



Welcome to the 2014 Academy of Management Conference Program



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Paper Session

Submission: **18530** | Sponsor(s): **(IM)**

Scheduled: **Monday, Aug 4 2014 11:30AM - 1:00PM** at **Pennsylvania Convention Center** in **Room 120 B**

Global Governance: IM Division CGIO Best Paper in International Corporate Governance Session Global Gov: CGIO Award



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Chair: **Sea Jin Chang**; National U. of Singapore;

Search Terms: International Management , Global Governance , Award

IM: Does government stake influence cross-border deal completion? Evidence from Brazil

Author: **Yingdan Cai**; Groningen U. (RuG);

Author: **Kees Van Veen**; Groningen U. (RuG);

Author: **Sathyajit Gubbi**; Groningen U. (RuG);

In the context of developing economies, government as an important stakeholder plays a proactive role in strategic investment decisions made by firms. In this paper we investigate whether the equity stake held by government in the acquiring and the target firm influence likelihood of deal completion. Our analysis of over 500 cross-border deals by Brazilian multinational firms suggests that government equity ownership has a material impact on deal completion. While government equity stake in the acquirer enhances likelihood of deal completion, government equity ownership in the target firm diminishes the possibility. Moreover, the effects of government equity ownership differ for public traded and private traded firms.

Search Terms: cross-border mergers & acquisitions , emerging market firm , government ownership

Optional Supplemental Information is Available to Registrants Only: Please login at the left.

IM: Linguistic Distance and Bridge Language Effects on Equity Ownership in Cross-Border Acquisitions



Author: **Ilya Cuypers**; Singapore Management U.;

Author: **Jean-Francois Hennart**; Tilburg U.;

We study the effects of language distance and bridge language proficiency on the level of equity taken by acquirers from 67 countries in 59,092 acquisition targets in 69 host countries. We theorize and find that both language distance and bridge language proficiency affect the level of equity an acquirer takes in a target. In addition to its direct effect, language distance also moderates the effect of bridge language on the level of equity taken. Our results clearly demonstrate that governance research and international business studies can benefit from incorporating language into their explanatory models.

Search Terms: acquisitions , ownership stake , language

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IM: Do International Investment Agreements Protect Investment? Micro-Level Evidence



Author: **Srividya Jandhyala**; ESSEC Business School;

Author: **Robert Weiner**; George Washington U.;

International investment agreements (IIAs) are widely viewed as protecting, and hence facilitating foreign direct investment (FDI). Our analysis departs from the literature in examining IIA effectiveness by explicitly asking whether IIAs protect FDI. We ask whether firms pay more to acquire an IIA protected asset – due to the larger expected future returns from it – as compared to similar but unprotected assets. Focusing on asset transaction level data, we are also able to determine the mechanisms by which IIAs are expected to work – by imposing ex-ante signaling cost and ex-post commitment costs. Using detailed micro-level data on petroleum reserve purchases in 52 countries, we find a weak significant effect of IIAs on the amount that investors pay for an asset. Our analysis also indicates that ex-ante signaling costs are relatively weak, while ex-post commitment costs are significant.

Search Terms: FDI , International Investment Agreements , Political Risk

Optional Supplemental Information is Available to Registrants Only: Please login at the left.

IM: Unveiling the Antecedents of International Diversification: An Agency Theory Approach  Author: **Giovanni Battista Dagnino**; U. of Catania; Author: **Claudio Giachetti**; U. Ca' Foscari of Venice; Author: **Maurizio La Rocca**; U. of Calabria; Author: **Pasquale Massimo Picone**; U. of Catania; 

While various studies have developed hypotheses about the antecedents of international diversification drawing mainly on the resource-based view, the behavioral theory of the firm, and the transaction costs literature, we advance our understanding by investigating the explanatory power of agency costs of free cash flow arguments. Using a sample panel of 167 Italian firms longitudinally evaluated during the 1980-2010 period, this study tests whether the firm's choice to spread operations in multiple foreign countries is conditioned by excess of free cash flow and debt, especially in firm-contexts where agency problems are exacerbated by managers or large shareholders' opportunism. We find that debt has a negative effect on international diversification, while, contrary to our expectation, we find that the effect of cash flow is negative. Results also show that both high ownership concentration and low growth opportunities have a significant moderating effect on the debt - and cash flow - international diversification relationships

Search Terms: Agency theory , International diversification , Cash flow, debt

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KEY TO SYMBOLS

Teaching-oriented |



Practice-oriented |



International-oriented |



Theme-oriented |



Research-oriented



Diversity-oriented



Selected as a Best Paper