

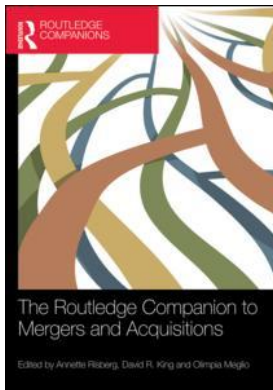
This article was downloaded by: 10.2.97.136

On: 29 Mar 2023

Access details: *subscription number*

Publisher: *Routledge*

Informa Ltd Registered in England and Wales Registered Number: 1072954 Registered office: 5 Howick Place, London SW1P 1WG, UK



The Routledge Companion to Mergers and Acquisitions

Annette Risberg, David R. King, Olimpia Meglio

Introduction

Publication details

<https://test.routledgehandbooks.com/doi/10.4324/9780203761885.intro>

Annette Risberg

Published online on: 06 Jul 2015

How to cite :- Annette Risberg. 06 Jul 2015, *Introduction from: The Routledge Companion to Mergers and Acquisitions* Routledge

Accessed on: 29 Mar 2023

<https://test.routledgehandbooks.com/doi/10.4324/9780203761885.intro>

PLEASE SCROLL DOWN FOR DOCUMENT

Full terms and conditions of use: <https://test.routledgehandbooks.com/legal-notices/terms>

This Document PDF may be used for research, teaching and private study purposes. Any substantial or systematic reproductions, re-distribution, re-selling, loan or sub-licensing, systematic supply or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The publisher shall not be liable for an loss, actions, claims, proceedings, demand or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.

Introduction

A widespread number of mergers and acquisitions (also M&As) are shaping industries across continents. Consequently, companies, as well as the people who work in them, are frequently affected by acquisitions one or more times during their lifetimes. The impact on companies' and peoples' lives, together with the pervasiveness of acquisitions, explains the continued and renewed interest from the academic community in investigating this phenomenon. Acquisitions are no longer extraordinary events for corporations. They have become a context where old and new management and organizational issues unfold, and the importance of these issues is magnified due to the seemingly simple circumstance that two companies become one. For example, all firms bring in new hires with established routines and processes. This rather simple act becomes complicated because a firm's managers and its processes are often unprepared to bring in thousands of established employees following an acquisition. Moreover, acquisitions tend to spread their effects not only within the boundaries of the companies involved but also outside their boundaries to include other stakeholders, such as consumers, suppliers, competitors, investors, and governments to name a few. These considerations illustrate that acquisitions are complex processes taking place at many levels of an organization, and across many organizational dimensions and boundaries at the same time. All these issues explain the continued attention that M&A scholars give to such a complex phenomenon.

Since the first study by Dewing (1921), mergers and acquisitions have catalyzed the attention of scholars from several disciplines, ranging from management and organization to financial economics, to grasp the complexity. So far, the common recipe to capture and render this complexity has been to integrate different theoretical lenses into models that are then empirically tested. Existing reviews of M&A research provide a detailed assessment of what we know already and what there is still to learn (e.g. Haleblan et al. 2009).

A common way to assess the current state of M&A literature is to point to inconsistency in research findings, particularly regarding how acquisitions perform. In order to solve such inconsistency, scholars seek to find different possible explanations. Some point to the fragmentation of M&A literature (e.g. King et al. 2004; Schweizer 2005). Others suggest an existence of substantive gaps in existing literature (e.g. Barkema and Schijven 2008; Haleblan et al. 2009) or a need for integrative frameworks to grasp such a complex, multifaceted, and multi-temporal phenomenon (e.g. Larsson and Finklestein 1999; Pablo and Javidan 2004). In the light of these

inconsistencies, Bower (2004) and Javidan et al. (2004) posit that researchers aiming to explain M&A outcomes in general have not yet been able to successfully develop and test a grand theory about M&As. Unsatisfied with the current research results, scholars continue to pursue explanations of the complex processes in and around M&As.

The current situation in M&A research results in what Alvesson and Sandberg (2013) refer to as “gap-spotting” research, which is a focus on gaps in existing research that tends to reproduce current knowledge and often falls short of bringing forth novel and interesting ideas (Davis 1971). Understanding current M&A research as “gap-spotting” may explain the dissatisfaction that many M&A scholars express regarding the ability to grasp the complexity of this phenomenon. Given the complexity of M&As, there is a need for greater acceptance of multiple perspectives and interplay of paradigms to appreciate underlying nuances.

In this companion, we contribute novel and interesting ideas to the exploration of acquisitions. We believe that an improved understanding of M&A emerges by exploring lower-level contexts along with different methodological approaches. We approach the substantive field of mergers and acquisitions from a multiple disciplinary view and an examination of issues, or important matters that arise within and between organizations during M&A processes. Instead of elaborating and proposing even more complex frameworks, we focus on issues, topics, and problems that are important to practitioners conducting M&As, as well as the academics studying them. This book therefore presents a range of contributions by researchers who have explored a variety of M&A issues using diverse research methods in different research settings across the globe. In our view, this approach offers the potential for a more comprehensive view of M&A studies by considering both areas of difference and agreement.

What we propose to the reader is a journey in and around mergers and acquisitions, through classic and new substantive issues, concepts, and methods. The transit stops within this companion are represented by the four sections around which it is organized. The first section, or stop, intends to investigate substantive issues, whereas the second aims at analyzing M&As as a research context within which to investigate management and organizational topics. The third section is concerned with the methodological challenges and their implications in the use of different research designs when one studies M&As, while the fourth section draws scholarly attention to the definitions and meanings of popular concepts within the M&A domain. This structure extends Brinberg and McGrath's (1985) framework of marketing research that depicts three distinct, yet interrelated domains—the substantive, methodological, and conceptual. These elements are present in any research endeavor, yet their relative importance depends on where researchers start from and the aim they intend to achieve. This framework serves as a useful device to rejuvenate the inconsistency debate referred to earlier. To add to the framework, we introduce the idea of a contextual domain to further our understanding of how contexts influence acquisitions and how acquisitions differ depending on contextual factors, such as the industry or the countries where the merging companies operate. The companion sections are based on these domains.

The companion itself is the result of a journey initiated in 2012 when we submitted our proposal to Routledge and continued with the call for chapters which, once received, went through several rounds of blind peer reviews. The journey spans across continents, institutions, and disciplinary backgrounds. Scholars from different countries, from North America to India, from northern Europe to southern, joined us on the journey, offering their perspectives and backgrounds, contributing conceptual and empirical works to our companion. The chapters cover a broad range of topics, employ and discuss a variety of methods, and build upon a variety of academic foundations. To help the reader to get an overview of what the chapters are about, we summarize descriptive and relevant details in Table I.1. For each chapter, following the

Table 1.1 An overview of the contributing chapters

<i>Authors</i>	<i>Section/ domain</i>	<i>Research purpose</i>	<i>Chapter type</i>	<i>Literature encompassed</i>	<i>Main findings</i>
Sexton	Substantive	To examine the role of acquisitions as both a strategy for and a hindrance to organizational adaptation	Conceptual	Knowledge-based view Learning and innovation literature	Acquisitions help long-term survival. They can be successfully implemented as an adaptation strategy when they are combined with organizational learning
Öberg	Substantive	To explain how one acquisition follows after another, or how acquisitions respond to change	Empirical/ Qualitative	Network theory	Pressures from customers, suppliers and competitors provide external explanations for why acquisitions occur and occur in waves
Thakur & Bansal	Substantive	To build on research and learning from practitioners and identify the enablers of integration success	Empirical/ Qualitative	Practitioner-oriented literature HR-related M&A literature	Hard and soft enablers of integration play a key role in the success of acquisitions
Patel & King	Substantive	To understand motives that push family firms to acquire	Empirical/ Quantitative	Socio-emotional wealth theory	Medium-sized family firms show a propensity to acquire and tend to acquire related companies
Nummela & Hassett	Substantive	To explore micro-foundations for acquisition capability	Empirical/ Qualitative	Knowledge-based literature Dynamic capabilities literature Organizational learning literature	Sensing, seizing, and reconfiguring are second-order capabilities in acquisition capabilities. Micro-foundations are found in several organizational processes (e.g. knowledge transfer)
Testoni, Breschi, & Valentini	Contextual	To investigate how the network of strategic alliances' influence leads to an acquisition	Empirical/ Quantitative	Acquisition motives literature Alliance literature	Two firms have higher chances to engage in an M&A if they are directly or indirectly linked in the strategic alliances' network, are centrally located within this structure, have dissimilar sizes, have experienced more acquisitions in the past, and are competing in close geographical markets

(Continued)

Table 1.1 Continued

<i>Authors</i>	<i>Section/ domain</i>	<i>Research purpose</i>	<i>Chapter type</i>	<i>Literature encompassed</i>	<i>Main findings</i>
Piscitello, Rabbellotti, & Scalera	Contextual	To investigate ownership choices by emerging countries' multinational enterprises when acquiring European companies	Empirical/ Quantitative	Ownership choices literature Motives and ownership choices	Chinese and Indian MNEs prefer less control if the goal of the acquisition is technological competences rather than a customer base or established brand name. Also, firm-level and industry-level characteristics have different impacts on the ownership decision depending on an acquisition's goal
Teerikangas & Valikangas	Contextual	To investigate employees' reactions from an engagement lens	Conceptual	Engagement literature	Typology of different engagement scenarios and dynamics pre- and post-deal
Capron	Contextual	To investigate M&As within the broader set of resource-sourcing decisions	Conceptual	Corporate development portfolio literature Growth modes literature	Trade-offs among different growth modes are analyzed and effects on resources and learning are discussed
Meglio	Contextual	To analyze the multidimensionality of acquisition performance from a stakeholder approach	Conceptual	Acquisition performance literature Stakeholder theory	Acquisition performance is portrayed as a game played by several stakeholders, internal and external to the merging companies, whose relative power influences outcomes
Park	Contextual	To explore leadership issues in cross-border acquisitions	Empirical/ Qualitative	Leadership literature Family business literature Market for corporate control literature	Several conflict areas between firms can be resolved with a multifaceted collaborative framework that can encompass dissension, while also providing outlets for integrative decision making and actions

Kroon & Rouzies	Methodological	To discuss opportunities and challenges of mixed method research in M&As	Conceptual	Mixed method research literature	Mixed method research can further the understanding of M&A. An example from Air France-KLM study is provided
Harrison & Schijven	Methodological	To provide a critique of event study method in an M&A context	Conceptual	Financial economics literature Behavioral finance literature Economic sociology literature	Recommend refining the construct of acquisition performance and a reorientation in the use of event studies
Lund & Tienari	Methodological	To offer institutional ethnography as a new method for inquiring into M&As	Conceptual	Social psychology literature Institutional ethnography Culture literature Identity literature	Institutional ethnography may overcome problems of objectification in research
Mirc	Methodological	To introduce social network analysis to investigate M&As from a relational perspective	Conceptual	Social network analysis	Social network analysis can enhance our understanding of M&As as merging networks of interpersonal and inter-organizational relationships
Risberg	Methodological	To discuss how the variety of qualitative research approaches enables a more nuanced understanding of M&As	Conceptual	Qualitative research methodology literature	Qualitative research is theory-generating research which enables the researcher to add new theory through new knowledge, and new perspectives to existing merger and acquisition theory
Grant, Frimanson, & Nilsson	Conceptual	To identify M&A processes in empirical research	Conceptual	Process literature	M&As involve environmental, coordination, leadership, employee, and identity processes
DeGhetto, Ro, Lamont, & Ranft	Conceptual	To explore the role of anticipatory justice in integration process	Conceptual	Organizational justice literature Organizational sense-making literature	Pre-deal process affects anticipatory justice perceptions among target firm employees and their receptivity and support of the changes to follow after the deal is consummated

(Continued)

Table 1.1 Continued

Authors	Section/ domain	Research purpose	Chapter type	Literature encompassed	Main findings
Schriber	Conceptual	To introduce a competitive dynamic perspective on value potential in M&As	Conceptual	Competitive dynamics literature Value creation literature	While <i>ex ante</i> comparisons of similarities or complementarities are likely to remain central for value potential assessments, lack of attention to changes in the environment risk makes such predictions incomplete, or even obsolete
Bauer	Conceptual	To dig deeper into the speed of integration construct	Conceptual	Speed of integration literature Acquisition performance literature	Review of integration speed and a proposal for how to measure this construct
Lupina-Wegener, Karamustafa, & Schneider	Conceptual	To investigate identity threats and employees' reactions to threats	Conceptual	Acculturation theory Social identity theory	A typology of identity threat and a process model of employees' reactions to different identity threats during sociocultural integration
Rothermel & Bauer	Conceptual	To explore the corporate brand in acquisitions	Conceptual	Branding literature	Challenges related to redeployment of corporate brands during the integration process

order of the table of contents, we have provided the authors' surnames, the section/domain that the chapter has been placed into, the chapter's purpose, the chapter type (labeled as either conceptual or empirical, either qualitative or quantitative), the literature encompassed, and the main findings. Taken together, this information allows the reader to get an initial and overall picture of the structure of the companion.

In closing, we would also like to take the opportunity to mention what this companion does not do. Our intent is not to provide any conclusive answer to research questions or practical concerns. In other words, this companion is not intended as a final stop in the continuing journey to understand M&As. Rather, we intend to offer an account of mergers and acquisitions that helps the reader to get a more comprehensive picture of this phenomenon and to open up future avenues for inquiry by blending alternate perspectives.

References

- Alvesson, M. and Sandberg, J. (2013) "Has management studies lost its way? Ideas for more imaginative and innovative research," *Journal of Management Studies*, 50(1): 128–152.
- Barkema, H. and Schijven, M. (2008). "Toward unlocking the full potential of acquisitions: The role of organizational restructuring," *Academy of Management Journal*, 51: 696–722.
- Bower, J.L. (2004). When we study M&A, what are we learning. In Pablo, A. and Javidan, M. 2004. *Mergers and acquisitions: Creating integrative knowledge*. Blackwell Publishing: New York.
- Brinberg, D. and McGrath, J.E. (1985) *Validity and the research process*. Sage Publications, Inc: Beverly Hills, CA.
- Davis, M.S. (1971). "That's interesting! Towards a phenomenology of sociology and a sociology of phenomenology," *Philosophy of Social Sciences*, 1: 309–344.
- Dewing, A. (1921) "A statistical test of the success of consolidations," *Journal of Economics*, 36(1): 84–101.
- Haleblian, J., Devers, C., McNamara, G., Carpenter, M., and Davison, R. (2009) "Taking stock of what we know about mergers and acquisitions: A review and research agenda," *Journal of Management*: 35: 469–502.
- Javidan, M., Pablo, A., Singh, H., Hitt, M., and Jemison, D. (2004). Where we've been and where we're going. In Pablo, A., Javidan, M. 2004. *Mergers and acquisitions: Creating integrative knowledge*. 245–261, Blackwell Publishing: New York.
- King, D.R., Dalton, D., Daily, C., and Covin, J. (2004) "Meta-analyses of post-acquisition performance: Indications of unidentified moderators," *Strategic Management Journal*, 25(2): 187–200.
- Larsson, R., and Finkelstein, S. (1999) "Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: A case survey of synergy realization," *Organization Science*, 10(1): 1–26.
- Pablo, A. and Javidan, M. (2004) *Mergers and acquisitions: Creating integrative knowledge*. Blackwell Publishing: New York.
- Schweizer, L. (2005) "Organizational integration of acquired biotechnology companies into pharmaceutical companies: The need for a hybrid approach," *Academy of Management Journal*, 48: 1051–1074.

This page intentionally left blank