THIRTY-THREE YEARS AFTER "MANAGING ACQUISITIONS": REFLECTIONS, INSIGHTS, AND RESEARCH DIRECTIONS

Mario Schijven*
Gies College of Business, University of Illinois, USA

Koen H. Heimeriks *
Warwick Business School, United Kingdom

Melissa E. Graebner
Gies College of Business, University of Illinois, USA

Philippe Haspeslagh
Vlerick Business School, Belgium

Will Mitchell +
Rotman School of Management, Canada

ABSTRACT

More than three decades have passed since Haspeslagh and Jemison's seminal book "Managing Acquisitions" was published. Yet, its impact is as alive and vibrant in scholarly work as it is in executive practice. In this essay, we look back to reflect on the book's contributions and look forward to identify open research directions. We recognize five topic areas in which the book made substantial contributions, i.e., sources of value, decision-making, integration, learning to make acquisitions, and strategic assembly. We then reveal how subsequent work has built upon the book, developing additional insights into each of these topic domains. Finally, we point out specific research themes that we believe offer a promising and exciting route forward for scholars, practitioners, and policymakers in the wider domain of corporate strategy and development.

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*The first and second authors contributed equally.

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INTRODUCTION

More than three decades ago, Philippe Haspeslagh and David Jemison published their seminal book, "Managing Acquisitions: Creating Value through Corporate Renewal" (hereafter H&J '91). The inception of the book dates to 1983, when Jemison and Haspeslagh joined forces in what would become an eight-year research project. Combining insights from Jemison's case studies of seven acquisitions involving twelve firms across ten countries and Haspeslagh's longitudinal case research on fourteen acquisitions in four global companies, the project aimed to *"understand the factors associated with successful and unsuccessful acquisitive strategies"* (p. vii).

As of today, "Managing Acquisitions" has received over 3,500 Google Scholar citations[1] - a testament to its influence on multiple domains of organization and strategy scholarship. At the same time, the book has had a broad impact on practice, becoming a reference for managers tasked with leading acquisitions. Perhaps most indicative of its pervasive contributions is the framework on different acquisition integration approaches, i.e., preservation, absorption, and symbiosis (p. 145). Not only is the framework widely applied and implemented in practice, but it has also been empirically tested (e.g., Pablo, 1994; Angwin and Meadows, 2015), and the central importance of integration approaches is now widely acknowledged in the acquisition literature (e.g., Zaheer *et al*., 2013).

Since the publication of H&J '91, both the number and total value of acquisitions across the globe has increased dramatically, from 14,722 deals totaling $372 billion annually in 1991 to 62,100 deals totaling $5.80 trillion thirty years later (Refinitiv, 2021) (i.e., $2.98 trillion, corrected for inflation). Although some trends have continued, e.g., the significance of U.S. inbound M&A activity, others have emerged, e.g., the shift from Japanese to Chinese overseas acquisition activity. The rise of private equity, SPACs (special purpose acquisition companies), reverse mergers, and other alternative forms of investment continue to make headlines. Intriguing evidence suggests that acquirer returns to

[1] The book had 3,570 Google Scholar citations as of November 30, 2023.

acquisition announcements may have improved over time (BCG, 2016), with acquirers becoming less prone to overpaying (McKinsey, 2009). Yet other evidence suggests that the challenges highlighted by H&J '91 persist (e.g., King *et al*., 2004; King *et al*., 2020). For these reasons, it is an opportune time to take stock of the past impact and future potential of the ideas put forward in the book.

In this essay, we build upon recent review pieces that summarize the literature as a whole (Haleblian *et al.*, 2007) as well as sub-literatures on pre-acquisition events (Welch *et al*., 2020), post-acquisition integration processes (Graebner *et al*., 2017), and learning how to do acquisitions (Barkema and Schijven, 2008a). We focus specifically on the impact of H&J '91, identifying two overarching contributions and five key topic areas. For each topic area, we highlight subsequent works that offered validation or extension of H&J's ideas. Finally, we offer a rich agenda for future research that builds upon the legacy of this influential book.

A FRAMEWORK FOR "MANAGING ACQUISITIONS"

When published in 1991, "*Managing Acquisitions: Creating value through corporate renewal*" was a response to the enduring managerial challenges experienced in making acquisitions succeed. Although prior research offered valuable insights on issues such as initial due diligence and analysis of organizational and strategic fit (e.g., Mace and Montgomery, 1962; Salter and Weinhold, 1979), this work arguably fell short of offering comprehensive guidance. Prior work on acquisitions was fragmented with findings reported across disconnected literatures. Early work on acquisitions was mostly rooted in corporate finance and corporate strategy, with the latter scrutinizing the importance of scope decisions (e.g., Rumelt, 1982; Feldman, 2020). In the finance literature, research focused on hubris and managerial self-interest to explain the acquirer's motives to engage in dealmaking despite the lack of value creation (e.g., Jensen and Ruback, 1983; Roll, 1986). In the organizational behavior and human resource literatures, work centered around cultural differences and sources of value destruction (e.g., Sales and Mirvis, 1985; Buono *et al*., 1988; Marks and Mirvis, 1985; Nahavandi and

Malekzadeh, 1988). In the strategy literature, research focused on value creation and the performance impact of relatedness (e.g., Chatterjee, 1986; Singh and Montgomery, 1987).

Against this backdrop, H&J '91 argued that *"key differences between acquisition success and failure lie in understanding and better managing the processes by which acquisition decisions are made and by which they are integrated"* (p. 3). Thus, they offered two overarching contributions: an integrative theoretical framework and a process perspective on acquisitions. The former set in motion a stream of work that forged linkages across separate literatures, generating a flurry of new theoretical and practical insights. The latter moved beyond the linear, segmented view of acquisitions, describing a non-linear and iterative process in which decision-making and integration manifest as "unique and interactive problems and opportunities" (p. 13) (see also Jemison and Sitkin, 1986a).[2]

Integrative Theory

The foundational logic of H&J '91 is the resource-based view of the firm (e.g., Wernerfelt, 1984; Barney, 1986), which argues that the firm can be seen as a bundle of resources (Penrose, 1959). Rather than portraying competitive advantage as an outcome of appropriate business portfolio decisions, H&J '91 focus on value creation via strategic capability transfer. An underlying assumption of this approach is that sustainable competitive advantage requires firms to renew their capabilities through organic or inorganic growth. Value creation is distinguished from value capture, i.e., the one-time benefits resulting from shifting value from target to acquirer shareholders (e.g., profits accruing from undervalued assets).

[2] Despite its contributions, there are numerous topics that the H&J '91 book does not address, which include acquisition performance measurement (e.g., Zollo and Meier, 2008), desperation and interdependence between organic and inorganic growth (e.g., Kim et al., 2011), different modes of corporate development (Capron and Mitchell, 2012), business unit reconfiguration (e.g., Karim, 2006), acquisition timing and merger waves (e.g., Corow et al., 2004; Haleblian et al., 2012), top management team diversity and decision-making (e.g., Nadolska and Barkema, 2014), the seller-side perspective (Graebner and Eisenhardt, 2004), target selection (Chakrabarti and Mitchell, 2013), financial acquisitions, equal and family business mergers (e.g., Drori et al., 2011; Meglio and King, 2019). As it focuses on strategic acquirers, the book also does not deal with the since-then increased role of private equity deals.

The book's focus on strategic capability transfer as a means of value creation inspired work on post-acquisition resource redeployment (Capron et al., 1998; Karim and Mitchell, 2000) and on capability transfer across acquirer and target (e.g., Banaszak-Holl *et al*., 2006). These ideas were also a precursor to work by Helfat *et al*. (2007) that highlights acquisitions as dynamic capabilities. Other research explicitly examines the conditions for value creation to occur. For instance, Capron and Pistre (2002) report that acquirer returns depend on acquirer resources being transferred into the target's context, demonstrating one of the main mechanisms underlying "value creation" for the acquirer. Implicitly drawing on the notion of "value capture", other work studies how acquirers benefit from acquisitions not just through resource reconfigurations but also through asset divestitures (Capron *et al*., 2001; Vidal and Mitchell, 2015, 2017).

H&J '91 also distinguish between the "value creation" that flows from capability transfer, and the "value destruction" that may result from post-acquisition boundary disruption and loss of cultural identity. By shifting away from the traditional focus on relatedness to an examination of the (value creating) interdependence between acquirer and target, and its impact on (potentially value destroying) boundary disruption, they position the "integration versus autonomy" dilemma as the central issue in acquisition integration (e.g., Haspeslagh and Farquahar, 1986; Zaheer *et al*., 2013). H&J '91 also outline distinct forms of strategic capability transfer that create value in different ways and impact the boundary between organizations differently: resource sharing, which creates economies of scale, but requires fully combining both organizations; functional skill transfer, which creates economies of scope but requires horizontal coordination and collaboration; general management skill transfer, which requires only hierarchical influencing; and finally, automatic benefits, such as market power, that may accrue from mere combined ownership.

H&J '91 then define distinct integration approaches and outline the conditions in which each is most useful. "Absorption" is appropriate in situations where resource sharing is paramount and organizations can be fully combined because maintaining distinct business cultures is not value creating; “preservation” is appropriate when maintaining distinct business cultures is paramount and value creation derives merely from learning fostered by general management transfers, and “symbiosis” is appropriate when functional skill transfer has to be accomplished while at least initially maintaining distinct and equally value-creating business cultures. These insights not only formed the basis for a rich strand of subsequent work focusing on the autonomy /integration dilemma, but also provided detailed examples and practical insights into how to manage different acquisition integration processes.

Process Perspective

H&J ’91 expanded upon prior work (e.g., Haspeslagh, 1986; Jemison and Sitkin, 1986a, 1986b; Haspeslagh and Farquhar, 1987) to further develop a process-based understanding of acquisitions. Their integrative perspective on value creation enabled a move away from largely actor-dependent (e.g., hubris-induced value destruction), or single-issue dependent (e.g., target relatedness) perspectives to a process-based understanding of decision making that drives value creation in acquisitions (p. 14). Underscoring the importance of *“the interactions ... of many people, in different functions, and at different levels”* (p. 41), this perspective offered two important additions to extant work. First, a process perspective emphasizes interrelationships between decisions, tying pre-deal factors to post-deal implementation. The emphasis on “process” over “deal” has also inspired a growing body of work that offers a richer understanding of how post-acquisition integration processes shape outcomes (e.g., Monin *et al*., 2013; Graebner *et al*., 2017). Second, the focus on process shifted priority from immediate deal outcomes to achieving strategy goals via corporate renewal (p. 12). Later works that examine acquisition programs (e.g., Laamanen and Keil, 2008), corporate transformation (e.g., Danneels, 2010; Bingham *et al*., 2015), resource deployment (e.g., Capron *et al*., 1998) and redeployment (e.g., Karim and Mitchell, 2000, Sakhartov and Folta, 2014; Feldman and Sakhartov, 2022) and corporate portfolio reconfiguration (e.g., Adner and Helfat, 2003) are a testament to this shift.

TOPIC AREAS

Beyond these more general contributions, there are five key areas in which H&J '91 offer distinct insights: (1) Sources of value, (2) Decision-making (pre-deal activities), (3) Integration, (4) Learning to do acquisitions, and (5) Strategic assembly. Each of these topic areas has sparked a significant body of work. We outline the contributions per topic area and make note of earlier work and subsequent scholarly articles. Table 1 offers an overview of each of the topic areas, outlines contributions from earlier work, and outlines gaps for future research.

*** PLEASE INSERT TABLE 1 ABOUT HERE ***

Sources of value

The richness of the data on which H&J '91 is based led the authors to a conceptualization of "value" that encompasses more than the crisp measures used in academia, such as short-term abnormal stock returns, changes in firm profitability, or net present value. In the authors' words: "Although [the managers interviewed] used discounted cash flow analysis … [they] had confidence in 'a strategic premium' that reflected their judgment of the long-term benefits of an acquisition, rather than estimates of cash flows" (p. 22). From the perspective of these managers, financial performance was the long-term yardstick, but many of them "shared a much more complex and multidimensional view of how to balance an acquisition's short-term financial performance with long-term strategic needs" (p. 22). As such, H&J '91 posited that "the most managerially relevant view of the value-creation process is to see a firm as a set of capabilities (embodied in an organizational framework) which, when applied in the marketplace, can create and sustain elements of competitive advantage for the firm" (p. 23).

Specifically, H&J '91 argued that "acquisitions create value when the competitive advantage of one firm is improved through the transfer of strategic capabilities" (p. 28). Besides immediate "combination benefits" that do not involve any capability transfer (e.g., increases in market power that create greater leverage over buyers and suppliers), H&J distinguished among three sources of value creation in acquisitions: resource sharing, functional skill transfer, and general management skill transfer, which each present very different organizational integration requirements. The first, resource sharing, aims for scale and scope economies through the combination and rationalization of the firms' operating assets (including intangible ones, such as brands). The latter two involve the transfer of intangible skills that enhance the combined firm's existing capabilities—a process that is considerably more difficult but also holds the potential for greater returns: The very fact that skills are learned over time and thus, require close interaction between the heretofore separate parties to be effectively transferred also makes them near-inimitable for competitors. Functional skills consist in detailed knowledge that pertains to the primary activities of the value chain, such as sourcing, manufacturing, and distribution, and need to be transferred horizontally (i.e., among managers at operating levels). General management skills, in contrast, refer to deep knowledge of activities that support the value chain as a whole, such as strategic planning, human resource management, and financial analysis, and call for vertical transfer (i.e., between the corporate level of the acquirer and the acquired unit that reports to it).

An important implication of H&J '91's work is that their discussion of the sources of value creation goes beyond similarities between the acquirer and the target to include *dis*similarities. More specifically, it also captures *complementarities*. In their words, part of what can yield success in acquisitions is the acquirer's "ability to capitalize on [the] differences" between the acquirer and the target (p. 191). H&J '91 were not the first to introduce the distinction between similarity and complementarity as sources of value (please see the discussion of prior work below), but their capability-based conceptualization of value-creation was among the first to integrate them.

Possibly the most fundamental contribution of H&J '91 is that value creation ultimately hinges on effective post-acquisition integration—that is, absorption, preservation, or symbiosis. When the source of value lies in the acquired unit's operating assets, the need for strategic interdependence is high, but the need for organizational autonomy is not, since the acquirer is not principally interested in the unit's knowledge assets and thus, need not worry about the disruption that the absorption approach entails. Value creation, then, will primarily be based on resource sharing. Conversely, when a company is acquired for knowledge and capabilities which are embedded in a very different business culture than that of the acquiror, then the unit's autonomy needs to be protected (at least initially) so as not to disrupt the very resource the acquirer seeks to obtain. Thus, value creation in these cases will chiefly rely on gradual (functional and/or general management) skill transfer, which the preservation and symbiosis approaches allow for (depending on the need for strategic interdependence). Beyond this choice of an overall integration approach, the H&J '91 framework can also be seen as a multi-level framework with different business elements (segments or functions) requiring a different logic. This does not do away, however, with the necessity of an overall choice which determines both speed and interface management. The importance of the latter which varies from permanent gatekeeping in preservation to gradual amalgamation in symbiosis and full elimination in absorption, highlights the crucial role of the "interface managers" in the success of integration (pp. 232-235).

Finally, a layer of complexity is added by another crucial insight from H&J '91: To understand value creation, one typically needs to think of each acquisition as part of a broader corporate strategy. Each of the acquired units that make up the overarching acquisition program has its own contribution to make to the acquirer's corporate strategy and, as such, requires its own set of decisions on how that value is to be unlocked. The section on "strategic assembly" will unpack the notion of acquisition programs and its implications in greater detail.

The literature on the sources of value in the context of acquisitions has evolved significantly since H&J '91. One key development has been further distinction between similarity and complementarity. While resource similarity had already been firmly established, as noted above, research on resource complementarity remained relatively scarce. Since H&F '91, however, some scholars have begun to examine these two sources of value separately. For example, King *et al*. (2008) find that a combination of marketing resources on the part of the acquirer and technology resources on the part of the target tends to yield stronger performance, whereas Makri *et al*. (2010) show that complementary technological resources between the acquirer and target tend to benefit innovation. Similarly, Kim and Finkelstein (2009) show that complementarity in the two parties' product strategies enhances acquisition performance. As a final example, Zaheer *et al*. (2013) provide fine-grained evidence that target firms can offer both resource similarity and complementarity, and that they affect integration and target autonomy—two of the core key concepts introduced by H&J '91—differently.

Another important development is the growing research interest in resource redeployment (e.g., Feldman and Sakhartov, 2022; Sakhartov, 2017). Helfat and Eisenhardt (2004) distinguished between intra-temporal and inter-temporal economies of scope, where the former refers to synergies that emerge from contemporaneous sharing of resources across the firm, and the latter implies resource redeployment, where resources are withdrawn from one part of the firm and reallocated to another. This crucial distinction is closely related to Levinthal and Wu's (2010) differentiation between scale-free and non-scale-free resources: Scale-free resources can be transferred throughout the firm without their value being reduced—corresponding with H&J '91's concepts of "functional" and "general management skill transfer"—whereas non-scale-free resources can only be transferred to one part of the firm by withdrawing (i.e., redeploying) them from another—corresponding with H&J '91's concept of "resource sharing."

Finally, there has been significant progress regarding the empirical operationalization of value creation in acquisitions, generally confirming H&J '91's finding that acquisition performance is multifaceted and difficult to measure accurately with a single proxy. Zollo and Meier (2008), for instance, show that most of the measures used in the existing literature (e.g., accounting performance, perceptual performance measures, innovation performance, and a variety of finer-grained process-level measures) capture different dimensions of value creation, as well as that short-term cumulative abnormal returns (CARs) do not correlate with any of the other measures. The latter is in line with growing criticism of CARs as a measure of acquisition performance. For example, Oler *et al*. (2008)

show that CARs upon the announcement of acquisitions are often contradicted by long-run returns. Furthermore, Schijven and Hitt (2012) provide evidence that investor reactions, rather than being objective measures of performance, tend to be informed by signals from the acquirer's management, casting doubt on the notion of the "wisdom of crowds."

Future research: Sources of value

Though sources of value are arguably the longest-standing topic of discussion in the acquisition literature, much work remains to be done. First, resource similarity as a source of synergy has been widely examined, but research on resource complementarity emerged later and has yet to catch up. Likely the most important reasons for this are that the mechanisms through which such complementarity can create synergy are both more conceptually complex and more difficult to operationalize empirically. Whereas similarity is a cut-and-dried concept, complementarity not only refers to dissimilarity, but dissimilarity of a specific type—that is, dissimilarities that are mutually reinforcing. Exactly which resources are complementary (rather than too dissimilar to offer any value at all) depends on the idiosyncrasies of the context—such as the industry—at hand. A growing body of work, as noted earlier, has begun to explore resource complementarity's internal workings, but many avenues remain wide open. For example, does the relative synergistic potential of resource similarity and complementarity vary across industries and if so, how can this be conceptualized and operationalized? Or, combining the nuanced insights from Zaheer *et al*. (2013) and Schweizer (2005), when does a given acquisition present *both* resource similarity *and* complementarity, and what forms of "hybrid" integration approaches do such acquisitions call for?

Second, the concept of inter-temporal economies of scope—that is, synergy based on the redeployment of non-scale-free resources—has attracted increased scholarly attention over the last two decades, but much remains to be learned about it, especially in the context of acquisitions. For instance, and building on our earlier discussion, what are the relationships, if any, between the sources of value creation in acquisitions—that is, resource similarity versus complementarity—and the mechanisms of value creation—that is, inter-temporal redeployment of (non-scale-free) resources versus intra-temporal use of (scale-free) resources? And what implications do these distinctions have for the most effective approach to post-acquisition integration?

Third, as touched on above, there is increasing debate about the merits and downsides of various operationalizations of acquisition performance. One of the most notable developments pertains to the use of short-term cumulative abnormal returns (CARs), which have been shown to have no correlation with any of the other performance measures (Zollo and Meier, 2008). This finding is merely one manifestation of what appears to be growing criticism of investor reactions as an operationalization that had thus far been thought to capture the objective performance of acquisitions (among other events) (e.g., Cording, et al., 2010; Oler et al., 2008). Since then, a budding stream of research has emerged that approaches investor reactions from a behavioral perspective (e.g., Campbell *et al*., 2016; Oler *et al*., 2008; Schijven and Hitt, 2012; Zajac and Westphal, 2004) and, as such, can be considered part of the burgeoning "behavioral strategy" domain. Since this research stream is still in a relatively early stage, many interesting questions have thus far remained unaddressed. For example, scholars could explore the boundary conditions of the "wisdom of crowds"—that is, what determines the accuracy of investors in predicting the long-term performance of acquisitions? Or, in light of the strong evidence of cognitive biases at the individual level, do such biases also apply to investors as a collective (thus potentially casting doubt on the efficient markets hypothesis)?

Decision-making (pre-deal activities)

H&J '91 begin their consideration of the acquisition process by examining pre-deal decision-making. They note that acquisition decision making is often portrayed as "a step-by-step analytical process that starts with acquisition objectives and passes through phases of systematic search and screening, strategic evaluation, financial evaluation and negotiation" and ends in "an acquisition at a justifiable price" (p. 41). Instead, H&J '91 depict acquisition decision making as a complex process that combines strategy and opportunism, involves both internal and external actors, and is "not neatly analytical and segmented." They note four problems that arise in this process (p. 58). First, the many specialists involved in analyzing a potential acquisition may have fragmented and possibly diverging perspectives, making it difficult to produce a comprehensive analysis. Second, the decision process can generate increasing momentum that makes it difficult to turn back. Third, ambiguous expectations on both sides of the negotiation can lead to disagreements that later undermine post-acquisition integration. Finally, multiple motives that coexist among acquiring managers lead to competing claims on post-acquisition priorities, generating conflicts after deal close.

The topic of decision-making ignited work in several domains of the acquisition literature. One set of studies looks at the process dynamics that influence the justification and decision-making around acquisition announcements. Both *ex ante* and *ex post* justifications matter to how subsequent acquisition processes unfold (e.g., Vaara, 2002). For instance, in his study of eight Finnish-Swedish mergers, Vaara (2003) identifies four distinct types of discourses that legitimize executive action, help (re)frame the perceived success or failure of the acquisition, and affect change processes during the acquisition. Similar findings that further illuminate discursive aspects of the decision-making process are reported in follow-up studies by Vaara and colleagues, including on the roles of language skills (Vaara *et al*., 2005), sensegiving in discursive legitimation (e.g., Vaara and Monin, 2010), and storytelling (Vaara and Tienari, 2011). These works reinforce the underlying logic offered by H&J '91 by illustrating both the importance of taking a processual view on the evolution of the deal's narrative, both within and outside the acquirer, and the fragmented and diverging perspectives actors involved have on the motive and justification for the acquisition.

A related yet distinct group of studies focuses on the behavioral aspects of acquisition decision-making to examine the role of multiple actors, social influences, and cognitive biases (for a review, please see Devers *et al*., 2020). A few interesting pieces look at factors that shape deal abandonment (e.g., Cullinan et al., 2004). Several such factors external to the acquirer matter to deal completion, thereby informing pre-deal decision-making. For instance, institutional differences between the parties' home countries have been found to decrease the likelihood of deal completion (e.g., Dikova et al., 2010), and geographic distance between two firms has been shown to reduce the likelihood of one acquiring the other (Chakrabarti and Mitchell, 2013, 2016).

Still other work reveals the impact of relationships on decision-making. A recent study by Zhang and Greve (2019) uncovers how experience-based preferences shape the effect of internal coalitions on acquisition decisions. Other studies address how inter-firm relationships matter, particularly the relationship between the acquirer and the leaders of the target firm, who may either welcome or rebuff a potential buyer (Graebner and Eisenhardt, 2004). As another form of inter-firm relationship, board interlocks also matter to acquisition likelihood and premiums paid (e.g., Haunschild, 1993, 1994; Haunschild and Beckman, 1998). Furthermore, a growing body of work points to how external actors account for variance in acquisition outcomes. For instance, Bettinazzi and Zollo (2017) find evidence that stronger stakeholder orientation (toward employees, customers, and the like) on the part of the acquiring firm yields higher acquisition performance. Studying different types of internal and external actors, their findings underscore the need to acknowledge key stakeholders because of their impact on long-term value creation in acquisitions. As another example, in their longitudinal study of the global advertising industry, Rogan and Sorenson (2014) demonstrate how common clients influence target choice and subsequent performance. Other parties, including investment bankers, venture capitalists, or alliance partners, may influence the acquisition premiums negotiated in the pre-deal phase (Reuer *et al*., 2012). Finally, more recent work explores the frequency of interactions among key parties involved in pre-deal decision making. Testoni *et al*. (2022) find that interaction frequency fosters trust and mitigates competitive forces in the bidding process, inducing higher abnormal stock returns on announcement. Yet while many of these studies examine interesting behavioral factors that shape decision making, the majority rely on quantitative data which makes it hard to uncover process dynamics.

In addition to work on executive and board room traits, such as background, education, or board linkages, some research explores how decision making is affected by the characteristics of actors across different functions and levels (e.g., Pavicevic and Keil, 2021). For instance, in her qualitative study on evaluation of acquisition targets in the restaurant industry, Melone (1994) revealed how the dynamics of decision making are impacted by involving executives with different functional backgrounds in the acquisition process. Refining earlier work on the role and traits of the CEO (e.g., Hayward and Hambrick, 1997), Nadolska and Barkema (2014) argue and find that team diversity reduces acquisition likelihood due to extended decision processes but increases acquisition success. Jointly, extending H&J '91's emphasis on internal and external actors, these studies address the increasing importance of different types of stakeholders and their characteristics to acquisition processes and outcomes.

Future research: Decision-making

Extant research on pre-deal (decision-making) processes articulates the importance of the interactions, social influences, and cognitive biases of the multiple actors who are involved. There are several key areas for future research to explore (for an overview, see Devers *et al*., 2020 and Welch *et al*., 2020). First, while recent research highlights that the CEO explains a greater share of variance in acquisition behavior than firm-level factors (Meyer-Doyle *et al*., 2019), there is significant room for future work to explore in what way CEO-level, along with other top executive, factors influence the dynamics of decision-making. Studies have examined how variables such as overconfidence, Machiavellianism, and other behavioral traits (e.g., Recendes *et al*., 2022) influence decision-making, yet little is known about how these attributes impact individual decisions across different aspects of the acquisition process. With prior work usually studying specific outcome variables such as premiums paid, there is a lack of processual understanding regarding how individual traits as well as the interaction of traits across decision makers matters in decisions such as target selection, bidding and negotiation, valuation, announcement, and closure.

Second, it would be interesting to explore how decision rules during various pre-acquisition phases differ and develop over time. While H&J ’91 underscore the importance of fitting rules to acquisition purpose (p. 81), and work on internationalization highlights the relevance of heuristics (Bingham and Davis, 2012), little is known about how decision rules or heuristics advance over time and how this affects the trajectories decision makers consider for corporate transformation. It would be particularly useful for future work to uncover under what conditions specific heuristics evolve and how this evolution may engender decision rules to provide appropriate decision making support for acquirers. For instance, whether and how do decision rules matter that affect deal abandonment? What are the effects of timing and impact of such decision rules on type of transaction and type of financing? How do heuristics on target choice impact the eventual performance of acquisitions? And given the array of growth paths (i.e., internal, alliance, and acquisitive growth) available to firms (Capron and Mitchell, 2012), how do decision maker traits influence the degree to which one or more growth paths are considered and chosen?

Third, prior literature lacks a comprehensive account of how acquirers and sellers manage the pre-deal phase, how analysts and investors perceive the actions undertaken by decision makers, and how their interpretations hinge on decision maker traits. Current work demonstrates the relevance of acquirer impression management (e.g., Graffin *et al*., 2016) yet disregards how seller-side impression management matters or how acquirer and seller impression management interact. Relatedly, despite some work (e.g., Westphal and Graebner, 2010), a thorough understanding of the relative importance of different factors that influence analyst and investor perceptions is missing. Some work highlights the importance of activist investors (e.g., Chen and Feldman, 2018), yet research regarding how external stakeholders interpret and evaluate varied behavioral signals and how these impact their assessment criteria is largely absent (e.g., Schijven and Hitt, 2012).

Integration (post-deal)

In H&J '91, the "key to making acquisitions work" (p. 105) is post-deal integration, defined as "an interactive and gradual process in which individuals from two organizations learn to work together and cooperate in the transfer of strategic capabilities" (p. 106). Integration consists of three distinct phases: (1) a stage-setting phase that creates the atmosphere for (operational, functional, and general management) capability transfer, (2) an integration phase to implement activities needed for value creation, and (3) a transition phase to make both parties function as part of the acquirer's expanded network. Each of these three phases will take a different shape and form depending on the integration approach chosen. Jointly, these phases will determine the amount of value created, thereby impacting integration and post-deal performance.

As noted earlier, H&J also describe three different integration approaches, i.e., preservation, absorption, and symbiosis (p. 145).[3] Two dimensions determine which of the approaches is appropriate: (1) the degree of strategic interdependence, i.e., the nature of the managed interdependence between the target and acquirer that underlies value creation, and (2) the need for organizational autonomy, i.e., how value preservation and creation depends on the need to keep intact the acquired strategic capabilities after the acquisition (p. 139). These two dimensions are illustrated in Exhibit 1. Each of the different types of integration approaches has a specific implementation process with different speed requirements and benefits from distinct leadership, expectations, and interface management (p. 157). Choosing the most appropriate integration approach and tailoring its implementation will critically impact acquisition performance.

The book also identified key issues that impact the atmosphere for capability transfer: determinism, value destruction, and leadership vacuum. Respectively referring to clinging to

[3] A 'holding' approach is also possible whereby acquirors do not integrate despite the absence of autonomy needs. As the 'holding' approach involves no integration it is not considered value creating. However, the 'holding' approach is frequently associated with how private equity firms govern their assets. This is an interesting area for future work as we detail later on.

unrealistic deal justification assumptions, negative impact of acquisition on stakeholders such as managers, employees, and customers, and lack of leadership presence after the deal for implementation, these three factors matter greatly to acquisition outcomes. The ability to transfer capabilities is contingent on the potency to create the right atmosphere to support sharing across the target and acquirer.

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A flurry of work has appeared on this topic area post-1991. Generally, four groups of studies can be identified that offer significant extensions to the contributions on integration. First, a set of studies appeared on the importance and challenges of capability transfer in acquisitions. Work by Capron and colleagues makes valuable contributions in this domain. For instance, analyzing different types of resources (i.e., R&D, manufacturing, marketing, managerial, and financial resources), Capron *et al*. (1998) find that asymmetry in resource strength spurs resource redeployment post-acquisition such that acquirers and targets seek to complement domains in which the other party is weaker. Extending this early work, Capron (1999) relies on survey data from 273 horizontal acquisitions to report that "resource redeployment is the dominant value creating mechanism" to bolster long-term performance (p. 1010). Another consideration for the integration-autonomy decision is the development stage of new products; that is, in case the acquired firm's technology is early stage, i.e., no products launched prior to acquisition, autonomy is likely to yield innovation outcomes in contrast to later-stage target firms that benefit from structural integration (Puranam *et al*., 2006).

Second, building on the central issue of integration versus autonomy outlined in the book, a substantive body of work emerged on the integration-autonomy dilemma and its boundary conditions. Whereas H&J detailed the four integration approaches, subsequent research extended this work in different ways. To begin, there is work that empirically examines and extends the H&J integration typology. For instance, Schweizer's (2005) multiple case study in the biotechnology context finds that hybrid forms of post-acquisition integration are preferable to support value creation in biotech-pharma deals to allow for know-how, technology, and innovative capability transfer. Arguing that the autonomy-integration relationship is orthogonal, Zaheer et al. (2013) use survey data of 86 acquisitions and disentangle ‘relatedness’ to consist of both similarity and complementarity. Their study confirms that autonomy and integration may co-exist depending on the degree of resource complementarity between target and acquirer. In contrast to similarity, which concerns the degree of overlap in the firms’ technologies, operations, products, customers, or distribution channels, the presence of product or technological complementarity may call for high degrees of both autonomy and integration (i.e., a symbiotic approach). The main reason for this is that on the one hand unique knowledge and retention of target employees may call for autonomy, whereas on the other hand coordinating and collaboration are needed to pool joint resources together.

Moreover, scholars have tested the validity of the integration approaches and typologies suggested by H&J ’91. In a policy-capturing study involving seasoned practitioners, Pablo (1994) tested three alternative frameworks based on, respectively, culture differences, relative power and H&J 91’s strategic and organizational tasks, finding that the latter explained 75% of the observed variance. Relying on survey data from some 70 U.K. acquirers, Angwin and Meadows (2014) used cluster analysis to confirm the existence of the three main integration strategies, i.e., absorption, preservation, and symbiosis. Interestingly, their study also finds a fourth type of integration that is, however, distinct from the ‘holding’ approach. Instead of a passive, non-directive characterization, the fourth typology in their study contains acquisitions in which the acquirer imposes immediate and highly directive turnaround integrations in which the speed and efficacy of action appears particularly tailored toward underperforming targets. This additional approach seemingly corresponds to the integration practice of private equity acquisitions, which by then had become a significant phenomenon, and was not part of H&J ‘91’s focus on strategic acquirers.

Third, there is research that focuses on alternative ways of resolving the autonomy-integration dilemma. Particularly in the context of technology acquisitions, scholars have studied the dynamics of specific integration strategies (e.g., Dattée et al., 2022) and what processes enable different types of integrations to succeed (cf. Graebner *et al*., 2010). Multiple studies explore mechanisms that may alleviate the likelihood that technology acquisitions destroy post-acquisition innovation outcomes. For instance, an alternative to structural integration in technology acquisitions pertains to the notion of 'common ground' or joint stock of knowledge, i.e., high levels of common ground facilitate coordination between target and acquirer thereby lowering the likelihood of structural integration (Puranam *et al*., 2009). Acknowledging the challenges that the autonomy-integration dilemma poses especially in technology acquisitions, Graebner (2004) highlights the role that mobilizing actions by acquired managers play in promoting anticipated and unanticipated value. More recently, Dattée *et al*. (2022), in their longitudinal process study, report interesting process insights on how Lamborghini's parent oscillates between autonomy and integration over time.

Fourth, H&J '91 were the first to point out the importance of interface management and the crucial role of what they call the "gatekeeping unit": "The balance between pushing for capability transfer and protecting the organization's identity is a delicate trade-off among demands of the situation, the intended evolution and the dynamic at a given time. Because of the complex and dynamic nature of this process, the essence of value creation is really assured by the group of managers who manage the interface and perform the gatekeeping role" (pp 232-233). For H&J, this "gatekeeping unit" comprises the head of the acquired company, the senior manager of the acquirer he/she is reporting to, and people brought into the acquisition to facilitate capability transfers.

Fifth, there is a significant body of work that emerged and informs different aspects that impact value creation during integration. While it is beyond the scope of this article to acknowledge the full stream of research on post-acquisition integration (for an overview, please see Graebner *et al*. (2017)), interesting work emerged on this sub-topic. There are studies that emphasize the role of speed in post-acquisition integration, showing that internal and external relatedness matters as to whether speed is beneficial to acquisition success (Homburg and Bucerius, 2006). Other research nuances these findings by arguing that complementarity, cultural fit, and degree and speed of integration jointly influence acquisition outcomes in more complex ways than previously documented (Bauer and Matzler, 2013). Beyond these issues, several other factors influence whether successful transfer of knowledge and capabilities supports value creation. These include factors such as identity (e.g., Colman and Lunnan, 2011; Clark *et al*., 2010; Drori et al., 2013), management turnover (Krug *et al*., 2014), target quality and communication (e.g., Schweiger and DeNisi, 1991; Agarwal et al., 2012; Allata and Singh, 2011). Interestingly, as Ranft and Lord (2002) uncover in their multiple case study of seven technology acquisitions, management practices (e.g., team composition, incentives, and commitment) and the acquisition context (e.g., relative size and performance) shape the dimensions that influence acquisition implementation (e.g., speed, communications, autonomy, and retention). Recent work shows what factors influence retention of key personnel and experts, which is particularly pertinent in so-called acqui-hires. When acquiring human capital, the type of know-how acquired and the acquirer's ability to redeploy and ascertain continued tenure of key talent is a crucial source of value (Boyacioglu *et al*., 2023). Also, using a "light-touch integration approach" is a significant source of value to retain key personnel—a practice that appears particularly relevant to acquisition integration by multinationals from emerging markets (Tang and Zhao, 2023).

Another interesting set of insights on factors impacting value creation is offered in Feldman and Hernandez's (2022) recent study, which identifies different types of synergies. Finally, comparing the relative importance of firm-level versus individual-level factors, recent work demonstrates that the latter set of factors has a significantly greater impact on acquisition behavior and outcomes thereby underlining the impact of management on value creation in acquisitions (Meyer-Doyle *et al*., 2019).

Future research: Integration

The third core topic, post-acquisition integration, is central to value creation. The ability to customize the integration approach hinges on interdependence and autonomy requirements between target and acquirer. Despite this being a richly developed topic area (for a review see Graebner *et al*., 2017), several key areas for future work can be identified. First, while three key problems for integration failure are laid out, i.e., determinism, value destruction, and leadership vacuum, past work has so far explored just parts of these process challenges. With a lot of post-1991 work examining these concepts using large quantitative databases, both the interaction and processual nature of these factors are ill-understood. It would be interesting for future work to explore how justification inertia, management and employee morale and retention, and leadership styles and decisions impact integration outcomes. For instance, what is the impact of leadership and CEO characteristics on employee voice, retention, and acquisition process involvement? How do narrative malleability and leadership styles relate and how do these jointly impact integration outcomes?

Second, there is a rich and open area for future work to focus on how private equity (PE) manages the acquisition integration process (Nary and Kaul, 2021). Given that private equity is frequently associated with a distinctive governance mode (e.g., Kaplan and Stromberg, 2009), this is a particularly promising area as the preferred integration approach is different from that of strategic buyers, which is the central focus of H&J '91. While recent research uncovers important aspects, such the "private equity effect" (Castellaneta and Gottschalg, 2016), who they buy (Kaul *et al*., 2018), how they use buyout experience (Castellaneta et al., 2022), manage heavy 'activity load' (Castellaneta and Zollo, 2014), what practices they use to 'reverse-merge' private equity held firms (Naumoska *et al*., 2018), a large number of questions are left open in the relatively unexplored territory of private equity dealmaking. Therefore, future work on integration could explore the question of what the value-creation and -capturing opportunities of "a holding approach" look like? How do PE firms manage and succeed in outperforming strategic acquirers through largely financial synergies? How does the buying process compare between PE and strategic buyers? Given that Angwin and Meadows (2014) find that one of the integration typologies is characterized by highly directive turnaround and (financial) change processes, it would be interesting for future work to explore how these types of integrations are implemented. Another avenue would be to explore how the buy-and-build approaches recently adopted by such PE buyers differ from the strategic assembly of corporate buyers.

Learning to do acquisitions

A fourth key topic in H&J '91 concerns how firms learn to do acquisitions well. The importance of this topic is highlighted early on in the book: "[There is a] need for separate organizational mechanisms or routines to help a company deal with these tasks effectively" (p. 80). Drawing on the insight that companies differ in their ability to learn from their acquisition experiences, the main tenet of this topic area is that learning pertains to what acquisitions to (not) make and how to make them work. Insights on how firms learn to do acquisitions are highlighted throughout different parts of the book. Specifically, there are three key contributions that stand out: (1) learning which acquisitions to make (p. 86), (2) learning how to make them, and (3) learning how to organize for learning (p. 250).

H&J '91 recommends that seasoned acquirers establish processes to decide which acquisitions to do and how to organize for successful implementation. To develop a "corporate capability for making acquisitions" (p. 82), it is important to anchor acquisition decisions in business strategy. Since acquisition initiatives can originate from various sources, including corporate staff and business unit managers, securing a close link between strategy making and acquisition target filtering is essential to prioritize both financial criteria and business strategy in the search and screening process. Given that the "lessons about which acquisitions to make (or not to make) and learning how to make them are inextricably linked" (p. 251), the anchoring of acquisition decisions and involvement of business unit management is important to counter the "opportunistic nature" (p. 84) of acquisitions and avoid haphazard search and screening efforts. Specifically, by embedding acquisition decisions in the business planning process, not only does the organization extend those involved in acquisition search activities, it also widens the scope of possible targets and contexts the firm may consider for their acquisition activity.

H&J also recommend that firms conduct "post-mortems" to codify lessons learned from prior experience. Post-mortems help leaders to reflect and learn from an acquisition by examining the decisions and process of a deal from the moment of conception to approximately two years after completion (p. 88). However, firms may lack the discipline to conduct these assessments or the ability to draw lessons from them. After bad experiences, some acquirers are motivated to develop their acquisition capabilities by documenting the causes of success and failure, but others simply shy away from engaging in more dealmaking. One significant obstacle to carefully and professionally performing postmortems appeared to be politicization of blame. Especially when decision-makers involved were still present, it proved hard for acquirers to draw useful lessons from earlier deals. In addition, the ability to learn depended on how firms documented their experiences. Documentation determines whether the "framing [of] acquisition experiences" (p. 251) happens with a sufficient degree of granularity for decision makers to meaningfully apply lessons to subsequent acquisitions. Learning was hindered by a tendency to either over-generalize, i.e., applying the same lessons to all acquisitions, or the opposite, i.e., failing to recognize when lessons from one acquisition are indeed relevant to another (p. 251).

Repeat acquirers also benefited from creating a corporate function to support acquisition decision making. Such a function offers coordination and learning benefits by serving multiple important roles internally (pp. 84-85). Besides helping to establish a working process to support the interactions between individuals, teams, and task forces responsible for acquisitions, the M&A function can help in managing critical interfaces and assist in staffing and managing specific deal teams.

The book emphasizes that the role of the M&A function "is not to make acquisition decisions but instead to facilitate and support the process" (p 85). Even so, managers may perceive the function to be "hijacking the acquisition decision away from line management" (p. 85). Thus, in order to be effective, M&A specialists need to "clarify their role and earn respect by helping the businesses" (p. 91). Staffing of the M&A function is also critical, since harnessing the same group of managers allows for experience to be re-applied. Beyond avoiding ad-hoc appointments of talent to the task force charged with workstream implementation, it may also be beneficial to install a manager who may take a leadership position post-acquisition (p. 94).

Since the publication of H&J '91, numerous studies have further examined how firms learn from acquisition experience. Overall, findings on whether acquisition experience benefits acquirers are inconclusive (Barkema and Schijven, 2008a), but an active stream of research has identified specific factors that increase the likelihood of learning. The more similar acquisition targets are to prior targets, the more likely acquisitions are to succeed (Haleblian and Finkelstein, 1999). Beyond the impact of similarity, for firms to learn effectively it matters that acquisitions are not too recent nor too distant in time (Hayward, 2002). In addition, pacing and variability matter to whether acquisitions will succeed (e.g., Laamanen and Keil, 2008; Castellaneta and Zollo, 2015). More recently, work suggests that activity load influences whether and how momentum in acquisition activity occurs (Keil *et al*., 2022).

Another field of inquiry that blossomed post-1991 is how to organize for learning (for a meta-analysis, see Schweizer *et al*., 2022). Building on the notion of 'deliberate learning' (Zollo and Winter, 2002), a small yet impactful stream of work addresses factors that impact the acquirer's ability to learn. Somewhat akin to H&J '91's notion of postmortems, several studies show that codification of experience matters (Zollo and Singh, 2004) as well as that codification helps negate the negative effects, so-called superstitious learning effects, of managerial perceptions of success on acquisition outcomes (Zollo, 2009). Related work on codification uncovers that, for firms to optimize learning how to make acquisitions, it is important to know when to rely on codified rules of thumb and when not to (Heimeriks *et al*., 2012). In addition, important works showcase the impact of M&A functions in organizing for learning. For instance, M&A functions help firms develop acquisition capabilities and positively affect acquisition outcomes (Trichterborn *et al*., 2016). Recent work also suggests that the internal structure of the M&A function may affect the ability of the firm to learn across related corporate development activities such as divestitures (Heimeriks and Schijven, 2015).

Other work highlights how issues such as team diversity and relationships influence learning. Qualitative work by Melone (1994) demonstrates that diversity in functional backgrounds is instrumental in successful acquisition decisions. Diversity in top management teams helps avoid inappropriate transfer of experience and reduces acquisition frequency (Nadolska and Barkema, 2014). In addition, board interlocks affect both the frequency and pricing of acquisitions (Haunschild, 1993, 1994), suggesting that firms learn vicariously through board ties.

<u>Future research: Learning to do Acquisitions</u>

Several interesting opportunities exist for future work on how firms learn to conduct acquisitions. First, while it is frequently assumed that routinizing the acquisition process increases performance (Zollo and Singh, 2004), routinization also poses risks (Heimeriks *et al*., 2012) that deserve more attention. Second, while research suggests that M&A functions may be value-adding (e.g., Trichterborn *et al*., 2016), we lack an understanding of the factors that determine their effectiveness. For example, recent work suggests that the degree of specialization of such units impacts their ability to learn across different types of corporate development such as acquisitions and divestitures (Heimeriks and Schijven, 2015). What other factors determine the effectiveness of corporate acquisition units? Relatedly, how does the interaction between M&A function experts and line management shape acquisition outcomes? Despite earlier work unraveling the mechanisms that M&A experts rely on to distribute their expertise (Bingham *et al*., 2015), little is known about the implementation process. How can M&A functions successfully support business level managers across different parts of the acquisition process? How do acquisition functions overcome resistance and what mechanisms can be used to support adoption of their expertise? What mechanisms can be used to align interests between a corporate acquisition function and business unit management?

Finally, there are also opportunities to better understand how acquisitions can trigger broader learning and renewal. As H&J '91 stated: "We were struck by the extent to which acquisitions could be at the root of major strategic and organizational adaptation in the acquiring organization. Some firms were hardly altered by the acquisitions they made; in others, acquisitions led to major changes in the rest of the firm" (p. 12). Understanding what underlies this difference in broader learning capacity would be a worthwhile pursuit.

Strategic Assembly

H&J '91 introduced the concept of "strategic assembly" at the very end of the book. Though this final chapter is labeled "epilogue," it is far from a mere coda. Instead, it places all the preceding chapters in a broader perspective by asking: "Once a firm has assembled a series of acquisitions, how can they be harnessed into an integrated network of operations?" (p. 255). The authors described the successful "strategic assemblers" they studied as "firms that have amassed an important industry position through acquisitions during a period of industry restructuring" (p. 255). In the face of significant environmental changes, such as the convergence of multiple industries, firms attempt to preempt, or catch up with, their rivals to adapt to the new status quo. A series of acquisitions allows them to do this expediently.

H&J '91 found, however, that although these firms' acquisition programs enabled some of them to gain an initial competitive advantage, this strategy led to subsequent organizational problems because of the complexity that a prolonged period of acquisition activity adds to a firm's internal organization. Each acquisition presents its own integration challenges, but when a series of acquisitions is undertaken, especially in a short period of time, the acquirer must harmonize the acquired firms' multiplicity of product positionings, technologies, organizational cultures and identities—all the more so because "newly acquired units themselves are frequently the result of recent prior combinations" (p. 258). After a sequence of acquisitions, firms must, eventually and inevitably, transition from a mindset of acquiring to one of managing their current operations. Not only may additional acquisitions no longer be available (or target firms' premiums may have been bid up so far as to be prohibitively expensive), but the acquiring firm has almost certainly grown well beyond its initial size and become far more internally diverse and complex. In addition, each newly acquired unit has likely altered the direction and purpose of some of those that came before it. At some point, therefore, the firm has little choice but to redirect its attention inward and address accumulated inefficiencies.

H&J argue that executing an acquisition program often prioritizes the speed of consummating deals, focusing on financial controls and leaving the acquired firm in a preservation mode. As a result, units that call for integration—that is, "absorption" and "symbiotic" acquisitions, both of which are characterized by a high need for strategic interdependence—tend to remain too autonomous for their synergistic potential to be realized. Based on a series of cases of such strategic assembly, including Valmet and Electrolux Zanussi, H&J '91 describe the organizational transformation required to shift from a collection of semi-autonomous acquisitions to an integrated network of operations. They conceptualized it as a process which reorients the constituent firms' prior identities into different and complementary positionings in the marketplace whilst integrating value chain resources. As a result, the corporate task shifts from a purely M&A and financial control mode to the leadership and cultural challenges of an integrated firm.

By introducing the concept of "strategic assembly," H&J '91 helped set the stage for a change of focus from individual acquisitions to sequences of acquisitions and thus, for the notion that acquisitions are not isolated events but interrelated elements that collectively serve to implement some overarching corporate strategy. Since then, strategic assembly has been studied from several perspectives. As noted in the previous section, the literature on organizational learning in the strategy domain was among the first to shift the focus to sequences of acquisitions because such sequences naturally lend themselves to the study of experience effects (see Barkema and Schijven, 2008a;

Graebner *et al*., 2017). Though this literature has continued to grow rapidly, the way it approaches acquisition sequences is quite different from what H&J ’91 meant by strategic assembly.

Post-H&J ’91 research that directly ties in with the construct of strategic assembly includes work that studies the characteristics, evolution, and performance effects of acquisition programs. Laamanen and Keil (2008) examine the performance effects of the rate at which firms engage in acquisitions, the variability of that rate, and the industry scope of the program. They find that both the rate and its variability negatively affect the performance of the program, but that prior acquisition experience can mitigate some of these negative effects. Barkema and Schijven (2008b) study the evolution of acquisition programs over extended periods of time. They theorize and show that acquirers go through long-term cycles of acquisitions and organizational restructuring. In line with H&J ’91, they find that each acquisition adds inefficiencies due to suboptimal integration in the short term and that, at some point, these accumulating inefficiencies trigger a major episode of organizational restructuring that serves to resolve the inefficiencies through a second stage of integration of the acquisition sequence as a whole. This second stage of integration also implies that studying individual acquisitions fails to uncover their performance in the long term. Finally, they find that the gradual accumulation of inefficiencies is exacerbated by a higher acquisition rate and mitigated by acquisition experience.

A related stream of research maps patterns of temporal dynamics in acquisition sequences (for a review, see Shi *et al*., 2012). For instance, Shi and Prescott (2011) use cluster analysis to uncover a taxonomy of temporal patterns that describe different approaches firms take in their acquisition (and alliance) behavior, as well as their performance implications. As another example, Keil *et al*. (2022), building on early research by Amburgey and Miner (1992), examine the role of momentum in acquisition behavior. Among other things, they find that the extent to which past acquisition behavior increases the likelihood of future acquisitions is contingent on the managerial time, attention, and other resources that the firm’s acquisition behavior consumes (i.e., the activity load).

Future Research: Strategic Assembly

The topic of strategic assembly is in a particularly early stage of development and thus, offers a plethora of research opportunities. For large firms, acquisitions are rarely isolated events but, instead, represent interdependent elements of a broader corporate agenda. As such, there is a need for more research on "acquisition programs." Two of the most obvious suggestions for future work are to pursue deeper insight into the composition and performance of such programs. With respect to the former, scholars could attempt to shed light on what determines the sequencing of different types of acquisitions. When and why are some programs composed of clusters of similar acquisitions, such as horizontal deals, while others consist of a scattered variety, such as horizontal, vertical, related, and unrelated deals? How do the pieces of the puzzle fit together? Examining these pieces could help us gain a more nuanced and granular understanding of the corporate-level strategies that the acquisitions serve to implement—vertical integration, diversification, international expansion, etcetera—and that have thus far largely remained siloed in their own sub-literatures. Broadening the perspective even further, how can we explain programs that sequence various forms of corporate development (e.g., Bennett and Feldman, 2017), such as acquisitions, start-ups, alliances, and divestitures?

Related questions on strategic assembly pertain to how private equity firms assemble acquisition targets. The buying, selling, and IPO'ing by private equity is a rich area for future work to explore. For instance, in what way is strategic assembly different for strategic versus private equity buyers? In what way does governance of acquisition targets by private equity enable assembly and sell-off? Under what conditions do financial, governance, and operational re-engineering nurture strategic assembly in buyouts? Who does private equity target, and in what sequence, to optimize value creation? Given the increasing prominence of private equity in dealmaking, these questions on the theme of strategic assembly hold particular promise.

Regarding the performance implications of acquisition programs, some of the research discussed earlier has offered insights into such high-level determinants as speed, variety, and timing (e.g., Laamanen and Keil, 2008; Shi and Prescott, 2011), but a great deal more can be done to gain richer, finer-grained insight. For instance, what contextual factors can help explain when firms should change this speed, variety, and timing? And exactly what are the mechanisms through which these core features of acquisition programs impact performance? Furthermore, given the likely interdependence among the individual deals, the value created (or destroyed) by the overarching acquisition program that they are part of should be more than a simple aggregation. Indeed, existing work suggests that after the integration of each individual acquisition, a second stage of firm-wide integration that ties all the pieces together can unlock additional value (Barkema and Schijven, 2008b), also implying that the literature's measurement of performance at the level of the individual deal is inadequate.

CONCLUSION

Since its publication over thirty years ago, H&J's 91 book has been a beacon in acquisition research and practice. It integrated hitherto disparate early research in finance, strategy and organization by seeing acquisition performance as multifaceted, shifting the strategic role of acquisitions toward the renewal enabled by transferring strategic capabilities, and moving beyond cultural differences to the question of when these differences support or hinder value creation. Itself the result of a symbiotic merger between Jemison's crosssectional research and Haspeslagh's longitudinal structured case research, it illustrates the power of in depth process research to contribute to our understanding of complex management issues such as M&A.

In this article, we identified five areas in which the authors were pathbreaking and opened the door to rich subsequent research. One contribution lay in conceptualizing the sources of value in acquisitions based on the transfer of strategic capabilities. A second contribution was unpacking the complexity of acquisition decision-making and its interaction with post-acquisition management. A third was identifying the integration-autonomy tradeoff as central to post-acquisition management and delineating the integration approaches of absorption, symbiosis, and preservation. The fourth contribution was the book's emphasis on learning from and about acquisitions. A final contribution was shifting the focus from the individual acquisition to the impact of an acquisition program by so-called strategic assemblers.

While M&A practice has evolved, every year new companies and new managers are confronting for the first time the challenges explored in H&J '91. And while research in these topic areas over the past decades has been vibrant and enlightening, we have pointed to interesting and important topics which remain to be researched. We hope our reflection, insights, and research directions offer a stimulus to vibrant and novel insights in how companies manage acquisitions and thereby improving managerial practice through rigorous academic research.

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Table 1 Contributions H&J '91, Earlier Work, and Research Gaps per Topical Domain

Topic Areas	Decision-making (pre-deal)	Integration	Sources of value	Strategic assembly	Learning to do acquisitions
Description in H&J '91	The purpose and nature of acquisition decision making are complex. The interactions and negotiations of many people, in different functions, leads to a 'theory' of the acquisition in which price considerations are only one element…Although some consider it highly rational, the acquisition process is not neatly analytical and segmented (p. 41)	Integration has three distinct stages, a stage setting phase which creates the atmosphere for capability transfer, an integration phase which implements the value creation, and finally a transition phase to being an ongoing part of the acquirer's network. Depending on degree of strategic interdependence and need for autonomy, strategic acquirers face a choice between three distinct overall integration approaches, i.e., preservation, absorption, symbiosis (p. 138). Each integration approach has a specific process over time, and specific approach to managing the interface among both organizations. Within these approaches different business elements may	"Acquisitions create value when the competitive advantage of one firm is improved through the transfer of strategic capabilities" (p. 28). Value creation can come from resource similarity as well as resource complementarity Different types of value creation corresponding to different managerial tasks (p. 28) - "Combination benefits": immediate benefits that do not involves capability transfer (e.g., market power) - "Resource sharing": economies of scale and scope through rationalization of operating assets - "Functional skill transfer": transfer of skills that pertain to the primary activities of the value chain (e.g., manufacturing) - "General management skill transfer": transfer of skills that support the value chain as a whole (e.g., strategic planning)	"Once a firm has assembled a series of acquisitions, how can they be harnessed into an integrated network of operations?" (p. 255) "Strategic assemblers are firms that have amassed an important industry position through acquisitions during a period of industry restructuring" (p. 255) Industry restructuring is often driven by 'strategic' assemblers who use fast-paced acquisition programs to build a leadership position Strategic assembly programs are characterized by a two-step process, with initial integration aimed at each individual acquisition, followed by a comprehensive integration of the entire acquisition "program."	Lessons about which acquisitions to make and learning how to make them are inextricably linked. As companies experienced the success and failure of acquisitions, their reactions varied on the basis of their ability to interpret that experience analytically, as well as their subsequent reaction to this learning (p. 251) Seasoned acquirers develop routines to - Link acquisition thinking with the business planning process (p 82-84) - Create a corporate acquisition function with multiple roles (p84-89) - Staff and manage specific deal teams effectively (p. 90-93) Focus on managing the interface after the acquisition (p. 232-235)
Research post-H&J '91:	Deal abandonment (e.g., Dikova et al., 2010; Chakrabarti and Mitchell, 2013; 2016; Hawn, dissertation and WIP); Acquisition premiums (e.g., Reuer *et al*., 2012); Behavioral and traits (e.g., Nadolska & Barkema, 2014); Deal narratives (e.g., Vaara, 2003); For literature reviews, see Devers et al. 2020; Welch et al. 2020.	Organizational interdependence and strategic autonomy differed from each other and represented of the 75% of the explained variance against other power based or cultural based models (Amy Pablo 1994), "integration and autonomy are different dimensions and not on opposite sides of a spectrum" (Zaheer, Castaner and Souder 2014) the first three clusters that emerged from the analysis appear to fit	- Resource similarity vs. complementarity (e.g., Kim & Finkelstein, 2009; Zaheer et al., 2013) - Resource redeployment (e.g., Feldman & Sakhartov, 2022) - Empirical; operationalization of value creation (e.g., Oler et al., 2008; Zollo & Meier, 2008)	- Key features of acquisition programs (e.g., Laamanen & Keil, 2008)- Long-term cycles of acquisitions and organizational restructuring (e.g., Barkema & Schijven, 2008b) - Temporal dynamics in acquisition sequences (e.g., Shi & Prescott, 2011)	- Acquisition experience (Hayward 2002; Zollo and Singh 2004; Haleblian & Finkelstein, 1999; Barkema & Schijven, 2008a) - Learning through acquisitions (Vermeulen & Barkema, 2001); acquisition capability (Heimeriks et al., 2012) - M&A function (Trichterborn et al. 2016).

		with absorption, symbiosis and preservation (Angwin 2014) Subsequent work: Review – Graebner et al. (2017); Autonomy-Integration dilemma (e.g., Puranam et al. 2006; Zaheer et al., 2013; Hybrid type integration (e.g., Schweizer, 2005); Integration capability (Mitchell & Shaver, 2003; Capron and Mitchell, 2009); role of culture (Lubatkin, 2001) Role of acquired leaders Graebner (2009)			
Suggestions for future research:	Gaps: Still fairly poorly understood - focus mainly on CEO and board of directors, or environmental factors; little insight into other actors and how they interact (Hawn is partial exception)	Gaps: Process of integration and how processes foster value creation through different types of synergies is still poorly understood. When are different corporate cultures beneficial? How do firms manage integration of different corporate cultures?	- Conceptual and empirical nature of complementarity, and its relationship with similarity - Intra- vs. inter-temporal economies of scope and their relationship with post-acquisition integration - Behavioral foundations of investment reactions	- Composition of acquisition programs - Performance of acquisition programs - Acquisition programs make it difficult to interpret traditional event studies of acquirer and target losses/gains?	Gaps: What experiential capabilities are firm level (routines) and which are individual level (leaders)? When can experience transfer between firms or divisions when managers shift jobs? How effective are acquisition playbooks (e.g., Cisco)?

Exhibit 1 Haspeslagh & Jemison's (1991) Integration Approaches