

**Center for
Economic Theories and Policies**
Sofia University St. Kliment Ohridski
Faculty of Economics and Business Administration

ISSN: 2367-7082



**Synergistic Competitive Advantage:
the Modern Appeal of RBV and IO Theory
in the Mergers and Acquisitions**

**Arup Barua
Alexandra Ioanid**

**BEP 06-2021
Publication: August 2021**

Synergistic Competitive Advantage: the Modern Appeal of RBV and IO Theory in the Mergers and Acquisitions

Arup Barua¹ & Alexandra Ioanid²

Abstract: The Resource-based View (RBV) and Industrial Organization (IO) theory have successfully clarified the competitive advantage for a single firm based on resources and market aspects but less so for knowing the competitive advantage for dual entities or companies. Therefore, this article attempts to investigate how a competitive advantage emerges in post-M&A. It illustrates that both theories together should contemplate the "synergistic competitive advantage" as a measurement of M&A performance, which explains the competitive advantage by the acquisition synergies, e.g., joint sales, expertise, revenue, and cost. The modern thought will widen the joint appeal of RBV and IO theory considering the SCP model because the synergy (i.e., a combined effect of two entities) should be a competitive, and competitive advantage should be synergistic for acquisition success. Future researchers are entreated to test the synergistic competitive advantage in post-M&A, evading the traditional competitive advantage. Decisively the implications and directions of future research would be illuminated.

Keywords: RBV (Resource-based View), IO (Industrial Organization), SCP (Structure, Conduct, Performance), SCA (Synergistic Competitive Advantage), M&As (Mergers and Acquisitions).

JEL: G34, M16, O19

¹ South-Eastern Finland University of Applied Sciences, Finland

² University Politehnica of Bucharest, Romania, alexandra.ioanid@upb.ro

1. Introduction

The company's central concern is to comprise economic efficiency. Thus, the *resource-based view* (RBV) reflects the firm's resources [1-3], while *industrial organization* (IO) theory imitates the firm's market aspects [4-6] for a competitive advantage. However, there are massive debates regarding their related significances [7-9]. Nevertheless, Byeongyong Paul and Weiss [10], Parnell, Lester [11] argued that Structure-Conduct-Performance (SCP) model manages a chronological continuation of RBV and IO theory to clarify how both firm-and-market level structures impact the strategy and performance systematically.

Subsequently, many scholars accentuated the above theories in M&A studies, like Buckley, Elia [12], Deng [13], and Jit Singh Mann and Kohli [14]. The principal reasons are that the acquisition strategy and performance are subject to firm-and-market level structures [1, 15, 16]. Henceforth, this study contemplates RBV and IO theory considering the SCP paradigm to identify competitive advantage in post-M&As [17, 18]. Foss and Knudsen [19] claimed that the IO theory attempts to get a quick competitive gain, while RBV originates a competitive advantage slowly. On the other hand, Spanos and Lioukas [20] revealed that both economic doctrines anticipate a sustainable competitive advantage in the distinct layer of analysis (i.e., industry versus corporate).

Huang and Sylvie [21], Sea-Jin and Singh [22] found that corporate performance immensely depends on the firm's resources about 50 percent, while industry effects account for 20 percent, although that differs regarding business units and firm size. Parnell [8], Short, Ketchen [23] exposed that industry aspects influence the economic output by 17 to 20 percent. The above findings indicate that RBV and IO theory explains only 70 percent of a firm's performance. Besides, both theories have been unable to clarify the remaining 30 percent of corporate performance origination. Furthermore, RBV and IO doctrines clarify the competitive advantage for an individual firm without a combined effect of two entities in post-M&A like firms' post-married outcomes [24].

Furthermore, acquisition performance is subject to a synergy realization since the acquisitions belong to various synergies. Chatterjee [25] simplified the synergies into three forms: collusive synergy (i.e., market power enhancement), operational synergy (i.e., the production and administrative efficiencies), and financial synergy (i.e., the overhead cost reduction). However, a synergy should be competitive to succeed in a post-M&A [12, 13, 26]. The reasons are that RBV leads the firm's internal achievements, while the IO theory reveals the firm's market positioning [3, 5, 9]. Neither RBV nor IO theory can exclusively and functionally claim a competitive advantage in the context of acquisition [7, 17, 20]. Therefore, this article aims to scrutinize "*how a competitive advantage emerges in post-M&As.*" It is essential to answer

the subsequent inquiry that will assist the acquiring corporates in achieving a competitive advantage in post-acquisition.

In doing so, this article contributes and advances RBV and IO doctrines as well as M&A literature in two ways. First, it places the RBV and IO theory into the firm's internal and external structures considering the SCP model. Then, it deals with both structures that systematically complement each other to get an effective strategy and performance. Second, this article explores that RBV and IO theory together should reflect a synergistic competitive advantage (SCA) instead of a traditional competitive advantage in assessing dual entities or companies. That said, SCA impacts the market and financial performance in a complete post-M&A performance appraisal [3, 5, 9]. Also, both theories coexist and explain the firm's actual growth, behavior, competitiveness, market power, strategizing, and economizing together [17, 20, 27].

The article systematizes the manuscript as follows: First, it briefly reviews the concurrent progress, limitation, and assessment of RBV and IO theory from the perspective of the SCP paradigm. It then illustrates the complementarities and variances between them. The following section draws a brief explanation about the synergistic competitive advantage (SCA) in post-M&As. The manuscript uses SCA instead of a sustainable synergistic competitive advantage (SSCA) to make the text clearer. Therefore, the last section summarizes the new concept, SCA, for industrial economics, strategic management, and international business.

2. The RBV and IO theory in post-M&As

Structure-Conduct-Performance (SCP) model is a traditional doctrine of RBV and IO theory in microeconomics [7, 28, 29]. It was first developed by Harvard economist Mason [30], examining the USA firms' pricing and production policies. He supposed that market share is the principal factor for a corporate's policymaking in the oligopoly and monopoly market. Also, he identified that there is a relation between price and various aspects. On the contrary, economist Bain explained that "market structure" consists of product diversification, entry barriers in the market, the number of suppliers and buyers, the extent of diversification, and vertical integration. Accordingly, the "conduct" indicates a firm's strategic activities such as investment plans, legal policies, pricing, product mix, and R&D. On the other hand, economic and financial prosperity designate the "performance" like product quality, equity, technical progress, price, profit margin, profitability, and production efficiency [17, 31, 32].

The basic idea of an SCP framework is the corporate's one-way relationship as Structure-Conduct-Performance in the monopoly, oligopoly, monopolistic and perfect competition [33, 34], although it has been criticized as a faulty and imperfect idea [35, 36]. However, it indicates that a firm's strategy is homogenous, which does not impact the industry structure because only the industry structure impacts a corporate strategy and economic success [31, 37]. For example, Setiawan Setiawan, Emvalomatis [33] found that technical efficiency, industrial concentration, price rigidity impact the price-cost margin. In such a way, many researchers authenticated the SCP model during the 1970s [17, 38, 39]. Nevertheless, Hawawini, Subramanian [7], Matyjas [17] demonstrated the condemnations of the SCP model since corporates' heterogenous strategies can also impact the industry structure. Even though the SCP paradigm did not consider the efficiency standard, e.g., a capable corporate can imply the low cost in a new market entrance to gain market share and escalate the market competitiveness [10, 35].

Due to balancing the corporate characteristics and competitive intensity, economists segmented the SCP model into two branches of knowledge in the 1970s: strategic management and industrial organization economics [7, 17, 31]. Strategic management indicates the corporate's internal structure (i.e., a firm's resources) while industrial organization (IO) economics contemplates the outer structure (i.e., market factors).

Besides, SCP has been liberal than before, that corporate strategy can also impact the industry structure [7, 10, 17]. Subsequently, the structure of the SCP model has newly been clustered as the structure of a company and an industry that impacts corporate strategy and financial outcomes [10, 33]. In this way, strategic management and IO economics have been distinct disciplines [9, 17]. Nonetheless, Porter [29] observed that strategic management has a positive while IO economics negatively associate with the entry barrier. Also, he acknowledged that due to market structure, the firm's aspects have an insignificant association with a corporate strategy. Subsequently, IO economics has been defined as an IO theory from the industry perspective after introducing Porter's five forces.

Consequently, IO theory and RBV expose the foundation of competitiveness [18, 20, 31]. IB researchers likewise accentuate the strategic management following the principles of RBV, while industrial economists pursue the IO theory [9, 18]. The RBV contributes the business strategy and performance variances in the intra-industry deal while the IO theory backs the positioning of origin. Consequently, the industry and firm-level factors stimulate overall corporate strategy and performance [7, 20, 40]. The principal reason is that RBV and IO theory construct the two sides of a firm's competitiveness [18, 39].

2.1 The development of RBV

The resource-based view (RBV) was primarily advanced in the 1980s. The wide-ranging expansion was during the 1990s [3, 9, 41]. Thus, it was known as the resource-based view throughout the review of resource-based theory by Jay B. Barney in 1991 [2]. At the initial stage, Wernerfelt [41] recognized that a firm's resources and product are the sources of performance. Also, he anticipated that various resources could improve a firm's growth compared to a product because a firm is a composite of various resources. Moreover, the resource itself creates rent from better uses, enhances competitive gain, generates value, and originates innovative strategy [3, 18]. RBV's Ricardian metaphor explains the heterogeneity and immobility of competitive rent-producing resources, profit-maximizing entities, and capabilities [9, 42]. Since then, many scholars have conducted remarkable assistance into RBV, for example, Barney, Ketchen [2], Peteraf and Barney [1], and Wernerfelt [43]. In the management literature, the development of RBV is persuasive because it is the most applied theory in the firm's business strategy. It explains why each company performs differently in the same industry [2, 44, 45]. The application of RBV also inflates to the interrelated areas such as dynamic capability, knowledge-based view, and strategic leadership literature [18, 46]. RBV exactly looks for a company's internal strength through VRINO resources (i.e., valuable, rare, inimitable, non-substitutable, and organizational capability) [2, 3, 44].

It assigns the two fundamentals: a firm implements unique and immobile strategic resources that are heterogeneous and controllable. Besides, a heterogeneity (i.e., the firm's capability) competes for a superior market position or sustains the breakeven position in the same industry [3, 13, 47]. Generally, resources are classified as tangible and intangible resources [14, 28, 48]. In an extended manner, Leonidou, Katsikeas [40] identified three types of resources: tangible, intangible, and personnel-oriented assets, while Vu, Shi [49] classified the resources in three categories as tangible, intangible, and intangible and brand resources. Nonetheless, the resource can traditionally be tangible and elusive resources [40, 49, 50]. Tangible resource indicates the physical existence of any resources, e.g., machinery, building, commodities, and land [51-53]. On the flip side, elusive resource indicates the non-physical existence, which is one of two categories: intangible and strategic resources, although both types of resources are immaterial (i.e., inaccessible), hard to exchange, and non-separable owner [51, 54].

Usually, customers and stakeholders create intangible resources such as corporate reputation, brand power, brand equity, and acquisition experience [12, 55, 56]. On the other hand, a company itself generates strategic resources, e.g., market and brand orientation, corporate

culture, transfer and integration knowledge, best practices, and the brand management system [50, 57, 58]. However, Deng [13] considered the strategic resources such as proprietary technologies, knowledge, brand name, capability, R&D, tacit knowledge, buyer-supplier relationship, and reputation, avoiding the classification of intangible and strategic resources. The reality is that strategic and intangible resources are not the same. For example, the value of an intangible resource is exogenous [7, 27, 59] and belongs to three characteristics: a direct relationship with an individual, located among the people and transferable among the individuals [55] while the strategic resource is endogenous as a dynamic capability [50, 58, 60].

However, all the resource categories boost the company's effectiveness and competencies. The firm's abilities primarily represent the performance as a rent variance carrying the same benefits for stakeholders based on minimum cost [3, 18, 20]. DeSarbo, Benedetto [61] affirmed that a firm's strategic resource associates to the performance positively, while Luo, Sivakumar [50] confirmed that tangible resources are influential compared to intangible and strategic ones. However, RBV supports strategic alliances, market entries, general knowledge, and multinational management [62, 63]. It has been reached out from strategic management to various extents, e.g., entrepreneurship, economics, human resource management, marketing, and international business. Furthermore, it clarifies resource diversification, global strategies, and subsidiary capability and seeks how market-based resources and abilities generate or sustain the value of stakeholders in international business [2, 63-65].

For instance, Buckley, Elia [12] professed that tangible assets positively affect the acquired target compared to elusive resources. Camisón and Villar [66] empirically claimed that a firm's abilities could not impact international growth without any competitive approaches. In contrast, Hsiang Ming, Ching Chi [67] established that an intangible resource like brand rearrangement stimulates customer loyalty, purchasing demand, and intention in the post-acquisition. In that way, researchers hypothetically and experimentally confirm the existence of tangible and elusive resources (i.e., intangible and strategic assets) in international business literature. Subsequently, RBV has been a scientific and realistic theory in corporate strategy [2, 9, 27]. However, it is not out of criticism because of its rigid boundaries.

The criticisms and assessments of RBV

RBV has several weaknesses concerning infiniteness, uniqueness, silences, managerial explanations, and boundaries. The main criticisms are relating to competitive advantage, value, and resources [9, 68]. For instance, RBV replicates the company's inner resources for internal performance with exceptional resource management [40, 69, 70]. Also, a firm can

contemplate the degree of resource uniqueness inside a firm, but it cannot generalize the uniqueness for an absolute competitive advantage [71-73]. Miller [74] also suggests that competitive advantage should not be flexible at the primary stage, which generally originates from effectiveness and efficiency, such as value enhancement and cost reduction. Nonetheless, the competitive advantage is an ambiguous thought [75, 76] because it seems like a supplement of TCE (Transaction Cost Economics) [9, 28, 77].

Table 1: The critical assessments of RBV

Categories	Limitations	Assessments
Definition	The definition of a resource is not flawless because RBV reflects the resource definition in a comprehensive manner. It does not explicitly recognize how the resources can contribute to a competitive advantage in the various conditions and which resource qualifies the firm to achieve a superior competitive advantage.	RBV should characterize the resources and develop new definitions of various resources.
Management	RBV has no adequate managerial implications like any theories which have incomplete managerial inferences.	It has some constraints in business management.
Infiniteness	The various levels (e.g., strategy, component, organization, and capability) of RBV are not qualitatively the same as an applied theory.	RBV requires single and double-loop learning for a firm's efficiency, innovation, and resource exploitation. It needs to relate the various levels to achieve a competitive advantage.
Uniqueness	RBV does not generalize uniqueness. It works for small and startup firms in predictable environments.	Resource uniqueness should be generalized.
Competitive Advantage	It is not generalized yet since it considers only the firm's internal structure instead of an external one. Besides, RBV is not entirely static due to dynamic capabilities though it clarifies the foundation of competitive advantage.	RBV should consider the firm's external structure to generalize its competitive advantage.
Value creation	RBV does not entirely clarify the firm's value in the target market due to market aspects.	RBV should contemplate the IO theory considering the SCP paradigm to generate different types of value.
Theory of a firm	RBV does not adequately explain why a company exists.	It needs further development like a theory of competitiveness and leaves the clarifications of a firm's presence to TCE.
VRINO resources	The VRINO resource is not essential and enough for competitiveness. Moreover, RBV does not adequately reflect the synergy (i.e., combined effect) within the firm for a source of performance during the combination, bundle, and integration of resources.	RBV works like a single firm instead of a dual entity. Therefore, it should consider synergy in any integration like M&As to find the joint effect of combined resources.
The value of the resource	RBV does not precisely clarify the value of resources because the definition of value is still conceptual and unspecified.	RBV needs a more creative and subjective idea of value.
Superior Resource	The better resource does not always offer reasonable returns.	Additional investigation is obligatory to recognize the excellent resource.
Efficiency	In the context of efficiency, RBV does not reflect market power.	Efficiency needs to connect the market power considering the IO theory.
Financial performance	The related financial outcomes from unique resources are still controversial.	The RBV entails a further study into rent theory and competitive advantage.
Superior Performance	Superior profitability and performance keep on a challenge with the various outcomes.	RBV needs more inquiry on how to get superior performance.

Source: [9, 19, 27, 48, 55, 80-82].

Likewise, there are no adequate VRINO resources support by the current reviews [48, 78]. It indicates some other theories or mechanisms behind the RBV [27]. Even if RBV has been the most applied theory in business management literature by three decades, there are numerous criticisms on the definition, managerial implications, infiniteness, uniqueness, sustainable competitive advantage, value creation, a theory of a firm, VRINO resources, the value of a resource, superior resource, efficiency, superior and financial performance [9, 19, 27]. It has not been generalized yet to explain a competitive advantage in strategic management [9, 79], for instance, which resource can be excellent if there are various resources and how that excellent resource transmits an efficient strategy and value formation. Hence, many scholars predicted that RBV and IO theory might have balance each other to have real-world support for the firm's economic success in international business [15, 27, 48].

2.2 The development of IO theory

The industry is a substantial investigation unit due to the origin of a firm's performance [7, 15, 83]. Thus, economists developed the Industrial Organization (IO) theory in the 1980s and endeavored further in the 1990s to understand the firm's behavior in an oligopoly market [4-6]. Nevertheless, there are several markets, such as a monopoly, monopolistic, duopoly, perfect competition, and competition [34-36]. IO theory defines the market action with regards to microeconomics and transactions between the buyers and sellers. It impacts the fiscal agents (i.e., third parties who handle the financial acts, e.g., bank) through co-arrangement between the external environment and firm strategy [40, 84]. It creates an association between industry structure, corporate strategy, and economic success [17, 35, 36].

Porter [5] scrutinized the competitors and industries in the competitive strategy book to understand how the market structure impacts a corporate's possible performance. He also anticipated that firms should implement a competitive strategy that costumes the market setting. Besides, a firm is not the basis of performance since competitors make adjacent substitutes in the competitive market. Primarily IO theory clarifies the industry characteristics to implement a firm's strategy for a competitive advantage. Second, in the product market, the competitive gain relies upon an external structure. Third, a firm's resources will be static, which does not impact the strategy and performance [5, 40, 85]. Sea-Jin and Singh [22] confirmed that the influence of market structure relies upon some conditions, e.g., industry accumulation, business units, and a firm's size. The study's primary purpose was to test the game theory since each company plays various strategic games with its competitors.

Game theory is less used in industry research since it is challenging to test that in an oligopoly model. However, contestability theory reflects the firm's action as the threat of entry, avoiding the competitors. In this way, the IO theory is more common in the SCP paradigm in consideration of competition and perfect contestability [11, 27, 36]. IO principles evaluate the rivalry in the same industry and suggest that a firm's external structure is the origin of competitive advantage [5, 7, 31]. The firm's competitive position creates market power as a competitive advantage (i.e., monopolistic rent) [20, 34, 36, 86].

IO theory contemplates the competitive dynamics when the industry-related studies use vertical integration values and transaction costs [17]. The market action likewise can nurture financial abilities [35, 86]. It acts on the monopolistic rivalry regarding the number and size of firms' entry conditions and distributions in the market [84, 87]. In the competitive market, the IO theory can be defensive or offensive. It tends to be defensive when corporate aims to protect the threats. On the flip side, it inclines to be offensive when a firm's goal is monopolistic, attaining the market power [4, 20, 86]. It is also stated that supplier power could control the buyers' power, the threat of substitutes, the threat of new entrants, and the industry competition escalating the firm's competitiveness in microeconomics [5, 8, 31]. IO theory also entitles the company's success in the specific market [11] because the firm's size, policies, market regulations, and power of competitors impact the firm's profitability as a market structure [7, 17, 36].

On the contrary, a strategic response, as opposed to a market structure, inclines the firm's economic success [39, 88]. The price war is also a basis of market efficiency; for example, the market price might go beyond the borderline of production cost [35]. Young [36] recommended inspecting additional aspects, such as advertising, investment, and R&D. Besides, competition and efficiency generate market power and govern the market structure [10, 35]. O'Cass and Ngo [15] revealed that competitive strength also impacts the firm's strategy and success. Besides, a firm's resources are subject to competitive intensity.

In the cross-border setting, it is proposed that IO theory ought to contemplate the nation's attributes (i.e., government policies, firm's structure, supporting industries, rivalry, chance events, demand, and factor conditions) that impact competitiveness [16, 31, 89]. Generally, regulations, taxes, subsidies, entry barriers, incentives, macroeconomic strategies can be considered government policies [17], while factor conditions belong to education, technology, and economy in the cross-border setting. Furthermore, the specific industry is an essential part of an economy [16, 89]. However, Alashban, Hayes [88] named the environmental factors considering the economy, education, religion, culture, language, and technology, but Stone and Ranchhod [90] anticipated a nation's physical characteristics as a factor condition.

In the competitive strategy, Alwuhaibi [91] highlighted culture, religion, history, and language. Moreover, the similarities and variances of national cultures can also influence the competitive strategy because the incongruence of two cultures creates two kinds of costs as incongruent values and objectives. Therefore, a competitive strategy should consider the distinct social values to achieve maximum economic success [88, 92]. In microeconomics, IO theory suggests that market structure and competition create a competitive advantage since the industry is an origin of performance. It also belongs to national characteristics in the cross-border setting. Nonetheless, it is not out of criticisms.

2.3 The criticisms and assessments of IO theory

IO theory contemplates the market-level structure in an attractive industry considering the threats and competition instead of a firm's internal structure [4-6]. The fundamental notion of the IO doctrine is that a firm's competitive advantage differs from the external structure, although a company's internal structure impacts the competitive gain [20, 23]. IO theory does not include a firms' inter-industry trade since the resource is static and does not impact the strategy. The reality is that a firm's competitiveness relies upon various heterogeneous resources to attain market power [7, 20, 36]. Also, continuous learning develops competitiveness; for instance, in the 1990s, the learning, resource- and knowledge-based views develop the notion of competitiveness [93].

IO theory specifically recommends the ideal industry to enhance profit. However, the general industries are not isolated, and most of them converge and overlap with the numerous resources; for instance, Japanese companies focus on cost-efficiency in the success of various operational management [89, 93]. Regarding the firm's efficiency, the market structure is a weak idea since IO theory originates only on one side of competitiveness [18, 39].

The above substantial assessments identify that the IO theory does not clarify a company's entire fiscal achievement [11, 15, 18]. Therefore, it ought to contemplate a new definition and concept. The principal reason is that the IO doctrine reflects the set of activities undervaluing the organizational resources. It should be together with other theories to shed light on an entire firm's performance [17, 20]. Though RBV and IO theory have several differences, both also have similarities and complementarities for a competitive advantage in the national and cross-national phenomena [16, 31, 88].

Table 2: The critical assessments of IO theory

Categories	Limitations	Assessments
Definition	The definition of industry is not convincing. Industrial organization (IO) theory contemplates just a few manners. There is no explicit acknowledgment of how a corporation can achieve a wide-ranging competitive advantage in various market settings. Also, it does not assuredly establish the external factors of a firm.	IO theory should classify the various industries and sectors from several lookouts.
Management	No theories have countless managerial applications. Correspondingly, it has no satisfactory contribution yet.	It still has various weaknesses in open applications.
Organizational resources	Since resources are active and dynamic, those cannot be motionless.	IO theory does not explain how resources can be motionless.
Intra-Industry	It does not contemplate the firm's businesses in the same industry. However, a firm's inner strength enhances market power.	The firm's intra-industry trade can inflate market control and competitive gain.
Specific Industry	The idea of a specific industry is not realistic since many industries overlap and converge.	Nowadays, inter-industry trade is widespread since many industries are mutually dependent.
Cooperation	IO theory does not reflect cooperation.	It must reflect the cooperation and competition both.
Attractive industry	A corporation does not always enter an attractive industry.	The market is not steady.
Homogeneities	IO doctrine claims that resources should be homogeneous, although those are heterogeneous.	IO theory should revise the idea of the resource.
Environmental context	IO theory does not reflect the national attributes as micro and macro-environmental distance between the two countries in-depth, impacting the company's competitive advantage in the transnational circumstances.	It should consider the micro and macro environmental distances in the cross-border settings more precisely.
Competitive advantage	IO theory recognizes the bundle of actions rather than a set of resources to achieve a competitive advantage	It should contemplate the bundle of resources to find a competitive advantage
Performance	IO doctrine does not illustrate efficient performance since it considers only one side of competitiveness considering market structure instead of internal structure (i.e., firm's resources).	It should complement the RBV to find an entire firm's performance.

Note: RBV = Resource-based View, IO = Industrial Organization

Source: [11, 16, 18, 20, 31, 36, 83, 93].

2.4 The complementarities and variances of RBV and IO theory

The RBV and IO theory complement and contrast each other explaining a company's action, the origin of performance, and performance variances [15, 20, 40]. For instance, RBV describes the firm's performance outcome, while the IO theory clarifies the firm's market performance [21, 34, 86]. Both theories are interconnected and do not compete for each other as RBV looks for a set of firm's resources while the IO theory specifies the bunch of industrial activities in microeconomics to clarify a competitive advantage [8, 20, 89].

Some thematic similarities, e.g., RBV, concentrate on long-term competitiveness while the IO theory looks for a short-term one [19]. Some complementarities belong to the company's average return, company versus industry, and sustainable competitive advantage [17, 18, 20]. RBV generally imitates the Ricardian rents from superior resources to fulfill the customers' needs [1], while the IO doctrine regards the market power and monopoly type rents [4, 20, 36]. RBV is the firm's inside-out [18], while the IO theory is the outside-in [20, 36, 65]. The primary objective of the IO principle is to protect the threats in the existing market generating market power based on price premium or the changes in price and output [21, 36, 86].

On the other hand, RBV creates brand power based on market share, corporate reputation, patents, experiences, price setting, business strategy, information, corporate and product brand power [2, 34, 46]. Following the SWOT analysis, RBV identifies the firm's internal strengths and weaknesses while IO designates the firm's external opportunities and threats [3, 18, 94]. A composite model of the company and industry-level structures is persuasive and essential for a wide-ranging sustainable competitive advantage because RBV and IO theory build both sides of a coin [15, 18, 20].

2.5 Synergistic Competitive Advantage in post-M&As

The notion of synergy was first introduced in the management literature [95]. Afterward, it has been extended into several study fields such as human resource management, economics, accounting, and corporate finance to clarify the generated value by the post-M&As [96-98]. Usually, the synergy is a net additional and incremental value created from the companies' merger [99, 100]. It is often used to assess the post-M&A performance since it is a synonym of acquisition value [96, 101] and success [25, 95, 102]. On the other hand, the synergy is a resource-sharing micro-phenomenon [103, 104] and strategic return in post-deal activities [97, 100, 105]. It is an intended financial or non-financial outcome through sharing, combining, integrating, and consolidating firms' resources and market aspects between the two entities [104-106]. Ficery, Herd [99] argued that synergy gain is not monetized since it is described as an intangible benefit such as new market access, skills, and culture. However, a value of synergy can be transmitted into financial valuation, while other researchers claimed that synergy could generate monetary value by deploying various resources and capabilities [25, 100, 107].

The sources of synergy can be production, distribution, R&D, knowledge, management, marketing, finance, skill transfer, and technology [102, 106]. Other sources include cross-selling, new market access, vertical economics, purchasing, market power, equipment, customers, raw materials, information, organizational capabilities, and process [97, 103]. On

the other hand, marketing elements can also be the synergy sources, e.g., marketing, staffing, promotion, advertising, customer service, distributors, warehousing, brand position, and sales personnel [102].

There are different types of synergies such as operating synergy (i.e., revenue, cost, and investment-based), financial synergy [105], technology synergy, marketing synergy [108], economic synergy [104], sales synergy (customers), management synergy (management skills), operating synergy (raw materials), and investment synergy (production equipment) [103]. However, the immediate return from enhancing revenue and competitiveness can also be the synergy types rather than enhancing a capacity [106].

A review of synergy studies over 30 years identifies the synergy approaches in three categories, such as cost/revenue, management, and mix of both. The study found that Anglo-Saxon studies indicate the cost-saving and revenue growth synergies considering a cost/revenue approach. In contrast, European studies direct the operational synergy (i.e., increases operating income), financial synergy (i.e., decreases financial cost), and tax synergy (i.e., produces tax benefits) considering the management approach [96]. However, a mix of both approaches designates the synergy convergence. For example, the operating synergy of the European approach indicates the same as the cost/revenue synergy of Anglo-Saxon.

On the other hand, a financial synergy, which is a set of European approaches, is separately analyzed by Anglo-Saxon studies. Finally, the European approach's tax synergy is considered a financial synergy in the Anglo-Saxon inquiries [96, 99]. However, according to acquisition types, there are collusive synergy (Horizontal acquisitions), operational synergy (related or vertical acquisitions), and financial synergy (unrelated or conglomerate or acquisition) [25, 96]. Nevertheless, synergy gains cannot always be achieved. It materializes when an acquiring firm does not know how to integrate, utilize, facilitate, and coordinate the various businesses and resources, consequently exceeding the expenses and decreasing synergy profit [99, 100, 102]. For instance, Coke had partial victory using its brand image and name in apparel selling, Honda had limited success in the engine business sharing the expertise, and the financial organizations compressed the service costs but could not achieve the cross-selling and cost synergies in the resource sharing [103].

However, synergy always arises in post-M&As, when the profitability (i.e., effectiveness and efficiencies) of a joint entity is higher than the generated profit of an individual entity, for example, $2+2=5$ [99, 101, 106]. It means that a potential realized synergy should enhance the market competitiveness in the specific industry [109]. Gruca, Nath [103] also claimed that the synergy (generated from shared resources) should be a source of competitive advantage because only the sharing resources are not enough for synergy gain because the acquirer

should generate a unique and superior resource through integration [103, 109]. For example, Bertrand and Betschinger [106] found that acquiring firms do less performance than non-acquiring ones in cross-border M&A. On the other hand, Stonehouse and Snowdon [93] claimed that a strategy related to integrating and sharing resources is not generic because it should be unique for sustainability. Barney [3] and Barney, Ketchen [2] suggested that a new and potential innovative resource from integration and shared resources should be competitive according to RBV doctrines. On the flip side, IO theory indicates that synergy should be either cost-effective, differentiated, or both for market competitiveness [110].

Chatterjee [25] projected that an acquisition value belongs to resource scarceness, possible opportunities, and problem implementation, but the basis of competitive advantage belongs to economies of scope [6], which drives the economies of scale [101, 104]. Moreover, it shows that synergy and competitive advantage are not separate [101, 103, 111] since those are firmly embedded [102, 106, 109]. Generally, a competitive advantage is a firm's strategy to create a superior value based on VRINO resources, cost-effectiveness, and differentiation of goods and services [2, 3, 110]. Moreover, the principle of competitive advantage indicates the strategic value for a single firm [31, 112]. In contrast, an acquisition synergy indicates an added and incremental value by the two entities or firms [96, 97]. That said, if any single company or entity creates a competitive advantage by own, that is not synergy [99] because synergy originates from resource sharing and integration between the entities [96, 106, 111].

Synergistic Competitive Advantage (SCA) in the M&A performance

SCA is the realistic measurement in the post-M&A performance because it indicates a competitive advantage for two entities or companies, avoiding the traditional competitive advantage for a single firm. Bertrand and Betschinger [109] mentioned that a firm acquires a target to exploit a new competitive gain because a low level of competitiveness cannot expect acquisition success. At the same time, Weber and Dholakia [102] claimed that potential integration benefits might enhance the entire competitive position because marketing consolidation is the core business of both partners. It is also argued that the combined entities should make a competitive position through revenue and cost benefits [111]. However, it depends on the ability to protect the competitors [109] because synergy always exists in post-M&A if competitors do not prevent the benefits [102] of real integration, e.g., General Electric, P&G, Cisco, and HP [100, 103, 106]. Also, Weber and Dholakia [102] claimed that the purpose of consolidation is to be a market leader [102], which relates to M&A performance instead of the acquirer's firm performance [111].

The SCA term is essential for an acquisition valuation because the acquisitions are hopeless due to deal-conducting emotions [99], overpayment, high integration cost, price premium [100, 103], inappropriate valuation, [96], lack of attention, underestimation, and overestimation of synergy realization [95, 100]. For example, an extra cost makes a burden for managers to recoup even though seventy percent of acquirers fail to recover the premium payment due to integration challenges [100]. In addition, Brock [106] indicated that cultural diversity, geographical distance, various sources of authority, linguistic differences create the barriers of SCA gain in cross-border M&As. However, SCA could easily be attained while some synergies are difficult to identify, locate, and set the price on [99].

SCA can be the standard valuation for post-M&As because there are three benefits: synergy benefit, global advantage, and market power [109]. In addition, the high level of integration, similarities, and complementarities of various operations between the joint entities can achieve SCA [96, 97, 106]. On the other hand, an acquirer can achieve SCA through five dimensions: the sufficient values of synergy, various steps of the M&A process, possible reasons for synergy inflation, explanation of synergy pitfalls, and the outcome of poor synergy management [95]. In a sense, SCA gain indicates the quality of management on the customers' voice, integration expenditures, acquisition payment [100, 103], administration, legal, cultural, and economic environments [109]. Now, the question comes out regarding an SCA measurement in the post-M&As [96, 113].

SCA measurement in the post-M&A performance

In post-M&A valuation, SCA has been explored to a limited extent [95, 96] due to the dynamic process [112]. Still, there is no such standard model for evaluating SCA [96, 113, 114]. Moreover, acquisition performance is a multifaceted and multidisciplinary construct with a lack of measurement, antecedent factors, and applicability in the acquisition process, leading to discrepancies [111, 113, 115]. That said, 31 percent of 419 studies from 1963 to 2009 focused on acquisition performance [113].

Generally, synergy assessment, measurement, and methodological issues are the main focus [95, 96] because synergy estimations are not trustworthy yet [116], and it considers a long-term valuation avoiding the short-term one [111]. In line with this, SCA has been a critical issue in post-M&A value creation [97]. There are various stages for expected cash flows [116]. For instance, strategic factors such as time frame (i.e., speed of integration), type of synergy, and size of synergy can influence the SCA achievement. However, the time frame can also influence the synergy types and sizes depending on context and external pressures [96]. Homburg and Bucerius [117] found that the speed of integration is highly beneficial with internal relatedness between the entities rather than an external one. It is also argued that operating synergy

should be sub-categorized to achieve an SCA benefit. It depends on executives' value chain structure and background as strategic managers accentuate the knowledge, culture, and strategic SCA. In contrast, financial and accounting-related experts highlight the investment SCA and discount rate that had been categorized as external constraints, cash flows, and measurement systems in acquisition performance [96].

Since SCA relates to the acquisition motives [95, 114, 118], it can be measured in various ways such as subjective measure (e.g., valuation of synergy realization and integration process), objective measure (accounting and financial measures), short-term (few days based on post or before the announcement), long-term (consideration maximum five years' time period after the deal), organizational (development of the competitive situation and firms performance), transactional and process level (premium payment, execution quality in the post-acquisition) [111]. However, Das and Kapil [115] classified the valuation of acquisition in four categories: financial market-related measure, accounting measure, a mix of both, and subjective and objective.

The SCA can be classified into two methods, subjective and objective [119, 120]. Consideration of both methods, the acquisition performance measurements (i.e., short-and-long-term) can be financial and HR-related (HCROI, RPP, ROA, EPS), stock market return (e.g., CAPM, CAR), survey-based (managerial rating), accounting-based and profitability [98, 121, 122]. However, the objective measure considers the short-and-long-term based on the stock market and operating performance data. For instance, event windows (1-5, 6-21, 22-180 days, 181 days – 3 years, and more than three years) reflect the abnormal return through ROE (return on equity), ROS (return on sales), and ROA (return on assets) [101, 105, 123]. In the review of 88 articles from 1970 to 2006, Zollo and Meier [111] found that there are event studies based on short-term (41 percent) and long-term (19 percent), accounting (28 percent) and subjective measures (14 percent) along with integration performance variances (9 percent). However, Das and Kapil [115] noted that subjective measure is weaker than the objective one due to different biases, which are generally found in the survey-based study or conceptual modeling. On the contrary, there is a significant correlation between subjective and objective measures [111, 121, 124]. Besides, subjective measure explains the extra precision rather than an objective one because an assessment of acquisition and process performance is complex when the objective measure is considered based on archivable stock and accounting data [111].

In the same way, Ambrosini, Bowman [120] noted that subjective measure overcomes the difficulties of objective measure in the acquisition performance. For example, stock market measurement (abnormal return) depends on the public limited company, although the private limited companies conduct the acquisitions, and it provides information to the capital

investors avoiding the acquirer's strategic implementation. Likewise, the accounting standard differs across the nations during the assessment of cross-border M&A, and the consolidated accounts complicate the valuation of unit performance. Larsson and Finkelstein [97] also claimed significant errors in the accounting-based measures in economics and event studies (stock return) in finance.

On the other hand, accounting and stock market measures consider short-term (around the deal announcement) and one-dimensional measurement ignoring the complex integration process [121, 123, 125] and value-creation stages (reconfiguring, leveraging, integration and learning) [120]. Even though the interpretation of those measurements is still uncertain [121] and short-term event studies have no impact on any metrics of acquisition performance [111]. Therefore, subjective measure (managerial rating) of SCA can be the definite substitute and representative of objective measure to evaluate the acquisition performance exactly [120, 121]. The solution might also be to adopt the subjective and objective performance metrics both [122]. Bauer and Matzler [121] proposed that it is better to apply at least one objective and one subjective measure, although both can be assessed in the managerial rating. Regarding the time frame, short - and long-term measurement depends on strategic objective because short-term measurement (e.g., event study) is not valid if the acquirer's objective is long-term that belongs to entire acquisition performance and multiple events [115]. For example, Zollo and Meier [111] found that short- and long-term both direct the acquisition performance.

Usually, the SCA depends on effectiveness (appropriate input or output anywhere, such as the strategic goal of sales growth) and efficiency (input and output relationship, ratio, or comparison). The reason is that economies of scope (i.e., total cost reduced due to the combined production of products) and economies of scale (i.e., it reduces per unit cost since total production rises) are the primary and secondary objectives. Those impact financial (e.g., return on sales, cash flow) and non-financial (e.g., customer retention) performance in post-M&As [101, 112]. On the contrary, SCA does not always depend on economies of scale and revenue. It belongs to parallel operation, production, marketing, organizational similarities, and complementarities [97, 104].

Nevertheless, some mixed results in SCA, e.g., a price-related synergy that carries out the higher value and the financial synergy (cost of capital), generate more value than operational synergy [25]. On the other hand, non-serial acquiring firms get more operating synergies based on cost savings and revenue enhancement from financial, operation, and investment synergy [105]. Hsiang Ming and Ching Chi [126] claimed that a pure-synergistic arrangement (e.g., new name as IBM-Lenovo) is better to achieve SCA than the non-synergistic one (i.e., a new company and brand name) due to consideration of the product and country attributes.

However, Garzella and Fiorentino [96] illustrated that an operating synergy (efficiency on the manufacturing process and market power) has a more significant effect than the tax and financial synergies. However, revenue and operating synergies take more time compared to tax, financial and cost synergies. Rahman and Lambkin [101] found that revenue synergy is an acquirer's main objective through cost synergy.

Nevertheless, according to KPMG, the most critical synergy is the direct operational cost saving (39 percent), while revenue benefit represents 36 percent. Besides, the indirect saving of overhead cost characterizes 9 percent, whereas the remaining categories contribute only 16 percent [96]. Ficery, Herd [99] found that executives achieved revenue synergies according to their expectations, but 45 percent of them could not achieve the cost synergies. Huyghebaert and Luypaert [105] noted that sales growth increases by 4.92 percent after the deal while operating cost reduction (related to sales) represents 1.53 percent. In contrast, market power (4.3 percent), operating economics (89.9 percent), and financial (5.8 percent) economics are the principal drivers of SCA based on 69 respondents from 1990-2001 [114]. In a way, SCA has been a central concept of M&A assessment and success formation [25, 96, 101], but there is a question; how the SCA generates value in the post-M&A performance process model [96, 113].

SCA in the post-M&A performance model

Zollo and Meier [111], Ambrosini, Bowman [120], Bauer and Matzler [121] claimed that acquisition performance is a complicated value-generating process since it belongs to managerial decision making with multiple measures [120, 122]. Consequently, it has been a critical issue of how SCA can be assessed. Regarding this issue, Rahman and Lambkin [101] developed a performance model in post-M&A as the economy of scope (extension of market coverage and product portfolio) - economy of scale (reduction of marketing, administrative, and selling cost) - acquisition performance (return on sales). Furthermore, the marketing performance measurement (MPA) model indicates adaptiveness-effectiveness-efficiency. Adaptiveness indicates that integration of resources (e.g., financial, physical, human, legal, organization, reputation, information, and relationship) and capabilities (e.g., individual, single, specialized, financial, and organizational task). Besides, effectiveness clarifies the positional advantages based on the product, price, cost, image, services, and delivery. At the same time, efficiency indicates the market (e.g., customer perception and behaviors, sales response, and market share) and financial performance (e.g., revenue, margin, and cash flow) [112].

On the other hand, Zollo and Meier [111] indicate the direction of the integration process (short and long term) - entire acquisition performance - firm performance (accounting and finance).

Also, there is another model that illustrates the marketing integration (extent and speed of integration) - integration outcomes (cost savings and market performance) - performance results (financial performance). In that model, firm-and-industry level factors moderate the relationship between marketing integration and integration outcome [124]. However, the above models accentuated RBV and IO theory to a limited extent considering the Structure-Conduct-Performance classical.

Therefore, no models provided the entire solution to generate an acquisition value, although the firm's internal and external structures are essential for acquisition strategy and performance [109]. However, in the non-acquisition study, Spanos and Lioukas [20] illustrated the rent generation model considering RBV and IO theory, whether the firm's internal and external structures influence the strategy and performance (market and financial performance). When the model is applied in the acquisition performance, it shows some contradictions according to Homburg and Bucerius [124] and Rahman and Lambkin [101] since the integration outcomes or economies of scale were not considered. Capron, Dussauge [107] noted that the applicability of revenue-based market power (reducing competition and increasing market power) and cost-based efficiency is truthful in the stable industry. However, new businesses belong to dynamic market environments of changing technology, regulations, market globalization, and competitive entry. Therefore, a new model needs to be complimented.

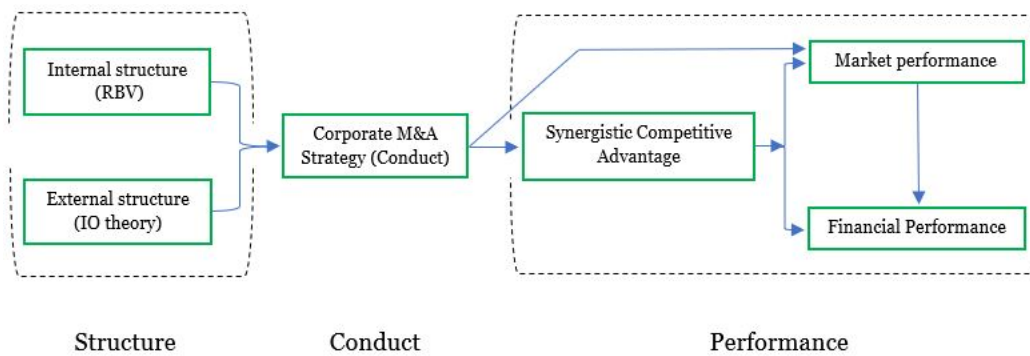
Therefore, this study develops an acquisition performance model considering RBV [2, 3] and IO theory [20, 110], given the SCP model [10, 11, 31]. The importance of RBV and IO theory has been realized by Fiorentino and Garzella [95] and Bertrand and Betschinger [109] for SCA formation in post-M&As. Therefore, the acquirer's structure has been categorized by internal and external structures. The internal structure belongs to firm resources considering RBV, while the outer structure (industry factors) depends on the IO theory [15, 33, 40]. Both structures are the sources of acquisition strategy (conduct) of an acquirer that provides an entire acquisition performance [20, 109, 111] because effectiveness and efficiency both depend on the adaptiveness of resources, capabilities, and market consolidation [20, 112]. Rahman and Lambkin [101] specified that resource and market consolidation (economy of scope) associates with the economy of scale and acquisition performance.

However, there are three constructs in the overall acquisition performance: synergistic competitive advantage (SCA), market, and financial performance [111, 115, 124]. Nevertheless, the acquisition strategy only impacts the SCA [97, 124, 127] and market performance [20, 112]. Homburg and Bucerius [124] also found that marketing integration directly influences the

SCA and market performance while SCA works as a mediator of entire acquisition performance [95].

Therefore, market and financial performance are influenced by the SCA [96, 101, 112], but the market performance indicates the financial performance directly, according to Homburg and Bucerius [124] and Spanos and Lioukas [20]. Subsequently, Figure 1 summarizes the above literature and illustrates the consequences of the post-M&A performance process model considering the SCA.

Figure 1. The post-M&A performance process model



Sources: [6, 28, 32, 96, 101, 124, 128]

SCA measurement can be the market power enhancement, reducing market competition, unit transaction cost reduction, increasing joint sales based on cross-selling, and new market access [97, 101, 111]. On the other hand, market performance is associated with customer acquisition and satisfaction, but financial performance refers to sales growth, market share, return on investment, and portability growth [92, 112, 124]. However, in the assessment of M&A, SCA should be considered first in the entire performance evaluation considering the net benefits, risk reduction, financial needs, and cost savings [95, 96, 101]. It belongs to interaction and coordination costs in the post-M&A and seeks profit growth (i.e., dropping the cost and increasing the revenue) [97, 101, 124].

3. Conclusion

RBV and IO theory mainly emphasize the firm's competitive advantage. However, this article summarizes the situation under which both theories may produce a competitive advantage in post-M&As. A competitive advantage is the firm's superior value generated by cost-effectiveness and differentiation of goods and services and VRINO resources [2, 3, 110]. On the other hand, synergy is the combined and incremental value of two entities to evaluate a post-M&A performance [99, 101, 106]. That said, if any single company or entity creates a synergy by own, that is not synergy [99].

Therefore, the manuscript first claims that RBV and IO theory should consider the new term "Synergistic Competitive Advantage" (SCP) to assess the post-M&A performance outcomes generated from two entities instead of a traditional competitive advantage of a single firm that suggested by earlier scholars, e.g., Barney, Ketchen [2], Barney [3] and Porter [110]. In line with Chatterjee [25], an acquirer could get the economic value in any acquisition based on problems with implementation, available opportunities, and leveraging the resource scarcity. The acquisition synergy can also be achieved when the synergies are inimitable, scarce, and goal-oriented. It indicates that acquisition synergy should be competitive while competitive advantage should be synergistic to protect the competitors and generate superior value [100, 103, 109].

Moreover, this manuscript predicts that not only the IO theory concerns the entry barrier consolidating the markets, but also RBV can make an entry barrier by the SCA through an innovative resource produced from shared and integrated resources. It is also recognized that resource superiority and inferiority are not a fact. The reality is how integration creates an SCA [27]. For example, Weber and Dholakia [102] noticed that the two entities consolidate their marketing possibilities as premier competitors. Now the question is; at what stage an SCA can be evaluated in the suitable acquisition process model [96, 113]. Therefore, the study inspects the microeconomic theories such as RBV and IO theory considering the SCP model to realize the performance process model because Spanos and Lioukas [20] recommended the causal logic of rent generation using RBV and IO theory. In contrast, an SCP model was suggested by Becerra [27]. The article shows that neither RBV nor IO theory can claim an SCA individually [15, 18].

For instance, RBV explains 50 percent of a firm's performance, while the IO theory clarifies 20 percent only [8, 22, 23]. Becerra [27] also noticed that there are mixed results and measurement problems of RBV during the resource combination. The principal reason is that

RBV and IO theory build the firm's two sides of an SCA as RBV explains the strength and weaknesses, while the IO theory explains the opportunity and threat according to SWOT analysis [18, 20, 39]. However, earlier acquisition studies did not consider the complementarity and systematic use of both theories in the M&A performance model considering the SCP model, e.g., Buckley, Elia [12], Homburg and Bucerius [124] and Rahman and Lambkin [101].

Therefore, this study categorized the firm's internal (i.e., firm's resources of RBV) and external structures (i.e., market factors of IO theory) whether both structures influence the acquisition strategy and performance, respectively following the Structure-Conduct-Performance model [27, 112]. However, the performance model has been unified by the three constructs (SCP, market, and financial performance), where acquisition strategy influences the SCA and market performance, which is partly and thematically similar to Homburg and Bucerius [124] and Rahman and Lambkin [101]. For instance, Homburg and Bucerius [124] found that marketing integration influences cost savings and market performance, while Rahman and Lambkin [101] exposed that economies of scope (expand the market coverage and product portfolio) influence the economics of scale (cost reduction). This study further shows that the SCA impacts the market and financial performance as opposed to Homburg and Bucerius [124], who found that market performance impacts the cost savings (i.e., SCA) and financial performance while Rahman and Lambkin [101] appealed that cost savings influence the financial performance only. This study claims that SCA impacts both performances because SCA is the mediator of acquisition strategy and performance [95]. However, market performance directly affects financial performance in line with Homburg and Bucerius [124].

According to the question of Cartwright, Teerikangas [113], and Garzella and Fiorentino [96] regarding the SCP measurement, this study illustrates that SCA usually drives the subjective measure. It also considers the objective one to get an entire acquisition performance at short- and long-term periods. The reasons are that subjective measure is the substitute and alternative of objective measure to overcome the various difficulties of objective measures even though both measures can be used in the managerial rating [120-122].

Furthermore, a short-term SCA complements the long-term performance, which is the primary goal of an acquirer [95, 96]. Zollo and Meier [111] also found the complementarity between short- and long-term task performance to get an entire acquisition performance, although event study measure does not affect performance metrics. However, the reality depends on the acquirer's strategic objective and acquisition motives since it fulfills the synergy realization, strategic gap reduction, integration effectiveness, and efficiency [95, 104,

115, 118]. However, a long-term SCA impact the acquisition of performance-enhancing capabilities [111].

Larsson and Finkelstein [97], Zaheer, Castaner [104] claimed that synergies are subject to not only economies of scale and revenue benefits but also organizational similarities, integration, combination, and complementarities of similar marketing, operation, and production. If no synergies emerge from a takeover, it needs to be investigated further since synergy always generates from integrating two entities or companies [96]. For example, Cisco and GE enhanced SCA through successful integration [99, 100, 104]. Thus, the SCA can be more accurate in the unit analysis, cross-border M&A, process performance, assessment of entire M&A in the private and public limited companies [109, 120, 124]

It is pleasing to note that several acquisition researchers have a pioneering role in the investigation of M&A performance, such as Fiorentino and Garzella [95], Rahman and Lambkin [101], and Garzella and Fiorentino [96]. However, this study realizes that the development of synergistic competitive advantage (SCA) is an important performance measure for researchers, academia, and practitioners in the emerging area of M&A because acquisition-related gain appears to worsen if the SCA is oppressed [128]. Similarly, Larsson and Finkelstein [97] claimed that the acquirer should use the SCA instead of ambiguous measures such as market and accounting returns to evaluate M&A success. Since this is a conceptual study, its limitations are thanked before explaining further. This study attempts to extend the existing knowledge of M&A performance relating to the visionary merging of entities. Hatch and Schultz [129] also remarked that *"a corporate vision without action is a daydream; action without a vision is a nightmare."* Therefore, the SCA should be investigated empirically using various proxies such as the size of entities, resource forms (i.e., tangible, intangible, and strategic resources), synergy categories, synergy sources, acquisition types, and market factors in monopoly, duopoly, and monopolistic market to lift the generalizability.

Though the developed concept applies to all types of M&A, it seems that it can differ in the related, unrelated, horizontal, vertical, conglomerate, domestic, and cross-border M&A. Thus, empirical evidence needs to observe the theoretical development to enhance, detect, and exploit the SCA in post-M&A. Furthermore, this study is not a methodical ideal; there is a lack of measurement of SCA in the consolidation of various resources and market factors. The sample selection can also be a crucial issue. Therefore, strategic and industrial economists can test the concept in distinct businesses and industries. However, conceptual development is the basis of scientific observation, gathering ideas from business policy and economics. Finally, this rationalized thought favors that the notion of SCA as the modern appeal of RBV and IO

theory is to guide the pragmatic M&A performance valuation in the contemporary business world through complementarities, systematic use, and a suitable performance process model.

References

1. Peteraf, M.A. and J.B. Barney, *Unraveling The Resource-Based Tangle*. Managerial and Decision Economics, 2003. **24**(4): p. 309-323.
2. Barney, J.B., D.J. Ketchen, and M. Wright, *The Future of Resource-Based Theory: Revitalization or Decline?* Journal of Management, 2011. **37**(5): p. 1299-1315.
3. Barney, J.B., *Firm resources and sustainable competitive advantage*. JM, 1991. **17**: p. 19-120.
4. Porter, M., *Toward a dynamic theory of strategy*. Strategic Management Journal Strategic Management Journal, 1991. **12**: p. 95-117.
5. Porter, M., *Competitive Strategy: Techniques for Analyzing Industries and Competitors*. 1980, New York: New Press.
6. Porter, M., *Competitive advantage: Creating and sustaining superior performance*. 1985, New York: NY: Free Press.
7. Hawawini, G., V. Subramanian, and P. Verdin, *Is performance driven by industry- or firm-specific factors? A new look at the evidence*. Strategic Management Journal, 2003. **24**(1): p. 1-16.
8. Parnell, J.A., *Strategic clarity, business strategy and performance*. Journal of Strategy and Management, 2010. **3**(4): p. 304-324.
9. Kraaijenbrink, J., J.C. Spender, and A.J. Groen, *The Resource-Based View: A Review and Assessment of Its Critiques*. Journal of Management, 2009. **36**(1): p. 349-372.
10. Byeongyong Paul, C. and M.A. Weiss, *An Empirical Investigation of Market Structure, Efficiency, and Performance in Property-Liability Insurance*. Journal of Risk & Insurance, 2005. **72**(4): p. 635-673.
11. Parnell, J.A., et al., *How environmental uncertainty affects the link between business strategy and performance in SMEs*. Management Decision, 2012. **50**(4): p. 546-568.
12. Buckley, P.J., S. Elia, and M. Kafouros, *Acquisitions by emerging market multinationals: Implications for firm performance*. Journal of World Business, 2014.
13. Deng, P., *Why do Chinese firms tend to acquire strategic assets in international expansion?* Journal of World Business, 2009. **44**(1): p. 74-84.
14. Jit Singh Mann, B. and R. Kohli, *Do brand acquisitions create wealth for acquiring company shareholders? Evidence from India*. Journal of Product & Brand Management, 2012. **21**(4): p. 265-274.
15. O'Cass, A. and L.V. Ngo, *Balancing external adaptation and internal effectiveness: Achieving better brand performance*. Journal of Business Research, 2007. **60**(1): p. 11-20.
16. Porter, M., *The Competitive Advantage of Nations*. Harvard Business Review, 1990. **90**: p. 73-93.
17. Matyjas, Z., *The role of the structure-conduct-performance paradigm for the development of industrial organization economics and strategic management*. Journal of Positive Management, 2014. **5**(2): p. 53-63.
18. O'Cass, A. and J. Weerawardena, *The effects of perceived industry competitive intensity and marketing-related capabilities: Drivers of superior brand performance*. Industrial Marketing Management, 2010. **39**(4): p. 571-581.
19. Foss, N.J. and T. Knudsen, *The Resource-Based Tangle: Towards a Sustainable Explanation of Competitive Advantage*. Managerial and Decision Economics, 2003. **24**(4): p. 291-307.

20. Spanos, Y.E. and S. Lioukas, *An examination into the causal logic of rent generation: Contrasting Porter's competitive strategy framework and the resource-based perspective*. Strategic Management Journal, 2001. **22**(10): p. 907-934.
21. Huang, J. and G. Sylvie, *Industry and Firm Effects on Performance: Evidence from the Online News Industry in U.S. (cover story)*. Journal of Media Business Studies (Journal of Media Business Studies), 2010. **7**(1): p. 1-20.
22. Sea-Jin, C. and H. Singh, *Corporate and industry effects on business unit competitive position*. Strategic Management Journal, 2000. **21**(7): p. 739-752.
23. Short, J.C., et al., *Firm, strategic group, and industry influences on performance*. Strategic Management Journal, 2007. **28**(2): p. 147-167.
24. Haleblian, J., et al., *Taking Stock of What We Know About Mergers and Acquisitions: A Review and Research Agenda*. Journal of Management, 2009. **35**(3): p. 469-502.
25. Chatterjee, S., *Types of synergy and economic value: the impact of acquisition on merging and rival firms*. Strategic Management Journal, 1986. **7**(2): p. 119-139.
26. Deng, P. and M. Yang, *Cross-border mergers and acquisitions by emerging market firms: A comparative investigation*. International Business Review, 2015. **24**(1): p. 157-172.
27. Becerra, M., *A Resource-Based Analysis of the Conditions for the Emergence of Profits*. Journal of Management, 2008. **34**(6): p. 1110-1126.
28. Barney, J.B., M. Wright, and D.J. Ketchen Jr., *The resource-based view of the firm: Ten years after 1991*. Journal Of Management, 2001. **27**(6): p. 625.
29. Porter, M., *the contributions of industrial organization to strategic management*. Academy of Management Review, 1981. **6**: p. 609-620.
30. Mason, E.S., *Price and production policies of large scale enterprises*. American Economic Review, 1939. **29**: p. 61-74.
31. Cater, T. *The relevance of the industrial organization school of thought on the sources of a firm's competitive advantage*. 2004. Zagreb: University of Zagreb, Faculty of Economics and Business.
32. Ralston, P.M., et al., *A Structure–Conduct–Performance Perspective of How Strategic Supply Chain Integration Affects Firm Performance*. Journal of Supply Chain Management, 2014: p. n/a-n/a.
33. Setiawan, M., G. Emvalomatis, and A. Oude Lansink, *Structure, conduct, and performance: evidence from the Indonesian food and beverages industry*. Empirical Economics, 2013. **45**(3): p. 1149-1165.
34. Wood, L., *Market power and its measurement*. European Journal of Marketing, 1999. **33**(5/6): p. 612-633.
35. Wayne, F., *Applying the Structure-Conduct-Performance Framework in the Media Industry Analysis*. JMM: The International Journal on Media Management, 2003. **5**(4): p. 275-284.
36. Young, D.P.T., *Modeling Media Markets: How Important is Market Structure?* Journal of Media Economics, 2000. **13**(1): p. 27-27.
37. Bain, J.S., *Barriers to new competition*. 1956, Harvard University Press: Cambridge.
38. Ghemawat, P., *Competition and business strategy in historical perspective*. Business History Review, 2002. **76**(1): p. 37-74.
39. Shu-Chu Sarrina, L., L. Yu-Li, and C. Chi-Ho, *Market Competition and Media Performance: Reexamining the Media Performance of the Cable Television Industry in Taiwan*. Journal of Media Economics, 2007. **20**(3): p. 189-210.
40. Leonidou, L.C., et al., *Antecedents and Consequences of an Eco-Friendly Export Marketing Strategy: The Moderating Role of Foreign Public Concern and Competitive Intensity*. Journal of International Marketing, 2013. **21**(3): p. 22-46.
41. Wernerfelt, B., *A Resource-based View of the Firm*. Strategic Management Journal (pre-1986), 1984. **5**(2): p. 171.
42. Barney, J.B., *Special theory forum: The resource-based model of the firm: Origins, implications, and prospects*. Journal of Management, 1991. **17**: p. 97-98.

43. Wernerfelt, B., *Invited Editorial: The Use of Resources in Resource Acquisition*. Journal of Management, 2011. **37**(5): p. 1369-1373.
44. Barney, J.B., *Gaining and sustaining competitive advantage*. 2002, Upper Saddle River: NJ:Prentice Hall.
45. Nelson, R.R., *Why Do Firms Differ and How Does It Matter? A Revisitation*. Seoul Journal of Economics, 2008. **21**(4): p. 607-619.
46. Grant, R.M., *Prospering in Dynamically-competitive Environments: Organizational Capability as Knowledge Integration*. Organization Science, 1996. **7**(4): p. 375-387.
47. Peteraf, M.A. and M. Bergen, *Scanning dynamic competitive landscapes: a market based and resource-based framework*. Strategic Management Journal, 2003. **24**: p. 1027-1041.
48. Armstrong, C.E. and K. Shimizu, *A Review of Approaches to Empirical Research on the Resource-Based View of the Firm* Journal of Management, 2007. **33**(6): p. 959-986.
49. Vu, D.A., Y. Shi, and T. Hanby, *Strategic framework for brand integration in horizontal mergers and acquisitions*. Journal of Technology Management in China, 2009. **4**(1): p. 26-52.
50. Luo, X., K. Sivakumar, and S.S. Liu, *Globalization, Marketing Resources, and Performance: Evidence From China*. Academy of Marketing Science. Journal, 2005. **33**(1): p. 50-65.
51. Molloy, J.C., et al., *Making Intangibles "Tangible" in Tests of Resource-Based Theory: A Multidisciplinary Construct Validation Approach*. Journal of Management, 2011. **37**(5): p. 1496-1518.
52. Barney, J.B., *Strategic factor markets: Expectations, luck and business strategy*. Management Science, 1986. **32**: p. 1231-1241.
53. Cohen, J., *Intangible assets: Valuation and economic benefits*. 2005, New York: John Wiley.
54. Marr, B. and G. Roos, *A strategy perspective on intellectual capital*. In B. Barr (Ed.), *Perspectives on intellectual capital: 28-52*. 2005, New York: Butterworth-Heinemann.
55. Diefenbach, T., *Intangible resources: a categorial system of knowledge and other intangible assets*. Journal of Intellectual Capital, 2006. **7**(3): p. 406-420.
56. Guillén, M.F. and E. García-Canal, *The American Model of the Multinational Firm and the "New" Multinationals From Emerging Economies*. Academy of Management Perspectives, 2009. **23**(2): p. 23-35.
57. Vu, D.A. and O.I. Moisesescu, *Brand integration practices in mergers and acquisitions*. Management & Marketing, 2013. **8**(3): p. 403-428.
58. Santos-Vijande, M.L., et al., *The brand management system and service firm competitiveness*. Journal of Business Research, 2013. **66**(2): p. 148-157.
59. Barney, J.B., *Is the resource-based "view" a useful perspective for strategic management research? Yes*. Academy of Management. The Academy of Management Review, 2001. **26**(1): p. 41-56.
60. Lee, J., et al., *The impact of the brand management system on brand performance in B-B and B-C environments*. Industrial Marketing Management, 2008. **37**(7): p. 848-855.
61. DeSarbo, W.S., C.A.D. Benedetto, and M. Song, *A heterogeneous resource based view for exploring relationships between firm performance and capabilities*. Journal of Modelling in Management, 2007. **2**(2): p. 103-130.
62. Johanson, J. and J.-e. Vahlne, *The Uppsala internationalization process model revisited: From liability of foreignness to liability of outsidership*. Journal of International Business Studies, 2009. **40**(9): p. 1411-1431.
63. Peng, M., *The resource-based view and international business*. Journal of Management, 2001. **27**(6): p. 803-829.

64. Barney, J.B., *Resource-based theories of competitive advantage: A ten-year retrospective on the resource-based view*. Journal of Management, 2001. **27**(6): p. 643.
65. Srivastava, R.K., *The resource-based view and marketing: The role of market-based assets in gaining competitive advantage*. Journal of Management, 2001. **27**(6): p. 777-802.
66. Camisón, C. and A. Villar, *Capabilities and propensity for cooperative internationalization*. International Marketing Review, 2009. **26**(2): p. 124-150.
67. Hsiang Ming, L., L. Ching Chi, and C.C. Wu, *Brand image strategy affects brand equity after M&A*. European Journal of Marketing, 2011. **45**(7/8): p. 1091-1111.
68. Lado, A.A., et al., *Paradox and theorizing within the resource based view*. Academy of Management Review, 2006. **31**(1): p. 115-131.
69. McGuinness, T. and R.E. Morgan, *Strategy, dynamic capabilities and complex science: management rhetoric vs. reality*. Strategic Change, 2000. **9**(4): p. 209.
70. Zou, S., E. Fang, and S. Zhao, *The Effect of Export Marketing Capabilities on Export Performance: An Investigation of Chinese Exporters*. Journal of International Marketing, 2003. **11**(4): p. 32-55.
71. Gibbert, M., *Generalizing About Uniqueness: An Essay on an Apparent Paradox in the Resource-Based View*. Journal of Management Inquiry, 2006. **15**(2): p. 124-134.
72. Gibbert, M., *Munchausen, Black Swans, and the RBV: Response to Levitas and Ndofor*. Journal of Management Inquiry, 2006. **15**(2): p. 145-151.
73. Levitas, E. and N. Hermann Achidi, *What to Do With the Resource-Based View: A Few Suggestions for What Ails the RBV That Supporters and Opponents Might Accept*. Journal of Management Inquiry, 2006. **15**(2): p. 135-144.
74. Miller, D., *An asymmetry-based view of advantage: Towards an attainable sustainability*. Strategic Management Journal, 2003. **24**(10): p. 961-976.
75. Moore, M., *Towards a confirmatory model of retail strategy types: an empirical test of miles and snow*. Journal of Business Research, 2005. **58**(5): p. 696-704.
76. Priem, R.L. and J.E. Butler, *Tautology in the resource-based view and the implicatons of externally determined resource value: Further comments*. Academy of Management. The Academy of Management Review, 2001. **26**(1): p. 57-66.
77. Gibbons, R., *Four formal(izable) theories of the firm?* Journal of Economic Behavior & Organization, 2005. **58**(2): p. 200-245.
78. Newbert, S.L., *Empirical research on the resource-based view of the firm: an assessment and suggestions for future research*. Strategic Management Journal, 2007. **28**(2): p. 121-146.
79. Priem, R.L. and J.E. Butler, *Is the resource-based "view" a useful perspective for strategic management research?* Academy of Management. The Academy of Management Review, 2001. **26**(1): p. 22-40.
80. Carter, S.M. and T.W. Ruefli, *Intra-Industry Reputation Dynamics Under a Resource-Based Framework: Assessing the Durability Factor*. Corporate Reputation Review, 2006. **9**(1): p. 3-25.
81. Leiblein, M.J., *The Choice of Organizational Governance Form and Performance: Predictions from Transaction Cost, Resource-based, and Real Options Theories*. Journal of Management, 2003. **29**(6): p. 937-961.
82. Leiblein, M.J., *What Do Resource- and Capability-Based Theories Propose?* Journal of Management, 2011. **37**(4): p. 909-932.
83. Stoelhorst, J.W. and E.M. van Raaij, *On explaining performance differentials: Marketing and the managerial theory of the firm*. Journal of Business Research, 2004. **57**(5): p. 462-477.
84. Halbersma, R.S., et al., *Market structure and hospital-insurer bargaining in the Netherlands*. The European Journal of Health Economics : HEPAC, 2011. **12**(6): p. 589-603.
85. Porter, M., *Industry Structure and Competitive Strategy: Keys to Profitability*. Financial Analysts Journal, 1980. **36**: p. 30-41.

86. Nevo, A., *Measuring market power in the ready-to-eat cereal industry*. *Econometrica*, 2001. **69**(2): p. 307-342.
87. Bos, J.W.B., *Does market power affect performance in the dutch banking market? a comparison of reduced form market structure models*. *De Economist*, 2004. **152**(4): p. 491-512.
88. Alashban, A.A., et al., *International Brand-Name Standardization/Adaptation: Antecedents and Consequences*. *Journal of International Marketing*, 2002. **10**(3): p. 22-48.
89. Rajshekhar, G.J., et al., *Assessing competitive advantage of emerging markets in knowledge intensive business services*. *The Journal of Business & Industrial Marketing*, 2011. **26**(3): p. 171-180.
90. Stone, H.B.J. and A. Ranchhod, *Competitive advantage of a nation in the global arena: a quantitative advancement to Porter's diamond applied to the UK, USA and BRIC nations*. *Strategic Change*, 2006. **15**(6): p. 283-284.
91. Alwuhaibi, S.A., *A cultural perspective on the impact of family and society on the competitive advantage of organizations and nations*. 2009, Mississippi State University: Ann Arbor. p. 380-n/a.
92. Katsikeas, C.S., S. Samiee, and M. Theodosiou, *Strategy fit and performance consequences of international marketing standardization*. *Strategic Management Journal*, 2006. **27**(9): p. 867-890.
93. Stonehouse, G. and B. Snowdon, *Competitive Advantage Revisited: Michael Porter on Strategy and Competitiveness*. *Journal of Management Inquiry*, 2007. **16**(3): p. 256-273.
94. Porter, M., *Competitive strategy*. 1980, New York: Free Press.
95. Fiorentino, R. and S. Garzella, *Synergy management pitfalls in mergers and acquisitions*. *Management Decision*, 2015. **53**(7): p. 1469-1503.
96. Garzella, S. and R. Fiorentino, *A synergy measurement model to support the pre-deal decision making in mergers and acquisitions*. *Management Decision*, 2014. **52**(6): p. 1194-1216.
97. Larsson, R. and S. Finkelstein, *Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: A case survey of synergy realization*. *Organization Science*, 1999. **10**(1): p. 1-26.
98. Chatterjee, S. and S. Banerjee, *Merger and Acquisition - A Myth? (From an Indian Acquirer's Perspective)*. *Globsyn Management Journal*, 2013. **7**(1/2): p. 17-33.
99. Ficery, K., T. Herd, and B. Pursche, *Where has all the synergy gone? The M&A puzzle*. *The Journal of Business Strategy*, 2007. **28**(5): p. 29-35.
100. Hitt, M.A., et al., *Mergers and acquisitions: Overcoming pitfalls, building synergy, and creating value*. *Business Horizons*, 2009. **52**(6): p. 523-529.
101. Rahman, M. and M. Lambkin, *Creating or destroying value through mergers and acquisitions: A marketing perspective*. *Industrial Marketing Management*, 2013(0).
102. Weber, J.A. and U.M. Dholakia, *Including Marketing Synergy in Acquisition Analysis: A Step-Wise Approach*. *Industrial Marketing Management*, 2000. **29**(2): p. 157-177.
103. Gruca, T.S., D. Nath, and A. Mehra, *Exploiting synergy for competitive advantage*. *Long Range Planning*, 1997. **30**(4): p. 481-611.
104. Zaheer, A., X. Castaner, and D. Souder, *Synergy Sources, Target Autonomy, and Integration in Acquisitions*. *Journal of Management*, 2011. **39**(3): p. 604-632.
105. Huyghebaert, N. and M. Luybaert, *Sources of Synergy Realization in Mergers and Acquisitions: Empirical Evidence from Non-Serial Acquirers in Europe*. *International Journal of Financial Research*, 2013. **4**(2): p. 49.
106. Brock, D.M., *Multinational acquisition integration: the role of national culture in creating synergies*. *International Business Review*, 2005. **14**(3): p. 269-288.
107. Capron, L., P. Dussauge, and W. Mitchell, *Resource redeployment following horizontal acquisitions in Europe and North America, 1988-1992*. *Strategic Management Journal (1986-1998)*, 1998. **19**(7): p. 631.

108. Huang, C.-T. and K.-H. Tsai, *Synergy, environmental context, and new product performance: A review based on manufacturing firms*. Industrial Marketing Management, 2014. **43**(8): p. 1407-1419.
109. Bertrand, O. and M.-A. Betschinger, *Performance of domestic and cross-border acquisitions: Empirical evidence from Russian acquirers*. Journal of Comparative Economics, 2012. **40**(3): p. 413-437.
110. Porter, M., *Competitive advantage*. 1985, New York: Free Press.
111. Zollo, M. and D. Meier, *What Is M&A Performance?* Academy of Management Perspectives, 2008. **22**(3): p. 55-77.
112. Morgan, N.A., B.H. Clark, and R. Gooner, *Marketing productivity, marketing audits, and systems for marketing performance assessment: integrating multiple perspectives*. Journal of Business Research, 2002. **55**(5): p. 363-375.
113. Cartwright, S., et al., *Methods in M&A—A look at the past and the future to forge a path forward*. Scandinavian Journal of Management, 2012. **28**(2): p. 95-106.
114. Mukherjee, T.K., H. Kiymaz, and K. Baker, *Merger motives and target valuation: a survey of evidence from CFOs*. Journal of Applied Finance, 2004. **14**(2): p. 7-24.
115. Das, A. and S. Kapil, *Explaining M&A performance: a review of empirical research*. Journal of Strategy and Management, 2012. **5**(3): p. 284-330.
116. Cullinan, G., J. Le Roux, and R. Weddigen, *When to walk away from a deal*. Harvard Business Review, 2004. **82**(4): p. 96-105.
117. Homburg, C. and M. Bucerius, *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, 2006. **27**(4): p. 347-367.
118. Hongjiu, L., H. Yanrong, and M. Weimin. *Empirical analysis of performance in acquisitions based on different motives*. in *Management of Innovation and Technology (ICMIT), 2010 IEEE International Conference on*. 2010.
119. Richard, P.J., et al., *Measuring Organizational Performance: Towards Methodological Best Practice*. Journal of Management, 2009. **35**(3): p. 718-804.
120. Ambrosini, V., C. Bowman, and R. Schoenberg, *Should acquiring firms pursue more than one value creation strategy? An empirical test of acquisition performance*. British Journal of Management, 2011. **22**(1): p. 173-185.
121. Bauer, F. and K. Matzler, *Antecedents of M&A success: The role of strategic complementarity, cultural fit, and degree and speed of integration*. Strategic Management Journal, 2014. **35**(2): p. 269-291.
122. Schoenberg, R., *Measuring the performance of corporate acquisitions: and empirical comparison of alternative metrics*. British Journal of Management, 2006. **17**(4): p. 361-370.
123. King, D.R., et al., *Meta analyses of post acquisition performance: indications of unidentified moderators*. Strategic Management Journal, 2004. **25**(2): p. 187-187+.
124. Homburg, C. and M. Bucerius, *A Marketing Perspective on Mergers and Acquisitions: How Marketing Integration Affects Postmerger Performance*. Journal of Marketing, 2005. **69**(1): p. 95-113.
125. Bauer, F., K. Matzler, and S. Wolf, *M&A and innovation: The role of integration and cultural differences—A central European targets perspective*. International Business Review, 2014(0).
126. Hsiang Ming, L. and L. Ching Chi, *Country-of-origin and brand redeployment impact after brand acquisition*. The Journal of Consumer Marketing, 2011. **28**(6): p. 412-420.
127. Nandakumar, M.K., A. Ghobadian, and N. O'Regan, *Generic strategies and performance - evidence from manufacturing firms*. International Journal of Productivity and Performance Management, 2011. **60**(3): p. 222-251.
128. Barua, A., *Corporate brand architecture in Cross-border Mergers and Acquisitions*, in *International Marketing*. 2017, University of Vaasa: Vaasa, Finland. p. 215.
129. Hatch, M.J. and M. Schultz, *Are the Strategic Stars Aligned for Your Corporate Brand?* Harvard Business Review, 2001. **79**(2): p. 128-134.