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Mergers and Acquisitions

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Summary and Keywords

There are many types of mergers and acquisitions (M&A), be they a minority acquisition to explore a potential high growth emerging market, a takeover of a financially distressed firm with the aim of turning it around, or a private equity firm seeking short- to medium-term returns. The terms “merger” and “acquisition” are often used interchangeably, even though they have distinct denotations: In an acquisition, the acquirer purchases the majority of the shares (over 50%) of another company (the “target”) or parts of it (e.g., a business unit or a division). In a merger, a new company is formed in which the merging parties share broadly equal ownership. The term “merger” is often used strategically by acquirers to alleviate fears and send out a message of friendly combination to employees. In terms of transaction numbers, the majority of M&A transactions are acquisitions, whereas mega-merger deals gain media attention owing to transaction size.

While M&A motives, acquirer types, and dynamics differ, most M&A share the aim of generating value from the transaction in some form. Yet a prevalent dilemma in the M&A practice and literature is that M&A often fail to deliver the envisioned benefits. Reasons for negative acquirer performance stem from overestimating potential synergies and paying high premiums for targets pre-deal. Another problem lies in securing post-deal value creation. Post-deal challenges relate to optimal integration speed, the degree of integration, change, or integration management, communication, resource and knowledge sharing, employee motivation and turnover, and cultural integration. Researchers are calling for more research on how pre-deal processes such as target evaluation and negotiations influence M&A performance.

A closer look at this literature, though, highlights several controversies. First, the literature often lacks precision when it comes to defining M&A. We call for future research to be explicit concerning the type of merger or acquisition transaction, and the organizational contexts of the acquiring and target firms. Second, we are still lacking robust and unified frameworks that explain M&A occurrence and performance. One of the reasons for this is that the literature on M&A has developed in different disciplines, focusing on either pre- or post-deal aspects. This has resulted in a “silo” effect with a

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limited understanding about the combined effects of financial, strategic, organizational, and cultural factors in the pre- and post-deal phases on M&A performance. Third, M&A studies have failed to critically scrutinize the M&A phenomenon, including aspects such as power, politics, and managerial drivers. Fourth, scholars have tended to focus on single, isolated M&A. We call for future research on M&A programs and M&A as part of broader corporate strategies. Finally, the study of M&A has suffered from a managerial bias, with insufficient attention paid to the rank and file, such as engineers, or marketing or administrative employees. We therefore call for future research that takes a broader view on actors involved in M&A, placing a greater emphasis on individuals' roles and practices.

Keywords: mergers, acquisitions, M&A, M&A motives, M&A waves, literature review, controversies in M&A research

Introduction

Since the end of the 19th century, mergers and acquisitions (M&A) have played a key role in advancing firm competitive advantage, renewal, and growth. Yet most M&A fail to achieve the envisioned economic and strategic goals (e.g., Haleblian, Devers, McNamara, Carpenter, & Davison, 2009; King, Dalton, Daily, & Covin, 2004). The often-disappointing performance of M&A has spurred a significant amount of research from the 1950s. Although several research streams have developed around the question concerning why M&A occur and what makes some M&A more successful than others, researchers have yet to provide definitive answers to these questions. This article offers an overview of M&A research with the aim of synthesizing the research that has developed around the financial, strategic, and sociocultural research streams on M&A.

This article is structured as follows. First, we introduce the phenomenon of M&A, describing M&A types, motives, and waves. This is followed by an overview of M&A research, including key research questions, themes, and timelines. We then discuss key controversies in M&A research, including avenues for future research. The article ends with conclusions.

M&A Types

M&A are usually understood in terms of one company (henceforth referred to as the "acquirer") purchasing a majority of the shares (over 50%) of another company (henceforth referred to as the "target") or parts of it, such as a division or business unit (Ahern & Weston, 2007). While this accurately describes an acquisition, in a merger, a new company is formed in which the merging companies have broadly equal ownership. It deserves mention that the term merger tends to be used metaphorically by managers to position an acquisition as a combination of equals, thereby alleviating fears of takeover. There can thus be significant differences in the dynamics and outcomes between M&A (Søderberg & Vaara, 2003).[1] In addition, there are various other M&A types such as

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takeovers, buyouts, minority acquisitions, and divestments, each of which has its own characteristics, motives, and challenges (Teerikangas, Joseph, & Faulkner, 2012). Thus, M&A can take many forms, involve different motives or dynamics, and have different implications for the parties involved. Yet, all M&A share one aim—this is to generate value from the transaction in some form. The following gives an overview of common M&A motives.

M&A Motives

M&A are conducted for a variety of reasons. While researchers have conceptualized these motives in several ways, using different theoretical frameworks (see, e.g., Bower, 2001; Haleblian et al., 2009; Trautwein, 1990), they broadly relate to financial, strategic, and managerial motives (Faulkner, Teerikangas, & Joseph, 2012, pp. 686–696; Napier, 1989). Concerning financial motives, M&A can be used to increase firm value through cost-based synergies (e.g., economies of scale or scope) or revenue-based synergies that enhance sales or asset growth (Eccles, Lanes, & Wilson, 1999). Revenue-based synergies are often focused on collaboration between the merging firms and stem from combining their complementary assets and processes, for example through knowledge or resource sharing (Capron, 1999). This can help the merging firms to build new skills or competences that are needed to enter new markets. To achieve cost- and revenue-based synergies, the acquiring and target firms need to be integrated to some extent (Haspeslagh & Jemison, 1991).

Another acquisition strategy is to gain increased market power. Such a strategy can be pursued using various levels of integration, including low levels (Haspeslagh & Jemison, 1991). Greater market power, via individual or repeated acquisitions and/or mergers, allows the acquirer to extract more value from customers by better controlling the price, volume, or quality at which its products or services are sold (Haleblian et al., 2009; Seth, 1990B), and by deterring potential market entrants (Trautwein, 1990). While market power claims do not feature in M&A announcements, indirect evidence indicates that such “collusive synergies” (Chatterjee, 1986), which do not lead to real efficiency gains in the merging firms, drive M&A behavior to some extent (Haleblian et al., 2009; Trautwein, 1990).

Acquirers may also actively seek out undervalued targets. In some cases, acquirers may have more accurate expectations about the future value of the target firm, allowing it to profit via the purchase of undervalued target (Barney, 1986). In other cases, the acquirer might identify an underperforming target, with the aim of reorganizing it and selling it at a profit (Trautwein, 1990). Such a motive might be viewed negatively by the target firm, especially if the aim is to sell off the target firm in pieces. Private equity firms are known for investing in firms with the aim of developing them or turning them around and selling them at a profit in a few years’ time (Kaplan & Strömberg, 2009). Such investors are operating under the assumption that they will be better able to implement strategies that

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enhance the value of the target firm than the previous owners (Cumming, Siegel, & Wright, 2007; Cuny & Talmor, 2007) and competitors (Barney, 1986).

In turn, strategic motives matter in related M&A. These have been categorized as follows: overcapacity M&A to reduce capacity within an industry; geographic roll-up M&A to expand geographical presence; product or market extension M&A to enlarge the firm product portfolio and international reach; research and development (R&D) M&A as an alternative to internal R&D; and industry convergence M&A where acquirers intend to grow by entering a new, emerging industry through acquiring firms from adjacent converging industries (Bower, 2001). Note that the achievement of these types of long-term strategic objectives does not necessarily correspond with better short-term financial performance (Zollo & Meier, 2008).

Beyond acquisitions, strategic motives can concern the acquiring firm's portfolio of businesses more broadly (Shaver, 2006). For instance, acquisitions may be aimed at reducing the uncertainty of future cash flows by balancing investments in mature industries with low growth potential versus emerging industries with potential for high future demand (Hoskisson & Hitt, 1990). Acquirers may also consider their overall "parenting advantage" in their portfolio of businesses and aim to identify synergies through resource sharing or allocations across businesses (Barkema & Schijven, 2008; Heimeriks, Klijn, & Reuer, 2009). Recent advances on acquisitions programs posit that serial acquirers develop medium- to long-term strategic growth plans to enter and/or expand into the many businesses in which the firm is involved (Chatterjee, 2009; Laamanen & Keil, 2008).

The motives discussed so far assume that M&A are rational choices that are conducted to benefit the shareholders of the acquiring firm. This "rationalist" view has tended to dominate within the M&A literature, and more generally in management research. One reason for this is that it is difficult to evaluate motives related to managers' cognitive limitations such as managerial hubris (Roll, 1986) or self-serving agendas (Berkovitch & Narayanan, 1993; Rhoades, 1983). However, evidence suggests that M&A are not always purely rational choices aimed to benefit corporate shareholders. Managerial opportunism such as empire-building motives can induce managers to promote suboptimal M&A (Sudarsanam, 2012; Trautwein, 1990). Furthermore, from a learning theory perspective, firms' recent acquisition experience (e.g., Haleblian, Kim, & Rajagopalan, 2006) and vicarious learning from other firms (Baum, Li, & Usher, 2000) can drive further acquisitions, as acquirers try to exploit their learning. Furthermore, isomorphic pressures from firm networks to enhance acquirer legitimacy have also been linked to M&A activity (e.g., Haunschild & Beckman, 1998). From an individual firm's perspective, experience and network isomorphism-based M&A activity may not always be financially or strategically optimal. Furthermore, from an industry perspective, such motives may cause "herd-like" firm behavior that over time influences M&A in an industry, leading to cycles of growth and decline in M&A activity or so-called "M&A waves" (Faulkner et al., 2012, pp. 686–696; Kolev, Haleblian, & McNamara, 2012; Ryan, 2012).

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While M&A are conducted for a variety of reasons, historically, certain drivers or motives have tended to dominate in different M&A waves, leading to unique dynamics and outcomes.

M&A Waves

M&A tend to occur in waves (Kolev et al., 2012; McNamara, Haleblian, & Dykes, 2008), with more intense M&A activity coinciding with economic upswings and fewer transactions taking place during economic downturns. Looking back, from the end of the 19th century we have witnessed six M&A waves, with a seventh wave currently taking place. Each wave is unique in the sense that it is characterized by different M&A motives, characteristics, and outcomes. The first M&A wave occurred in the United States and began in 1897 (Kolev et al., 2012) during a period that was characterized by economic growth and a lack of antitrust regulation (Martynova & Renneboog, 2008; Stigler, 1950). It was driven by a quest for market power through forming monopolies, which led to the creation of ever larger companies and industry consolidation (Gregoriou & Renneboog, 2007; Kolev et al., 2012), mainly in traditional industries such as manufacturing, oil, mining, and steel (Sudarsanam, 2003). The first wave ended in an economic downturn in 1903.

The United States witnessed a smaller M&A wave after World War I between 1920 to 1929 (Kolev et al., 2012). The first wave had led to interventions by the U.S. government to impose antitrust legislation, banning anticompetitive corporate behavior (Stigler, 1950), restricting horizontal M&A. In this second wave, M&A were driven by the aim to form oligopolies through diversification (Kolev et al., 2012). This involved friendly acquisitions between smaller firms that had previously collaborated, with the aim to increase firm size, become more competitive, and achieve economies of scale (Stigler, 1950). Firms involved in this M&A wave operated mainly in the petroleum and primary metals industries (Eis, 1969). This M&A wave ended during another economic downturn in 1929, which started with the Great Depression in the United States that spread to other countries.

The third M&A wave began in the 1950s after a period of economic recovery following World War II. While the first two waves were mainly limited to the United States, the third wave took place in the United States, United Kingdom, and Europe. It ended in 1973 with the worldwide financial downturn started by the oil crisis (Martynova & Renneboog, 2008). Due to further antitrust enforcements that restricted horizontal M&A (Kolev et al., 2012), this wave was characterized by unrelated diversification through friendly takeovers of smaller private and public firms (Shleifer & Vishny, 1991), leading to the creation of conglomerates. While these types of firms were not able to enjoy the market power of monopolies or cartels, unrelated diversification reduced firm risk associated with being active in only one industry. Furthermore, acquirers expected to be able to transfer resources, insights, and business opportunities from a unit in one industry to benefit units in other industries (Shleifer & Vishny, 1991). On the downside, the complex

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multiunit firm structures created through unrelated M&A slowed down decision-making and created inefficiencies (Andrande & Stafford, 2004), which was reflected in the outcomes of this M&A wave. While short-term stock market reactions were positive (Hubbard & Palia, 1999; Matsusaka, 1996), Ravenscraft and Schrerer (1987) found that the profitability of acquirers did not improve and that many acquisitions were subsequently divested. These findings imply that the optimistic goals of these unrelated acquisitions did not materialize as expected (Kolev et al., 2012).

The fourth M&A wave occurred in the 1980s (Shleifer & Vishny, 1991, 2003) across the United States, Europe, and Asia (Kolev et al., 2012). Fueled by relaxed antitrust legislation that allowed horizontal M&A (Schleifer & Vishny, 1991), deregulation in financial markets, and favorable economic conditions (Kolev et al., 2012), this wave was marked by larger M&A, a return to specialization, and an increase in related M&A (Bhagat, Shleifer, & Vishny, 1990). This allowed firms to refocus on their core business, divesting strategically unrelated divisions (Ravenscraft, 1987) and eliminating inefficiencies related to conglomerates (Bhagat et al., 1990). Many acquirers were also on the lookout for targets that they could "turn around" through divestments (Shleifer & Vishny, 1991), downsizing, or by removing inefficiencies (Kolev et al., 2012). The leveraged buyout (LBO) also became popular during this time—that is, large amounts of debt were used by internal (management) or external (e.g., institutional investors) acquirers to finance M&A (Ravenscraft, 1987). Whether they were more traditional M&A or LBOs, many deals were conducted as "hostile takeovers," against the wishes of the target firm management, owners, or shareholders (Kolev et al., 2012). In terms of performance, the market rewarded related M&A—that is, where the acquiring and target firms competed in the same market, whereas unrelated M&A had negative stock market returns (Morck, Shleifer, & Vishny, 1990). The fourth wave ended with a crash in the stock markets.

The fifth M&A wave took place in the 1990s and ended with the economic downturn in the beginning of 2000 (Gregoriou & Rennebog, 2007). This wave was also global, with deals taking place in the United States, Europe, and Asia. Cross-border M&A also formed an important part of firm's growth strategies, reflecting a broader trend toward globalization (Gregoriou & Rennebog, 2007). They were used as a means to cope with a more competitive international environment (Kolev et al., 2012). Continuing the trend of the previous wave, the majority of M&A in this period were related. In contrast to the fourth wave, partly due to stricter anti-takeover laws (Gregoriou & Renneboog, 2007), most deals were friendly (Andrade et al., 2001; Kolev et al., 2012). While targets benefited somewhat from these M&A in terms of short-term abnormal returns, acquirers did not (Martynova & Renneboog, 2008).

The sixth M&A wave began around 2003, after the market started to recover from the 2000 downturn. Globalization continued to drive these M&A, with cross-border acquisitions making up a substantial proportion of deals conducted in the United States, Europe, and Asia (Gregoriou & Renneboog, 2007). Private equity investments in sectors such as real estate and retail also increased during this time (Wright, Renneboog,

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Scholes, & Simons, 2006). As part of the rise of private equity deals, LBOs that were more prevalent in the fourth merger wave also made a comeback in this wave. The sixth M&A wave ended with the global financial crisis in 2007.

We are currently (as of 2018) witnessing a seventh M&A wave, with increased yearly takeover activity since 2011 (BCG, 2011). Global M&A with transaction values already reached $2 trillion in 2018, exceeding values witnessed at the peaks of the previous worldwide M&A waves in 2007 ($1.8 trillion) and 2000 ($1.5 trillion) (Reuters, 2018). Similar to the previous two waves, there is a strong focus on global growth, with domestic acquisitions playing a much smaller part (EY, 2018). However, in contrast to previous waves, acquirers from emerging markets play an important role in driving M&A activity (EY, 2018). The acquisitions by emerging market firms have unique motives, for example access to technologies that allow the acquiring firms to compete better domestically and internationally (Liou, Chao, & Ellstrand, 2017; Liou, Chao, & Yang, 2016). Emerging market acquirers also use "non-conventional" integration approaches resembling alliance management (Kale & Singh, 2012). The current M&A wave is also fueled by disruptive innovations that are changing the industry landscape and blurring industry boundaries (EY, 2018). This is pushing acquiring firms to seek out innovative companies such as start-ups, and to consider complementary or adjacent businesses (EY, 2018) to reconfigure their strategies and business models. Thus, revenue and growth driven acquisitions seem to be important drivers in this M&A wave.

Taken together, M&A can be understood as a multifaceted phenomenon that includes different kinds of buyers, targets, motives, and deal types in different time periods (Teerikangas et al., 2012). Purchases of entire companies or divisions, especially of distressed companies, are likely to involve the greater organizational changes and challenges. In contrast, minority investments may be managed in a more "hands-off style," rather like alliances. In the remainder of this article, we will focus on M&A understood in the "traditional" sense—that is, a purchase by the acquirer of a target firm or of a specific business unit or division in the target firm, excluding buyouts and minority acquisitions. This represents the focus of M&A research more generally.

Overview of M&A Research

The topic of M&A has spurred significant research interest since the 1950s, and it continues to be a growing field to this day. The literature has developed from an initial focus on economic and financial factors to include strategic considerations, a focus on the M&A process, and sociocultural factors (Faulkner et al., 2012). In the rest of this article, we provide an overview of M&A research within the economics/finance, strategy, process, and sociocultural perspectives, highlighting key questions and common themes. This is followed by a section concerning key controversies in this literature, including a discussion about avenues for future research, and a concluding section.

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Researchers in the economics and finance disciplines began studying M&A in the 1950s (Navin & Sears, 1955; Stigler, 1950). Concerning the former, research from an economics lens has examined both M&A motives—mainly relating to economies of scale and market power—and whether M&A improve performance—using, primarily, accounting-based measures such as return on assets, return on equity, or return on sales (Goldberg, 1983; Ravenscraft & Scherer, 1987). While scholars in the finance discipline have examined pre-M&A valuation, pricing, financing, transactional structures, and measures intended to create shareholder value (Sudarsanam, 2012), they have mainly been interested in finding out if M&A enhance performance, utilizing stock market measures based on short-term cumulative abnormal returns (Jarrell, Brickley, & Netter, 1988; Jensen & Ruback, 1983; Weston & Chung, 1983). Concerning M&A performance, studies using accounting-based measures have found negative or non-significant performance outcomes for acquirers (King et al., 2004; Steigner & Sutton, 2011). In turn, stock market-based studies indicate that M&A can lead to positive performance outcomes for the target (Bertrand & Zitouna, 2008; Danbolt, 2004; Georgen & Renneboog, 2004), but negative ones for acquiring firms (Draper & Paudyal, 1999; King et al., 2004; Singh & Montgomery, 1987; Steigner & Sutton, 2011). Some of the reasons for value-destruction for acquiring firms include paying a high premium for the target firm’s stock (e.g., Barney, 1986; Hayward & Hambrick, 1997) and integration challenges (Barkema & Schijven, 2008; Graebner, Heimericks, Huy, & Vaara, 2017; Larsson & Finkelstein, 1999).

Taken together, these studies have yielded important insights about economic and financial considerations concerning M&A motives and outcomes. However, as discussed, M&A can also be conducted for strategic motives. Furthermore, M&A motives have important implications for value creation in the post-M&A phase. Economic or financial considerations thus only inform us about part of the “M&A puzzle.”

Management strategy scholars started to pay increasing attention to M&A in the 1960s, examining why managers undertake M&A (e.g., Ansoff, Brandenburg, Portner, & Radosevich, 1971; Bower, 2001; Walter & Barney, 1990), how M&A perform (e.g., Seth, 1990B; Singh & Montgomery, 1987), and how “strategic” factors influence M&A performance. Concerning the latter, strategy scholars have examined pre-M&A variables such as firm relatedness (e.g., Chatterjee, 1986; Lien & Klein, 2006; Seth, 1990A), friendly versus hostile acquisitions (e.g., Harris & Ravenscraft, 1991; Sudarsanam & Mahate, 2006), conglomerate acquisitions (Agrawal, Jaffe, & Mandelker, 1992; Anand & Singh, 1997; Klein, 2001), the method of payment (e.g., Doukas, 1995; Markides & Ittner, 1994; Steigner & Sutton, 2011), acquisition experience (e.g., Barkema & Shijven, 2008; Hayward, 2002), and, recently, pre-M&A communications to external stakeholders such as investors (Yakis-Douglas, Angwin, Ahn, & Meadows, 2016). These variables have often been linked to M&A performance using stock market- (e.g., Chatterjee, 1986; Lien & Klein, 2006) or accounting-based measures (e.g., Anand & Singh, 1997; Krishnan, Miller, & Judge, 1997). Including both types of measures, King et al. (2004) found in a meta-analysis that M&A do not create value in the long term. In the same study, the authors did not find a significant relationship between pre-M&A variables related to conglomerate acquisitions, acquisition relatedness, method of payment, acquirer prior acquisition

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experience and M&A performance (King et al., 2004). These findings indicate that other factors than these “static” pre-M&A variables may influence M&A performance. Partly in response to these calls, the study of M&A performance has been broadened to include non-financial intermediate performance measures, such as degree of integration (Puranam, Singh, & Zollo, 2009; Zaheer, Castañer, & Souder, 2013), acquisition type (Barney, 1986; Makri et al., 2010), strategic and cultural fit (Bauer & Matzler, 2014), integration speed (Bauer, Schriber, Degischer, & King, 2018; Homburg & Bucerius, 2006), intermediate goals (Cording, Christmann, & King, 2008), and knowledge transfer (Bresman, Birkinshaw, & Nobel, 1999; Capron, Dussauge, & Mitchell, 1998). These findings have also led to calls for more research on how the “process” of conducting M&A comes to affect M&A performance (Haleblian et al., 2009; King et al., 2004), including calls for applying other types of performance measures (Thanos & Papadakis, 2012; Zollo & Meier, 2008) in addition to stock market-based and accounting-based performance measures. For one, longer-term timescales offer an alternative opportunity of capturing a transaction’s performance (Birkinshaw, Bresman, & Håkansson, 2000; Laamanen & Keil, 2008; Meglio & Risberg, 2011; Quah & Young, 2005). Also, the use of perceptual performance measures (e.g., Datta & Grant, 1990; Hayward, 2002) and qualitative assessments of performance (see, e.g., Graebner, 2004; Teerikangas & Thanos, 2018; Vaara, 2002) has been on the increase.

Partly as a response to the shortcomings in the economics, finance, and strategic perspectives and paralleled with academic engagement in real-life M&A (e.g., Buono & Bowditch, 1989; Haspeslagh & Jemison, 1991), scholars increasingly started paying attention to M&A processes in the 1980s, giving rise to the “process perspective” in M&A. The process perspective focuses on “how and why things emerge, develop, grow, or terminate over time” (Langley, Smallman, Tsoukas, & van de Ven, 2013, see also Graebner et al., 2017, p. 1). In this perspective, M&A are understood as consisting of pre- and post-M&A phases with important activities that need to be managed appropriately to create value from the M&A (Haspeslagh & Jemison, 1991). While early studies in this stream focused on the pre-M&A phase (Jemison & Sitkin, 1986), later, researchers have paid more attention to the post-M&A phase (for reviews, see Graebner et al., 2017; Schweiger & Goulet, 2000; Steigenberger, 2017; Teerikangas & Joseph, 2012).

Post-M&A research has aimed to illustrate the underlying processes and mechanisms that lead to value creation after a deal has been closed. In this process stream, strategically oriented M&A research has focused on post-acquisition communication to internal (Angwin, Mellahi, Gomes, & Peters, 2016; Larsson & Finkelstein, 1999; Schweiger & DeNisi, 1991) and external stakeholders (Yakis-Douglas et al., 2016), and integration (e.g., Cording et al., 2008; Sarala & Vaara, 2010; Zollo & Reuer, 2010) versus target firm autonomy (e.g., Larsson & Lubatkin, 2001; Zaheer et al., 2013). While this research shows that post-M&A communication is important for M&A performance, the performance effects of alignment, structural integration, and autonomy have been mixed (Graebner et al., 2017). In turn, research taking a resource-based (Barney, 1991) or knowledge-based view (Kogut & Zander, 1992), has understood M&A as means to transfer and combine organizational resources and knowledge (e.g., Capron, 1999; Capron et al.,

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1998; Ranft & Lord, 2002; Sarala & Vaara, 2010) to improve the acquirer's competitive advantage. These studies show that M&A can be a means to access new resources, expand product lines, and to build or reconfigure capabilities (Bower, 2001). While resource transfer has been shown to improve M&A performance, our knowledge about the influence of reconfiguring knowledge, product lines, businesses, and networks is limited (Graebner et al., 2017).

An enduring question in the literature concerns the degree of post-deal integration, that is, whether to keep the target firm autonomous or to integrate it to some degree/fully into the acquiring firm (Graebner, 2004; Puranam et al., 2009). A myriad of typologies toward post-acquisition integration has been developed (see Angwin, 2012, for an overview). Acquisitions in knowledge-based, service-intensive, and high-technology sectors have been found to benefit from target firm autonomy, whereas acquisitions in the manufacturing sector might require greater degrees of integration (Ranft & Lord, 2002; Weber, 1996). All the while, in the pharmaceutical industry, hybrid integration strategies are in use (Schweizer, 2005). Different integration strategies within firms can thus coexist (Graebner, 2004). What is more, the degree of integration can change over time (Ranft & Lord, 2002). Integration strategies have further been found to depend on the acquiring firm's national culture background, as first noted by Dunning (1958) in his study of foreign acquirers in the United Kingdom, and further evidenced by Jaeger (1983). French and British buying firms have been found to use different kinds of administrative practices as well as informal and formal control mechanisms during M&A integration, reflecting their differing home country cultural heritage (Calori, Lubatkin, & Véry, 1994; Lubatkin, Calori, Véry, & Veiga, 1998). In their study of U.S., Japanese, German, and French buying firms in the United Kingdom, Child, Faulkner, and Pitkethly (2000) showed that post-deal integration managerial practices differed. They further used these findings to portray per country integration typologies (Child, Faulkner, & Pitkethly, 2001; Faulkner, Child, & Pitkethly, 2003; Pitkethly, Faulkner, & Child, 2003).

A central question with respect to the potential challenge of integration relates to the degree of organizational fit between the involved firms (Datta, 1991; Weber, 1996). In other words, is it better for the transaction to combine firms that are organizationally similar or different? Managerial cognition appears to emphasize strategic perspectives, as analyses of strategic fit have been found to override analyses of organizational fit (Chatterjee, Lubatkin, Schweiger, & Weber, 1992; Jemison & Sitkin, 1986).

Research indicates that integration management best practice starts with planning the transaction and integration processes early on (Colombo, Conca, Buongiorno, & Ghan, 2007; Howell, 1970). The question of post-acquisition integration speed continues to raise debate—whether to integrate rapidly or over time (e.g., Bauer & Matzler, 2014; Bauer et al., 2018; Homburg & Bucerius, 2006; Ranft & Lord, 2002). Socialization and interactions between members of participating firms following M&A are identified as critical to synergy realization (Larsson & Finkelstein, 1999). Communications matter (Angwin et al., 2016; Ivancevich, Schweiger, & Power, 1987; Schweiger & DeNisi, 1991) as do the attitudes of the involved managers (Kanter, 2009). To this end, Haspeslagh and Jemison

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(1991) consider that securing the "right" atmosphere is critical to post-merger integration. All the while, the reality of merging is challenging from the perspective of interpersonal dynamics. Already early work on M&A alludes to less constructive attitudes including, for example, not-invented-here syndromes (Blake & Mouton, 1984) or win–lose behaviors (Marks, 1991) as being detrimental to value creation.

Who is in charge of integration? Extant research calls for top management attention to secure transaction success (Haspeslagh & Jemison, 1991). The role of the integration manager has become established as best practice in organizing for the post-merger phase (Ashkenas & Franscis, 2000; Teerikangas, Véry, & Pisano, 2011). All the while, this should not be the acquirer's show—research findings advise involving the acquired organization in order to foster integration, motivation, and mutual learning (Angwin, 2004; Graebner, 2004; Kanter, 2009). The question of whether executives should stay or go has received interest. Angwin and Meadows (2009) argue that this choice depends on the degree of integration—high degrees of integration call for new management, whereas in cases where target firms retain autonomy, existing management might be best kept. All the while, Graebner (2004) shows how critical acquired firm managers are toward value creation. The role of unions as boundary spanners has also recently been pointed out as being key (Colman & Rouzies, 2018).

The bulk of M&A research has focused on the post-deal phase. More recently, M&A scholars have gained interest in examining the pre-M&A phase, including its process characteristics. McSweeney and Happonen (2012) provide an overview of the pre-deal phase from a process perspective. Sudarsanam (2012) discusses the challenges of value creation and appropriation. Gomes et al. (2013) provide a review of pre- and post-deal factors affecting M&A performance. Ahammad and Glaister (2013) focus on target evaluation and M&A performance. Angwin, Paroutis, and Connell (2015) explore the complexities in pre-deal negotiations, an often-overlooked aspect in M&A research. Graebner and Eisenhardt (2004) as well as Zeng, Douglas, and Wu (2013) study the seller's perspective toward acquisitions. Teerikangas (2012A) shows how target firm managers' dispositions toward a forthcoming transaction affect employees' dispositions. More specifically, target managers can shift the atmosphere in the target toward motivation even in the pre-deal phase. Furthermore, recent findings posit that pre-M&A interorganizational relationships, for example, with investment banks, venture capitalists, and alliance partners (Reuer, Tong, & Wu, 2012) and transparency in communication with external stakeholders (Yakis-Douglas et al., 2016) reduce information asymmetries and enhance the target's (Reuer et al., 2012) and acquirer's (Yakis-Douglas et al., 2016) financial gains from a deal.

As a counterweight to the dominant economic, financial, and strategic perspectives, M&A researchers began paying more attention to sociocultural M&A aspects in the 1980s (e.g., Buono, Bowditch, & Lewis, 1985; Cartwright & Cooper 1990; Napier, 1989). This stream of research has focused on two narratives revolving around the "merger syndrome"—that is, negative employee reactions in M&A (e.g., Cartwright & Cooper, 1996; Marks & Mirvis, 1997), and cultural differences and their performance effects (for reviews see

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Sarala, Junni, & Vaara, 2017; Stahl & Voigt, 2008; Teerikangas & Véry, 2006). This stream of research began in the 1980s with a normative focus, aiming to generate "tools" for managing or mitigating "human issues" or "cultural clashes" in M&A (e.g., Brueller, Carmeli, & Markman, 2016; Buono et al., 1985; Nahavandi & Malekzadeh, 1988), moving thereafter toward critical (Riad, 2005; Risberg, 2001) and grounded theory-building research designs (e.g., Colman & Lunnan, 2011; Teerikangas, 2012A). Concerning the human issues, the human resource management literature has emphasized psychological issues (e.g., Astrachan, 1990; Marks, 1982), communication (Angwin et al., 2016; Schweiger & DeNisi, 1991; Sinetar, 1981), and how M&A influence careers (e.g., Hambrick & Cannella 1993; Walsh, 1989). Concerning culture, although challenges related to "cultural clashes" (Buono et al., 1985) and acculturation (Nahavandi & Malekzadeh, 1988) in the post-M&A phase has received ample attention, the rise of cross-border M&A activity in Europe in the 1990s also spurred a wealth of research on M&A as a means of market entry (e.g., Agarwal & Ramaswami, 1992; Barkema & Bell, 1996). Cross-border M&A research has also paid much attention to the performance effects of cultural differences (e.g., Datta & Puia, 1995; Morosini, Shane, & Singh, 1998; Slangen, 2006; for reviews, see Stahl & Voigt, 2008; Teerikangas & Véry, 2006). All the while, the dynamics of cultural change in cross-border deals remain under-researched (Teerikangas & Irrman, 2016). Since the early 21st century, drawing on social psychology, research on social-cultural aspects in M&A has moved from cultural explanations toward understanding identification in following M&A (Giessner, Ullrich, & van Dick, 2012; Rouzies, 2011; Sarala et al., 2017). Although the tendency has been to emphasize negative dynamics, the sociocultural M&A research stream has brought attention to the importance of the "softer side" of M&A.

Whilst the growing body of M&A research since the 1950s has provided significant insights concerning M&A motives, their management, and performance effects, the development of the field within specific disciplinary niches has also contributed to a "silo effect" within this research stream (Faulkner et al., 2012, pp. 686–696; Graebner et al., 2017; Haleblian et al., 2009). We believe that this "silo effect" is one of the primary sources of inconsistent findings and controversies within the M&A research.

Key Controversies in M&A Research

What Are M&A?

A first controversy relates to the phenomenon itself—what are M&A, actually? Recent reviews show that M&A take many forms, depending on the context (Haleblian et al., 2009; Teerikangas et al., 2012). It deserves mention that in their work, many M&A scholars do not explicitly distinguish between the object of their study: merger or acquisition. Indeed, they use the terms interchangeably, examine both, focus on acquisitions but label their work "M&A," or vice versa. The use of the all-encompassing, and somewhat vague, term "M&A" might be at the core of confusing findings and conclusions of M&A research (see also Haleblian et al., 2009). As Stahl and Voigt (2008)

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observe, there is a risk that M&A researchers compare "apples and oranges." Often, after reviewing M&A articles, one has difficulty discerning which of the two deal types has been the object of the research: merger or acquisition. How, then, can we expect comparable and consistent results across studies?

It appears that the concept "M&A" is loosely used to refer to a portfolio of transactional types. Teerikangas et al. (2012) summarize different M&A types depending on: (a) target type with respect to, for example, internationality, nationality, industry, size, ownership, financial health; (b) buyer type and purchase approach, for example, with respect to degree of friendliness, buyer type and previous experience, strategic rationale, integration strategy; (c) timing of the purchase with respect to M&A waves and the buying firm's evolution, for example, with respect to acquisition program strategy; (d) deal structure (including method of payment, means and source of financing, size of premium); and (e) relative strategic, organizational, and competence-based fit. These observations call for future research to be more explicit with respect to the type of merger or acquisition transaction (Angwin, 2012), as well as buying and acquired firm organizational contexts being studied (Rouzies, Colman, & Angwin, 2018). Taking a step forward, connections with other types of interorganizational encounters, be they joint ventures, alliances, franchising, licensing, partnering, or outsourcing arrangements could be explored (Parmigiani & Rivera-Santos, 2011).

M&A: Lacking Theory

Despite decades of scholarly attention, the study of M&A has been criticized for its inability to provide "robust" theories to explain the underlying dynamics and value-creation mechanisms of this organizational encounter called a "merger" or an "acquisition" (Haleblian et al., 2009; King et al., 2004; Schweiger & Goulet, 2000).

Faulkner et al. (2012, pp. 686–696) argue that a key issue that has prevented efforts in the practice and study of M&A from achieving dynamic syntheses has been the disciplinary gulf separating the strategy, finance, and human relations schools. Textbooks tend to focus primarily on the financial or sociocultural aspects of M&A. M&A practitioners and consultants offer expertise on pre-deal valuation, post-deal integration, or change management. In a similar vein, M&A academics operate in disciplinary silos ranging from finance, to strategy, to organizational behavior, international management, and, even further, to the disciplines of psychology, history, and sociology (Haleblian et al., 2009). Consequently, integrative views combining M&A–critical disciplines are lacking, though on the increase (Mirc, Rouzies, & Teerikangas, 2017). The practice, teaching, and academic research on M&A seems riven with partial understandings owing to each side viewing the phenomenon through a one-sided lens.

Recently, efforts to bridge these gaps have emerged (Haleblian et al., 2009). For example, in the *Handbook of M&A*, authors review financial, strategic, and sociocultural perspectives to M&A (Faulkner et al., 2012). An overview of these reviews (Teerikangas et al., 2012, p. 622) reinforces the view of M&A as a multifaceted activity

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> with multiple drivers, disciplines, contexts, levels, phases, and actors; an activity that spans the merging parties' histories and shapes their long-term constitution and performance; an activity that impacts a variety of stakeholders, evolves over time, assumes various forms depending on the deal type, firms, and sectors involved; an activity that is shaped by an array of shifting local, national and global drivers, as is evident from the history of M&A since the end of the 19th century.

This complexity is likely to explain why M&A has largely eluded simplistic definitions and typologies (Angwin, 2012) and remains difficult to categorize, operationalize, and evaluate (Hitt et al., 2012; Sudarsanam, 2012; Thanos & Papadakis, 2012). For M&A scholars, this situation calls for a multidimensional and long-term look at M&A that considers the seemingly disparate activities, facilitates strategic, financial, and managerial decision-making, and captures the subtle dynamics underlying the entire process. Forging this view undoubtedly requires the involvement and contribution of a multiplicity of actors engaged in the practice or the study of M&A, who can grasp its "multi-dimensional heterogeneity" (Zollo & Singh, 2004). Going forward, this calls for M&A research that is interdisciplinary and integrative by design. This also calls for M&A research that represents the geographical areas where M&A activity occurs. Extant academic work has emphasized North American and European contexts. There is a need to further our appreciation of M&A in other institutional and cultural contexts, including Asia, the Middle East, and Africa.

Realist Methodological Underpinnings

In terms of methodology, the field of M&A has been biased toward a rational discourse (Riad, 2005; Teerikangas et al., 2012; Vaara, 1999). In other words, the overarching focus has been on coarse-grain versus fine-grain analysis (Harrigan, 1984). This positioning might stem in part from the long-standing and predominant role of finance and strategy in M&A studies, both imbued with a positivist attitude and largely based on quantitative methods. It is thus surprising, perhaps, to note that the sociocultural dimensions of M&A (i.e., the integration, human, cultural, identity, knowledge sides) have also veered toward this methodological bias. Since the late 1990s, scholarship inspired by a more subjective epistemology has emerged, offering nuanced ways to explore merging organizations' cultures (Riad, 2005; Risberg, 1997; Vaara, 1999, 2000), employee reactions (Risberg, 2001), integration management (Vaara, 2003), and identity dynamics in M&A (Vaara & Monin, 2010; Vaara, Tienari, & Säntti, 2003).

What is more, it is noteworthy that M&A scholars have largely avoided critical perspectives of M&A, preferring normative or seemingly objective accounts. This is manifest, for example, in the study of post-M&A dynamics. Vaara (1999) and Riad (2005), in turn, have advocated a variety of approaches to the study of culture in M&A, instead of one merely assuming "culture" matters. A review of the academic study of M&A from a power and politics perspective (Tienari & Vaara, 2012) reveals the lack of an explicit treatment of power dynamics. The study of M&A seems to have assumed an uncritical

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approach, in so doing failing to acknowledge the less visible undercurrents of the phenomenon, including power, politics, and complex cultural dynamics.

The absence of a critical stance is also visible with respect to ways in which the M&A phenomenon and its regulatory and financial drivers have been treated (Teerikangas et al., 2012). The increasing velocity of M&A activity since the late 1980s needs to be viewed in the context of financial deregulation (Dymski, 2012), as well as an obsessive concern for the creation of shareholder value. Ryan (2012) paints a critical picture of the rise of shareholder value-driven capital markets dominated by numerous, shifting investors seeking short-term profits. In such an environment, M&A became the vehicle for growth merely for the sake of growth (Faulkner et al., 2012, pp. 686–696). This begs the question—is M&A activity driven by management myopia? This growth-based, shareholder-oriented, financial innovation-driven strategy—or should we say “ritual”—has rarely been questioned or debated.

All the while, findings on the individual psychological attributes of CEOs show that managers that engage in M&A deals tend to be overconfident (March & Shapira, 1987), over-optimistic (Heaton, 2002; Malmedier & Tate, 2005), and might suffer from a representativeness bias—replicating learnings from one deal to the next without contextual awareness (Tversky & Kahneman, 1974; for reviews of managerial biases in M&A decision-making, refer to Sudarsanam, 2012; Shefrin, 2007). There might further be organizational pressures to conform (Lovallo & Kahneman, 2003) and deals might be made under time pressure (Jemison & Sitkin, 1986). Going forward, there is a need for M&A scholars to critically scrutinize the M&A phenomenon, including the individual managerial interests, corporate governance, and capital market drivers that have propelled M&A forward.

M&A Transactions Within Firms’ Evolving Contexts

Scholars should place M&A not only in a broad institutional context, but also in the merging firms’ strategic and organizational contexts (Haleblian et al., 2009; Rouzies et al., 2018), which remain in a state of evolution and flux. In this regard, calls have been made to shift attention from the execution of individual transactions to the acquiring firm’s long-term corporate strategy and acquisition programs (Keil, Laamanen, & Mäkisalo, 2012). Thus, the performance of an acquisition has been found to differ, depending on its position on an acquiring firm’s acquisitive cycle (Barkema & Schijven, 2008). Serial acquirers have developed not only acquisition-related capabilities, but also acquisition program-level capabilities (Laamanen & Keil, 2008).

Moreover, the challenge of post-deal integration needs to be placed in a long-term context. The degree of integration impacts both firms’ long-term constitution (Barkema & Schijven, 2008) in terms of organizational structures, cultures, and identities (Birkinshaw et al., 2000; Marrewijk, 2016; Teerikangas & Laamanen, 2014). A look at the “silent forces” that shape M&A activity (Teerikangas, 2012B) highlights that the challenge of pre- and post-deal execution relates to the merging firms’ organizational histories and the

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difficulty of managers to cognitively perceive the sociocultural dimensions in M&A factors. Managers appear to pay attention to easily visible factors, such as strategic, technical or operational ones, whilst having difficulty attending to less visible factors in M&A, such as culture, identity, emotions, or attitudes. Yet, all of these factors are present in M&As and affect M&A performance (Teerikangas & Thanos, 2018). This revelation parallels the insight that post-deal integration spans numerous years. In fact, the process is estimated to continue five to 12 years after conclusion of the deal (Barkema & Schijven, 2008). By implication, acquiring firms that have expanded through acquisitions must be able to coordinate and manage a set of diverse organizational backgrounds (Barkema & Schijven, 2008; Teerikangas, 2012B). Firms that have grown piecemeal through acquisitions, rather than organically, encounter this modern organizational challenge. Going forward, M&A research is likely to shift in orientation from the study of individual acquisition or merger transactions to the study of the organizational contexts within which these transactions occur. Whilst this shift has already occurred in the study of acquisition programs (Chatterjee, 2009; Laamanen & Keil, 2008), it has yet to materialize with respect to how serial acquisitions affect organizational dynamics and the acquirer’s organizational culture. In the practice of M&A, it has become established that M&A are organized by specific units in the firm. For example, high-technology companies such as Intel or Cisco are forerunners in acquisitive growth—they operate via corporate venture units that are in charge of acquisition-making. The long-term consequences of merger and acquisition activity on acquiring firms’ emotional, cultural, and identity-based make-ups deserves attention (Teerikangas, 2012B). In so doing, there might be an opportunity to reinvent and further develop theories of organizational culture. If, indeed, larger organizations such as serial acquirers that have grown via acquisitions bear a multiplicity of organizational cultures, what are the implications for the study of culture in organizations? It seems that the practice of M&A has powerful consequences on organizational dynamics. What is more, given that industries and acquiring organizations are changing, it can be expected that the phenomenon of M&A is changing as well. Therefore, ongoing attention on M&A is called for.

Pre- and Post-Deal Dynamics

A view of M&A as a set of sequential phases spanning the pre- and post-deal phases was introduced in the 1960s. The process-based perspective formulated in the 1980s and 1990s (Haspeslagh & Jemison, 1991; Jemison & Sitkin, 1986) fostered a view of the pre- and post-deal phases as interrelated, the former bearing heavily on the latter. Overviews of the pre-deal era (McSweeney & Happonen, 2012; Sudarsanam, 2012) suggest a multiplicity of pre-deal activities ranging from acquisition planning to candidate search, valuation, negotiation, due diligence, structuring the deal, and closing. All the while, taking a critical stance, our understanding of pre-deal execution is weak relative to that of post-deal execution (Teerikangas et al., 2012). To date, there has been relatively little scholarly focus relating to the pre-acquisition phases in terms of what they are, how they are defined, their temporal dynamics, and impact on the post-deal era (Gomes, Angwin,

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Weber, & Tarba, 2013). This is partly due to secrecy issues surrounding critical phases such as negotiations (Angwin et al., 2015) that make data access difficult.

Whilst the pre-deal era is demarcated by phases or activities undertaken prior to deal conclusion and closing, stages in the post-deal era are less defined (Gomes et al., 2013; Graebner et al., 2017; Teerikangas & Joseph, 2012). Moreover, the types of models and frameworks that M&A scholars have developed over the years foster a linear, rational, prescriptive view of post-merger integration (Graebner et al., 2017; Teerikangas & Joseph, 2012). Angwin (2012) notes that many M&A integration typologies are rooted in the “process” school of strategy. This view contrasts sharply with more recent theories in strategic management and change management that embody notions of practice, emergence, ambidexterity, uncertainty, and unpredictability (Burnes, 2009). Indeed, there is ample room in business scholarship for a reinvention of M&A management. In the 21st century, what would an emergent, ambidextrous, practice-driven view of M&A integration depict?

Finance scholars have called into question the non-recognition of certain types of intangibles, including human capital, in M&A accounting (Joseph & Ryan, 2012). Management scholars have observed a similar neglect of the human aspect of M&A in the post-deal phase (Napier, 1989). The literature has generally viewed the human consequences of M&A with pessimism (Sarala et al., 2017). It has typically characterized employee reactions to integration efforts in negative terms (Teerikangas, 2012A). Drawing a parallel to recent developments in psychology (Cameron et al., 2003), where notions of positive human behavior and leadership have emerged to counter the pessimistic view of human nature, one might ask—what role can psychology play in the study of M&A (Risberg, King, & Meglio, 2015; Teerikangas et al., 2012)? Recent findings posit that positive employee reactions to M&A also exist (Teerikangas, 2012A).

The cultural shock, assimilation, and change following M&A are characteristic of the post-deal phase. In fact, the “culture clash” following M&As has received extensive attention in the M&A literature (see, e.g., Stahl & Voigt, 2008, for a meta-analysis). The bulk of the work focuses on whether culture matters to M&A performance, using cross-sectional research designs (see Sarala et al., 2017; Teerikangas & Véry, 2006, for reviews; Sarala & Vaara, 2010; Slangen, 2006, for empirical examples). In parallel, the cultural change dynamics following M&As have been explored, albeit to a lesser extent. In the 1980s and 1990s the focus was on cultural change in domestic mergers (see Teerikangas & Véry, 2012, for a review). Classically, the cultural complexity inherent in M&A has been conceptualized primarily in terms of the merger of one homogenous nationally based organizational culture with another one. However, the complexity of the cultural encounter is greater than this, given the multiplicity of cultures involved in contemporary organizations ranging from professional through organizational to national cultures (Teerikangas & Véry, 2006; Vaara, 1999). Indeed, many mergers today involve combinations of non-homogenous organizational cultures dispersed across national boundaries (Sarala et al., 2017). Recently, the complexity of the cultural change dynamics in cross-border M&As has been unearthed, albeit as regards the multiplicity of

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organizational subcultures in organizations (Marrewijk, 2016; Pioch, 2007) and the simultaneity of espoused and practiced values affecting the direction post-acquisition cultural change (Teerikangas & Irrmann, 2016). Recent findings posit that cultural change does not occur in isolation—it results from all post-acquisition integration activity as well as from post-acquisition structural changes (Teerikangas & Irrmann, 2016; Teerikangas & Laamanen, 2014).

Going forward, in-depth qualitative inquiry into pre-deal decision-making and processual dynamics is called for. For example, there is a need for research into pre-deal processes related to target valuation (Ahammad & Glaister, 2013) and negotiations (Angwin et al., 2015). All the while, more critical appreciations of post-deal integration dynamics are warranted. For example, Grant (2018) calls for a redefinition of the process perspective to M&A, considering the current view as too limited, normative, and rational. Whilst the integration of cultures following M&A remains a challenge experienced by practitioners, academic interest in in-depth studies of cultural dynamics, be it in longitudinal (Marrewijk, 2016) or multicase settings (Teerikangas & Irrman, 2016), remains scarce. In sum, it appears that the dynamics of merging and acquiring continue to call for both practitioner and scholarly attention.

Actors in M&A Activity

Within the field of M&A research, scholars have paid relatively little attention to actors in charge of making M&A happen. This echoes calls for more “strategy as practice”-based research on M&A (Angwin, 2012; Sarala et al., 2017).

To begin with, the emphasis has been on the firms conducting M&A and actors within these firms. In contrast, limited attention has been paid to external stakeholders, including governments, local constituencies, institutions, customers, suppliers, and competitors (Degbey, 2015; Haleblian et al., 2009; Öberg, 2014). Governmental approval can result in delayed acquisitions, as companies await for antitrust decisions, for example, as provided by the Federal Trade Commission (FTC) in the United States The role and potential conflicts of interest in the work of investment banks and attorneys in the pre-deal analysis and decision-making processes also warrants investigation. By focusing “within” firms conducting M&A, extant research has not thoroughly assessed the effects that deals have on the business environment and partners of the merging firms. What is more, within deals, more emphasis has been placed on the acquiring firm’s interests, relative to those of the target firm (Graebner, 2004; Graebner & Eisenhardt, 2004). It is fair to say that we know relatively little about target firms. Going forward, greater emphasis on external stakeholders and target firms is needed.

In the pre-deal phase, involved actors’ motives and incentives have been studied. Miscalculations of bid prices and post-deal operating costs are often attributable to the over-optimism of the senior managers who execute the deal (Jemison & Sitkin, 1986), and in some instances, to the fact that CEO compensation might be linked to consolidated

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operating results. Other “irrational” motives underlying M&A frenzy include personal biases and management hubris (Sudarsanam, 2012).

In the post-deal literature, emphasis has been placed on deal movers, be they integration managers or target firm directors who implement integration (Graebner, 2004; Haspeslagh & Jemison, 1991; Teerikangas et al., 2011). Further emphasis has been placed on the roles of senior managers, human resource advisors, and other mid-level personnel who drive acquisition performance (Antila, 2006). To some extent, this focus suggests a managerial bias in the study of M&A, with insufficient attention paid to the rank and file; specifically, the role played by research and operations engineers, analysts across functions, the sales and marketing force, “blue-collar” workers, and administrative and support staff in pursuing integration objectives (Teerikangas et al., 2012). In the literature, the latter have often been depicted as riven with negative stamina (Teerikangas, 2012A), that is, as passive victims of these organizational upheavals and, at worst, as “justifiably” made redundant (Cartwright, 2012). Calls have been made to view M&A as the merging of two cultures or social systems, that is, a people encounter, the success of which depends on the daily interactions of all individuals involved, instead of managers only (Sarala et al., 2017; Teerikangas et al., 2012). Going forward, greater attention on individuals’ roles and practices within M&A settings is called for. All the while, it is to be hoped that researchers could courageously and innovatively sway away from seemingly well-known, yet perhaps biased, mantras on M&A. What are instances where positive emotions are observed in M&A? Who is actually in charge of M&A? How could employees’ active change agency be engaged in times of M&A? What types of interpersonal dynamics are at play during pre- and post-merger processes? How does a firm’s previous acquisition experience play into such dynamics? In other words, are interpersonal dynamics different in mergers where the involved parties have previous acquisition experience?

Conclusion

The phenomenon of M&A has continued to interest and engage managers and researchers since the end of the 19th century due to its potential in advancing firm competitive advantage, renewal, and growth, and, in contrast, its high failure rates. Despite a wealth of research on this topic, our understanding about why M&A occur and what their key performance drivers are is limited. This is in part because M&A research has developed in “silos” taking economic, financial, strategies, process, and sociocultural perspectives, with little cross-disciplinary research. The aim of this article has been to provide an overview of the M&A phenomenon and to synthesize the research that has been conducted within these perspectives. And, more importantly, to highlight key controversies within the M&A literature that point toward interesting future research avenues. While our review highlighted several gaps in our current understanding about M&A that are due to methodological limitations, a lack of in-depth case studies, and insufficient cross-disciplinary research, we hope that our study serves to inspire researchers to address these fertile territories for future research. Specifically, we call for

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researchers to move the debate from what drives individual M&A and how they subsequently perform toward a more nuanced or more integrative understanding of the phenomenon. We suggest this could be accomplished by combining theoretical lenses from the different streams, by taking a more dynamic and practice-oriented perspective, and by examining M&A as part of their broader historical, local, and firm contexts.

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Notes:

(1.) In this article, the terms M&A and acquisition will be used interchangeably.

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