

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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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.