability of foreignness represents a further set of liabilities (Mezias, 2002) such as information asymmetries and transaction costs (Hymer, 1976), physical distance that hinders decision-making (Kindleberger, 1969), local biases, lack of awareness of and familiarity with host-country environment(s), lack of legitimacy, and home-country restrictions (Zaheer, 1995).

EMMs in particular do not "make sense" to local stakeholders because they have begun their international expansion relatively recently and are still relatively new in the global arena: that is, in addition to the liability of foreignness, they face the liability of newness (see Online Appendix A). Furthermore, EMMs that attempt to operate in host countries assume certain disadvantages as a consequence of *where they are from*: that is, the liability of origin (Bartlett & Ghoshal, 2000; Ramachandran & Pant, 2010) or liability of home (Stevens & Shenkar, 2012) as opposed to where they are not from (i.e., liability of foreignness).

The literature suggests that firms can generally overcome these legitimacy challenges either by selecting into locations that are more similar to their home country or by drawing from their amassed experiential knowledge learned either within the host country or within similar other host countries (e.g., Bingham & Eisenhardt, 2011; Delios & Henisz, 2003; Perkins, 2014). However, firms from emerging markets pose an empirical puzzle to this doctrine, as they often acquire abroad for the first time in countries dissimilar to their home country, challenging the current understanding in the international business literature (Sun, Peng, Ren, & Yan, 2012). In particular, EMMs in this study expand both to developed and to emerging markets (see Online Appendix B), with firms from India, China, and South Africa exceedingly engaging in cross-border acquisitions in developed countries rather than in emerging markets, which are more similar to their home location. Therefore, existing international business and strategy theories are not sufficient to predict how EMMs can address the legitimacy challenges they face in cross-border acquisitions.

1.2 | Cross-border acquisition process

To understand how to overcome the above challenges, a better picture of the acquisition process is warranted. In the classic "How Firms Are Sold," Boone and Mulherin (2007) identify two phases of the acquisition process (see Figure A4 in Online Appendix A). The first one, the private takeover process, evolves prior to the public announcement and can result in solicited or unsolicited bids. The solicited bids begin when a selling firm hires an investment banker and considers a number of potential bidders to contact; the contacted bidders are asked to sign confidentiality/standstill agreements, whereby the bidders receive nonpublic information but agree not to make an unsolicited bid (Hansen, 2001). Those bidders signing agreements are asked to submit preliminary indications of interest; a subset of the bidders indicating preliminary interest is then asked to submit binding sealed offers from which the winning bidder is determined (Hansen, 2001). The unsolicited bid, on the other hand, comes as a surprise to the target because it is not actively seeking a buyer. Due to the private nature of this phase of acquisition, I cannot observe it in quantitative research (although most bids in this study—87.5%—are not solicited).

Instead I focus on the second phase, or the public takeover period, which begins after the signing of a preliminary acquisition contract and the initial public announcement of the deal, and ends with its resolution—either completing or canceling the deal (Boone & Mulherin, 2007), which is traceable. As the name of this phase suggests, the public may have a direct or indirect influence on the outcome of this initial stage of the acquisition process. In particular, after the public announcement, the local stakeholders (i.e., employees and customers of target firms, regulators, the media, and the local community in which the target firm is located) learn about the acquisition and have the opportunity to investigate the buyer and express their opinion on the acquisition. They can turn to the media to search for and read the news about what worries them the most (i.e., how the focal firm behaves toward its local community and stakeholders at home). The result of their evaluation affects whether local stakeholders will support the EMM in its bid, abstain, or openly oppose it. They can do this by raising suspicions about the deal in the press (i.e., the media), organizing a strike and even a counteroffer by a domestic company (i.e., employees who are often local residents, unions, customers, local community), or rejecting the acquisition outright (i.e., regulators) (Meglio, 2016).

Therefore, the public takeover process features extensive complexity and uncertainty: during this period, the initial judgment is made about the firm, and the outcome is highly vulnerable to legitimacy judgments by local stakeholders (Li et al., 2017). Their role in this phase is important because shareholders usually have agreed on primary details of the deal by the time it is announced (typically by signing a preliminary acquisition contract). The dealmakers may still decide to disengage as they discover more about each other and the deal. Nonetheless, a major influence on the success of the public takeover process (as its name suggests) emerges in the form of local stakeholders or the public (Bettinazzi & Zollo, 2017). Next, I will consider how media coverage of CSR and CSI can affect their decisions and in turn, the outcome of the public takeover phase.

1.3 | How media coverage of CSR and CSI can affect the outcome of the public takeover process

Following Campbell's (2007) threshold to distinguish between CSR and CSI, if corporations (a) knowingly do something that could harm their stakeholders—their investors, employees, customers, suppliers, or the local community within which they operate—and (b) do not rectify the harm caused by them (whenever it is discovered and brought to their attention), the minimum behavioral standard with respect to the corporation's relationship to its stakeholders is broken, and such corporate behavior becomes socially irresponsible. Importantly, CSI behavior includes environmental and social misdeeds, for example using child labor, sweatshops, and polluting facilities in manufacturing operations. CSR behavior, on the other hand, includes charity, volunteering, community engagement, fair labor practices, and environmentally friendly manufacturing facilities (Shea & Hawn, 2019).

Because EMMs are more likely to face legitimacy assessments formed on the basis of limited information, bias, and stereotypes described above (Campbell, Eden, & Miller, 2012; Pant & Ramachandran, 2012), media coverage of CSR and CSI may convey important information about the EMMs' overall reliability, stability, and credibility (Doh, Littell, & Quigley, 2015, p. 112) that can boost or diminish perceptions of social acceptability or legitimacy in the eyes of local stakeholders (Kostova & Zaheer, 1999). For example, recent study shows that CSR and CSI generate different perceptions of warmth and competence on behalf of the organization, resulting in different effects on such outcomes as reputation and purchase intentions (Shea & Hawn, 2019). Media coverage of CSR and CSI may differ in important ways from each other and the actual activities under the CSR umbrella because generally "CSR is what a firm claims about itself in reports, while CSI is what a firm is blamed for in the media" (Kölbel et al., 2017, p. 2280).

Even though CSR reporting has been shown to help overcome the liability of origin—the negative perceptions of EMMs' willingness and ability to conduct legitimate business in host countries—as it conveys alignment with global meta-norms and expectations to host countries and global stakeholders (Marano, Tashman, & Kostova, 2017), actual CSR is hard to measure and observe in the media because of the media's selection and negativity biases as well as the different incentives of stakeholders, firms and the media itself to generate and diffuse such information (Kölbel et al., 2017). While stakeholders have strong incentives to challenge firms on issues that jeopardize their interests, firms are interested in portraying themselves as good corporate citizens, still the media is incentivized to favor CSI over CSR information simply because it sells (Kölbel et al., 2017). Thus, while information about CSR is commonly self-disclosed in a firm's annual report, media coverage of CSI is not under direct managerial control and may not be objective (Kölbel et al., 2017); therefore, it may hurt the EMMs the most in the public takeover process.

In particular, when acquisitions by EMMs are announced in the host country, local stakeholders unaware of these firms may consider CSR and CSI information to form their opinion. As a result, they may welcome the EMM with media coverage of CSR because it generates a positive perception that such firms are more likely to continue CSR policies after the acquisition and, in fact, may engage with these stakeholders because of their possibly higher stakeholder orientation (Bettinazzi & Zollo, 2017). In turn, just as media coverage of CSI increases credit risk with investors and market analysts because "a common reaction to CSI are stakeholder sanctions driven by their desire to punish the firm and deter it from irresponsible actions in the future" (Kölbel et al., 2017), so it may increase the risk that local stakeholders will oppose the EMM involved in the acquisition. While prior literature has largely ignored the role of local stakeholders in acquisitions, they can play a major role in the public takeover phase, before the acquisition is completed.

Let us illustrate their role in this process. Publicly announced deals typically are examined by public agencies, such as antitrust and international investment regulators, so the support of regulators will be crucial for the completion and duration of the deal. Government regulation serves two general purposes: ensuring utility (the economic benefit of enterprise) and responsibility (the social obligations of industry) (Hurst, 1970). Leaving utility aside, regulators, faced with legitimacy concerns over the EMM, may assess CSR and CSI information about the buyer to ensure that it will act responsibly in their home country. They will search for this information in the media because at the start, they do not trust the EMM, although they may engage with it more directly in later stages. Thus, media coverage of CSR and CSI of EMMs can inform regulators in their decision-making process.

For example, when Lenovo (China) offered to buy a laptop computer unit from IBM (United States) in 2005, the deal initially faced strong political opposition that led to an official review by the federal Committee on Foreign Investment of the United States (CFIUS). Nonetheless, the review was concluded *in advance of the deadline* and the deal went ahead, partly due to "Lenovo's commitment to being a great corporate citizen" (Business Wire, 2005) as could be evidenced by an important initiative at the time—collaborating with Microsoft on valid licensing maintaining high ethical standards[1] that got some media attention.

On the other hand, an example of the effect of media coverage of CSI includes the largest acquisition of a U.S. company at the time by a Chinese firm: the $4.7 billion acquisition of

[1]https://www.lenovo.com/us/en/social_responsibility/ (Accessed October 8, 2018).

Smithfield Foods in 2013 by Shuanghui International Holdings Ltd. Because the Chinese company was previously involved in food safety violations and food adulteration that was heavily covered in the media, there were calls in the United States to stop the deal.[2] Moreover, U.S. senators expressed concern that the deal would jeopardize the security of America's food supply,[3] and residents of the town of 8,300 people worried that Shuanghui would cut jobs and move the company from Smithfield, where it was founded in 1936.[4] The concerns raised by the media coverage of CSI of this EMM prolonged the review by CFIUS and "challenged the normally secretive process used by the U.S. government to evaluate such deals."[5]

As the main theoretical mechanism, therefore, media coverage of CSR and CSI may help close the informational asymmetry between the EMM and the local stakeholders, with media coverage of CSR helping to win the support of the relevant stakeholders much faster than media coverage of CSI or no coverage at all. Positive media coverage of CSR signals to local stakeholders in host countries that the firm conforms to their expectations of responsible behavior or corporate citizenship—that it will respect the host environment and its culture by keeping jobs in place, avoiding polluting the environment, and showing transparency and support for the local community.

In parallel, deals by EMMs with negative coverage of CSI (such as reports of poor labor practices, product safety violations, environmental problems, or bribery) will more likely yield negative outcomes. Moreover, media coverage of CSI may exert an even stronger effect than positive coverage of CSR, because perceptions of social irresponsibility are likely to generate strong observer reactions, often looming larger for the firm than perceptions of social responsibility (Lange & Washburn, 2012; Muller & Kräussl, 2011; Pfarrer, Pollock, & Rindova, 2010). In the context of cross-border acquisitions by EMMs, negative information about CSI can prompt relevant stakeholders in the host country to oppose the deal and, thus, diminish the likelihood of completion and extend the time to completion of the deal.

Nonetheless, while my expectation is that media coverage of CSR and CSI should have a positive and negative effect respectively on the success of acquisitions, existing theory does not provide a base for unambiguous predictions because EMMs are such a special case. Due to their greater liabilities of foreignness, newness, and origin (Stevens & Shenkar, 2012), as well as state ownership (Li et al., 2017), EMMs raise greater legitimacy concerns among the relevant stakeholders. Moreover, the likelihood of acquisition completion decreases and duration increases with institutional (Dikova et al., 2010) and geographic distance between the home and host countries (Chakrabarti & Mitchell, 2016), when the target firm is publicly listed, and the acquirer does not have prior experience in the host country (Li et al., 2017), which largely describes EMMs in this study (e.g., 89% of acquisitions in this sample occur for the first time in the focal host country). Therefore, this study will explore the importance of these and other factors for EMMs' acquisition outcomes and, most importantly, whether media coverage of CSR and CSI may act as a proxy for how stakeholders solve information problems, such that the EMM with greater media coverage of CSR/CSI may see better/worse outcomes in this process.

[2]https://www.usatoday.com/story/opinion/2013/06/05/smithfield-foods-george-haley-usha-haley-editorials-debates/2394677/ (Accessed October 8, 2018).

[3]https://www.npr.org/2013/07/11/201031056/senator-express-concerns-about-smithfield-foods-merger (Accessed October 8, 2018).

[4]https://triblive.com/business/headlines/10721664-74/smithfield-chinese-foods (Accessed October 8, 2018).

[5]https://www.forbes.com/sites/simonmontlake/2013/07/09/u-s-senate-hearing-on-smithfield-foods-poses-challenge-to-cifus/#562d8a166c6b (Accessed October 8, 2018).

2 | RESEARCH METHOD

2.1 | Setting and sample selection: Cross-border acquisition announcements by EMMs

International expansion of EMMs is relatively recent: according to the data in this study and UNCTAD, although it began in 1990 and has grown steadily since—both in dollars and in the number of acquisitions—most acquisitions by EMMs occurred after 2005 (see Online Appendix A). The buyers in this study come from five important emerging markets—the BRICS countries that represent different regions of the world and make up a large proportion of all acquisitions by EMMs. In total, I examine 4,087 cross-border acquisition announcements involving 2,588 firms that reached either completion or cancellation from 1990 to 2011. All open transactions that were announced but remained undecided during this period were dropped from the sample (except for the analysis including an accelerated event time failure [AETF] model). I also dropped 38 observations for companies that had equal amounts of media coverage of CSR and CSI.

The data sources include S&P Capital IQ, Compustat, LexisNexis, Zephyr, RepRisk, Thomson Reuters ASSET4, and other databases. S&P Capital IQ is a financial information platform originally designed to address the needs of the investment banking community; it is now found in more than 4,200 firms, including JP Morgan, Piper Jaffray, and TIAA-CREF, and more than 500 academic institutions (Phillips, 2012). S&P Capital IQ, compared with other sources such as SDC Platinum, provides more detailed information about each company (the data are linked to Compustat and stock exchange filings) as well as dates of completion. LexisNexis is an extensive database of media articles from around the world; it contains information in English and other languages, which helps to address the limited information about CSR and CSI of EMMs.

I recognize that there might be a selection bias in focusing on firms that choose acquisition as a mode of international expansion (Shaver, 1998) or that choose to go abroad versus stay at home. However, this selection issue will tend to be conservative in the context of this study. If firms in the sample are better at addressing host-country environments or have a greater (unobservable) propensity to complete cross-border acquisitions, this will underestimate the effect of CSR and CSI information. Acquisition is the quickest and sometimes the only way for EMMs to gain a foothold abroad (The Economist, 2011); thus, the effect of CSR and CSI information should be even stronger in other modes of expansion.

I also recognize that media coverage of CSR and CSI is not random, and thus I am unable to tease out the cause and effect. In an ideal world, I would assign cross-border acquisition and media coverage of CSR, CSI, and control condition to firms before they go abroad and then follow their acquisition outcomes; however, that approach is not realistic. Nonetheless, this issue is partly addressed in the matching analyses, where I seek to minimize the differences between EMMs with media coverage of CSR/CSI and those without.

2.2 | Dependent variables

As a measure of success of acquisitions, I examine the outcome of the public takeover period (see Figure A4 in Online Appendix A). Deal completion and duration are important measures of acquisition success for two reasons: over the past few decades, approximately one in five takeover bids were ultimately abandoned (Wong & O'Sullivan, 2001); and deal abandonment and prolonged deal-making generate substantial costs, such as upfront financial and termination fees, time, diversion of managerial attention (Dikova et al., 2010), and damage to firm reputation and credibility (Luo, 2005). Hence, the dependent variables are (a) *Completion*, the likelihood that a cross-border acquisition will be completed (0, 1); and (b) *Duration*, the (logarithm of the) time taken to complete the deal after the announcement. The sample for duration models is smaller because this variable is calculated for completed acquisitions only (90% of the full sample); for 305 acquisitions, completion dates were backdated (according to S&P Capital IQ data description documents: "At times, a transaction is not publicly announced until a few days after any event, such as the signing of a letter of intent, definitive agreement, or closing"), and for 415 deals they were missing. I checked Zephyr and SDC Platinum as well as outside sources for completion dates to reduce these numbers. Online Appendix B shows the sample distribution of acquisitions and key statistics for the dependent and independent variables by home country.

2.3 | Independent variables

After the announcement, I assume that local stakeholders, facing an EMM for the first time, refer to the media to learn about the firm, paying particular attention to the news about the issues most relevant to them or to the news connected to CSR and CSI of the focal firm. If the EMM is "doing good," they may endorse the EMM for the deal or abstain from any type of action; if the EMM is "doing bad," they might further withdraw their support from the firm by openly opposing the deal (e.g., a regulator) or by lobbying against it (e.g., labor unions). To capture the effect of media coverage of CSR and CSI, I calculate a commonly used Janis–Fadner (J–F) index of media endorsement (Bansal & Clelland, 2004; Carroll & Hannan, 1989; Deephouse, 1996). For the sake of brevity, I call this measure the J–F index:

$$J-F\ \text{index} = \left(e^2 - \text{ec}\right)/t^2 \text{ if } e>c,$$

$$\left(\text{ec} - c^2\right)/t^2 \text{ if } c>e,$$

$$0 \text{ if } e=c,$$

where e is the number of endorsing articles about CSR activities of EMMs at home, c is the number of challenging articles related to CSI, and t is their sum. Needless to say, J–F index is lagged and reflects news 2 and 1 years before the announcement of each deal.

I used LexisNexis to search for news about CSR and CSI of EMMs because of its international coverage and comprehensiveness. I searched for Major World Publications using a wide range of CSR/CSI-related search terms[6] (from prior literature and interviews conducted during this study). The reason for choosing Major World Publications is that they accumulate major

[6]I extracted full-length articles using each company's name and one or more of the following modifiers within 50 words of the company name: "responsib" or "sustainab" or "ethic" or "stakeholder" or "environment" or "polluti" or "social" or "governance" or "philanthrop" or "charit" or "law" or "tax" or "wage" or "employee" or "societ" or "compliance" or "code of conduct" or "transparen" or "corrupt" or "strike" or "sue" or "illegal" or "regulat" or "government" or "woman" or "women" or "black" or "labor union" or "labour union" or "politic."

news from a variety of sources and present them in the primary international business language—English—that helps local stakeholders as well as local media in the host country collect and process the information about the EMM. Local stakeholders will not have the same access to news in other languages; moreover, if the news was not published in Major World Publications, the information would likely have received less attention as the media around the globe translate these stories into native languages. A potential concern would arise if Major World Publications focused only on public firms because of their visibility, but this is not true in this sample. The proportion of private to public companies with a nonmissing J–F index was 40:60, which alleviates this concern.

Another concern about this measure would stem from media biases: that is, selection bias, in that newspapers selectively report events, and description bias, in that they erroneously report information on events they cover (McCarthy, McPhail, & Smith, 1996). Neither is relevant in this context, however, because of the sensemaking process of local stakeholders: while they can choose the source and the news itself, stakeholders have little control over what they read in terms of the content; hence, they evaluate *existing* news about a firm and its activities at home. In turn, stakeholders in host countries filter the news they read through their social orientation. By that, I mean the focus on issues pertinent to stakeholders: for example, when they search for "Russkiye Masla" or "ABSA Group" or "ARC China" or "Accentia Technologies" online, they quickly skim through the news with financial information and instead jump to the citizenship profile of the company, something of particular interest to them. Whether the media is biased or not, this is the news stakeholders get and process and on which they base their view of the EMM and whether to support or oppose the deal.

In total, the LexisNexis search generated 66,530 articles, most of which were irrelevant as to providing CSR/CSI information and covered only a subset of firms in the sample. Given the mechanism at work (stakeholders reading these news) and procedures from prior literature (Deephouse, 1996) that suggest eight as the threshold for the number of articles to be coded per firm (if the search returns more than eight articles, then, according to the rules, a random selection of 10 articles is used as the threshold), I code eight to 10 randomly selected articles per firm. This is reasonable given the short attention span of most humans, quick judgments made by stakeholders, and information overload (it is highly unlikely that they will read more than 8–10 CSR/CSI-related articles, on average, to form their opinion). After ensuring that the news provided CSR/CSI-related information, together with research assistants who were given clear instructions on coding (as if they represented local stakeholders), I manually coded 2,850 articles as either endorsing the CSR activities of the firm or challenging it for CSI. Inter-coder reliability was 95%. As a result, I have media coverage of CSR and CSI for 626 acquisition announcements by 305 firms. The composition of home countries of these firms is Brazil (4%), Russia (33%), India (21%), China (21%), and South Africa (21%).

By design, the J–F index varies from −1 to 1. Conceptually, as discussed above, media coverage of CSR is distinct from media coverage of CSI. While CSI and the perceptions that it generates have been previously overlooked, they are likely to generate stronger observer reactions than perceptions of social responsibility (Campbell, 2007; Lange & Washburn, 2012). Therefore, whenever the EMM has news challenging it for CSI, I expect local stakeholders to discount any positive news about CSR. For example, a well-known Brazilian mining group, Vale, is visible in its attempts to engage in CSR: in 2010, according to its social report, Vale spent $999 million on CSR projects ($829 million for environmental conservation and protection plus $170 million for social projects). However, this effort did not preclude South Africa's National Union of Mineworkers (NUM) from blocking Vale from buying the South African mining company Metorex as a result of the Brazilian firm's anti-union behavior, widely criticized in the media, most notably against the United Steelworkers in Canada. In fact, NUM's General Secretary described Vale as "one of the world's leading labor exploiters."

Therefore, for the main analysis, similar to piece-wise regressions used in event history analysis, I split the index into four mutually exclusive components: *All negative* (J–F index = −1), *All positive* (J–F index = 1), *Majority negative* (−1 < J–F index <0), and *Minority negative* (0 < J–F index <1) media coverage. Because the counterfactual is that media coverage of CSR and CSI do not matter, the comparative group of firms (J–F index = 0) has zero information about CSR or CSI (3,504 observations). In the matching analysis, due to the smaller sample size, I combine *Majority negative* and *Minority negative* into a *Mixed negative* category: the intuition is that in either of these categories there is concern about CSI, regardless of some media coverage of CSR. Table B5 in Online Appendix B provides examples of EMMs on the opposite ends of the J–F index by home country.

2.4 | Challenges in international expansion, acquisitions and other controls

To isolate the effect of media coverage of CSR and CSI, I explore the role of various factors in EMMs' acquisition outcomes (see Table 1 for their description). First, to capture institutional differences, I collect data on institutional distance at the home-country–host-country dyad level, including its *Administrative*, *Economic*, *Geographic*, *Knowledge*, *Political*, *Global connectedness*, *Cultural*, *Demographic*, and *Financial* dimensions (for further details, see Berry et al., 2010, p. 1465–1466). Second, I explore the role of liabilities of newness (*First time*), origin (*Brazil*, *Russia*, *India*, and *South Africa*), and foreignness (*Country experience*). Third, I control for the *Overall media coverage* of the company that might affect its visibility with the local stakeholders. Fourth, since the challenges in international expansion can be ameliorated by learning from past acquisition attempts (Dikova et al., 2010), I control for *Firm* and *Industry experience* with completed deals. Fifth, I include a *State ownership* dummy and control for *Several* acquirers. Finally, given that some industries might be sensitive to national-security concerns (Li et al., 2017), I added the *Strategic industry* dummy.

In addition, based on previous research using the same dependent variables (Dikova et al., 2010; Muehlfeld et al., 2012), I use the same controls for (1) whether the payment for the deal was made mainly in *Cash* (0, 1); (2) whether the buyer (0, 1) and (3) the target company (0, 1) were *Public*; (4) whether the target was a *Subsidiary* (0, 1); and (5) what percentage of the stake was being acquired (*Percent sought*). I also include *Year* to control for macroeconomic conditions (using year dummies rather than a continuous measure does not change the results). Thus, all of the controls help rule out alternative explanations at different levels of analysis, including differences in countries, acquirers, target firms, and the deals themselves. Table 1 lists all of the controls and their description.

Control variables pertaining to the transaction, such as termination fees, lock-up provisions, and solicitation clauses, were not included because fewer than 2% of transactions specified such conditions on Capital IQ. For the remaining deals, consistent with prior studies (Dikova et al., 2010), either termination conditions were not in place or the information was not available. I also did not control for deal approach and attitude because most deals were unsolicited (87.5%), implying that most targets did not actively seek potential buyers, and most deals were friendly (99.8%). Finally, it would have been useful to include more company-level controls to

TABLE 1 Control variable definitions

Variables	Measurement
Country distance	Differences between home and host countries (Berry et al., 2010)
Administrative	Differences in colonial ties, language, religion, and legal system
Economic	Differences in economic development and macroeconomic characteristics
Geographic	Great circle distance between geographic center of home and host countries
Knowledge	Differences in patents and scientific production
Political	Differences in political stability, democracy, and trade bloc membership
Global connectedness	Differences in tourism and internet use
Cultural	Differences in attitudes toward authority, trust, individuality, and importance of work and family
Demographic	Differences in demographic characteristics
Financial	Differences in financial sector development
Liability of origin	
Brazil	Dichotomous variable equal 1 if the acquirer is from Brazil
Russia	Dichotomous variable equal 1 if the acquirer is from Russia
India	Dichotomous variable equal 1 if the acquirer is from India
South Africa	Dichotomous variable equal 1 if the acquirer is from South Africa
Acquirer controls	
Overall coverage (*t*-1)	Logarithm of the total count of news articles that mention company name in the headline
Country experience (*t*-1)	# All completed deals at the home–host-country-dyad level
Industry experience (*t*-1)	# All completed deals in the focal industry
Firm experience (*t*-1)	# All deals completed by the firm
Buyer public	Dichotomous variable equal 1 if the deal involves a public acquirer
Buyer state-owned	Dichotomous variable equal 1 if the acquirer is a state-owned company
Several buyers	Dichotomous variable equal 1 if the deal involves several acquirers
Target controls	
Target public	Dichotomous variable equal 1 if the deal involves a public target
Target subsidiary	Dichotomous variable equal 1 if the target is a subsidiary
Strategic industry	Dichotomous variable equal 1 if the target is in a strategic industry
Deal controls	
Cash payment	Dichotomous variable equal 1 if the deal payment is made in cash
Percent sought	Percent stake being acquired
First-time deal	Dichotomous variable equal 1 if the deal happens in the host country for the first time
Year	Year in which the deal takes place

explain unobserved heterogeneity; however, such data are largely unavailable for EMMs (one of the reasons why I use content analysis in this study). I exploit the limited data on company characteristics in one of the matching analyses described below; even though the sample size is four times smaller, the results are largely the same.

Table 2 provides descriptive statistics. The first dependent variable, *Completion*, has a mean of 0.9 and standard deviation of 0.3, showing that 10% of deals are canceled. The second dependent variable, *Duration*, has a mean of 2.09 and standard deviation of 2.23 (this is a logged value; Table B4 in Online Appendix B shows real values). On average, it takes 56 days to complete a deal, with a standard deviation of 107 days, suggesting that there is significant variation in *Duration* across deals (and that logging this variable is necessary for the analyses). None of the correlations are material; they are also low for the independent variables.

3 | DATA ANALYSIS AND RESULTS

I conduct logistic analysis on the probability of a deal being completed and linear regression on the length of time it takes; the survival analysis is not appropriate because a key assumption is violated in the data (see Online Appendix C). The results are similar when I limit the sample to acquisitions conducted abroad for the first time and for the first time in the focal host country. Given the structure and unbalanced nature of the data (a few firms in the sample conducted several acquisitions over the years; others had several deals in 1 year), heteroscedasticity is addressed in two established ways: first, by logging duration, and second, by using robust *SE* clustered at the firm level in all analyses.

3.1 | Completion of cross-border acquisitions

Columns 1–4 in Table 3 present the results of the logistic analysis. Model 1 includes controls (the results for which can be viewed in Online Appendix E). Model 2 adds the main independent variables: because the omitted case is zero media coverage of CSR and CSI, I include all four mutually exclusive and exhaustive dummy variables. The coefficients from logistic regression are not directly intuitive, so they are followed by the odds ratios in the table. First, it is important to note that media coverage of CSR has no effect on completion. Second, the odds for completion with majority-negative news are 0.423 (any odds below 1 by construction are negative). This means that the odds ratio will change by 0.423 for every one-unit change in majority-negative media coverage of CSI when all other variables in the model are held constant (i.e., this is the average effect). For a more informative interpretation of the results, using the "margins" command in Stata and holding all variables at their mean value, I find that the deal is 7 percentage points less likely to be completed with majority-negative CSI information than without it (i.e., this is the response of an "average" observation).

3.1.1 | Matching

To ensure that the control and the treatment groups are similar on observable characteristics, I complement the above analysis with a linear probability model on two matched samples: (a)

TABLE 2 Descriptive statistics and correlations

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
(1) Complete	1																	
(2) Duration		1																
(3) J–F index	0.00	−0.02	1															
(4) Maj. neg.	−0.02	0.06	−0.17	1														
(5) Min. neg.	−0.02	0.04	0.16	−0.02	1													
(6) All neg.	0.03	0.03	−0.64	−0.03	−0.03	1												
(7) All pos.	0.02	0.01	0.75	−0.04	−0.04	−0.05	1											
(8) Country d.	0.02	0.04	0.00	−0.06	−0.03	−0.03	−0.04	1										
(9) Cash	0.01	0.01	0.02	−0.02	0.00	0.01	0.03	0.03	1									
(10) Buyer p.	0.01	0.10	0.01	0.07	0.06	0.06	0.07	0.09	0.01	1								
(11) Target p.	−0.10	0.08	0.00	−0.01	−0.02	−0.03	−0.03	0.03	−0.04	0.01	1							
(12) Percent sought	0.02	0.05	0.00	−0.04	−0.02	−0.01	−0.01	0.06	0.30	−0.01	−0.01	1						
(13) Subsidiary	0.19	0.01	−0.01	0.04	0.03	0.04	0.02	−0.06	0.01	0.03	−0.61	−0.02	1					
(14) Str. Ind.	−0.03	0.04	0.01	0.12	0.09	0.06	0.07	−0.05	0.00	−0.03	0.07	−0.05	−0.05	1				
(15) Country e.	0.01	−0.06	−0.01	−0.07	−0.06	−0.06	−0.06	0.20	−0.06	0.08	0.07	−0.09	−0.12	−0.12	1			
(16) Ind. exper.	−0.05	−0.05	0.00	−0.06	0.00	−0.03	−0.04	−0.03	−0.16	−0.06	−0.02	−0.29	0.05	−0.08	0.24	1		
(17) Firm exp.	0.03	0.00	−0.04	0.13	0.13	0.10	0.04	−0.03	−0.02	0.13	−0.07	−0.06	0.10	0.06	−0.08	0.04	1	
(18) First time	0.00	0.03	−0.04	−0.02	−0.06	0.00	−0.04	−0.02	0.01	−0.14	0.05	0.04	−0.07	0.02	−0.09	−0.05	−0.33	1
N	4,087	3,028	4,087	4,087	4,087	4,087	4,087	4,087	4,087	4,087	4,087	4,087	4,087	4,087	4,087	4,087	4,087	4,087
Mean	0.90	2.09	0.02	0.03	0.02	0.04	0.06	965.12	0.77	0.51	0.26	36.79	0.59	0.18	11.99	47.17	0.54	0.89
SD	0.30	2.23	0.34	0.16	0.14	0.20	0.24	724.33	0.42	0.50	0.44	40.16	0.49	0.39	17.79	32.12	1.52	0.32
Min	0	0	−1	0	0	0	0	3.45	0	0	0	0.20	0	0	0	0	0	0
Max	1	7.18	1	1	1	1	1	6,977.9	1	1	1	100	1	1	83	116	20	1

Abbreviation: J–F, Janis–Fadner.

TABLE 3 Main results[a]

	Full sample		Matched Deals	Matched Companies	Full sample			Matched Companies
	(1) Completion	(2) Completion	(3) Completion	(4) Completion	(5) Duration	(6) Duration	(7) Time to completion	(8) Duration
Mixed negative			−3.285					
			0.037					
			(0.956)					
			0.001					
Majority negative		−0.861		−0.628		0.547	0.014	0.967
		0.423		0.5334				
		(0.380)		(1.042)		(0.318)	(0.006)	(0.574)
		0.023		0.547		0.086	0.022	0.093
Minority negative		−0.497		−1.492		0.535	−0.001	0.580
		0.608		0.225				
		(0.437)		(0.614)		(0.240)	(0.006)	(0.448)
		0.255		0.015		0.026	0.854	0.197
All negative		0.317	0.070	0.068		0.501	0.014	−0.045
		1.373	1.073	1.07				
		(0.397)	(1.128)	(0.657)		(0.203)	(0.005)	(0.354)
		0.424	0.950	0.918		0.013	0.005	0.898
All positive		0.112	1.661	−0.021		−0.039	0.006	0.195
		1.119	5.264	0.979				
		(0.297)	(1.054)	(0.531)		(0.189)	(0.004)	(0.339)
		0.706	0.115	0.968		0.836	0.072	0.565

TABLE 3 (Continued)

	Full sample		Matched Deals	Matched Companies	Full sample			Matched Companies
	(1) Completion	(2) Completion	(3) Completion	(4) Completion	(5) Duration	(6) Duration	(7) Time to completion	(8) Duration
Constant	145.998	146.749	0.427	182.867	61.454	64.710	9.783	15.455
	(65.819)	(66.442)	(0.182)	(159.374)	(39.401)	(39.466)	(0.009)	(89.405)
	0.027	0.027	0.019	0.251	0.119	0.101	0.000	0.863
Observations	3,599	3,599	259	826	2,971	2,971	3,209	654
R^2					.099	.102		.103

Abbreviation: AETF, accelerated event time failure.

[a]Results of a logistic regression for the dependent variable of Completion and regression results for the dependent variable of Duration. All models include controls the results for which can be viewed in online Appendix E. Model 7 uses a Weibull model with an AETF specification. Robust *SE* clustered at the firm level in parentheses (i.e., heteroscedasticity-consistent *SE*) followed by *p*-values. For the completion results, I also report the odds ratios following the coefficient.

the matched sample of canceled and completed deals, and (b) the matched sample of companies with/out media coverage of CSR and CSI using limited available data on firm characteristics.

Under the assumption that the unobserved characteristics of acquisitions with similar observable characteristics are also similar, the matched-deals sample helps address unobserved heterogeneity arising from deal characteristics (i.e., some deals may be inherently easier to complete than others). The matched-companies sample, on the other hand, under the assumption that the unobserved characteristics of EMMs with similar observable characteristics are also similar, helps address unobserved heterogeneity arising from firm characteristics (i.e., some firms may be inherently more capable of completing the acquisition than others). To do matching, I follow the empirical methodology of Jaffe, Trajtenberg, and Henderson (1993) and Belenzon and Schankerman (2013), comparing the characteristics of (a) canceled deals with a control group of completed deals, and (b) firms that have media coverage CSR and CSI with those that do not.

The control group in the matched-deals sample is constructed as follows. For each canceled deal, I randomly select a completed deal that is in the same cohort with the same year of the announcement, value of the deal (logged, as the mean is $252 million with a standard deviation of $994 million), percentage of the stake sought, public buyer (0, 1), payment mainly in cash (0, 1), and the same characteristics of the target: public (0, 1), subsidiary (0, 1), and in a strategic industry (0, 1). The methodology involves comparing CSR and CSI information of the firm involved in the deal, plus other deal characteristics, between completed and canceled deals.

With 50% missing data on the value of the deal, I have 1,855 completed and 217 canceled deals. Using coarsened exact matching in Stata, I match 75 canceled deals with 184 completed ones: multivariate L1 distance is 0.41—sufficiently high to indicate a reliable match. I use a linear probability model that relates a dummy variable for whether the deal is completed to a set of control variables. Since the control and treatment groups are matched on the year of the announcement and other characteristics, the methodology controls for these factors in the regressions. The empirical specification is

$$C_{\mathrm{ikjlt}} = \text{All negative} + \text{all positive} + \text{mixed negative} + X_{\mathrm{ik}},$$

where C_{ikjlt} is a dummy variable equal to 1 if deal i in host country k by firm j in home country l is completed at time t, and 0 otherwise. The J–F index is disaggregated into its components, but due to the smaller sample size ($N = 259$), I merge *Majority negative* with *Minority negative* news into the *Mixed negative* category, assuming that the negative reports raise relatively similar concerns for stakeholders. A set of controls X_{ik} includes logged deal value, year of the announcement, percentage sought, and dummies for cash payment, public buyer, public target, target subsidiary, and strategic industry. Model 3 in Table 3 presents the results of this analysis, showing that the probability of completion will be 60.6 percentage points lower if the firm has some negative coverage of CSI than no coverage (the odds ratio is 0.037).

In turn, the control group in the matched-companies sample is constructed as follows. For each EMM with media coverage of CSR and CSI, I randomly select an EMM without such coverage that is in the same cohort with the same year of the acquisition announcement, return on assets (ROA), age, assets, revenues, experience (i.e., the number of acquisitions to date), employees, overall media coverage (i.e., the number of news items that mention the company name in the headlines), and public/private status. With 55% missing data on ROA, I have 380 companies with media coverage of CSR/CSI and 1,270 companies without. Using coarsened exact matching in Stata, I match 192 observations with CSR/CSI media coverage to 778 without, of which 102 include canceled deals. The multivariate L1 distance is 0.99—sufficiently high to indicate a reliable match.

Given that the sample is larger than in the matched-deals sample, I use the same empirical specification as in earlier models. Model 4 in Table 3 shows the results of this analysis: the main finding is that for two similar companies (or otherwise-average firms, defined as having the average value for all other variables in the model), the probability of completion will be 12 percentage points lower if the firm has some negative coverage of CSI than no coverage (the odds ratio is 0.225). Moreover, consistent with previous findings, media coverage of CSR has no effect on completion.

Thus, the analyses using full and matched samples provide evidence of the negative effect of media coverage of CSI and zero effect of media coverage of CSR on completion. Let us now discuss duration.

3.2 | Duration to completion of cross-border acquisitions

Model 5 shows the effect of controls on duration (see their individual effects in Online Appendix E). Model 6 adds the main independent variables: *All negative*, *Majority negative*, and *Minority negative* media coverage of CSI have statistically significant and positive coefficients, suggesting longer duration for firms with media coverage of CSI. In particular, a one-unit increase in these dummy variables (going from 0 to 1) causes duration in real terms[7] to increase by 65–73%. So if on average it takes 56 days to complete a deal, it will take 36–41 days longer for buyers with media coverage of CSI than without it—a material delay. Surprisingly, just as in completion models, there is no effect of media coverage of CSR on duration, suggesting informational irrelevance of CSR in this context.

For a sensitivity check, Model 7 reports the results using an AETF specification (with a Weibull distribution because it demonstrated the closest fit with my data). AETF models are used in health care studies to express the impact of treatments as extended lifespan rather than reduced hazard of death and in strategy studies to understand delays and exit time (Elfenbein & Knott, 2015). Hence, I interpret positive coefficients as being associated with later completion and negative coefficients with earlier completion of the deal. This model demonstrates similar results: it takes longer to complete the deal with media coverage of CSI. Surprisingly, in this model (only) media coverage of CSR has a slight positive effect on duration (0.006, $p = .072$), suggesting that it also takes longer to complete a deal with media coverage of CSR, even though the effect is close to zero.

Finally, using the matched-companies sample described above, Model 8 shows that even for similar companies (with the same ROA, revenues, assets, employees, age, experience, visibility, and public status), the zero effect of media coverage of CSR and the negative effect for majority-negative media coverage of CSI still hold: in particular, in real terms, it will take 163 percentage points longer to complete a deal when similar buyers are compared. Together the above results suggest that media coverage of CSI is associated with longer duration until completion of the acquisition.

3.3 | Discussion of results

The results have intriguing implications. First, even controlling for various liabilities in international expansion and experience that should help to overcome them, EMMs with media

[7]See page 8 here for interpretation of the coefficient https://www.kellogg.northwestern.edu/faculty/dranove/htm/dranove/coursepages/Mgmt%20469/nonlinear.pdf.

coverage of CSI consistently across all analyses are less likely to complete cross-border deals and take longer than firms with no such coverage or with media coverage of CSR (which has no effect). This supports prior CSR literature predicting that because negative events/news have a greater capacity to arouse the firm's observers (Lange & Washburn, 2012), negative perceptions of social irresponsibility have a greater impact on stakeholders and, thus, on the outcomes of their review of the deal. In turn, the noneffect of media coverage of CSR across all models speaks to the conceptual differences between CSR and CSI. As mentioned above, the mechanisms behind media coverage of CSR and CSI differ due to the distinctive incentives of stakeholders, firms, and the media: typically, CSR information is self-reported by firms and is disseminated in CSR reports, while CSI information is created by external observers and is distributed in the media (Kölbel et al., 2017).

Second, the coefficient on exclusively negative information is not statistically significant for completion, but it is significant and positive for duration in the full sample, suggesting that when EMMs with exclusively negative coverage of CSI complete deals, the fact that their media coverage of CSI is using absolutely negative terms prolongs the review of the deal. No effect on completion could be explained by other potential competitive advantages of EMMs that ensure the success of their international expansion. In fact, this effect on duration goes away when these potential competitive advantages are accounted for in the matched-companies sample (Model 8).

Third, matching of companies with and without media coverage of CSR and CSI provides additional support for the original findings in this study: firms with media coverage of CSI are less likely to complete the acquisitions, and it takes them significantly longer. This analysis helps address unobserved heterogeneity among firms and ensures that the control group and the treatment group are similar on observable characteristics. I matched companies on profitability, size, visibility, age, experience, and public status, thus ruling out these potential alternative explanations. Finally, the matched deals subsample, addressing unobserved heterogeneity among deals, buttresses the findings of this study regarding the negative effect of media coverage of CSI on completion.

3.4 | Robustness checks

In addition to the matching analyses and AETF models mentioned above, I conducted the survival analysis (see Online Appendix C) and analysis with interactions of the main independent variables with country distance (Online Appendix D). To further certify that the analysis above is robust to other measures of media coverage of CSI and its effect is independent of the level of CSR that the company is engaged in, I also conducted a sensitivity analysis, whereby I used the same data as described in Kölbel et al. (2017) to measure the former and Thomson Reuters ASSET4 to measure the latter (also used in Cheng et al. (2014) and Hawn and Ioannou (2016), among others).

One of the primary reasons why I used content analysis above was that EMMs represent a particular sample without much information in proprietary databases. This sensitivity analysis confirmed this expectation: when I matched company names of the buyers in my sample to those in ASSET4 (measuring CSR) and RepRisk (measuring media coverage of CSI), out of 4,087 deals, there was no match for 3,494 (as anticipated, given that the buyers come from emerging markets and include both private and public firms). Nonetheless, as reported in Online Appendix F, the results of this sensitivity analysis demonstrate that independently of overall media coverage and CSR engagement of the firm, media coverage of CSI is still associated with longer duration till completion. Moreover, while overall coverage of the buyer in the media may increase its chances of completing a deal and prolong the duration till completion, media coverage of CSI significantly hurts those chances.

Next, to ensure that the content analysis undertaken in this study (i.e., 8–10 randomly selected articles coded by hand) is relevant, and to confirm that the effect of media coverage of CSI persists even when various sentiments in media coverage are taken into consideration, I applied a commonly used software (LIWC) to content-analyze the tone or sentiment in *all* news articles I found in my search. The expectation for this analysis is that positive sentiment might be associated with greater likelihood of completion and lower duration to completion than negative sentiment; furthermore, if it is the general sentiment in the news that drives the outcome of stakeholder evaluation, the effect of media coverage of CSI in the presence of sentiment controls will go away.

Online Appendix G demonstrates the results of this analysis. While all measures of sentiment show significant positive effects on duration, only *inhibition* lowered the likelihood of completion, supporting the assumption that local stakeholders may fear EMMs. Most importantly, these results are consistent with the previous findings: even in the presence of controls for sentiment, media coverage of CSI is still associated with lower completion likelihood and longer duration to completion of the deal.

Finally, I tried to address a potential concern that companies might strategically engage in CSR in order to succeed in their international expansion. Whether or not firms invested in CSR strategically to gain access to international markets, CSR and CSI information still send important signals to stakeholders in host countries that the EMM is or is not ready to play by the rules of the international community. Even though, I do not find an effect of media coverage of CSR, but instead that of CSI, to rule out this potential explanation, I searched for information on when firms began their CSR activities to compare the year of their initial CSR engagement with the year of their cross-border acquisition. To do this, in LexisNexis I searched for news published in BRICS (i.e., in a foreign language) that mentions the company in the body of the article and, within those results, for key terms such as "social responsibility or ethics or sustainability or corporate governance or environmental." Then I confirmed the relevance of the earliest record and recorded its year as the year in which the company began CSR.

I found this information for 25% of the cases in the sample; just as with the cross-border acquisitions themselves (average *year* in the sample is 2007), CSR is a relatively recent phenomenon for EMMs: the earliest year of engagement was 1991, but, on average, EMMs began their CSR engagement in 2008. The correlation between nonmissing years of initial CSR engagement and the year of the announcement of the deal is low ($r = .09$) and is even lower for first acquisitions ($r = .8$) or first-time acquisitions in the focal host country ($r = .07$). This suggests that since both cross-border acquisitions by EMMs and CSR in emerging markets are relatively recent phenomena, it is appropriate to assume that companies did not systematically engage in CSR on purpose—in order to expand abroad. On the other hand, EMMs could have been strategic about CSR news that gets covered by the media; however, the fact that media coverage of CSR has no effect in any of the analyses suggests that, on average, stakeholders are wary of exclusively positive (often self-reported) signals.

4 | DISCUSSION AND CONCLUSION

When going abroad, firms face various legitimacy challenges, such as liabilities of origin, newness, and foreignness. Prior literature suggests two ways to address these challenges:

minimizing the distance between home and host countries and gaining relevant experience. However, firms from emerging markets pose an empirical puzzle to this doctrine, as they often acquire abroad for the first time in countries dissimilar to their home country. I explore whether, controlling for country distance and experience as well as other factors that may increase/decrease legitimacy challenges faced by EMMs, media coverage of CSR and CSI affects the success of their cross-border acquisitions. I find that media coverage of CSR has no effect on EMMs' acquisition success but that media coverage of CSI is associated with lower likelihood of success.

While this key insight helps bridge the international business and strategic management literatures, the main contribution of this study is to the strategic CSR research. I indirectly test the argument that CSR "creates intangible assets that help organizations overcome nationalistic barriers and facilitate globalization" (Gardberg & Fombrun, 2006, p. 329) by showing that media coverage of CSR does not seem to matter in cross-border acquisitions. More directly, in accordance with recent calls to differentiate between CSR and its theoretical counterpart CSI (Hawn, Chatterji, & Mitchell, 2018; Kölbel et al., 2017; Lange & Washburn, 2012; Shea & Hawn, 2019) I examine how their media coverage may influence access to international markets and help or hurt in implementing core strategies (i.e., completing acquisitions), finding that media coverage of CSI is associated with lower likelihood of deal completion and longer duration till completion.

The strategic CSR literature is only beginning to distinguish between socially responsible and irresponsible actions (Campbell, 2007; Lange & Washburn, 2012) and to examine CSR in the context of emerging markets (Dobers & Halme, 2009; Lim & Tsutsui, 2012; Marquis & Qian, 2014; Visser, 2008; Zhang & Luo, 2013). The empirical analysis in this paper shows that distinguishing between CSR and CSI is important to understanding the long-questioned relationship between CSR and firm performance (Cochran & Wood, 1984; Zhao & Murrell, 2016), as the effect of media coverage of CSI is indeed more salient. I argue that media coverage of CSR can signal to local stakeholders in host countries that the socially responsible actions of the EMM will transfer to the host country (i.e., the EMM will not send jobs abroad, build environmentally harmful facilities, avoid paying taxes, or engage in illegal practices in the host country) but find no support for this conjecture. Media coverage of CSI, on the other hand, stemming from the news of socially and environmentally irresponsible actions of EMMs in their home countries, exacerbates the challenges of international expansion and opposition to EMMs by local stakeholders, making it even more difficult for them to enter new markets. Accordingly, this study advances the argument for the informational relevance of CSR and CSI beyond investors (Kölbel et al., 2017; Ramchander, Schwebach, & Staking, 2012), market analysts (Ioannou & Serafeim, 2015) and policymakers (Werner, 2015) to local stakeholders in host countries. The uniqueness of the sample (i.e., focusing on EMMs, capturing all announcements of acquisitions by private and public acquiring and target firms) solidifies these findings in the literature, as most prior research covers U.S. public companies, yet the vast majority of cross-border acquisitions involve private firms outside the United States (Erel, Liao, & Weisbach, 2012).

The study also makes an important contribution to the M&A literature. Bettinazzi and Zollo (2017) recently demonstrated that stakeholder orientation of the acquirer positively impacts the long-term performance of their acquisition (as reflected in the acquirer's cumulative abnormal returns over 36 months following the acquisition). I show that media coverage of the acquirer's CSI can be important for the success of the acquisition before it even takes place. Studying acquisition completion and duration as alternative success outcomes to market reactions to the announcement of the deal allows examining the role that stakeholders other than shareholders can play in the acquisition process. It is due to the overreliance on shareholders and shareholder returns in strategy research that the question of the potential influence of other stakeholders on the outcomes of such core strategic processes and decisions as acquisitions has remained unanswered. The recognition of the existence of multiple stakeholders exerting influences on performance reinforces the widespread idea that acquisition performance is a multidimensional construct (Meglio, 2016).

By examining completion of an announced acquisition and the time needed to complete a deal, this paper contributes to the emerging strategy literature on this underexplored phase of the M&A process. Previous studies examined the role of learning or experience (Chakrabarti & Mitchell, 2016; Dikova et al., 2010; Muehlfeld et al., 2012) as well as state ownership (Li et al., 2017). Yet, with the focus on media coverage of CSR and CSI, this paper advances our understanding of other factors that can improve the outcome of the public takeover phase. As the name of this phase suggests, the public may have a direct or indirect influence on the outcome of this initial stage of the acquisition process; hence, it would be worthwhile for future research to examine other factors that could affect stakeholder engagement and support. With the emerging research on which particular stakeholders are more important and how much managers should invest in each relationship (Dorobantu, Henisz, & Nartey, 2017; Henisz, Dorobantu, & Nartey, 2014), this paper may be getting closer to understanding how to strategize about CSR (Bridoux & Stoelhorst, 2014; Jensen, 2001; Tantalo & Priem, 2016) and why it is important. I find that it is the information about CSI, usually created by external observers and diffused in the media (Kölbel et al., 2017), that is associated with worse outcomes of this phase of the M&A process; thus, even though media coverage of CSI is not within the purview of the firm, managers should manage this risk as they would any other.

4.1 | Limitations and future research

The study has limitations that suggest directions for future research. Further studies can evaluate other modes of international expansion, examine other measures of success of international expansion, and investigate other organizational practices that are important to local stakeholders in the host country. More work is needed, potentially through field experiments, to tease out the mechanisms through which internal and external stakeholders evaluate CSR and CSI information (Burbano, 2016) as well as what type of information is more valuable in their evaluation—for example, doing good versus doing (no) harm (Crilly, Ni, & Jiang, 2016). It would be extremely valuable to develop a better understanding of the boundary conditions of the relationship between media coverage of CSR and CSI and acquisition outcomes. Different types of information may influence different types of stakeholders to act. If different stakeholders also have different levels of power over the transactions, then it is important to understand what types of information might appease the most powerful stakeholders (Odziemkowska & Henisz, 2020).

It is possible that the media may be biased as to what firms get their attention, and what issues (CSR vs. CSI) they report. Nonetheless, the (main and sensitivity) analyses in this study suggest that media coverage of CSI is uniquely important to local stakeholders that evaluate acquiring firms and their legitimacy, and it can affect their international expansion directly (through the likelihood of acquisition completion) and indirectly (through the length of time it takes to close the deal). Due to different incentives, the media draws more attention to CSI than

CSR (than firms would wish), yet the effect of media coverage of CSI (rather than of CSR) on acquisition outcomes is independent of overall media coverage, sentiment and even CSR of firms in this sample.

To conclude, regardless of its limitations, I believe this study provides important insights concerning media coverage of CSI, strategy, and international expansion. While uncontrollable by firms per se, media coverage of CSI generates risks in cross-border acquisitions. Therefore, even though media coverage of CSR does not seem to matter, by investing in CSR practices that can help avoid incidents of CSI and their media coverage, firms may have better chances of success in cross-border acquisitions.

ACKNOWLEDGEMENTS

First of all, the author would like to thank the Editors and anonymous reviewers without whose engagement and thoughtful work this manuscript would not have progressed. Second, the author is grateful to her research assistants and Frank Hawkins Kenan Institute of Private Enterprise, Sharon Belenzon, Nel Dutt, Caroline Flammer, Ioannou Ioannis, Jiao Luo, Mary-Hunter McDonnell, Will Mitchell, Elena Vidal, Andrew Spicer, and seminar participants at Duke University, Baruch College, Boston University, Ivey School of Business, Georgetown University, NUS, HKUST, Nanyang Business School, LBS, Wharton, UNC Chapel Hill Kenan-Flagler Business School, USC Marshall, University of Minnesota, HEC Paris, and GWU for their helpful comments on the early draft of this paper. Finally, thanks to the participants at 2013 ARCS Conference, 2013 AOM Annual Meeting, 2013 SMS Conference, and 2014 AIB Annual Meeting where this paper was presented.

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SUPPORTING INFORMATION

Additional supporting information may be found online in the Supporting Information section at the end of this article.

How to cite this article: Hawn O. How media coverage of corporate social responsibility and irresponsibility influences cross-border acquisitions. *Strat Mgmt J*. 2021;42:58–83. https://doi.org/10.1002/smj.3212