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The effect of cross-border mergers & acquisitions as a driver of better corporate sustainability practices

A study on the post-acquisition context of selected target firms from Sri Lanka and Sweden

By:
Buddhini Erosha Jayasinghe & Farjana Rifat

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Supervisor:
Professor Hanna Martin

UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Abstract

Companies typically strive to expand their realms. To do so, they rely on a series of organic and non-organic growth options, the latter including Mergers and Acquisitions (M&As). M&As continue to grow in number and frequency across national and regional borders in search of strategic complementarity. With the growing importance devoted to social and environmental factors by business firms of the contemporary world, M&As too, like other organizational strategies of multinationals, appear to be increasingly intertwined with sustainability and its practices. Many recent high-profile M&As between socially and environmentally progressive firms and corporations affirm this trend while there is empirical evidence that endorse sustainability criteria in corporate transactions. This research is a combinatorial study between the cross-border M&As and corporates' practice of sustainability where the effect of M&A as a driver of better corporate sustainability practices in the post-M&A context is explored. The exploration is conducted under two areas, where firstly the study looks at whether and how a cross border M&A effect the corporate sustainability practices of a target firm and secondly it intends to find what effect does the acquirer's background have on the target firm's corporate sustainability practices. 14 semi- structured interviews were conducted among target firms within manufacturing, information technology and automotive industries, and M&A deal experts from Sri Lanka and Sweden. Analysis conducted under 9 themes of corporate sustainability practice areas and background influences demonstrated that M&As motivated by strategic growth drive a higher effect on the corporate sustainability practices of the target firm in the post M&A context. Further, a healthy sustainability orientation of the firm and the origin country of the acquirer has a positive effect on driving better corporate sustainability practices through the M&A towards its target across borders. Interestingly this drive could happen in reverse too, where practice flow from the target to the acquirer. Concluding the study, the findings shed light to a critical review on concerns around exploiting M&As to create synergistic value creation in sustainability across economies.

Key words: Mergers and acquisitions (M&A), cross-border, sustainability, corporate sustainability practices, Corporate Social Responsibility (CSR), Environmental-Social-Governance (ESG) framework, target firm, stakeholder theory, resource-based view, acquirer, Sri Lanka, Sweden.

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Abbreviations and notes

CSP - Corporate Sustainability Practices

CSR - Corporate Social Responsibilities

CSR - Corporate Social Responsibility

ESG - Environment, Social, Governance framework

IT - Information Technology

KPI - Key Performance Indicator

M&A - Mergers & Acquisitions

RBV - Resource-Based View

SDG - Sustainable Development Goals

TBL - Triple Bottom Line

Notes:

1. The term Mergers and Acquisitions (M&As) is used interchangeably throughout this thesis report.

CHAPTER 01

INTRODUCTION

1.1 Background

Amidst novel disruptions such as digitalization, innovation and economic power shifts, the notion of sustainability still takes centre stage as an emerging and evolving trend that reshapes our world. Accordingly, various dimensions of sustainability under different discourses have gained much momentum in the recent years of this journey, shedding light on a holistic approach towards creating economic, social and environmental sustenance for the longer term (Keeble, 1988; Smith & Sharicz, 2011; UN WCED, 1987). Considering its network, organisations have a greater role as a catalysts of driving sustainability, where they are required to pay attention to the economic performance as well as social equity and ecological perseveration dimensions (Gladwin et al., 1995). Consequently, organisations have adopted the triple bottom line of Corporate Social Responsibility (CSR) and Environmental, Social and Governance (ESG) reporting as an organisational practice which provide focus, direction and strategic growth options under organisational sustainability practices (Arvidsson & Dumay, 2022; Bowen, 1953; Carroll, 1979; Elkington, 1998).

Cross border Mergers and Acquisitions (henceforth termed as M&As) are founded upon when an acquiring firm realizes the relative attractiveness of another firm located in another country and perceives that the value of the combined firm is greater than individual values of the separate firms (Andrade et al., 2001; Child et al., 2001; Erel et al., 2012). Thus, they have continued to gain much popularity amidst the changing global market landscape over the years (Shimizu et al., 2004; Xie et al., 2017,). The total value of pending and completed deals in the first half of 2021 itself surpassed the full year tally of USD 3.59 trillion for 2020 (Murugaboopathy & Dogra, 2021). In totality, the M&A deal volumes have growth more than 50% in the last decade (Statista, 2022) and persists to grow as the international competition continues to accelerate (Collins et al., 2009; Morrow et al., 2007). Therefore, cross border M&As goes beyond the conventional notion of being merely an entry mode, to being a vehicle driving value creation and rapid response to market pressures and competition.

At the wake of climate emergent discussions, sustainability and its variants act as a critical success factor and a source of competitive advantage in any current business domain. In this context, M&As, like all other organizational strategies, are forced to incorporate sustainability and prioritize sustainability driven agendas as mandatory directives (Aktas et al., 2011). Therefore, firms that are already engaged in or aspire to be engaged in M&A deals take a much greater interest in how the shareholders and the external environment perceive their sustainable governance actions (Barros et al., 2022). Additionally, there is evidence that sustainability reporting increases financial and reputational performance (Nirino et al., 2021). As a result, it is established that investors and corporations recognize corporate sustainability, including CSR and ESG disclosures, as key determinants of the motivations behind M&As and its post-merger success (Aktas et al., 2011; Barros et al., 2022; Brownstein et al., 2020; Gillan et al., 2021; Jo & Harjoto, 2011).

1.2 Problem discussion

The concept of CSR which stemmed from questioning the responsibilities of a business have evolved over time upon its three pillars of economic, social and environmental responsibilities of being a better corporate citizen (Bowen, 1953; Carrol, 1979). It revolves around the economic, social and environmental responsibilities of a corporate positing that a firm with its resources has the ethical obligation to serve the society and a business commitment to conduct socially responsible business operations (Moir, 2001; European Commission, 2019). CSR can be identified as the trailblazer of ESG. ESG explicitly includes a governance perspective and measures how corporations and investors integrate environmental, social and governance concerns into their business models (Gillan et al., 2021).

The generic premise is that an M&A is a value-creating investment activity driven upon financial means. However, while CSR only provides an internal perspective on the social and wellbeing commitments of an organisation, ESG could measure and translate the commitment into value terms leveraging investment attractiveness of an M&A deal. It is largely considered as sustainability practices as being a moderating factor of the M&A deal performance in the post-acquisition stage (Aktas et al., 2011). Reflecting on the acquires sustainability practices and the combinational value creation in the post- acquisition stage shows that sustainability practices of both the acquire and the target has a significant impact on the acquires post-acquisition performance (Vastola & Russo, 2021). Furthermore, a better ESG signals efficient due diligence which helps reduce the investments risks of the acquirer (Gomes & Marsat, 2018). Better ESG practices of one firm trigger a chain reaction which increases the relative attractiveness of the rivals in Cumulative Abnormal Returns (CAR) and the industry's sustainable performance (Hu et al., 2020).

Academic findings on cross border M&As and its outflows theorize that there are differences in the national and organizational contexts of the two parties involved in the deal. The target firm can be affected by the acquirers' business model and thinking, perhaps discouraging some of the target's capabilities, such as sustainability innovation, in the post-acquisition stage (Waddok & Graves, 2006), as well as its reverse. Indeed, such changes are a result of the outflows from the core M&A deal happening between two countries with different institutional, cultural, social, regulatory and many other contexts. M&A deal's outflows may gauge the degree at which the orientations of the two parties are affected. As such the orientation, prioritization and the interpretation of the concept of corporate sustainability take dissimilar notions in a cross-border M&A activity between a developed country and a developing country, where the economic, social and environmental superiority or vulnerability in the business environment of one can influence the behavior of the other and the post-acquisition deal performance (Barros et al., 2022; Brouthers & Brouthers, 2000; Liu et al., 2021; Yen & André, 2019; Zaheer, 1995).

There is an overwhelming amount of research conducted on how innovation (Dezi et al., 2018; Hanelt et al., 2021; Stiebale & Reize, 2011), research and development (Cassiman et al., 2005; Stiebale, 2013; Szücs, 2014) and knowledge flows (Junni et al., 2012; Lakshman, 2011; Oliveira et al., 2003) and its spill overs (Albuquerque et al., 2019; Chan & Hsieh, 2022) harness the organizational contexts of both acquire and the target. But it is scarce to find much literature on how the same dynamics apply to sustainability practice flows. Moreover, although there are many quantitative studies in the financial management field on the relative impact of individual ESGs on both the target an acquire and how the ESG value has changed in the post M&A stage (Barros et al., 2022), there is no evidence on rigorous assessments on the qualitative context. The effect on the sustainability practices after a M&A deal is evidently a result of both internal factors such as economic objectives, governance and operational methodology and external factors such as environmental, social and communal of an organization. In this context, a quantitative valuation on the Corporate Sustainability Practices (henceforth termed as CSP) would provide a precise indication on the trend of the corporate responsibility practices between the pre and post M&A time periods, which can be translated into a number of motivations, or in some cases discouraged by the M&A deal and its complementarity. However, the underlying reasons as to why the corporate governance improvements or disparities prevail are yet to be uncovered.

This study is planned to assess the changes and tensions between the sustainable complementarities between the acquirer and the target firm from a post M&A deal context in order to identify the degree of effect and motivations of practicing CSP. It is recognized that investors' view sustainability led corporate social responsibility as relevant factors when considering the motivation and financial success of M&As (Aktas et al., 2011; Barros et al., 2022; Boone & Uysal, 2020). As such, although the primary transaction purpose of a cross border M&A could range from economic and technological to operational gains, due to the differences in native institutions, culture and economic development of the acquire and the target country, the initial perspective of corporate sustainability is subject to change by a variety of such external environmental factors of the acquirer as well as the target (Yen & André, 2019). Ergo, this study intends to fill the research gap by qualitatively approaching to get a deeper understanding on the effect of cross border M&As, acquirers and the acquirers origins on the targets CSP, since the environmental vulnerability caused by the degree of sustainability orientation of either party (acquirer or target) is considered as one such key factor affecting the M&A deal and its post-merger relationship (Liu et al., 2021).

1.2.1 Purpose of the study

The practising of corporate sustainability is no longer an organisational function. It is a strategic competency that creates value and investment attractiveness of the industry and a sign of diligent corporate governance (Hitt et al., 2001). Therefore, ESG is employed to measure the degree of practice and the relative attractiveness of the CSR practices of a firm during an M&A deal (Feng, 2021), together forming CSP which indicates the overall corporate commitment towards sustainability. From a theoretical perspective, this study aims to bridge the research gap in cross border M&As and its effect on motivating better CSP. Linking with this, the study aims to investigate the relationship between the acquirer's sustainability orientation (influenced by the acquirer's origins) as further contribution to the existing knowledge pool within sustainability and the knowledge flows in M&A studies. From a trade perspective, this study provides a direction on the effect of sustainable value creation as a competitive advantage in the post M&A deal performance of the combined organization.

1.2.2 Research questions

Given this background and purpose, this study aims to answer the following research questions:

1. *Whether and how does a cross border M&A deal affect the Corporate Sustainability Practices (CSP) in the post M&A context of a target firm?*
2. *Is there a relationship between the acquirer's background orientation and the effect on Corporate Sustainability Practices (CSP) in the post M&A context of a target firm?*

1.3 Context, scope and delimitations of the study

The context of the study involves Sri Lanka: a developing country in the South Asian region and Sweden: a developed country in the European Union covering target firms in Information Technology (IT), manufacturing and automotive industries.

Although smaller in volume, high value international M&A transactions are common in Sri Lanka, where 2021 indicated a 32% increase in M&A deal activity against the previous year with deal values exceeding USD 100 million (local and international deals), including 3 megadeals (PWC, 2022). Sri Lanka, formerly known as Ceylon, is a developing economy with diversity in all aspects. With the highest prosperity index score among its South Asian counterparts (Legatum Prosperity Index, 2023), Sri Lanka is the fourth largest economy, second highest in per capita income, first in literacy rate in comparison to the economy, fourth in ease of doing business, first in annual growth rate of export of goods and services, particularly of ICT exports, third in manufacturing exports, and second in commercial service exports in South Asia (World Bank, 2023 a & b). In its economic climate, as a mechanism for diversification from the organic growth route, Sri Lankan entities over the years have willingly entered into consolidations and combinative trade efforts with both internal and external acquires. As such some of the notable and largest acquisitions have been within the much-saturated telecommunication technology (Lye, 2022) and manufacturing industries (PWC, 2022).

Foreign Direct Investments (FDIs) play a major role in the Nordics with Sweden attracting the highest rate with approximately 45% of the deal announcements (Ek, 2021). Leading cross border transactions include telecommunication and commercial services, manufacturing and automotive. Sweden has a strong and successful manufacturing/industrial engineering sector that accounts for roughly 20% of the country's GDP or $125 billion, with advanced manufacturing accounting for approximately $40 billion of the total (ITA, n.d.). Gross value addition in the manufacturing sector contributed to an approximate of SEK 984 billion accounting for around 15% of the country's total value addition and being responsible for 11% of the country's total employment (Statistics Sweden, 2021). Sweden's automotive industry strongly contributes to the national economy significantly as well. Renowned for innovative, high quality and advanced automobiles, the automotive industry leads the largest cross-border M&A deals in the history of the country.

Certainly, both M&As and sustainability are two broad subject spheres in the international business context and in the society. Hence the Authors narrow down the attention to particular dynamics of both the concepts and its effects under this topic in order to deliver reliable, credible and applicable results. Although used interchangeably, the study has only employed cross boarder M&A deals that are of acquisition nature only. Here, referring to cross border M&As, means especially deals that go beyond countries of different economic levels (i.e.: developed economies to emerging or developing economies). The depth and breadth of sustainability is narrowed down to how organizations engage in corporate social responsibility practices that can be categorized as CSR and/or ESG frameworks, jointly discussed as CSP. Hence this study does not wish to generalize the findings under the broad term of sustainability but rather keep the focus and applicability to CSP in International Business and Strategic Management subjects only.

CHAPTER 02

LITERATURE REVIEW

This chapter contains an investigation of theoretical foundations on the key concepts of this research. Firstly, the key concepts are defined and interpreted under the defined scope of this research project followed by rendering plausible linkages between M&As and CSP. Next the chapter demonstrates a critical scholarly analysis on the drivers that motivate (and hinder) the CSP of organizations in order to relate to the research topic. Lastly, the chapter provides a conceptual framework that provides an overview on the Authors' approach to the study.

2.1 Cross border M&As

It is established both academically and empirically that M&As are an increasingly popular strategic option for organizations (Cartwright & Schoenberg, 2006; McEntire & Bentley, 1996; Renneboog & Vansteenkiste, 2019; Schraeder & Self, 2003; Shimizu et al., 2004; Xie et al., 2017). Along with the imperatives of globalization, M&As has become not only a method of external growth, but also a strategic choice of the firm which enables the further strengthening of its core competencies and market power (Haleblian et al., 2009; Han & Birhanu, 2022; Lin et al., 2013). Accordingly, M&As facilitate firms to grow exponentially and gain competitive positioning rather than relying on organic growth and expansion (Kumar & Sharma, 2019; Renneboog & Vansteenkiste, 2019; Schraeder & Self, 2003, Yuanyuan & Dumitrescu- Peculea, 2016).

An M&A from an organizational sense can be interpreted as the combination of two or more firms into one, mostly new or renewed, firm or corporation (Roberts et al., 2003). A merger and an acquisition are not the same terminologies, but often used interchangeably in management research (Malik et al., 2014). The difference between the two terms: merger and acquisition is related lies in the way in which the combination is orchestrated. A merger can be referred to as any takeover of one firm by another, where the businesses of both firms are converged together as one (Coyle, 2000; Schraeder & Self, 2003). It is the combination of assets of two previously separate firms into a single new legal entity (Ghauri & Buckley, 2003; Horne & Wachowicz, 2001). On the other hand, in an acquisition, the control of assets is transferred from one firm to another (Ghauri & Buckley, 2003) where the buyer or the acquirer maintains control of the new formation (Borys & Jemison, 1989; Schraeder & Self, 2003).

Here, the dominant firm is referred to as the acquirer and the lesser firm is referred to as the target up until the point where it becomes the acquired firm (Roberts et al., 2003). At the end of a complete takeover or an acquisition all assets of the acquired firm are absorbed by the acquirer and hence the target victim recedes (Ghauri & Buckley, 2003; Kumar & Sharma, 2019; Roberts et al., 2003).

There is an abundance of empirical evidence suggesting that the number of cross-border M&As are rising at a far faster pace than anticipated. The number of cross border M&As rose from around 1500 per year in the 1990s to around 4,000 in the recent years, accounting for more than 35% of total M&As conducted across the globe (Carril-Caccia et al., 2022; Erel et al., 2004; Irwin- Hunt, 2022; SDC, 2022). Globalization, privatization, trade liberalization and newer competitive grounds driven by technology and innovation are common phenomena that set the initial spark for firms to seek strategic complementarity beyond their national economies. Cross border M&As can be defined as any transactions (full or partial) of assets of two firms belonging to two different economies (Chen & Findlay, 2003). It can also be interpreted as transactions involving an acquire firm and a target firm whose headquarters are located in different home countries (Shimizu et al., 2004). However, according to Child et al., (2021) suggests that, quite frequently, M&As of firms whether the headquarters is located within the same country, which ideally should be a domestic deal, could also account cross border issues when they integrate operations located in different country locations of their business.

2.1.1 Motivations for cross border M&As

Due to the diverse economic, institutional (i.e. regulatory), and cultural structures of different nations, international organizations face unique obstacles. Cross-border mergers and acquisitions can be used to gain access to lucrative new markets and grow a firm's current product market. This is a strategic move designed to prevent the transplanted consumer from establishing a relationship with a foreign supplier that could later threaten the position of the current supplier in its home market (Shimizu, K. et al., 2004, p.308). Therefore, international mergers and acquisitions may be motivated by a desire to capitalize on a new opportunity or avoid an impending risk. Moreover, acquisitions of firms headquartered in other nations provide the acquiring firm with an extraordinary opportunity to acquire new knowledge and skills (Shimizu et al., 2004).

One of the most important motives for M&As is to gain economies of scale and scope. Businesses fulfil their goal of achieving economies of scale by merging the resources of two business entities (Ghauri & Buckley, 2003). This allows firms to penetrate new markets and cross sell into new customer bases, expand their scope by acquiring complimentary products, services and operations, buy a pipeline of R&D intensive products, patents, or trade secrets, avoid up and downstream integration by suppliers, reduce taxes by the means of establishing new subsidiaries, realize cost synergies, reduce competition, improve cash flow and capital, etc (Renneboog & Vansteenkiste, 2019). Furthermore, businesses create economies of scope by acquiring other firms which allow them to diversify their products and markets. Accessing each other's technology and market reach are also important motives of M&A deals. Value creation (for both the firms or either of them) is another underlying motives for M&A deals. Reducing cost or increasing scope can create value in the process (Ghauri & Buckley, 2003).

Another motive for cross-border M&A is the differences in asset valuation in different markets. It is implied that national assets are systematically undervalued. Imperfections that stimulate friction in the product and service markets contribute to asset undervaluation, which makes acquisitions the most economical way to enter specific national markets (Ghauri & Buckley, 2003). Many researchers have implied to the notion that knowledge acquisition is one of the rudimentary motives for M&A deals since it is frequently inaccessible in efficient factor markets because it is frequently coupled with other assets and information asymmetry (Ghauri & Buckley, 2003). As per the Resource Based View (RBV) of strategy by Barney (1991), cross-border acquisitions are a procedure to exchange capabilities which are not possible otherwise to redeploy efficiency. Additionally, new competitive conditions of the host country may require the firm to reconfigure or acquire new capabilities.

Firms with substantial overseas proficiency may find it necessary to acquire an existing firm to develop the competence of coping with the local market. Acquisition enables firms to access active external local networks (Anand & Delios, 2002). However, the local salesforce and the brand provide the acquiring firms a foothold in the market. Brands are firm specific capital resource that are rare, difficult to imitate, fungible and persistence and it requires a long time to build. Brand can be used to shrink expenses and or boost profitability. Existing marketing relationships are valuable firm-specific resource, which can be useful to gain competitive advantages (Anand & Delios, 2002). Marketing relationship with the customers can be built and well-maintained by efficient salesforces. Salesforces are difficult to build. When salesforce is utilized to a greater extent in the market that is being entered, the likelihood that the business will enter the industry through acquisition increases (Anand & Delios, 2002).

2.2 Corporate sustainability practices (CSP)

2.2.1 Sustainability

Sustainability is one of the most talked about topics in the business world today. Firms, especially firms in the global north are constantly working to integrate sustainability standards into their business activities since it is the demand of the current world. Sustainability in today's business is seen as a means to thrive in excellence and gain a competitive advantage. According to World Commission on Envrionment and Brundtland Commission, sustainability is the *"Development that meets the needs of the present without compromising the ability of future generations to meet their own needs"* (World Commission on Environment and Development, 1987, p. 41). The United Nations suggested long-term environmental policies and attain sustainable environmental development. The purpose is also to work hand in hand with the developing nations which are in different stages of economic and social development. The goal is to attain a common and mutually supportive goal to develop the relationship between people, utilize the resources efficiently, take the environmental aspects into consideration, and work towards development (World Commission on Environment and Development, 1987).

In 2015, United Nations proposed a culmination of 17 Sustainable Development Goals (SDG) (see Figure 01) with 169 targets to be fulfilled to fight poverty, inequality, and injustice and deal with climate change by 2030 (Hák et al., 2016). The SDGs vastly fall under three major criteria. Environmental, Social, and Economic goals (Slaper, 2011). These three frameworks of sustainability measures are also known as the triple bottom line (TBL) which go beyond the conventional methods of profit, return on investment, and shareholders value to include environmental and social aspects. These three dimensions of sustainability are also referred to as 3ps- profit, people, and the planet (Slaper & Hall, 2011).

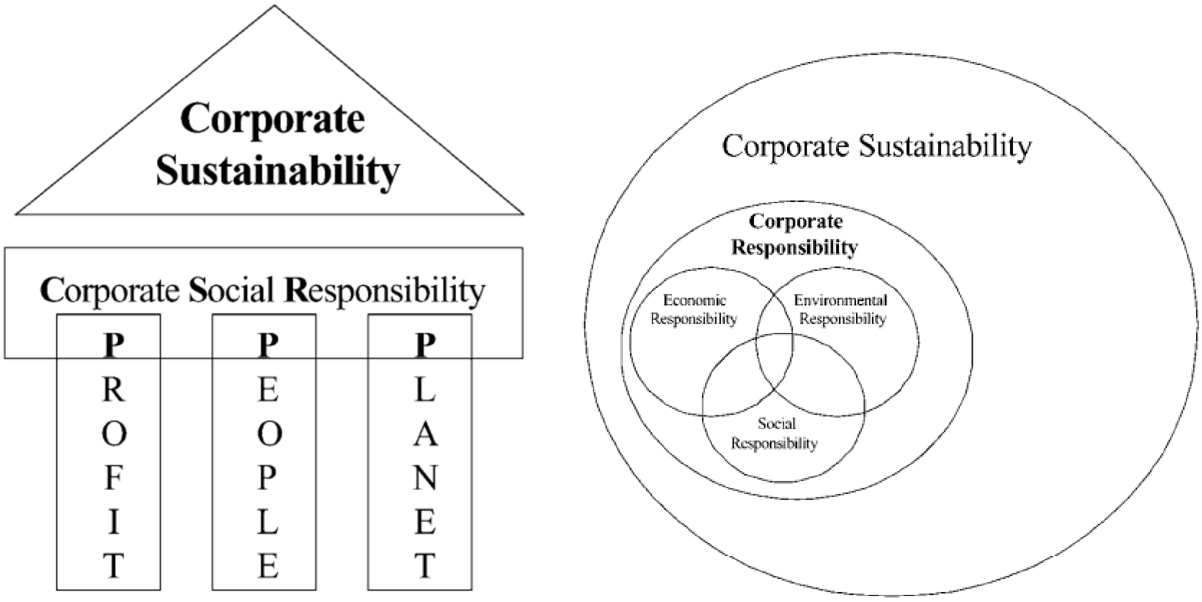
Figure 01: Sustainable Development Goals (SDGs)

Source: United Nations (2015).

2.2.2 CSP

Global economic and financial crises essentially raised concern about the effects of corporate business models on economic and social sustainability. The motive of sustainable development has been directed to the concepts of, sustainability innovation, sustainable entrepreneurship, social business, sustainable management, and corporate sustainability. Corporate sustainability approaches integrate the environmental, social, and economic aspects of sustainability so that they can contribute to the development of the economy and society within the business ecosystem (Schaltegger et al., 2015). In this effect, the concept of Corporate Social Responsibility (CSR) stemmed as a result of globalization and international trade which has given the rise to increased business complexity and new demands for enhanced transparency and corporate citizenship (Jamali & Mirshak, 2007) (see Figure 02). Consequently, the attention on the role of businesses in society has become a critical and urgent concern. By exploiting this societal need and enthroned obligations, some progressive business seems to be taking differentiated avenues through the engagement of CSR (Jamali & Mirshak, 2007).

Figure 02: CSR as a part of corporate sustainability



Source: Van Marrewijk (2003).

Originating from the TBL concept (Carroll, 1979; Elkington, 1998), many contemporary interpretations explain the concept of CSR. The World Business Council for Sustainable Development (WBSCD) defines CSR as the commitment of business to contribute to the sustainable economic development working with employees, their families and the local communities (WBCSD, 2002). The European Commission (2001) coins CSR as the voluntary integration of social and environmental concerns into business operations and into their interaction with stakeholders. It continues to explain that CSR is being socially responsible means not only fulfilling legal expectations, but also going beyond compliance and investing "more" into human capital, the environment and the relations with stakeholders (European Commission, 2001).

With the support of previous academic explorations, Vilanova et al., (2009) describes five categories of grouping CSR issues in Figure 03, namely: vision including the development of governance, ethics and values (Humble et al., 1994; Joyner & Payne, 2002; Freeman, 1999), community relations including collaborations and partnerships with different stakeholders, corporate philanthropy and community action (Freeman, 1999; Frooman, 1999; Jones, 1995), workplace including human rights and labour law practices (International Labour Organization (2022), accountability including transparency, reporting and communication (Global Reporting

Initiative, 2022) and lastly the marketplace including CSR practices directly linking to the firm's core business activities, fair play, innovation, competition, marketing and investments (Fan, 2005; Jamali & Mirshak, 2007; Schnietz & Epstein, 2005; Whetten et al., 2001). Finnish scholars have linked this to the broader notion of corporate sustainability as shown in Figure 02, as a mode of translating corporate sustainability into the aspects of the business (Linnanen et al., 2002; Van Marrewijk, 2003).

Figure 03: Topics in CSR

Source: Vilanova et al. (2009).

The SDGs suggest action plans between governments, businesses, and other organizations to work together towards shared and sustainable advancement. But when the corporate sectors are taken into consideration, they still demonstrate slow growth towards achieving sustainable developments. Hence it is very pivotal to set strategies so that they can be related to SDGs (Khalid et al., 2021). Through measuring corporate sustainability performance in relation to SDGs, businesses can determine their development in reaching sustainable goals. Therefore, firms' sustainability performance is assessed by using ESG (Environment, Social, and Governance) scores.

ESG scores (see Figure 04) portray the firms' voluntary commitments to non-monetary ambitions and sustainable development, and how firms create value for stakeholders and society. This score also provides the sustainability performance of the firms. Now, here comes the importance of creating ESG scores so that firms can associate their sustainable practices with SDGs. The purpose of this score is to become able to report with accountability and transparently to the stakeholders (Khalid et al., 2021). According to the ESG and Sustainability Reporting Guidance provided by the United Nations (2022) reporting topics under E include energy, greenhouse gas emissions, climate change, waste, water and biodiversity; topics under S include human capital development, occupational health and safety, equal opportunity, access and inclusion, community engagement and disclosure and supply chain management; and lastly topics under G include corruption and ethics corporate governance, compliance and stakeholder engagement. In the empirical sphere, ESG framework produced by Pricewaterhouse Coopers (n.d.) add community and product responsibility under the S pillar.

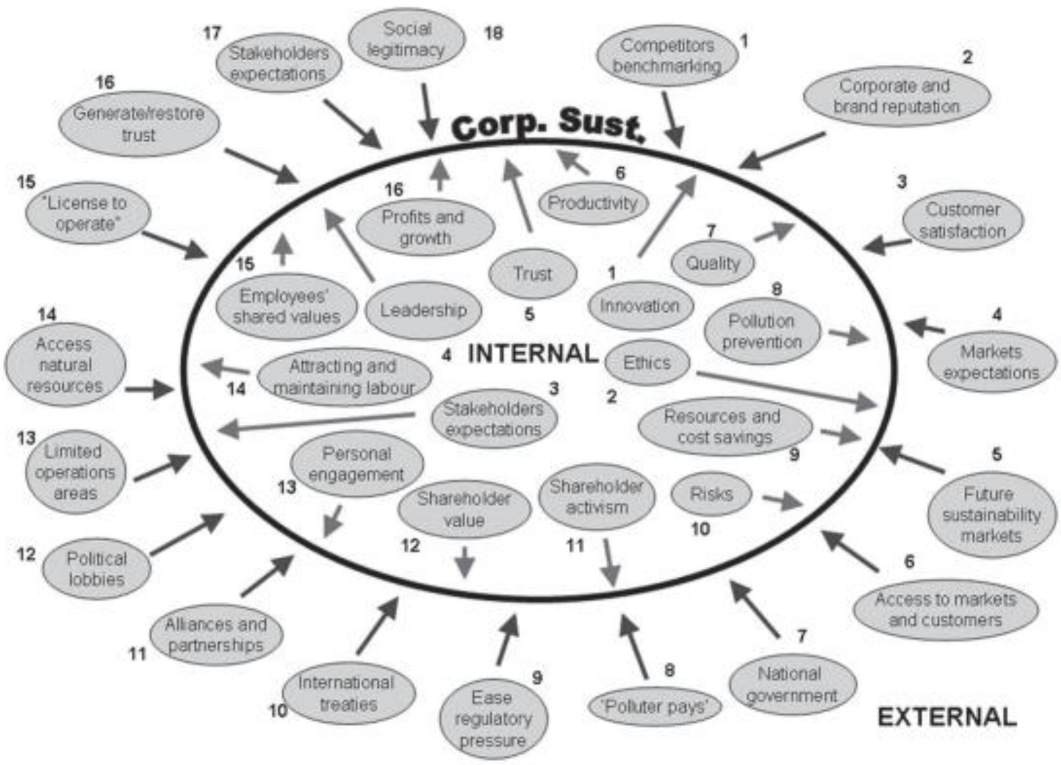
Figure 04: Pillars of ESG

Source: United Nations (2022) and Refinitive by SDC- Security Data Corporation's. (2022).

2.2.3 Motivations for CSP

Cascading from the WCED agenda from decades ago, organizations have been compelled to incorporate sustainability considerations into their businesses and operations where, notably, all stakeholders adhere to and converge on an agreed set of environmental, social and governance practices, both as a measure and an indicator of corporate performance (Crace & Gehman, 2022). When considering Porter et al.'s (1975) interpretation of an organization as an open system (Caves et al., 1980), it is easy to understand the resources that enter, stay and/ or exit. The discussion today is that all such particles of the 'system' must be acknowledged in a sustainable manner (see Figure 05). Comparable to Lozano (2015), Crace & Gehman (2022) in their study which explores the factors that differentiate CSR performance between corporates highlight firm effect such as the organizational strategy, resources (Hart, 1995; Russo & Fout, 1997), structure and culture (Howard-Grenville, 2006), and CEO effect (Wernicke et al., 2022) as key internal considerations of ESG performance of a business entity.

Figure 05: Internal and external motivations of CSP



Source: Lozano (2015)

2.2.3.1 Stakeholder theory

While scholars along the years have identified different categories of stakeholders such as strategic and moral, internal and external, voluntary and involuntary, latent, expectant and definitive, and single and multiple issue stakeholders (Fernando & Lawrence, 2014); the primary objective of an organization is to meet the expectations of all of its stakeholders rather than concentrating on the shareholders' gains. Thus, stakeholder theory suggests that organizations have the accountability beyond simple economic and financial performance (Guthrie et al., 2006) as opposed to the premise of the shareholder theory (Friedman, 1970). When emphasizing to its connection with corporate responsibility, Mulgan (1997) explains that 'accountability' is derived from the broader sense of 'responsibility'. As such, organizations, by actions, word and deed, is obligated to find the best interests for its stakeholders at any capacity. This leads to working towards the betterment of its people (employees), society at large and the environment.

On the other hand, going beyond CSP (also, CSR), Gray et al. (1996) highlights the importance of disclosing information pertaining to financial impact. In his view, such open and transparent disclosing practices result in the organization valuing responsibility led decisions rather than demand led ones (Fernando & Lawrence, 2014). Moreover, construing a more contemporary viewpoint, the stakeholders of an organization form an ecosystem of interconnected relations and an environment in which a company will strive to create value (Palmer et al., 2010). Demonstrating a circular flow, customer and the market which will be happy by the quality of output creates financial gain for the organization. Similarly internal stakeholders (ie: employees) who works in an empowered and satisfied workplace will be inspired to enhance performance and create value for the organizational growth. Thereby, Cordeiro & Tewari (2015) state that the stakeholder theory would demand that positive corporate sustainability actions and practices taken by organization lead to higher cash flows which in turn will have a healthy effect on the stakeholder relations.

2.2.3.2 Resource Based View (RBV)

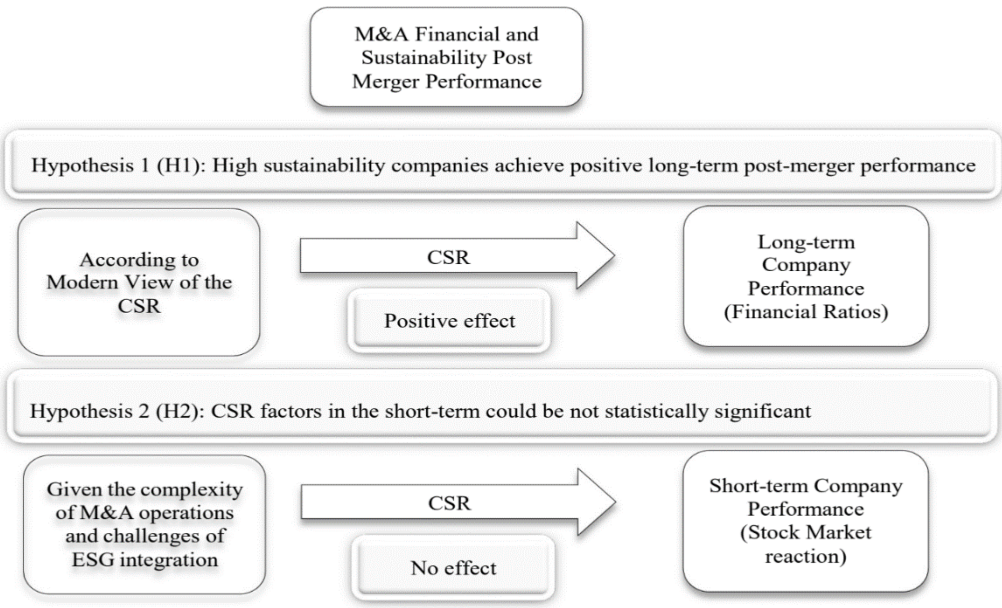
Barney (1991) posits that a resource must be valuable, rare, inimitable and non-substitutable in order to create a sustained competitive advantage within the business landscape. Criticizing Barney's (1991) RBV theory, Hart (1995) ads the interaction between the company and its natural environment, restoring the old RBV theory as natural RBV theory. His arguments were founded upon the premise that the competitive advantage and strategic options in the new millennium will be established under organizational capabilities that facilitate environmentally sustainable economy activities of the firm (Hart & Dowell, 2011). By practicing corporate sustainability, organizations are likely to adopt a reputation of quality, responsibility and ethical operations that portray characteristics of a good corporate citizen. According to Roberts & Dowling (2002) and Shapiro (1983) having a reputation of quality has been considered valuable competitive advantage to the firm. As such a firm's internal capabilities can be harnessed for the competitive advantage of the firm (Grant, 1991). In the similar fashion, Sharma et al. (2019) explains that, following a compliance perspective, environmental responsibility measurements and from a policy perspective, sustainability led adaptations of new technology, redesigning of processes and innovation (Gallego-Álvarez, 2011) as how CSP are linked to gaining competitive advantage through an RBV lens.

Additionally, McWilliams and Siegel (2011) have employed RBV theory to define profit maximization as a social responsibility (Sharma et al. (2019). Building on this, business actors use ESG to measure the degree of ethical and sustainable practices of a corporate resulting in its market reputation and future profitability. For instance, a firm's investments in sustainable business practices in terms of the environment and the society provides internal benefit to the firms in terms of developing their internal resources of know-how, corporate culture, reputation, further concerns towards employees and diversity in the work forces leads to competitive work force to the firm (Branco and Rodrigues, 2009). In addition, Investments in socially responsible business practices can develop new resources and capabilities while helping the organization to differentiate the business model amongst its rivals as well (Bhattacharya & Sen, 2004).

2.3 Linking the effects of corporate sustainability on post M&A performance.

From a traditionally secluded subject area of finance, the discussions on coupling M&A with sustainability has become a popular among recent management literature as well. On the most part the literature extensively examines the relationship between the degree of sustainability against the M&A deal performance in the post- acquisition stages (Aktas et al., 2011; Bettinazzi & Zollo, 2017; Caiazza, 2021; Meglio & Park, 2019; Reynolds & Hassett, 2021; Tong et al., 2020). In addition, there are focussed studies conducted on premium pricing (Qin & Liu, 2022; Salvi et al., 2018; Vastola & Russo, 2021) deal probability (Gomes & Marsat, 2018; Zheng et al., 2021) uncertainty (Arouri et al., 2019; Barros et al., 2022; Gomes, 2019) and natural capability development (NRBV) (Fischer et al., 2021) with effect to M&As and it's connection to sustainability in both the domestic and cross-border contexts. Business growth is considered an important strategic tool for growing market position, and it helps managers to minimize risks. Effective decision-making is vital to manage sustainable business growth and the financial sustainability of the business. The process of improving the market mechanism involves financial management and financial sustainability restructuring, thus creating a positive correlation between corporate sustainability and corporate financial performance (Alhadhrami and Nobanee, 2019) (see Figure 06).

Figure 06: Effect of M&A deals on long term sustainable performance



Source: Caiazza et al (2021)

Accordingly, there is a considerable number of research findings in the financial management domain on how sustainable business practice has a direct and significant impact on the organization's profitability and performance (Wright & Ferris, 1997). Jitmaneeroj (2017), through the study of US companies in the last decade posits that CSR drives firm value through social engagement rather than environmental involvement. But the work of Bragdon and Marlin (1972) suggests that responsible performance in pollution and emissions does improve firm profitability and reduces the potential market risks amidst competition (Spricer, 1978 a &

b). From a human resource point of view, the diversity theme is seemed to enhance the firm performance (Mazzotta et al., 2017).

Furthermore, through a RBV lens the relationship between sustainability and firm performance take a positive perspective (Branco and Rodrigues, 2006; McWilliams et al., 2006; McWilliams and Siegel, 2001; Russo and Fouts, 1997) since a firm engaging in sustainable practices develops a unique set of resources such as reputation, culture and know-how (Barney, 1986; Hall, 1992; Teece, 1980). These intangible resources surmount the short-term costs associated with the activities of environmental and social responsibility or the disclosures and lead to long-term economic advantage or value to the shareholders (Sharma et al., 2017). Nevertheless, in the very early studies within the domain, scholars have a differed argument saying that there does not exist a significant relationship or exists only a weak relationship between the sustainability practices and firm profitability (Fogler and Nutt, 1975; Freedman and Jaggi, 1982; Rockness et al., 1986; Wiseman, 1982).

Going beyond the financial means, Nidumolu et al (2009) states that CSR is a fundamental driver of innovation because while CSR contributes to the sustainable development it concurrently increases an organization's competitive position and enhances growth options simulated by innovation (European Commission, 2006). Further corporate sustainability practices are acknowledged as strategic drivers on the levels of corporate culture and social innovation (Hanke & Stark, 2009), and continuous innovation and enhanced employee participation (Husted & Allen, 2007). Bringing a noteworthy perspective, Wagner (2010) explains that as governments often support socially beneficial innovations, companies are eager to report socially advantageous inventions and innovations whereby claiming that CSR leads to the progress in innovations. From a RBV perspective Gallego-Alvarez et al (2011) asserts that CSR leads to innovations through R&D by forming a circular effect where innovation helps organizations identify pinpoints in their internal, social and environmental contexts and in turn CSR stimulating more of such innovations (Ratajczak & Szutowski, 2016).

It is not that any academic discussion or studies are absent on the topic of M&As and its effect of socially and environmentally responsible practices. Waddok and Graves (2006), in their study of M&As through a RBV shares that there can be negative impact of M&As on corporate stakeholder responsibility where the merged firm may have less innovative practices. Some reflect the impact on the acquires sustainability capabilities in the post- acquisition stage (Berchicci et al., 2012; Vastola & Russo, 2021). In the same direction as this research, Barros et al (2022) study shows that M&A can be a driver of improving the financial attractiveness of the target firms through a purely financial ESG analysis, drawing conclusions that M&As share sustainability knowledge across borders. Nevertheless, there is no literature or valid discussions on how the overall sustainability orientation, CSR and ESG practices of the target firm has changed in the post-acquisition and clarity on whether it is possible that the acquires sustainability orientation effects the targets post-acquisition sustainability considerations.

2.4 Conceptual framework

The conceptual framework is derived from the literature review conducted has two-fold. The approach to investigate the prevailing effect of M&A on CSP of the target firm in the post M&A context is firstly established. This is built upon the convergence of the corporate sustainability indicators/ measures and the motivations for CSP. In addition, same is applied to assess the sustainability knowledge and innovation flows as auxiliary factors supporting the CSR and ESG. Secondly, the Authors structure the conceptualization of connecting the findings of the first section with the sustainability environment and effects of the acquiring company.

2.4.1 Effect of M&A on the target firm as a driver of CSP

Theme 01:

Effect of M&A on the sustainable strategic intent of the target firm as a driver of CSP

A company's strategic intent implies a considerable reach where current capabilities and assets are insufficient. This compels the organization to be more creative to maximize limited resources. The objective is to make the challenge inevitable for all company members (Hamel & Prahalad, 1989). It is essential to establish a vision for the organization in order to achieve its strategic objectives. When all members of an organization work together toward the same goal, they are pursuing a shared value. It serves to bring together the entire company (Humble et al., 1994). As similar to profit-oriented business intent, sustainable strategic intent can be achieved through shared services, human resources, platform types, operational skills and supply chains (Kwon et al., 2020). Studies show a relationship strategy and performance that allow the achievement of competitive advantage and sustainable production through cost and differentiation strategies (Day, 1988; Porter, 2008; White, 1986). The differentiation strategy is expressed R&D cost which can be translated as the firm's competitiveness that could also be directly aligned with its sustainability (Kwon et al., 2020; Xia & Tang, 2011).

Theme 02:

Effect of M&A on the sustainability of workplace internal community of the target firm as a driver of CSP

Internal CSR practices have effect on the stakeholders within the company, especially its internal workforce community. Health and safety, work-life balance, training and development, diversity in the workplace, and human rights are all examples of specific internal CSR activities that are required to imply in the company to maintain a strong internal community and efficient workforce (Adu-Gyamfi et. al., 2021). People are the most valuable resource because they control the other two resources, capital, and technology, which are used in economic activities. Different forms of workforce flexibility strategies can be adopted by organizations to maximize the potential and contribution of human resources (Wickramasinghe et.al., 2019). Cooke et al. (2021) shares employee-oriented Human Resource Management practices, employee wellbeing and resilience as strong indicators of 'riding the tides' of M&As. Through the learnings of Ahammad et al. (2017) and Friedman et al., (2016), Cooke et al. (2021) theorizes that relational Human Resource Management practices, effective communication and sensitivity to variations in organizational culture during an M&A deal and in the post M&A phase will contribute to sustainable performance in the longer term.

Theme 03:

Effect of M&A on the sustainable accountability of the target firm as a driver of CSP

Accountability is the sense of being responsible for one's actions or decisions considering interpersonal, social, and structural contingencies that are rooted in specific sociocultural settings (Gelfand et al., 2004). Organizations' CSR practices reflect their social responsibilities. CSR is a notion that is context-specific firm's activities and policies that fulfil stakeholders' expectations and serve the triple bottom line of economic, social, and environmental through performance. Zámborský et al. (2021) see accountability, among other institutional factors, as a governance quality that significantly impact M&A motives and performance. Complimenting this Langford & Brown (2004) view accountable process and appointing fully accountable people to integrate to the M&A decisions help succeed in the deal in the post M&A stage.

Theme 04:

Effect of M&A on the sustainable governance of the target firm as a driver of CSP

The method of directing and controlling the activities of a corporation is referred to as its corporate governance (Simpson & Taylor, 2013). It is a term that describes the relationship that exists between shareholders and directors. It is important for businesses to incorporate ethical principles into their operations. Owing to the fact that corporate governance is centred on the achievement of goals through the organization's operations. It is of the utmost significance that the business function be carried out in an ethical manner (Simpson & Taylor, 2013). According to Sternberg (2004) Corporate Governance is about the corporation. To protect the interest of other organizations and businesses, the importance of the corporation itself cannot be ignored. In an M&A setting the majority shareholder's governing mechanism applies for the whole organization and therefore, Therefore, after the deal the target's assets will be controlled by managers governed by the acquirer's shareholder rights (Wang & Xie, 2009) depending on the business priorities. In addition, Shapiro (2015) states that when concerning the organizational hierarchies, a flat organizational structure is appealing in efficiency and innovation flows. In this effect, results of Zheng et al.'s (2021) studies reveal that M&As can trigger firm structures resulting in better corporate governance in turn enhance the firm's management in different aspects including sustainable performance.

Theme 05:

Effect of M&A on the sustainability of the external society of the target firm as a driver of CSP

Social responsibility is one of the core values to be considered in corporate sustainability practices. Scholarly articles present one perspective where high investments in positive societal actions satisfy many stakeholder groups and thereby brining reputational benefits, employee loyalty and customer support to the firm, thus creating a competitive advantage and strength to spread superiority in larger scales (Krishnamurti et al., 2021; Graves & Waddock, 1994).

Another perspective shares that social responsibility help process unique resources, such as aligning with the interests of the public corporations, that in turn enables firms superior environmental and economic performance (Aguilera et al., 2017; Shaukat et al., 2016). Huang et al., (2023) therefore theorizes that the post M&A financial performance improves as with its social performance. As such, commitment towards the society in an M&A refers to the provision of value through creating economic opportunities, fair business, labour, human capital and community integration (González-Torres et al., 2020).

Theme 06:

Effect of M&A on the sustainable marketplace behaviour of the target firm as a driver of CSP

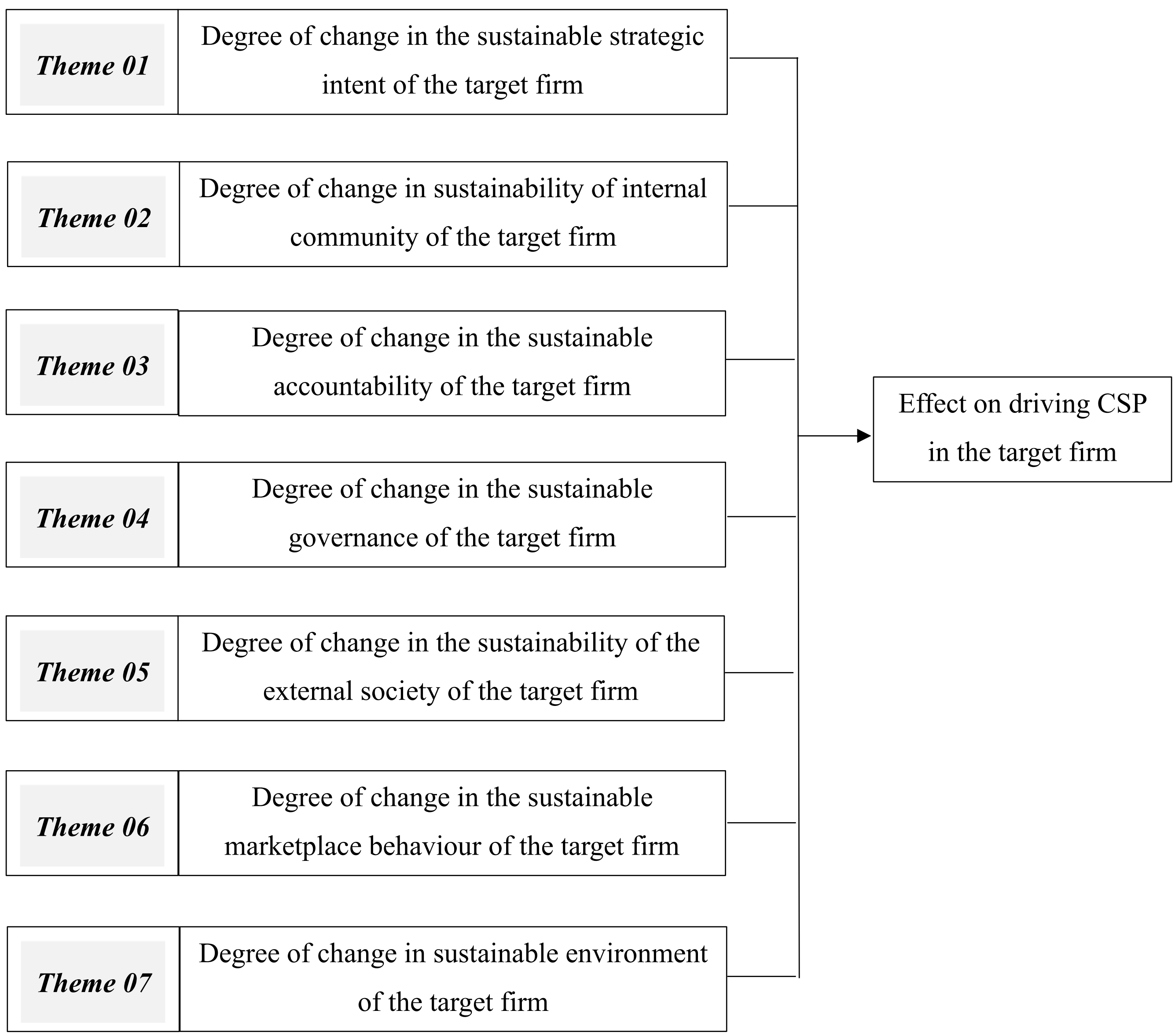
Caiazza et al. (2021) posit that the modern view of stakeholder theory considers that ethical behaviour and profit are not contradictory. Therefore, limited corporate governance discussions that covered CSP in M&A has progressively shifted towards contemporary social issues and the behaviour of firms when faced such adversity in the marketplace. The social role of a corporation leads to take a wide range of activities from economic to proactive social responsibilities. Companies need to take all the aspects into account to address the ever-changing social systems (Sen & Bhattacharya, 2001). Strategically designed CSR can create a strong impact on the brand image and brand equity. Accordingly scholarly findings on multi-level organizational studies demonstrate that cross-border M&As serve as a crucial channel from on country with low institutional quality to build better reputation through environmentally friendly and socially responsible behaviour as well as integration which will in return deliver the intended financial gains of the deal (Li & Wang, 2023).

Theme 07:

Effect of M&A on the sustainable environment of the target firm as a driver of CSP

As reiterated in the former sections, the environmental pillar aims to preserve the resources for the future generations (Alba-Hidalgo et al., 2018). In sustainability, the environmental pillar primarily covers emission categories, innovation and resource use (Huang et al., 2023). There are many perspectives of environmental responsibility viewed in terms of literature. Some scholars identify distinct patterns that arises from scale dependent resources and their consequences in terms of ecological sustainability (González-Torres et al., 2020). Environmental perspectives are taken into account in evaluations of M&A competitiveness in the marketplace (Child et al., 2005; Child & Rodrigues, 2012; Capron et al., 2001; Teece, 1996) particularly by harnessing the prevention of waste and increasing the usage efficiencies of energy, water and human capital. For example, by engaging in green initiatives and environmental management behaviours such as carbon reduction, and energy conservation helps in reducing operational costs and increase competitiveness (Molina-Azorin et al., 2009). Moreover, findings of the study by Huang et al. (2023) postulate that environmental responsibility does matter in long term M&A success.

Figure 07: Conceptualizing the effect of M&A in motivating CSP.



Source: Authors.

2.4.2 Effect of the M&A acquirer's background orientation on the target firm as a driver of CSP

Theme 08:

Effect of the M&A acquirer's sustainability orientation on the target firm as a driver of CSP

The primary objective of an organization is to meet the expectations of all of its stakeholders rather than concentrating on the shareholders' gains (Atkinson et al, 1997; Pinelli & Maiolini, 2017). Thus, stakeholder theory suggests that organizations have the accountability beyond simple economic and financial performance (Guthrie et al., 2006) as opposed to the premise of the shareholder theory (Friedman, 1970). This leads to working towards the betterment of its people (employees), society at large and the environment. On the other hand, going beyond corporate sustainability practices (also, CSR), Gray et al. (1996) highlights the importance of disclosing information pertaining to financial impact. . Hence, as told by Cordeiro & Tewari (2015) the stakeholder theory would demand that positive corporate sustainability actions and practices taken by organization lead to higher cash flows which in turn will have a healthy effect on the stakeholder relations.

On the other hand, sustainability is viewed as a resource which could be harnessed for competitive advantage under the RBV perspective. As such competitive advantage and strategic options in the new millennium will be established under organizational capabilities that facilitate environmentally sustainable economy activities of the firm (Hart & Dowell, 2011). In the similar fashion, Sharma et al. (2019) explains that, following a compliance perspective, environmental responsibility measurements and from a policy perspective, sustainability led adaptations of new technology, redesigning of processes and innovation (Gallego-Álvarez, 2011) as how corporate sustainability practices are linked to gaining competitive advantage through an RBV lens. In addition, Investments in socially responsible business practices can develop new resources and capabilities while helping the organization to differentiate the business model amongst its rivals as well (Bhattacharya & Sen, 2004).

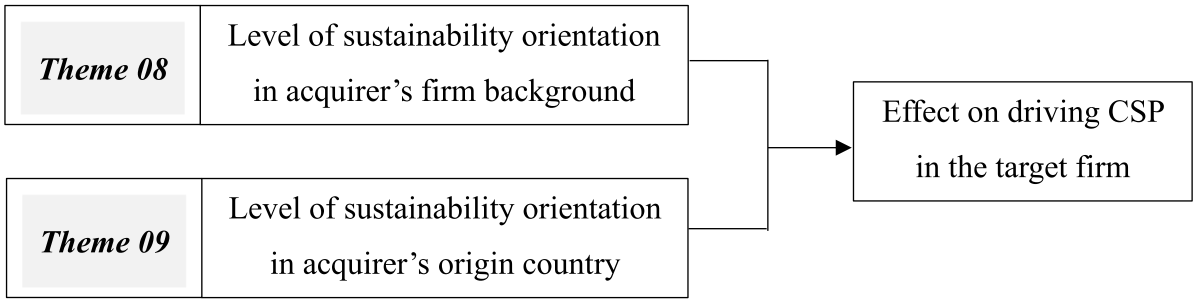
Theme 09:

Effect of the M&A acquirer's origin country sustainability orientation on the target firm as a driver of CSP

Daugaard, D., & Ding (2022) articulates that the progress and strategic orientation on ESG vastly vary depending on where in the world you look. Accordingly, studies depict that while the sustainability adaptation in large and developed economies are becoming more sophisticated, the non-financial information disclosures practices of still developing economies are still gradually evolving (Zumente & Bistrova, 2021). As such, ESG is considered a critical catalyst that assess an organizations alignment with transitional pathways in sustainability and futurist business of our world. It is established that environmental vulnerability cross different economies effect the efficiencies of the economic exchanges (Budsaratragoon & Jitmaneeroj, 2019; Crace & Gehman, 2022; Liu et al., 2021). Sustainable business practices in developed economies may not be successfully implemented with the same regularity in emerging economies where the stakeholders' expectations are different (Joardar & Sarkis, 2014). In this effect, the industrial setting (Waddock & Graves , 1997), regional environmental setting (Park et al., 2007) and temporal effects such as economic fluctuations (Bansal et al., 2015) are suggested as macro level influences on the corporates' sustainability practices.

Daugaard, D., & Ding (2022) studies on the body of knowledge in this subject at a macro level and identifies four motivations, namely: economic and social development, political and regulatory environment, financial market conditions (structure and performance) and demand for SRI- Socially Responsible Investment., driving ESG performance at a country level. The effect of such external environmental factors on the business' sustainability performance has deep roots to early studies of DiMaggio & Powell (1983) who provides an 'institutional isomorphic' view that identifies (newer) forces that engineer corporate behaviours. Taking a similar approach, work of Matten & Moon (2008) underpins that the degree of isomorphism towards sustainability essentials at the macro level explain the specificities that cause different CSR performance between countries and the relative evolutions of ESG across regions. In addition to these, Paredes-Gazqueze et al. (2014) acknowledges, market pressures, group pressures and institutional pressures as drivers of ESG integration in a study of investment decisions of the Spanish market.

Figure 08: Conceptualizing the effect of the M&A acquirer's background orientation on the target firm as a driver of CSP.



Source: Authors.

Chapter in summary…

From the extensive literature review and theories assessed throughout this chapter, the researchers systematically elaborated on the two key concepts of this study: cross-border M&As and CSP. Followed by postulating a two-fold conceptual framework. In effect of driving CSP in the target firm at the post M&A context, the first part of the conceptual framework is constructed based on sustainable strategic intent, internal community, accountability, governance, society, marketplace and environmental themes as pillars construing the CSP. Under the same direction, the second part of the framework conceptualize the level of the sustainability orientation of the in the acquirer's firm background and its origin country background as influences of driving CSP in the target firm.

CHAPTER 03

METHODOLOGY

This chapter elaborates the systematic approach taken to investigate the premises set at the previous chapter of this study. The study employs a qualitative research method where a sample of 14 respondents from different geographic regions were invited for discussions. Below detailed content follows a report on tools and techniques used to gather the data and analyse the empirical findings. The measures taken to improve validity and reliability of this research is shared in this chapter as well as an indication of the ethical considerations.

3.1 Research approach

The purpose of this research, as elaborated in the initial sections, is twofold. On one hand it contributes with new insights to the existing knowledge pool of M&As and its effect on CSP on a target firm in the post M&A stage, and on the other, looks at ways in which a cross border M&A deal would influence CSP between two country contexts. To do so, the study employs an assessment of the information technology, automotive and manufacturing industries of Sri Lanka and Sweden, which has historically and now increasingly attracted foreign FDI in the form of M&As. Despite much research in the M&A arena taking a financial perspective (Barros et al., 2022; Wright & Ferris, 1997), this research aims to postulate a deeper understanding on the phenomena of change (for better or for worse) behind a M&A deal on the target firm during the post M&A stage. Therefore, the authors employ the qualitative research approach to analyse the research problems in detail and investigate any highlighting findings and recurring patterns (Merriam, 1998).

The two concepts of CSR and ESG under CSP is converged to bring out a cohesive argument through the interviews. Although ESG is primarily a quantitative measure, but the work of Liu et al. (2022), Passas et al. (2004) and Van Duuren et al. (2016), amongst many others, exhibit successful investigations of the ESG in qualitative form. Next, the literature review also highlights the motivations for CSP within a firm and a country. This is aligned to how the CSP in the post M&A stage contribute to the greater performance of the M&A deal and as a side effect overflows to the target firm's country/economic context. Lastly, through a wholistic lens, this paper strive to provide an understanding of how CSP as a whole drive the post M&A success.

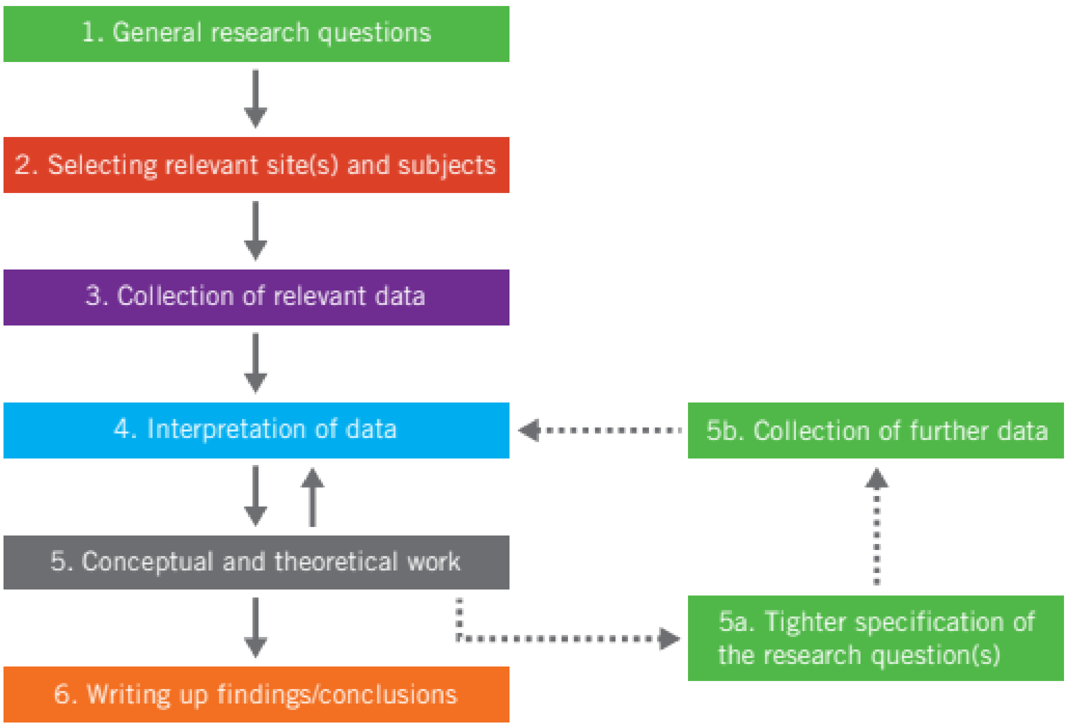
3.2 Research design

By employing a qualitative research approach, the authors aim at investigating new insights that can contribute to both academic and empirical arenas. Qualitative studies are well poised to understand messy, complex and somewhat abstract phenomena (Reinecke et al., 2016). At the outset, our research is a combinatorial study of two broad topics: M&As and CSP, that branch out beyond the realms of the International Business subject. In addition, the research gap identified though the extensive literature review is evidently lacking qualitative answers. In this context, utilizing a qualitative research method is strongly fitting to investigate highly complex issues such as the M&A and post M&A dynamics under sustainability (Marschan-Piekkari & Welch, 2004). Hence, qualitative research seems to be the most encouraging research strategy in the pursuit of dining answers under this topic.

The researchers continue to argue that since the study is not testing an existing theory but rather elaborating the existing notions in International Business through different perspectives and given that M&As as a growth option and sustainability as a global agenda is constantly changing (Reinecke et al., 2016; Scherer et al., 2006) the selection of a qualitative approach seems to be more apt. As an additional benefit, as qualitative researchers are able to live and study the phenomena as they occur in real time (Reinecke et al., 2016). Furthermore, given that CSP comprises of more subjective aspects such as justice, fairness, compliance and environment, qualitative research led arguments provides a wholistic approach rather than logic through numerical values (Reinecke et al., 2016; Scerri & James, 2010). Most importantly, the work of Green (2001) provides promising avenues where qualitative research can be used to derive reliable quantitative results as well.

Although inductive and deductive designs are merited in various research scopes, the Authors follow Mantere and Ketokivi (2013)'s idea that testing and interpreting the established foundations of how M&As and sustainability, together and on its own, organize in International Business is well exercised through an abductive research design. In contrast, inductive research can be challenged by on which theory is used to test and falsifying hypothesis, while inductive reasoning gives the rise to the question what and of how much empirical data will enable theory building effectively (Bell et al, 2019). By following the abductive reasoning approach, the Authors go back and forth in engaging with the social world as an empirical source for theoretical ideas while with the literature proceed to deconstruction and reconstruction of the formations that emerge, or dialectical shuttling (Atkinson et al., 2003; Bell et al., 2019) (see Figure 09). As a result, abductive research allows the Authors to find best explanations and perhaps be surprised by the data and findings itself (Bell et al., 2019; Mantere & Ketokivi, 2013) and hence allowing the Authors to maintain an open mind on the forthcoming findings.

Figure 09: Research process followed



Source: Bell et al. (2019).

To investigate, the Authors employ semi-structured interviews for two types of respondents in this paper: first one for the senior management staff of the target companies within the information technology, automotive and manufacturing industries and secondly for the experts in the M&A and corporate sustainability deals arena. Target firms of two countries are approached to corroborate correlations found in one to the other. By following the abductive approach and thematic analysis, the findings will be continuously validated with the theoretical foundations build on Chapter two (Bryman & Bell, 2015) since the study is based on a relational effect and finding new dimensions (Bryman & Bell, 2015; Dubois & Gadde, 2002).

3.3 Data

The objective of this research is to understand the core and supporting facets of the current phenomenon within target firms and interpret the findings against the current considerations of M&As and CSP. Accordingly, the authors perform descriptive observations with in-depth semi-structured interviews. It raises the question: what the characteristics are of the post M&A context of the target firms as a phenomenon to be studied (Shields, P. M., & Rangarajan, 2013). The empirical data collected consists of primary data that is collected from target firms and industry experts in the M&A subject in order to grasp expertise, experiences and attitudes at first hand (Bell et al., 2019). Coupled with this, the Experts' opinions are gathered to evaluate the findings of the target firms. Merriam (1998) and Yin (2002) affirms that using more than one data source, or in other words triangulations, enhances the overall validity and reliability of the research, especially when studying contexts and phenomenon.

3.3.1 Data sampling

Because the scope of this research lies within the context of M&As, in this research, the authors are compelled to select data from companies who took the role of a target firm in a cross-border M&A deal. In such cases Bell et al., (2019) proposes the use of purposive sampling in order to attract the most suitable sample and respondents for the research. The goal of purposive sampling is to sample cases and/ or participants in a strategic way, so that those sampled are relevant to the research questions that will be answered through the data collected (Bell et al., 2019). Hence, the authors study the Sri Lankan and Swedish information technology, automotive and manufacturing industries for the past 15 years and identify key cross border M&As where the Sri Lankan or Swedish company posed as the target company in the deal. Next, the authors approach industry Experts from consulting and advisory capacities to share knowledge and solidify the case findings.

The target firms are primarily asked whether and how the M&A deal affected their CSP and inquired about their acquirer's orientation in support of the two research questions. To question on the change effect by the M&A deal, the researchers here follow the seven pillars of CSP identified in the 2.4.1 section of the conceptual framework namely, the change effect in the sustainably strategic intent, internal community, governance, accountability, society, marketplace and environment. Both the target company and the Experts are inquired on the influence of acquirer's background orientation on how the target firm practice CSP in the post

M&A context of the cross-border deal. To do so, the Authors follow the 2.4.2 section of the conceptual framework where the respondents are questioned on the acquirer's firm orientation and its country's orientation on the practice of CSP in the target company.

The primary investigation of selecting the sample is done through secondary sources available online. As proposed by Patton (1990) and Palys (2008), the authors emphasis on the critical case sampling and opportunistic sampling methods coming under non- random purposive sampling to better justify our approach given the generalizability issues in purposive sampling (Bell et al., 2019). Purposive sampling is also regarded useful to capture specific people with roles, positions and responsibility that is suitable to mine impactful insights for this research (Robinson, 2014). Further generalizability issues with sample size were tackled by using snowball sampling to gather more interviewees. The data collection was conducted throughout the month of April and the early weeks of May. LinkedIn, direct mail and social media were used as the initial approach tool while email was used for later correspondence with all the subjects of the sample. So forth, a sample of 14 were employed for this research (refer Table 01 and Appendix 01).

Table 01: Overview of the research sample

Category 01: Target firms

Deal sector		Target firm	Target's country	Acquirer's country	Target's country	Core business	Respondent's position	Interview tool
01	IT	Target A	Sri Lanka	United Kingdom	Sri Lanka	Capital market exchanges and trading technologies	Lead Business Architect	Zoom
02	IT	Target B	Sri Lanka	Singapore	Sri Lanka	Industrial IoT application infrastructure	Head of Project Management	Zoom
03	IT	Target C	Sri Lanka	United States of America	Sri Lanka	Digital fashion infrastructure	Global Centre of Excellence (COE) Lead	Zoom
04	IT	Target D	Sri Lanka	Australia	Sri Lanka	Industrial automation solutions	Lead Engineer- Control and Automation	Zoom
05	MAN	Target E	Sri Lanka	India	Sri Lanka	Container trailer manufacturing	Head of Production Engineering	Zoom
06	MAN	Target F	Sri Lanka	India	Sri Lanka	Paint manufacturing and distribution	Head of Health, Safety and Environment	Zoom
07	MAN	Target G	Sri Lanka	Thailand	Sri Lanka	Cement production	Process and Energy Manager	Zoom
08	MAN	Target H	Sri Lanka	France	Sri Lanka	Tire and inner-tube manufacturing	Engineering Manager	Whats App
09	MAN	Target J	Sweden	India	Sweden	Biorefinery	Chief Executive Officer	Zoom
10	AUT	Target I	Sweden	China	Sweden	Electronic performance car company	Chief Operating Officer	In person

Note: IT= Information Technology industry, MAN= Manufacturing industry, AUT= Automotive industry

Category 02: M&A deal advisory experts

Expert and Consultancy firm		Country	Respondent's position	Expert area	Interview tool
01	Expert A	Sri Lanka	Consultant	M&A deals	Zoom
02	Expert B	Sri Lanka	Consultant	Investments and international development	Zoom
03	Expert C	Sweden	Director	ESG Strategy and M&A deals	Zoom
04	Expert D	Switzerland	Consultant	ESG Expertise in M&A deals	Zoom

Source: Authors

3.3.2 Interview process

The interviews were semi structured in order to capture the real essence and the background of the insights produced. Having somewhat of a structure allows the Authors to cover all the elements of CSP identified in the conceptual framework in the interview guide and inquire during the interview so that none of the core notions of this study is not missed in the paper. As affirmed by Bell et al. (2019) this method provides the respondents ample leeway to share their additional thoughts on the questions asked. However, some respondents tend to deviate from the core question and where cause and effect cannot be inferred when given flexibility. In addition, the open reflections from semi-structured interviews cannot be analysed through a single lens. However, semi-structured interviews help uncover a range of insights relating to the questions from the respondents because of the open questions (Bell et al. 2019; Willman et al. 2002).

The interview is structured through a series of questions in an interview guide to maximize the reliability and validity of the research, and as a guidance for the interview to flow instead of a completely unstructured manner (Bell et al, 2019). In order to capture the unique reasonings, Authors have aligned the discussions under two question guides (see Appendix 02 and 03). The C-suite or the Senior Management personal of the target companies are invited to discuss the effect that the cross-border M&A has made on the CSP in their respective firms (see Appendix 03 for target firm introductions). Here, the Authors have prioritized to discuss the changes under the 7 pillars of CSP identified through the literature through semi-structured questions. Complimenting this, the respondents are asked about supporting effects occurred after the M&A and how they perceive the changes originating from the acquirer. Next the second interview guide is tailored for the &A and ESG consultancy experts in international business. The aim here is to investigate where and how the M&A deal has affected the sustainability practices in the post-merger stage and whether there is a relationship between the acquirer's country of origin and the effect on corporate sustainability practices in the post-merger stage. Many questions are led under the topic of how M&As drive sustainability and its reversal effect.

Most of the interviews were held via Zoom technology, given the geographical distances, while several (in Sweden) were conducted physically. By conducting the interviews as synchronous interviews, all respondents were able to share the respective details to each question immediately. But as many researchers who appreciate physical interviews (Curasi, 2001), the authors believe that more contextual information could have been gathered if the interviews were conducted physically. However, audio only digital discussions allowed the respondents to be at ease and respond freely since their anonymity has been protected and they did not have any effect from the interviewer's visual characteristics (Bell et al., 2019). Based on the interviewee's preference to record the discussions, recorded interviews were transcribed digitally while the rest was summarized manually. For the interviews that are needed to be summarized manually, the authors took notes during the interview and maintained a Microsoft excel file where they wrote down all the salient points from the interview and later, they discussed all the salient points got from the interview in the analysis.

3.3.2.1 Challenges in data collection

The topic of M&As is inherently a topic of financial sensitivity from both within and outside of an entity as confidentiality is treated with utmost care given that it can directly impact the market value of the entire organization (Harwood, 2006). Consequently, respondents who are willing to participate in a study as this were not straightforward to find. Moreover, naturally the Senior Management Teams of the target companies were at times reluctant to speak the realities of the post M&A context because of cultural boundaries that make them feel reluctant to speak about negative of their shareholder/ownership as seen in the Samsung in South Korea by Lee et al. (2015). The differences between the respondent's country differences can be highlighted as another key challenge faced by the Authors when collecting data for this study. Since most of the respondents were employed in Sri Lanka, there were issues with reaching out and conducting the interviews at the given time frame of this research. Time differences and April being a month of new year and religious celebrations, the respondents were not very keen to participate in interviews during these times.

3.4 Analysis of data

Although relatively liberal than quantitative data analysis (Bell et al, 2019), the Authors wish to conduct this analysis by grasping the essence of both thematic analysis method and grounded theory. The interview content is clustered based on the M&A deal transitions, similarities and differences in the operating contexts and theoretical establishments in sustainability founded in the literature review of this report. However, going against Clarke et al., (2012) the authors do not acknowledge iteration to analyse the interview context as technical jargons and industry implications are not considered as 'new' findings in this research discussions. Next the Authors proceed to follow the nine themes conceptualized in chapter two of this report. The empirics investigated and elaborated under these themes will be analysed in the same manner with the aim of uncovering similar and contradicting findings that support the research questions. In particular the analysis will look at the nature of the effect from CSP elements conceptualized in 2.4.1 section against each target firm with supporting claims from the Experts. As a second phase the analysis will be conducted on the CSP orientation under the themes found in 2.4.2 section through the claims of both the target firms and the Experts. The Authors will also analyse any significant findings beyond the conceptual framework's elements as well.

However, the analysis of qualitative data from different interviewees is truly an attractive nuisance (Miles, 1979) because despite the data being rich and interesting, the coding and analysis is challenging. To counter this challenge, the authors employ grounded theory to stay close to the theoretical foundations and conceptual framework that guides this research (Bell et al, 2019). As referred by Glaser and Strauss (1967), the authors constantly maintain a close connection between the data and conceptualization so that the correspondence between the concepts and the clusters and their indicators (from the thematic analysis and else) are not lost. Here, again, the researchers confer with the purpose of this research which is investigate the existing conditions and derive new findings. Hence, when the interviews have been transcribed, coding under constant comparison enables the Authors of this thesis to stay in track while discussing new phenomenon. Transcribed data will be coded under the nine themes in the conceptual framework to be analysed based on the thematic analysis because then the reflections of the respondents are in line with the research objectives (Clarke & Braun, 2017).

3.5 Validity and reliability of the research

Researchers use qualitative research to focus on words rather than numbers. Qualitative research is empirical and uncovers the thoughts and feelings of respondents. Qualitative research is used to reveal new concepts, theories, and products. It is widely used to enlighten market research and obtain customer insights from the data (Chapman, D. 2022). It provides a unique depth of understanding through open-ended questionnaires. Respondents have the freedom to express their thoughts and feelings without any restrictions. Researchers can go in-depth with the responses they get and generate valuable insights got from the respondent's retorts. The interview with an open-ended questionnaire is a very well-known and widely used method for gaining qualitative data. Validity and Reliability are the two aspects that are vital for any qualitative research.

According to Nutall (1987), validity is the trustworthiness of the assumption drawn from the responses to the assessment. In practice, an assessment can have multiple validities according to its different uses and different and different kinds of interpretations made. There are four types of validity mentioned by Lincoln & Guba (1988). They are internal validity (truth value), external validity (applicability), consistency (reliability), and neutrality (Objectivity). These 4 validity aspects are used in the research process in a structured way to transform them into a systematic way.

According to Guba (1981), internal validity is logically determined by showing isomorphism is a logical way to figure out truth value. But the researchers cannot test isomorphism directly because they would need to know everything about the real world to do so. Researchers are primarily concerned with determining the truthfulness of their conclusions and interpretations among the numerous sources (audiences or groups) from whom the facts were gathered. Purposeful sampling is major way to increase research validity. While selecting samples researchers should explain how the selected samples are governed by emergent insights about what is relevant to the research questions and the findings. Purposeful sampling can determine the truth value of the research. External validity or generalizability imposes that the investigation be carried out in a manner that leaves temporal and situational differences irrelevant to the findings. The researchers don't try to make conclusions that are true everywhere and at all times. Instead, he or she makes working ideas that can be moved from one context to another based on how well the two contexts "fit" together (Guba, E. G. 1981).

The authors have selected individuals from firms that have undergone mergers and acquisitions by cross-border firms in different times meaning not all the firms have experienced M&A in a similar context. Personnel from the target firms as well as industry experts were interviewed to facilitate the temporal dissimilarities. Validity is directly related to reliability in form of consistency. The result of the research should be consistent and meaningful. Reliability is concerned with the replicability and consistency of findings. In a quantitative study, reliability is defined as the capacity to reproduce the same results and procedures. It is difficult and counterintuitive to define reliability in this manner in qualitative studies involving various hypotheses. Consistency, then, is the be-all and end-all of reliability in qualitative research (Leung L. 2015). According to Bell, E. et al, 2019 the methods should be replicable by other users for becoming reliable. The authors here have conducted an interview method for data collection. Two sets of separate interview guides are generated and asked personnel from similar backgrounds to analyse the data consistency and to ensure the data quality.

During the interviews, one of the authors was assigned to ask questions and interact with the interviewees while the other was assigned to take notes for the data to be used for analysis. The majority of the interviews were mainly conducted via Zoom and transcribed from recordings of the interview, so maintain the consistency of the data collected. Neutrality is also known as objectivity. The methodology is thought to ensure objectivity; if the methods are explained, open to public review, repeatable, and at least one step away from direct contact between the investigator and the subject, then objectivity is guaranteed (Guba, E. G., 1981). The authors ensured peer review by attending seminars throughout the thesis writing process. Bell, E. 2019 also argues that authors are meant to take preventive measures to avoid biases to ensure the neutrality of the research. Researchers should prolong their engagement in a site or field to surmount the bias. It enables the researchers to examine the bias and insight of themselves and the respondents. Qualitative research requires trustworthiness in data collection by making use of triangulation. The authors also made contacts primarily through LinkedIn, as well as through our personal connections.

Ethical considerations

Ethical consideration is very important in research. It is vital to consider ethical principles while doing research. According to Bell et al, (2019), ethical scrutiny in recent days has increased in recent days. It is the responsibility of the rest of the researchers mitigate ethical issues.

For academic research, it is important to get instruction from supervisors or other qualified researchers who have experience in dealing with ethical considerations. Four important considerations should be kept in mind while doing qualitative research (Bell et al., 2019) Firstly, the people who are participating in the process are safe from harm. To avoid any kind of harm to the interviewees, the authors have maintained anonymity, and the personal information of the interviewees are kept confidential so that they don't feel insecure about their jobs, careers, future employment, or self-esteem. Secondly, an important aspect is informed consent. Since most of the interviews were done on online platforms (Zoom, Microsoft Teams etc), the researchers sought permission to the interviewees to see whether they can record the interviewees at the very beginning of the interview process. The interviewees were well aware of the fact that the interviews will be recorded for future analysis and transcription. Thirdly, it is very crucial to maintain the privacy of the participants. If the participants do not feel comfortable sharing any confidential information about themselves or their work, it is the responsibility of the researchers to maintain that privacy. During this research, interviewees were well assured that their individual values will be respected, and their privacy will be restored. Lastly, the avoidance of deception. Deception occurs when the participants are not well informed about the research or when the participants is not well aware of what the research is really about. To avoid deception, the interviewees were provided with the interview guides questionnaire beforehand, and they were also informed about what the research is about.

Chapter in summary…

The Authors shared the methodology being followed to collect data from the 14 respondents of two countries. The sample consists of 10 target firms and 4 Experts reflecting on nine themes identified from the conceptual framework from the previous chapter. Qualitative research approach was much needed as founded from the literature and from the scope of the research questions set. The research was designed using an abductive approach. The data will be collected following semi-structured interviews and analyzed by using thematic analysis coding under the nine themes. Although with many challenges, the Authors argue on the best practices to maintain validity and reliability while being attentive to ethical considerations.

CHAPTER 04

EMPIRICAL FINDINGS

This chapter shares an account of the primary data collected through interviews of conducted with 14 respondents by using qualitative research approach explained in the previous chapter. The data is detailed under the seven pillars of CSP and two themes linked to assessing the acquirer's background orientation in the conceptual framework constructed in chapter two. In addition, the Authors have observed findings beyond the study as well.

4.1 Orientations of corporate sustainability practices within the industry sector

The degree of orientation and prioritization of corporate sustainability practices was different among the core business activities and the industry sectors. In addition, there was a clear distinguish between how the orientation, attitude, and prioritization altered between the pre and post M&A stages in the target companies. While this could be influenced by the corporate sustainability orientation of the acquirer, most often it seemed to have a strong correlation with the post-merger performance expectation of the acquirer, target and the deal. Overall, the influence was healthy, but the speed of adaptation and relative outcomes were clearly distinguishable, with some having exponential growth, some a sluggish progression and few continuing the usual (neutral).

The IT sector, strongly rooted on the technical competencies did not have any firm foundations of corporate sustainability practices within the core or ancillary business units. A mere CSR effort was exhibited by some companies that was solely voluntary by the internal community of the company. However, the discussions revealed that, although the idea of corporate sustainability seemed distant, the IT companies were practicing some level of it unknowingly through their operations. *"I see that in terms of sustainability, we went ahead with, so there are certain steps that the mother company now does as policy changes in terms of sustainability and that is inadvertently inherited to us. Apart from that, I think we are also influenced by the peers in our country. The trends, for example, to reduce plastic usage was something like creating the eco bricks was something the other companies in my country were doing. So, we kind of, some of the project managers initiated it. We did the same and the company sort of facilitated that. Likewise, the company on its own also does its own sustainability activities* *apart from what's being policed out"* (Lead Business Architect, Target A). Their strong concentration on the operational excellence, technical efficiency and innovative nature has helped them to improve social and economic pillars of sustainability through the profit gains and efficiency improvements such as traceability, accessibility, equal opportunity, unfair play and shared services. This was a critical yet disguised finding through the discussions.

The acquires of the IT companies were stemming from countries with a high technical acumen. Therefore, the general sentiment of the IT companies in Sri Lanka was that the attention and prioritization of practicing corporate sustainability went beyond a social obligation to incorporating it in their operations via practices, governance structures and wholistic efficiency gains. The technology introductions as well as process, reporting and accountability agendas implemented by the acquires in the target IT companies helped this revived journey in the post M&A stage. However, there were clear signs of gaps between how the internal community perceived the 'good' change. Overall, the IT industry acknowledges positive repercussions brought in by the acquire on the sustainability practices within the business operations.

The manufacturing sector appeared to understand corporate sustainability as a novel viewpoint that drives their operations. All the discussions highlighted that, like in the IT industry, target companies in the manufacturing industry perceived sustainability from a CSR angle- where environmental and social sustainability was exercised as an obligation of selected occasions rather than a continuous responsibility. Moreover, since the manufacturing industry, especially cement, tire and paint manufacturing, has high regulatory environments in Sri Lanka, the target companies were mandated to follow safety and environmental guidelines leading the companies into thinking that adhering to the regulator has engaged them in sustainability practices. *"Central theme guideline, we have to comply with our legal requirements with Sri Lankan legal bodies. For example- Central Environment authority (CEA), we have to comply with the EPL (environment protection license) requirement in our protection license and also schedule management license requirement, we have to comply with these (which are) directly related to sustainability. There are a lot pf requirement in the EPL schedule waste management (that) we have to comply. "* (Head of Health, Safety and Environment, Target F, April 26, 2023).

The post M&A sustainability orientations and prioritizations are interestingly and strongly corelated with the performance requirements of the acquire. Unlike in the IT industry, it is not an implementation to the operations but rather it is embedded as a performance indicator. The most crucial and influential factor in production or manufacturing is the relative efficiency gained at the rate of production. In order to achieve higher production efficiencies, it is compulsory to lower emissions and scrap output. Hence emissions and negative externalities are removed as much as possible from their core business, hence making it an operational Key Performance Indicator (KPI). Therefore, target firms believe that, in the post M&A context, they have achieved greatness in their sustainability practices. *"How much energy we substitute using alternative waste, there is a parameter called TSR (Thermal Substitution Ratio) which is organizational KPI. We currently using this TSR up to 43% which means out of our total energy demands 43%, we consumed from alternative source, which is a huge plus point, a huge contributing factor to achieve environmental KPIs."* (Process and Energy Manager, Target G,). However, they do not regard the social, governance and strategic intent to have improved nor they are mandatory obligations that needs to be met alongside economic and environmental gains.

The standpoint changes when it comes to Swedish companies where sustainability is prioritized and considered an essential commitment. None of the respondents shared any information about how new adaptations or growth was visible in the practices as a target firm. Rather they appeared to have continued the sustainability momentum with strong knowledge flows to their acquires- as opposed to the Sri Lankan target firms. This had a correlation with the market space and playing field of which, they competed on and the regulatory expectations within their operational environments. Nevertheless, they share independent motivations and drive for greater corporate sustainability practices where some went beyond the simple people-profit-planet to supply chain and ecosystem sustainability.

4.2 Effect of M&A on the target firm's CSP

4.2.1 Sustainability strategic intent

As any business context, the sample of target companies selected for this study too had the profit motive overarching in their strategic intent, vision, mission and objectives. However, there were clear differences and interesting facts about how they accomplish these. In the pre-M&A stages all the Sri Lankan target companies are heavily dependent on the notion that performance revenue, efficiency and continuous operational gains are the foundations of business solvency. Hence, being in highly lucrative and sought after industries, all else than monetary or efficiency gains were given secondary importance. Industry experts suggested that this can be related to the country context where economic prowess is the sole measure to enlist companies as 'good' companies. Therefore, although events and publicity were arranged to share how sustainable they are several times a year, the target companies in the IT and manufacturing industries did not have corporate sustainability embedded into their strategic intent. *"Well, I would say there was no activity (sustainability practice activities). So basically, as I mentioned, we are like a ghost. So we were like freelancers. We didn't have a proper management and proper HR function. So hence, we are just doing our job. That's also hence, you know, honestly, there were no CSR activities*" (Lead Engineer-Control & Automation, Target A).

The reversal of this is evident in the post M&A stage where directly as strategic requirements or indirectly as KPIs, different levels of corporate sustainability practices were embedded to the operations/ business. Two importance characteristics were revealed through the data. Firstly, the IT industry configured this change through a governance and good practice standpoint where the acquire motivated the company to create a healthy eco-system for its internal and external stakeholders, playing field and the larger planet. "*Earlier it was focusing on one thing (one product-reducing waste from of garment sector). But now (after the acquisition) it is like widen to many areas. Like I said, there are multiple agile team formed, who are working on telco side (sector), who are working on banking side, enterprise side, (and we are also) giving solution in telecommunication, giving solution in security, giving solution in integration, automation, software development. So, all these areas are expanded after the forming of Target B company"* (Head of Project Management, Target B). Secondly, the manufacturing industry integrated these changes into their performance and operational KPIs where the acquire require has motivated the target firm to consider sustainability in the areas operational efficiencies can be gained. As a result, leaving out important responsibilities towards the internal and external stakeholders to be uninfluenced in majority of the manufacturing firms the authors interviewed.

The two unique cases found in Sweden showed contrasting differences on how corporate sustainability is embedded in their strategic intent. Despite the influence of the acquirer, Target I had a corporate sustainability role in their leadership committee making sustainability a key driver that navigates the company's progression. *"when Target I was founded close to 100 years ago, then there was a number of principles written down by the founders. How you should treat the company employees and the environment and stuff. And the environment has always been a very strong part of that mission already from the start. Which means that there is a lot of* *focus on recycling, a lot of focus on what material you use. And getting the energy efficiency in play. So I think that has been part from the beginning. Which meant that the core values of Target I, it has been worded differently. But it's always been like quality, environment and then, you know, Scandinavian design maybe"* Chief Operating Officer, Target I. Going beyond the existing boundaries they are ambitious to create new agendas and governance structures to improve sustainability at a global level- such as by implementing traceability in the entire supply chain. They have become and example to their acquire on how corporate sustainability must be of strategic importance in driving businesses for the future *"So the only thing that happens is the other way around. They (the acquirer) learn from you (Target I). Target I started to put demands on production, manufacturing, supply chain, how you operate. And sharing that requirement with the acquirer team. So I think that is one part that I strongly see"* (Chief Operating Officer, Target I).

Experts' opinion is that the degree to which the target companies give importance to corporate sustainability practices is strongly corelated with the acquirer's requirements. "*M&A and Sustainability go hand in hand. Current situation in the company is that the Sri Lankan firms are more focused on Ccorporate Social responsibilities & ESG than before"* (Consultant, Expert A). In most cases the acquire controls the strategic level of the company while the target company's sole responsibility is limited to operational boundaries. Hence, implementing strategic level change in the post M&A can most often be the role of the acquirer- as seen in the discussions with the Sri Lankan firms. But these dynamics change is the acquirer sees that the target having more knowledge on the subject- as seen in the Swedish firms, where then, the acquirer give completed autonomy for the target firm to carry on the corporate sustainability practices. Hence the degree of sustainable strategic intent depends on the controlling mechanisms and the business expectations demarcated by the acquirer.

4.2.2 Sustainability in the workplace internal community

The sustainability or committed practices for the workplace and internal community was at an average stage within all the Sri Lankan target companies in the pre M&A context. Experts suggest that the country's background of having traditional linkages with having a united workforce has an influence of this finding. Yet the discussions showed that what is interpreted as workplace and internal community's sustainability is about fair monetary provisions, labor rights, healthy work climate and a good office environment, which is a fairly tunneled vision of perceiving what sustainability of the employees is. However, some companies deviate from the average. The IT sector had companies that initiations in social harmony and community wellbeing where, not only the employee but their larger community was also looked after. *"The strategies were implemented because the mother company wanted, for example, we set standards for the chairs that we use. I'm not sure if it accounts for sustainability, but it's for the resources. But I think it does employee well-being. So, they changed all the chairs that we were using and brought us ergonomics. Yeah, yeah. Yes, that had the standard ergonomics. That was done. That's one of the things on top of my mind and they continued, for example, to, when they give us gifts, they would choose to give everybody like glass, water bottles so that people stop using plastic bottles, the use of plastic bottles"* (Lead Business Architect, Target A). The manufacturing sector where the number of tactical level staff is high had similar initiations. *"We are following the Swedish law and we are union mill and so forth. So of course, we are following all that. We are working quite a lot with company culture to make sure that we are an attractive employer. We are working a lot with the employee well-being, everything from your possibility to exercise that we are supporting that but also that we are having or promoting a group of people at work that are fixing things that we do together. But at the same time, we are making sure that we are having good workplace"* (Chief Executive officer, Target J).

In the post M&A deal context, the Sri Lankan target firms have a mixed sentiment on whether and how the deal influenced the internal community's sustainability. *"So, Culture wise, it's like the open culture we are having. So, it is mainly driven by the leadership team, they are more human-centric. Earlier (as I have said before), when we were on our own and trying to get money to financials to benefit the company, it is very difficult to think about people-friendly culture. But after the acquisition happened. With that money the company formed, since we have the financial backing, right now it is more focused on people. It is a kind of industry where people are the most valuable assets. We don't have any assets to say other than people. Because of that to make these people happy and make them feel like a part of the family, lot of things are happening"* (Head of Project Management, Target B). *While* the governance, reporting, equal opportunity, HR processes, programs and activities saw an increase and positive change, some companies saw stringent performance measures being implemented that harms the moral and attitude of the employes. Discussion with an expert identified this occurrence being linked to the performance expectations displayed particularly at manufacturing companies among the target firm. The target firms that highlighted this gap noted that its is a significant and a negative driver to maintain an efficient and harmonious workforce. However, employee safety, productivity-based pay, progressive HR governance and practices, employee development aspects seem to have an overall positive influence on the target. But two companies did not see any change in their sustainability practices towards the internal community. *"Basically, we are practicing what we were doing before. I can't really say that we had a huge impact on sustainability, rather we were focused on other stuff, we just had to continue what we were doing, not as much as improving ourselves in the direction of sustainability. So, I would say the merger didn't really have a good impact on sustainability"* (Head of production Engineering, Target E). Uninfluenced by the acquire, the Swedish firms had and continuous to have high and growing levels of employee engagement, workplace sustainability and internal community practices.

4.2.3 Accountability and governance in sustainability

Governance and accountability are two areas which the researchers received the lowest data and interpretations from by the Sri Lankan firms. It was very evident that the companies did not have an understanding beyond the general code of ethics and regulatory compliance required in the business. The organizational hierarchies and roles were only challenged from a functional standpoint and not from a corporate governance and business sustainability perspective. In comparison this uninformed nature is more seen in the manufacturing industry than in the IT industry. Expert data identified that this could be attributed to the level, power and education standards of the workforce being high in IT firms than in manufacturing.

In addition, majority perceived governance and accountability to be the role of the strategic level. " *There's a clearly defined hierarchical management team. So that's very clear. And mostly recently they have introduced a new HR management system. It's very interesting and I think it's a new system which has, you know, AI integrated in built. And of course, for example, we have recently formed a welfare team as well. Again, it's like a new thing for a company, for us actually. And again, the company has introduced a strategic plan for the next five years. So in that strategic plan, all the employees know what should I do up until the next five years"* (Lead Engineer Control & Automation, Target D). While few companies had positive influences by the acquire on changing the governance structures, dispersing accountability, empowering the workforce, sustainable hierarchies and implementation of controlling systems, many target companies had the problem of the acquirer controlling the governance frameworks, preferably sitting from another country. "*There were major changes (in terms of governance). Before it was owner and owner. But now it's Board of Directors, which consists of our new* *mother company, and our company and several others. So, that's the major difference what we had before".* (Head of Production Engineering, Target E). One company pointed that this is one critical reason behind the negative consequences occurring within the workforce of the target firms in the post-M&A stage. *"Apart from the general meetings we have and board meetings they have, we really do not have much communication between the top ranks from the mother company. So yeah. We are not having any huge impact on our work from them"* (Head of Production Engineering, Target E,). But, on the other hand, the authors saw that the Swedish firm had practices in place for good governance and effective corporate sustainability. Interestingly the Swedish target firms delegates the governance and accountability instead of securing its control at the highest level.

4.2.4 Sustainable society

When asked about the sustainability practices conducted towards the society, the general sentiment among all the Sri Lankan target companies was that there is no significant change in the socially sustainable activities they conduct. "*I don't think it (Societal issues) has been influenced. Because compared to the budget, the CSR budget is low. If you consider the total operation, the CSR (budget) amount is actually not significant" (*Process and Energy Manager, Target G, April 23,2023*).* Obligations towards society has been a key sustainability practice in the pre M&A context. Activities include looking after the immediate community around the office/factory/company and engaging with them to promote positive externalities and eradicate negative externalities. On the far end, some companies revealed that they conduct long term well-being and educational programs with the community and have become a speaker at the larger societal forums given their economic prowess in the community, district. *"So our company previously, in terms of sustainability, we were very focused on Sri Lanka. Because even if you looked at a lot of activities that we did, and we focus a lot of our activities on the youth and helping them develop skills and giving them opportunities to get computers and stuff like that. So that was our main focus. So we went into schools, we gave computers, we went into universities and we went into schools, education institutes and taught them about technology so that they would have the skills to a career. A lot of our sustainability activities focused around that. It was not much, but whatever we did, it focused on developing Sri Lanka's youth."* (Global Centre of Excellence (COE) Lead, Target, C). However, the authors did not find any significant revelations among the interviewees on the post M&A context societal obligations. The companies tend to continue their usual practices- strongly motivated by the willingness of the employees. Nevertheless, few informed that, given the performance-oriented nature of the acquirer, the time and effort put in for social sustainability has been cut down.

Societal obligations in the Swedish context was growing. The two companies interviewed, given their strength and reach are now looking at global matters such as climate change, knowledge exchange and industry policy changes. Here the scale, scope and rigorousness is much higher than the Sri Lankan context. Given this, the acquirers of the Swedish target companies seem to have less control on societal sustainability practices. Experts agreed that in order to cater to the world beyond the organization requires economic, operational, scale and shareholder backing. Furthermore, societal sustainability is influenced by the sustainability orientation and attitude of the individuals of a company as well. This related to how the Sri Lankan target companies have employees leading societal change based on their own motivation while in the Swedish target firms drive their societal sustainability with the thought that sustainability is a global concern that must be acted upon now. *"In the school practices, we call it the forest in school. Is that something we are doing? It is, it's in Swedish, it's called Skogen i skolan. To educate kids in early age in how the forest is working. Then we are try to, what the last thing we've done as a corporate, or as a community sustainability is that we have, unfortunately, we have a group of people that are quite far away from the job market that we have worked with the, together with the Swedish authority, and that is inclusion."* (Chief Executive officer, Target J).

4.2.5 Sustainable marketplace behaviour

Similar to the governance and accountability data, the target companies in Sri Lanka found that how they play and navigate in the market is supposed to be a ruling that should be originated and ordered by the acquired or the ownership of the company. How they conduct local efforts are planned by the target companies yet the overall decision making and guidelines stem from the acquire even at the post M&A stage. Few IT companies appears to have a collaborative market approach combining the performance and technical aspirations of the acquire and the target respectively. While similar adherence was seen at the interviews done with the Swedish firms, the controlling and decision making is often a combined effort by the target company and the acquirer. Experts' opinion is that, when it comes to the sustainability arena, the acquirers of the sample Swedish companies evidently know that the Swedish target had a more understanding than them.

4.2.6 Sustainable environment

The target firms were very familiar and positive to speak about the environmental initiatives taken by themselves and the with the support from the acquirer. Even acquirers who did not share strong motivation to engage in CSP had involved in theirs and their target firm's environmental initiatives and actions to combat climate change. The discussions revealed direct relationship with general activities such as planting trees, preserving the environment and controlling the wastage of resources. When acquirers have not influenced any of the other CSP activities but are willing to engage in the environmental pillar, some target firm managers saw it as a namesake activity or a poor attempt to showcase their concern towards the environment as corporate now global. Some had the genuine concern to contribute to the environment and then to sustainability but without diverting the core focus of financial efficiency gains *"Significantly improve (in terms of sustainability). Previously (before acquisition) some area were not captured. After merging, very small thing are also catching (concentrating on sustainability….Our acquirer really need to perform sustainability, in the organization also and to other interested parties also (shareholders & stakeholder). It is taught by ISO 14001 (Environmental management system) for the new system, clearly mentioned, we have to address for the other interested parties and the external interested parties also"* (Head of Health Safety and Environment, Target F).

A significant factor identified although some acquirers who had a lethargic approach towards sustainability has the environmental pillar addressed by including emission reduction, energy management and water conservation into their output KPIs. This was highly visible in the discussion in the manufacturing sector where efficiency motives of the acquirer were achieved by the output KPIs which indirectly meant that a higher efficiency in production needs to have controlled energy and resource saving mechanisms. Firms that were highly involved in the CSP practices made sure the target firms too go beyond the mere notion of resource management and planting trees under this pillar. Technology adaptations to eradicate high wastage of natural resources and continuous programs with the community were seen as highly influential approaches of the acquirer on the target firm under this topic.

4.3 Effect of the M&A acquirer's background orientation on the target firm's CSP

4.3.1 Acquirer's sustainability orientation

The data showed two contrasting orientations towards sustainability among the target firms. The Sri Lankan corporate sustainability atmosphere was largely under development where the term sustainability is commonly referred to 'saving the trees and environment', 'following the right ethics', 'conducting legal and profiting business', 'taking care of the community wellbeing' and 'communal harmony'. The regulatory aspect of the country is limited to the legal framework demarcated to businesses, industry, corporate governance and labor rules. Sustainability agenda is thus a secondary priority if it does not directly link with the core business or violate the operational or stakeholder obligations. Hence corporate sustainability practices, at the level which this research incurs, are viewed as an additional organization practice that must be taught and inculcated to the target firm. *I mean, they (acquirer) do look at the triple bottom line, right? But what we, so we have culture champions who sit for each region. So we have a culture champion team in Europe, in APAC, in North America. And basically, they are allocated a certain budget, which is channeled towards these activities and initiatives. And they(culture champions) come up with an annual plan on what they want to invest in from an environmental or social perspective. So those things that they sort of take into account and then they come up with a plan and strategy for that particular region"* (Global Centre of Excellence (COE) Lead, Target, C)

Expert discussions further supported the above data with interesting revelations of ho the economic vulnerability has led to sustainability taking a back seat. It is much easier to adopt to sustainability when it is embedded to the target firm by the acquirer as a necessity. That is why the manufacturing firms are eager to achieve sustainability KPIs as they are required by the acquirer for efficiency gains. The expert data also showed that the lack of knowledge on the scope of what sustainability, SDG and ESG is another trigger for the companies to share a lethargic sentiment towards practicing it. But the respondents stated that they cannot completely ignore that some progressive firms practicing their own and much-enhanced policies are existing in Sri Lankan context.

In the context of Sweden, the target firm environment is highly regulated and obliged to the adherence of corporate sustainability and being a progressive corporate citizen *Our Acquirer is a very responsible producer taking great pride in their companies. And if you look at the Swedish company today, usually we are working quite hard with sustainability, trying to be as* *sustainable as possible. And I would say Target J is maybe the greenest or the most sustainable virgin fibre producer in the world. The Acquirer is working a lot and has done for a few years to make sure that their mills are following the BAT regulations even if they are located in Asia. It's very important for the acquirer. So yes, they can learn from us but I believe we can also learn from them.* (Chief Executive Officer, Target J)

4.3.2 Acquirer's origin country's sustainability orientation

The data gathered under this theme consisted of strong complementarity between the target firms and the Experts. The target firms which did had little or no change in their CSP practices after the M&A deal states that they see strong negative adherence to sustainability led development from the countries of their acquirers. The target firms did not have a healthy impression on the attitude of the acquirer in terms of how they consider, regard and behave within the sustainability arena. *"There has been improvements in terms of profitability, But the acquirer is not doing it in a sustainable way. Sustainability is not a focus right now"* (Head of Health, Safety and Environment, Target F). The sentiments are aligned with the acquirer's profit motives where the target firm views the acquirer who is only focused on the output. Coupled with this, the target firms believe that CSP would have been in a better state had such M&A deal did not occur. Furthermore, these target firms highlighted that there is a reverse knowledge flow from them to their acquirer in some CSP areas because the context of the acquirer does not give any guidance.

The data collection did not find any target firms that had a positive effect on their CSP practices after the M&A deal because of the acquirer's country orientation. The effect was solely stemming through the efforts of the acquirer and the acquiring firm's sustainability orientation. However, the data found examples of target firms who have positively impacted the acquirer's sustainability practices because the target country's sustainability orientation was superior and progressive. *"The acquirer as a group is leading the, taking the lead in sustainability. The development in India is extremely fast. And of course, we might be ahead of them (the acquirer) in some ways as a Swedish company, but they are learning very fast and they are developing and they are pushing for sustainability very hard"* (Chief operating officer, Target I). This phenomenon was particularly visible among Swedish target firms which even the Experts agreed to stating that high skill, knowledge and regulatory background of the Nordics and

Sweden in terms of sustainability is surely a critical success factor or their respective acquirer to improve the CSP. The discussions reveal a noteworthy factor here. The fact that a country had embedded sustainability regulations to the entire supply chain, may it be a local or a global firm has a direct impact of that firm making efforts to create uniform adherence to CSP across the entire value chain. *"They are (UK) built in like our pioneers in the world for sustainability.....I think the culture is heavily influenced by the country (of origin) and what they do and sustainability is a major part of their culture and that being one of the leading ones in the world"* (Lead Business Architect, Target A). Based on this, the discussions with the Swedish target firms and the Sri Lankan Target firms can clearly distinguish the effect of the M&A to be a negative one if it is originating from a country which is unsustainable or developing its sustainability.

4.4 Effect of the M&A on the sustainability knowledge and innovation flows

The Sri Lankan target companies that had a positive effect from the M&A and their acquirer on CSP experience knowledge and innovation on sustainability from their acquirers as means of improving the knowledge, skill and competitiveness of the target firm. Knowledge in terms of CSP guidelines, health and safety measures, case studies and tailor-made training were significant knowledge sharing events that was flowing from the more knowledgeable acquires of CSP. Most importantly the target companies that was owned by an acquirer with a strategic growth orientation regarded research and development as a competitive advantage amidst the global competition. Hence fuelling the network partners with more research and development help disperse innovation and newer competencies for the target markets to compete on.

The discussions with the Swedish firms revealed the reversal of this occurrence, where because the target firms had more knowledge and capabilities in the CSP area, they were sharing knowledge and innovation with their acquirer that came from a lower CSP concentrated background. *"when Target I then spun off (name of the new brand) and said we need an own EV brand. And we should do that with full focus. And very strong focus on sustainability. That is in (new brand). And why I mention that is because then we started to contract, develop or ask acquirer to do a car for us. To engineer a car. And then we put in all our requirements for sustainability. Which is really quite aggressive demands. And then they responded, we don't know this. Blockchain or sustainability, we don't know. We need to learn. So then we hired together with acquirer a couple of persons then that could be representatives locally in China. That has the right competence and that we could discuss and work together with"*(Chief operating officer, Target I). This is interesting because the discussion with the Swedish firms demonstrated their level of commitment to CSP, not only from within the organization but also from the regulatory and compliance framework of their region of operation. Competition in their regional operations too demanded that the Swedish firms embed CSP in end to end of their value chain. Hence the acquirers had more to grasp from the much knowledgeable and progressive Swedish target firms. The firms that did not have an effective influence of CSP from their acquirer did not witness any knowledge sharing or sustainable innovation promotion since the business motive did not encompass value creation through M&A outflows such as knowledge sharing and sustainability led innovations.

Chapter in summary…

Data collected have interesting yet critical sentiments made by both the target firms and the Experts. Claims suggest that based on the acquirers motive the effect on the influence on the target to practice CSP could vary. Thereby firms that have entered in M&A deals as means of a growth strategy have more effect on the target than the ones entered with financial efficiency motives. The workplace and internal community of the target is influenced more by the M&A deal when the target firm is considered as a part of the ecosystem by the acquirer rather than a functional arm. Governance and accountability are affected when the firm aspires to build strategic sustainability resources for competitive gains and not when the acquirers see building such resources as a cost. The effect on the target's sustainable market approach also depends on the M&A deal initial motive. Social and environmental factors are highly supported by the acquirer but the effect is visible when the approach is more localized. Knowledge and innovation are outflows of the deal and important supporters of the degree of CSP change in the post M&A context. All of these factors are complimented by how well the firm and country background of the acquirer supports CSP.

CHAPTER 05

ANALYSIS

With the empirical data and insights found in the previous chapter, Authors now analyse the findings against the theoretical premises this research was founded upon. Each theme of the conceptual framework is assessed against the findings to provide a balanced and impactful conclusion to the research questions. Therefore, this chapter is segregated to two sections based on the questions and each consisting of the themes found in the conceptual framework. Lastly Authors provide a refined framework of how each theme is connected to cross border M&As being a driver of CSP.

5.1 Effect of M&A on the target firm as a driver of CSP

5.1.1 Effect on the sustainable strategic intent of the target firm

The overarching finding from the data is that at the post M&A stage, the strategy formulation and dispersion occurs on the acquirers end since the acquirer obtains the ownership of the combined entity. Thereby the analysis is directed back to the motives of the cross-border M&A deal where the acquirer's intentions can vary between financial efficiency gains and strategic growth as founded in the literature by Chen & Findlay (2002), Ghauri & Buckley (2003) and Shimizu et al., (2004). Guided by this direction, the data analysed share two sides to the effect of M&A on the sustainable strategic intent of the target firm in relation with the motivation that laid foundation for the M&A deal to begin with.

Firstly, the M&A deals that were founded upon purely on a financial and efficiency expectations have a negative or null effect on the sustainable strategic intent of the target firm as a driver of CSP. Although Humble et al. (2004) states that the strategic vision services to bring the organization together, the data provides an opposite insight that when the acquirer only considers the target firm from an operations function and share a mission to gain financial and efficiency gains through the target firm's operations- then there is a lower or no degree of influence by the acquirer to implement or acknowledge a sustainable strategic intent in the target firm. Secondly M&A deals that were founded upon strategic growth objectives have a positive effect on the sustainable strategic intent of the target firm. The analysis draws findings with studies by Day (1998), Porter (2008) and White (1986) who suggest that that shared differentiation and cost strategies can allow competitive advantage and sustainable production. Whereby revisiting their development options, acquirers with a growth vision augment their core strategies to create value through sustainability as well.

When analysing the data from a task standpoint, the target firms that measure post M&A success by the number and scale of output have had negative or null change in their sustainability strategic intent by the acquirer. Its contrary, target firms that reflected outcome results have had positive change in the sustainability strategic intent by the acquirer. Taking a stakeholders theory approach, the Authors posit that the acquirers who have identified the significance of being responsible for the wellbeing and relationship of the organizational ecosystem employ positive CSP to create organizational growth (Cordeiro & Tewari, 2015; Gray et al., 1996; Palmer et al., 2010). From an RBV approach, the change can be interpreted as the acquirers who perceive practicing CSP creates competitive advantage influences its target firms to do so by harnessing competitive resources that differentiate the business (Bhattacharya & Sen, 2004; Gallego-Álvarez, 2011).

Data analysis also uncover that the industry dynamics play a moderating role in calibrating the effect of the M&A on the target firm. The manufacturing companies operate largely to provide financial and operational efficiencies to the acquirer attributing to the fact that M&A deal was motivated to gain production cost efficiencies (Chatterjee et al., 1992). The M&A deals automotive industry and IT industries established mainly upon intellectual competencies share mixed signals, but are more inclined to having sustainability imbedded in the target firm's strategy in the post M&A. The Authors assume the distance between the centre of control and the target firm is a critical determinant on inculcating a shared vision across large organizations could be a moderating effect on the effect on the target firm.

5.1.2 Effect on the sustainability of workplace internal community of the target firm

The standpoint taken by the M&A deal on whether the employees and the internal community are a cost or a benefit has a strong corelation on how the target firm's CSP has changed in the post M&A stage. Some manufacturing target companies were required to scale down the workforce on sudden notice as a measure of improving efficiency and costs in the post M&A stage . This reflects that the acquirer perceives the human recourse of the target firm as a cost and thereby employee wellbeing as a cost. Similar findings from data aligns with Adu-Gyamfi et al.'s (2021) claims on neglected attention on the employee well-being weakens the internal community and breeding ground for inefficient workforce. It demotivates the practice of CSP in the target firm since the workforce is no longer considered a unique resource of competitive advantage (as in the RBV) but rather a burden to the acquirer (Branco & Rodrigues, 2009).

The data found on the IT and automotive sectors direct the Authors attention to how employees are being taken care through structured guidelines that cascade from the acquirer. Some companies measure employee wellbeing while some, going beyond the walls of the target firm, support employees' social wellbeing and working conditions at home to maximize their contributions as told by Wickramasinghe et al. (2019). Authors have analysed that such positive effects have influenced the workforce to perform further, with a sense of belonging and pride in the post M&A stage. It is noteworthy to state the linkages analysed between employee well-being and the M&A motive of the acquirer. The findings suggest that the target firms that witnessed a change in the internal community and workforces' wellbeing see the acquirer sharing a genuine interest in developing employees as well as the company's going concern which reminds the strategic compatibility necessities of M&As where the combined entity can develop new and advanced resources by harnessing the existing ones (Barney, 1991; Chatterjee, 1986; Devos et al., 2009; Feldman & Hernandez, 2022; ;, Kaul & Wu, 2016; Porter 1980). These findings allow the Authors to agree with Cooke et al., (2021) as Human Resource Management practices, effective communication and sensitivity to variations in organizational culture in the post M&A deal context will contribute to the sustainable performance of the long run.

5.1.3 Effect on the sustainable accountability of the target firm

Given that the distribution of decision-making power and accountability, the effect of M&A on the sustainable accountability takes two pathways for the target firm's CSP practices. The acquirers who have decentralized power and provides the target firms the autonomy to practice CSP ensures a higher degree of accountability from the target firms by appointing accountable parties in the target firm (Langford & Brown, 2004). The authors analyse the data to find high accountability lying with target firms that have a strong sense of knowledge, skill and attitude towards sustainability practices such as the target firms in Sweden. Witnessing similar sentiments in the Sri Lankan IT sector, Authors rationalize that positive effect on sustainable accountability relates to the education level and power to comprehend the sustainability knowledge by looking beyond the output measures. In the context of cross-border M&As, the data also uncovered that positive accountability influences have been injected into the target firm as a method of being responsible for one's actions or decisions considering interpersonal, social and structural contingencies that are rooted in specific socio-cultural settings suggested by Gelfand et al., 2004).

The negative or null effect is, again, guided by the sustainability orientation of the acquirer. The target firm operates, share responsibility and is accountable for the core business activities and hence has the target firm does not feel accountable for CSP. The Authors analyse this as going against the stakeholder theory by not placing importance to making all stakeholders value responsibility led decisions rather than demand led ones and being accountable to create value for the sustenance of the entire organization (Fernando & Lawrence, 2014).

5.1.4 Effect on the sustainable governance of the target firm

Despite the influence of the M&A, the target companies were conducting ethical business practices. However, only a handful of target firms had witnessed an effect of the M&A on their sustainability governance while a majority have had no governance structure changed to employ sustainability. The Authors support the findings with shareholder rights explained by Wang and Xie (2009) as the majority shareholder's governing mechanism applies for the whole organization depending on business priorities. Governing mechanism is supposedly intertwined with the strategic objectives of the shareholder and acquiring company. Therefore, the limited number of positive sustainability governance practices have been witnessed in companies where the acquirer shares a strong orientation towards managing a sustainable business. According to the data the corresponding target companies of such acquirers had progressive ESG, equality, diversity and fair play governance structures introduced and implemented.

Business priorities that were more aligned to financial efficiencies did not 'care!' about sustainability governance structures and did not see any management enhancements in terms of corporate governance practices. This coincides with the work of Zheng et al. (2021) whose premise is that although M&As trigger firm structures resulting in better corporate governance it has less effect on CSP and sustainable performance is the management is not enhanced. Aligning with the findings, the data shows negative impact on sustainability governance even though the corporate governance structure, ownership and reporting has changed in the post M&A context. The Authors find that the knowledge in sustainability governance is a critical factor here for the target company to embrace changes. This is clear in the disparity between how Swedish target firms and the majority of the Sri Lankan target firms perceive sustainability led corporate governance. This can be attributed to the Expert findings on how a developing country such as Sri Lanka has a limited knowledge on CSP. However, acquirers that share a global governance agenda has taken the target firms from developing nations under their wing to employ sustainable governance structures to create value to stakeholders and create competent resources because corporate governance practices under CSP reflects a reputation oof quality and can harness internal capabilities to compete globally (Grant, 1991; Roberts & Dowling, 2002; Shapiro, 1983). Moreover, in strong CSP oriented firms such as the ones of Sweden, the Authors witness a reverse governance flow occurring from the target firm to the acquirer because the target holds the upper hand with knowledge, skill and expertise in CSP and CSP is a basis of competition in the European markets. Therefore, analysis shows distinguishing characteristics on governance structures and agendas being implemented in the acquirer by the target firm in order to maintain strong sustainability reputation and performance globally.

5.1.5 Effect on the sustainability of the external society of the target firm

Empirical findings denote that almost all the target firms had witnessed no change effect on the societal aspect of CSP but several instances where CSR activities have been encouraged financially and morally by the M&A. By not influencing or not being involved in the societal actions, the target firms are able to continue what they have been practicing in their communities. There is both positive and negatives of this laid-back approach by the acquirers.

Firstly, Authors draw reasoning from M&As strategic complementarity literature. Eve though strategic fit is what drives identifying potential M&A partners, given its occurrence in the international business landscape, cross-border M&As encompass unique challenges as well as opportunities, as countries have different economic, social and cultural, political and institutional, legal and environmental structures (Hofstede, 1980; Shimizu et al., 2004). It can be attributed to the unique risks such as liability of foreignness (Zaheer, 1995, Kostova & Zaheer 1999; Johanson & Vahlne, 2015) and double-layered acculturation (Barkema et al., 1996) which hinders the fullest realization of the strategic objectives of the deal. Furthermore, the high uncertainty levels and information asymmetry in foreign contexts make it difficult to align the target and its environmental effects to the firm (Kogut & Singh, 1998, Zaheer, 1995).

Accordingly, not influencing the social engagements of the target company allows the comfortable convergence and strong ties between the external and internal communities. This is advantageous in employing local tactics to align with the interests of the public and public organizations that will in turn benefit the company's growth in the target market. The promotion of CSR activities by the acquirers can be credited towards the reputational benefits, employee loyalty and customer support to the firm that create competitive advantage and strength to spread superiority in larger scales (Krishnamurti et al., 2021; Graves & Waddok, 1994).

Secondly, social sustainability practices is assessed in a contrasting standpoint as some empirical findings reveal that the low effect of the M&A on the target firms societal activities give the sense that the acquirer is not appreciating the culture and society of the target firm. Here, with the findings from the empirics, the authors challenge González-Torres et al.'s (2020) arguments on commitment towards the society where although the acquirer's involvement in creating equal economic opportunity, fair business and human capital development from a distance is appreciated, the gaps in the involvement of community integration plays a crucial role to gain benefits from the external business environment in the post M&A context. Thereby the lack of acquirer's involvement may affect the CSP of the target in the post M&A context.

5.1.6 Effect on the sustainable marketplace behaviour of the target firm

The Authors see a strong link between the effects on the marketplace and the motive of the M&A deal. Most target firms that shared a financially motivated M&A deal had significant needs to gain efficiencies in capturing market share, optimizing costs and configuring resources for the optimum output that does not take a wider role as in proactive social responsibilities. Therefore, stakeholders of the marketplace are looked at from a competition standpoint by the target firms while the resources are critically optimized and controlled by the acquirer who has passed the output maximization motives on the target in the post M&A context. Interestingly the target firms that shared such an attitude towards the marketplace are similar to the ones with limited changes or effect on the sustainable governance structure in CSP indicated in 5.1.4 section. Hence the marketplace behavior has not changed in the betterment of CSP but rather to gain maximum returns, although contemporary studies encourage to consider ethical behavior and profit maximization as compatible (Caiazza et al., 2021).

On the other hand, the analysis on the target firms that projected a positive influence of the M&A on the sustainable marketplace behavior was involved with acquirers that had strong values in how the target firm, brand and products (and services) behave in the market and amidst competition as a responsible, ethical, quality and progressive entity. With examples found in the empirical findings such as being an equal opportunity employer, contributing to maintain market transparency, practicing fair play and driving value prepositions, these target firms demonstrate CSP values to the marketplace, perhaps novel introductions to the target firm's respective industry contexts. As underlined by Li and Wang (2023) there is a strong effect from the cross-border M&A being a crucial channel to build better reputation through environmentally friendly and socially responsible integration and behavior in the marketplace which in return support the intended growth of the deal in the post M&A context.

The sustainability orientation of the market regulations in the target firm's business environment cannot be undermined in this analysis. The Authors find negative CSP practices in the marketplace from Sri Lankan context than of Sweden, given that the relatively low governance and policy improvements on sustainability within the manufacturing and IT industry realms of Sri Lanka, as found in the Expert discussions. Whereas in Sweden, sustainable marketplace behavior has a minimum threshold of laws and by laws to be abided by and thus irrespective of the influence of their acquirer build strong ties with ethical, quality and responsible behavior in the playing field in automotive and manufacturing industries. This leads to addressing larger concerns on how well the industry's regulators are equipped to drive CSP by learning and organizing with foreign knowledge flows stemming through M&As. However, several companies beg to differ from the generic categorization where the companies are governed by international CSP parameters and KPIs although operated in the local context.

5.1.7 Effect on the sustainable environment of the target firm

Since the environmental pillar is the most popular and frequently practiced, all target firms demonstrated positive influence on the target firm's environmental concern, although at different degrees. Some companies practiced CSP towards the environment abiding to the words of the UN WCED (1987) and SDG goals to preserve the resources for the future generations while the majority of the Sri Lankan firms in particular practice it as a mere social responsibility to showcase concern and uplift their reputation. However, deeper analysis among the manufacturing target firms had the stakeholder's financial and/or efficiency gains as an intriguing factor that support the positive changes of CSP activities indirectly. This agrees with

Huang et al.'s (2023) interpretation of the environmental pillar covering emission categories, innovation and resource use.

Although uninfluenced directly, the acquirer's efficiency motives in the manufacturing industry translates to efficient production and maximum output. Here the idea of efficient production lies in resource management and emission KPIs. As findings show lower emissions in production or manufacturing impact high gains of production efficiency. As Molina-Azorin et al. (2009) finds, carbon reduction and energy conservation, among many other initiatives can reduce operational costs and increase competitiveness. Therefore, the Authors argue with the support of González-Torres et al. (2020) that, scale dependent resources and their consequences in terms of the ecological outcomes have distinct patterns from one industry to another as some industries embed them in their strategy some embed them in their KPIs. Supporting with reasons found from the work of Child et al. (2005), Child & Rodrigues (2012), Capron et al. (2001) and Teece (1996), the Authors depict that promoting the of embedding strong environmental sustainability from the acquirers of the M&A can relate to their commitment to the stakeholders as a means of employing environmental sustainability practices for marketplace competition.

5.2 Effect of the M&A acquirer's background orientation on the target firm as a driver of CSP

5.2.1 Effect of the acquirer's sustainability orientation

The data collected indicated that the leading motive of entering into an M&A was to expand the growth of the acquirer's business. However, ambiguity lies in how the growth is interpreted under each dela. Some sought efficiency and scale growth while some required strategic growth for market global market leadership. In this effect, because the degree of value creation and success of the M&A is gauged from the degree of synergy realisation and synergetic combination between the acquirer and the target company (Feldman & Hernandez, 2022; Larsson & Finkelstein, 1999) the acquirers have configured the synergistic effect from the target firm based on their primary objective sought.

Acquirers whose expectations of the target firm was from a pure efficiency and scale standpoint primarily focus on the financial, economic, operational and administrative gains through scalability and efficiency improvement of the target firm. This is a strong, endorsed and frequent motive to enter into M&As since achieving economies of scale, cost advantages and imperfections stimulate the most economical ways to reach growth. Target firms involved in such M&As demonstrated that their role in the post M&A stage was primarily from a functional one rather than a partnership, focussed on creating shareholder value. It does not require the target firm to act in the best interest of the entire value chain of the organization but instead perform the operational requirements contributing to the company's bottom line. The acquirer in this context demands the preconditioned efficiency gains from the target and does not act as a catalyst that disperse value across its value chain. Therefore, these acquirers shared a contradicting view than Atkinson et al. (1997) and Pinelli and Maiolini (2017)'s stance that the primary objective of an organization is to meet the expectations of all the stakeholders than concentrating on the shareholder alone.

This leads to the target firms having an acquirer (or an owner) who is not focussed on accountability beyond the mere economic and financial performance (Guthrie et al., 2006). Therefore, the data collected from target firm highlight that such acquirers posit a relatively low emphasis on the betterment of employees, the society at large and the environment. The data also directs our attention to the overall CSP practices of the organization. The discussions in xx shared how must of a lower consideration was given by the acquirer and how the target firm itself continues the sustainability efforts on its own. Yet going against the preconditions made by Cordeiro and Tewari (2015) the target firms are achieving the objectives bestowed by the acquirer although stakeholder relations are not met according to the stakeholder theory. In this context, such target firms does not perceive sustainability gains as a competitive advantage in the RBV. Because the acquirers knowledge of organizational capabilities stem purely from a operational efficiency perspective, sustainability is observed as an additional cost and non-core function of the operation. Agreeing with Hart & Dowell (2011), Gallego-Álvarez (2011) and Sharma et al. (2019), the Authors analyse that these acquirers do not view CSP a stand alone responsibility nor as a influencer for innovation by considering that having a strong CSP is a strength and competitive advantage of the company. Further they do not employ sustainability as a core strategy to develop new resources and capabilities that help the whole organization differentiate the business model as suggested by Bhattacharya & Sen (2004).

The authors see a significant and noteworthy corelation between the acquirers who are committed to a high degree of CSP and its target entities, where two key stances of the acquirer stand out. Firstly, these acquirers perceive the entire organization and its acquired entities as a single ecosystem as viewed by Palmer et al (2010) with a network of partners whereby sharing a sense of value and contribution to every stakeholder of the value chain. The data highlights streamlined organizational policies, communication, governance structures and directives that share a uniform and aligned approach to valuing every stakeholder of the organization. The authors analyse that this is a strategy employed by the acquirer both as a measure of creating strong values and reputation such as being transparent (Gray et al., 1996) on the brand and as well as taking a wholistic approach for economic and financial gains and strategic growth in the market (Cordeiro & Tewari, 2015), In order to achieve such heights the acquirer believes they are obligated to be attentive of the best interest of its stakeholders (Mulgan, 1997) including the stakeholders surrounding the target entities as well. Going against the shareholder focus (Friedman, 1970) as in the acquirers that see the target from as a functional entity, here, the acquires essentially create a positive work environment for positive gains supporting Palmer et al.'s (2010) view that it is at these empowering ecosystems that companies strive to create value. Hence, the data demonstrates that even simple initiatives that better the wellbeing of all stakeholders directly reflects in the growth gained by these M&A deals.

Secondly, the target companies confidently see that their acquirers are committed to sustainability and CSP to create capabilities, competencies and competitive advantage to the organization. Alongside the work of Bhattacharya and Sen (2004) and Branco and Rodrigous (2009), Authors findings on how these acquirers value the workforce, culture and country of the target firm, development of governance structures and augmenting their behaviour in the market approach (i.e.: focus on gender equality, diversity and transparency in the supply chain) have evidently helped to create a competent and loyal workforce, unique and progressive resources and commitment to succeed as a responsible organization are truly weapons for a strong RBV of strategic growth. Thus the authors have to agree with Hart and Dowell's (2011) findings that strategic growth and advantages can be gained by harnessing organizational capabilities that facilitate sustainable economic activities of a firm. This creates a ripple effect to the target firms on the practice of CSP.

5.2.2 Effect of the acquirer's origin country sustainability orientation

In this study, target firms that was acquired by acquires across the world were employed in order to compare the relative differences on sustainability, since as Daugaard and Ding (2022) says, progress and strategic orientation on CSP measures can vastly differ depending on where you look. At the outset, the empirical findings from the Expert discussions outlines that Sri Lanka, as its developing economic state, own a sustainability roadmap that is developing and evolving. It is repeatedly highlighted by both the target firms and the Experts that especially sector specific CSP guidelines, regulatory frameworks and practices including governing bodies in the Sri Lankan context was low or absent. This is reflected in Sri Lanka ranking 76 in the SDG index (UN SDG, 2022) (refer Table 02) highlighting improvement necessity in all development goals. On the contrary, the target companies and the Experts from the Swedish and European background strongly endorsed to have a strong, progressive and competitive CSP practice climate within its country contexts. The Swedish market, ranking 3rd as on the SDG most progress towards SDG goals in the world (UN SDG, 2022), considers CSP measures as a critical catalyst that aligns organization's transitional pathways towards sustainability.

Table 02: Sustainability Index ranking (best= 1) according to the SDG goals

	Country	Rank	Score
Target firm origin countries	Sweden	3	85.19
	Sri Lanka	76	70.03
Acquirer origin countries	France	7	81.24
	United Kingdom	11	80.55
	Australia	38	75.58
	United States of America	41	74.55
	Thailand	44	74.13
	China	56	72.38
	Singapore	60	71.72
	India	121	60.72

Source: UN SDG (2022)

With this contextual characteristic found in the target market, the Authors enter into discussing the findings from the acquirer's origin country background. The discussions share findings that the target companies with acquirers from Asian countries found the effect of M&A on the CSP practices to be low or neutral. Acquirers of Asia are originating from developing countries.

Corresponding to this sentiment, the Authors find the Asian countries demonstrating a lower SDG score meaning that the sustainability practicing climate is still developing. The correlation can be best interpreted by the work of Budsaratragoon and Jitmaneeroj (2019), Crace and Gehman (2022) and Liu et al. (2021) which affirms that environmental vulnerability across economies can affect the overall economic growth and the efficiencies of economic exchanges. Because 50% of the acquirers of this study stem from a developing country and hence the developing country's' SDG scores are comparatively lower than that of the developed countries. Further support to this analysis is found with Zumente and Bistrova (2021) that while CSP adaptation in developed countries are becoming more sophisticated, the non-financial information disclosures and CSP practices in developing economies are gradually evolving.

As a result, findings share that acquirers from developing countries are primarily led by strong financial performance and efficiency motives, thus undermining the CSP urgency which, Jordar and Sarkis (2014) attribute to not having sustainability led agendas be implemented in the same rigor and regularity in emerging economies where stakeholder expectations are different. The reversal effect where developed and sustainably superior countries demonstrate stronger flows of sustainability knowledge across countries. Here the empirical findings on the target firms outlined significant positive triggers of sustainability stemming from their acquirers into the value chain and stakeholders of its network. Most interestingly the findings reflected the reverse knowledge flows from Swedish target firms towards their respective acquirers in India and China. Therefore, Authors determine to agree with Bansal et al. (2015), Park et al. (2007) and Waddok and Graves (1997) that macro level indicators such as industrial effect, regional environmental setting and economic fluctuations have a direct impact on the CSP practices of a country and its business entities. Taking DiMaggio and Powell's (1983) institutional isomorphic view into consideration, it is apparent that such macro level specificities cause different CSR and ESG performance between the firms of the countries, so that, as found from this research, acquirer's country background has influenced its M&A motives and henceforth its considerations on CSP for the target firm.

5.3 Findings beyond the conceptual framework

Apart from the theory based conceptualized themes, the Authors sustainability innovation and knowledge outflow that stems from the superior CSP entity as a by consequence or rather and outgrow of cross border M&As. The empirical findings capture this phenomenon on several occasions where the target firms grasp knowledge and innovation from superior and developed acquirers of CSP and sustainability as a whole, while on the contrary, the acquirers themselves learn from the target firms originating from sustainability superior and advanced CSP practicing climates. Although the flow of information, knowledge and innovation can be bidirectional, the findings agree with Wagner's (2010) explanation on as governments support socially advantageous inventions and innovations whereby leading to the progression of CSR innovations across countries. Moreover, when analysing the same effect against the RBV, the promotion of sustainability led research and development, as Gallego-Alvarez (2011) asserts forms a circular effect across its value chain to identify CSP that stimulate more of such innovations. Therefore, the Authors integrate the knowledge and innovation flows as critical success factors of influencing CSP in target firms across borders.

Chapter in summary…

The analysis share both positive and negative influences under each theme of the conceptual framework assessed through the data collected. Serval conclusions emerge as key:

a. The motivation for the M&A deal plays a critical role in how the CSP practices of the target firm is being influenced in the post M&A stage.

b. There is a positive effect on the CSP practices of the target firm if the M&A deal considers the target firm as a part of their eco-system that aspire strategic growth over mere financial efficiencies.

c. There is a negative effect on the CSP practices of the target firm if the M&A deal considers the target firm as a functional unit that expect to create maximum efficiency and output gains.

d. Comparatively sustainable strategic intent, internal community, governance and accountability are seen as significant areas where the change effect (positive or negative) was witnessed by the target firms.

e. Superior skill, knowledge, governance structure and orientation determine the flow of CSP together with CSP knowledge and innovation. It can occur from target firm to acquirer as well.

f. Acquirers who believe and manifest a strong sustainable culture, despite of which country it is originating from, can influence the target firm positively.

g. Countries that share strong sustainability practices influence the acquirers and this looks for synergetic value creation from CSP in target firms as well. But some acquirers take upon themselves to drive sustainability even though their originating country does not show keenness in the sustainability practices.

CHAPTER 06

CONCLUSION

This chapter provides the concluding remarks of the study conducted in order to answer two critical research questions relating to exploring the effect of cross-border M&As on the CSP climate of the target firms in the post deal stage. Following this, the Authors submit theoretical and managerial contribution made while highlighting limitations and scope for future research.

6.1 Concluding remarks

At the commencing of this research, scholarly articles established that corporate social responsibility has a profound impact on cross border M&As (Arouri et al., 2019; Chao & Ho, 2019; Cho et al., 202; Li & Wu, 2022) while empirical findings suggested that investors view CSP as relevant when considering the motivation and financial success of M&As (Aktas et al., 2011; Barros et al., 2022; Boone & Uysal, 2020). Founded upon this basis, the thematic analysis presents evidence that the corporate sustainability orientation and the vulnerability of the acquirer or the target directly and significantly impact the post M&A performance of the acquirer and the target individually, as well as the combined entity. This overarching sentiment can be further explained through the research questions determined at the initiation stage of the study.

First this study questions whether and how does a cross border M&A deal affect the CSP in the post-merger stage of a target firm?

Yes, there is an effect- both positive and negative, and moderated by motives of both parties and which flows in every direction. The data and analysis concluded by sharing mixed results on whether there was an effect of the cross-border M&A deal on the CSP in the post-merger stage of the target firm. Agreeing with the basic premise of M&As in international business studies that an M&A deal is a value creating investment activity driven upon financial means (Shimizu et al., 2004; Aktas et al., 2011), M&As founded purely upon financial gains shared no or lower degree of change effect from the deal on the target's CSP in the post M&A context. Coinciding with shareholder theory and resource-based view of strategy, findings imply that M&As that were founded upon strategic gains such as efficiency and long-term market advantage (Bhattacharya & Sen, 2004) shared moderate or a higher degree of change effect from the deal on the target's CSP in the post M&A context.

A closer examination on the CSP changes that occurred in the target firms reveal interesting findings to address how cross border M&A deal has affected the CSP in the post M&A stage of the target firm. The sustainability strategic intent has changed based on the acquirer's business goals on the target, where, if the acquirer has embedded corporate sustainability at the strategic level of the company, then the target company is required to apply the same or follow similar adherence. Similar conditions were found in how the target's fair play and behaviour in the market. Critical remarks can be made that M&A deals resulted from a pure financial ground does not influence the target on the sustainable strategy nor sustainable competition. Accountability and governance are two areas still exists in and controlled by the acquirer in most M&A deals investigated. Accountabilities that were affected had business motives than a cohesive sustainable agenda. But acquirers who possessed a strong sustainability orientation had influenced the target firms to adopt to new governance structures and methodologies.

A more optimistic effect is evident in the internal/ workplace community, social relations and environmental commitment. The dal had invited the target company to re-think their environmental, social and people strategies that was being practiced, now being incorporated into an international entity. Interestingly, the degree and method in which CSP were employed in the target firm depended on the industry, where some had a direct employment of change some sought change through imbedding practices under KPIs that showed quantifiable change. Sustainability practices rooted in the culture surrounding the target firm had less influence by the acquirer while the attentiveness expressed towards the environmental and people orientations had a higher influence. Linking directly with the resource-based view, the acquirers' standpoint on how corporate sustainability is viewed has mattered. However, here too, acquirers who entered into deals purely on financial motives were seen to have inculcated negative effect on the target such as limiting resource expenses to improve staff/administrative gains.

As argued by Nidumolu et al., (2009), Gallego-Alvarez et al (2011), Bhattacharya & Sen (2004) and Chen et al (2023) amongst many others, sustainability innovation and knowledge flows were strong and attractive in M&A deals that consisted of acquirer's with a strong sustainable orientation because innovation and shared knowledge in sustainability contributed immensely to their business strategy and the performance of all its entities. The flow of sustainability and sustainability led innovations and knowledge however was not a strict flow from the acquirer to the target. Rather the flow and the spill overs were omni-directional based on who holds the largest knowledge pool in corporate sustainability practices. Nevertheless, a higher degree of control, governance and accountability of the acquirer translated the higher control of the flow by the acquirer. Furthermore, the conditions and playing field of the industry strongly induced perspectives for every finding because how CSP is perceived and to what degree it should be practiced depended on the industry dynamics.

Secondly this study questions whether there is a relationship between the acquirer's country of origin and the effect on CSP in the post-merger stage of a target firm?

The authors find significant corelation with the interpretations of CSP and the origins of the acquirer/ M&A deal. Corresponding to the strong notion of Liu et al. (2021) established at the introduction of this study, environmental vulnerability caused by the degree of sustainability orientation of either party (acquirer or target) is considered as a key factor affecting the M&A deal and its post-merger relationship because the economic, social and environmental superiority or vulnerability in the business environment of one can influence the behaviour of the other (Barros et al., 2022, Brouthers & Brouthers, 2000; Yen & André, 2019; Zaheer, 1995). Across the change affect spectrum, target with strong change influences on CSP in the post M&A stage have acquirers located in sustainably developed or sustainably conscious countries. Accordingly targets that demonstrate lower change influences on CSP belong ton acquirers of countries that does not show commitment to sustainable practices. But intriguingly, in events where an acquirer has a strong overriding sustainability agenda than of its originating country background, then the acquirer may impose positive sustainability influenced on the target firm in the post M&A context. Therefore, in conclusion there is a can be a positive relationship between the acquirer's background and the CSP practicing climate of the target firm.

6.2 Contributions

6.2.1 Theoretical contributions

There has been a lot of evidence that reflects the importance of the inclusion of stakeholder theory in the corporate sustainability practice of the organization. It clears the idea that organizations must go beyond expanding stockholder value. The other core stakeholders of the organization are the employees, society, the environment, governments, various NGOs, suppliers, customers etc. Another fundamental theory in this paper is the resource-based theory (RVB) that implies the perspective that emphasizes the importance of assets and skills that help maintain a competitive position in the market. Firms may generate internal resources like reputation, knowledge and technical know-how, corporate culture, and employee diversity by implementing corporate sustainability practices, which can result in a competitive workforce, distinctiveness, and improved financial performance. The firms must focus on resources to make them valuable and inimitable so that they can benefit themselves in the long term. Corporate Sustainability introduces the triple bottom line (profit, planet, and people) which required the firms to concentrate on traditional financial performance and include environmental and social dimensions in the strategy. Sustainable business practices can result in more balanced and comprehensive approaches in value creation. The literature also suggests a positive correlation between corporate sustainability and financial performance. It suggests that taking social responsibilities and ethical conduct can assist the firms in profit maximization, employee retention, customer satisfaction which in turn helps to build strong brands.

6.2.2 Managerial implications

The finding of the research can lead to several managerial implications for companies that have undergone cross-border acquisition. Contemporary society wants businesses to enhance sustainability in their activities. The top management is responsible to implement sustainable practices in their firms. When cross-border M&A takes place in countries whose sustainable orientation is not up to the current world's standards, the managers should take a step ahead to address the matter. Because businesses have certain responsibilities towards society and its stakeholders. There are certain things managers can do to build a sustainable firm. Firstly, managers should incorporate sustainability considerations in their business operations. In other words, they should enhance the environmental, social, and governance practices in their operations. This could result in organizations can improve financial performance, building a workforce that aligns with maximizing organizational performance, and making the brand strong by addressing customers' expectations. Effective decision-making addresses both financial performance and sustainability. The strategic intent of the managers must focus on business growth. Some research show business growth is positively interrelated with sustainability practices. Being responsible toward the stakeholders can lead to the profit maximization of the firms. It's the managers' task to maximize shareholders' profit. But the focus should also be on meeting the expectations of the stakeholders. This will help the organization to create long-term value and reputation. Incorporating sustainability practices across the value chain. Big companies have bargaining power over their value chain. Thus, they can contribute to developing a sustainable value chain. Managers should enhance the resources and capabilities in creating a sustainable competitive advantage. Exploiting the resources that support the environment can make firms more competitive and sustainable. It is highly recommended that MNCs take into consideration the various stages of development and strategic approaches to Environmental, Social, and Governance (ESG) challenges that exist in different countries. There may be differences across different nations in terms of the degree to which they have implemented ESG measures and disclosed non-financial information in the form of sustainability reporting. To successfully adopt sustainable practices and fulfil stakeholder needs, businesses must have a thorough understanding of the specific requirements and contextual aspects of each country in which they operate. Companies considering a merger or acquisition should give some thought to incorporating environmentally responsible procedures into their operations. The post-merger performance of firms that engage in M&A that places a premium on social and environmental responsibility has the potential to improve. Mergers and acquisitions (M&As) may be used to improve a company's standing in the market, get access to cutting-edge technology, and create new avenues for growth if sustainability considerations are included in throughout the decision-making process. Sustainable long-term success can only be achieved if businesses carefully assess the sustainability practices of their potential partners and work to synchronize their own sustainability goals.

6.3 Limitations and scope for future research

This research contributes to the body of knowledge by shedding light on how the corporate sustainability policies of organizations have an influence on the firms that are involved in cross-border M&A transactions. The investigation of these two broad subject areas has not been without its restrictions. To begin, time is a significant factor in this situation. It was difficult to address these two vast topics in the allotted amount of time. The fact that there are several time zones is yet another barrier relating to time. The majority of people that answered the interview guide's questions are from Sri Lanka. Therefore, the temporal differences served as a significant constraint. In addition, the new year in Sri Lanka is celebrated around the middle of April.

Because of the extended holiday that occurs around the new year, it was rather challenging to get in touch with a handful of the people who took part in the interview. The interviews were conducted via Zoom with the participants. Online interviewing has gained popularity in recent times. These methods enable researchers to engage in asynchronous conversations with participants, particularly when geographical distance is a factor. Additionally, online approaches can facilitate the collection of reflective and descriptive data (James & Busher, 2006). The researchers recorded the interviews with the acknowledgment of the respondents so that they could continue the transcribing and analysis process afterward. Sometimes, because of issues with internet connections, the recording in some of the interviews was not clear. This posed limits for the authors later on when they were transcribing the interviews in order to analyse them.

There were other interviews that the authors attempted to conduct but were unable to capture because the people being interviewed expressed discomfort with having their conversations recorded. In those particular instances, the authors took notes for the purpose of analysis, which proved to be a factor that slowed down the process of analysing the data. The influence of time is still another factor to consider. There are target firms in this paper that embarked on a merger and acquisition transaction a very long time ago, and there is another business that has been acquired quite recently. Therefore, the data obtained from these companies are very unlike one another. Again, there are certain firms that have been acquired several times by different acquirers, whilst other companies encountered the process just once. Therefore, there is a distinction between these firms in terms of their setting and data collected from them. “The less heterogeneous the content represented by the exposure measure, the more interpretable and meaningful is the resulting variable as a predictor, mediator, or outcome” (Slater, M. 2016, p. 173) The time and the environment in which the data were gathered are distinct from one another. In addition, the research was hindered by these circumstances, which imposed restrictions. The paper only covers the perspective of the target firms. It was not possible to capture data from the acquirers during the research process. Another thwarting instance is there are variations in the information provided by the personnel in target firms and the industry expert. One of the noteworthy restrictions that should be mentioned is the geographical location of the acquirer, as well as the variations in context, particularly those relating to the origin of the acquiring firms, and their sustainability orientation. The reason lied in the concept that “Desirable resources often exist at distant points from a firm’s current locations; decisions such as growth, innovation, operational changes, and divestiture have a spatial dimension, whereby firms seek information from distant sources and choose between geographically distributed alternatives" (Chakrabarti & Mitchell 2013). Because of the fact that the data obtained for the paper has been diverse. The fact that this paper contains research filed utilizing data from manufacturing firms and companies linked to information technology is a significant limitation that must be considered.

The effectiveness of the study may have been improved with the inclusion of data from other sectors. A qualitative investigation was carried out by the researchers for this paper. When it comes to capturing human experience and behaviour, qualitative research is an excellent and extremely successful method. Quantitative researches provide measurable findings and the facts are comparable. The results of this research cannot be generalized based on the sample size used (Mwita, K. 2022). There has not been enough qualitative study done to determine how corporate social responsibility and CSP influence international mergers and acquisitions. The majority of the hypotheses or notions reflected in the existing research feature the short-term effect of corporate sustainability practice on M&A deals, there is scope for future research on the long-term effect on the financial outcomes, the effect on the value chain, and the overall effect of CSP on the society. Because the existing studies are done to reflect the shorter time span, they cannot accurately portray the scenario's influence over a longer period. There is a dearth of many pieces of research on how the cultural diversity of regions affects the practice of sustainability in cross-border M&A transactions. As a result, it is challenging to assess how CSP have distinct effects on the cultural aspect of a nation. The currently available research does not go far enough to illustrate the connection between the resource-based view at the country level and the efforts that businesses make to be sustainable. Indicators that do not support the economic substitutability of social capital include initiatives to conserve cultural heritage as well as linguistic and cultural diversity (Dyllick & Hockerts, 2002). The absence of evidence from the stakeholders' point of view about the CSP of the companies that undertook cross-border mergers and acquisitions is another crucial element to take into consideration.

The authors have identified limitations within the present study and have consequently proposed various possibilities for future research. The current body of research primarily examines the immediate impact of CSP on mergers and acquisitions. However, there exists an opportunity to conduct further investigation into the enduring effects on financial outcomes, value chain implications, and the broader societal impact of corporate social responsibility. Additionally, there exist opportunities for investigating cross-cultural variations in sustainability practices within the context of mergers and acquisitions. A potentially intriguing area of inquiry pertains to the impact of cultural diversity on the adoption of CSP within specific organizations. Furthermore, investigating the perspectives of stakeholders could prove to be an interesting area for future academic inquiry. The effects of cross-border mergers and acquisitions extend to multiple stakeholders. Prospective investigations on the vocalizations, responses, and impacts of M&A transactions on said stakeholders would be an intriguing way for further scholarly inquiry. The acquirer is another significant party involved in a merger and acquisition transaction. Subsequent research endeavours may incorporate a comprehensive examination of the acquirer's viewpoint to attain a more all-encompassing knowledge of the correlation between cross-border targets and their corporate social responsibility endeavours. The sustainability orientation of target firms has a significant impact on the competitive environment within the value chain. There exists a potential for further discourse regarding the impact of augmenting corporate sustainability within the business process on the competitive landscape of a nation, as well as the alterations in relational dynamics among the stakeholders in the value chain resulting from the adoption of sustainability.

A critical field of investigation pertains to examining the enduring impacts of sustainability orientation on the national context. There exist certain nations across the globe that are considered delayed adopters of sustainable practices. This study aims to provide a comprehensive assessment of the market's response to an acquiring company's sustainable practices. It would be of academic interest to investigate the occurrence of knowledge flow in both targets and acquirers, given that knowledge is a critical element in the resource-based theory that can proved to be valuable, rare, imitable, and non-substitutable. It would be constructive to conduct an inquiry into the impact of contextual elements, such as regulatory landscapes, institutional structures, and industry norms. The achievement of sustainable mergers and acquisitions (M&A) can be delineated through an examination of the interrelationship between these factors and sustainability endeavours.

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APPENDICES

Appendix 01: Brief introductions on the target firms

Company A

Company A is a Sri Lanka-based IT company that was acquired by a UK based firm. The reason behind the acquisition was to acquire the intellectual property from Sri Lanka. Profit was also on mind, but the acquirer bought the company mainly to keep the intellectual property purely within the company and to add a technological arm to the portfolio.

Company B:

Company B was formed by the former CEO and Managing Director. He had worked in many Multinational Companies like HP, Cisco, IBM, etc. With his experience with the MNCs, he wanted to launch a product in Sri Lanka. He invested heavily to create a solution for the Garment industry to help them to better plan the processes. He hired a few engineers and designed the product for the market. The product he developed was a lean and agile kind of product that would provide manufacturing support to garment-producing companies so that they can minimize their waste in the production process. This product became popular in the garment industry. After the solution for the garment industry clicked the CEO wanted to expand the market to other industries well. For that he needed investments. After searching for an investor for a while, he found a Singaporean technology company that bought Company A's 100 percent share for 15 million USD. After this acquisition,

Company C:

Target Company C is a technology enabler for big garment companies that was established in 1999 and is one of the very first adopters of SAP (System Application and Products) worldwide. Company C was the only SAP partner focused on the apparel industry in Sri Lanka and focused on a niche customer base. Company C was acquired by a US-based Wipro company which is an SAP consultant with a global presence in 2021. This purchase was made with the purpose of expanding the company's worldwide reach and achieving more accurate growth in new areas with a concentration on the retail and garment industries.

Company D:

Company D is a subsidiary of an Australian company that was acquired in 2008. The main business process is of Company D is related to industrial automation and power distribution, low voltage power monitoring, industrial control, test and measurement, and service, across a range of verticals. Their range of work also includes providing engineering services and consultancy to Australian customers and power distribution for the mass fields. The reason why the Australian counterpart acquire the company is the motivation was to achieve cost savings through economies of scale. Diversify their products or services offering. The mother company also wanted to get a hold of skilled Sri Lankan employees and resources.

Company E:

Company E was founded in 1994. It was established as a BOI (Board of Investment) company to manufacture and supply trailers for ports and roads worldwide. Company E initially manufactured trailers and other truck applications, supplied spare parts, commenced steel construction, and also repaired trailers, tankers, and special vehicles for the domestic market. As a BOI company, they could avail foreign direct investment easily. With a view of expanding its market reach, especially in the largest market in the South Asian region, Company E tagged its name as one of the business giants from India in 2011.

Company F:

A paint manufacturing company that was acquired by one of the biggest paint manufacturing companies in South Asia (originally from India) in 2017. Before the acquisition, the mother company had very little market share in Sri Lanka. The acquirer's motivation to expand the business and to grasp the Sri Lankan market essentially played a vital role in the acquisition. The target firm has become a part of a Multinational Corporation. The acquisition has brought about positive changes in the target firm. The acquisition has led the firm to get ISO 14001-2015 certification. Before the M&A deal, there were limited resources and limited benefits, bonuses, and other facilities for the employees of the target firm.

Company G:

Company G is one of the leading cement manufacturing companies in Sri Lanka. Company G is well-known for its world-class production plant which was built in 1969. At the time of its establishment, the capacity of the plant was 660 tons, which is almost double at present date. In the year 2016, the previous acquirer had to sell off a few plants from around the world to make up for some losses that they encountered. That is the time when the current acquirer company had bought Company G. Keeping the market expansion motive in mind, the Thailand-based cement company acquired Company G in 2016 with a total amount of 450 million USD.

The company currently has 8000 retail dealers and three international standard cement plants around Sri Lanka.

Company H:

Company H is a Sri Lankan-based tire manufacturing company. This company was acquired by a French company and the motive was to expand their market reach and increase market share. For the target firm, the reason behind the M&A deal was to share a great brand name with a multinational corporation. Previously the employees of the target firm were experiencing very broad job roles with a larger range of responsibilities. But after the acquisition, their jobs have become very area-focused, and job roles are well-defined.

Company I:

Company I is a Swedish Biorefinery company which was acquired by a business giant from India. Company I is a very old company with 120 years of experience. And it was founded by a family business in Sweden in 1903. At that time, it was founded as a pulp and paper mill. In 2011, current acquirer from India acquired Company I.

Company J:

Company J is a Sweden-based car manufacturer which was acquired by a Chinese company. Financial gain was the primary focus of the acquirer. Another important motive was to enter the European market by having a reputed car company in their business portfolio. In short, China wanted to acquire a Wetern brand with the financial backing they have.

Appendix 02: Interview guide 1 for target firms

Type of respondents : C-suite/ Senior Management Level stakeholders of target firms

Purpose : To investigate where and how the M&A deal has affected the sustainability practices in the post-merger stage

Approximate time : 1 hour

Approach :

This interview is done as a partial fulfilment of the thesis project for the MSc in International Business and Trade program at the School of Business Economics and Law at the University of Gothenburg, Sweden. We appreciate your time and corporation devoted to providing insights on our research area. All answers will be used for analysis and discussion of this thesis only.

Section 01: Consensus

01. Would you be comfortable if we record this interview?
02. Do you want to be anonymous for this interview and its findings?

Section 02: General

03. Please explain your current role in the post-acquisition stage of your company.
04. What was the motive behind entering into an M&A with your acquirer?
05. How would you interpret the overall change occurred in your company after the merger/acquisition?
06. How is the post-merger performance of your company so far?

Section 03: Specific corporate sustainability practices

07. How was the corporate sustainability practicing climate of your company prior to the M&A?
08. Was there any change in how corporate sustainability practices were to be conducted in the post-acquisition stage?
09. What are the changes occurred in terms of your company's strategic intent (vision, mission, etc) in the post-acquisition stage?

10. What are the changes occurred in the workplace and the internal community of your company in the post-acquisition stage?
11. What are the changes occurred in terms of the governance characteristics of the company?
12. How do you feel about the accountability requirements in the post-acquisition stage?
13. What are the changes occurred in how you approach societal issues in the post-acquisition stage?
14. Were you required to make any changes in the way you approach, behave and benefit from the market in the post-acquisition stage?
15. Were there any innovation and new knowledge development happening in terms of corporate sustainability practices in the post-acquisition stage?
16. Was there a significant financial, operational and brand value additions/ advantages/ performance changes when you adopted the above-mentioned changes in to your company in the in the post-acquisition stage?

Section 03: Discussion on overall corporate sustainability approach

17. Do you think if this M&A did not occur, still you would make the above mentioned changed in your corporate sustainability approach?
18. What motivates you to initiate and/or practice corporate sustainability (apart from acquires forced requirements, if any)?
19. What do you think about the acquires sustainability orientation and attention?

Conclusion:

Thank you very much for your participation and we appreciate your impactful insights on the questions asked.

Appendix 03: Interview guide 2 for Experts

Type of respondents : M&A and ESG consultancy experts in international business

Purpose : To investigate where and how the M&A deal has affected the sustainability practices in the post-merger stage and whether there is a relationship between the acquirer's country of origin and the effect on corporate sustainability practices in the post-merger stage.

Approximate time : 1 hour

<u>Approach</u> :

This interview is done as a partial fulfilment of the thesis project for the MSc in International Business and Trade program at the School of Business Economics and Law at the University of Gothenburg, Sweden. We appreciate your time and corporation devoted to providing insights on our research area. All answers will be used for analysis and discussion of this thesis only.

<u>Section 01: Consensus</u>

01. Would you be comfortable if we record this interview?
02. Do you want to be anonymous for this interview and its findings?

<u>Section 02: General</u>

03. Please explain your role in the consultancy arena.
04. What is your experience in cross border M&As?
05. What is your experience in creating/organizing for CSR/ESG in M&As?

<u>Section 03: Corporate sustainability in M&As:</u>

06. How would you interpret the link between corporate sustainability practices and M&As?
07. In what way is it important to measure sustainability in an M&A deal and its post-merger performance?

    7.1 What are the tools/ indices used by your consultancy practice?

08. Have there been instance where the sustainability performance (of the acquirer or target) has decreased after the M&A deal?
09. How to you perceive the influence of the target's sustainability practices on the acquirer's post-merger performance? And its reverse?
10. How do you assess the impact of the external business environment (i.e.: city, country, region, etc) of the acquirer or target in its effect on the post-merger deal performance?
11. What are the indicators which provide a wholistic view on the business environment of either parties?
12. Out of strategic intent, employees, governance, accountability, society and marketplace, what do you believe is most important to be aligned with in a post M&A stage to gain sustainability led benefits in the long term for both parties?
13. How do you assess the sustainability flow in terms of performance, knowledge, innovation and governance from one company to another in the post M&A stage?
14. How do you assess the sustainability flow in terms of performance, knowledge, innovation and governance from one country to another country?

<u>Conclusion:</u>

Thank you very much for your participation and we appreciate your impactful insights on the questions asked.