



The Scope of Due Diligence in The Pre-Acquisition Phase in Cross-Border Acquisition Management in The German Car Manufacturing Industry

Alen Sacek

University of Latvia, alen.sacek@gmail.com,

Baiba Šavriņa

University of Latvia, baiba.savrina@lu.lv

Abstract:

Cross-border acquisitions play an important role in the corporate strategic development and international expansion. This paper investigates the scope of the due diligence audit within the pre-acquisition phase. Due diligence audit conforms to the organizational learning theory, proposing that the more the acquiring firm learns about the acquisition target, the higher the probability of successful acquisition. The used data sample of acquisitions is made of German enterprises in car manufacturing industry and their cross-border acquisitions in the past. The results support the proposition that the thorough due diligence audit is necessary for successful acquisition. The hypothesis of detailed assessment of strategic fit and organizational culture is closely linked to acquisition success. Also the assessment of human resources, technological skills and other business capabilities enhances the probability of successful acquisition. The results and findings of the paper offer useful implications for cross-border acquisition management and useful directions for future academic research. The originality of the paper is given by unique meta-analysis of the acquisition “due diligence” literature and the selected consultant studies from anonymized practical experience based on insider information. The outcome is a compendium of evaluated risk factors which need to be included in each “due diligence” audit in the pre-acquisition phase.

JEL Classification Code: G 32, G 34,

Key words: due diligence, emerging markets, mergers and acquisitions, risk, investment

INTRODUCTION

The topic of mergers & acquisitions (M&A) has been increasingly investigated in the literature in the last two decades in response to the rise in M&A activities as well as the increasing complexity of such transactions themselves (Gomes, Angwin, Weber, & Tarba, 2013). Epstein (2005, p. 37) argues that using a broad definition of M&A can lead to confusion and misunderstanding as it entails everything from pure mergers to strategic alliance. In this paper the definition of M&A will be used in a much narrower sense, as acquisition, as the purchase of shares or assets on another company to achieve full managerial and operational influence. Acquiring a company abroad can be motivated by the wish of entering foreign market and establish strong position very quickly. It enables the drawing on complementary knowledge and



differing market prospective of the acquired company and enable a realization of synergetic potentials (Gole et al., 2009, p. 42; Howson, 2003, p. 3). However, acquiring a company is risky, especially against the background that the information of the targets business is beyond the reach of acquirer and he relies on assumptions about the state of the business (Schweiger et al., 1998, p. 15). At this point, an information asymmetry occurs as the acquirer does not get reliable information about the target company to carry out thorough evaluation and determine the price. In line with the literature, the term information risk is used to describe the uncertainty surrounding information relevant to the acquirer's valuations and expectations for future economic development (Gomes et al., 2013, p. 16). The situation in cross border acquisitions is even more risky since there is a higher information asymmetry between companies from different countries (Firstbrook, 2008, p. 2). The failure rate in cross-border acquisitions is even more poor than at the domestic one, as it is more difficult to achieve the economies of scale and resource deployment in foreign than in domestic markets (Erel et al. 2012, p. 1074).

In the pre-acquisition process due diligence is used to overcome the information asymmetry. Due diligence is an investigation or audit of a potential investment serving as a confirmation of all material circumstances related to a transaction (Howson, 2003, p. 5). "The basic function of M&A due diligence is to assess the benefits and the liabilities of a proposed acquisition by inquiring into all relevant aspects of the past, present, and predictable future of the business to be purchased. Those making this assessment should focus on risk" (Lajoux et al., 2011, p. 7). Due diligence comprises of detailed investigation and risk assessment in wide area of the targets specifications, either quantifiable or non-quantifiable (Angwin, 2001, p. 33; Hopkins, 1999, p. 233; Knecht et al., 2007, p. 425). Using the literature definitions, we define due diligence as the process of acquiring objective and reliable information on acquisition target prior to the acquisition specific event.

PREVIOUS RESEARCH AND THE SCOPE OF DUE DILIGENCE

In general, cross-border acquisitions and related risk assessment largely remain under-explored compared to domestic acquisitions (Bertrand et al., 2012, p. 415). The previous research concentrates on the objectives of the cross-border acquisition claiming that acquisitions propose an important mechanism through which the firms grow and gain access to new resources. Shimizu et al. (2004, p. 346) show that market entry, learning process and value creation are among the main aims of cross-border acquisition. Similar argumentation deliver Gole et al. (2009, p. 42) emphasizing the speed of establishing market position compared with direct investments and enables the drawing on complementary knowledge and differing market prospective of the acquired company and enable a realization of synergetic



potentials. Bertrand et al. (2012, p. 414) argues that the acquisitions have major impact on competencies, organization and therefore the performance of the firms.

Overall, the empirical research on performance for domestic and cross-border acquisitions is mixed. Some studies find that firm value is reduced or that acquisitions exert no impact at all leading to losses of the acquirer (Andrade et al. 2001, p. 117; Moeller et al., 2005, p. 561), some studies find that the acquisitions also generate value for acquirers (Martynova et al., 2008, p. 2168). In light of academic research, Ahammad et al. (2013, p. 10) has concluded that studies using financial, accounting or managerial performance assessment have shown an overall acquisition failure. King et al. (2004, p. 197) performed meta-analysis showing, on average, the performance of acquiring firms is negatively affected in both the stock and accounting-based measures.

The major channels through which the acquirers gain value are synergies, economies of scale and scope, improved efficiency and improved market access (Bertrand et al., 2012, p. 414; Chatterjee, 2007, p. 48). Bruner (2004, p. 65) analyzed 16 studies on M&A value creating and performed interviews with 50 Financial directors, but concluded that the synergies, efficiencies and value creating growth are difficult to obtain. Bruner's study examined but does not emphasize evidence which factors are really important to consider in the pre-acquisition phase. Georgieva et al. (2012, p. 794) found evidence of impact of the legal, regulatory and cultural as well as overall business environment in cross-border acquisitions joint ventures. This evidence can partly be reflected to the cross-border acquisitions, as the market access is the main aim. Acquisition experience effects can occur through a firm's own acquisitions or by learning from the competitors (Barkema et al., 2008, p. 628).

One of the learning fields is the risk assessment with due diligence audit in the pre-acquisition phase. Previous research on due diligence from the perspective of the organizational learning theory argued that cross-border acquisition is a dynamic learning process which produces special knowledge that in turn leads to improved cross-border acquisition process involving multiple activities, such as target selection, risk assessment, negotiation and post-acquisition integration (Collins, et al. 2009, p. 1333). Such acquisition skills gained suggests that learning associated with firm's prior experience increases the likelihood of subsequent international acquisitions (Hitt et al., 2009, p. 524). Despite the importance of due diligence and the pre-acquisition evaluation, there are not many studies which have researched the scope of due diligence, especially in case of cross-border M&As (Shimizu et al., 2004, p. 325). The academic research shows no comprehensive study which considers the full range of factors to be considered in pre-acquisition evaluation within the due diligence process (Ahammad et al., 2013, p. 4; Gomes et al., 2013, p. 28; Shimizu et al., 2004, p. 330).



The purpose of this study is to show the practical use of due diligence in the pre-acquisition phase based on post-acquisition success in the car manufacturing industry.

Problematic aspects in mergers and acquisitions

The expectations before the merger or acquisition in Central and Eastern Europe countries will be different for the future partners. The expectations on the side of the local enterprise will be specific due to the socio-economic situation in the past in their country. Coming from the conditions of centralized planned economies, the enterprises were obliged to pass through several crucial changes during the 90s: the apparition of competition, accompanied by the shock of openness of economy when competitors with much bigger experience and aptitude are entering from outside; privatizations; restructuring of national economy with several sectors disappearing and new ones to be created; total replacement of equipment by new technologies; reorientation of the production to new markets, taking in mind the local requirements etc. The need of capital and of investments is absolute and the first precondition for survival (Šavriņa, Grundey, 2008). National capital is insufficient because of 1) the historical situation: the primary accumulation of capital has only started; 2) the low level of income and savings in the society. In both cases: for the old, surviving enterprises which are obliged to make the adaptation to the new situation (market economy and open economy) or for the new enterprises that have appeared in national economies with a strong business or technological idea – the investments from abroad are a necessity. The local enterprises are waiting for an investor as a 1) financial and 2) strategic investor because of the necessity to adapt their management strategy to foreign activities and to have the access to external experience and technologies. During the 2000s these processes are completed by the accession of several Central and Eastern European countries to the European Union. The free movement of capital in the frame of EU is an additional stimulus for mergers or acquisitions.

A State policy focusing on entry in emerging markets or a target market representing special interests of the investor country is analyzed for the period of 1980`s and 1990`s (B.Šavriņa; 1999, J.L.Mucchielli, T. Mayer., 1998). The main accent is made on delocalization of production from developed countries in the conditions of rising globalization processes and a racing competition. The authors of this paper consider that in the case of Central and Eastern European countries, the main advantages for a Western company will be: 1) an educated, qualified but cheaper labor force (additionally, in the case of M&A the local partner already has a formed and functioning staff); 2) an access to a new market or a greater proximity to one through a trampoline zone (in the case of M&A the Western partner is expecting to acquire the existing target markets and client networks of local partners, especially if



the local partner knows the business culture and languages in the region); 3) access to (cheaper) raw materials or energy resources at a close distance from their own country (in the case of M&A the local partner already has his own local deliverers and he knows local suppliers).

The experience of more than 20 years is showing us the main possible disadvantages or failures of a local enterprise when entering a cooperation with a foreign (Western) company: 1) the misunderstanding on the side of the local enterprise about their relationship with the foreign partner, especially if this partner is a strategic investor – the local enterprise expects to keep functioning as an independent entity but instead it becomes a structural unit of the new company which is developed according to the interests of the investor (Šavriņa, Grundey, 2008) which is very important in the case of M&A; 2) the interests of the foreign partner to reduce his costs or change his plans can evoke the dislocation of production to another country which can mean the closure of the local enterprise as a redundant entity. From the other side, the foreign partner will be displeased for 2 main reasons in general: 1) the costs of local labor force are growing. The same is happening with the prices of resources and raw materials. This is especially noticeable in the new member countries of EU as a logical tendency of equalizing price levels within the common market but it's non-beneficial for the strategic aims of the Western company; 2) the local political environment could not be very favorable towards foreign companies, especially in the countries of Eastern Europe outside of EU (Šavriņa, Sproģe-Rimša, 2013).

Considering all these tendencies, it requires due diligence in the pre-acquisition phase.

In the literature study comprising of academic and practical studies, the analysis has shown us characteristic fields to be assessed in the pre-acquisition phase: 1) Strategic and cultural fit (Gleich, et al., 2009, p. 12, Gomes et al., 2013, p. 15)

The emphasis lies on the proposition that the more similar the business models and served markets and clients are, the higher the value creating effects after the acquisition (Carbonara et al., 2009 p. 94; Perry et al., 2004, p. 12). Ahammad et al. (2013, p. 3) emphasize the importance of the strategic fit to have even higher weigh in the context of successful cross-border acquisition. The term organizational fit is often mentioned as a success factor in connection with the strategic fit (Ahammad et al., 2013, p. 3; Gleich et al., 2009, p. 5; Gomes et al., 2013, p. 15; Cartwright et al. 1992, p. 56). Angwin (2011) reached the conclusion that national cultural distance play an important role in affecting the acquirer's perception of the target company. Each organizational culture is unique with differences essentially across organizations, and it is such differences that generate integration problems, and while some authors



have cautioned that similarity of “organizational cultures” does not necessarily guarantee acquisition success the assumption is that a certain cultural conformity underlies effective organization especially in mergers with high levels of integration (Kusstascher et al., 2005, p. 24, Cartwright et al., 1996, p. 70, Cartwright et al., 1993, p. 523).

FINANCIAL FACTORS AND ACQUISITION PREMIUM

A substantial amount of studies have identified that payment of price premiums is one of the most significant reasons for acquisition failure, as the future growth is the main variable in determining the acquisition price (Gomes et al., 2013, p. 19, Dunne et al., 2013, p. 8; Harvey et al., 1995, p. 18). The effects of forecasting unrealistic growth of the target may have serious effects on the valuation and the acquisition price (Perry, 2004, p. 14). The due diligence requires enhanced proceedings to attain deeper information in order to achieve reasonable basis for evaluation models and negotiation of the acquisition price for successful cross border acquisition.

BUSINESS CAPABILITIES AND KNOWLEDGE MANAGEMENT

Acquiring a foreign existing business, acquirer obtains resources like knowledge base, human resources, business capabilities and an established market access and reputation (C. Firstbrook, 2007, p. 54; Shimizu et al., 2004, p. 311; Cullinan et al., 2004, p. 5). Such resources are strengthen acquirer's endowment and are complementary resources that enable leverage of existing resources. Research on mergers and acquisitions has shown that human resources issues must be considered essential given that they strongly influence the success of transaction (Schuler et al., 2001, p. 243, Perry et al., 2004, p. 13). In the due diligence phase it is the time estimate the management potentials and management talents in the target firm (Marks et al., 2001, p. 90).

MACRO FACTORS AND BUSINESS ENVIRONMENT

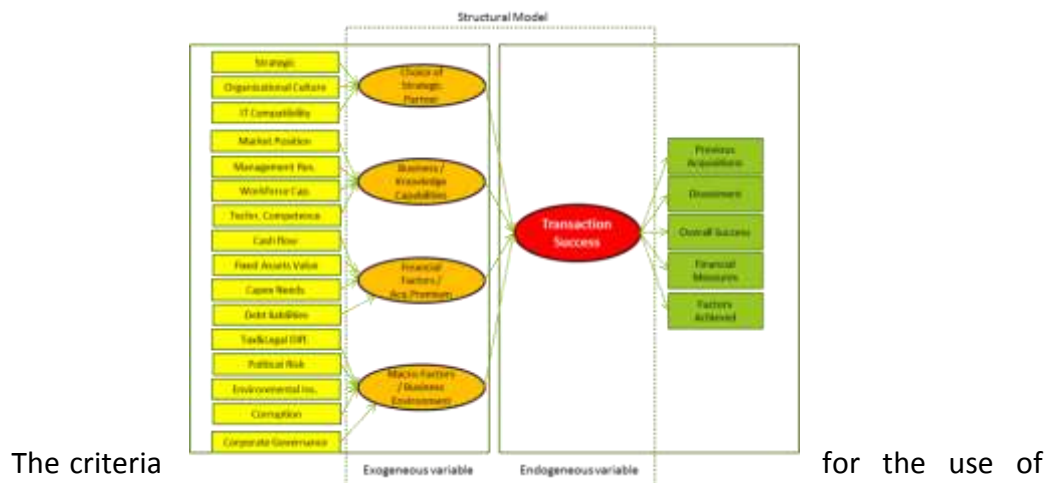
The need for considering differences in the business environment, especially legal and tax aspects has been asserted in the literature (Ahammad & Glaister, 2013a, p. 4; Gomes & Angwin, 2013, p. 20; Firstbrook, 2008, p. 4; Hitt, 2009, p. 8; Angwin, 2001, p. 33). Prior studies have also shown empirically that macro-economic and corporate governance arrangements affect the decision to acquire firms in cross border markets (Graham et al., 2008, p. 299; Rossi et al. Volpin, 2004, p. 58). The nature of the local environment and its nationality (for example, government policies or strong unions) may have a bearing on the ability of acquirers to implement practices during post-merger integration, such as changes in salary and benefits, recruiting, turnover, and labour relations. A stronger legal and institutional

environment in the target country leads to increased transaction cost for cross-border deals (Feito-Ruiz & Menéndez-Requejo, 2011, p. 186).

EMPIRICAL RESULTS

The empirical research was started with questionnaire survey to collect data from a sample of German car manufacturing firms involved in cross-border acquisitions. Acquisitions by the firms took place between 2004 and 2012 among firms operating in the Central and Eastern European region. A list of the deals was compiled from the Mergermarket Database. A list of potential survey participants was collected using telephone inquiries, business portals and other relationships. This procedure created general population of 99 firms involved in 416 acquisition deals. 21 of the acquirers were excluded as they were financial investors, another 40 have been excluded as they have the policy not to participate in survey research, or the potential participants did not have time capacities to take part in the survey. This resulted in a sample of 20 acquirers which is a fifth of the general population. The research design has been constructed with structural equation modeling (SEM) as a multivariate data analysis method that is often used when testing theoretically supported linear and additive causal models. With SEM, the relationship between multifaceted risk factors in the due diligence and the acquisition success model is being measured and visualized in Fig. 1. In spite of limitations, PLS is useful for structural equation modeling in applied research projects especially when there are limited participants and that the data distribution is skewed and this is the case in the survey. The inner model consists of the four main hypothesis including elements of thorough due diligence and the transaction success. The outer model consists of manifest and independent variables (exogenous) and the dependent variables which define the transaction success (endogenous).

Figure 1 Structural Model Due Diligence in Acquisition Process





PLS model which is a variance based model, have been: small sample size with $n=20$, the independent variables are normally distributed (univariate approach) and the research paper has explorative character. In the current case the bootstrapping has been calculated with $B=1000$ replications. The value area and the resulting significance level are calculated with B replications B . The tail area values are calculated with the software for statistics R. Also the VIF value has been calculated with the software for statistics R.

Table 1 Formative Measurement Model

Indicators		Weight	t-statistics value	VIF
Choice of Strategic Partner				
V36	Strategic Fit	-0,38	1,13 n.s.	1,14
V38	Organizational Fit	1,01	1,93 **	1,3
V48	IT-Compatibility	0,11	0,38 n.s.	1,42
Business Capabilities, Knowledge Management				
V39	Market Competence	1,51	2,74 ***	1,04
V42	Technological Competence	0,78	2,73 ***	1,04
Financial Factors and Acquisition Premium				
V47	Extent of Debt	0,94	13,77 ***	-
Macro-Factors and Business Environment				
V49	Differences tax&legal	-0,32	0,56 n.s.	2,52
V51	Political Factors	1,5	1,80 **	1,61
V52	Corruption, Bribery	0,34	0,66 n.s.	2,54

The VIF values are below 5, so that there is no variable which needs to be removed because of the multicollinearity. The t-values show a strong significance of the latent variable “Business Knowledge Capabilities”, especially the manifest variable



and “Financial factors and acquisition premium” show only weak significance. The Strategic fit and Macro factors and business environment are not significant. In the next step, the estimation relevance is being judged with Stone-Geisser criteria and additionally with the coefficient of determination. The coefficient of determination of 0,6 gives a comfortable explanation of the date variance and the estimation:

Table 2 Data Variance Measurement

<i>Latent Variable</i>		
Transaction Success	0,60	0,35

The effect power is computed with the coefficient of determination of the complete model and of the model with excluded variables to receive the estimation impact.

Table 3 Measurement Effect Power

<i>Latent Variable</i>				
Choice of Strategic Partner	0,58	0,36	0,05	0,00
Business Capabilities, Knowledge	0,45	0,35	0,38	0,02
Financial Factors, Acquisition Premium	0,51	0,36	0,23	0,00
Macro-Factors, Business Environment	0,60	0,36	0,00	0,00

The latent variable Business Knowledge Capabilities has very strong effect power, the Financial Factors and Acquisition Premium has an acceptable level of effect power while Choice of Strategic Partner has only little effect power and Macro Factors and Business Environment do not have any effect power. In the estimation area are all variables at 0. Consequently, they are acceptable for the model.



Having assessed the estimation quality of the model, the latent variables and the corresponding significance level have been determined:

Table 4 Path Coefficient and the model reliability

<i>Independent Variable</i>	<i>path coefficient</i>	<i>t-statistics</i>
Choice of Strategic Partner	0,18	1,21 n.s.
Business Knowledge Capabilities	0,46	3,17 ***
Financial Factors and Acq. Premium	0,41	2,23 **
Macro Factors and Business Environment	-0,03	0,13 n.s.

The path coefficient Business Knowledge Capabilities has strong influence on the dependent latent variable Transaction Success. Financial Factor and Acquisition Premium has a middle strong influence on the Transaction Success. The Choice of Strategic Partner and Macro-Factors and Business Environment are non-significant and do not have any influence on the Transaction Success.

CONCLUSION

The literature research shows no comprehensive study which considers the full range of factors to be considered in pre-acquisition evaluation within the due diligence process. The contributed development of a model incorporating different risk areas delivers managerial implications in the German car manufacturing industry.

The main result lies in pinpointing the specific area by which the business capabilities and knowledge transfer build the main asset in the realization of synergy values in the acquisition phase. In this context, the valuation of the business capabilities of the acquisition targets can be classified as the main challenge reflecting suitability of the acquisition price.

As it is often difficult to ensure the transfer from the practical to theoretical knowledge and vice versa, an integrated approach is likely to develop with a growing amount of experience in growing frequency of M&As in the emerging markets and the



nature and scope of the due diligence process need to be examined in light of these new trends. The managerial implications are that in the pre-acquisition phase the due diligence proceedings should selectively be audited especially in case of evaluating business knowledge capabilities.

The tested financial issues go beyond the information provided and this will provide the basis for forecasting future performance and identifying possible capital short falls has been supported moderately for the German acquirers in the car manufacturing industry.

The determined low importance of strategic and organizational fit, which is usually the most named aspect in acquisition success is a bid surprising. However, the strategic focus of the German car manufacturers is to capture capable contributor in the manufacturing chain and deepen the technological knowledge of the overall enterprise. In line with that, the identification of the most efficient tax and legal structure is not significant aspect for German car manufacturer. The reason lies in the financial power of the global enterprises which can offset such potential burdens. Afterwards, such evaluated risks are reflected in the acquisition price.

Finally, the results indicate that there is a positive relationship between transaction success and due diligence proceedings which help to ensure that the M&As deal intelligence gets wider scope of the risk assessment methods and finally improve the success rates in cross-border acquisitions.

BIBLIOGRAPHY

- Ahammad, M. F., & Glaister, K. W. (2013). *The pre-acquisition evaluation of target firms and cross border acquisition performance. International Business Review*, pp. 1–11. doi:10.1016/j.ibusrev.2013.01.001
- Andrade, G., Mitchell, M., & Stafford, E. (2001). *New Evidence and Perspectives on Mergers. Journal of Economic Perspectives*, 15(2), pp. 103-120.
- Angwin, D. (2001). *Mergers and Acquisitiosn across European Borders: National Perspectives on Preacquisition Due Diligence and the Use of Professional Advisers. Journal of World Business*, 36(1), pp. 32-57.
- Barkema, H. G., & Schijven, M. (2008). *How Do Firms Learn to Make Acquisitions? A Review of Past Research and an Agenda for the Future. Journal of Management*, 34(3), pp. 594–634. doi:10.1177/0149206308316968
- Bertrand, O., & Betschinger, M.-A. (2012). *Performance of domestic and cross-border acquisitions: Empirical evidence from Russian acquirers. Journal of Comparative Economics*, 40(3), pp. 413–437. doi:10.1016/j.jce.2011.11.003
- Bruner, R. F. (2004). *Does M&A Pay - A Survey of Evidence for the Decision-Maker. Journal of Applied Finance*, 12(1), pp. 48-68.
- Carbonara, G., & Caiazza, R. (2009). *Factors Affecting M & A Success : A Starting Point for the Topic Renaissance. The Journal of American Academy of Business*, 15(September), pp. 92–99.
-



- Cartwright, S., & Cooper, C. L. (1996). *Managing Mergers, Acquisitions and Strategic Alliances: Integrating People and Cultures* (220 p.).
- Collins, J. D., Holcomb, T. R., Certo, S. T., Hitt, M. a., & Lester, R. H. (2009). *Learning by Doing: Cross-border Mergers and Acquisitions*. *Journal of Business Research*, 62(12), pp. 1329–1334. doi:10.1016/j.jbusres.2008.11.005
- Dunne, P., & Hodgson, A. (2013). *M & A Deal Evaluation : Challenging Metrics Myths* (pp. 1–11). London.
- Epstein, M. J. (2005). *The Determinants and Evaluation of Merger Success*. *Business Horizons*, 48(1), pp. 37–46. doi:10.1016/j.bushor.2004.10.001
- Erel, I., Liao, R. C., & Weisbach, M. S. (2012). *Determinants of Cross-Border Mergers and Acquisitions*. *The Journal of Finance*, LXVII(3), pp. 1045-1082.
- Feito-Ruiz, I., & Menéndez-Requejo, S. (2011). *Cross-border Mergers and Acquisitions in Different Legal Environments*. *International Review of Law and Economics*, 31(3), pp. 169–187. doi:10.1016/j.irl.2011.05.002
- Firstbrook, B. C. (2008). *Cross-border M & A Handle with care*. *Accenture Outlook 2008* (8 p.).
- Firstbrook, C. (2007). *Transnational Mergers and Acquisitions: How to Beat the Odds of Disaster*. *Journal of Business Strategy*, 28(1), pp. 53–56. doi:10.1108/02756660710723215
- Georgieva, D., Jandik, T., & Lee, W. Y. (2012). *The impact of laws, regulations, and culture on cross-border joint ventures*. *Journal of International Financial Markets, Institutions and Money*, 22(4), pp. 774–795. doi:10.1016/j.intfin.2012.04.002
- Gleich, R., Kierans, G., & Hasselbach, T. (2009). *Value in Due Diligence* (216 p.). Gower Publishing.
- Gole, W. J., & Hilger, P. J. (2009). *Due Diligence An M&A Value Creation Approach* (306 p.).
- Gomes, E., Angwin, D. N., Weber, Y., & Tarba, S. (2013). *Critical Success Factors through the Mergers and Acquisitions Process : Revealing Pre- and Post-M & A Connections for Improved Performance By*. *Thunderbird International Business Review*2, 55 (1), pp. 13–35. doi:10.1002/tie
- Graham, M., Martey, E., & Yawson, A. (2008). *Acquisitions from UK firms into emerging markets*. *Global Finance Journal*, 19(1), pp. 56–71. doi:10.1016/j.gfj.2007.11.001
- Hair, J. F., Ringle, C. M., & Sarstedt, M. (2011). *PLS-SEM: Indeed a Silver Bullet*. *The Journal of Marketing Theory and Practice*, 19(2), pp. 139–152. doi:10.2753/MTP1069-6679190202
- Harvey, M., Lusch, R. (1995). *Expanding the Nature and Scope of Due Diligence*. *Journal of Business Venturing*, 9026(10), pp. 5–21.
- Hitt, M. a., King, D., Krishnan, H., Makri, M., Schijven, M., Shimizu, K., & Zhu, H. (2009). *Mergers and acquisitions: Overcoming pitfalls, building synergy, and creating value*. *Business Horizons*, 52(6), pp. 523–529. doi:10.1016/j.bushor.2009.06.008
- Hopkins, H. D. (1999). *Cross-border Mergers and Acquisitions: Global and Regional Perspectives*. *Journal of International Management*, 5(3), pp. 207–239.
- Howson, P. (2003). *Due Diligence: The Critical Stage in Mergers and Acquisitions*. (1st Edition, 237 p.). Aldershot, UK: Gower Publishing.
-



- Jemison, D., Sitkin, S. (1986). *Corporate Acquisitions : A Process Perspective*. *Academy of Management*, 11(1), pp. 145–163.
- King, D. R., Dalton, D. R., Daily, C. M., & Covin, J. G. (2004). *Meta-analyses of post-acquisition performance: indications of unidentified moderators*. *Strategic Management Journal*, 25(2), pp. 187–200. doi:10.1002/smj.371
- Kissin, W. D., & Herrera, J. (1990). *International Mergers and Acquisitions*. *The Journal of Business Strategy*, 11(July/August), pp. 51–54.
- Knecht, F., & Calenbuhr, V. (2007). *Using capital transaction due diligence to demonstrate CSR assessment in practice*. *Corporate Governance*, 7(4), pp. 423–433. doi:10.1108/14720700710820506
- Lajoux, A. R., & Elson, C. M. (2011). *The Art of M&A Due Diligence* (561 p.). McGraw-Hill.
- Lemieux, O. P., & Banks, J. C. (2007). *High tech M&A – strategic valuation*. *Management Decision*, 45(9), pp. 1412–1425. doi:10.1108/00251740710828672
- Martynova, M., & Renneboog, L. (2008). *A century of corporate takeovers: What have we learned and where do we stand?* *Journal of Banking & Finance*, 32(10), pp. 2148–2177. doi:10.1016/j.jbankfin.2007.12.038
- Moeller, S. B., & Schlingemann, F. P. (2005). *Global diversification and bidder gains: A comparison between cross-border and domestic acquisitions*. *Journal of Banking & Finance*, 29(3), pp. 533–564. doi:10.1016/j.jbankfin.2004.05.018
- Mucchielli J.-L., Mayer T., (1998), *Les déterminants des investissements directs à l'étranger: Les choix IDE (Exportations et les choix de localisation dans les modèles récents)*. *Connaissances économiques. Approfondissements. Paris ; Economica*, pp. 307-325
- Perry, J. S., & Herd, T. J. (2004). *Mergers and Acquisitions: Reducing M&A risk through improved due diligence*. *Strategy & Leadership*, 32(2), pp. 12–19. doi:10.1108/10878570410525089
- Rossi, S., & Volpin, P. F. (2004). *Cross-country determinants of mergers and acquisitions*. *Journal of Financial Economics*, 74(2), pp. 277–304. doi:10.1016/j.jfineco.2003.10.001
- Sarstedt, M., & Ringle, C. M. (2011). *Multigroup Analysis in Partial Least Squares (PLS) Path Modeling: Alternative Methods and Empirical Results*. *Measurement and Research Methods in International Marketing*, 22, pp. 195–218. doi:10.1108/S1474-7979(2011)0000022012
- Šavriņa B. (1999) *Starptautiskās ekonomikas studijas un attīstīto valstu pieredzes apguve (Francijas piemērs kapitāla eksporta un ārzemju investīciju regulēšanā)*. *Profesionālā ekonomiskā izglītība: problēmas un risinājumi*. Rīga, Banku augstskola, pp. 76. – 82.
- Šavriņa B., Grundey D. (2008) *The Impact of Economic Receptiveness to Economic Development of Central and Eastern European Countries*. *Transformations in Business&Economics*, Vol.7, No2 (14), Supplement B, pp. 20-33
- Šavriņa B., Sproģe-Rimša S. (2013) *Joint Venture Formation Influencing Factors within the Aspect of Economic Policy Implemented un Belarus from EU Business Perspective*, *Economics&Sociology*, Vol.6, No 1, pp. 28-45
-



- Schuler, R., & Jackson, S. (2001). *HR Issues and Activities in Mergers and Acquisitions*. *European Management Journal*, 19(3), pp. 239–253.
- Shimizu, K., Hitt, M. a, Vaidyanath, D., & Pisano, V. (2004). *Theoretical foundations of cross-border mergers and acquisitions: A review of current research and recommendations for the future*. *Journal of International Management*, Vol. 10, pp. 307–353. doi:10.1016/j.intman.2004.05.005
- Very, P., & Schweiger, D. M. (2001). *The Acquisition Process as a Learning Process : Evidence from a Study of Critical Problems and Solutions In Domestic and Cross-Border Philippe Very*. *Journal of World Business*, 36(1), pp. 11–31.
- Wong, K. K. (2013). *Partial Least Squares Structural Equation Modeling (PLS-SEM) Techniques Using SmartPLS*. *Marketing Bulletin*, 24(1), pp. 1–32.
-