

ADVANCES IN MERGERS AND ACQUISITIONS

Edited by Sydney Finkelstein
and Cary L. Cooper

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MERGERS AND ACQUISITIONS

VOLUME 21

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EDITED BY

SYDNEY FINKELSTEIN

Tuck School of Business, USA

AND

CARY L. COOPER

Alliance Manchester Business School, UK



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ABOUT THE SERIES EDITORS

Sydney Finkelstein is the Steven Roth Professor of Management and Director of the Center for Leadership at the Tuck School of Business at Dartmouth College, where he teaches courses on Leadership and Strategy. He also has experience working with executives at Dartmouth and other prestigious universities around the world. He holds degrees from Concordia University and the London School of Economics, as well as a Ph.D. from Columbia University in Strategic Management. He has published 23 books and 85 articles, with several bestsellers, including the #1 bestseller in the USA and Japan, *Why Smart Executives Fail*. On *Fortune* magazine's list of best business books, the *Wall Street Journal* called it "a marvel – a jargon-free business book based on serious research that offers genuine insights with clarity and sometimes even with It should be required reading not just for executives but for investors as well." His latest bestselling book is *SUPERBOSSSES: How Exceptional Leaders Master the Flow of Talent*, which was named one of Amazon's "Best Books" on business and leadership for 2016. LinkedIn Chairman Reid Hoffman calls it "a leadership guide for the Networked Age." He is a Fellow of the Academy of Management. He has had three books nominated for the Academy of Management's Terry Book Award, the most prestigious such honor in the field. He is a recognized thought leader on leadership, strategy, and corporate governance, and is listed on the "Thinkers 50," the most prestigious ranking of management thinkers in the world. He is well known for his keynote speeches and television appearances and is a regular columnist for the BBC.

Cary L. Cooper is the author and editor of more than 175 books and is one of Britain's most quoted business gurus. He is the 50th Anniversary Professor of Organizational Psychology and Health at Alliance Manchester Business School, University of Manchester, UK. He is the immediate past President of the Chartered Institute of Personnel and Development, past President of the British Academy of Management, a Companion of the Chartered Management Institute and one of only a few UK Fellows of the (American) Academy of Management, past President of the British Association of Counselling and Psychotherapy, and Past President of RELATE. He was the Founding Editor of the *Journal of Organizational Behavior*, former Editor of the scholarly journal *Stress and Health*, and is the Editor-in-Chief of the *Wiley-Blackwell Encyclopedia of Management*; now in its 3rd edition. He has been an Advisor to the World Health Organisation, International Labour Organization, and European Union in the field of occupational health research and wellbeing, was Chair of the Global Agenda Council on Chronic Disease of the World Economic Forum (2009–2010, and a member of the Global Agenda Council on the mental health of the World Economic Forum)

and is Immediate Past Chair of the Academy of Social Sciences (comprising 47 learned societies in the social sciences and 90,000 members). He was awarded the CBE by the Queen in 2001 for his contributions to organizational health and safety; and in 2014, he was awarded a Knighthood for his contribution to the social sciences.

ABOUT THE CONTRIBUTORS

Fadi Alkaraan is an Associate Professor of Accounting and Finance, working as a Senior Lecturer at Lincoln International Business School, the University of Lincoln (UK). He completed his postgraduate degrees (M.A. and Ph.D. in Accounting and Finance) at Manchester Business School, the University of Manchester. He held various teaching and research positions at Business Schools including the University of Manchester (UK), Abu Dhabi University and United Arab Emirates University (UAE), and Grafton College of Management Sciences and Cork University Business School (Ireland). He is an Adjunct Professor at Jinan University (Lebanon). His research interests mainly focus on business model transformation in large UK companies toward I4.0 strategy and circular economy, M&A performance, strategic investment decision-making and investment appraisal techniques, the influence of corporate governance practices on organizational performance, and the influence of strategic control mechanisms on strategic investment decision-making toward the long-term sustainable business model.

Di Bian is a Postdoctoral Researcher at the University of St.Gallen, Switzerland. She obtained her Ph.D. from the University of St.Gallen and was a visiting Ph.D. student at INSEAD Singapore. Her research takes a behavioral and cognitive perspective and examines decision-making in key strategic activities.

Addis Gedefaw Birhanu is an Associate Professor of Strategy and Organization at EMLYON Business School, France. She completed her Ph.D. in Business Administration and Management from Bocconi University, Italy, in 2015. Her research interests are on the nexus of non-market strategies, corporate governance, and their implications on firm performance. Her research has been published in *Strategic Management Journal*, *Strategic Organization*, *Entrepreneurship Theory and Practice*, and *Journal of International Financial Markets, Institutions, and Money*. She currently serves as a member of the Editorial Review Board of *Strategic Management Journal*.

Stefan Breet is an Assistant Professor of Strategy and Entrepreneurship at the Radboud University Nijmegen. He studies the social and behavioral antecedents of intrapreneurship and organizational adaptation, as well as the psychological and relational mechanisms that govern these effects. With his research, he aims to improve our theoretical understanding of corporate entrepreneurship, integrate research on intrapreneurship with research on social networks, to separate “nice-to-have” from “need-to-have” factors by identifying the necessary conditions that enable or constrain intrapreneurship, and to provide practical recommendations that help both employees and organizations to become more entrepreneurial.

Lotte Glaser is an Associate Professor at the VU University, School of Business and Economics in Amsterdam, the Netherlands. Inspired to build a bridge between the academic and business world, she combines this role with a unique corporate position where she advises the next generation of family business leaders at Cofra Holding. Her research focuses on multi-level antecedents and consequences of intra- and inter-organizational networks, corporate entrepreneurship, and organizational paradoxes.

Tao Han is an Assistant Professor of Strategy and Organization at EMLYON Business School. His primary research interests lie at the intersection of international business and strategy. In his dissertation, he studies the behavioral factors in firms' corporate development strategies (e.g., global strategy and merger and acquisition) and how they translate into firm performance. Prior to joining EMLYON, he completed his Ph.D. in Management at Tilburg University in the Netherlands.

Mazhar Islam earned his Ph.D. in Strategic Management from the Carlson School of Management at the University of Minnesota. He is currently an Assistant Professor of Management and the holder of the Chase Distinguished Professorship of International Business, College of Business, Loyola University New Orleans. His research addresses questions that intersect the fields of strategic management and entrepreneurship focusing on firm-level cooperative strategies and collaborative innovation within firms and innovation communities. In a related stream of work, he studies the global business environment, examining how non-market forces shape the national business environments. His research has been published in journals such as the *Journal of Business Venturing and Research Policy*. His first book co-authored with Alfred Marcus titled *Demography and the Global Business Environment* was published by Edger Elgar Publishing in 2019.

David R. King is the Higdon Professor of Management at Florida State University where he teaches undergraduate and graduate business strategy. He earned his Ph.D. in Strategy and Entrepreneurship from Indiana University's Kelley School of Business. Before joining academia, he managed aircraft procurement for the US Air Force. His research focuses on complementary resources, merger and acquisition integration and performance, technology innovation, and defense procurement. An award-winning researcher, his research appears in leading management journals.

Haemin Dennis Park earned his Ph.D. in Technology Entrepreneurship and Strategic Management from the Michael G. Foster School of Business at the University of Washington. He is currently an Associate Professor at the Naveen Jindal School of Management at the University of Texas at Dallas. He conducts research on how the external resource acquisition strategy of technology-based ventures influences their development and performance. He has published in the *Academy of Management Journal*, *Journal of Business Venturing*, *Journal of Management Studies*, *Journal of Management*, *Journal of Product and Innovation Management*, *Organization Science*, *Research Policy*, *Review of Finance*, *Strategic*

Entrepreneurship Journal, *Strategic Management Journal*, and *Strategy Science* among others. He currently serves as a Field (Associate) Editor of the *Journal of Business Venturing* and on the Editorial Board of the *Strategic Entrepreneurship Journal*.

Elio Shijaku received his Ph.D. from the Autonomous University of Barcelona. He is currently an Assistant Professor at the University of Barcelona. His research interest focuses on organizational networks, strategic alliances, mergers and acquisitions (M&A), and performance feedback. His research has appeared in the *Journal of International Business Studies* among others.

Xiaoying Wang is a Ph.D. candidate in Strategy and Global Management at Haskayne School of Business, University of Calgary. She holds a B.Sc. degree in Statistics and a Ph.D. degree in Economics. She was a Visiting Fellow of International Trade and Investment at Crawford School of Public Policy at the Australian National University from 2017 to 2018. Her current research focuses specifically on the role of top managers in corporate strategies (e.g., mergers and acquisitions) and firm performance.

Carmen Weigelt earned her Ph.D. in Strategy from the Fuqua School of Business at Duke University in 2003. She is currently an Associate Professor in Strategy at the A.B. Freeman School of Business at Tulane University. Before joining Tulane, she served as an Assistant Professor of Strategy at the Jones Graduate School of Business at Rice University. She teaches classes in strategy and innovation management at the graduate level. Her research focuses on outsourcing, technological innovation, renewable energy, and resource management. For instance, she is interested in how outsourcing decisions affect a firm's innovation activities and ability to adapt to technological change. Her work has been published in leading academic journals such as the *Strategic Management Journal*, the *Academy of Management Journal*, *Research Policy*, and *Energy Policy*. She is a member of the Editorial Review Boards of the *Academy of Management Journal* and the *Strategic Management Journal*, and an Associate Editor for *Organization & Environment*.

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INTRODUCTION

Sydney Finkelstein and Cary L. Cooper

The global economy continues to be buffeted by uncertainty, change, and trauma. The era of Covid has shifted from a pandemic to the endemic stage – or so we hope, while geopolitical forces seem to emerge regularly to disrupt business and management. The Russian invasion of Ukraine in 2022 is now at the top of the list. Throughout all this leaders need to lead, and the demand for business growth, restructuring, and even re-configuring what a company needs to be to survive and thrive is a constant. Given the central role of mergers and acquisitions to meet these challenges, the *Advances* series continues to generate interesting perspectives from scholars around the world.

In this volume, we share seven chapters, each reflecting a particular perspective on M&As, but as a group once again highlighting how diverse the research topics, questions, and answers can be. The first chapter in this volume, by Stefan Breet and Lotte Glaser, focuses on a key catalyst to merger integration – the role of boundary spanning people with social connections across both acquirer and target firms. These people are lynchpins, but there is a dark side to what these authors call “cross-legacy boundary-spanning,” leading them to propose a multi-dimensional model to explain how cross-legacy boundary-spanners can avoid the pitfalls and promote the perks of their position in support of successful post-merger integration.

In a somewhat similar conceptual vein, Elio Shijaku and David R. King argue in Chapter 2 that not all resources are created equally, and, even more intriguingly, so-called “inimical resources” in acquisitions may actually be a weakness rather than a strength. The net result is that these authors open the door to deeper thinking on the dark side of resources that are typically viewed only positively. Each of these first two chapters flips the script on how we usually think about something, and that’s interesting.

While acquisition research has often focused on either the acquirer or the target side of analysis, recent work has increasingly emphasized the need for understanding the dyadic interrelationship between the target and the acquirer. What this means for research on M&As is the subject of Di Bian’s chapter. Of special interest here is Di’s attention to attributes, connections, and interactions between buyer and seller, a conceptual structure that brings considerable upside when investigating dyadic relationships.

A new era of M&A is emerging, characterized by a new wave of strategic investment decision-making practices. In Chapter 4, Fadi Alkaraan argues that it is critical for companies to prioritize their strategies and identify areas that present the greatest risk on environmental and social issues, including human rights, labor, and ethical issues in the companies’ supply chains.

Advisors – investment banks in particular – play a key role in mergers and acquisitions. We have two chapters in this volume that investigate how advisors fit into the M&A puzzle. In the first of these chapters, drawing on insights from the literature on institutional distance, Tao Han and Addis Gedefaw Birhanu, argue and find that in cross-border acquisitions acquiring and targeting firms may alleviate heightened information asymmetries and transaction costs by leveraging the information-production and uncertainty-reduction roles of external M&A advisors.

In light of this finding, it is surprising that external M&A advisors are not always hired in a deal. Why not? One reason may be the experience level of the acquiring company with past M&As. Mazhar Islam, Carmen Weigelt, and Haemin Dennis Park examine this possibility in a sample of US-based acquisitions over 24 years. Their findings are mostly supportive, providing a nice bookend to the two chapters on the role of external M&A advisors in mergers and acquisitions.

The final chapter in this volume is unusual, in that it focuses on CEO power and its effects on M&A success. For many, this is not the first thing one thinks of when considering what makes M&A deals work, or not. But in Chapter 7, Xiaoying Wang explains just why such a perspective is so interesting and backs it up with a meta-analysis that confirms how several key aspects of CEO power influence M&A performance.

Seven chapters – seven sets of authors – seven interesting research questions – and seven sets of findings that will help clarify some of these questions at the same time as inspiring others to go deeper. Mergers and acquisitions are only becoming more important for business growth and survival, which makes it exciting to bring you this set of chapters from diverse scholars tackling diverse questions of relevance.