InternexT
INTERNATIONAL BUSINESS AND MANAGEMENT REVIEW
v.19, n. 3, p.260-278 set./dez. 2024| e-ISSN: 1980-4865 | http://internext.espm.br

GRADUAL COMMITMENT AND INTEGRATION: A MULTILATINA CROSS-BORDER MERGER AND ACQUISITION CASE

Clarice Kogut[1]*, Renato de Mello[2] & Thiago Brandão da Cunha[2]
[1]Pontifícia Universidade Católica do Rio de Janeiro – Rio de Janeiro (RJ), Brazil.
[2]Universidade Federal do Rio de Janeiro – Rio de Janeiro (RJ), Brazil.

ARTICLE DETAILS

Received:
Jan 10, 2024

Accepted:
July 7, 2024

Available online:
Sep 9, 2024

Double Blind Review System

Editor in Chief
Fernanda Cahen

ABSTRACT

Objective: To investigate the acquisition process of a multilatina by a much larger one, emphasizing its integration process. Specifically, this article explored the pre- and post-acquisition processes (considering the respective challenges and uncertainties of the process) to answer "How can effective acquisition be achieved?". **Method:** This is a single-case study with a qualitative approach and process perspective. The coding process and analysis were based on triangulated primary and secondary data (first-order codes) and mergers and acquisitions (M&A) integration literature (second-order codes). **Main Results:** The study empirically demonstrates how the main cross-border M&A challenges to integration were averted through gradual commitment in the pre- and post-deal phases, providing important academic and practical contributions. **Relevance / Originality / Theoretical / Methodological Contributions:** The paper provides important academic and practical contributions regarding the pace of integration, size mismatch, and the importance of dedicated teams, not to mention two propositions to be tested. Finally, it stands out as a multilatina M&A case with a process perspective, answering research calls.

Keywords: Multilatina, Cross-border M&A, Integration, Gradual commitment.

COMPROMETIMENTO E INTEGRAÇÃO GRADUAIS: UM CASO DE FUSÃO E AQUISIÇÃO INTERNACIONAL

DETALHES DO ARTIGO

Recebido:
10 Jan, 2024

Aceito:
7 Jul, 2024

Disponivel online:
9 Set, 2024

Sistema de revisão "Double blind review"

Editora-Chefe
Fernanda Cahen

RESUMO

Objetivo: Investigar o processo de aquisição de uma multilatina por uma empresa muito maior, com ênfase no processo de integração. Especificamente, este artigo explorou os processos pré e pós-aquisição (considerando os respectivos desafios e as incertezas do processo) para responder à questão: como realizar uma aquisição eficaz? **Método:** Trata-se de um estudo de caso único com abordagem qualitativa e perspectiva de processo. O processo de codificação e análise foi baseado em dados primários e secundários triangulados (códigos de primeira ordem) e na literatura sobre integração de fusões e aquisições (M&A) (códigos de segunda ordem). **Principais Resultados:** O estudo demonstra empiricamente como os principais desafios de integração em processos de fusão e aquisição internacional foram contornados, fornecendo contribuições acadêmicas e práticas importantes. No estudo, identificamos processos de comprometimento gradual nas fases pré e pós-negociação. **Relevância / Originalidade / Contribuições Teóricas / Metodológicas:** O artigo fornece contribuições acadêmicas e práticas importantes sobre o ritmo da integração, o descompasso de tamanho e a importância de equipes dedicadas, além de apresentar duas proposições a serem testadas. Finalmente, destaca-se como um caso de M&A multilatina com uma perspectiva de processo, respondendo a chamadas de pesquisa.

Palavras-chave: Multilatina, Fusões e Aquisições Internacionais, Integração, Comprometimento Gradual.

*Corresponding author: clarice.kogut@iag.puc-rio.br
https://doi.org/10.18568/internext.v19i3.799

INTRODUCTION

Mergers and Acquisition's (M&A) history shows they occur in wave patterns according to economic conditions and context. We are currently experiencing the seventh wave, strongly and positively influenced by globalisation and with emerging-market companies—multilatinas included—playing an important role, both as targets and increasingly as acquirers (UNCTAD, 2021). M&As are used by companies to boost competitive advantage and growth (Junni & Teerikangas, 2019). They are highly popular but have a surprisingly low success rate (Chen & Wang, 2014; Junni & Teerikangas, 2019), thus warranting further research (Junni & Teerikangas, 2019). The complexity, uncertainty, and recent changes in the global economy call for new theoretical insights, for which the Latin American region can serve as a laboratory (Cuervo-Cazurra, 2016; Cuervo-Cazurra & Ramamurti, 2014).

Formerly, M&A analysis involves two moments—acquisition and integration—predominantly from a financial perspective (Teerikangas & Thanos, 2018). Ever since the seminal works of Haspeslagh and Jemison (1991), Jemison and Sitkin (1986) and M&As are viewed as processes rather than merely sequential phases (Teerikangas & Thanos, 2018), with the outcome/performance depending on the entire process. A "process perspective is key to better comprehending the complexity, unpredictability, uncertainty and ambiguity surrounding post-merger integration" (Graebner et al., 2017, p. 816). While several authors recognise and recommend the process perspective, it remains underexplored (Gomes et al., 2013; Oh & Johnston, 2021).

The present study investigates the acquisition process of one multilateral (Latin American multinational) by another, emphasising its integration—a critical, albeit often neglected aspect of successful M&As. Specifically, the study strives to understand how international pre- and post-acquisition processes are conducted to "...explore the processes that foster effective integration" and thus an effective acquisition, as encouraged by Haleblian et al. (2009, p. 409), especially when companies differ in size.

The single-case study approach is suitable for studying complex contemporary phenomena such as M&As (Eisenhardt, 1989; Ghauri, 2004; Yin, 2014). The objects of study are a Brazilian cachaça distiller (target company) and its acquirer, a large multilateral beverage group of different origins. The case is unique in its approach to assessing firm distance (Oh & Johnston, 2021) in a pre- and post-deal stage (incubator integration strategy), which, to our knowledge, has not yet been reported in the literature.

Notwithstanding the limitations of a single, context-specific case study, this paper strives to answer the call for more in-depth case studies "by taking a more dynamic and practice-oriented perspective and by examining M&As as part of their broader historical, local, and firm contexts" (Junni & Teerikangas, 2019, p. 19). As such, it addresses several gaps in cross-border M&A integration research: (1) transactions and integrations within developing contexts (Figueira et al., 2021; Junni & Teerikangas, 2019) and Latin America (Aguilera et al., 2017; Cuervo-Cazurra, 2016); (2) the process perspective use (Gomes et al., 2013); and (3) the exploration of effective integration (Haleblian et al., 2009). We add an empirical case to the literature and theoretical propositions regarding gradual commitment in the pre- and post-deal phases of a cross-border acquisition with companies of varying sizes. It also addresses gaps in the acquisition internationalisation literature (Haleblian et al., 2009; Junni & Teerikangas, 2019). Managerially, it discusses the risks, challenges, and alternatives for dealing with cross-border M&A of companies of different sizes seeking to inspire with the unique case of an incubator within a large multinational organization and gradual commitment.

1. LITERATURE REVIEW

Despite its complexity, M&A is a popular alternative for expanding internationally. Emerging Market Multinational Enterprises (EMNEs) tend to engage in cross-border M&A transactions to quickly acquire strategic assets (Luo & Tung, 2018). We are currently experiencing a so-called "seventh wave" in M&A history, strongly and positively influenced by the pursuit of global growth, with EMNEs playing an important part (Junni & Teerikangas, 2019; Shimizu et al., 2004). Interestingly, EM acquirers sometimes use non-conventional integration approaches (Figueira et al., 2021; Junni & Teerikangas, 2019; Torres de Oliveira & Rottig, 2018) that are not fully understood by academics (Junni & Teerikangas, 2019).

With the number of EMNEs' cross-border acquisitions increasing, academic interest has also grown. However, most research still focuses on Asian MNEs, their motivations, and the differences from traditional MNEs' M&As (Khan et al., 2021). Meanwhile, in the general M&A literature, "attention has gradually changed from the antecedents of M&As (financials) to the processes and outcomes of post-M&A implementation" (Shimizu et al., 2004, p. 310; Stahl et al. (2013) to explain why the success rate of M&As is quite low. Average failure rates range from 40 to 60% (Bauer et al., 2015) or more (over 60% in Galpin, 2021; 60–80% in Homburg and Bucerius, 2005; 70–90% in Figueira et al., 2021). Although Figueira et al. (2021, p. 648) note that these percentages are "particularly high for EM transactions", research to explain why is scant.

While some stock-market price-based studies point to the creation of value for the target company (Junni & Teerikangas, 2019), others find value destruction for the acquirer (Teerikangas & Thanos, 2018), mainly due to high costs and integration challenges. Consequently, attention to other variables emerged such as degree of integration, acquisition type, strategic and cultural fit, and integration speed (Bauer et al., 2018; Homburg and Bucerius, 2006; Oh & Johnston, 2021). The focus of research changed from performance measurement to integration process understanding, with the increased use of perceptual and qualitative assessments (Junni & Teerikangas, 2019).

Nevertheless, despite the impactful, well-founded statement that "all value creation takes place in post-merger integration" (Haspeslagh & Jemison, 1991, p. 132), the pre-deal phase and the acquisition process (Jemison & Sitkin, 1986) also directly impact value creation. "Combining M&A experience with a systemized and documented end-to-end M&A process—including pre- and post-activities—has been found to improve transaction success" (Galpin, 2021, p. 16).

1.1. Pre-M&A phase

Traditionally, researchers focused on target-company valuation and price premiums, which are indeed relevant (Galpin, 2021). Lately, the focus has gradually shifted to understanding what makes an M&A work in business terms, so academics have begun researching M&A success factors and pre-deal due diligence phase indicators. Some authors suggest assessing companies' internal and external resources to search for similarities and complementarities (Chen & Wang, 2014; Gomes et al., 2013; Stahl et al., 2013) to lessen future integration risks. In their seminal process perspective work, Jemison and Sitkin (1986) highlighted that, in addition to organisational and strategic fit (together called firm distance by Oh & Johnston, 2021), the acquisition process determines the deal's success. Pressure leading to premature closing, agency issues, activity segmentation (those negotiating *versus* those to operate), management system misapplication, and expectational ambiguity are potential problems.

Gomes et al. (2013), in their systematic review, found that apart from correctly choosing and evaluating a strategic partner and paying the right price, size mismatch (Homburg and Bucerius, 2005; Li et al., 2019), prior M&A experience, correct pre-deal communication, future compensation policy, and courtship may impact future integration. "Courtship time can allow partners to improve mutual knowledge and understanding, reduce the problem of information asymmetry, and help to build trust and confidence" (Gomes et al., 2013, p. 21).

Other authors agree that the acquirer's style or prior acquisition experience indicates integration ability, although there are arguments in both directions (Li et al., 2019; Stahl et al., 2013). No prior experience could lead to erroneous assumptions. On the other hand, serial acquirers could develop a "core competency around M&A activity," developing organisational support systems in learning through experience (Stahl et al., 2013, p. 337). Nevertheless, no integration process can be fully predictable and projectable; they all entail "flexibility, improvisation, creativity and reliance on intuition" (Bauer et al., 2015, p. 23).

1.2. Post-M&A

Integration typically begins after the deal is closed. Effective integration usually ensures good performance when companies are socio-culturally and task-integrated (Björkman et al., 2007; Khan et al., 2021). Ineffective integration can disrupt the target firm or even destroy the capabilities that originally made it attractive. This phenomenon is called integration risk. Chen and Wang (2014) define integration risk as the uncertainty of a firm's performance after M&A.

Authors have named and analysed cross-border M&A integration challenges and threats slightly differently (Teerikangas & Thanos, 2018). We adopt Chen and Wang's (2014) classification of internal and external integration challenges for discussion. "Firms are seen as a bond that ties internal producers and external consumers together," and "internal resources mainly point to the internal producer, including organisational, managerial, cultural and strategic capabilities; the external resources include consumers, market, products, negotiation and external communication capabilities" (Chen & Wang, 2014, p. 283).

Internal integration (I.I.). Cross-border M&A I.I. challenges result from uncertainty regarding the maintenance of competitive internal resources of both acquirer and acquired firms after the merger (Chen & Wang, 2014; Stahl et al., 2013). Potential competition arises between the target and buyer to see who "wins" in a sociocultural battle involving individuals, divisions, or entire organizations.

In addition to organizational culture differences, several other barriers may emerge regarding language, regulations, and national culture in a cross-border M&A (Björkman et al., 2007). Thus, it is a double-layered acculturation involving organizational and national cultures (Björkman et al., 2007; Gomes et al., 2013; Stahl & Voigt, 2008; Stahl et al., 2013).

The impact of cultural distance on cross-border M&A performance remains inconclusive. Some studies argue for complementarities, with cultural differences being a potential source of learning, value creation, and synergies (Björkman et al., 2007; Stahl et al., 2013). Nevertheless, if cultural differences are too considerable, they hinder the transfer of capabilities, resource sharing, and learning; combining practices becomes impractical, and implementation problems arise (Stahl et al., 2013). Cultural fit/tolerance, management style, leadership approach, and social climate are thus important in the post-M&A integration process (Stahl et al., 2013). Consequently, many authors (Angwin, 2001; Jemison & Sitkin, 1986; Khan et al., 2021) suggest assessing cultural and organisational institutional fit in the pre-deal phase (Chen & Wang, 2014). Findings from Zilber et al. (2002) indicate that a cultural fit may not guarantee M&A integration success, but a cultural mismatch adds complexity to the process.

Similarly, to reduce cross-border M&A I.I. risks, interunit trust should be promoted, and shared vision, objectives, and cultural values between the two firms should be developed. Social integration mechanisms are advised (Khan et al., 2021) to avoid (or lessen) the usual negative impacts of integration: conflict among members; information blockage; "merger syndrome" (corporate mourning, loss of motivation, worst-case rumours); formation of rival factions; job dissatisfaction; and reduced level of trust (Bauer et al., 2015; Chen & Wang, 2014; Stahl et al., 2013).

These I.I. challenges can be moderated by both the degree of integration (extent of integration and amount of acquired company autonomy) and speed of integration (rapid or slow). The degree of integration depends on strategic decisions (the integration-autonomy dilemma concerning operations [Rouzies et al., 2019]) and can have an enormous impact on integration duration, speed (Bauer et al., 2018), and success, as decisions need to be compatible. For example, Angwin and Meadows (2009) claim that a high degree of integration calls for new management, whereas existing management can be retained with a low one. Bauer et al. (2015) noted that one is not necessarily better.

Speed of integration and, consequently, integration duration has been little studied in M&A researches (Stahl et al., 2013), despite being considered by some as a decisive success factor (Angwin, 2001; Jemison & Sitkin, 1986; Oh & Johnston, 2021). Integrating too slowly increases the risk of failing to achieve all the potential benefits and prolonging the integration, while integrating too quickly risks "socio-cultural turmoil, including resistance, in-group/out-group biases, and loss of key employees" (Bauer et al., 2018, p. 291; Homburg and Bucerius, 2006; Stahl et al., 2013). A slower integration "minimizes conflicts between merger partners, enhances trust-building and reduces the disruption of existing resources and processes in both firms, which may benefit M&As" (Oh & Johnston, 2021, p. 807). Stahl et al. (2013) suggest that the speed of sociocultural integration be further explored "both in the post-acquisition integration phase but also throughout the M&A process," considering it "in a more sophisticated way to accommodate different paces of change through different sociocultural layers of an organisation" (Stahl et al., 2013, p. 341). Oh and Johnston (2021) also stimulate further investigation into integration time and M&A outcomes.

External integration (E.I.). Other important cross-border M&A success barriers correspond to external or market-related integration challenges, like external reactions to the merger. Customers of either company may be concerned about possible changes in product supply, pricing strategy, sales strategy, etc. (Chen & Wang, 2014; Homburg and Bucerius, 2005, 2006; Öberg, 2018). Moreover, other stakeholders such as suppliers, business partners, or investors may also have concerns. According to Chen and Wang (2014), M&As involving companies with complementary products and external resources (e.g., technologies [Gomes et al., 2013]) tend to be better received by external stakeholders because they tend to involve less change, thus allaying friction and fear of change. One effective way to mitigate E.I. threats is to convince stakeholders of the complementarities of the businesses and the expected value creation (Chen & Wang, 2014).

Despite the importance of customers' view of the deal, "previous research on M&A has neglected marketing issues by and large" (Homburg & Bucerius, 2005, p. 95), and so has practice. Many post-merger integration plans have a strong internal orientation, resulting in a lack of customer guidance. According to Homburg and Bucerius's 2005 survey of 232 M&As, market-related post-merger performance affects overall financial performance much more than cost-saving, which could be why many M&As fail. From such a market-related perspective and under normal business conditions, a higher speed of integration could be beneficial, as it would shorten the uncertainty period for customers. Customers' real and expected actions can impact integration and should be carefully considered during pre-integration (Öberg, 2018).

Integration as a side process. While integration is crucial, it is not a "self-contained process" (Rouzies et al., 2019), meaning both companies must continue their everyday businesses and stay productive. Much effort and resources are dedicated to integration, which may divert management from activities. The scenario may be reversed; however, a sudden need for crisis management might divert management from the integration process. Usually, processes run concurrently, being difficult to isolate—as literature does—performance resulting from integration from performance resulting from other activities/changes. Integration is, therefore, "embedded in a set of ongoing, simultaneous and co-evolving processes" (Rouzies et al., 2019, p. 291). Attempts to isolate the integration process entail creating a self-dedicated team (Gomes et al., 2013).

Alternative approaches. Several authors noticed that Chinese MNEs do not follow a typical acquisition integration process but rather a "supportive partnering" process. Because the targets were large MNEs, acquired as strategic assets with specific capabilities, and usually from developed markets, integration sought not cost savings *per se* but rather non-value-destruction. As such, acquired companies' key personnel, brands, and organizational structures were preserved with almost full autonomy (Figueira et al., 2021; Torres de Oliveira & Rottig, 2018).

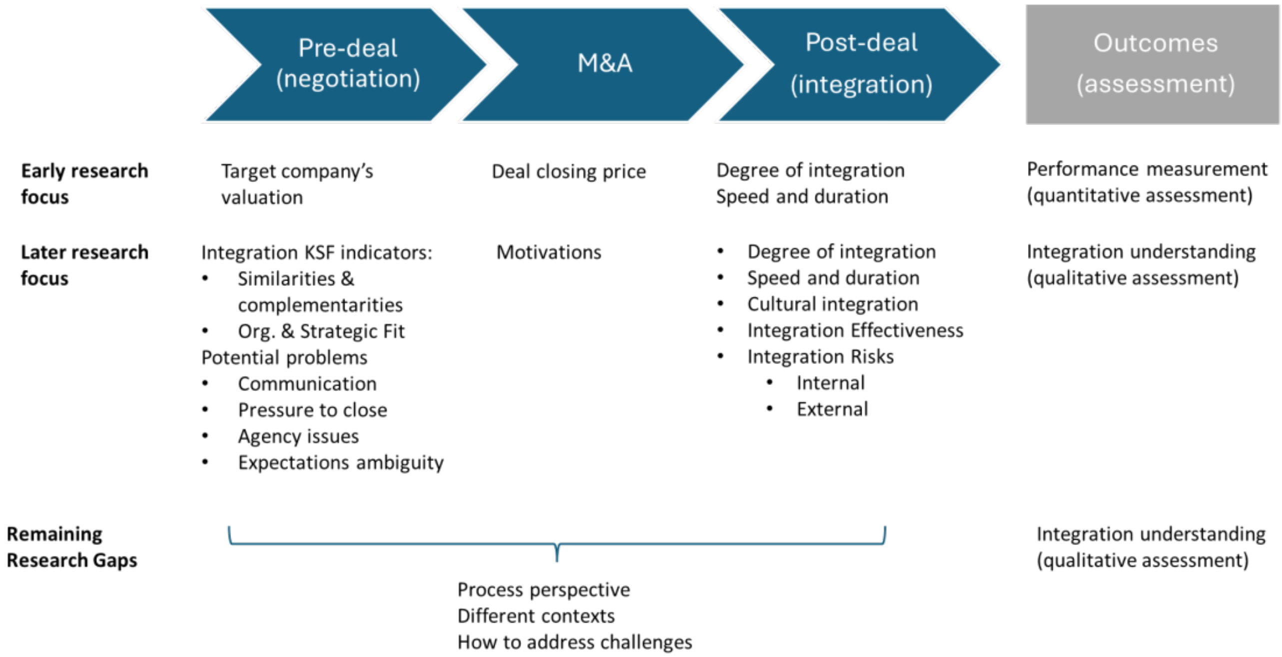
Figure 1 gives a summary of the literature evolution as well as the remaining gaps to be filled.

2. METHOD

This research aimed to advance knowledge in the field by helping to fill the pointed literature gaps (Figure 1). It investigated the acquisition process of a multilatina by a much larger one, emphasizing its integration process. Specifically, it explored the pre- and post-acquisition processes (considering the respective challenges and uncertainties of the process) to answer "How can effective acquisition be achieved?".

2.1. Method choice

This exploratory research was based on the case-study method of investigation. The case study approach can capture the complexity of phenomena such as a cross-border M&A and the entirety of the change processes it encompasses, providing a holistic and systemic view without restricting variables and links. Additionally, it is the most appropriate method for the type of question being asked and for dealing with multiple sources of information (Eisenhardt, 1989; Ghauri, 2004; Yin, 2014). The intrinsic freedom for data generation and analytical capability afforded by the method offer broad coverage that compensates for its inherent limitations (Yin, 2014). Moreover, "since it is a theory-building approach that is deeply embedded in rich empirical data, [...] it is likely to produce a theory that is accurate, interesting, and testable" (Eisenhardt & Graebner, 2007, p. 26). To make our findings and insights more interesting and testable—not to mention lessen the gap between qualitative and quantitative research (Gioia



M&A: merge and acquisition; KSF: key success factors; Org.: organizational.

Figure 1. Literature review summary.

et al., 2013)—we also provide some theoretical propositions at the end of the article. We echo Teerikangas and Thanos (2018, p. 367) in stating that our research approach aligns with the recommendations to explore the qualitative dynamics in M&As and "get inside the M&A phenomenon" (Haleblian et al., 2009, p. 492).

To ensure high validity and reliability, we used research design protocols, semi-structured interview scripts, full interview transcriptions, databases, and multiple triangulated information sources (Yin, 2014).

2.2. Case selection

The case was theoretically sampled. It had to be (1) a current producer of cachaça in Brazil, a sector in an EM (research gap) that has witnessed a trend of international acquisitions (focus of research) since 2010; (2) recently acquired by a multinational corporation; and (3) willing to give interviews and disclose information. These criteria maximise the chances of finding a unique and insightful case. Only three companies passed the first two requirements during the selected period (2010–2017), but two failed the last. The company selected was CachaçaCo[1], a Brazilian producer acquired by International Corporation (IntCorp), a multinational group, through a cross-border M&A in 2015. The mere fact that only three companies passed our criteria and that only one was willing to give interviews demonstrates the importance and uniqueness of this case as empirical evidence to help us understand why M&A processes in EM—and in Latin America in particular—remain a research gap.

[1] Pseudonyms are used for all organizations/individuals for purposes of confidentiality.

2.3. Data collection process

Main data sources were in-depth interviews, triangulated with secondary data publicly available and/or disclosed by the company. First, we conducted three in-depth personal interviews with CachaçaCo's Chief Brand Officer, Manuela Souza, at three different moments, totalling approximately 180 minutes. Inte views were conducted during the integration process. Next, a one-hour interview with a spirits industry specialist, Juliana Silva, was applied to gain a better perspective on the sector and its M&A activities. This interview was held after the integration of CachaçaCo was completed in 2019–2020. Lastly, a one-hour interview was conducted with another CachaçaCo executive, James Earl, who was present throughout the M&A process. Mr Earl worked at the company for six years, two as CachaçaCo's marketing/commercial manager. Before that, he had been on IntCorp's marketing team, closely following the pre-M&A phase.

Two of the authors with experience in the method conducted the interviews, following a semi-structured script of 61 open-ended questions (Appendix 1). The interview questions were based on the literature and aimed at answering our research question. The interviews were taped and fully transcribed to facilitate coding and checking by all authors. After contrasting information from over five full hours of in-depth interviews and 30 documents, the authors were comfortable with information convergence. Table 1 compiles details on data sources.

2.4. Data analysis

The data analysis focused on understanding the integration process, its antecedents, and consequences, contrasting data collected (first-order) with the literature (second-order) (Gioia et al., 2013). Practices and findings were coded and analysed according to the literature reviewed and based on Chen and Wang's (2014) classification of I.I. and E.I. risks. Table 2 fully discloses the coding scheme used. Table 3 details how our first- and second-order coding led to the aggregate dimensions of gradual commitment and integration, which will be discussed in the following sessions.

3. CASE DESCRIPTION

3.1. CachaçaCo

In 2005, a group of entrepreneurs from countries, including Brazil, founded CachaçaCo. Its purpose was to offer a super-premium cachaça on the international market, particularly the United States (US).

Table 1. Data sources.

Primary sources (in-depth interviews)				**Duration (minutes)**
Name (*)	**Position**	**Format**	**Period**	
Manuela Souza (first interview)	CachacaCo's Chief Brand Officer	In-person	During integration	80
Manuela Souza (second interview)	CachacaCo's Chief Brand Officer	In-person	During integration	55
Manuela Souza (third interview)	CachacaCo's Chief Brand Officer	In-person	During integration	45
Juliana Silva	Industry specialist	Video Call	After integration	60
James Earl	CachaçaCo's former executive	Video Call	After integration (but referring to pre-integration events)	65

Secondary Sources		
Type	**Source**	**Number of documents**
Newspapers & Magazines	Miami Herald, Harvard Business Review, The Economist, Fortune, The Guardian, Apex (Brazilian National Export Agency)	10
Websites	IntCorp (*); CachaçaCo (*), Export agencies, Industry associations, M&A institutes	5
Reports	Statista, National Export Agencies, UNCTAD, World Health Organization, IWSR (data on the global beverage alcohol market); Apex (Brazilian National Export Agency), SEBRAE (Entrepreneurship Services Agency), Institute for Mergers, Acquisitions & Alliances, Boston Consulting Group	14
Company documents	IntCorp (*); CachaçaCo (*)	5
Academic work	Conference proceedings analysing the industry	1

(*) disguised names; M&A: merge and acquisition.

Table 2. Coding.

Codes.	Literature
1. Pre-M&A	
Organization fit assessment	Angwin (2001); Chen and Wang (2014); Jemison and Sitkin (1986); Khan et al. (2021)
Cultural fit assessment	Angwin (2001); Chen and Wang (2014); Jemison and Sitkin (1986); Khan et al. (2021)
Strategic fit assessment	Chen and Wang (2014); Oh and Johnston (2021)
Deal closing pressures	Jemison and Sitkin (1986)
Companies' size	Gomes et al. (2013); Homburg and Bucerius (2005)
Pre-M&A experience	Gomes et al. (2013); Stahl et al. (2013)
Courtship	Gomes et al. (2013)
2 Post-M&A	
2.1 Internal	
a) Cultural integration	Björkman et al. (2007); Gomes et al. (2013); Khan et al. (2021); Stahl and Voigt (2008)
b) Organizational integration	Gomes et al. (2013); Rouzies et al. (2019); Stahl et al. (2013)
c) Performance	Chen and Wang (2014);
2.2 External	
a) Customers' relationships	Chen and Wang (2014); Homburg and Bucerius (2005, 2006); Öberg (2018)
b) Product/quality perception	Chen and Wang (2014); Homburg anf Bucerius (2005, 2006); Öberg (2018)
c) Suppliers	Chen and Wang (2014)

Note: the table shows the codes used to analyse data and supporting literature; M&A: merge and acquisition.

Drawing on previous experiences, one of the founders, Mark Brown, knew Americans' love for well-known exotic beverages, such as Mexican tequila, Russian vodka, and Japanese sake. However, cachaça, still very Brazilian, foreign, and exotic, was relatively unexplored. Early imports were of low quality and marketing efforts. CachaçaCo's strategy was, therefore, based on two main pillars: quality and branding. To ensure quality, the product was produced in Brazil and bottled in the Cognac region of France. CachaçaCo invested in marketing and distribution to place the product in fancy restaurants, trendy bars, and important social events in large cities to guarantee branding. The product was advertised in US luxury magazines and online.

After becoming relatively familiar in the US, the next step was to expand internationally. In 2006, the brand entered the United Kingdom and France; in 2007, Austria, Puerto Rico, and Thailand; in 2008, Canada; and in 2009, Italy, Spain, and Portugal. Although CachaçaCo does not disclose any financial figures, it is estimated that from 2005 to 2010, the company increased sales eight-fold. During the same period, the staff grew from 15 to 65 direct employees, over half outside the US. Such growth attracted the attention of large multinational beverage groups, and in 2015, the company announced IntCorp was acquiring it.

3.2. IntCorp

IntCorp was founded in the 1800s in a small Latin American country. It has been family-owned for seven generations, considered the world's largest privately held family-owned spirits company. The company employs around 7,000 people at 20 facilities in 12 locations on four continents, selling in over 170 countries. Mostly known for its original product, the company currently owns more than 200 labels. Its strategy has been acquiring high-quality and consolidated spirits from different regions of the world, diversifying the types of products offered, and increasing penetration. Heritage and high production standards have been the core values pursued to bring new brands into the group's portfolio. Sales are unknown because the company has not released its financial figures; however, Bloomberg estimates are about US$ 4.1 billion.

Table 3. Coding and aggregate dimensions.

First order coding	Second order coding	Aggregate dimensions
	1. Pre-M&A process	
Interviewees did not feel that the two entities were substantially different. Human Resources and Remuneration policies were slightly different, and CachaçaCo was more entrepreneurial.	Organization fit assessment	Gradual commitment
Both companies were already used to operating with different cultures and adapting. No cultural conflicts during the commercial/distribution agreement. Similar work environment /culture (sense of ownership).	Cultural fit assessment	
"CachaçaCo is a distinguished, outstanding brand that is number one in the US premium cachaça market and that complements the portfolio. (...)There is no brand without heritage in the IntCorp (...)".	Strategic fit assessment	
No reference to this	Agency problems	
IntCorp had vast M&A experience (over 200 labels). "Previously, IntCorp would acquire companies and add them to its enormous structure. IntCorp owns some huge brands, [...] smaller brands automatically lose relevance".	Prior M&A experience (*)	
IntCorp knew CachaçaCo from the inside (minority shareholder since inception; commercial/distribution agreement). It also helped the parties build trust and learn to communicate.	Courtship (*)	
"...one was a jet ski, and the other was an ocean liner"	Size of companies	Gradual Integration
	2 Post-M&A processes	
	2.1 Internal integration	
"The Incubation Brands solution came in handy, as CachaçaCo's smaller team worked independently, decreasing potential compensation comparisons and culture clashes regarding daily routines. Also, some of the employees already knew each other, as they worked together during the pre-deal phase" (distribution agreement).	a) Cultural integration	
Integrated as part of Incubation Brands: "I manage a start-up inside a global company"- flexibility regarding rules and standards while having access to the group's operational structure for greater efficiency	b) Organizational / business integration	
Being flexible while taking advantage of a huge cost-efficient structure allowed CachaçaCo to post better results after integration	c) Performance	
	2.2 External integration	
Pricing policy in all regions remained untouched and most clients were already being served by the IntCorp structure, and those who were not would now have other benefits; hence there was no tension coming from clients. "Integrating in phases smoothed the process commercially speaking".	a) Customers' relationships	
"We changed practically nothing in production. It continues to be 100% artisanal."	b) Product perception (quality)	
"I do not recall any big conflicts (...) Only a few service providers were changed"	c) Suppliers	

(*) also contributing to the aggregate dimension of gradual integration; M&A: merge and acquisition; Note: The table shows how first-order codes (raw data) were organized into second-order codes (derived from literature—Table 2), leading to aggregate dimensions.

3.3. Pre-acquisition: courtship period

When Mark Brown decided to launch a new cachaça brand, raising capital was one of his main concerns. Several possible investors were contacted, including IntCorp, which has always tried to stay ahead of new trends in spirits. The company had an inside team that studied the spirits markets and potential target companies. Thus, when Mr Brown announced plans to develop the company, IntCorp decided to invest. It acquired a tranche of CachaçaCo stock and the first right of refusal in case of any future sale of the company.

External complementarities. When CachaçaCo's business began to bear fruit, the two companies had already grown to know each other and decided to strengthen their relationship through a commercial and distribution agreement for CachaçaCo products. According to James Earl, an IntCorp employee was exclusively dedicated to ensuring smooth implementation of distribution and marketing. CachaçaCo's team would often share their marketing and strategy plans with them. By 2015, CachaçaCo was performing well: it had received multiple awards for premium quality, created brand awareness in various markets, and expanded into several countries. Mr Brown had finally succeeded in creating a quality cachaça brand. IntCorp, on the other hand, had no cachaça brand of its own. Additionally, the concepts of strong brand and high quality—which the group had always championed for the brands under its management—were present in CachaçaCo. According to Ms Souza:

CachaçaCo is a distinguished, outstanding brand: it's number one in the US premium cachaça market; it complements our portfolio, and it's done an exceptional job regarding on-trade since launching. IntCorp would never acquire a run-of-the-mill cachaça brand or one without good backing. There is no brand without heritage in the IntCorp portfolio and no low-end brand.

Internal similarities and differences. Similar friction due to national and organisational cultural differences is usually expected in M&A deals, but CachaçaCo was born an international company. IntCorp was a multinational company already dealing with various cultures, so both were used to operating with cultural differences. Thus, according to the interviewees, national cultural factors were not seen as a problem before acquisition. As for organisational culture, the interviewees did not feel that the two entities were substantially different, nor did they recall any cultural conflicts during the commercial and distribution agreement, when interaction was constant. There were, however, different organisational and managerial processes and styles, mainly since one company was small and could thus afford to be informally managed, and the other was a big multinational managing several brands and complying with myriad regulations and processes. Mr Earl said, "One was a jet ski, and the other was an ocean liner."

3.4. Post-acquisition

Internal challenges and risks: organizational. Withvast M&A experience, IntCorp knew the integration challenges ahead, especially considering the size mismatch.

Previously, IntCorp acquired companies and added them to its enormous structure. "IntCorp owns some huge brands, [...] and people tend to treat these [small] brands the same way [...] smaller brands automatically lose relevance; also, many things you could be doing micro, you end up doing macro, and as a result you lose market share, visibility, etc." (Ms Souza)

To respect the characteristics of the smaller acquired brands, IntCorp created a division called 'Incubation Brands', in which they would be treated as start-ups and allowed flexibility regarding compliance with group rules and standards. Nevertheless, while having the freedom to function differently, they also had access to the group's operational structure for greater efficiency in Logistics, Sales, Finance, Human Resources, Legal, etc. The Incubation Brands division was originally intended to accommodate CachaçaCo, but by the end of 2020, it encompassed eight small brands. All Incubation Brands were new (founded in 2000)—artisanal beverages with some degree of provenance and great growth potential. No brand had left the incubation "phase," nor was any expected to leave soon due to their still niche characteristics. Being flexible and dynamic when needed and taking advantage of a huge cost-efficient structure allowed CachaçaCo to post better results after integration: "I manage a start-up inside a global company" (Ms Souza).

However, the new structure meant several changes for CachaçaCo's employees. Although many were laid off, the original teams were fully retained in the

Product, Marketing, and Production departments. By the end of the shakeup, CachaçaCo's staff had been cut from 65 direct employees to 13, obviously causing some noise. Communication regarding long-term plans was stepped up to compensate, so the remaining employees would clearly understand their roles.

Internal challenges and risks: cultural. As mentioned, both companies were already used to operating with different cultures and adapting: "Brazilians work differently from Americans, and both work differently from Europeans. I must always adapt my approach." (Ms Souza).

However, the companies' cultures did not diverge much, especially regarding employee relations. Despite its size, IntCorp nurtured a family-business environment. Also, a sense of ownership was fostered; thus, the work environment largely mirrored that found at CachaçaCo. As a small company, CachaçaCo's ambience was akin to one big family, with everybody being encouraged to solve different problems. Employees were motivated to be accountable and were rewarded for their achievements. Nevertheless, Mr Earl stated that CachaçaCo still had a more entrepreneurial culture, mirroring a true start-up company, whereas IntCorp had a tighter and slightly more formal way of doing business. Also, Human Resources and Remuneration policies were slightly different, as expected. Again, the Incubation Brands solution came in handy, as CachaçaCo's smaller team worked independently, decreasing potential comparisons, acculturation problems, and culture clashes regarding daily routines. Integration with other main company areas was smooth and mostly informal, as CachaçaCo had a small team and had already been working with IntCorp in commercial and distribution before the acquisition.

External challenges and risks. CachaçaCo was already known as a premium, artisanal beverage company, and IntCorp had no intention of changing that: "It's 100% identical. Otherwise, we would lose what IntCorp had acquired" (Ms Souza). Pricing policy in all regions remained untouched, whereas sales and distribution were concentrated 100% at IntCorp. Mr Earl stated that integrating in phases smoothed the process from a product-sales perspective. Most clients were already being serviced by the IntCorp structure; hence, there was no tension with clients. The same goes for suppliers: "I personally do not recall any big conflicts, especially since we changed practically nothing in production" (Mr Earl). Curiously, however, a few mixology[2] bars feared quality would fall. Although such bars were only niche, their concern underscored the need to maintain the artisanal production process.

Industry comparison. Ms Silva said the integration of smaller brands in the spirits industry is generally rapid: "It's very simple: synergies are huge and processes very similar, so it's basically 'plug and play.' 98% of the ingredients and processes are the same; you need the experts to handle the brand and that 2% difference."

However, Ms Silva recognised the difficulties when acquired brands are too different from the group's other brands in size or product type. She cited two other cases in the beverage industry where integration was compromised because the pace of integration was too fast and the companies were too different: "If you incorporate [the acquired, smaller brand] into the larger sales structure, it gets lost because [the larger brand's] distributors and salespeople just 'forget' to sell its products. On the other hand, if you give it exclusive distribution and sales, you lose margin and kill the brand internally. It's as if you start the game already losing."

4. PROPOSITION DEVELOPMENT

IntCorp's expansion strategy had been equity-based (Shimizu et al., 2004) and M&A-oriented, with its only greenfield investment being the original brand. So, it had substantial experiential knowledge about acquisitions (Gomes et al., 2013; Stahl et al., 2013), which might explain two interesting and central strategies that have helped smooth and improve integration, especially regarding brands of different sizes: gradual involvement (pre-acquisition strategy) and gradual integration (post-acquisition strategy).

4.1. Gradual involvement

As mentioned, the acquisition of CachaçaCo was not abrupt but gradual. IntCorp's experience with multiple cross-border M&As underscored the impor-

[2] Mixology is generally accepted as a refined and in-depth study of the art and craft of mixing drinks.

tance of the pre-deal phase. First, International's dedicated team studied the industry to find the perfect target. Then, it prioritised courtship (Gomes et al., 2013) and gradual commitment to the acquisition to get to know the other party. Since its inception, IntCorp had been a minority shareholder and had a commercial and distribution agreement with CachaçaCo. It knew the target company from the inside and was thus able to make an objective evaluation of the business as well as potential integration pitfalls by assessing both companies' internal and external resources to find similarities and complementarities before the acquisition (Chen & Wang, 2014; Gomes et al., 2013; Stahl et al., 2013). This strategy not only enabled a better assessment of the two companies' cultural and institutional fit prior to closing the deal (Angwin, 2001; Khan et al., 2021) but also helped the parties in subsequent communications, mutual understanding, and trust building, thereby increasing the chances of a successful integration (Gomes et al., 2013). Lastly, the strategy helped the acquirer design the best integration process/structure (Incubation Brands). Hence, our first proposition regarding the pace of commitment was:

P1. Acquisitions done in stages (gradual commitment) have a higher chance of effective cross-border M&A integration.

4.2. Gradual integration

From prior M&A experiences (Gomes et al., 2013; Stahl et al., 2013) and courtship period (Gomes et al., 2013), IntCorp learned that integrating smaller companies like CachaçaCo is risky (Gomes et al., 2013; Homburg & Bucerius, 2005). Often, acquired companies lose their relevance relative to the rest of the group because larger brands bring higher returns and thus garner more attention from top management. IntCorp leveraged this knowledge into a strategy of gradual integration for smaller brands by initially managing them in an internal incubator while the operational departments started integrating them into the main structure. This approach generates less friction and affords a longer acculturation period, thus solving the integration speed dilemma without harming the business (Bauer et al., 2018; Homburg & Bucerius, 2006; Oh & Johnston, 2021). At a later stage, with operational integration complete, integration of market and product-related departments could be re-assessed to see if the brand was ready to be integrated (akin to the process of a start-up leaving the incubator structure). This can be stated in a second proposition:

P2. Gradual integration of a small company into a larger structure increases the chance of effective cross-border M&A integration.

The integration of CachaçaCo into IntCorp was facilitated by the similarity of their internal resources, decreasing I.I. risk (Chen & Wang, 2014). First, both companies had similar cultures and core values. Secondly, both had similar work dynamics. Again, gradual involvement enabled fit assessment before closing the deal. The cultural differences arising from the cross-border nature of the deal were not a significant hurdle, as both companies already had global operations and mindsets. Still, attention was paid to socio-cultural integration, observing several of the recommended socialisation practices mentioned in the literature: personnel rotation, short-term visits, task force committees, etc. Incubator Brands is an example of a task force where smaller brands share efforts to grow together, a phenomenon not thus far reported in the literature.

E.I. risks were mitigated by the complementarities of external resources (Chen & Wang, 2014). IntCorp and CachaçaCo offered different categories of products and thus did not compete directly (Homburg & Bucerius, 2006). Other factors that could engender a negative response from customers or suppliers (e.g., price policy, production process, and marketing strategy) remained unchanged and were not disruptive.

5. DISCUSSION

While it may be true that "all value creation takes place in post-merger integration" (Haspeslagh & Jemison, 1991, p. 132), value destruction may also occur. Knowing how to manage risks, the integration process and other processes happening at the two still-separated entities seems crucial. The present study explored an empirical case involving an effective acquisition based on gradual commitment and integration, with the process being considered effective when it was both sociocultural- and task-integrated (Björkman et al., 2007). Figure 2 summarizes what we know and how our findings/propositions relate to it.

M&A: merge and acquisition; KSF: key success factors; Org.: organizational.

Figure 2. Effective acquisition Process framework.

Despite being based on a high-commitment mode of entry (M&A), analysis of IntCorp's strategy is strongly reminiscent of the Uppsala model of internationalization (Johanson & Vahlne, 1977) which is also based on concepts of process, experiential learning, and gradual commitment.

IntCorp was able to find a target company with a relatively good corporate and cultural fit (internal resource similarities) and product complementarity (external resources), which decreased future I.I. and E.I. risks (Chen & Wang, 2014; Homburg & Bucerius, 2006). Nevertheless, their differences in size and management style could have jeopardized the deal's success and future value creation. IntCorp's experience in cross-border M&A deals proved invaluable during the pre-deal (assessing future fit and complementarities) and post-deal (implementing integration through a special structure design) phases.

The so-called double-layered acculturation (Björkman et al., 2007; Stahl & Voigt, 2008; Stahl et al., 2013) was mitigated because both companies had international and relatively similar cultures, facilitating integration (Stahl et al., 2013). Moreover, integration was (a) gradual (stepwise—first, distribution and commercial teams during the pre-deal phase, then the rest of the employees); (b) planned (differences and challenges identified by acquirer during the pre-deal phase); and (c) buffered (the acquired firm in the Incubations Brands structure), thus smoothing the process, and considerably increasing its chance of success. As such, this case is unique and worthy of attention, not only because of the successful rate in a high failure rate context (Haleblian et al., 2009) but also because, to the best of our knowledge, no other MNE has managed a cross-border M&A in such a way.

The case provides significant insights for the M&A literature regarding pace, size mismatch, and the importance of dedicated teams. This case adds to the pace/speed-of-integration discussion by posing an alternative to the fast/slow integration dichotomy (with a gradual and continual process starting before acquisition). Regarding the size-mismatch literature, we provide an empirical case of a multilatina with extensive experience in such deals that devised an alternative, creative, and unconventional structure to embed the new business while gradually attenuating any potential friction. Also, the case illustrates the importance of dedicated teams constantly studying and monitoring industry trends and potential acquisition targets, seeking the best organisational, strategic, and cultural fit.

Additionally, the case stands out as a multilatina M&A case with a process perspective; such cases are rare and need additional research (Gomes et al., 2013; Junni & Teerikangas, 2019). Finally, according to key studies, EMNEs usually engage in M&A to enter new markets and acquire assets that compensate for some strategic disadvantage or gain legitimacy (Luo & Tung, 2018; Shimizu et al., 2004). In this case, however, IntCorp's goal was mainly portfolio diversification, which is not very different from that of a typical MNE, which poses the question of whether our findings can be investigated in developed contexts.

CONCLUSION

This unique case empirically investigated how the main cross-border M&A integration challenges were handled by an experienced international group from Latin America. It explored the pre- and post-acquisition processes to answer "How can effective acquisition be achieved?". We provided two novel propositions to answer this question. The propositions regarded gradual commitment in the pre-M&A phase and gradual integration in the post-M&A phase. In the investigated case, gradual commitment and a gradual unconventional integration structure smoothed the process and decreased the potential negative effects of acquiring a company of different sizes and management styles. As a result, the acquirer considered cross-border M&A effective.

The paper addressed several research gaps identified in literature and summarized in Table 1: (1) Studies of transactions and integrations within developing contexts (Junni & Teerikangas, 2019) and Latin America in particular (Aguilera et al., 2017; Cuervo-Cazurra, 2016); (2) More studies adopting the process perspective (Gomes et al., 2013); and (3) Further research exploring effective integration (Haleblian et al., 2009). However, the main academic contribution lies in derived theoretical propositions regarding pace and gradual commitment both in the pre- and post-deal phases of a cross-border acquisition when the target firm is of a different size. Additionally, we summarized findings in a framework (Figure 2) that can help both academics and practitioners understand the process of an effective acquisition. The study indicated processes that foster effective M&As of different-sized companies, which is a big challenge for managers handling cross-border acquisitions. Gradual processes, with a strong but paced internal focus and customer-oriented integration, as demonstrated in this case, seem to be a possible solution and are, thus, an important practical contribution to this work. Our interview with Ms Silva indicates this is a challenge for the industry and a field for potential contribution from the academy.

Study limitation and future research

Despite our research having gathered information from three points in time, an opportunity for future study would be to follow up on this integration process via a longitudinal study, as full integration processes require 5–12 years for completion (Teerikangas & Thanos, 2018). Stahl et al. (2013, p. 341) noted that "…retrospective research can be only partly helpful in this endeavour, as sense giving of what happened early in the merger can easily be coloured by later events"; therefore, collecting and analysing qualitative data early in the merger, as it was done in this research, is of paramount importance. In other future studies (besides quantitative ones to test the theoretical propositions presented here), it would be useful to replicate the study with other companies in various industries, as well as in other multilatinas and EMNE at different stages of their integration processes.

REFERENCES

Aguilera, R. V., Ciravegna, L., Cuervo-Cazurra, A., & Gonzalez-Perez, M. A. (2017). Multilatinas and the internationalization of Latin American firms. *Journal of World Business*, *52*(4), 447-460. https://doi.org/10.1016/j.jwb.2017.05.006

Angwin, D. N. (2001). Mergers and acquisitions across European borders: National perspectives on preacquisition due diligence and the use of professional advisors. *Journal of World Business*, *36*(1), 32-57. https://doi.org/10.1016/S1090-9516(00)00053-5

Angwin, D. N., & Meadows, M. (2009). The choice of insider or outsider top executives in acquired companies. *Long Range Planning*, *42*(3), 359-389. https://doi.org/10.1016/j.lrp.2009.05.005

Bauer, F., Hautz, J., & Matzler, K. (2015). Unveiling the myths of M&A integration: challenging general management and consulting practice. *Journal of Business Strategy*, *36*(2), 16-24. https://doi.org/10.1108/JBS-12-2013-0123

Bauer, F., Schriber, S., Degischer, D., & King, D. R. (2018). Contextualizing speed and cross-border acquisition performance: Labor market flexibility and efficiency effects. *Journal of World Business*, *53*(2), 290-301. https://doi.org/10.1016/j.jwb.2018.01.001

Björkman, I., Stahl, G. K., & Vaara, E. (2007). Cultural differences and capability transfer in cross-border acquisitions: the mediating roles of capability complementarity, absorptive capacity, and social integration. *JIBS*, *38*(4), 658-672. https://doi.org/10.1057/palgrave.jibs.8400287

Chen, F., & Wang, Y. (2014). Integration risk in cross-border M&A based on internal and external resource: Empirical evidence from China. *Quality and Quantity*, *48*(1), 281-295. https://doi.org/10.1007/s11135-012-9768-2

Cuervo-Cazurra, A. (2016). Multilatinas as sources of new research insights: The learning and escape drivers of international expansion. *Journal of Business Research*, *69*(6), 1963-1972. https://doi.org/10.1016/j.jbusres.2015.10.142

Cuervo-Cazurra, A., & Ramamurti, R. (2014). Introduction. In A. Cuervo-Cazurra & R. Ramamurti (Eds.), *Understanding Multinationals from Emerging Markets* (pp. 1-12). Cambridge University Press. https://doi.org/10.1017/CBO9781107587632.002

Eisenhardt, K. M. (1989). Building theories from case study research. *Academy of Management Review*, *14*(4), 532-550. https://doi.org/10.2307/258557

Eisenhardt, K., & Graebner, M. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, *50*(1), 25-32. https://doi.org/10.5465/amj.2007.24160888

Figueira, S., Torres de Oliveira, R., Rottig, D., & Spigarelli, F. (2021). Lessons on a novel integration approach of emerging market acquisitions in developed countries. *International Journal of Emerging Markets*, *16*(4), 645-673. https://doi.org/10.1108/IJOEM-01-2019-0077

Galpin, T. J. (2021). As another M&A wave begins: three keys to success. *Strategy & Leadership*, *49*(2), 14-21. https://doi.org/10.1108/SL-01-2021-0008

Ghauri, P. (2004). Designing and conducting case studies in international business research. In R. Piekkari & C. Welch (Eds.), *Handbook of Qualitative Research Methods for International Business* (pp. 109-124). Edward Elgar.

Gioia, D., Corley, K. & Hamilton, A. (2013). Seeking qualitative rigor in inductive research: notes on the Gioia methodology. *Organizational Research Methods*, *16*(1), 15-31. https://doi.org/10.1177/1094428112452151

Gomes, E., Angwin, D., Weber, Y. & Tarba, S. Y. (2013). Critical Success Factors through the Mergers and Acquisitions process: Revealing Pre- and Post-M&A Connections for Improved Performance. *Thunderbird International Business Review*, *55*(1), 13-35. https://doi.org/10.1002/tie.21521

Graebner, M. E., Heimeriks, K. H., Huy, Q. N., & Vaara, E. (2017). The process of postmerger integration: A review and agenda for future research. *Academy of Management Annals*, *11*(1), 1-32. https://doi.org/10.5465/annals.2014.0078

Haleblian, J., Devers, C. E., McNamara, G., Carpenter, M. A., & Davison, R. B. (2009). Taking stock of what we know about mergers and acquisitions: a review and research agenda. *Journal of Management*, *35*(3), 469-502. https://doi.org/10.1177/0149206308330554

Haspeslagh, P. C., & Jemison, D. B. (1991). *Managing Acquisitions: Creating value through corporate renewal*. Free Press.

Homburg, C., & Bucerius, M. (2005). A marketing perspective on mergers and acquisitions: How marketing integration affects postmerger performance. *Journal of Marketing*, *69*(1), 96-113. https://doi.org/10.1509/jmkg.69.1.95.55510

Homburg, C., & Bucerius, M. (2006). Is speed of integration really a success factor of mergers and acquisitions? An analysis of the role of internal and external relatedness. *Strategic Management Journal*, *27*(4), 347-367. https://doi.org/10.1002/smj.520

Jemison, D., & Sitkin, S. (1986). Corporate Acquisitions: A Process Perspective. *Academy of*

Management Review, *11*(1), 145-163. https://doi.org/10.2307/258337

Johanson, J., & Vahlne, J.-E. (1977). The internationalization process of the firm: a model of knowledge development and increasing foreign market commitments. *JIBS*, *8*(1), 23-32. https://doi.org/10.1057/palgrave.jibs.8490676

Junni, P., & Teerikangas, S. (2019). Mergers and Acquisitions. *Oxford Research Encyclopedia of Business and Management*. https://doi.org/10.1093/acrefore/9780190224851.013.15

Khan, Z., Rao-Nicholson, R., Akhtar, P., & He, S. (2021). Cross-border mergers and acquisitions of emerging economies' multinational enterprises — The mediating role of socialization integration mechanisms for successful integration. *Human Resource Management Review*, *31*(3), 100578. https://doi.org/10.1016/j.hrmr.2016.12.003

Li, Y., Redding, K. S., & Xie, E. (2019). Organizational characteristics of cross-border mergers and acquisitions: A synthesis and classic case examples from around the world. *Journal of Organizational Change Management*, *34*(1), 223-251. https://doi.org/10.1108/JOCM-01-2017-0008

Luo, Y., & Tung, R. L. (2018). A general theory of springboard MNEs. *JIBS*, *49*(2), 129-152. https://doi.org/10.1057/s41267-017-0114-8

Öberg, C. (2018). Customer Roles in M&A Integration. *International Studies of Management & Organization*, *48*(1), 43-70. https://doi.org/10.1080/00208825.2018.1407084

Oh, J.-H., & Johnston, W. J. (2021). How post-merger integration duration affects merger outcomes. *Journal of Business & Industrial Marketing*, *36*(5), 807-820. https://doi.org/10.1108/JBIM-11-2019-0476

Rouzies, A., Colman H. L., & Angwin, D. (2019). Recasting the dynamics of post-acquisition integration: an embeddedness perspective. *Long Range Planning*, *52*(2), 271-282. https://doi.org/10.1016/j.lrp.2018.03.003

Shimizu, K., Hitt, M. A., Vaidyanath, D., & Pisano, V. (2004). Theoretical foundations of cross-border mergers and acquisitions: A review of current research and recommendations for the future. *Journal of International Management*, *10*(3), 307-353. https://doi.org/10.1016/j.intman.2004.05.005

Stahl, G. K., Angwin, D. N., Very, P., Gomes, E., Weber, Y., Tarba, S. Y., Noorderhaven, N., Benyamini, H., Bouckenooghe, D., Chreim, S., Durand, M., Hassett, M. E., Kokk, G., Mendenhall, M. E., Mirc, N., Miska, C., Park, K. M., Reynolds, N.-S., Rouzies, A., Sarala, R. M., Seloti, S. L., Jr., Søndergaard, M., & Yildiz, H. E. (2013). Sociocultural Integration in Mergers and Acquisitions: Unresolved Paradoxes and Directions for Future Research. *Thunderbird International Business Review*, *55*(4), 333-356. https://doi.org/10.1002/tie.21549

Stahl, G. K., & Voigt, A. (2008). Do cultural differences matter in mergers and acquisitions? A tentative model and examination. *Organization Science*, *19*(1), 160-176. https://doi.org/10.1287/orsc.1070.0270

Teerikangas, S., & Thanos, I. C. (2018). Looking into the 'black box'–unlocking the effect of integration on acquisition performance. *European Management Journal*, *36*(3), 366-380. https://doi.org/10.1016/j.emj.2017.06.002

Torres de Oliveira, R., & Rottig, D. (2018). Chinese acquisitions of developed market firms: home semi-formal institutions and a supportive partnering approach. *Journal of Business Research*, *93*, 230-241. https://doi.org/10.1016/j.jbusres.2018.04.031

United Nations Conference on Trade and Development (UNCTAD) (2021). *World Investment Report*. UNCTAD. Available at https://unctad.org/system/files/official-document/wir2021_en.pdf

Yin, R. K. (2014). *Case study research: Design and methods*. Sage.

Zilber, M. A., Fischmann, A. A., & Pikieny, E. E. (2002). Alternativas de Crescimento: a Alternativa de Fusões e Aquisições. *RAM-Revista de Administração Mackenzie*, *3*(2), 137-154.

How to cite this article:

Kogut, C. S., Mello, R. D. C., & Cunha, T. B. (2024). Gradual commitment and integration: a multilatina cross-border merger and acquisition case. *Internext*, *19*(3), 260-278. https://doi.org/10.18568/internext.v19i3.799

Appendix 1. Interview's questions.

Question	Purpose	Author
• Interviewee Profile • How long have you been in the company/industry • Discussing company`s main products and corporate portfolio • Sense of size (revenues, volume) How many employees does it have today?	Description/ Ice Breaker	-
• How long did the acquisition negotiation take? • How many employees were there in the company when the acquisition occurred? • Did the company already have international experience before the acquisition? If so, could you describe it? (countries, only exports, commercial offices, etc.) • What about after the acquisition? Has it initiated or expanded internationalization? How? • In your view, what were the company's strengths when acquired? (Brand, distribution, product quality, cost, etc.) • What was the focus of internal initiatives regarding development/improvements at the acquired company just after the acquisition? (marketing, HR, production, controls, etc.) • What was the company's market share in the year of the acquisition and after? • Before the acquisition, did the acquirer have any experience with cachaça? If so, what kind of experience was it? • Before acquisition, did the acquirer produce/ sell or distribute any other product(s) in Brazil? If so, what kind of product was it? • What was the main reason/motivation behind the acquisition? • Did any competitor do a similar movement before the acquisition? Which competitor? • How do you interpret the cross-border M&A movements in the sector? (Main reasons) • Did both firms increase their global presence (number of countries attended and sales volume)? • Do you see any advantage for the acquirer in terms of better dealing with Brazilian regulation after the acquisition due to having a local operation?	The acquisition, pre-phase, and motivations	• Martynova; Rennerboog (2008) • Valentini (2012) • Evenett (2004) • Boateng et al. (2008) • Ohmae (1989) • Shimizu et al. (2004) • Errunza; Senbet (1981) • Kogut; Singh (1988) • Brouthers (2002)

Continue...

Appendix 1. Continuation.

Question	Purpose	Author
• If you had to divide the integration process into different fields, which would require the most attention during the integration of the two firms? Why? • Do you remember any unusual movement of the acquirer's shares (in the case of an open-capital company) just after the acquisition announcement? Could you explain this financial market behaviour? • Was it a hostile acquisition? • Did you have any relationship with the target firm before the acquisition? If so, what kind of relationship was it? • What is the main legacy of the acquisition for the ACQUIREE brought by the ACQUIRER? • What is the main legacy of the acquisition for the ACQUIRER brought by the ACQUIREE? • What can you tell about synergy between the two companies? Could you give some examples of what you have observed so far? • How was the flow of knowledge after the acquisition? Did you incorporate previous procedures from the acquiree at the acquirer? Did you export procedures to the acquiree? Can you give examples? • How was the technology flow after the acquisition? Was any production process changed at the acquirer or at the acquiree due to techniques learned from the other firm? Can you give some examples? • What are the two firms' main similarities in the integration? (Explain what similarities mean during the interview) • Have distribution costs reduced for the acquirer or acquiree, after the integration? (Try to understand how the distribution systems of both companies are combined nowadays since logistics is the heart of the operation.)	Internal Integration Risk	• Erramilli et al. (2002) • Chen & Wang (2014) • Capron; Mitchell (2009) • Puranam et al. (2003) • Agarwal; Ramaswami (1991) • Cartwright; Cooper (1993) • Leroy; Ramanantsoa (1997)

Continue...

Appendix 1. Continuation.

Question	Purpose	Author
• Did the acquirer consider starting a new business since its beginning instead of acquiring an existing one? Why? • How was the cachaça market at the time of the transaction? (expanding, stable, contracting) • Did both firms increase their global presence (number of countries attended and sales volume)? • What are the main complementarities of the two firms involved in the integration? (Explain what complementarities mean during the interview) • Did you change strategy in product supply, pricing, or sales just after the acquisition? • Could you identify changes in consumer behavior just after the acquisition for products of both firms in the Brazilian market? What about suppliers or any other stakeholder involved in the company's activities you possibly want to mention?	External Integration Risk	• Erramilli et al. (2002) • Chen and Wang (2014) • Capron; Mitchell (2009) • Puranam et al. (2003) • Homburg and Bucerius (2006) • Chen and Wang (2014)
• Did you see relevant changes in personnel after the acquisition? What positions? • How do you deal with language differences? • Do you realize any kind of difference between the cultures of both COUNTRIES? Are they manageable? • In your opinion, did these differences affect the integration positively or negatively? Why? • Do you realize any kind of difference between the internal cultures of both companies (Not countries)? Are they manageable? • In your opinion, did these differences affect the integration positively or negatively? Why? • How does the formal interaction between acquirers in Brazil and those outside Brazil usually happen? (Explore if not mentioned: daily contact, meetings, direct contact between peer areas or passed to one specific person who transmits demands, a mix of teams through both facilities, job rotation, training, etc.) • Is there any kind of regular social event joining the employees of the acquirer and acquiree? (Regular celebrations, occasional parties, day-offs, etc.) • Are the values and objectives of the group clear? How do they communicate them through the subsidiaries? And how do you try to communicate them to your employees (through the acquired firm)?	Cultural Differences	• Quah; Young (2005) • Stahl and Voigt (2008) • Barkema; Vermeulen (1997), • Bjorkman et al. (2007) • Zhu; Huang (2007) • Hofstede; Bond (1988) • Slangen (2006) • Larsson; Lubatkin (2001) • David; Singh (1994)