

ADVANCES IN MERGERS AND ACQUISITIONS

Edited by Sydney Finkelstein
and Cary L. Cooper

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VOLUME 19

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**ADVANCES IN MERGERS AND
ACQUISITIONS**

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CONTENTS

<i>About the Series Editors</i>	vii
<i>About the Authors</i>	ix
<i>Introduction</i> Sydney Finkelstein and Cary L. Cooper	xiii
Chapter 1 Is Timing Everything? The Timing of an M&A Announcement in a Merger Wave <i>Trang Thu Doan, Padma Rao Sahib and Arjen van Witteloostuijn</i>	1
Chapter 2 Geographic Roll-Up Acquisition Programs and Their Performance Implication <i>Natalia Vuori and Tomi Laamanen</i>	17
Chapter 3 How Acquirers Choose Legal Advisors: The Roles of Own Prior Experience and Broad and Selective Imitation of Others <i>Minh Thi Thu Vu and Salih Zeki Ozdemir</i>	33
Chapter 4 Mergers and Acquisitions as Strategic Decisions for a Decision-Making Theory <i>Cyndi Man Zhang</i>	49
Chapter 5 The Role of National Corporate Governance in EU Acquisitions <i>Philipp Geiler and Addis Gedefaw Birhanu</i>	65
Chapter 6 Acquisitions for New Business Models <i>Christina Öberg</i>	79
Chapter 7 Hostile Takeover: Who Benefits from Virtual Business Combination? <i>Kamal Ghosh Ray</i>	101
<i>Index</i>	125

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INTRODUCTION

Sydney Finkelstein and Cary L. Cooper

With this new volume of original and thought-provoking articles in the *Advances* series, we bring seven outstanding contributions together. As always, topics and authors are as diverse as can be. Despite the volume of past work on mergers and acquisitions (M&A), it is remarkable how the contributions assembled here add intriguing new insights, lines of inquiry, and practical relevance to what we know on this central topic of organizational life.

Timing is important in M&A, as it is in life! We know that merger waves occur, but we don't know much about how important it might be for an organization to pay attention to that timing. Enter Trang Thu Doan, Padma Rao Sahib, and Arjen van Witteloostuijn, who dig into completed and abandoned M&A deals to try to get at what's really going on. First, they conduct a textual analysis of the 150 largest abandoned M&A deals and find that competing bidders, regulatory concerns, and shareholder opposition from the acquirer are major roadblocks in the pre-merger process, and that these hurdles often occur jointly. Then they examine a sample of 2,802 announced M&A across four industry waves and find that M&A deals initiated earlier in a merger wave are more likely to be completed and are completed more speedily. So, yes, timing is important, and deal makers should be paying attention.

Patterns in M&A are not only relevant across firms but within firms as well. And that is what Natalia Vuori and Tomi Laamanen investigate in a set of in-depth case studies of geographic roll-up acquisition programs. In particular, Vuori and Laamanen break new ground by identifying four types of acquisition programs (cautious approach, political approach, investment-intensive approach, and hybrid approach), and an acquisition program has to be designed in a way that not only fits to the current environmental conditions in the host country, but also considers an acquirer's acquisition capabilities and resources.

Process concerns are also on the mind of Minh Thi Thu Vu and Salih Zeki Ozdemir, who set out to study whether firms rely on their own past experience or on what other influential firms have done in selecting their legal advisors for M&A transactions. They propose and find that firms with less experience in performing M&A deals place more emphasis on imitating others while firms with more experience with a particular legal advisor focus less on others' experience with this advisor.

The behavioral theory of the firm is one of the most central conceptualizations around for organizational scholars; yet, M&A have not always been evaluated in this context. Building on some of her empirical work in this area, Cyndi

Man Zhang turns her attention to M&A in her contribution to this Volume. She concludes that in fact, there are significant benefits from studying M&A decisions to enrich the overlooked coalition building and myopia mechanisms in the behavioral theory of the firm.

Philipp Geiler and Addis Gedefaw Birhanu are interested in the role of national corporate governance arrangements in acquisitions conducted in the European Union region. They put together an impressive sample of deals in 28 European countries between 2008 and 2015, and find that among the three types of corporate governance institutions, namely corporate ethics, accountability, and financial market development (efficiency), it is efficiency and a relatively higher level of corporate ethics within the target country in comparison to the acquirer country that are positively related to the value of acquisitions.

A major topic in both business and academia is business model innovation – changes to how a business is constructed to satisfy customers. The term “servitization” has been used to describe how a manufacturing firm redevelops its product offering to focus on the customer’s *use* of products and thereby also adds services to the offering. The question is, what about M&A? What role do they play in such business model innovation, and how might that happen? Christina Öberg reviews the literature on these questions and identifies potentially important research gaps for scholars to focus on, something that many articles in the *Advances* series have done over the years and, hence, a key contribution to this Volume as well.

In the final contribution in this Volume of *Advances*, Kamal Ghosh Ray takes on a classic issue in M&A – the hostile takeover. Relying on a detailed look at two well-known such instances in India, he develops a distinctive model to demonstrate that unsolicited hostile takeovers may not be a good mechanism for successful business combination.

In sum, we have in Volume 19 a collection of diverse articles from authors in different continents studying different aspects of M&A. Putting together a collection like this is always striking in that it once again highlights that there is a wide world of M&A deals, mechanisms, patterns, and solutions that are worthy of scholarly investigation.