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경영학석사 학위논문

# Cross-Border M&A and Strategic Noise: The Role of Psychic Distance

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# Cross-Border M&A and Strategic Noise: The Role of Psychic Distance

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# Abstract

## Cross-Border M&A and Strategic Noise: The Role of Psychic Distance

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The research aim of this paper is to find out the relationship between cross-border M&A and strategic noise. This paper answers the following research questions. First, is cross-border M&A noisier than domestic M&A? Second, will the psychic distance difference between the target firm and acquiring firm affect the likelihood of a noisy M&A event? To test hypotheses, this research paper conducted a multi-linear regression analysis with collected news releases based on M&A lists announced between 2001 to 2010. In this paper, the relationship between cross-border M&A and strategic noise has been proved. Also, the linkage between psychic distance and strategic noise has been proved. However, the moderating effect of psychic distance was not significant enough to be acknowledged. This paper successfully made a contribution to the expansion of impression management literature and international business literature.

**Keyword :** cross-border M&A, Merger and Acquisition (M&A), psychic distance, strategic noise, impression management, international business

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# 1. Introduction

Organizations execute actions in order to affect the audiences' perception based on the organization and these actions can be explained with the idea of organizational impression management in the business management field (Elsbach et al., 1998; Graffin et al., 2011). Studies that were done at the initial stage of impression management illustrate that firms will blame their undesirable result on their external environment while praising themselves for desirable results (Bettman & Weitz, 1983; Graffin et al., 2011). Also, early studies show that firms' actions of blaming the external environment for undesirable results or praising themselves for desirable results can lead to increased stock prices (Staw et al., 1983; Graffin et al., 2011).

Reflecting the growing interest in impression management, there are several existing pieces of literature related to the idea of strategic noise. First of all, the research on the relationship between strategic noise and CEO announcements was the first one to look for (Graffin et al., 2011). Graffin et al. (2011) developed the concept of strategic noise by focusing on anticipatory obfuscation of impression management. The authors assumed that the market's response cannot be anticipated by boards with certainty. In this sense, firms can cause anticipatory obfuscation to prevent themselves from being a

direct cause of attribution of the event (Graffin et al., 2011). Recently, two papers done by Jin (2016) and Jin et al. (2022) studied the relationship between strategic noise and M&A announcements. These two studies assumed that M&As may be pursued by CEOs only for their own sake since CEO's compensation is proportional to firm size and firm size can be increased through M&A (Jin, 2016; Jin et al., 2022). What differentiates from the previous literature written by Graffin et al. (2011) is that Jin et al. (2022) regarded strategic noise as a reactive impression management and not as an anticipatory impression management. Lastly, Salomons (2022) used the term 'strategic silence' which is relevant but has the opposite meaning as the term 'strategic noise'. In this piece of work, the relationship between strategic silence during M&A announcements and the stock market return was studied.

So far, prior literature done by Jin (2016) and Jin et al. (2022) mainly focused on the relationship between all kinds of M&As and strategic noise. However, in this research, the research context will be narrowed down to cross-border M&As. Also, those two studies devised tests based on reactionary impression management. However, as Tao et al. (2017) summarized in their paper, there is a clear relationship between cross-border

M&As and the performance of the stock market, and assumptions on the effects of cross-border M&A deal announcements on stock market performance can be made. Thus, grounded on that assumption, this study is going to proceed a test based on anticipatory impression management. Lastly, since none of the previous literature only focused on cross-border M&As, none of them considered factors relevant to international business while measuring the relationship between M&As and strategic noise. In this paper, psychic distance, a multidimensional concept aggregating various factors relevant to international business will be tested to see whether it has effects on the level of strategic noise and moderating effects on the relationship between cross-border M&As and strategic noise.

Concerning M&A uncertainties, motivation of firms to use strategic noise and psychic distance, this paper is going to test three hypotheses. First, compared to domestic M&A, cross-border M&A is positively associated with the level of strategic noise. Second, psychic distance between firms in M&A is positively associated with the level of strategic noise. Third, psychic distance positively moderates the impact of cross-border M&A on the level of strategic noise. This study is going to be tested by using a database of mergers and acquisitions from Securities Data Corporation (SDC). First, the list of M&A



deal announcements made from 2001 to 2010 will be collected. Among those lists, samples of M&As which were done internationally and domestically will be distinguished. Moreover, strategic noise is going to be measured in a density form by looking through news articles released and sorted out by following the standard Graffin et al. (2011) set in the previous literature.

Contributions made in this research paper are the following. First, this research contributed to the existing impression management field, particularly the literature on strategic noise. From the newly developed theory of strategic noise by Graffin et al. (2011), this research paper restricted its study context to cross-border M&As and examined the relationship between cross-border M&As and strategic noise. Thus, this research paper successfully broadened the application of strategic noise literature. Second, this research paper expanded existing international business literature by studying the effects of psychic distance on cross-border M&As. Since there are existing pieces of literature showing the impacts of psychic distance on the international business field (de Carvalho Santos, 2016; Haleblan et al., 2009) and showing the almost constant two values of psychic distance from two different time periods (da Rocha et al., 2007; Sousa & Bradley, 2008), studies on effect of psychic distance on cross-border M&As is valid and will have significant

meanings in international business literature and will provide new directions for studying cross-border M&As.

The rest of this paper is organized in the following steps. First, this paper is going to go over relevant prior literature reviews. Second, it will talk about the methodology which is going to be used in this research paper. Next, results derived from data and experiments will be discussed. Lastly, this paper will be concluded by discussing its result, contributions, limitations, and recommendations for future research.

## **2. Literature Review and Hypotheses**

### **2.1. Impression Management and Strategic Noise**

Before directly going to the concept of strategic noise, its theoretical background, symbolic management refers to a series of activities in which members of firms actively respond to the formation of sociocultural norms and institutions shared by firm stakeholders (Park, 2020). Impression management as a part of symbolic management is known as any action which is done in order to change the perceived views of the audience toward the organization in a positive way (Salomons, 2022). Considering the definition of impression management, it can be assumed that leaders of organizations release information to change stakeholders' perceptions of the organization.

For instance, if a firm is facing a situation to release negative information, it often discloses positive news at the same time to neutralize the negative influence (Gamache et al., 2019).

It turned out that the stock market can be influenced by an additional information provision and a theory of strategic noise was developed from the idea of impression management by showing how the simultaneous publication of a number of crucial pieces of information makes it hard to comprehend the effect of one single piece of information by its own (S.A. Graffin et al., 2016; Jin et al., 2022). Graffin et al. (2011) used the idea of anticipatory obfuscation which was developed by Elsbach et al. (1998). Anticipatory obfuscation is one form of impression management that occurs as a preemptive action of firms and not as a response of firms (Higgins & Snyder, 1989; Graffin et al., 2011). Also, it is said that anticipatory obfuscation is usually used when the outcome of a certain event is unclear and when “direct scrutiny of events” is not wanted (Graffin et al., 2011). In this case, it can be argued that firm leaders or boards may inject various confounding events in order to obfuscate the direct attribution being made. “Changes in dividend policy, earnings guidance and earning announcements, and any other significant event” are lists of compounding events of firms (McWilliams & Siegel, 1997; Graffin et al.,

2011). Graffin et al. (2011) thought confounding events can be rather strategic and systematic and introduced a term called strategic noise. Strategic noise can be assumed to occur when it meets the following three conditions mentioned in the previous literature written by Graffin et al. (2011): “(1) two or more important events are announced simultaneously; (2) the timing of announcements is under the control of the organization; and (3) announcements are neither intended to clarify nor are they causally related to the initial event”.

## **2.2. Mergers and Acquisitions (M&As)**

### **2.2.1. Motivations and Uncertainties of M&As**

A number of motivations behind mergers and acquisitions (M&As) had been studied broadly in previous literature. For instance, in high-tech industries, firms go through M&As and extend their resources and capabilities in order to speed up their innovation (Makri et al., 2009). Also, through M&As, firms seek to obtain economies of scale, market share gains, geographical expansion, advanced technical expertise, R&D skills, and experienced personnel (Valentini, 2012). When we narrow down to cross-border M&As, a lot of MNEs, especially firms from emerging markets, consider M&As since they are known as the fastest way when it comes to

expand product and consumer markets globally (Nicholson & Salaber, 2013). Despite positive motivations behind M&As, there are a lot of uncertainties concerning whether the outcome of M&A will turn out to be positive or not. For instance, acquiring firms may not realize what they intended initially since there can be difficulties for post-integration and overconfidence in management (Haspeslagh & Jemison, 1991; Hayward & Hambrick, 1997; Cording et al., 2010; Jin et al., 2022).

### **2.2.2. Stock Price Evaluation After M&A Deal Announcement**

Considering uncertainties of M&As, several firm evaluations, especially stock price, can be deteriorated when there are some potential M&A risks seen by audiences. For example, in October 2022, Naver, the largest internet company in the Republic of Korea, announced a \$1.2 billion deal to buy a US clothing reseller named Poshmark and its share slumped 8.8% (Kim & Roeder, 2022). Like this, investors' reactions toward the M&A announcement can be evaluated with cumulative abnormal returns (CARs) within a few days of the M&A deal announcement. In addition, there are a lot of prior studies focusing on the direct relationship between M&A announcements and stock market responses. For instance, due to uncertainties

about the firm's post-integration performance, stakeholders tend to take a conservative stance about M&As and take M&As as ambiguous and relatively undesirable events (Haleblian et al., 2009; Reuer, 2005; Elsbach et al., 1998; Jin et al., 2022). Thus, this may result in a negative evaluation of stock price after the M&A deal announcement.

### **2.2.3. Cross-Border M&A**

Compared to domestic M&As, the success rate of M&As is lower in cross-border M&A. It is clear that there are much more things to consider in cross-border M&A. This indicates that there are a lot of risks behind cross-border M&As and this can lead stakeholders to have negative recognition toward cross-border M&As in prevalence. The negative recognition of stakeholders toward cross-border M&As can cause big turbulence in a firm's stock price. Also, regarding what other scholars have previously discovered and assuming market efficiency, the stock price can be considered crucial for firms since the firm's anticipated performance is reflected in the stock price (Haleblian et al., 2009). Considering strategic noise and M&A, it will be easier for firms to tell the press and others that fluctuated value of the stock price is not relevant to M&A but rather relevant to alternative things. Therefore, the

uncertain outcome of the cross-border M&A process may act as a motivation for firms and boards to inject strategic noise. Thus, this paper expects more strategic noise in cross-border M&A events compared to domestic ones.

*Hypothesis 1: Compared to domestic M&A,*

*Cross-border M&A event is positively associated with strategic noise.*

## 2.3. Psychic Distance

### 2.3.1. Definition of Psychic Distance

The term psychic distance is defined as “factors preventing or disturbing the flow of information between firms and markets” (Johanson & Wiedersheim-Paul, 2017). The factors mentioned in the work done by Johanson and Wiedersheim-Paul (2017) are “differences in language, national culture, economic development, and political systems”. It is said that these factors can result in uncertainty among managers and enhance the probability of information misinterpretation while making decisions on internationalization (Blomkvist & Drogendijk, 2013). Moreover, Puthusserry et al. (2014) define psychic distance as “the perceived difference between a home-country business environment and a foreign one”. With the definition

of psychic distance, they concluded that the greater the psychic distance, the greater the uncertainties generated, which will eventually prevent firms from entering a specific foreign market.

Psychic distance is a multidimensional concept that reflects factors like language, education levels, industrial development, democracy, and religion. To elaborate more, differences in languages are rarely included for psychic distance stimuli but concerning transaction cost theory Douglas and Karunartna (2006) argue that differences in languages are crucial components of international business. This is because different languages in use decrease communication efficiency and may affect the decision-making process in international business (Tushman, 1978; Douglas & Karunaratna, 2006). In addition, different education levels between markets definitely are components of psychic distance since they may hinder the comprehension and communication of managers between markets (Douglas & Karunaratna, 2006). Moreover, the difference in industrial development is also a factor to be considered in psychic distance. This is because different industries with different degrees of development can increase transaction costs (Douglas & Karunaratna, 2006). Also, to elaborate on democracy, the term “imprinting” must be defined in the first place. Imprinting is “a process whereby, during a



brief period of susceptibility, a focal entity develops characteristics reflecting prominent features of the environment, and these characteristics continue to persist despite significant environmental changes in subsequent periods” (Marquis & Tilcsik, 2013; Marquis & Qiao, 2018). From this definition, we can assume that long-lasting influence on individuals and organizations can be resulted from what external environmental factors left during short sensitive periods (Marquis & Qiao, 2018). Also, in these periods, behaviors and rules which can be considered appropriate in a society can be formed. Thus, when processing information, an individual’s ideology can work as a crucial filter and influence decision-making. In this sense, people’s choices can be explained with political ideology and ultimately political ideology can be reflected in firm-level decision-making (Marquis & Qiao, 2018). Lastly, religions are one of the influential factors concerning international business. It is said that culture, attitudes, and norms are closely related to religions and religions work as a valuation basis for people to distinguish desirable and undesirable actions. Thus, depending on the religion, the way of communication and interaction can be different and can result in transaction costs between different markets.

### 2.3.2. Effects of Psychic Distance on International Business

Understanding the effect of psychic distance in international business has a significant meaning. In the previous literature, it is proven that the performance of firms is influenced by psychic distance in the international markets (de Carvalho Santos, 2016; Haleblan et al., 2009). Also, in a paper written by Blomkvist and Drogendijk (2013), it has been proven that psychic distance and its stimuli must be considered when it comes to interpreting international business like Chinese outward FDI. Moreover, the overall consistency of psychic value over the flow of time shows its validity for measurement as a moderating variable. To illustrate, the stability and endurance of psychic distance were verified by comparing the value of psychic distance calculated in 1978 and in 2005 and successfully deducting a very high correlation coefficient of 0.962 between two psychic distance values (da Rocha et al., 2007; Sousa & Bradley, 2008).

Psychic distance between two foreign firms, integrating several stimulus factors altogether, can be regarded as a moderating variable when it comes to the relationship between cross-border M&A announcements and strategic noise. Taking everything previously mentioned into account, the farther the psychic distance between two firms, the worse stock

evaluation can be expected for cross-border M&As. Thus, this paper expects firms and boards to be more motivated to use more strategic noise.

*Hypothesis 2: Psychic distance between firms in M&A is positively associated with the level of strategic noise.*

*Hypothesis 3: Psychic distance positively moderates the impact of cross-border M&A on the level of strategic noise.*

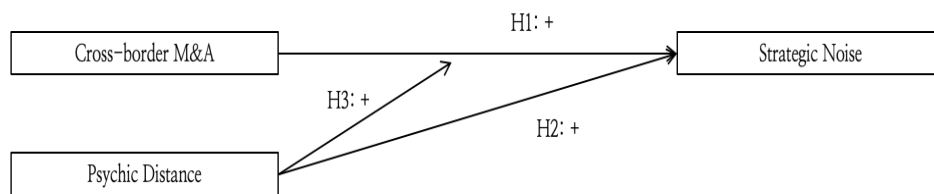


Figure 1. Theoretical Model.

### 3. Methods

#### 3.1. Sample and Data Collection

The initial sample for this research paper is disclosed M&As in the broadcasting industry announced between January 1<sup>st</sup> 2001 to December 31<sup>st</sup> 2010. The research industry was set to the broadcasting industry because

M&A deals in the broadcasting industry increased recently as Evens and Donders (2016) mentioned in their paper so it looked like this industry has enough samples to investigate. The value of a deal is set as higher than 500 million US dollars because the study context of this research is confined to cross-border M&A. Since strategic noise will be measured with the news releases, it was assumed that large-scale and disclosed M&A will guarantee access to news releases relevant to the acquirer firm and the plausibility of the research.

The M&A list is collected from SDC (Securities Data Company) Platinum. Initially, there were 168 M&As listed in total. However, the number of M&As turned to 125 by ruling out M&A cases with acquirer firms as bondholders, creditors, investor groups, and shareholders. Among 125 M&As, 32 M&As are distinguished as cross-border M&As, and 93 M&As are distinguished as domestic M&As.

News releases written in English and relevant to the acquirer firm are collected by using LexisNexis and Westlaw. 644 news releases relevant to cross-border M&As (treatment group) and 7,619 news releases relevant to domestic M&As (control group) are collected. In total, 8,263 news releases are collected and analyzed. All of the other information relevant to companies

required for measurements used in this research is collected from SDC Platinum.

### 3.2. Measurements of Variables

*Strategic noise.* Every news release relevant to the acquirer firm within  $\pm 1$  day of the deal announcement was collected in the first place. Then, news releases are distinguished by following three criteria set by prior literature (Graffin et al., 2011; Jin, 2016; Jin et al., 2022): “(1) the firm must have announced a confounding event within  $\pm 1$  day of the M&A; (2) the confounding event must have been completely under the control of the firm; and (3) the confounding event must not have been intended to clarify the M&A and it must not be causally related to the M&A”. Integrating multiple prior literatures together, news releases covering events like product announcements, earnings, business expansions, dividend declaration, key executive change, signing government contract and CEO related issues were distinguished as strategic noise (Jin et al., 2022, McWilliams & Siegel, 1997). Strategic noise is measured in a density form by dividing the number of news releases distinguished as strategic noise by total news releases within a set date.

*Cross-border M&A.* Distinguish between domestic M&A and cross-border M&A can be made by comparing the target firm nation and acquirer firm nation from the M&A observations acquired through SDC Platinum. If the target firm nation and the acquirer firm nation are different, the M&A is considered a cross-border M&A, and coded 1. If the target firm nation and the acquirer firm nation are the same, the M&A is considered a domestic M&A and coded 0.

*Psychic distance.* Used formative index of psychic distance stimuli between two countries developed by Dow (n.d.) from Melbourne Business school. This formative index combined five distances: industrial development distance, democracy distance, education distance, linguistic distance, and religious distance.

*Acquisition size.* The logarithm of the transaction value for each M&A observation was used as an acquisition size. The transaction value for each M&A event was collected from SDC platinum.

*Relatedness.* Relatedness between the acquirer firm and the target firm is measured by comparing the primary SIC (Standard Industrial Classification) code (King et al., 2008; Wang & Zajac, 2007; Shim, 2022). This variable is coded 4 if the first four numbers of the SIC code from the target firm and

acquirer firm are identical, 3 if the first 3 numbers are identical, 2 if the first 2 numbers are identical, 1 if the first 1 number is identical, and 0 if none of them are identical.

Variable Name	Variable Type
Strategic Noise	Dependent variable
Cross-Border M&A	Independent variable
Psychic Distance	Independent / Moderating variable
Acquisition Size	Control variable
Relatedness	Control variable

Table 1. Table for Variable Type Description

### 3.3. Model Specification

In this research, STATA is used to proceed statistical analysis. For all hypotheses, multiple regression analysis is adopted for examination. Specifically, cross-border M&As are set as treatment groups and domestic M&As as control groups for accurate research design. Hypothesis 1 is tested with multiple regression analysis to see the relationship between strategic noise and cross-border M&A. For Hypothesis 2, multiple regression analysis is

planned to determine the effects of psychic distance on strategic noise. Lastly, multiple regression analysis on the cross-border M&A subsample is adopted to determine the moderating effect of psychic distance on strategic noise.

## 4. Results

Table 2 shows the result of the correlation analysis for Hypothesis 1. Table 2 is composed of dependent variable, independent variable, and control variables. Table 2 shows that the correlation coefficient between strategic noise and cross-border M&A is  $r = 0.2469$  ( $0.0055^{**}$ ). Thus, this clearly shows the positive linear relationship between two variables, strategic noise, and cross-border M&A.

Table 3 summarizes the multiple regression results of Hypothesis 1. The value of  $R^2$  in Table 3 indicates the suitability of this regression model to be 8.49%. Also, the p-value for F, which is less than 0.05, proves this regression model's validity. As the coefficient between two variables, cross-border M&A and strategic noise, is 0.0852374 with p value less than 0.01, Table 3 supports Hypothesis 1 and shows significance in statistics. Therefore, Table 3 successfully proved the positive association between cross-border M&A events and strategic noise when it is compared to domestic M&A events.



The result of the correlation analysis for Hypothesis 2 is shown in Table 4. In Table 4, dependent variable, independent variable, and control variables are included. Table 4 shows that the correlation coefficient between strategic noise and psychic distance to be  $r = 0.2503$  ( $0.0049^{**}$ ). Thus, this clearly shows the existence of a positive relationship between strategic noise and psychic distance.

Table 5 summarizes the multiple regression analysis result of Hypothesis 2. The value of  $R^2$  in Table 5 shows the suitability of this regression model to be 8.55%. Also, the p-value for F, which is less than 0.05, shows this regression analysis's validity. The effect of psychic distance was significant enough to be acknowledged and the coefficient between the two variables is 0.0152362. Thus, Hypothesis 2 proposing the effect of psychic distance strategic noise is supported.

Table 6 and Table 7 show the result of the correlation analysis and multiple regression analysis done with subsample only consisting of cross-border M&A data to test Hypothesis 3. Referring to Table 6 and Table 7, positive coefficients between strategic noise and psychic distance have been shown. However, these outcomes lost empirical significance due to their p-value. Thus, the moderation effect of psychic distance on the relationship

between strategic noise and cross-border M&A cannot be found, and Hypothesis 3 is concluded as not supported.

Table 2. Descriptive Statistics and Correlations for Hypothesis 1

	Variable Name	Mean	Std. Dev.	Min.	Max.	1	2	3	4
1	Strategic Noise	0.0479671	0.1284335	0	1	1			
2	Cross-border M&A	0.256	0.438178	0	1	0.2469** (0.0055)	1		
3	Acquisition Size	3.21902	0.407583	2.69897	4.857581	-0.0775 (0.3900)	-0.0563 (0.5327)	1	
4	Relatedness	1.944	1.728807	0	4	0.0639 (0.4791)	-0.3109*** (0.0004)	-0.1005 (0.3500)	1

Notes: N = 125, P-values in parentheses.

\*\*\*p<0.001, \*\*p<0.01, \*p<0.05

Table 3. Result of Regression Analysis for Strategic Noise for Hypothesis 1

Variable Name	Coef.	S.E.	t
Cross-border M&A	0.0852374 **	0.0269348	3.16
Acquisition Size	-0.0145356	0.0276611	-0.53
Relatedness	0.0111192	0.0068506	1.62
Constant	0.051321	0.0935104	0.55
$R^2$		0.0849	
Adj. $R^2$		0.0622	
F (sig.)		3.74*	

Notes: N = 125

\*\*\*p<0.001, \*\*p<0.01, \*p<0.05

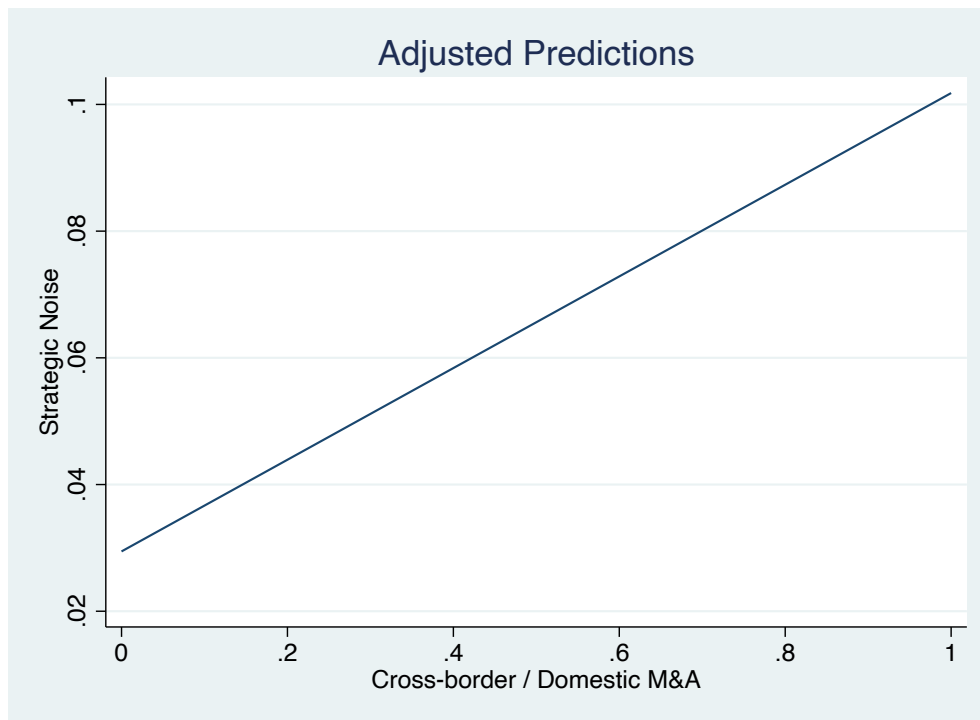


Figure 2. Multiple Regression Analysis for Hypothesis 1.

Table 4. Descriptive Statistics and Correlations for Hypothesis 2

	Variable Name	Mean	Std. Dev.	Min.	Max.	1	2	3	4
1	Strategic Noise	0.0479671	0.1284335	0	1	1			
2	Psychic Distance	1.3864	2.455655	0	6.6	0.2503** (0.0049)	1		
3	Acquisition Size	3.21902	0.407583	2.69897	4.857581	-0.0775 (0.3900)	-0.0728 (0.4196)	1	
4	Relatedness	1.944	1.728807	0	4	0.0639 (0.4791)	-0.2997*** (0.0007)	-0.1005 (0.2649)	1

Notes: N = 125, P-values in parentheses.

\*\*\*p<0.001, \*\*p<0.01, \*p<0.05

Table 5. Result of Regression Analysis for Strategic Noise for Hypothesis 2

Variable Name	Coef.	S.E.	t
Psychic Distance	0.0152362**	0.004794	3.18
Acquisition Size	-0.0130962	0.0276966	-0.47
Relatedness	0.0109208	0.0068261	1.60
Constant	0.0477707	0.093701	0.51
$R^2$		0.0855	
Adj. $R^2$		0.1408	
F (sig.)		3.77*	

Notes: N = 125

\*\*\*p<0.001, \*\*p<0.01, \*p<0.05

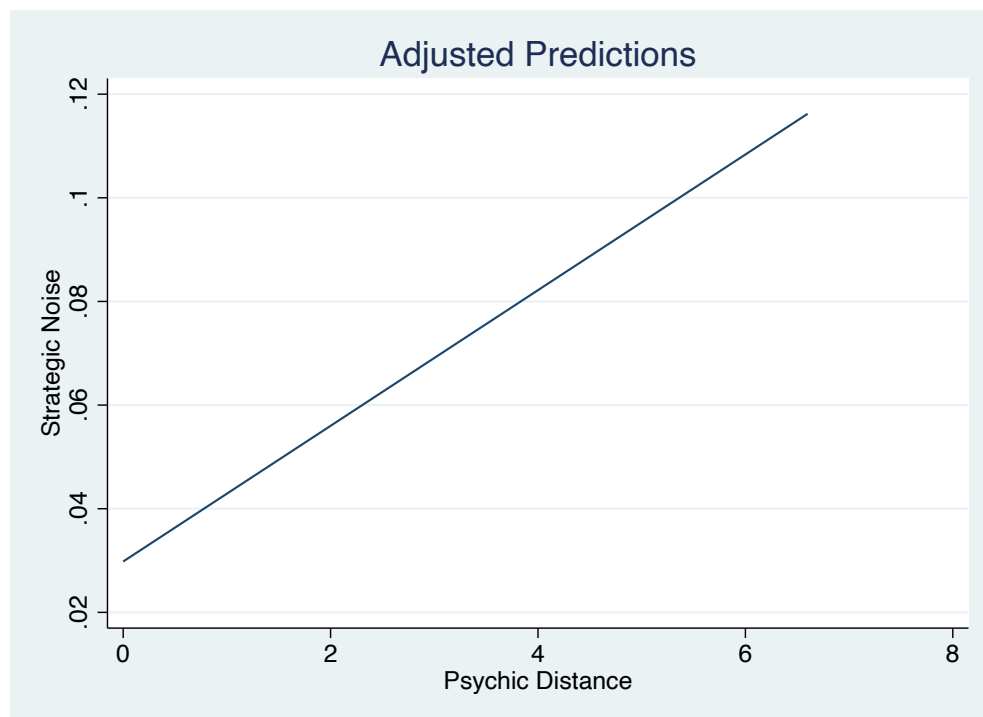


Figure 3. Multiple Regression Analysis for Hypothesis 2.

Table 6. Descriptive Statistics and Correlations for Hypothesis 3

	Variable Name	Mean	Std. Dev.	Min.	Max.	1	2	3	4
1	Strategic Noise	0.1018012	0.2022551	0	1	1			
2	Psychic Distance	5.415625	1.263446	1.7	6.6	0.0580 (0.7527)	1		
3	Acquisition Size	3.180044	0.3719467	2.70757	4.031387	-0.1386 (0.4493)	-0.1567 (0.3916)	1	
4	Relatedness	1.03125	1.491576	0	4	0.1722 (0.3461)	0.0074 (0.9678)	-0.0257 (0.8889)	1

Notes: N = 32, P-values in parentheses.

\*\*\*p<0.001, \*\*p<0.01, \*p<0.05

Table 7. Result of Regression Analysis for Strategic Noise for Hypothesis 3

Variable Name	Coef.	S.E.	t
Psychic Distance	0.0058508	0.0298721	0.20
Acquisition Size	-0.0699075	0.1015016	-0.69
Relatedness	0.0228609	0.0249988	0.91
Constant	0.2688492	0.3861458	0.70
$R^2$		0.0490	
Adj. $R^2$		0.0529	
F (sig.)		0.48	

Notes: N = 32

\*\*\*p<0.001, \*\*p<0.01, \*p<0.05

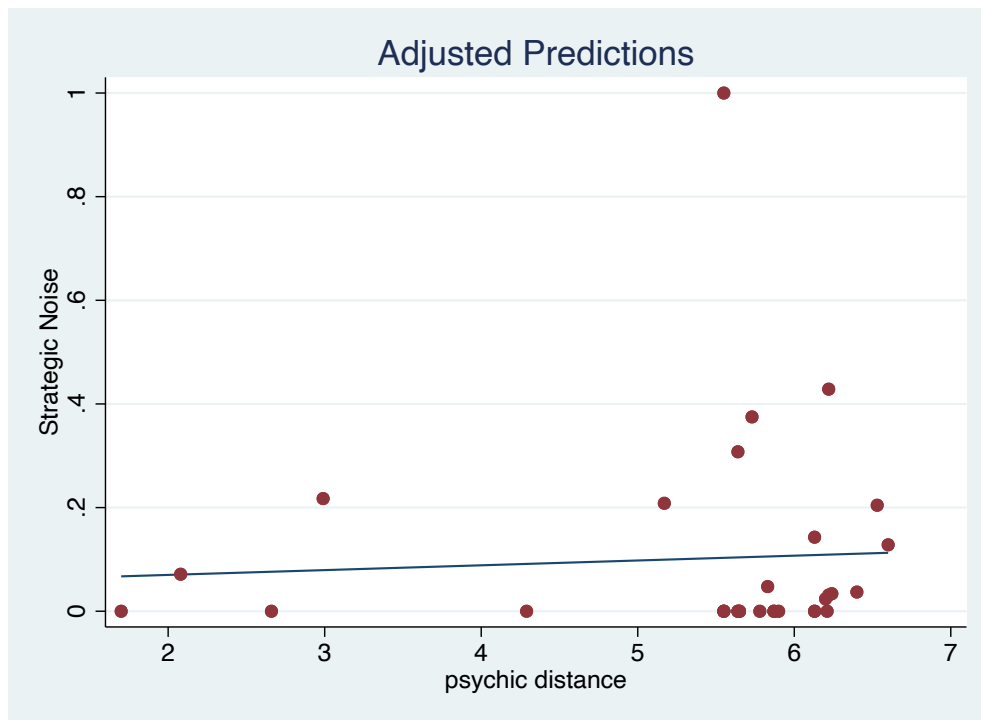


Figure 4. Multiple Regression Analysis for Hypothesis 3.

## 5. Discussions and Conclusions

This paper has done studies mainly about cross-border M&A and strategic noise. The first idea this paper studied is whether cross-border M&A cause more strategic noise than domestic M&A or not. Next, this paper also studies whether the psychic distance difference between the target firm and the acquirer firm significantly impacts the level of strategic noise. Lastly, this paper examined whether psychic distance positively moderates the impact of cross-border M&A on the level of strategic noise. The outcomes driven from this paper are the following. First, it has shown that

cross-border M&A event results in more strategic noise than domestic M&A event. Second, the effect of psychic distance between firms in M&A on the level of strategic noise is proven. Third, the moderating effect of psychic distance on noisy M&A events is proven to be empirically not significant enough to be acknowledged.

This paper made two contributions to two literature reviews. First, this paper expanded the existing literature on impression management, particularly strategic noise. Unlike other existing literature, this paper has confined its study context to cross-border M&A and studied its relationship with strategic noise. Thus, the application of strategic noise literature has been successfully broadened with this paper. Next, in this paper, contributions are made to the existing literature on international business. This paper studied the moderating effect of psychic distance on strategic noise resulted from cross-border M&A and provided a new direction in international business literature.

This paper has several limitations and corresponding suggestions for future research are going to be addressed. First, the sample studied in this paper was only confined to the broadcasting industry. Even though data analysis results supported two hypotheses among three, different outcomes

may come out in different industry settings. Thus, for future research, conducting analysis on multiple industries or a single industry apart from the broadcasting industry is suggested.

Second, although English is an international language widely used all over the world, confining the written language in English can be a limitation of this research paper. For example, if an acquirer firm nation is Japan, there will be much more news releases written in Japanese than in English. Considering this, different results may have come out if analyses of news releases written in different languages apart from English were done. Thus, for future research, it is suggested to collect M&A lists done by one acquirer firm nation and analyze news releases in one specific language used in that acquirer firm nation.



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요약(국문초록)

# 국경 간 인수합병과 전략적 소음: 심리적 거리의 역할

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본 논문에서는 국경 간 인수합병과 전략적 소음 사이의 관계에 대한 연구를 진행하였다. 먼저 국내 인수합병의 경우를 대조군으로 국경 간 인수합병의 경우를 실험군으로 지정하고 인수합병 종류가 전략적 소음 발생에 미치는 영향에 대해 분석하였다. 이에 대한 연구 결과로 국내 인수합병의 경우보다 국경 간 인수합병일 때 전략적 소음이 더 많이 발생함을 확인할 수 있었다. 뿐만 아니라, 본 연구는 심리적 거리가 전략적 소음 발생에 미치는 영향과 심리적 거리가 국경 간 인수합병과 전략적 소음 발생 사이에 미치는 조절효과에 대하여도 연구를 진행하였다. 이 결과 인수합병을 진행하는 두 회사의 사이의 국가 단위의 심리적 거리가 전략적 소음 발생에 영향을 주는 것을 확인할 수 있었다. 하지만 국경 간 인수합병과 전략적 소음 발생 사이에 미치는 조절효과는 확인할 수 없었다. 도출한 연구 결과에 근거하여 볼 때 본 연구는 전략적 소음이 유래한 인상관리와 국제 경영 문헌 연구에 기여를 했다고 여겨지는 바이다.

주요어 : 국경 간 인수합병, 인수합병, 인상관리, 전략적 소음, 심리적 거리, 국제경영

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