

# ADVANCES IN MERGERS AND ACQUISITIONS

**Edited by** Cary L. Cooper  
and Sydney Finkelstein

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MERGERS AND ACQUISITIONS

**VOLUME 22**

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AND ACQUISITIONS

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ACQUISITIONS VOLUME 22

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INVESTOR IN PEOPLE

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**Sally Riad's** research is positioned at the intersection of organization and difference. It is based on critical approaches to a range of organizational topics, including value, mergers and acquisitions, culture, identity, and leadership. Her work has been published in international journals, for example, *Culture & Organization*, *Gender Work & Organization*, *Journal of Management Studies*, *Journal of Management History*, *Leadership*, *Leadership Quarterly*, *Organization*, *Organization & Environment*, and *Organization Studies*. She teaches knowledge management, research methods, and strategic management and has held several leadership roles in the School of Management.

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# INTRODUCTION

Cary L. Cooper and Sydney Finkelstein

The last year has seen unprecedented global events: the pandemic, the cost of living crisis, energy insecurity, the war in Ukraine, and rising inflation and interest rates in most developed economies. This has led to pushing many countries into recession or minimally to a ‘no growth’ situation, which will adversely affect the global economy, on top of everything else. This has led, and will continue to lead in 2023, to more downsizing, restructurings, and inevitably to an increase in mergers and acquisitions.

As a consequence of these trends, recent research into mergers and acquisitions has focused on a range of topics relevant to this changing landscape. This volume will highlight interesting behavioral themes as well as timely practical solutions to the dilemma of M&A failures. The first chapter by Olimpia Meglio, David R King, and Elio Shijaku explores information asymmetries in acquisitions, with an emphasis on the role of social ties. They develop a typology of informal and formal social ties “to develop how social ties with stakeholders influence acquisitions and can increase their success.”

Chapter 2 by Mohammad Faisal Ahammad highlights the increasing role of sustainability in M&As. The author reviews the global literature on the role of sustainability in the context of mergers, acquisitions, and other partnering relationships. He uses “proxies of sustainability such as environment, social, and governance (ESG) and corporate social responsibility (CSR) and attempted to examine the relationship between ESG/CSR performance with stock market reaction or returns” – and ultimately on the role of sustainability fits into the landscape of M&As.

Chapter 3 by Jean Wang and Lars Schweizer provides a very interesting case study of a Chinese cross-border M&A where the authors explore the effects of human factors on knowledge sharing during an integration. They explore three acquisition-related human factors: (1) the communication programme with top management involvement; (2) professional competence-based trust between Chinese acquirers and their overseas acquired subsidiaries; and (3) the impact of high turnover of key staff at the Chinese acquirer on the effectiveness of knowledge transfer.

Chapter 4 by Dries Faems and Taco H. Reus explores, through a case study, the triadic relationship between divestors, targets, and acquirers. As the authors highlight “the case sheds light on how divestors and acquirers together shape synergy realization efforts and identity building by targets, causing dramatic shifts in perceptions of success throughout the acquisition process.” They also highlight the impediments that shape post-acquisition choices and processes.



In Chapter 5, Kenneth H. Marks, John A. Howard, and Anthony Stevenson explore survey data and the experiences of buyer and sellers from due diligence to the completion of middle market M&As. They sampled 130 buyers and sellers from 2013 to 2022 and found a range of factors driving the selling (e.g., economic buoyancy and retirement) and buying behavior of these businesses, as well as differences in those who act, consult, and guide the selling process. Understanding the process of mid-market M&As is very helpful in making it work, on both sides.

Huma Javaid, in Chapter 6, examines the use of signaling mechanisms to identify promising acquisition targets. She explores various inter-organizational relationships of target firms, based on the characteristics of target firms and characteristics of their partners. This helps acquirers understand the quality of the target firms.

Theresa M. Floyd and Wookje (UJ) Sung's chapter suggests that "post merger success depends heavily on the social and cultural integration of the two legacy organizations." They highlight the importance of taking a social network approach in understanding the dynamics of integration post-merger. They explore the obstacles to this approach, how they can be overcome and how this process can make a real difference to post-merger success – not easy but important.

Chapter 8 by Sally Riad and Urs Daellenbach explores the pace at which merger integration takes place. There have been debates about whether it is better to approach integration slowly or whether fast integration is more effective. The authors explore the arguments for both views and review the research that has been done. They highlight the gaps in the research by "attending to the respective tensions between a prosocial service ethos on the one hand and a managerialist ethos on the other hand."

Timo Paumen, David P. Kroon, and Svetlana N. Khapova explore in the next chapter the role of private equity in driving M&A success and performance. Although M&A failure rates remain high, the authors suggest that the recent evidence is that private equity investors tend to be more successful. This is due to three factors: their better organisational set-up; their professional identities; and their incentive-based systems.

The final chapter by João Pedro Delgado, Emanuel Gomes, and Pedro Neves highlights the micro-foundational factors that might influence M&A performance, that is, the individual and team level issues. The chapter focusses on the importance of emotions in terms of this major workplace event. They reviewed 41 papers and came up with 19 themes related to individual emotions involved in the M&A process. They show how positive emotions by employees involved can have a positive impact on acquisition performance and success.

All of these chapters help us to better understand why M&As have such a high failure rate, and how we can better work toward enhanced outcomes for the individual and the organization. We hope you will find this volume useful in creating more successful M&As.