

Diaspora Networks in Cross-Border Mergers and Acquisitions



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Abstract This chapter conceptually explores how diaspora networks influence cross-border M&As in Africa. It seeks to build on both network and resource-based perspectives, and makes contribution by developing a conceptual model and testable propositions that draw explicitly on the concept of diaspora networks to inform both scholarly and practitioner research on African cross-border M&A performance. The model shows how diasporic ties of the acquiring firm senior leaders may influence outcomes associated with African cross-border M&As. Additionally, three main variables—diaspora’s time spent outside Africa, tribal ties with government officials and target firm owners/managers and shared colonial heritage—are proposed to moderate the effects of diaspora networks on post-M&A performance. Finally, implications for practice and further studies are also discussed.

1 Introduction

Merger and acquisition (M&A) activities have been well studied, especially in the mature, advanced markets of North America and Western Europe over the last half-century. And, though vast empirical evidence has been generated during this time period which suggests that M&A performance is mediocre at best (King et al. 2004; Papadakis and Thanos 2010; Schoenberg 2006), cross-border M&As continue to be a popular strategic initiative used by corporate executives for achieving imperatives related to firm growth and value creation (Coleman and Lunnan 2011; Degbey 2015; Degbey and Hassett 2016; Gomes et al. 2011). This creates a conundrum and begs

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for answers to questions such as Do any factors reliably or consistently explain M&A performance? or What factors help to differentiate those firms that experience post-M&A value creation from those that suffer declines in value?

What may be even more perplexing is the fact that while our understanding of the factors and mechanisms that explain cross-border M&A performance in developed markets continues to be elusive, there is a steady increase in the number of cross-border M&As incurring in emerging markets (Deng and Yang 2015; UNCTAD 2014). Few would challenge the fact that because of factors such as low formal institutional development, economic instability, and firms with fewer resource endowments, most emerging markets pose even greater challenges to firms engaging in cross-border M&As. One such emerging market that is receiving growing attention is Africa. In recent years, both practitioners and scholars alike, are venturing into the uncharted territory of engaging in and studying M&As on the African continent (Degbey and Ellis 2017; Ellis et al. 2015; Erhun et al. 2005; Gomes et al. 2012). Despite the unique characteristics of the African continent (see, e.g. Mellahi and Mol 2015), like the broader M&A literature, very little is known about key drivers of M&A performance associated with African cross-border deals. Moreover, a recent publication on Africa as an emerging context for value creation with cross-border M&As, remarks in conclusion that “although academic research lags behind practitioner publications on the subject matter . . . , scholars need to recognize that M&A activity is still at its infant stage on the continent, and it is critical for them to lead the way in developing conceptual/theoretical insights and ask relevant questions about African M&A activity in order to generate an understanding for prospective dealmakers and advance the M&A research literature” (Degbey and Ellis 2017, p. 188).

In light of the above calls for conceptual development and the expansion of our understanding regarding influencing factors and mechanisms through which the extent of success for M&As transactions in Africa can be predicted, we explore an important, yet unexplored dimension of cross-border M&As on the African continent: diaspora networks (see, e.g. Elo 2015; Minto-Coy 2016). That is, the underlying purpose of this study is to suggest that diaspora networks have significant impact on the success of African cross-border M&As, and to provide a framework and testable propositions as a starting point for future empirical investigation. More specifically, this chapter conceptually addresses the research question: *How do diaspora networks influence cross-border M&As in Africa?* The study of diaspora networks in cross-border M&As in emerging economies is as yet an immature area of inquiry, and this chapter seeks to build on the network and resource-based perspectives to address this research void in our understanding, especially with respect to African M&As. The chapter contributes to cross-border M&A research on emerging economies, particularly the growing literature on African M&As. Specifically, we develop a theoretical model and from this offer propositions by drawing on the concept of diaspora networks to inform the literature on African cross-border M&A performance.

Our model shows a direct linkage between diaspora networks and post-M&A performance, indicating how non-local knowledge of the acquiring firm facilitated

by diasporic ties of its senior leaders may influence outcomes associated with African M&As. In addition, we highlight the moderating effects of (a) *diaspora's time spent outside Africa*, (b) *tribal ties with government officials and target firm owners/managers* and (c) *shared colonial heritage* on the main effect of diaspora networks on post-M&A performance. The model thus provides scholars and practitioners with a diaspora network perspective for understanding the performance of cross-border M&As in Africa. For academics, this chapter offers a proposed conceptual model that is testable and can be expanded to include other attributes of the diaspora network or other contextual factors such as formal and informal institutional determinants. For M&A practitioners, this chapter could mean creating awareness regarding the effect of diaspora networks and identifying its related key influencing factors that can undermine or strengthen the outcome of cross-border M&As in Africa.

The rest of the chapter is structured as follows. First, the theoretical background is introduced detailing the trends and overview of African M&As, and thereafter, the concept of diaspora networks is introduced and defined. Second, a model and propositions are developed by establishing a linkage between diaspora networks and African cross-border M&As. Finally, the chapter ends with conclusions and suggestions for future research.

2 Theoretical Background

2.1 African Cross-Border M&As: Trends and Overview

M&As have increasingly become common as a key medium for foreign direct investment (FDI) in Africa. For example, a recent report on 'African M&A brief and top deals 2016' shows an increase (by value) of 49.1% in M&A activity on the continent compared to 2015 (Mergermarket 2016). Factors such as greater diversification, increased economic stability in various African countries, an abundance of natural resources throughout Africa, as well as the existence of sizable consumer markets in many African countries, have supported the strong growth in M&A activity in Africa (Mergermarket 2012; Triki and Chun 2011). Similarly, a recent empirical study which explores jointly firm- and country-specific antecedents of African M&As find that improvements in time varying country-level factors such as location advantages (market size, human capital and efficiency opportunities), national governance quality, stock market development, and firm characteristics are linked to an increase in the volume of M&A activity (Tunyi and Ntim 2016).

Figure 1 presents an overview of the trends in African M&A in terms of the number and value of deals from 2010 to 2015. Cross-border M&As (that is, deals undertaken between firms of different national origin—Shimizu et al. 2004), constitute about half of all announced M&A deals globally (Clifford Chance 2013). For example, in 2015, the total value of cross-border M&As globally surged to over \$721 billion, an increase of approximately 67% over the total value of 2014, and thus

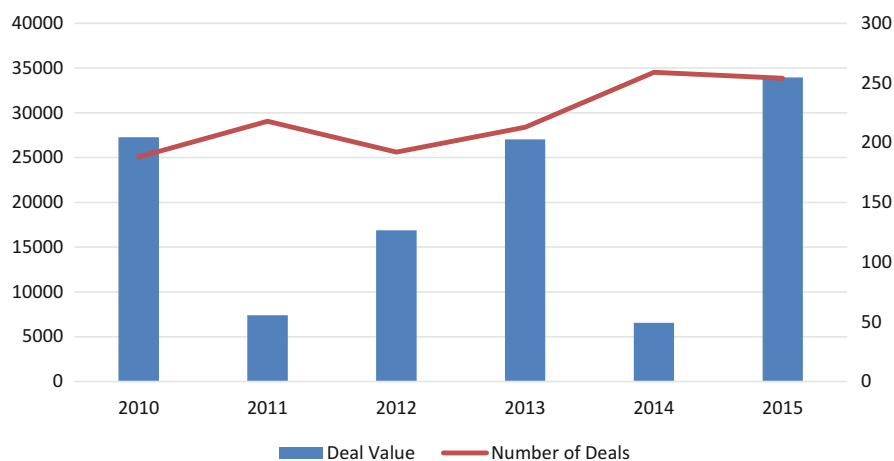


Fig. 1 Cross-Border M&A Activity on the African Continent, 2010–2015 (Based on report generated from the Securities Data Corporation (SDC) Platinum International Mergers (IMA) Database. Search criteria included (1) deal announcement date from January 1, 2010 to December 31, 2015; (2) target nation region of North Africa (NA) or Sub-Saharan Africa (SF) to capture the entire continent; and (3) completed deal status)

considered as a key factor behind the global rebound (UNCTAD 2016). Relatedly, the majority of African M&As also occur through the cross-border mode in quest for improved performance (see, African Development Bank 2012; Degbey and Ellis 2017). For example, according to a Clifford Chance (2013) report, the annual growth of cross-border M&As in Africa as a target region considerably outpaced other regions in 2012. Regarding these cross-border M&As in Africa, further empirical evidence shows that two specific types of cross-border acquisitions of African targets—inter-continent (e.g., acquiring firms headquartered in Western developed countries) and intra-continent (e.g., acquiring firms headquartered in African countries other than the target nation)—were completed even during the global financial and economic downturn in 2010, resulting in what was at the time near record levels of annual M&A activity on the African continent (Mergermarket 2012; Thomson Reuters 2012).

Despite the growing attention Africa M&As are receiving, questions regarding how performance can be enhanced in such deals, considering the unique characteristics of the continent, remain a burning issue (see, Degbey and Ellis 2017). This is not surprising though, as the broader M&A literature equally documents very little about key drivers of M&A performance associated with African cross-border deals (see Ellis et al. 2015; Erhun et al. 2005; Gomes et al. 2012). Recently, practitioner-oriented studies suggest that both global and pan-African private equity funds are becoming more active in the Africa M&A landscape (Clifford Chance 2015). The latter claim is also supported by anecdotal evidence that Africans who currently live abroad are very active in some of these equity and investment funds/firms, which accounted for 46%—almost half—of the African M&As where the primary

operations of the acquiring firm and the target firm are unrelated (see, Degbey and Ellis 2017). Indeed, the aforementioned assertions have provided us a hint on one of the key influencing factors for improved post-M&A performance in African cross-border M&A deals, i.e., the importance of *diaspora networks* in such international business transactions.

2.2 *Diaspora Networks: The Concept*

As Butler noted “Human beings have been in perpetual motion since the dawn of time, but not all their movements have resulted in diasporas” (2001, p. 189). So what do diasporas mean? According to Safran (1991), diasporas are migrants and their descendants who maintain a relationship to their country of origin (see also Butler 2001 for a review of definition and refining a discourse). Other scholars describe them as “circular migrants” because they return to the homeland to live for limited periods of time and/or maintain households in both the country of origin and country of residence/settlement (Graeme 2003). Furthermore, it is noted that diasporas can establish “social fields that link together the country of origin and the country of settlement” (Ma and Cartier 2003, p. 4).

The literature, specifically, on diaspora networks in international business and management research is still emerging (see, e.g. Brinkerhoff 2009; Elo 2015; Elo and Riddle 2016; Lewin and Zhong 2013; Riddle and Brinkerhoff 2011) and thus scarce, although vast diaspora-related literature, such as in history, sociology, ethnology, and public administration exists. A recent state-of-art review on diaspora networks, specifically in the context of international business, identified six interesting diaspora-related themes, including but not limited to economic development, foreign direct investment, diaspora direct investment, diaspora knowledge, abilities, and learning, and thus help to further establish the importance of the concept within the limited extant literature, and to expand our understanding of the economic dimensions of diaspora networks (Elo 2015). According to Kuznetsov (2006) diaspora networks are social formations, also regarded as self-organized groups of expatriates. The author and others note that these networks, with their risk-mitigating knowledge and connections, serve as a bridge linking key “insider” decision-makers in developing economies to outsiders in command of technical know-how and investment capital (Kuznetsov 2006; Plaza and Ratha 2009).

In addition, other scholars add that diaspora networks can play an active role in the global organization of talent and work (see Lewin and Zhong 2013). Moreover, diasporas have in some instances substantively contributed to economic development of their home countries (Riddle et al. 2010; Sonderegger and Taube 2010). For example, the diaspora network of Indians, especially the expatriates in the U.S, is noted to have played a crucial role in the rise of the Indian IT outsourcing industry, including the initial establishment of the contacts necessary for implementing the early international contracts and the continued development of these contracts (Schaaf 2005). Further, as a source of new dynamism, diaspora networks have

recently become a critical focus of national policy in emerging economies, where for example, Science and Technology policies may require alignment with national innovation investment strategies for leveraging the know-how of diaspora members (see Lewin and Zhong 2013). Furthermore, according to Dutia (2012) diaspora networks in today's context are evolving entities, which have become more structured and interdependent compared to being internationally dispersed networks, as generally conceived previously.

In cognizance with descriptions of diaspora networks by Kuznetsov (2006) and Dutia (2012), we describe *diaspora networks in African M&As* to mean a set of diasporas who represents a part of the senior leadership of an acquiring firm involved in cross-border M&A transaction in the target nation. Following this definition, we developed a framework and set of propositions to capture why, how, and when diaspora networks are theorized to affect post-M&A performance of deals occurring on the African continent.

3 Diaspora Networks in African M&As: A Framework and Propositions

3.1 Diaspora Networks: Post-M&A Performance

Diasporas possess invaluable, first-hand knowledge of business practices, political environments, and culture in their homeland (Minto-Coy 2016). And, within the African context, other countries within the continent are the main destination for migrants (Akyeampong 2000; Plaza and Ratha 2009) which implies that some in the African diaspora may experience life in another African country before leaving the continent. Moreover, African diasporic communities in countries such as the United States and United Kingdom frequently forge social networks among themselves due in part to the comfort derived from shared racial affinities (Akyeampong 2010). This further increases knowledge and understanding of conditions in different African countries beyond an individual's homeland. With more members of the African diaspora in the senior management ranks, it is likely that these individuals will hail from different African countries, have spent time in other African countries, and established social networks with individuals from other African countries, thus expanding their collective knowledge and understanding of the formal and informal institutional contexts present on the African continent. And, though the countries of the African continent have diverse systems governing business transactions, political structures, and cultural norms, many African countries share a common feature of high within-country fragmentation among different sociopolitical groups that is linked to the tribal structure (George et al. 2016). This common experience of living in a fractionalized society becomes another resource of the African diaspora that should be beneficial in dealing with market uncertainties and facilitating business investments on the continent.

Larger size networks of diaspora members from Africa who serve in senior leadership positions of the acquiring firm should be able to leverage both their combined direct knowledge of African target country conditions and their shared general understanding of how to function in a fractionalized African society in ways that enhance the M&A decision-making process. This in turn facilitates the acquiring firm's ability to overcome various liabilities of foreignness (Minto-Coy 2016) and identify as well as evaluate opportunities that create value via its M&A investment (Plaza and Ratha 2009). Moreover, diaspora members serving as senior leaders within the acquiring firm are likely to utilize their knowledge and understanding of the local context in ways that foster communication with members of the African target firm and encourage their cooperation during the M&A process. These collective actions of strategic leaders from the diaspora positions the acquiring firm to enhance its performance following the acquisition of an African target firm.

Proposition 1 The stronger the diaspora network in the acquiring firms, the better the post-M&A performance.

3.2 Contextual Factors as Moderators

3.2.1 Diaspora Time Outside of the Continent

The quality and level of resources provided by the diaspora network is likely to be influenced by the amount of time individuals have resided out of the African continent (see also Kuznetsov 2006). When members of the diaspora network have been residing and working in environments outside of Africa for a short time period their knowledge of and social capital in their homelands is likely to be greatest. However, their ability to leverage this knowledge on behalf of the acquiring firms may be limited because African target firm managers as well as various stakeholders in the African target nation may not hold them in high regard for several reasons. First, there may be some feelings of resentment in that the diaspora members were afforded the opportunity to leave the African continent (see Al-Ali et al. 2001, on refugees and transnationalism). Second, there may be limited respect shown to the diaspora members who have been away for a short time period because it is likely that people in their homelands perceive them as not having learned much or accomplished anything of significance from “being in foreign”. For respect is given to those who upon returning home are perceived to have achieved success and attained wealth while living abroad (Akyeampong 2000). Negative feelings may also exist among members of the African target firm and others in the African target nation, when diaspora members have lived and worked outside of the African continent for long, extended periods of time. Upon returning to their African homelands, diaspora members acknowledge that they have adapted work practices, consumption patterns, and other lifestyle or cultural elements of the country to which they migrated (Black et al. 2003). These differences along with efforts to bring about

change in their homelands may in turn create perceptions among local Africans who have never lived abroad that diaspora members are no longer “one of us” and need cultural reorientation (Abdile and Pirkkalainen 2011; Mazzucato 2007). Moreover, as members of the diaspora network spend more time outside of the African continent the accuracy of their knowledge about the local context and quality of their relationships with individuals in their homeland deteriorate (Ammassari 2004).

Proposition 2 The time the diaspora network members spend outside of Africa moderates their main effect on post-M&A performance such that it is weaker at both lesser and greater time outside of Africa.

3.2.2 Shared Colonial Heritage

Colonial ties and colonial heritage are still revealed on the African continent in terms of the official languages of the various African countries and the type of legal system—mainly common law or civil law—used in each African country (see Joireman 2001) and even management research and managerial thinking (see Amankwah-Amoah 2016). Also, colonialization, mainly through missionary work and the introduction of European religions which are still practiced, instituted more Westernized values, beliefs, and practices of the ruling country which continue in many African countries (Khapoya 2012). These factors have significant effects on business transactions and cultural norms in present-day Africa countries, especially in urban areas, which in turn influence the practices and values of African target firms, their employees, and other stakeholders (Zoogah et al. 2015). But, by sharing the same language, legal systems, religions, and cultural backgrounds, African diaspora networks are able to help foreign firms overcome various information asymmetries and other market imperfections which reduce transaction costs (Plaza and Ratha 2009). In addition, the existence of shared colonial heritage fosters communications with individuals in the host African country and better understanding of regulations and procedures in that country.

When African diaspora members who serve on the acquiring firm’s senior management team were born in the same country as the focal African target firm or born in an African country that had the share colonial power, then familiarity with the official language, legal system, non-indigenous religions, and other institutional factors in the focal African target nation is greater. For example, if the diaspora network is made of Ghanaians, South Africans, and Nigerians, then their knowledge, connections, and other resources are theorized to have greater influence when the African target nation is Kenya where there is significant shared colonial heritage as compared to Rwanda where such shared colonial heritage does not exist. As such, both the relevance of their knowledge and understanding of the African context and their ability to leverage it in ways that reduce information asymmetries and yield other benefits crucial to creating value during the M&A process is strengthened when the diaspora network has greater shared colonial heritage with the African target nation. Moreover, a shared colonial heritage with members of the African

target fosters communications among members of the African diaspora network and the members of the target firm as well as facilitates a greater understanding of the human resource management issues that require attention during the integration process, both of which have been shown to positively influence M&A outcomes in the African context (Gomes et al. 2012).

Proposition 3 The diaspora network members' shared colonial heritage with the target firm's home nation moderates their main effect on post-M&A performance such that it is stronger in the presence of shared colonial ties.

3.2.3 Tribal Ties

The traditional tribal structures remain in many African countries. Tribes, with chieftaincy and councils of elders, play a critical role in the sociopolitical environment present within a given African country (Zoogah et al. 2015). And, kings and chiefs, considered traditional political leaders, have been shown to exert significant influence on business and economic exchanges in the formal political system making relationships with them quite valuable (Acquaah 2007). In addition, in many African countries with high tribal diversity, national elections are quite often decided by tribalism. For example, in Kenya political alliances are formed along tribal lines causing tribalism to have a significant effect on the outcome of the 2008 national election and others since the country's independence (Nayambura 2017). Tribal affiliation and alliances among tribes also influence voting patterns in national elections in Ethiopia, Gabon, Ghana, and Zambia among other countries. Because of the linkage between tribes and elected political leaders, members of the diaspora network of the acquiring firm who have ties with the ruling tribes in the target African nation would also have connections with government officials. As a result of tribal ties to government officials, the diaspora members receive better access to information and possess more social capital which can prove valuable in dealing with uncertainty in the business environment of the African target nation (Acquaah 2007). This in turn facilitates the evaluation of investments and negotiation of business transactions. Thus, it can be quite beneficial when African diaspora members who serve on the acquiring firm's senior management team have tribal ties with political leaders of the African target nation. Doing so positions them to leverage their connections and social capital with government officials in ways that facilitate the overall M&A decision-making process as well as post-deal performance.

Proposition 4a The diaspora network members' tribal ties to government officials in the target firm's home nation moderates their main effect on post-M&A performance such that it is stronger in the presence of tribal ties.

Relationships and ties with top managers at other firms also facilitate access to resources and knowledge which can be useful in reducing uncertainties (Acquaah 2007). As such, the diaspora networks' tribal ties with owners and managers of the target firm is generally posited to help improve performance. However, other studies

mention that while tribal ties may be beneficial in some instances, they also are fraught with issues and costs that hinder firm performance. For example, managers of successful small and medium enterprises, which characterizes many of the African target firms, are expected to provide jobs, loans, and other economic resources to members within their social system consisting of the clan, community, and tribe (Acquaah 2008). This can result in inappropriate staffing (i.e., too many workers or a mismatch between their skills and the job requirements) and the diversion of critical resources needed to sustain and grow the business. Also, firm owners and managers with tribal ties have a tendency to not only hire and promote others from their tribe, but also retain tribal members that otherwise might be fired because of performance issues due to a sense of both social obligation and responsibility (Ugwuegbu 2001). As such, tribalism or nepotism have been shown to contribute to inefficiency, reduced productivity, and lower performance (Zoogah et al. 2015). And, when both the members of the diaspora network of the acquiring firm and managers of the African target firm have connections to the same tribe, then the societal expectations for them to hire and retain fellow tribal members and provide other economic resources for the community and tribe will be even greater. This in turn is expected to weaken the otherwise positive effect of the diaspora network on post-M&A performance.

Proposition 4b The diaspora network members’ tribal ties to owners/managers of the target firm moderates their main effect on post-M&A performance such that it is weaker in the presence of tribal ties.

Following the conceptual discussion and propositions development in both Sects. 3.1 and 3.2, we present our conceptual model of diaspora networks in African cross-border M&As.

Figure 2 provides the model of the theorized relationship between the focal concept of our chapter (i.e. diaspora networks) and post-deal performance of African M&As. In addition, it incorporates three moderating factors particularly germane to the African context which are likely to affect the main theorized relationship.

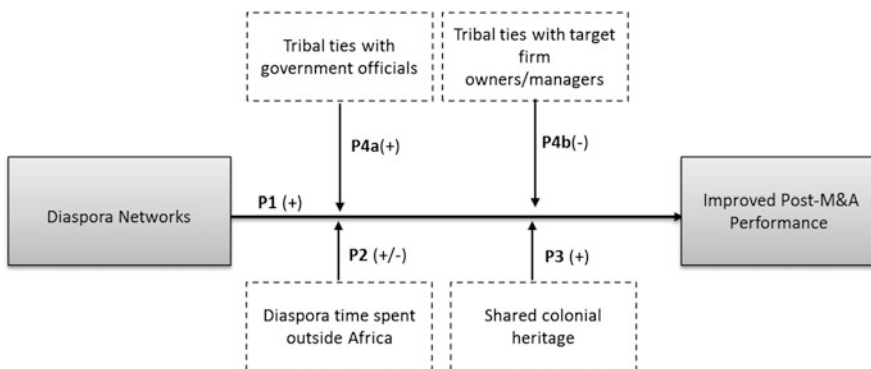


Fig. 2 A model of diaspora networks in African M&As

4 Conclusions and Future Research

We began by noting that M&As are important initiatives despite their mediocre performance, and have been extensively studied especially in the mature, advanced markets of North America and Western Europe over the last half-century. However, despite recent rise in research interest especially regarding cross-border M&As in emerging markets (Buckley et al. 2012; Madhok and Keyhani 2012; Sun et al. 2012), we still have little understanding about factors that influence and moderate the performance of these phenomena, particularly in unique institutional contexts, such as the African continent (Degbey and Ellis 2017). In this chapter, we focused on African cross-border M&As, which has received recent calls for conceptual development to improve our understanding of the factors and mechanisms through which the degree of success for M&A initiatives in Africa can be predicted (see, Degbey and Ellis 2017; Ellis et al. 2015). More specifically, we introduced and explored theoretically the influence of diaspora networks on African M&As, but we took a perspective on diasporas which looked beyond country boundaries and not on any specific countries of origin within the continent (see also Schotter and Abdelzaher 2013). We deemed this focus valuable, as not only had cross-border M&As continue to be popular especially with transactions incurring and requiring improved understanding in African markets (Gomes et al. 2012; UNCTAD 2014), but recent studies also suggested them to foster regional and national economic development within the continent (e.g. Tunyi and Ntim 2016).

We provide relevant theoretical contributions, and also insight for managers in light of the core arguments of this chapter. First, our main argument suggests that African cross-border M&A performance is enhanced by a set of diasporas who represents a part of the senior leadership of an acquiring firm involved in cross-border M&A initiatives in the target (African) nation, unlike the views advanced by managerial network approaches such as strategic networks (Jarillo 1988; Möller and Rajala 2007) and business networks (Easton and Axelsson 1992; Håkansson 1987) to M&A research and practice. In other words, prior network approaches such as strategic and business networks employed to expand understanding of M&A performance (see, e.g. Degbey 2011, 2016a, b; Degbey and Pelto 2013, 2015), placed more emphasis on interfirm relationships rather than the importance of individuals (e.g. diasporas) and their social contacts. Thus, this chapter's theoretical distinctiveness from prior network-related studies in M&A research is how it is underpinned by the conceptual core of 'diasporic ties' that exert enabling and constraining influences on the outcome of African M&As. Indeed, our focus is consistent with a recent special issue editorial related to diaspora investment and entrepreneurship, which identified "diaspora networks" as one of the key research issues, and recognized such diaspora networks as a new frontier in the literature concerning foreign investment (e.g. cross-border M&A) and developing countries, with implications for IB strategy and theory development (Kotabe et al. 2013). Thus, employing the concept of diaspora networks, can strengthen and provide solid theoretical substance

to explaining performance of cross-border M&As in Africa, by offering some underlying diaspora-driven factors and mechanisms.

Second, as a step towards developing an emerging understanding of a diaspora network perspective, this chapter draws attention to its linkage with M&A performance within the Africa continent. The chapter provides a conceptual model that explains the linkage between diaspora networks and post-M&A performance. The proposed model highlights that diaspora networks are positively related to improved post-M&A performance. Moreover, the effect of diaspora networks on enhanced post-M&A performance is moderated by diaspora's time spent outside Africa, tribal ties with government officials and target firm owners/managers, and shared colonial heritage (i.e. the positive relationship of diaspora networks on post-M&A performance is strengthened or weakened by the moderating variables in the theorized relationships).

For managers and executives involved in M&As, taking a diaspora network lens can thus provide novel insights into crucial strategic (implementation) decisions, particularly with respect to the enabling and constraining strategic set of social/relational ties in M&A context, and to also help provide practical implications and awareness for executives/managers regarding the diaspora elements behind enhanced post-M&A performance. Therefore, managers and executives involved in African M&As are advised to be aware of the influencing tendencies of diaspora networks. If disregarded, the effects can be costly for the overall outcome of the M&A endeavor.

This chapter has limitations that can help provide suggestions for future research. A key limitation of this study is that it is a conceptual work, which contributed mainly to the development of a theoretical model and propositions for future empirical testing. Therefore, empirical work is needed to know whether the theoretical links between the framed propositions can be established. In addition, despite the model links diaspora networks with the post-M&A performance variable, we believe that the breadth of the model can still be expanded to enhance its comprehensiveness. Employing only four main variables including the dependent variable (and excluding the outcome variable), it left out relevant diaspora influencing variables, for example, religious/cultural groupings (see Schotter and Abdelzaher 2013). Particularly in African diaspora studies, cultural effects can be very strong and are thus expected to impact post-M&A performance. This also highlights the double-edged sword effect of diasporas as both an opportunity and a constraint, and could be of interest for future studies that move beyond post-M&A performance to also establish a link to development economics.

Thus, further studies would deepen the understanding of diaspora networks in M&A context, while also testing empirically whether our theorized relationships in this study are relevant in other settings as well as clarifying any contemplation of their meaning in applied sense.

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