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AN INTEGRATIVE REVIEW OF THE EMERGING BEHAVIORAL ACQUISITION LITERATURE: CHARTING THE NEXT DECADE OF RESEARCH

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Our review of acquisition research from the 2008 to 2018 period shows that a large and quickly growing portion of this work has focused on the behavioral aspects of acquisitions. Although this contemporary scholarship holds significant potential to advance our knowledge of acquisition processes and outcomes, because it has been scattered across a wide range of topics and levels, scholars have not yet systematically discussed and integrated the insights we have gained. The growing focus on the multidisciplinary aspects of strategic decisions exacerbates this challenge. In response, we provide a brief literature review of the behavioral acquisition literature, offer a comprehensive view of the state of knowledge in this area, and develop a research agenda capable of guiding researchers toward building a comprehensive understanding of the behavioral aspects of acquisitions. We also point to novel methods we feel will help scholars pursue underexplored avenues, offering the potential to further advance the study of acquisitions.

Acquisitions are meaningful and impactful strategic decisions that have attracted significant scholarly attention. This consideration notwithstanding, we still have much to learn about the factors that motivate executives to engage in acquisitions and the consequences of those actions. For example, the most recent comprehensive review of the acquisition literature examined work published between 1992 and 2007 (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009), which revealed most research during that period centered on the relationship between acquisition activity and firm performance (almost exclusively cumulative abnormal returns [CARs]), or on economic/market factors that influence the rate of acquisition activity. To examine how the focus of acquisition inquiry has evolved, we comprehensively examined post-2007 acquisition research. Our review reveals that a large portion of recent work (approximately 40 percent) examines behavioral aspects that underlie acquisition activity and its consequences (see Figure 1, for a visual representation of behavioral acquisition research, pre- and post-2007).

The recent explosion of research examining the behavioral aspects of acquisitions demonstrates increasing interest in this topic area. However, although this growing body of work is rich and multidisciplinary, it also remains unfocused. This lack of coherence creates challenges for researchers wishing to synthesize the disparate findings into a deeper theoretical understanding of acquisition processes and outcomes. In response, we provide a review of the behavioral acquisition literature with the aim of providing a more comprehensive perspective on this growing body of

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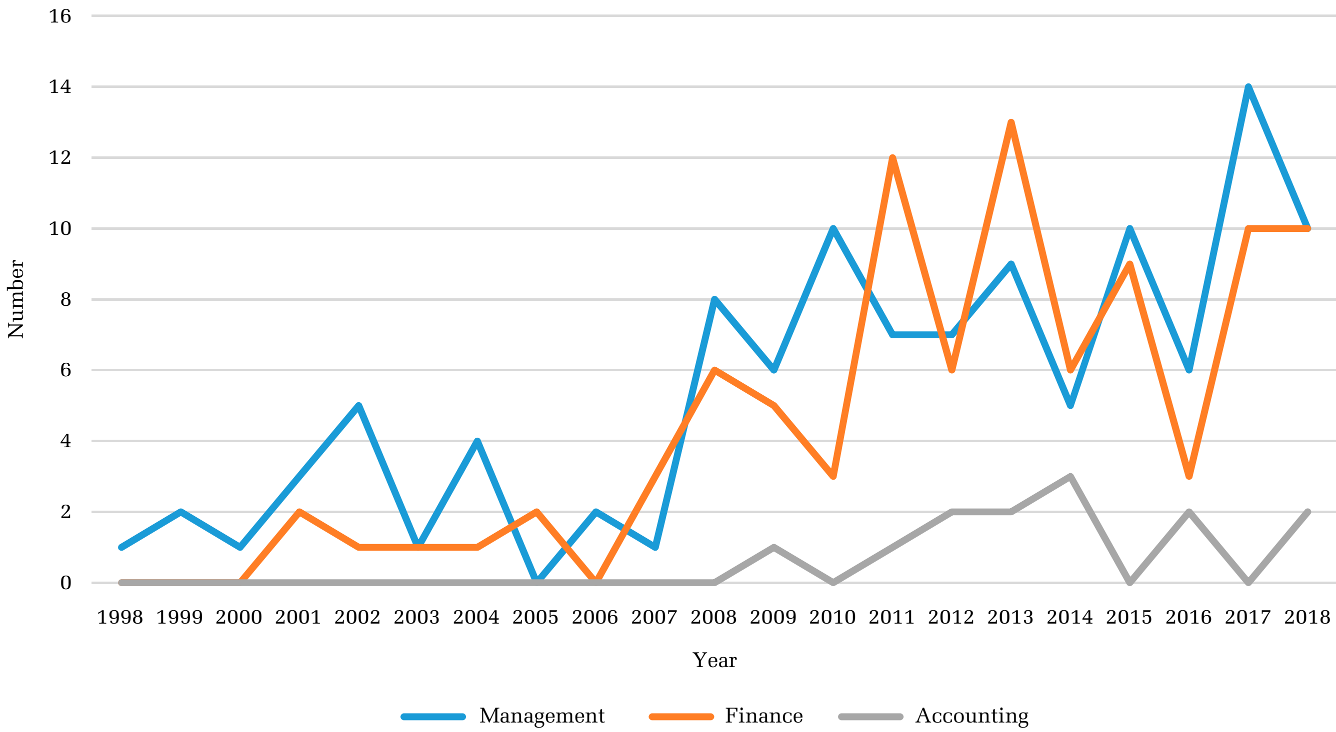
FIGURE 1
Behavioral Acquisition Publications per Year by Discipline



work. In doing so, we organized our resulting insights into a framework that revealed a discernible pattern of findings. Building on these patterns, we developed an initial multidisciplinary agenda to guide future acquisition research. We believe our systematic review will allow scholars to develop a deeper understanding of the behavioral aspects of acquisitions.

We took a broad multidisciplinary approach to search for acquisition research in the top journals in management, accounting, finance, and sociology. Our journal list includes the following: *Academy of Management Journal*, *Administrative Science Quarterly*, *Journal of Management*, *Journal of Management Studies*, *Organization Science*, *Strategic Management Journal*, *Journal of Finance*, *Journal of Financial Economics*, *Journal of Financial and Quantitative Analysis*, *The Review of Financial Studies*, *Accounting Review*, *Journal of Accounting & Economics*, *Journal of Accounting Research*, *American Economic Review*, *Journal of Economic Perspectives*, *Rand Journal of Economics*, *American Journal of Sociology*, and *American Sociological Review*. The author team used ABI/Inform and searched on acquisition-related terms (merger, merge, acquisition, acquire, mergers, and acquisitions), to identify acquisition-related articles published in our set of journals over the 2008–2018 period. We then performed a preliminary review of those studies for fit. This process returned 487 articles: a substantial increase over the 167 acquisition-related articles published during the 1998–2007 period, in the same journals. We then split the articles into three random groups, and two authors independently reviewed the articles in each set. This process revealed 188 acquisition articles that were behavioral in focus, with 92 articles in management journals, 83 in finance journals, and 13 in accounting journals. We classified studies as behavioral in nature following Hambrick and Crossland's (2018: 25) "large tent" perspective that argues "styles of research that consider any psychological, social, or political ingredients" represent behavioral research. Thus, we excluded articles that did not explicitly include such "ingredients" and, instead, solely focused on nonbehavioral issues, such as economies of scope, firm financial characteristics/conditions, financial market frictions, industry/market dynamics, or economic conditions. We also omitted articles solely relying on theoretical modeling.

We organized most of these articles into a three-section framework. The first section includes work

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on the behavioral antecedents of acquisition behavior, such as top manager attributes and compensation, governance factors, network ties, and social pressures. The second section includes research on the behavioral factors that influence the performance of acquisitions, most often, although not always, operationalized as CARs. The third section includes work on nonperformance behavioral acquisition outcomes, which has recently grown in popularity, and includes consequences such as executive compensation, employee perceptions, top management and board turnover, network effects, and deal completion. We then categorized the research within each section into four levels of analysis: 1) individual, 2) team/group, 3) firm, and 4) interorganizational.

All articles we reviewed are included in Tables 1 and 2. Table 1 details work from the first two sections: behavioral antecedents to acquisition behavior and behavioral factors that influence acquisition performance. In Table 1, we first categorized articles by the overall level of analysis (e.g., individual and team), followed by general behavioral independent variables within each level of analysis (e.g., demographic attributes, psychological attributes, board structure, and team experience). Next, although we focus on behavioral antecedents to acquisitions in the text of the article, in Table 1 we further break down behavioral antecedents into two subcategories. The first subcategory is behavioral antecedents to acquisition behavior, which deals with whether firms acquire and at what frequency. The second subcategory catalogs the specific acquisition attributes associated with particular acquisition behavior. Breaking down behavioral antecedents into two subcategories offers the viewer of Table 1 a more fine-grained understanding on the manner in which scholars have studied behavioral antecedents. Finally, we include a column on behavioral factors that influence acquisition performance.[2] Table 2 details work from the third section: nonperformance acquisition outcomes. In Table 2, we first categorized articles by the level of analysis, and then by nonperformance outcomes examined and findings. We also provide a brief review of most of the articles included in Tables 1 and 2. Finally, we draw on this categorization to identify novel and compelling future research opportunities that offer researchers a platform from which to build new insights.

In our review, we summarize the current diverse state of knowledge in the behavioral acquisition literature, across fields. Second, we identify areas in which findings are unclear, inconsistent, or incomplete. Building on this, we identify spaces ripe for additional research to clarify our understanding of the behavioral aspects of the acquisition process. Third, most studies to date have focused on a single level of analysis; thus, we leverage our framework to offer guidance for developing multilevel research on the behavioral aspects of acquisitions designed to uncover new and compelling insights. Finally, we offer novel conceptual, empirical, and methodological suggestions to pursue underexplored avenues that have potential to advance the study of acquisitions.

In sum, although our review reveals this body of work offers important insights regarding the behavioral drivers, processes, and consequences of acquisition activity, it also highlights critical gaps in our understanding of acquisition behavior, processes, and outcomes, as well as underexplored areas, and open questions, which offer potential for future research. Thus, our broad multidisciplinary review holds significant potential to advance the acquisition literature by serving as a foundation on which scholars may cultivate novel and compelling insights.

BEHAVIORAL ANTECEDENTS OF ACQUISITION BEHAVIOR

We begin our summary of the behavioral acquisition literature with antecedents of acquisition actions. In this section, we examine the drivers of the decision to acquire, the type of acquisitions pursued, and the decision to abandon acquisitions. We divide the literature into four levels of analysis: individual, group, organization, and interorganizational.

Individual Level

Many behavioral researchers have been attracted to the individual level of analysis, investigating the influence CEOs have on specific strategic organizational decisions. Three predominant themes explain

[2] As Table 1 shows, the same behavioral independent variable may predict multiple acquisition-related dependent variables, either within the same study or across multiple studies. For instance, as shown on the first page of Table 1, at the individual level of analysis (first column), CEO overconfidence, listed under behavioral independent variables—psychological attributes (second column), positively relates to acquisition likelihood (third column), positively relates to diversifying and international acquisitions (fourth column), and negatively relates to acquisition performance (fifth column). Predicting multiple acquisition-related dependent variables in the same study is particularly common for finance articles.

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TABLE 1
Articles Examining Behavioral Antecedents of Acquisition Behavior and Behavioral Factors That Influence Acquisition Performance

Level of Analysis	Behavioral Independent Variables	Behavioral Antecedents of Acquisition Behavior	Behavioral Antecedents of Acquisition Attributes	Behavioral Factors That Influence Acquisition Performance	Articles Included
Individual	Executive attributes				
	Demographic attributes	Age (−)	Age (−) large, risky acquisitions	Proximity to retirement (+) for targets	Matta & Beamish (2008), Yim (2013) Jenter & Lewellen (2015)
		Founder CEOs (+)	Founder CEOs (+) smaller, horizontal acquisitions		Fahlenbrach (2009)
			Family firm CEOs approaching retirement (+) international acquisitions		Strike, Berrone, Sapp, & Congiu (2015)
		Female CEO (−)		Female CEOs and CFOs (+)	Huang & Kisgen (2013)
	Psychological attributes	CEO overconfidence (+)	CEO overconfidence (+) diversifying and international acquisitions	CEO overconfidence (−), but less of an effect after recent failed acquisitions	Ferris et al. (2013), Kolasinski & Li (2013), Malmendier & Tate (2005, 2008), Zollo (2009)
		CEO narcissism (+)	CEO narcissism (+) deal speed, (+) deal abandonment, (−) lower reliance on board expertise	CEO narcissism (−)	Aktas et al. (2016), Chatterjee & Hambrick (2007, 2011), Zhu & Chen (2015)
		CEO extraversion (+)		CEO extraversion (+)	Green et al. (2018), Malhotra et al. (2018)
		CEO promotion orientation (+), CEO prevention orientation (−)			Gamache et al. (2015)
	Experience and capabilities	Prior acquisition experience (+)			Brouthers & Dikova (2010)
				CEO prior unethical behavior (−)	Biggerstaff et al. (2015)
				CEO earnings flow accuracy (+)	Goodman et al. (2014)
				CEO target industry experience (+)	Custódio & Metzger (2013)
				CEO network centrality (−)	El-Khatib et al. (2015)
	Risk propensity	Rival CEOs win an award (+)		Rival CEOs win an award (−)	Shi et al. (2017)
		CEO personal life risk propensity (+)		CEO personal life risk propensity (+) for value target firms but not glamor firms	Cain & McKeon (2016)
		Experiencing nonfatal personal life events (+), but experiencing fatal personal life events (−)		Experiencing nonfatal personal life events (−)	Bernile et al. (2017), Shi et al. (2017)

TABLE 1
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Antecedents of Acquisition Behavior	Behavioral Antecedents of Acquisition Attributes	Behavioral Factors That Influence Acquisition Performance	Articles Included
	CEO social networks	Acquisition behavior of graduate school cohort (+)			Shue (2013)
			Board ties with a potential target (+) likelihood of acquiring that target		Rousseau & Stroup (2015)
			Board member ties in a foreign country (+) likelihood of acquiring in that country		Cohen et al. (2017)
				Acquisition of home-state firms (−)	Jiang et al. (2019)
	Other	CEO entrenchment (+)	CEO entrenchment (+) diversifying acquisitions. CEO celebrity status (−) acquisition premiums		Cho, Arthurs, Townsend, Miller, & Barden (2016), Harford et al. (2012)
				CEO impression management efforts (+)	Kimbrough & Louis (2011)
	Executive compensation				
	CEO compensation	CEO underpayment (+)	CEO underpayment (+) use of stock financing		Seo et al. (2015)
				CEO pay–performance sensitivity (+)	Minnick et al. (2011)
				CEO–TMTs pay disparity (−)	Bebchuk et al. (2011)
	Risk-bearing	CEOs with overvalued stock who exercise options (+)			Akbulut (2013)
		CEO pension and deferred compensation (−)	CEOs with inside debt (+) vertical acquisitions	CEOs with inside debt (−) for vertical acquisitions	Lin et al. (2018)
				CEO pension and deferred compensation (−) short-term CARs but (+) long-term operating performance	Phan (2014)
		CEO high option value volatility (−)			Gormley et al. (2013)
		CEOs with in the money options (+)			Matta & Beamish (2008)
			Target CEO option grants and golden parachutes (+) acquisition completion	Target CEO option grants and golden parachutes (+)	Fich et al. (2011, 2013), Heitzman (2011)

TABLE 1
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Antecedents of Acquisition Behavior	Behavioral Antecedents of Acquisition Attributes	Behavioral Factors That Influence Acquisition Performance	Articles Included
Group	TMT compensation	Greater TMT incentive compensation and more homogenous structure of compensation within the team (+)		Greater TMT incentive compensation and more homogenous structure of compensation within the team (−)	Datta et al. (2009), Steinbach et al. (2017)
	Board structure				
	Board factors that increase decision deliberation	Larger boards (−)			Cheng (2008)
		Female board members (−)			Chen et al. (2016)
				Independent boards (+), especially for firms with overconfident CEOs	Kolasinski & Li (2013)
				Independent boards have less extreme, both positive and negative, acquisition performance	Goranova et al. (2017)
	Board factors that decrease monitoring effectiveness	Boards with a non-CEO chairman and a preponderance of outside directors (+)			Datta et al. (2009)
		Board members with CEO ties (+)		Board members with CEO friendship ties (−), but these effects were strongest when monitoring needs were highest	Fracassi & Tate (2012), Schmidt (2015)
				Board members with IB ties (−) if there are conflicts of interest but (+) if there are no conflicts of interest	Güner et al. (2008), Huang et al. (2014)
				Director and officer liability insurance (−)	Lin et al. (2011)
	Team experience	Board investment bank experience (+)			Huang et al. (2014)
		TMT acquisition experience (+)			Nadolska & Barkema (2014)
		Board tenure (−)		Board tenure (+)	Kim et al. (2014)
				Acquisition experience with similar acquisitions (+)	Field & Mkrtchyan (2017), McDonald et al. (2008)
				VC board membership (+) when the targets are also VC backed	Celikyurt et al. (2014)
				Foreign independent directors (+) when undertaking cross-border acquisitions	Masulis et al. (2012)

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TABLE 1
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Antecedents of Acquisition Behavior	Behavioral Antecedents of Acquisition Attributes	Behavioral Factors That Influence Acquisition Performance	Articles Included
				Independent directors with relevant industry experience (+)	Kroll et al. (2008), Wang et al. (2015)
				Inside directors with outside board appointments (+)	Masulis & Mobbs (2011)
	Board process			Group polarization results in more extreme acquisition premiums	Zhu (2013)
				Unexpected director departure (−)	Fahlenbrach et al. (2017)
				Overburdened directors, those who serve on a high number of committees (−)	Faleye et al. (2011)
Organizational	Acquirer firm characteristics				
	Organizational risk attitudes	Attributes signaling risk aversiveness and conservatism (−)			Kravet (2014)
		Family ownership (−)	Family ownership (+) related targets		Gomez-Mejia et al. (2018)
			Risky business operations (−) diversifying acquisitions		Gormley et al. (2013)
	Organizational culture		Unethical culture (+) private acquisitions		Biggerstaff et al. (2015)
				Stakeholder orientation (+)	Bettinazzi & Zollo (2017)
	Corporate governance			Internal control weaknesses (−)	Harp & Barnes (2018)
				Corporate VC' acquisitions of firms in their portfolio (−)	Benson & Ziedonis (2010)
	Organizational performance	Firms near a performance aspiration level (+)			Iyer & Miller (2008), Kim et al. (2015), Kuusela et al. (2017)
		Firms just below or just above the cutoff to be included in the Fortune 500 (+)		Firms just below or just above the cutoff to be included in the Fortune 500 (−)	Meneghetti & Williams (2017)
				Firms receiving a "cash windfall" (−)	von Beschwitz (2018)
				Prolonged negative performance (−)	Kim et al. (2011)
				Stock overvaluation (−)	Akbulut (2013)

TABLE 1
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Antecedents of Acquisition Behavior	Behavioral Antecedents of Acquisition Attributes	Behavioral Factors That Influence Acquisition Performance	Articles Included
	Organizational capabilities		R&D productivity (+) diversifying acquisitions		Kaul (2012)
			Disciplined financial management (+) purchasing of divested units of large firms		Kaul et al. (2018)
			Less diversified, stronger performing firms (+) earlier acquisitions in a wave		Haleblian et al. (2012)
		High-reputation firms (+)	High-reputation firms (+) diversifying acquisitions	High-reputation firms (−)	Haleblian et al. (2017)
				Ability to value uncertain, long-term investments (+)	Humphrey-Jenner (2014)
				CSR capabilities (+)	Deng et al. (2013)
	Target firm characteristics	More popular with investors (+) likelihood of being targeted		Degree to which that target firm is popular with investors (+)	Massa & Zhang (2009)
				Degree to which deal premium reflects a recent peak price point (−)	Baker et al. (2012)
		Ties to VC, prominent investors, or investment banks (+) likelihood of being targeted	Importance of target to investment banks (+) acquisition completion		Fich et al. (2015), Reuer & Ragozzino (2012), Vasudeva et al. (2018)
			Trust with acquirer (+) acquisition completion		Lander & Kooning (2013)
				Targets who have been unsuccessful with their own prior acquisitions (−)	Offenberg et al. (2014)
				Targets who initiate a deal (−) target firm CARs	Masulis & Simsir (2018)
				Purchasing divested assets of another firm (+) compared with acquisitions of entire firms	Laamanen et al. (2014)

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TABLE 1
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Antecedents of Acquisition Behavior	Behavioral Antecedents of Acquisition Attributes	Behavioral Factors That Influence Acquisition Performance	Articles Included
	External governance				
	Investor monitoring	Removal of anti-takeover provisions (−)			Cuñat et al. (2012)
		Stronger shareholder rights (−)		Stronger shareholder rights (+)	de Bodt, Cousin, & Roll (2018), Giroud & Mueller (2011), Harford et al. (2012), Wang & Xie (2009)
		Undistracted investors (−)		Undistracted investors (+)	Kempf et al. (2017)
				Higher active institutional ownership relative to passive institutional ownership (+)	Schmidt & Fahlenbrach (2017)
				Institutional shareholder voting (+)	Becht et al. (2016), Li, Liu, & Wu (2018)
				Shareholder signaling dissatisfaction with board members (+)	Fischer et al. (2009)
				Acquirer low stock liquidity (+)	Roosenboom et al. (2013)
				Decreased analyst coverage (−)	Chen et al. (2015)
				Targets with high institutional ownership percentage (−)	Fich et al. (2015)
		Targets facing activist investor pressures (+) likelihood of being an acquisition target		Targets facing activist investor pressures (+) target investor returns	Boyson et al. (2017), Greenwood & Schor (2009)
	Venture capital ownership		Venture capital ownership (+) likelihood of targeting a VC-backed firm		Celikyurt et al. (2014)
	Experience	Frequency and performance of prior acquisitions (+)	Prior acquisition success (+) acquisition completion, and prior acquisition failure (U) acquisition completion		Arikan & Capron (2010), Arikan & McGahan (2010), Muehlfeld et al. (2012)
			Extreme prior acquisition performance (+) acquiring volatile targets		Kumar et al. (2015)
				Experience with similar types of acquisitions and markets (+)	Basuil & Datta (2015), Ellis et al. (2011)

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TABLE 1
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Antecedents of Acquisition Behavior	Behavioral Antecedents of Acquisition Attributes	Behavioral Factors That Influence Acquisition Performance	Articles Included
				Acquisition experience (−) extreme negative returns	Rabier (2017)
				Acquirer acquisition experience relative to target acquisition experience (+)	Cuypers et al. (2017)
				Prior alliances with the target firm (+)	Zaheer et al. (2010)
				General prior alliance experience (+) when the acquisition is managed similarly to an alliance (e.g., the post-acquisition integration will be limited)	Zollo & Reuer (2010)
				Rate of prior acquisitions and variability of prior experience (−)	Barkema & Schijven (2008), Laamanen & Keil (2008)
				Medium-term acquisition experience (3- to 4-year-old experiences) (+)	Meschi & Métais (2013)
	Integration process			Integration fairness, evident in procedural and informational justice (+)	Ellis et al. (2009)
				Using higher-order, flexible routines during integration (+)	Heimeriks et al. (2012)
				Focusing primarily on acquirer to target knowledge transfer (−)	Reus et al. (2016)
	Impression management			Pre-acquisition positive news releases (+)	Ahern & Sosyura (2014)
				Impression offsetting (releasing unrelated positive news around an acquisition) (+)	Graffin et al. (2016)
			Foreshadowing of acquisitions to reduce investor uncertainty (+)	Busenbark et al. (2017)	
Interorganizational	Networks and similarity				
	Position in the network	Network centrality (+) in developing markets but (−) in developed markets, while being positioned as a structural			Lin et al. (2009)

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TABLE 1
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Antecedents of Acquisition Behavior	Behavioral Antecedents of Acquisition Attributes	Behavioral Factors That Influence Acquisition Performance	Articles Included
		hole (−) in developing markets but (+) in developed markets		Multiple, nonexclusive, and highly reputable investment bank relationships (+)	Golubov et al. (2012), Sleptsov et al. (2013)
				Targets with ties to prominent investment banks, VC firms, and alliance partners (+) target shareholder benefits	Arikan & Capron (2010), Reuer et al. (2013)
				Acquirer returns when a target has VC backing (+)	Masulis & Nahata (2011)
				Overreliance on a single investment bank (−)	Lee (2013)
	Cross-firm ties		Cross-holdings have little effect on target selection but (−) bidder value	Cross-holdings have little effect on the acquisition value	Harford, Jenter, & Li (2011), Matvos & Ostrovsky (2008)
		Shared professional service firms (e.g., auditor or advertising agency) (+)		Shared professional service firms (e.g., auditor) (+)	Cai, Yim, Park, & White (2016), Dhaliwal et al. (2016), Rogan & Sorenson (2014), Stuart & Yim (2010)
				Board connections between the acquirer and target (+)	Cai & Sevilir (2012)
				Social ties between acquirer and target executives or board members (−)	Ishii & Xuan (2014)
				Board interlocks (−)	Rousseau & Stroup (2015)
				Overlapping institutional ownership (−)	Goranova et al. (2010)
				When an acquiring firm's investment bank has an equity or bond stake in the target (−)	Bodnaruk et al. (2009), Bodnaruk & Rossi (2016)
	Firm similarity	Being located in an industry geographic cluster (+)			Almazan et al. (2010), McCann et al. (2016)
			Geographic proximity (+) acquisition target identification		Chakrabarti & Mitchell (2016), Chen, Kale, & Hoskisson (2018)
		Similarity in human capital and CSR practices (+)		Similarity in human capital and CSR practices (+)	Bereskin et al. (2018), Lee et al. (2018)
	Social and institutional conditions		Countries with higher shareholder	Countries with higher shareholder protections (+)	

TABLE 1
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Antecedents of Acquisition Behavior	Behavioral Antecedents of Acquisition Attributes	Behavioral Factors That Influence Acquisition Performance	Articles Included
			protection regimes (+) premiums paid		Bris & Cabolis (2008), Capron & Guillén (2009)
		Uncertainty in governmental policies (−)			Bonaime et al. (2018), Nguyen & Phan, 2017
				Target country political uncertainty (+)	Lee (2018)
		Home market governmental anti-bribery policies (−) acquisitions in corrupt markets			Zeume (2017)
		Higher cultural egalitarianism (+) and similarity in egalitarianism of acquirer and target countries (+)			Siegel et al. (2011)
		Linguistic similarity between the acquiring and target countries (+)			Slangen (2011)
				Higher combined cultural attractiveness of acquirer and target countries (+)	Li et al. (2017)
				Cultural similarity on trust, hierarchy, power distance, and individualism (+)	Ahern et al. (2015), Huang et al. (2017)
				Political affinity between acquirer and target countries (+)	Bertrand et al. (2016)
		Industry competitiveness (−)			Giroud & Mueller (2011)
		Acquisition intensity in a firm's subfield within an industry (+)			Ozmel et al. (2017)
				Acquisitions within an acquisition wave periods (−) relative to acquisitions outside a wave	Duchin & Schmidt (2013)
				Acquisitions early in an acquisition wave periods (+) relative to later movers in the wave	McNamara et al. (2008)
				Premium paid on prior acquisitions in an industry anchor premium for a current acquisition	Malhotra et al. (2015)

TABLE 2
Articles Examining Behavioral Factors That Influence Nonperformance Acquisition Outcomes

Level of Analysis	Behavioral Independent Variables	Behavioral Factors That Influence Nonperformance Acquisition Outcomes	Articles Included
Individual	Rewards		
	CEO pay level	Acquisitions (+) subsequent CEO compensation, with a stronger effect for younger CEOs	Yim (2013)
		Acquisitions (+) subsequent long-term CEO compensation for previously underpaid CEOs	Seo et al. (2015)
	Incentive alignment	Acquisitions lead boards to implement long-term incentive plans for CEOs to align CEO and shareholder interests	Bodolica & Spraggon (2009)
		CEO post-acquisition compensation is structured to disincentivize wealth transfer between shareholders and bondholders	Phan (2014)
		Acquiring CEOs are more likely to cash out equity compensation and boards typically issue additional options to better align CEO and shareholder interests	Devers et al. (2013)
	CEO board appointments	Undertaking large acquisitions (+) likelihood of CEO receiving outside board appointments	Harford & Schonlau (2013)
	Employee compensation	Downsized employees experienced greater earnings growth than surviving employees post-acquisition	Siegel & Simons (2010)
	CEO turnover	Negative market reactions to acquisitions increases likelihood of CEO dismissal, especially for low liquidity firms	Roosenboom et al. (2013)
		The effect of negative market reactions to acquisitions on CEO dismissal was lower for firms acquiring within acquisition waves compared with outside of waves	Duchin & Schmidt (2013)
		Target CEOs are less likely to be retained if they are narcissistic	Aktas et al. (2016)
		Acquirer-target social ties increase the likelihood that the target CEO is retained on the board of the combined firm	Ishii & Xuan (2014)
	Employee perceptions	Employee perceptions of previous changes, anxiety level, and quality of information shared influence post-acquisition employee satisfaction and turnover	Rafferty & Restubog (2010)
		Acquisitions can cause employees to re-assess their justice evaluations of their firms	Soenen et al. (2017)
		Acquisitions can cause employees to reassess their justice evaluations of their firms	Soenen et al. (2017)
		Stronger pre-acquisition organizational identification led to a greater reduction in organizational trust in the post-acquisition period	Maguire & Phillips (2008)

TABLE 2
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Factors That Influence Nonperformance Acquisition Outcomes	Articles Included
Organizational	Agency issues and conflicts of interest	Acquiring CEOs with pay tied to earnings-based bonuses managed financial reporting to increase earnings	Shalev et al. (2013)
		Acquiring firms that experienced negative announcement returns were more likely to make post-announcement financial misstatements	Bens et al. (2012)
		Anti-takeover provisions can lead to greater post-acquisition innovation	Humphery-Jenner (2014)
		Analysts affiliated with the acquirer or the target offer positively biased assessments	Kolasinski & Kothari (2008)
	Human capital	Acquisitions can enhance plant productivity, by upgrading the quality of firm human capital	Siegel & Simons (2010)
		Human capital relatedness in acquisitions was associated lower post-merger employment and wages	Lee et al. (2018)
		Post-acquisition target firm scientist retention was positively related to the development of highly impactful knowledge	Park et al. (2018)
		In law firm mergers, limited pre-acquisition connections between attorneys in the two firms not only motivated more interunit client sharing but also led to lower human capital retention	Briscoe & Tsai (2011)
	Deal completion	Initial negative stock market reactions increased the likelihood that low stock liquidity acquirers abandon acquisitions of private firms	Roosenboom et al. (2013)
		The likelihood that initial negative stock market reactions led to acquisition abandonment was higher when the deal also received heavy or negative media attention	Liu & McConnell (2013)
		When the acquirer and target have similar CSR practices, the likelihood that such deals are completed rises	Bereskin et al. (2018)
		When an activism campaign leads a target firm to sell to another firm, the likelihood of deal completion increases	Boyson et al. (2017)
	Integration and other long-term effects		
	Legitimation	Legitimation of an acquisition is a complex, recursive process, possibly occurring multiple times during the acquisition process	Vaara & Monin (2010)
	Identity emergence	The emergence of a post-acquisition combined organizational identity is a multistage process that involves boundary negotiations and a transitional identity that draws on parts of the two prior identities	Clark et al. (2010), Drori et al. (2013)

TABLE 2
(Continued)

Level of Analysis	Behavioral Independent Variables	Behavioral Factors That Influence Nonperformance Acquisition Outcomes	Articles Included
	Restructuring	Acquiring firms cycle through reoccurring periods of acquisition-related growth and organizational restructuring	Barkema & Schijven (2008)
		Acquirers often sell or close acquired plants, but effective acquirers retained more of the acquired plant and increased plant productivity	Maksimovic et al. (2011)
	Organizational culture	Post-acquisition norms of justice were enacted in temporal processual stages that progressed from a focus on equality to a focus on equity and finally to a reduction in attention to distributive justice	Monin et al. (2013)
	Communication patterns	Post-acquisition communication patterns between target and acquirer employees increase in intensity early and then decline as common ground develops in the new combined firm	Allatta & Singh (2011)
	Innovation	Pre-acquisition acquirer innovation patterns influence the manner in which target knowledge is leveraged by the acquirer post-acquisition	Choi & McNamara (2018)
		Conglomerate acquirers can foster target creativity by either transferring creativity competencies or fully letting the target operate independently	Rawley et al. (2018)
	Employee misconduct	Acquirer employees were found more likely to commit misconduct after target employees with a history of misconduct were merged into their organization	Dimmock et al. (2018)
		Heterogeneous TMTs better transferred their acquisition experience and, thus, experienced greater acquisition retention than less diverse teams	Nadolska & Barkema (2014)
	Employee satisfaction with integration	Suppressed employee negative emotions led to false perceptions of target employee satisfaction and ultimately the failure of the acquisition integration processes	Vuori et al. (2018)
	Organizational knowledge	Following a merger, the influence of prominent and widely available information increased, but the influence of more nuanced, but less accessible information declined	Paruchuri & Eisenman (2012)
		Cultural differences between the acquirer and target, both at the organizational and national levels, positively influence knowledge transfer	Vaara et al. (2012)
Interorganizational	Customer network overlap	Merging professional service firms (e.g., advertising agencies) can experience a loss of sales and customers because of customer concerns over become over-reliant on one service firm	Rogan (2014), Rogan & Greve (2015), Rogan & Sorenson (2014)
	Media portrayals	Media coverage of international acquisitions often includes metonymic expressions that indicate and influence the cultural conflict associated with the deal	Riad & Vaara (2011)

the decision to merge or acquire: executive attributes, executive compensation, and executive social networks.

Executive attributes. Researchers have examined the influence of a range of individual attributes on acquisition behaviors, including demographic factors, psychological attributes, leader experience and capabilities, and risk propensity. Regarding demographic factors, during our sample period, scholars found personal demographic factors, such as the age and gender of CEOs, as well as their status as a founder, influence acquisitive behavior (e.g., Huang & Kisgen, 2013; Matta & Beamish, 2008). However, research during this period appears to have moved beyond examining such professional experience and demographic attributes, such as functional background or educational level or area.

Studies that examine psychological attributes found that CEO narcissism, overconfidence, extraversion, and promotion orientation positively influence both the amount and boldness of acquisitive behavior (e.g., Chatterjee & Hambrick, 2007, 2011; Gamache, McNamara, Mannor, & Johnson, 2015; Malhotra, Reus, Zhu, & Roelofsen, 2018; Malmendier & Tate, 2008). This work shows that key traits and motivational attributes strongly influence acquisition choices. Prior acquisition experience (Brouthers & Dikova, 2010) and CEO personal life risk propensity and experiences (e.g., Cain & McKeon, 2016) also influence firm acquisitiveness, but our review shows little work examining how other types of experience or capabilities influence acquisition likelihood.

Finally, a small body of individual-level research has examined the effects of social networks and comparisons on acquisition activity. This research shows that the acquisition actions and targets CEOs pursue are partially driven by their social connections (Cohen, Gurun, & Malloy, 2017; Rousseau & Stroup, 2015; Shue, 2013).

Executive compensation. Similar to previous research that shows stock option grants promote acquisition behavior (Sanders & Hambrick, 2007), more recent research found that CEO underpayment also influences acquisitiveness (Seo, Gamache, Devers, & Carpenter, 2015). However, other research has examined the effect of CEO compensation from a different angle. For example, some recent work demonstrates compensation elements that increase executive risk bearing, such as inside debt (Lin, Officer, & Shen, 2018), high levels of deferred compensation (Phan, 2014), and option value volatility (Gormley, Matsa, & Milbourn, 2013), reduce both CEO acquisition proclivity and acquisition risk. Conversely, compensation that reduces the risk bearing of target CEOs increases their willingness to complete a deal (Fich, Cai, & Tran, 2011; Fich, Tran, & Walkling, 2013). Thus, compensation can influence the degree to which managers feel motivated to acquire but can likewise create risk-bearing concerns that reduce their willingness to take on risky acquisitions.

Group Level

In this section, we reviewed studies that examine the group dynamics that influence acquisition decisions. In doing so, we identified three themes: top management team (TMT) compensation, board structure, and team experience. It is notable that the volume of research on group-level antecedents is sparse relative to the other three levels of analysis in this section.

TMT compensation. Compensation effects also emerge at the group level, with higher levels of incentive compensation and greater homogeneity of within-team compensation tied to greater acquisition activity (Datta, Musteen, & Herrmann, 2009; Steinbach, Holcomb, Holmes, Devers, & Cannella, 2017), but we found no research examining the manner in which team compensation influences acquisition attributes, such as the types of acquisitions pursued or the means to finance acquisitions.

Board structure. When considering group effects on acquisition decisions, board monitoring and advising is a salient factor. In general, this work has found that board factors that drive more deliberative decision-making, such as having larger boards (Cheng, 2008) or female membership on the board (Chen, Crossland, & Huang, 2016), reduce acquisition behavior. However, board characteristics that limit the monitoring effectiveness of boards appear to increase acquisition proclivity (Datta et al., 2009; Fracassi & Tate, 2012).

Team experience. Studies also suggest that specific experiences that enhance director and top manager comfort with acquisitions increase acquisition behavior (Huang, Jiang, Lie, & Yang, 2014; Nadolska & Barkema, 2014), whereas firm-specific experiences, which increase board members' ability of to advise managers, reduce acquisition behavior (Kim, Mauldin, & Patro, 2014).

Interestingly, as we noted earlier, research on group-level behavioral drivers of acquisition likelihood and magnitude is rather sparse. Notably, although we did find some discussion of group-level drivers of acquisition action, we found no research that examines the attributes of acquisitions pursued. Thus, there appears to be a significant opportunity for research exploring how group-level drivers influence the types of acquisitions pursued and the means of pursuing them. In addition, as we will discuss later, there is potential for significant insights by examining how the dynamics and group processes within TMTs and boards influence acquisition behavior.

Organizational Level

Turing our attention to organization-level behavioral factors that influence acquisition behavior, we discuss four key sets of organizational drivers that emerged from our review: acquirer firm characteristics, target firm characteristics, governance, and experience.

Acquirer firm characteristics. Similar to managers, organizations possess unique characteristics and experiences that influence their acquisitiveness. Firm characteristics that signal organizational risk aversion or conservatism, as well as factors that expose organizations to high levels of business risk appear to decrease acquisitiveness (Gomez-Mejia, Patel, & Zellweger, 2018; Gormley et al., 2013; Kravet, 2014). By contrast, other work shows organizational characteristics that indicate unethical cultures relate to a preference for private acquisitions, which are harder for stakeholders to scrutinize (Biggerstaff, Cicero, & Puckett, 2015). Research has also shown performance relative to aspiration levels influences acquisition behavior. This work shows firms performing near their aspiration levels were more likely to undertake acquisitions than firms performing either very well or very poorly (Iyer & Miller, 2008; Kim, Finkelstein, & Haleblian, 2015; Kuusela, Keil, & Maula, 2017; Meneghetti & Williams, 2017).

In addition, scholars have found that firm capabilities, such as R&D prowess (Kaul, 2012), disciplined financial management (Kaul, Nary, & Singh, 2018), and competitive capability attributes (Haleblian, McNamara, Kolev, & Dykes, 2012), also influence the willingness to undertake acquisitions and the types of acquisitions firms pursue.

Target firm characteristics. The characteristics of potential target firms also affect their likelihood of being acquired. In general, firms that exhibit behavioral attributes that enhance their attractiveness or visibility, such as market popularity (Massa & Zhang, 2009), or prominent investor or investment bank ties (e.g., Reuer & Ragozzino, 2012; Vasudeva, Nachum, & Say, 2018), are more likely to be targeted. In addition, firms that have built trust with acquirers are more likely to garner stronger commitment from the acquiring firms (Lander & Kooning, 2013).

Governance. Scholars have also examined the effects of governance on acquisition behavior at the organizational level. One core finding shows that when shareholder protections are stronger, acquisition activity decreases (Cuñat, Gine, & Guadalupe, 2012; Giroud & Mueller, 2011; Kempf, Manconi, & Spalt, 2017). Other work shows that activist investor pressure increases the likelihood that a firm will be acquired (Boyson, Gantchev, & Shivdasani, 2017; Greenwood & Schor, 2009). Furthermore, governance, in the form of ownership structure, appears to influence the types of targets firms pursue (Celikyurt, Sevilir, & Shivdasani, 2014). However, we still have much to learn about how shareholder protections and investor pressures influence the types of targets firms acquire or the means used to acquire them.

Experience. Consistent with learning and behavioral theories, firms' acquisition performance experience impacts their likelihood of acquiring and the types of acquisitions they pursue. For example, both the frequency of prior acquisition experience (Arikan & McGahan, 2010) and the success of prior acquisitions (Arikan & McGahan, 2010; Muehlfeld, Rao Sahib, & Van Witteloostuijn, 2012) appear to drive acquisition behavior. Taking a different angle, Kumar, Dixit, and Francis (2015) found that both high and low extreme prior acquisition performance led firms to acquire more volatile firms.

Interorganizational Level

Finally, we examine interorganizational factors that influence the acquisition behavior. The two themes that emerged at the interorganizational level were networks and relationships and social and institutional conditions.

Networks and similarity. A firm's general position in an interorganizational network influences acquisition likelihood, but this effect appears contingent on the stage of economic market development (Lin, Peng, Yang, & Sun, 2009). In addition, more specific firm ties also appear to affect the acquisition behavior, with ties increasing the acquisition likelihood (Dhaliwal, Lamoreaux, Litov, & Neyland, 2016; Rogan & Sorenson, 2014; Stuart & Yim, 2010) but possibly reducing the value of the target firm (Matvos & Ostrovsky, 2008).

Turning to the similarity between acquirer and target firms, scholars have found being geographically colocated enhances both the likelihood of undertaking and completing an acquisition (Almazan,

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de Motta, Titman, & Uysal, 2010; McCann, Reuer, & Lahiri, 2016). Furthermore, related target and acquirer resources, such as human capital, and strategic Q:3 values, evident in CSR practices, enhance acquisition likelihood (Bereskin, Byun, Officer, & Oh, 2018; Lee, Mauer, & Xu, 2018).

Social and institutional conditions. The broad legal environments in which firms operate also influence acquisition behavior. Specifically, factors that reduce acquirer uncertainty, such as shareholder protections and governmental policy certainty, increase both the likelihood of acquisitions and the valuations of acquired targets (Bonaime, Gulen, & Ion, 2018; Bris & Cabolis, 2008; Nguyen & Phan, 2017). Relatedly, similarity between acquirer and target countries also lessens uncertainty about potential targets, thereby enhancing acquisition likelihood (Siegel, Licht, & Schwartz, 2011; Slangen, 2011). In addition, local pressures also influence acquisition likelihood, with industry competitiveness reducing pressure on managers to pursue acquisitions (Giroud & Mueller, 2011) and market acquisition intensity increasing pressure on managers to acquire (Ozmel, Reuer, & Wu, 2017).

In sum, this research has identified a wide range of behavioral factors that influence acquisition activity. However, to date, this research is largely fragmented and focuses on a single level of analysis. Thus, we believe there is great potential in integrating levels to examine the combined effect of factors.

BEHAVIORAL FACTORS THAT INFLUENCE ACQUISITION PERFORMANCE

Next, we turn our summary to behavioral factors that influence acquisition performance outcomes. Consistent with the prior section, we divide the literature into individual, group, organization, and interorganizational levels of analysis. Our review shows this research strives to examine the conditions under which acquisitions are value creating or value destroying. In most of the studies included in our review, value enhancing and value destroying refer to positive and negative market reactions to announcement (i.e., CARs).

Individual Level

The effects of CEO characteristics on acquisition outcomes have attracted researchers' attention. Studies have explored a variety of CEO-related characteristics, which we categorized into four themes under the individual-level domain: executive attributes, experiences and capability, risk propensity, and compensation.

Executive attributes. A substantial number of studies have examined the effects of overconfidence and narcissism on acquisition performance. This work shows that general executive overconfidence (Kolasinski & Li, 2013; Malmendier & Tate, 2005, 2008), acquisition-specific confidence (Zollo, 2009), and narcissism (Aktas, de Bodt, Bollaert, & Roll, 2016; Chatterjee & Hambrick, 2007, 2011) motivate managers to undertake value-destroying acquisitions. By contrast, however, other research has found that firms led by extraverted individuals experience more positive acquisition announcement returns (Green, Jame, & Lock, 2018; Malhotra et al., 2018). Limited work in this area also examined a number of CEO demographic characteristics. Most notably, Huang and Kisgen (2013) found the acquisition announcement returns for firms with male CEOs or CFOs were lower than those for firms with female CEOs or CFOs.

Executive experiences and capability. Recent research in this area has moved beyond the sole focus of executive attributes toward executive experiences and capabilities. For instance, both target industry knowledge and the ability to project future income streams have been found to associate with acquisition value creation (Custódio & Metzger, 2013; Goodman, Neamtiu, Schroff, & White, 2014). By contrast, when acquiring CEOs have the capability or willingness to act self-interestedly, such as holding a powerful network-centric position or having previously undertaken unethical behaviors, their acquisitions tend to destroy value (Biggerstaff et al., 2015; El-Khatib, Fogel, & Jandik, 2015). Furthermore, Shi, Zhang, and Hoskisson (2017) found that indicators that suggest rival CEOs that are more capable led other CEOs to undertake value-destroying acquisitions. Collectively, this research appears to show CEO experiences and capabilities related to knowledge lead to value-enhancing acquisitions, but self-centered experiences and capabilities lead to value-destroying acquisitions.

Risk propensity. Studies that examine the influence of CEO risk propensity on acquisition performance have revealed mixed effects, both positive (Cain & McKeon, 2016) and negative (Bernile, Bhagwat, & Rau, 2017). Thus, the nature of how CEO risk propensity influences acquisition outcomes remains an unsettled issue, ripe for further study.

Executive compensation. Several studies have examined the link between CEO compensation and acquisition outcomes. This work has shown compensation or financial structures thought to appear to focus CEOs on the longer term income consequences of their actions, such as CEO pay-for-performance sensitivity, deferred compensation, and inside debt, were associated with better-performing acquisitions (Lin et al., 2018; Minnick, Unal, & Yang, 2011; Phan, 2014). By contrast, when CEO pay is disproportionately higher than TMT members' pay, acquisition performance is reduced (Bebchuk, Cremers, & Peyer, 2011).

Target CEO compensation also appears to affect acquisition performance, as compensation structures such as golden parachutes, that protects target CEOs from future compensation losses and increases acquirer acquisition returns (Fich et al., 2011, 2013; Heitzman, 2011). Together, these studies suggest that the structuring of CEO compensation exhibits important effects on acquisition performance.

Group Level

Scholars examining the effects of group-level characteristics on acquisition outcomes have focused on the board of directors and their influence on acquisition outcomes. These studies have explored a variety of board-related characteristics, which we categorized into five themes under the group-level domain: TMT compensation, board characteristics, board acquisition experience, board process, and board ties.

TMT compensation. In the only study we found that examined TMT compensation, Steinbach et al. (2017), found that the acquisitions made by TMTs with more homogenous incentive compensation destroyed more value than TMTs with more heterogeneous incentive compensation. Although this is an important insight, there is much more to learn about the effect of team compensation on acquisition performance.

Board characteristics. Some research has shown that board structure, particularly board independence, facilitates monitoring and is thus conducive to acquisition performance (Kolasinski & Li, 2013). Such independence also lessens the likelihood of either extremely high or extremely low acquisition performance (Goranova, Priem, Ndofor, & Trahms, 2017).

However, other characteristics seem to reduce board monitoring. For example, friendship ties between the CEO and outside board members as well as the use of director and officer liability insurance appear to reduce acquisition performance (Fracassi & Tate, 2012; Lin, Officer, & Zou, 2011). Furthermore, some evidence suggests that directors with investment banking
Q:4 (IB) ties may not monitor decisions effectively, because of conflicts of interest, which also hampers acquisition performance (Güner, Malmendier, & Tate, 2008). However, this effect reverses if IB directors do not have such conflicts (Huang et al., 2014).

Board experience. Research has examined board member experience and found that outside director-relevant experience—evident in board tenure, acquisition experience, foreign experience, venture capitalist (VC) experience, and target industry experience—increases acquisition value creation (e.g., Celikyurt et al., 2014; Kim et al., 2014; Masulis, Wang, & Xie, 2012; McDonald, Westphal, & Graebner, 2008; Wang, Xie, & Zhu, 2015). Thus, this set of studies offers a strong case for the benefits of director acquisition experience.

Board process. Recent work has also focused on factors that relate to board process and acquisition outcomes. Although group polarization within the board leads to more extreme acquisition premiums (Zhu, 2013), other factors that affect group processes, such as unexpected board member departures and overburdened board members, result in worse acquisition performance (Fahlenbrach, Low, & Stulz, 2017; Faleye, Hoitash, & Hoitash, 2011). However, it is notable that this research examined indicators of board processes rather than actual board processes.

Organizational Level

Researchers have explored the effects of a variety of organization-level characteristics on acquisition outcomes. We categorized this work into six organization-level themes: acquirer firm characteristics, target firm characteristics, external governance, experience effects, integration processes, and impression management.

Acquirer firm characteristics. Significant work has examined how acquirer characteristics shape acquisition outcomes. Research has shown that having a strong stakeholder orientation and corporate governance policies that reduce agency issues result in better acquisition performance (Benson & Ziedonis, 2010; Bettinazzi & Zollo, 2017; Harp & Barnes, 2018). However, the findings regarding organizational capabilities and performance are more mixed. Although studies have found that firm financial and CSR capabilities are associated with better acquisition performance (Deng, Kang, & Low, 2013; Humphrey-Jenner, 2014), firm reputation was associated with more negative acquisition performance (Haleblian, Pfarrer, & Kiley, 2017). Similarly, although some research suggests that performing near a performance aspiration point leads to more value-destroying acquisitions (Meneghetti & Williams, 2017), other studies suggest more extreme performance leads to value-destroying acquisitions (e.g., Akbulut, 2013; Kim, Haleblian, & Finkelstein, 2011). Thus, there is still an opportunity to better identify the influence of firm capabilities and performance on acquisition performance.

Target firm characteristics. Our review revealed only a few studies have examined target attributes. These studies focused on the performance of the target firm or its motivation to sell. Looking at stock performance, Massa and Zhang (2009) found that when a target firm is currently highly favored by investors, acquisition CARs are positive. By contrast, acquisitions are value destroying when a firm has come down from a recent peak price (Baker, Pan, & Wurgler, 2012), suggesting investors are very responsive to targets' recent stock price trends. Studies have also found that acquisition performance is low for both acquirer and target firms when the target is a motivated seller (Masulis & Simsir, 2018; Offenberg, Straska, & Waller, 2014), but acquirers appear to benefit when they purchase divested units of a target firm (Laamanen, Brauer, & Junna, 2014).

External governance. Regarding acquisition success for acquiring firms, a sizable number of studies has demonstrated active and empowered investors enhance acquisition performance by providing deal-related monitoring (e.g., Becht, Polo, & Rossi, 2016; Fischer, Gramlich, Miller, & White, 2009; Giroud & Mueller, 2011; Kempf et al., 2017; Schmidt & Fahlenbrach, 2017). Similar research shows that when facing stronger investor monitoring, target shareholder returns increase, whereas acquiring shareholder returns decrease (Boyson et al., 2017; Fich, Harford, & Tran, 2015). Overall, this stream of research reveals that dedicated and empowered investors (and analysts) actively involved in the acquisition process provide an important monitoring function, which reduces the likelihood of value-destroying acquisitions.

Experience effects. Consistent with the CEO and board findings discussed earlier, relevant experience generally seems to produce positive outcomes and lessen the likelihood of extreme poor outcomes (Basuil & Datta, 2015; Cuypers, Cuypers, & Martin, 2017; Ellis, Reus, Lamont, & Ranft, 2011; Rabier, 2017). These benefits appear to extend to prior partnering experience, with acquisitions performing better when the acquiring firm has prior similar and relevant alliance experience with the target (Zaheer, Hernandez, & Banerjee, 2010; Zollo & Reuer, 2010).

Moving beyond a simple count of prior acquisition experiences, the rate and sequence of acquisition experience also influence acquisition performance, likely because of their impact on learning ability. For example, studies have shown that higher acquisition rate and variability of acquisition experience limit learning of acquisition capabilities, which lowers subsequent acquisition announcement CARs (Barkema & Schijven, 2008; Laamanen & Keil, 2008). Relatedly, Meschi and Métais (2013) found that acquisition experience gained during medium-term (3- to 4-year old) time windows reduced the likelihood of acquisition failure, but experience gained from acquiring during more recent and less recent time windows had no effect on acquisition success or failure.

Integration process. After an acquisition closes, the integration process is critical to extracting acquisition value. To this point, Ellis, Reus, and Lamont (2009) showed that acquirer fairness—procedural and informational justice—regarding target employees during the integration process can determine the level of value creation during and following acquisitions. In addition, other research suggests that integration that is unidirectional (from acquirer to target) and more flexible is associated with great acquisition success (Heimeriks, Schijven, & Gates, 2012; Reus, Lamont, & Ellis, 2016). Overall, this research suggests that integration processes that proactively involve target firm members and recombine prior knowledge and acquired resource flexibly promote successful post-integration performance. Finally, work on integration is relatively limited—perhaps because of the dynamic nature of the phenomenon relative to the discrete acquisition announcement and the difficulty of measuring integration processes, an issue we discuss in further detail later in the article.

Impression management. A small body of research has examined acquirers' active media management around acquisition announcements. This research suggests that both foreshadowing acquisition intentions and releasing positive news either before or around an acquisition announcement date enhance acquisition terms and post-acquisition market reactions (Ahern & Sosyura, 2014; Busenbark, Lange, & Certo, 2017; Graffin, Haleblian, & Kiley, 2016). Although limited, this line of research suggests that impression management practices are a powerful tool to frame shareholder perceptions about firms, and by extension, their acquisitions.

Interorganizational Level

Finally, scholars have explored the effects of a variety of interorganizational characteristics on performance. We categorized this work into two themes: networks and similarity and social and institutional conditions.

Networks and similarity. Several studies have examined the consequences of relationship ties with players such as investment banks (IB), VC, alliance partners, and institutional investors. This research has largely found that building relationships with highly reputable partners, who can provide strong advice and access to critical resources, associates with more positive acquisition outcomes (Arikan & Capron, 2010; Golubov, Petmezas, & Travlos, 2012; Masulis & Nahata, 2011; Reuer, Tong, Tyler, & Ariño, 2013; Sleptsov, Anand, & Vasudeva, 2013). However, other work shows these benefits can erode when an acquirer becomes too reliant on a single partner firm (Lee, 2013).

Additional work shows that cross-firm ties, in the form of shared auditor and board connections, can lessen information between-firm asymmetry and, thus, lead to better acquisition performance (e.g., Cai & Sevilir, 2012; Dhaliwal et al., 2016; Rogan & Sorenson, 2014). However, ties that create potential conflicts of interest, such as overlapping institutional investors or investment bank advisors that have stakes in the target firm, reduce acquisition performance (e.g., Bodnaruk & Rossi, 2016; Goranova, Dharwadkar, & Brandes, 2010; Ishii & Xuan, 2014). Last, when the acquiring and target firms have similar resources, such as human capital and culture, acquisition performance is enhanced (Bereskin et al., 2018; Lee et al., 2018).

Social and institutional conditions. Research in this domain shows that industry conditions can generate social pressures that influence the potential for firms to generate value. Specifically, this work has shown that firms performing outside or early in an acquisition wave period outperform later movers in the wave (Duchin & Schmidt, 2013; McNamara, Haleblian, & Dykes, 2008). Moreover, research suggests that premiums paid on prior acquisitions within an industry drive the premium paid and potential for value creation with a focal acquisition (Malhotra, Zhu, & Reus, 2015).

Research has also shown that larger institutional and cultural conditions influence cross-border acquisition performance. Stronger national governance, indicated by superior acquirer shareholder rights and greater political certainty, is associated with better acquisition performance (Capron & Guillén, 2009; Lee, 2018). Also, more similar cultural attributes and national political affinity are associated with greater value creation with acquisitions (Ahern, Daminelli, & Fracassi, 2015; Bertrand, Betschinger, & Settles, 2016; Huang, Zhu, & Brass, 2017; Li, Brodbeck, Shenkar, Ponzi, & Fisch, 2017).

BEHAVIORAL FACTORS THAT INFLUENCE NONPERFORMANCE ACQUISITION OUTCOMES

In recent years, researchers have extended their focus beyond the financial performance implications of acquisitions (most often CARs) to examine a wide-ranging host of nonperformance acquisition outcomes, mostly at the individual and organizational levels. The studies included in this section are more scattered, broader in scope, and less cumulative than the work reviewed in prior sections.

Individual Level

Behavioral acquisition scholars have recently begun to examine how acquisition behavior affects individual executive and employee outcomes. Recent work in this area has centered in three areas: rewards, turnover, and employee perceptions.

Rewards. Several studies have focused on how acquisition activity influences top managers' post-acquisition compensation, with acquisitions leading boards to implement both higher CEO compensation (Seo et al., 2015; Yim, 2013) and incentive plans intended to more fully align the interests of shareholders and managers (Bodolica & Spraggon, 2009; Devers, McNamara, Haleblian, & Yoder, 2013; Phan, 2014). In addition, CEOs of firms undertaking large acquisitions see their external board appointment opportunities increase (Harford & Schonlau, 2013). Thus, research not only suggests that acquiring CEOs benefit from higher pay and greater external board opportunities but also suggests boards are aware of agency issues and strive to better align incentives for managers after acquisitions.

Turnover. Scholars have also examined the effect of acquisitions on CEO turnover, finding that negative stock market reactions to acquisitions increase the likelihood of CEO dismissal, especially when firm and market conditions heighten the monitoring efforts of boards (Duchin & Schmidt, 2013; Roosenboom, Schlingemann, & Vasconcelos, 2013). Thus, while acquiring CEOs experience higher compensation, they also experience a higher peril of dismissal if the stock market reacts poorly to their acquisitions.

Turning to targets, research suggests that target CEOs are more likely to keep their board seat if the acquiring and target boards are tied socially (Ishii & Xuan, 2014). In addition, target CEOs' personality characteristics appear to impact the likelihood of post-acquisition dismissal, notably with narcissistic target CEOs experiencing higher rates of dismissal (Aktas et al., 2016).

Employee perceptions. Because acquisitions increase uncertainty and change in organizations, it is not surprising that they often cause employees to reassess their organizations. Work in this area shows that acquisitions often reduce employee satisfaction, identity with the organization, and organizational trust, as well as heighten employee turnover rates (Maguire & Phillips, 2008; Rafferty & Restubog, 2010; Soenen, Melkonian, & Ambrose, 2017).

Group Level

We found no behavioral studies examining how acquisitions impact group or team nonperformance outcomes. Thus, as we discuss in the future research section, this area is a fertile ground for exploration.

Organizational Level

Researchers have also focused attention on the nonperformance outcomes of acquisition behavior at the organizational level.

Agency issues and conflicts of interest. One line of research has examined the degree to which managers' post-acquisition actions align with their own interests or shareholders' interests. This research has shown that when conflicts of interests exist, managers opportunistically manipulate their firm's post-acquisition accounting processes (Bens, Goodman, & Neamtiu, 2012; Shalev, Zhang, & Zhang, 2013). However, there is some evidence that anti-takeover provisions, normally seen as governance mechanisms that protect managers' interests, can increase post-acquisition innovation, potentially benefitting shareholders (Humphrey-Jenner, 2014).

Human capital. Research has also shown that firms can leverage human capital following acquisitions of closely related businesses by both allowing a firm to compile a smaller but higher quality set of human capital (Siegel & Simons, 2010) and through lowering post-merger wages (Lee et al., 2018). In more knowledge-intensive acquisitions, there is evidence that retaining scientists of an acquired firm is critical to the development of highly impactful innovation (Park, Howard, & Gomulya, 2018).

Deal completion. A poor initial stock market reaction to announced acquisitions decreases the likelihood of deal completion, especially when the acquiring firm has low stock liquidity or media evaluations of the acquisition is negative (Liu & McConnell, 2013; Roosenboom et al., 2013). However, the likelihood of deal completion rises when the two firms have similar CSR profiles (Bereskin et al., 2018) or when the target firm was engaged by an activist investor (Boyson et al., 2017).

Integration and other long-term effects. Research that examines longer term patterns of acquisitions show that acquisition legitimation, identity emergence, organizational culture, and corporate restructuring are complex processes that involve periods of negotiation, sensemaking, and implementation actions (e.g., Allatta & Singh, 2011; Barkema & Schijven, 2008; Drori, Wrzesniewski, & Ellis, 2013; Vaara & Monin, 2010). Failing to manage these multifaceted processes well inhibits integration. For example, Vuori, Vuori, and Huy (2018) found that the employee practice of masking negative emotions resulted in the false perceptions of partner firm members' satisfaction with the integration process, which limited corrective actions and appeared to contribute to integration failure.

Turning to the evolution of knowledge following a merger, Paruchuri and Eisenman (2012) found that the combined firm relied more heavily on prominent and widely available information at the expense of more nuanced, yet less accessible knowledge. However, other research suggests that cultural differences between the acquirer and target foster knowledge transfer, increasing the range of available knowledge (Vaara, Sarala, Stahl, & Björkman, 2012).

Other research has examined how pre-acquisition experiences and capabilities affect post-acquisition actions. For instance, scholars have provided evidence that pre-acquisition innovation routines influence post-acquisition innovative behavior (Choi & McNamara, 2018; Rawley, Godart, & Shipilov, 2018), pre-acquisition target employee misconduct increases post-acquisition misconduct in the combined firm (Dimmock, Gerken, & Graham, 2018), and firms with more diverse TMTs evidence greater ability to learn from acquisitions and integrate and retain acquired businesses (Nadolska & Barkema, 2014).

Interorganizational Level

Finally, a small body of literature has examined interorganizational-level nonperformance acquisition outcomes. Focusing on network effects, some research suggests that horizontal acquisitions among professional service firms can lead to a loss of customers when those customers are tied to both the acquirer and target and fear becoming overly reliant on a single service provider (Rogan, 2014; Rogan & Greve, 2015; Rogan & Sorenson, 2014). Turning to how the media portrays acquisitions, Riad and Vaara (2011) showed that international acquisitions often trigger the use of metonymic expressions (figures of speech replacing the label of one thing with another) in media accounts and that the particular metonymic expressions used can impact whether national identities and cultural differences were polarized or attenuated.

The very limited body of research here suggests that there is a significant opportunity to examine how acquisitions influence a range of interorganizational topics, such as supplier relationships, institutional and activist investor relationships, and industry and interindustry dynamics.

REVIEW INTEGRATION

As our review has shown, interest in the behavioral aspects of acquisitions has grown extensively over the past decade. Although this work adds valuable insights to the acquisition literature, it is also wide ranging and largely populated with singular studies focusing on unique topics, contexts, or cases across multiple disciplines. Given this high level of diversity, scholars have yet to tie the results of these studies together in a way that provides an integrated understanding of the rich insights embedded in this expanding research stream. One primary goal of our review is to organize these disparate findings into a framework that provides an initial integrative view of this work and begins to lay the groundwork for the development of a multidisciplinary agenda for future behavioral acquisition research. The general topics we discuss grew out of our review.

In our review, we briefly summarized the literature in each of the three sections, and developed insights from each. We then identified common themes across sections that offered integrated insights at the individual-, group-, firm-, and interorganizational levels. This process yielded nonobvious but comprehensible patterns within four topics: executive and team attributes, familiarity, stakeholder and social pressures, and acquisition types. Following a description of each theme, we offer suggestions for future research opportunities. In addition, we end with a summary of methodological techniques scholars may find useful as they continue to advance the behavioral acquisition literature.

Literature Integration

Executive and team attributes. The emphasis on the role of executive and team attributes in driving acquisition behavior and outcomes is clearly increasing over time. In our review, we examined how the personal, psychological, and experiential characteristics of managers and teams influence both their willingness and desire to undertake acquisitions and the success of those acquisitions. This review highlighted some interesting and potentially inconsistent effects on acquisition behavior and performance.

At a general level, we might expect behavioral factors that increase the likelihood of pursuing acquisitions could contribute to poorer acquisition outcomes because such behavior can lead to diminished risk aversion. One of the underlying assumptions of behavioral theories is that decision actors are not optimally rational and are, thus, prone to decision biases. As a result, it may be that certain behavioral factors increase managers' willingness to discount decision cues that signal excessive risk or uncertainty in a desired decision course.

Our review identified several individual and psychological attributes matching that expectation. For example, as far as demographic attributes, male CEOs are more likely to undertake acquisitions than female CEOs, but deals championed by male CEOs perform significantly worse than those made by female CEOs or CFOs (Huang & Kisgen, 2013). Similarly, research on CEOs' psychological characteristics indicates that narcissism and overconfidence motivate greater and bolder acquisition behavior, but this leads to worse acquisition performance (e.g., Aktas et al., 2016; Chatterjee & Hambrick, 2007, 2011; Ferris, Jayaraman, & Sabherwal, 2013; Kolasinski & Li, 2013; Malhotra et al., 2018; Malmendier & Tate, 2008; Zhu & Chen, 2015; Zollo, 2009). Thus, some behavioral factors suggest biases in assessing acquisition decision processes. Q:5

By contrast, however, research has found that although CEO extraversion leads to greater acquisition frequency, it also is accompanied by *better* acquisition performance (Green et al., 2018; Malhotra et al., 2018). Thus, extraversion appears to drive appropriate acquisitive behavior, without significantly biasing CEOs' choices. This may be because extraversion leads to both an enthusiasm for action and also the ability to be an effective transformational leader (Bono & Judge, 2004; Judge, Bono, Ilies, & Gerhardt, 2002), an important role for effectively championing and integrating acquisitions. This finding sheds light on instances in which behavioral factors motivate more appropriate decision processes.

However, there are several CEO attributes, including CEO age, founder status, and risk propensity, that drive acquisitive behavior, but are not clearly related to acquisition performance. Future research could provide additional insight through the

Proof Only

examination of specific behavioral attributes that increase acquisition willingness, but are also associated with particular decision biases that trigger better and worse acquisition performance. It would be particularly interesting to understand how CEO and top executive behavioral characteristics lead to approaches to processing information regarding acquisition risk assessments. Thus, whereas current research has examined behavioral characteristics on acquisition outcomes, future research could go farther by explicating the specific decision mechanisms and biases associated with these characteristics.

At the group level, research suggests the experience of the board may afford members relevant knowledge that leads to better acquisition outcomes. However, we found only one study that examined both behavior and outcomes, with longer tenured boards engaging in less acquisitive behavior but being more successful with those acquisitions. Other work has shown that board member IB experience (Huang et al., 2014) and TMT acquisition experience (Nadolska & Barkema, 2014) motivate greater acquisition behavior, but our review did not show any work tying these attributes to acquisition performance. By contrast, research suggests that having board members with VC experience (Celikyurt et al., 2014), members from countries into which a firm was acquiring (Masulis et al., 2012), independent directors with relevant experience (Kroll, Walters, & Wright, 2008; Wang et al., 2015), or insiders with outside board appointments (Masulis & Mobbs, 2011) was all associated with more value-enhancing acquisitions, but we see no research tying these team attributes to acquisition likelihood or intensity. In addition, research to date on TMTs and board characteristics has largely looked at demographic and experience attributes. Given the strength of the results found at the individual level, there is significant potential in examining the effect of the psychological attributes of TMTs and board members on acquisition actions and performance.

Looking toward additional areas of opportunity, we see at least six areas ripe for study. First, although many CEO attributes have been studied, there is potential in gaining further insight by examining the effect of additional attributes. These could include the examination of CEO political ideology (Chin, Hambrick, & Treviño, 2013) and CEO social status (Graffin, Wade, Porac, & McNamee, 2008; Lovelace, Bundy, Hambrick, & Pollock, 2018; Podolny, 2005) and their effects on acquisition proclivity, processes, and outcomes. Second, most CEO attributable studies to date have focused on a single attribute within each study. Yet, studies that include multiple personality dimensions could further increase understanding because they might provide insight on the relative influence of each attribute—as well as their combined interaction—to drive acquisition behavior and outcomes. Third, in addition to within-CEO attributes, research could examine the manner in which the mix of different behavioral attributes within management teams and boards influences acquisitions. Thus, research could benefit from extending the examination of executive attributes to key individuals beyond the CEO. Fourth, by focusing on the acquisition dyad, research could examine how the similarity or complementarity of acquirer and target firm leaders' attributes influences acquisition outcomes. Fifth, research has shown the benefit of a range of experiences and capabilities, such as earnings flow accuracy (Goodman et al., 2014) and target industry experience (Custódio & Metzger, 2013) on acquisition performance. However, no research, that we are aware of, has examined how these experiences influence specific acquisition attributes or processes. Future research should dive further into the implications of these experiences on acquisition choices and processes. Finally, we found no studies that examine the influence of manager attributes on the non-performance outcomes of acquisitions. Thus, there is tremendous opportunity to examine how executive attributes influence the likelihood of deal completion, post-acquisition turnover, and acquisition integration processes.

Familiarity. A second emerging theme from our review was the broad influence of familiarity on acquisition behavior and performance. Familiarity, in its many forms, promotes the likelihood of acquisitions because it reduces information asymmetry. Some limited work on familiarity at the individual- and interorganizational levels has focused on the role of networks on acquisition activity and performance. This research shows that CEOs' social ties motivate acquisition proclivity and the types of targets they acquire (Cohen et al., 2017; Jiang, Qian, & Yonker, 2019; Rousseau & Stroup, 2015; Shue, 2013). Similarly, integrated work at the interorganizational level on networks shows that acquirers gravitate toward target firms to whom they are indirectly connected, which can improve acquirer investor reactions (Cai, Kim, Park, & White, 2016; Dhaliwal et al., 2016; Rogan & Sorenson, 2014; Stuart & Yim, 2010). At the group level, network ties between CEOs and their directors were shown to lead to value-destroying acquisitions (Fracassi & Tate, 2012), particularly when higher monitoring is required (Schmidt, 2015), likely because such ties produce agency problems. However, director ties with targets or their industries and product markets may also enhance acquirer returns (McDonald et al., 2008), as this likely provides knowledge, without the burdens of interest conflicts that depress acquirer performance. Thus, the influence of networks has the potential both to create and destroy value, which also seems to be based on whether such networks asymmetrically benefit acquirers or targets.

Along similar lines, network ties with other intermediaries, such as investment banks, prominent advisors, and VC (Arikan & Capron, 2010; Golubov et al., 2012; Masulis & Nahata, 2011; Reuer, Tong, & Wu, 2012; Sleptsov et al., 2013) or between board members of acquiring and target firms, enhance acquisition performance (Cai & Sevilir, 2012), whereas other ties, such as those resulting from board interlocks (Rousseau & Stroup, 2015), social ties among acquiring and target executives (Ishii & Xuan, 2014), the presence of institutional investors with cross-holdings in acquirers and targets (Goranova et al., 2010; Matvos & Ostrovsky, 2008), and acquirers affiliating with advisory banks with stakes in their targets (Bodnaruk, Massa, & Simonov, 2009; Bodnaruk & Rossi, 2016) or repeatedly hiring the same investment banks (Lee, 2013), can harm acquisition value creation.

Together, this work shows that ties have differential results on acquisition behavior and outcomes, perhaps due to conflicts of interest that may arise from existing connections, such as target-acquirer cross-holdings or other firm or team affiliations. Given that ties are not monolithic, teasing out the mechanisms that drive their differential effects is important for developing a deeper understanding of the manner in which ties influence acquisition activity, as well as when they may positively or negatively impact performance from the perspective of both acquirers and targets.

Other work in the interorganizational area has shown that proximity-driven familiarity influences acquisition behavior. For example, firms situated in industry clusters are more likely to acquire because they sense greater opportunities (Almazan et al., 2010; McCann et al., 2016). In addition, acquirer and target geographic proximity increases the likelihood of acquisition completion (Chakrabarti & Mitchell, 2016), whereas acquirer/target product strategy and market choice complementarity produce higher deal returns (Kim & Finkelstein, 2009). Thus, proximity-driven familiarity offers potential benefits through increased knowledge.

Scholars have also found between-country cultural proximity and knowledge similarities can enhance cross-border acquisition performance (Ahern et al., 2015; Basuil & Datta, 2015; Huang et al., 2017; Li et al., 2017), unless such closeness harmed acquirers' ability to negotiate terms (Bertrand et al., 2016). Similarly, other behavioral research has shown experience can exhibit influential effects on acquisition activity and consequences.

Together, these lines of research suggest that although cultural proximity, knowledge similarity, and prior deal experience can benefit acquisition outcomes to a certain degree, they may also exhibit diminishing (or negative) returns at higher levels. We encourage additional research that examines the nonlinear effects of proximity.

More generally, the sources of familiarity we identified include various types of network ties, similarity, proximity, experiences, cross-holdings, and market knowledge. However, several other avenues of research could also advance our knowledge with regard to how familiarity influences the decision to acquire. We believe that determining whether certain forms of familiarity, or combinations of familiarity, are more effective than other forms for predicting acquisitiveness or acquisition types holds significant potential for advancing the acquisition literature. A better understanding is also needed as to both the general and specific conditions under which each member of the dyad improves their relative position. Accordingly, developing a deeper understanding of the underlying mechanisms by which familiarity influences acquisition decisions and integration is not only intriguing but also theoretically relevant.

Social and stakeholder pressures. The third overarching theme we identified involves pressure from social connections and stakeholders. Research in this stream shows such pressures can influence acquisition decisions and consequences, from the individual- to interorganizational-level considerations. For example, some more integrative research shows social pressures can influence acquisition behavior and outcomes. Specifically, scholars have found peer social comparisons deficits—in recognition, and compensation—can motivate CEO proclivity to acquire, as a means of reducing those discrepancies (Seo et al., 2015; Shue, 2013), even when those deals may erode firm value (Shi et al., 2017). Likewise, CEOs are also more likely to pursue acquisitions that ultimately erode shareholder returns when their shareholders hold high performance expectations (Haleblian et al., 2017) and abandon deals met with negative post-announcement returns when the level and tone of media attention around them are negative

(Liu & McConnell, 2013). Together, these findings suggest that with regard to acquisitions, CEOs often respond to social signals in self-interested ways that have the potential to provide private benefits, often at the expense of the shareholder.

In work focusing on performance outcomes, scholars have found shareholder votes on acquisitions positively relate to acquirer returns (Becht et al., 2016). However, acquirers with institutional owners who are passive, distracted, or own significant levels of target shares experience reduced announcement returns (Fich et al., 2015; Kempf et al., 2017; Schmidt & Fahlenbrach, 2017). Some consistent evidence reveals that market responds more positively to deals when investors play an active as opposed to a passive role. This suggests involved investors may either hold directors and executives feet to the fire, or substitute for boards completely, with respect to monitoring acquisition due diligence and processes. We encourage scholars to remain focused on developing a deeper understanding of the role investor attention plays in the acquisition process.

Finally, stronger acquirer shareholder rights (Capron & Guillén, 2009; Wang & Xie, 2009), higher analyst coverage (Chen, Harford, & Lin, 2015), and greater industry competitiveness (Giroud & Mueller, 2011) can also improve acquisition processes and outcomes. Together, this work confirms that the role of external monitoring during the acquisition process is important for value creation.

Because of the wide array of effects in this stream, it is important to gain a more complete understanding of how these pressures intentionally or unintentionally influence acquisition decisions. There is much more room for investigation in the behavioral acquisition context, including shareholder votes, shareholder protection, and institutional monitoring, and potential in examining the role of other stakeholders, in driving acquisition processes and outcomes. For example, research could examine the influence of suppliers and customers in driving acquisition behavior. It remains unclear whether and when customer actions to consolidate or expand into new geographic markets trigger parallel expansions *via* acquisitions by supplying firms. More distant stakeholders, such as social activists, financiers, the media, regulatory bodies, and employees, may also influence acquisition behavior and consequences. In general, there is a limited understanding of the influence of many nonowner stakeholders on acquisition behavior and performance; thus, additional research here should prove fruitful.

Acquisition types. Our final overarching theme relates to the types of acquisitions. Our review shows most of the studies focus on acquisition propensity or acquisition outcomes, in general, without regard to acquisition type. However, recent research has increased the focus on factors that drive various types of acquisitions and the outcomes associated with such acquisition forms. At the individual level, studies have found that CEO propensity to engage in unrelated acquisitions is driven by various factors. These include CEO increased risk propensity, as proxied by previous brushes with disaster (Bernile et al., 2017; Shi, Hoskisson, & Zhang, 2017); experience working in hazardous product spaces (Gormley et al., 2013) or perceived invulnerability, as reflected by entrenchment (Harford, Humphrey-Jenner, & Powell, 2012); and overconfidence (Ferris et al., 2013; Kolasinski & Li, 2013; Malmendier & Tate, 2008). Research at the organization level has shown similar confidence-related effects on unrelated acquisition behavior for CEOs of firms with strong reputations (Haleblian et al., 2017) and high R&D productivity (Kaul, 2012). Although seemingly unfocused, when viewed collectively, this body of evidence suggests that navigating unique situations may have enhanced CEO confidence and self-assurance, leading them to engage in a broad, as opposed to narrow, search behavior with respect to target selection. Examining the mechanisms that underlie the effect—such as the manner in which core self-evaluation (CSE) develops—would likely add valuable insights to the acquisition literature.

Although organizational-level research has typically focused on acquisitions of public firms, limited work has examined private firm deals. For example, Biggerstaff et al. (2015) found firms with unethical cultures demonstrated a preference for private targets, potentially to more easily manipulate financial reporting. Furthermore, arguing that monitoring is weak when liquidity is high, Roosenboom et al. (2013) found acquirers with low stock liquidity experienced higher returns, but only when buying private firms. Whereas these studies suggest that executive monitoring influences the value created in private deals, work that examines the antecedents and consequences of public and private targets will enhance understanding in this context.

Finally, although scholars often find negative consequences for acquiring firms, the results of work in this period highlight specific types of acquisitions that elicit positive market responses. For example, Siegel and Simons (2010) found increased plant productivity for partial *versus* complete acquisitions, whereas Laamanen et al. (2014) found higher announcement CARs for firms acquiring divested assets over stand-alone firms. Furthermore, Masulis and

Nahata (2011) demonstrated that purchasing targets backed by private equity produced superior returns. These studies suggest acquirers benefit more from exercising constraint and selectivity regarding the scope and backing of the assets they purchase.

Although studies have begun to examine various types of acquisitions, this underexplored avenue provides an opportunity for advancing knowledge. In moving beyond the decision to undertake acquisitions or the scale of acquisitions, there is an opportunity to further examine the antecedents that influence the types of acquisitions pursued and completed, the characteristics of the firms targeted for acquisition, and the consequences of such deals. Research could investigate behavioral drivers that lead to preferences for international *versus* domestic acquisitions, horizontal *versus* diversifying acquisitions, for well-performing *versus* struggling targets, cash *versus* stock financing, and alliances *versus* acquisitions. Finally, future work should determine whether those various acquisition types produce differential outcomes, and isolate the factors that drive these differences.

Additional Research Avenues

In our review, we also identified some underexplored areas of research we believe hold significant potential to advance acquisition research.

Integration and other long-term effects. Scholars have long lamented that we have only a limited understanding of the mechanisms that drive acquisition integration success and failure. Therefore, the recent behavioral work that has focused on this issue is a welcome sign. Although a few studies examined the effects of pre-integration–related processes on short-term performance outcomes (see Table 1), the bulk of recent acquisition research has focused on explicating the integration process or its outcomes directly (see Table 2). Much of this work has examined factors such as the positive link between discursive legitimation and employee mobilization (Vaara & Monin, 2010), the beneficial roles of post-acquisition restructuring (Barkema & Schijven, 2008; Maksimovic, Phillips, & Prabhala, 2011), high acquisition experience transfer (Nadolska & Barkema, 2014), and social conflict and discourse (Riad & Vaara, 2011) for integration. Therefore, although this research is nuanced and insightful, given its breadth and novelty, little synthesis exists. Accordingly, we see this as an opportunity for acquisition scholars that wish to provide a more integrative view of the acquisition process. For example, scholars could examine whether personal attributes that enhance acquisition behavior and short-term performance, such as extroversion or personal risk propensity, make CEOs better suited to marshal firm people and resources through the longer term integration process effectively. Research could also leverage evidence that demonstrates various compensation types (e.g., higher pay/performance sensitivity, and target CEO option grants) that motivate superior short-term performance to investigate the role of CEO and TMT compensation in acquisition integration. We encourage more synthesis in this area, to uncover the critical factors that lead to successful acquisition integration or other nonperformance or long-term outcomes.

Furthermore, although scholars have focused limited recent attention on employee human capital and unit performance (Briscoe & Tsai, 2011; Siegel & Simons, 2010), there exists an opportunity to examine how acquisition integration actions impact combined firm human capital and subsequent firm financial outcomes. Although bounded in scope, this work suggests acquisitions create enhanced long-term firm value, if acquiring firms effectively develop and manage human capital. Such a focus is becoming increasingly important because there is a growing use of acquisitions to fulfill organizational needs for new, superior, or unique organizational talent (Chatterji & Patro, 2014).

In a related vein, we reviewed several studies that examined the effect of acquisitions on employee perceptions such as affective commitment, job satisfaction, turnover intentions, organizational justice, and identity (Clark, Gioia, Ketchen, & Thomas, 2010; Drori et al., 2013; Elstak, Bhatt, Van Riel, Pratt, & Berens, 2015; Maguire & Phillips, 2008; Monin, Noorderhaven, Vaara, & Kroon, 2013; Rafferty & Restubog, 2010; Soenen et al., 2017). However, because these studies often use case studies of a small number of organizations, this creates an opportunity for future research to examine the generalizability of findings with broader samples using surveys and analysis of archival data on human resources.

In summary, research could explore the long-term human capital implications of acquisitions and their integration processes by examining issues, such as firm ability to retain key human capital, recruit new talent, maintain, improve, or coordinate the motivation of employees, integrate and retain TMTs and board talent, and effectively integrate the knowledge of human capital to develop innovations. As such, it would be fruitful to investigate the role of human capital development and management in the integration process. Finally, although the extant research provides insight into the black box of acquisition integration, additional work is required to illuminate the processes that benefit and inhibit integration.

Acquirer* versus *target focus. The overwhelming majority of acquisition research examines acquirer antecedents and outcomes; however, researchers, particularly those in management as compared with finance, have focused only limited attention on targets (e.g., Baker et al., 2012; Fich et al., 2015, 2011; Heitzman, 2011; Jenter & Lewellen, 2015; Lander & Kooning, 2013; Massa & Zhang, 2009; Masulis & Simsir, 2018; Offenberg et al., 2014; Reuer & Ragozzino, 2012; Vasudeva et al., 2018; Zeng, Douglas, & Wu, 2013). These works show acquirers are attracted to targets favored in the market or affiliated with prominent backers. However, more work is needed to understand the drivers (main, moderating, and mediating effects) and outcomes of acquisitions for targets, directors, investors, analysts, rivals (in and out of waves), customers, suppliers, the media, and other power brokers. In addition, more work should examine the influence of weaker stakeholders, such as communities, networks, and units/subsidiaries, on both sides of the deals that are also affected by such deals.

Upper echelon dynamics. A natural extension of the main effects of individual attributes is the examination of how individuals interpersonally interact with one another and, more specifically, how their individual attributes influence those interactions. In addition to the influences of various executive personalities, each individual executive and director has collected unique experiences and knowledge sets that could provide value to any given acquisition decision. Thus, it is important to understand how and why organizations decide to use or disregard the knowledge and experience that reside within corporate leaders. Relatedly, studies that analyze the power distribution and decision dynamics within teams could offer insights into how and when TMTs leverage their collective insights and experiences during acquisition decisions.

Research on social relationships between various teams in the organization (e.g., CEO–TMT interface) has begun to examine the "content of relationships" among CEOs, TMTs, and boards, which goes beyond an examination of CEO power and network effects (Westphal & Zajac, 2013). In these studies, the process by which executives and directors interpersonally influence one another to achieve desirable ends through various social influence mechanisms (e.g., advice seeking and social learning) has been examined (e.g., Zhu & Westphal, 2014). One promising direction for research in this area would be to examine the differential social influence tactics (e.g., ingratiation) used by CEOs to shape director perceptions about potential deals, which may help explain why some value-destroying acquisitions take place.

Methodology

As noted throughout our review, behavioral acquisition research has used a range of innovative methods to capture the psychological and social drivers of acquisitions, as well as to gain insight on the acquisition process. Furthermore, additional innovative data collection techniques used in other disciplines and research areas as well as emerging methodologies offer the ability for the field to effectively examine behavioral factors and processes in acquisitions. We now discuss some key methods for future research and suggest approaches to enhance success with these methods.

Primary data. Although it is difficult to gain access to and cooperation from top executives (Zaheer, McEvily, & Perrone, 1998), researchers have used surveys or structured interviews of executives to directly capture their personal and psychological characteristics using validated scales as well as in-depth insights on acquisition processes. Researchers can enhance their success in collecting executive survey and interview data if they focus on an appropriately targeted sample and make involvement relevant and valuable for managers. First, whereas executives at large, U.S.-based firms are often reluctant to participate in surveys, executives at smaller firms may be more open to surveys. Simon and Houghton (2003) exploited this opportunity by using two waves of surveys and interviews of executives in small computer firms located in the state of Georgia to gain insight on executive overconfidence. Researchers can also use a focused, industry-specific sample to both target under-surveyed managers and increase executive interest in participating in research. For example, McNamara, Deephouse, and Luce (2003) focused on a single industry, the banking industry, in the Minneapolis–St. Paul metropolitan area. To induce participation, the researchers promised to provide all participants with a summary of industry executive views on the competitive structure of the industry and major industry challenges. As a result, they were able to generate a 77 percent response rate for their survey. Similarly, to develop a deeper understanding of acquisitions in the banking industry, Zollo and Reuer (2010) interviewed 45 decision-makers to gain insight on acquisition integration processes.

Second, researchers can leverage personal or university ties to improve executives' willingness to participate in surveys and interviews. For example, Mannor, Wowak, Bartkus, and Gomez-Mejia (2016) built a sample of 84 CEOs and presidents of firms by leveraging social ties participants had with the university with which the researchers were affiliated and through their prior professional ties. Their participants agreed to participate in surveys and interviews and allowed researchers to survey individuals close to them (e.g., TMT members, spouses, and other family members). This study design allowed for the testing of hypotheses that connected job anxiety to strategic risk-taking, including acquisitions. In a similar vein, researchers can use certification from a third party to encourage survey involvement. For example, Li and Tang (2010) received government approval to include their survey as part of a Chinese government survey of Chinese CEOs. With this survey, they were able to measure CEO hubris and relate it to firm risk-taking.

These data collection approaches demonstrate that acquisition researchers can induce executive participation in surveys as they focus on smaller firms and specific industries, promise summary findings, and leverage the value of social ties. Such surveys could be used to examine a range of individual, group, and organizational factors related to acquisition activity and performance. Furthermore, researchers could collect data over multiple time-periods (Simon & Houghton, 2003) to garner insights on acquisition processes and implementation.

Content analysis. Obtaining data on executive characteristics directly from executives offers potential benefits, most notably a high level of construct validity. However, it may be infeasible to use direct measures for large-scale studies of major corporations or studies targeting multiple industries (Chatterjee & Hambrick, 2007). To overcome this challenge, a number of scholars have used unobtrusive measures of psychological traits of executives. These researchers have shown the value of these measures to examine the relationship between executive attributes and strategic outcomes, including acquisitions. These studies typically use archival sources, such as public filings and documents issued by the firm and/or senior executives, to measure executive attributes. It is also important to validate the measures used in studies. For example, Malhotra et al. (2018) used content analysis of manager communications to calculate a CEO extraversion score, which they validated by having experts code a subset of well-known executives on their level of extraversion.

In addition to content analysis, researchers have developed composite measures of CEO attributes that combine elements of corporate communication and compensation. For example, Chatterjee and Hambrick (2007) used an index that comprised the prominence of the CEO in the company's annual report and press releases, the CEO's compensation relative to the next highest paid individual in the firm executive, and the CEO's use of first person personal pronouns to assess CEO narcissism. They found these elements were highly correlated and that the index served as a valid indicator of CEO narcissism.

Videometrics. Another unobtrusive measure researchers have used leverages videos of executives to assess the attributes of executives. Along these lines, Petrenko, Aime, Ridge, and Hill (2016) had third-party raters view videos of CEOs and then assess the CEOs on an established measure of narcissism. They found a strong relationship between their video-based measures of CEO narcissism and firm CSR. Because researchers can have third-party raters use personality instruments from organizational behavior and psychology, researchers can use validated measures and easily undertake tests for interrater reliability. As a relatively new method, this "videometric" approach offers considerable potential for strategy researchers interested in capturing the attributes of executive and their influence on firm acquisition actions.

Experimental methods. Alone or in conjunction with other methods, researchers can use experimental methods to examine acquisition decision-making. Because experiments are unable to reflect all of the complexities or carry the same consequences as actual strategic decision-making, they may lack some external validity of studies that examines acquisition decisions within organizations. Even so, strategic researchers have successfully used experimental data to garner insights on executive preferences and decision-making (e.g., Connelly, Ketchen, Gangloff, & Shook, 2016; Devers, Wiseman, & Holmes, 2007; Hitt & Tyler, 1991; Reuer et al., 2013).

Chng, Rodgers, Shih, and Song (2012), using MBA students during a decision exercise, demonstrated the potential of experimental data when they examined the combined effects of previous performance, incentives, and decision-maker CSE on strategic risk-taking. By using an experiment, they were able to use both a validated measure of CSE and randomly assign decision-makers to different pay and organizational growth/decline conditions. Similarly, Agarwal, Anand, Bercovitz, and Croson (2012) used a randomized experimental design to manipulate interorganizational pre-acquisition conditions, allowing them to pinpoint clear causal relationships (Agarwal et al., 2012; Falk & Heckman, 2009). By applying conditions randomly and in such pure forms, these researchers were able to eliminate selection concerns and measure the specific effects of different market and firm conditions, an opportunity unavailable with real-world decision data.

Financial behavior. Researchers have also gained insights on the characteristics of executives by examining how they manage their compensation, which they have tied to strategic behavior, including firm acquisition actions. Most notably, researchers have looked at how executives manage their incentive compensation to capture the confidence of executives. In one study, Malmendier and Tate (2008) argued that CEOs who exercised their options significantly after they vested were overconfident. They found such overconfident CEOs engaged in more value-destroying acquisitions than less confident CEOs. By contrast, Devers et al. (2013) found evidence that CEOs exercise their options and sell their stock in the firm soon after announcing acquisitions, suggesting a low level of confidence in the ongoing value-creation potential in the acquisition. These studies suggest researchers can gain insight on how executive confidence and acquisitions are related by examining executive compensation actions.

In addition to assessing executive confidence, researchers have used financial data to gain insight on the values of executives. For example, Christensen, Dhaliwal, Boivie, and Graffin (2015) linked the political orientation of TMTs, proxied by their political donations, to the likelihood of tax avoidance, a form of corporate risk-taking. In addition, Haynes, Campbell, and Hitt (2017) measured CEO greed by comparing CEO pay with other firm executives and the pay of comparable CEOs. Although neither of these studies specifically examined acquisitions, attributes of CEOs gleaned from financial activity data may be related to acquisition actions and success.

Overall, although measuring the attributes of executives is challenging, research has identified a number of methods to generate understanding. Assessing attributes offers the potential for researchers to gain new insights on the causal process at work, such as how executive and team attributes influence acquisition choices, as well as the consequences of acquisitions on executive and team attributes. In addition, scholars should consider combining multiple methods to maximize the benefits of each approach while offsetting drawbacks. For example, experimental design allows for randomization and better control of the independent variable, whereas the survey approach provides more representative data than an experimental design (Falk & Heckman, 2009). Thus, we encourage strategic management scholars to broaden their methodological approaches, to develop a better understanding of acquisition consequences, as they draw on multiple forms of data rather than archival data alone.

Qualitative research and case studies. In addition to the range of quantitative methods, there is great potential with qualitative research on acquisitions. Although researchers are limited in their ability to establish specific levels of confidence in findings or the generalizability of those findings with qualitative methods, they offer researchers the opportunity to develop in-depth insights on acquisition processes, such as target identification, negotiation, and integration processes. For example, Floris, Grant, and Cutcher (2013) used qualitative data to examine the interplay among an acquirer, a target, and capital market stakeholders negotiating a proposed acquisition deal. In addition, Vaara and Monin (2010) showed discursive legitimation can be both beneficial and problematic during acquisition integration. Other qualitative research has examined how acquisitions influenced employees' perceptions of justice (Soenen et al., 2017), organizational identity (Elstak et al., 2015), and trust (Maguire & Phillips, 2008), as the deals unfolded. Finally, Siegel and Simons (2010) and Briscoe and Tsai (2011) showed acquisitions can exhibit an impact on acquirer and target human capital, during the integration process. Although disparate in their foci, each of these studies shows the promise of qualitative methods to help shed light on the actions and processes that occur in the black box of acquisition integration and their subsequent effects on acquisition success and failure. Accordingly, scholars should continue to seek opportunities to study behavioral acquisition processes and outcomes *via* qualitative and case study methods.

In sum, we see great potential in using a range of methodological techniques to examine the behavioral aspects of acquisitions more completely. In doing so, scholars will be able to shed additional light on how individual, group, organizational, and interorganizational factors influence the choice to pursue acquisitions, the types of acquisitions pursued, the processes involved in the initiation and implementation of acquisitions, and the short- and long-term consequences for firms and stakeholders involved in acquisitions.

CONCLUSION

Although behavioral acquisition research has grown exponentially, given the diversity in this work, scholars have been limited in their ability to synthesize the emerging findings into a coherent understanding of acquisition-related actions, processes, and outcomes. Thus, we first organized the results of this research into a framework to provide an initial understanding of the disparate findings in this work. Second, we highlighted areas in which results converge, or are unclear, inconsistent, or incomplete, thereby providing opportunities are in need of additional research to clarify the behavioral aspects of acquisition behavior. Third, although scholars have tended to focus on a single level of analysis, using our framework, we identified opportunities for multilevel research with the potential for revealing unique and compelling knowledge of the behavioral aspects of acquisitions. Finally, we offered suggestions for using more nuanced and newly emerging empirical and qualitative methodologies that may be helpful to further synthesize these recent developments into future acquisition research and practice.

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