

**The Motives for Mergers and Acquisitions and
Their Implications for Research and Practice**

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The motives for mergers and acquisitions and their implications for research and practice

ABSTRACT

Mergers and Acquisitions (M&A) have long intrigued scholars given their size, complexity, and frequent failure. Despite an extensive body of research on M&A, a key limitation in M&A research is the lack of focus on the motives underpinning acquisitions, which may explain frequent mixed and inconclusive results. Much of the existing literature struggles to fully capture the complex and multifaceted nature of these motives, limiting the ability to draw consistent conclusions. In this paper, we review academic and practical perspectives on M&A motives, highlighting both discrepancies and methodological challenges. Our key contributions include a comparison of theoretical and practical insights, and a discussion of challenges like construct validity and research bias. We also emphasize the need for future research to explore M&A motives in specific industries and under varying scenarios, such as single versus multiple motives, and to assess how environmental and technological factors impact these motives and their outcomes.

INTRODUCTION

Mergers and Acquisitions (M&A) are a complex phenomenon that scholars have been attempting to understand better and explain more effectively for many years. In these pursuits, numerous novel theoretical and empirical perspectives and a trove of various measures have been developed to aid in the explanation of the motives and forces driving M&A activities as well as the subsequent post-merger outcomes (Devers et al., 2020; Graebner et al., 2017; Haleblan et al., 2009; King et al., 2021). However, these pursuits have, to date, generally produced mixed (Gomes et al., 2013; Haleblan et al., 2009) or inconclusive results (King et al., 2021).

We submit that a deeper understanding of this complex phenomenon requires that scholars better account for specific *M&A motives*. M&A motives are the reasons that underpin a firm's choice to acquire another firm. These reasons can vary and can be “multiple, complex, and much in controversy” (Steiner, 1975, p.1). While previous meta-analyses provide insights into the phenomenon by including more theoretical lenses and outcome measures to explain the variance in M&A performance (King et al., 2004; King et al., 2021), specific pre-deal factors such as M&A motives are still missing from most empirical studies (Welch et al., 2020). When confronting the complexities of acquiring firms, academic research tends to evaluate the most readily available data or familiar constructs as the basis for their studies. Consequently, M&A scholars almost certainly consider fewer antecedents that trigger a merger or acquisition than exist in practice. We propose that a critical component of the pre-deal phase—M&A motives—can provide scholars with richer and more robust insights into M&A as well as a firm's broader strategic agenda.

Strategic management perspectives (Drnevich et al., 2020) often posit that firms are motivated to acquire other firms to pursue synergies, either through cost subadditivities (e.g., economies of scale and scope, process innovation) or revenue superadditivities (e.g., product bundling, market power) (Chatterjee, 1991; Chaturvedi and Weigelt, 2024; Feldman and Hernandez,

2022; Rabier, 2017). However, while the general study of M&A motives is not new (e.g., Kitching, 1967; Lewellen, 1971), we propose that future research could substantially benefit from a more explicit and granular categorization and measurement of M&A motives—one that is better aligned with practice (Park and Meglio, 2019; Welch et al., 2020).

Suggested motives in M&A research are often classified dichotomously as operationally or financially driven (Chaturvedi and Weigelt, 2024; Lewellen, 1971; Rabier, 2017), all of which are often cited in SEC filings as activities intended to increase shareholder value (Rabier, 2017). However, many other motives exist, including those that may not be easily identified in SEC filings, such as managerial self-interest (Choi et al., 2020; Harford and Li, 2007) and hubris (Hayward and Hambrick, 1997; Shi et al., 2017). In addition, firms often report multiple motives, which can create conflicts during post-merger integration (Schijven et al., 2024). To advance our scholarship, we maintain that scholars must confront the challenge of utilizing multiple sources of data to allow for a more accurate, finer-grained assessment of M&A motives.

In this paper, we conduct a systematic literature review (Crossan and Apaydin, 2010; Tranfield et al, 2003) in which we juxtapose and compare M&A motives as discussed in the academic literature with those used in practice. Our review combines two M&A literatures: (1) articles that focus on M&A motives as well as (2) articles that are within the high-technology industries. This approach affords us the breadth required to capture all M&A motives discussed in the literature as well as the depth offered through intentionally limiting our scope to a narrower set of industries needed to conduct a fine-grained assessment of how scholars have utilized motives empirically. In addition, we also highlight the discrepancies and confounding effects of different M&A motives to guide future research.

Our first contribution consists of our review and assessment of M&A motives in the existing literature. We highlight the relatively nascent attention to M&A motives in the academic literature, as compared to practice, where it figures prominently—indeed, arguably *most* prominently—in firms’ strategic decision-making with respect to M&A. We make this contribution in several ways. First, we build a framework that identifies categories of motives through a review of the academic M&A literature and compare it to actual motives reported both by firms and third parties. While previous M&A reviews offer categorizations of motives, they are broad, limited in input from practice, and include only a few motive measures (Haleblian et al., 2009; Rabier, 2017; Rossi et al., 2013). In addition, in practice, it is common for a firm to have multiple motives for an M&A deal; thus, it is critical to have a better understanding of what these motives entail. In our examination of the explicit use of motive constructs, we find that there are important inconsistencies between scholars and practitioners in the terminology they use to describe motives. For example, in our M&A cross-disciplinary literature review, only 94 (57%) of the 163 empirical studies mention “motives” generally, and of those, only 37 reference specific motive constructs. However, in practice, at least one motive is provided for any public company announcing an M&A, and over 50% of M&A deals provide multiple motives (SDC, n.d.).

Our second contribution consists in addressing a key methodological implication: Without more explicit and accurate identification of M&A motives, seemingly significant results in research may arise from confounding effects and spuriousness embedded in the design (Armstrong and Shimizu, 2007). Motives for engaging in M&A may be influenced by outside factors such as industry trends (Schijven et al., 2024), changes in regulations governing M&A (Beneish et al., 2008; Haleblian et al., 2009), or new innovations in financing (Newman and Trautmann, 2021). Examples of these factors include leveraged buyouts that became popular in the 1980s and, more

recently, special-purpose acquisition companies (SPACs; Dimitrova, 2017; Kolb and Tykovoá, 2016; Newman and Trautmahn, 2021). We delve deeper into the sources of confounding factors affecting M&A, including construct measure validation, firm bias and tone, multiple motives, target-driven acquisitions, serial acquisitions, and context. We submit that these issues require greater attention from M&A scholars, and without the deliberate exploration of M&A motives, we suspect that many M&A studies may produce spurious results.

We organize the remainder of this paper as follows: First, we describe the methods of this review. We then: (1) Review the prominent categorization of M&A motives and associated theoretical frameworks in strategy, which primarily focus on financial value creation, (2) Identify and discuss the relatively understudied M&A motives and future research opportunities, and (3) Discuss the confounding factors affecting the use of M&A motives and offer research guidance that scholars may take for remediation.

METHODS

Our methodological approach involved: (1) Article selection, where we identify relevant articles and code them for antecedents, outcomes, theories, and contexts; (2) Crafting a comprehensive M&A motive and categorization codebook; and (3) Identifying practice-based motives using a triangulation process. In this section, we describe the steps of our methodological approach in detail.

Article Selection

For our review of M&A motives, we first selected articles for inclusion if M&A were their primary context. Our articles were drawn from top journals as defined by Financial Times 50 from the disciplines of accounting, economics, finance, information technology, management, marketing, operations management, psychology, and sociology. We used the online database Web

of Science using these search terms: “acquisition,” “acquir*,” “merge*,” and “M&A” from 1990 through 2019. Additional search terms such as “diversification,” “integration,” “driver,” and “motive” were included to ensure that we did not omit any related research. Our initial results encompass an abundance of scholarly M&A research, including 1,686 journal articles published from 1990 through 2019 (see Supplemental Materials Table S0 for a complete journal list).

In the first phase, we manually inspected each article by title (and the abstract if the topic needed clarification) for study inclusion and noted the industry focus. For the second-round review, we identified M&A studies that focused on M&A motives (52 articles; see Supplemental Materials Table S1 for the article list) as well as any articles that focused specifically on the high-tech industries (163 articles). Our choice to expand our focus into the high-tech industries allowed us to assess a broader set of M&A motives and capture how a changing technological environment can affect firms’ M&A decision-making. In addition, the inclusion of high-tech industries allows us to capture more explicit technology motivations for M&A and to provide deeper insights into dynamic, growing, and relevant industries within M&A while still capturing all other potential motives from non-high-tech industries, which are covered in high-tech industries as well. We define high-tech industries broadly through the associated industry codes (e.g., Aktas et al., 2013) and/or the firms’ self-designations as “high-tech” in their U.S. Securities and Exchange Commission (SEC) filings (see Online Supplemental Table S2 for list of SDC Platinum (SDC) high-tech industry codes¹).

¹ SDC Platinum offers as part of its M&A dataset a detailed classification of the high-tech industry by three-digit codes, which includes companies that have SIC codes associated with high-tech industries (e.g., Porrini, 2004; Reuer et al., 2004) and provides a short-cut for scholars for identifying a specific M&A high-tech group sample (Porrini, 2015; Reuer et al., 2004). SDC categorizes high-tech groups as Biotechnology (22 sub-codes), Computer Equipment (26 sub-codes), Electronics (7 sub-codes, e.g., semiconductors), Communications (11 sub-codes; includes Internet services and software code 420), Others (511–519, e.g., robotics, lasers) and then provides a three-character code within each of those groups, e.g., 214 represents portable computers. See Online Supplemental Table S0 for a complete list.

In the second review phase, we captured two categories of article details. The first category comprised information exported from the Web of Science database, such as journal name, authors, abstract, keywords, and year. The second category included items coded manually for each article, such as the specific high-tech sub-industry, theory, methodology, M&A motive(s), additional keywords, key variables (antecedents, moderators, outcomes, and controls), key findings, and effect sizes (for empirical studies, as applicable). An article was coded for a particular *theory* if the authors invoked it as part of the article's primary framing. While each article could reference multiple theories, theories mentioned merely in passing and not built into the development of propositions or hypotheses were excluded. We determined whether the article focused on a *high-tech industry* (0 = No, 1 = Yes) through (1) the reference of terms including "high-tech," "high-technology," and "technology," (2) if it included the industry classification codes denoting high-tech firms², or (3) if the article included a control variable for "high-tech." The *M&A motive(s)* were initially captured using the exact language used. The subset of articles mentioning motives totaled 146 (94 of which had a high-tech focus).

Crafting a Comprehensive M&A Motive and Categorization Codebook

As a second step in this systematic review, we identified M&A motives and motive categories from the literature. We used an iterative coding process to identify themes and group motives for consistent categorization (Creswell and Poth, 2018). In the motive-specific literature, we found 149 individual motives that utilized different phrasing of words, which we initially divided into 68 categories. An interactive categorization process was followed to allow for motives and category refinement (Creswell and Poth, 2018). For example, for the category "Synergies," we coded motives such as "achieve synergies," "managerial synergies," and "synergistic

² SIC industry classification codes include all high-tech industries (283, 357, 366, 367, 382, 384, 481, 482, 489, 737, 873).

opportunities.” For motive categorization, we conducted a content analysis, including topic modeling (e.g., see Schmiedel et al., 2019 for an overview). Inputs for the analysis included the coded M&A motives and motive categories in addition to the pre-identified SDC Platinum motive categories (See Table 1 for SDC motive categories). We conducted an iterative review process across three rounds in which we gathered feedback from four academic M&A experts. The use of multiple experts as coders allows for a comprehensive assessment and categorization of codes and helps provide additional validity through inter-coder agreement (O’Kane et al., 2019).

Round one included an initial categorization exercise by three of the four coders for all the motives and motive categories. Inter-coder agreement calculations showed a low overall agreement at 69%, with agreement varying across categories. For example, coders agreed 90% on the “Technology” and 100% on the “Leading Provider and Position” motive categories; however, coders disagreed on the categorization of “Strengthen Operations,” demonstrating only 43% initial agreement. For the next iteration in round two, we included refined category names and added new categories and motives. Round two resulted in a recategorization of 50% (107) of the motives from round one, including categories such as “Product and Services,” “Expand Market Presence,” and “Strengthen Operations.” In addition, the coders provided feedback on a revised higher-order categorization, with an allowance for second and third categories for a motive. Round two demonstrated an increase in inter-coder agreement, with the lowest at 87% for new categories and the highest at 94% for “Products and Services.” Round three, an extension of round two, provides corroboration for the category mappings of motives using a fourth coder unfamiliar with the previous categorization exercises. An inter-coder agreement of 96% in round three provides an overall validation of the baseline categorization framework. In the assessment of categories, traditional categories, as seen in the academic literature, show inter-coder reliability above 90%.

The third and final review round resulted in eight high-level motive categories and 17 sub-categories, which represent 227 motives. (See Table 2 for a list of high-level and sub-categories and online supplemental Table S5 for the full codebook.) However, we offer one caveat, which is that non-traditional categories found in the academic articles that capture other potential motives, such as “defensive,” “opportunistic,” “survival,” and “reducing risk,” have lower inter-coder agreement. Discussion among all coders revealed that the remaining code categorization conflicts were the result of differences in how a coder interpreted the context of the acquisition (e.g., whether a defensive motive is non-value maximizing or for value creation) and is considered further in our findings.

Identifying Practice-Based Motives

We used both deductive methods (motive/category codes identified from academic articles) and inductive methods (e.g., motives/categories found in M&A transactions through SDC purpose codes, purpose descriptions, and manually coded firm and third-party documents) to identify all M&A motives in practice (see Figure 1). We utilized a stepwise process and different M&A data sources to assess the M&A motives found in practice (see Figure 2). While we coded each document type manually, we also used QDA Miner topic modeling conjointly to validate the identification and categorization of a motive category (Hoberg and Phillips, 2010; Short et al., 2010). We incorporated additional categories suggested by the topic models into the coding categorizations and individual motives, which the coders reviewed as part of the iterative process.

Practice-Based M&A Data Sources and Selection.

We identified the M&A motives utilized in practice through a variety of data sources, including SDC Platinum, SEC filings, and other media article databases, including LexisNexis, Business Source Ultimate, and Factiva (see Supplemental Materials Table S3 for data sources and

variable matrix). We used SDC Platinum because it offers M&A purpose codes and descriptions for the identification and categorization of M&A motives, in addition to transaction-level information. The documents we collected for each M&A transaction included firm press releases, annual reports, and third-party media articles. Our data included a random selection of 400 high-tech transactions that occurred from 2000 through 2018, for which M&A purpose codes and description fields were available. Firms provide these fields as part of SEC filings upon acquisition announcement like the press release (Rao et al., 2016). The use of M&A announcement archival documents provided deal motives (Ahuja and Katila, 2001; Puranam et al., 2006; Sears, 2018) and allowed for the coding of acquisitions for motives not available through SDC purpose codes, such as the acquisition of patents, software or technology, target research personnel, or target technology products (Borah and Tellis, 2014). These documents provide both firm and third-party descriptions of the motives and expected outcomes based on the particular M&A transaction.

Data Triangulation.

We analyzed motive use, motive agreement, and differences across data sources. Scholars have utilized content analysis to create broad motive categories that include customer versus production (Chang and Cho, 2017), operating versus financial motives (Rabier, 2017), and non-innovation versus innovation (Rao et al., 2016) dichotomies. However, these are binary and broad categories and do not use multiple data sources. The triangulation of data sources helps to address the need for a standard categorization of motives and to manage the proliferation of many different types and measures of motives across academia and practice. We utilized multiple software programs (QDA Miner, WordStat, LIWC, SPSS, Excel, and SQL Server) and custom C# and SQL code to automatically retrieve, match, and clean data files and tables. The use of qualitative data analysis software provides an additional validation method to increase the reliability of the findings (O’Kane et al., 2019). Furthermore, our use of multiple data sources for triangulation provides

another mechanism for ensuring validity (Boyd et al., 2005; Godfrey and Hill, 1995; Hitt et al., 1998). For a full list of all document types and total files per type, please refer to online Supplementary Materials (Table S4). The final dataset consisted of 387 transactions associated with 2,404 documents. We removed thirteen transactions during the data cleaning process for various reasons, including withdrawn acquisitions, assets-only acquisitions, acquisitions of less than 100 percent of the target firm, and non-high-tech acquirers. Inductive coding included a total of 2,921 sections of text for references to the motive of the acquisition by an acquirer and 327 sections of text for references to the motive by a target (see Supplemental Materials Table S6 for example, inductive coding results).

REVIEW OF FINDINGS

Our findings reveal a juxtaposition of motives found in practice and how they align with the academic motive categories discussed previously. Table 1 provides examples of motive descriptions, associated SDC motive purpose codes, and the assigned motive categories in this review's categorization process. Through our analysis using multiple data sources, including media articles, we captured additional unusual M&A contexts. We organize our findings into three sections including: (1) A review of traditional theoretical perspectives of M&A motives, (2) Discrepancies in how academic articles and practice treat different acquisition motives, and (3) Different confounding factors related to the incorporation of M&A motives in empirical models.

Traditional Theoretical Perspectives on M&A Motives

The conventional differentiation of motives is the dichotomous categorization of value-creating “synergy” versus non-value-creating motives such as managerial self-interest and hubris (Angwin, 2007; Carpenter and Sanders, 2007; Chatterjee, 1986; Feldman and Hernandez, 2022; Seth et al., 2002). For example, in the pre-merger phase (i.e., target identification and selection),

executives of the acquiring firm assess the best way to capture value for shareholders (Cartwright and Schoenberg, 2006), which includes a broad grouping of value-creating motive categories of financial and operating objectives (Chatterjee, 1986; King et al., 2018; Lewellen, 1971; Rabier, 2017). Within the M&A literature it is not uncommon to find firm-level motives of “synergies” or “value creation.” Synergy is “the ability of two or more units or companies to generate greater value working together than they could working apart” (Calipha et al., 2010, p.8). Value creation is often associated with theories such as the resource-based view (RBV) of the firm (Barney, 1991; Peteraf, 1993; Wernerfelt, 1984) and how acquired resources or capabilities can create new opportunities (Uhlenbruck et al., 2006) or sustain competitive advantage. Value-maximizing M&A motives generally entail a financial focus on the sub-categories of revenue maximization (revenue superadditivities) and operating cost reduction (cost subadditivities) that can help a firm increase its shareholder value (Haleblian et al., 2009; King et al., 2018; Rabier, 2017). See Table 3 for examples of these motive categories.

Revenue superadditivities encompass several drivers for engaging in M&A to have a short-term impact on a firm’s revenues and profitability. For example, strategic decisions to grow the firm can take on many different avenues via M&A activities, including enhancing internal capabilities through new products or services (horizontal integration), acquiring new customers, or expanding to new geographic locations. In addition, struggling firms may look to diversify into new market areas, changing their competitive landscape and enabling their future growth (Miller, 2004). For cost-subadditivity motives, the economics and strategy literatures outline the M&A motives of economies of scale, economies of scope, and firm bargaining power for enhancing acquisition performance (Chatterjee, 1991; Karim and Mitchell, 2000; Larsson and Finkelstein, 1999; Ravenscraft and Scherer, 1987; Steiner, 1975). Firms’ efforts to reduce costs and increase

resources and assets to support their production process align with absorptive capacity (e.g., Park and Ghauri, 2011), RBV and strategic intent perspectives (e.g., Rui & Yip, 2008), and resource dependence theory (e.g., He et al., 2018; Pfeffer & Salancik, 1978).

In addition to revenue superadditivities and cost subadditivities, there are additional financial reasons firms may engage in M&A activities. The specific motives include opportunities for increased financial synergies, such as buying another firm's cash flows to obtain access to its balance sheet or greater access to capital markets. Increases in positive market valuation (Lewellen, 1971) can occur through target divestitures (Walter and Barney, 1990), tax savings (Seth, 1990), investor visibility (Walter and Barney, 1990), access to financial capital including cash or debt financing (Erel et al., 2015; Lewellen, 1971) and stock sales (Walter and Barney, 1990). Pure accounting reasons such as balance earnings cyclicalities (Walter and Barney, 1990) and risk diversification or coinsurance (Capron and Pestre, 2002; Larsson and Finkelstein, 1999; Rabier, 2017) also fall into this category. Valuable and rare resources (Barney, 1991; Wernerfelt, 1984) can produce higher operating cash flows relative to industry peers (Andrade et al., 2001) and according to free cash flow theory (Jensen, 1976) may encourage diversification through M&A by paying with cash (Brush et al., 2000). While these financial reasons do support additional value creation for the firm, they do not fall directly into either the revenue-superadditive or cost-subadditive categories.

In summation, whether motives are revenue-driven, cost-driven, or pertain to other financial reasons, current theories that focus on value creation can be a limitation in that we fail to account for other motives that are more difficult to classify and do not bear an immediate financial impact.

Discrepancies Between Scholarly and Practice-Based Motives

In our comparison of M&A motives in academic literature versus M&A transactions in practice, we found several opportunities for additional research to enhance our understanding of the use of acquisitions for technology, risk reduction, and talent. Our findings reveal that while technology motives are usually broadly categorized in academic literature for technology products or innovation capabilities, motives are actually more nuanced in practice. In addition, the motive category of risk reduction, as addressed in the academic literature, fails to capture and identify potential outlier transactions. Similarly, acquisitions for human capital—or acqui-hires—while discussed in the literature, need further in-depth examination for how this motive can be fully captured utilizing data from practice.

Technology Motives.

Technology-based motives are an important and growing topic in the M&A literature. Firms may engage in acquisitions to acquire fully developed technology products or services that fill the gaps in their product portfolios (Lee and Lieberman, 2010). Aligned with Yip's (1982) market entry mode, RBV, and Penrosean (Penrose, 1959/2013) perspectives, the more efficient method and use of resources to either extend existing products or enter a new product market is acquisition (Lee and Lieberman, 2010). In addition, if a firm operates in a highly dynamic industry in which either the product market or the product's underpinning technology changes, it may choose to acquire a new product technology or a dominant design (Anderson and Tushman, 1990; Chang and Cho, 2017; Drnevich and Kriauciunas, 2011; Irwin et al., 2022; Schweizer, 2005; van Rooij, 2005). In another example, theoretical arguments, such as absorptive capacity (Cohen and Levinthal, 1990) and the knowledge-based view (KBV; Grant, 1996), can be aligned with the motive behind the acquisition for innovation (Prabhu et al., 2005) or access to emerging dominant

designs (Anderson and Tushman, 1990). While the acquisition of technology can also be used for exploration—that is, external acquisition of a leading technology product—or for exploitation—that is, internal use for R&D development—both can help a firm achieve superior performance (Stettner and Lavie, 2014).

Twenty-eight percent of the high-tech articles in our review discuss acquirers' motivations to acquire technology. In addition, in practice the SDC "CMP" motive ("Acquire competitors technology/strategic assets") represents 5.48% of the deals (see Table 1). An important observation is that use of the term "technology" as a very broad category in both research and practice can have fundamentally different implications for acquirers. For example, technology acquired through M&A may be similar or complementary to a firm's current technology, an investment for a long-term R&D initiative, a response to a technological event, or used for something else entirely. Some of these motives to acquire technology can fit within the categories of revenue or cost synergies. For example, acquirers may look to build new technology products or services to increase revenue outlets and attract new customers, or they may be internally focused to use the acquired technology to improve their capabilities and processes for cost efficiencies. This difference in revenue versus cost motives is commonly seen in practice. Two illustrative examples we noted from company reports included language describing the acquisition of technology in the following manner: "The purpose of the transaction was for Heartland Payment Systems Inc. to integrate the XPIENT technology into its current offerings for its customers," and "The purpose of the transaction was for Neogen Corp to create labor and technology savings" (SDC, n.d.). As technology-based motives for M&A are clearly numerous and complex, we need to take a more integrative approach by incorporating multiple M&A technology motives across different theoretical constructs and perspectives.

Another technology motive observed for firms in high-tech industries is the expansion of R&D or innovation through patents (Belderbos, 2001; Schweizer, 2005). Ownership of intellectual property (IP) is a critical source of knowledge-based competitive advantage (Grant, 1996). Such knowledge-based resources can fuel the global commercialization of high-tech products and serve as imitation barriers (Somaya, 2012). In an assessment of the internationalization of R&D through patent acquisition, firms engaged in this activity primarily for two reasons: “the exploitation of the firm’s technology abroad and the sourcing of foreign technology” (Belderbos, 2001, p.314). A firm may also proactively avoid a patent race by acquiring a competitor or would-be competitor (Häussler, 2007). Firms can acquire targets for their patents to own the IP required to offer new products or services, as opposed to licensing the technology or developing their own patented IP in-house (Borah and Tellis, 2014; Frey and Hussinger, 2011). Overall, patents are critical resources that firms leverage within their IP portfolios and are used to develop future products or services.

Technological events, such as the internet mania and the subsequent dot.com bust in 2000, refer to periods of technological revolutions (Perez, 2009). Technological revolutions, such as periods describing the Industrial Revolutions (Schwab, 2017), are “defined as a set of interrelated radical breakthroughs, forming a major constellation of interdependent technologies; a cluster of clusters or a system of systems” (Perez, 2010, p.189). These technological breakthroughs or waves are similar to M&A waves in which firms can take on different roles, such as first movers or bandwagon followers (reactive positions), as part of their adaptation to the changing technological environment (Häussler, 2007). Depending on the technological event phase and particular firm characteristics, a firm’s motives for M&A may differ. For example, as discussed previously, the motive to acquire patents for a winning technology is relevant only if there is a dominant design (Perez, 2010). Alternatively, firms may make exploratory acquisitions of various technologies if a

new radical innovation is in its initial stages (Henkel et al., 2015; Perez, 2010). In either case, the technological event phase within the M&A context may play an important role in motivating a firm to acquire.

However, in some cases, motivations for acquisitions may be to block, rather than use, the acquired technology: “to eliminate a competing model, a model that would be particularly threatening if acquired by a powerful player” (Santos and Eisenhardt, 2009, p.659). For example, in competition with the Apple Watch and Android Watch, Fitbit acquired Pebble Watch to prevent their acquisition of Pebble. Fitbit subsequently stopped producing the Pebble Watch and moved all customers onto the Fitbit platform (Goode, 2018). Google, interested in expanding into devices and health-related data, announced its acquisition of Fitbit (Copeland and Thomas, 2019; Needleman and Copeland, 2019) to directly challenge Apple (Siegel and Romm, 2019). Google acquired Fitbit reportedly to expand market presence and “to accelerate innovation in the wearables category, scale faster and make health more accessible to its consumer” (SDC, n.d.). In this effort, Google has since advanced its wearable technology offerings to the Pixel Watch and is discontinuing the Fitbit (Schoon, 2024). While each of these acquisitions involves a motive of “technology,” the specific purposes of that technology may or may not be useful in gaining cost or revenue synergies, but instead may be a risk reduction opportunity.

Risk-Reduction Motives.

Firms may be motivated to invest in acquisitions for the purpose of reducing risk (Beneish et al., 2008), and for associated reasons to respond to changing industry conditions or the need for diversification. Such risk-mitigation motives are often difficult to ascertain because the expected outcome of this type of M&A is difficult to measure and may be unpopular with shareholders, as it does not focus on growth or profit. For example, as noted earlier, an M&A motive may be to reduce the risk of revenue loss by purchasing a potential competitor. In this case, revenue

remaining unchanged would be considered a positive outcome for the acquirer but viewed unfavorably by shareholders. In addition, within the high-tech industry a firm's strategic choice to invest via internal development or external acquisition for technology products fits within the broader make-or-buy product strategy (Desyllas and Hughes, 2008; Lee and Lieberman, 2010). The make-or-buy decision is another example of how the acquisition of a product can reduce risk by transferring ownership of the technology (Desyllas & Hughes, 2008; Geyskens et al., 2006; Leiblein et al., 2002).

While risk-reduction motives are usually not reported by the acquirers, third-party media speculates that the removal of competition can be a primary driver: Verizon's acquisition of XO Communications-Fiber Bus "takes one competitor out of the market" (Buckley, 2016) and through Oracle Corp's purchase of AmberPoint Inc. it can eliminate "companies with competing technologies with the intention of killing off rival products" (SeekingAlpha, 2010). Although the SDC purpose code for Oracle's acquisition of AmberPoint Inc. was "PRD" (acquisition of products), it is worth noting that this acquisition may have been made to avoid potential future loss of customers from AmberPoint if it had remained a competitor rather than to increase revenue for that product line.

This "competitor-removal" strategy through acquisition is also seen in other deals such as Marvell Technology Group's acquisition of Intel's mobile phone chip business. Marvell's unofficial motto is "Wait for a market to get big enough and kill whoever is there" (Whalen, 2006). Although the reported SDC purpose of the transaction by Marvell was to provide them with "a strong presence in the growing market segment for processors used in smart handheld devices," it is speculated that the actual purpose was to eliminate a future competitor (Whalen, 2006). In all these cases, additional analysis by academic scholars is required to ascertain whether the reported

motives accurately reflect the actual purpose or whether there are other potential motives that need to be considered.

Evidence of struggling firms, increased competition in a changing industry, and integration challenges, among others, all describe potential boundary conditions or moderating effects that are important to capture as part of the M&A context. For example, a situation in which either the acquirer or the target was struggling prior to the acquisition outlines a potential coding mechanism for the motive of “firm survival.” An example is Comcast Corp’s acquisition of TechTV Inc. as a “chance to survive” after “struggling some time and after multiple rounds of layoffs” (Wired, 2004, p.3) and Corillian Corp’s acquisition of IntelliData Technologies Corp as “IntelliData’s Survival Sale” in which it said that if it did not find a buyer, it might go out of business (Wolfe, 2005). In these cases, the motive for survival may not be commented upon by the target or acquirer, but rather by third-party media or competitors. Competitors’ speculation can provide more insight into the potential motives of the M&A that the acquirer may not want reported such as in the case of Emulex Corp’s acquisition of ServerEngines Corp in 2010, where competitors positioned it as “a desperate act of survival” (Emulex, 2010, p.6). In our analysis, very few acquirers and targets (less than 1%) reported the motive of “firm survival”; however, media articles discussed how targets appeared to be struggling prior to their acquisition (7%). For example, in Plato Learning Inc.’s acquisition of Lightspan Inc., it was reported that:

Both companies have struggled in recent years to keep up with technological advances, shifts in the preferences of educators, and trends in school reform and the federal and state regulation of education (Trotter, 2003, p.5).

In another case of Citigroup’s acquisition of BISYS Group Inc., it was said that “the deal also is a way out for Bisys, which by its own account had been struggling to generate account growth” (Bills and Mazzucca, 2007, p.2). Similarly, Sigma Designs Inc. purchased Trident Microsystems

less than a year after Trident filed for bankruptcy (McGrath, 2012). While scholars in their empirical M&A analysis control for a struggling firm by assessing previous target performance, which often has a negative relationship with M&A outcomes (King et al., 2004), previous poor performance may or may not be the reported motive for the acquirer's acquisition. In all these cases, third-party media shed additional light on what may have transpired and provide additional background information on these acquisitions.

Human-Capital Motives.

The acquisition of human capital (a.k.a. “talent” or “acqui-hires”) includes motives to acquire both management executives and employees. We observed this motive in 15% of the deals in our sample. While we briefly discussed human-capital motives previously as part of the academic literature focusing on the acquisition of knowledge through human capital, our findings show that, in practice, the acquisition of human capital is also much more nuanced. For example, recent literature on acqui-hires (e.g., Boyacıoğlu et al., 2024) highlights that firms look to acquisitions for bringing in new talent. Depending on the purpose of the acqui-hires of the new executives and employees, it could immediately lead to revenue growth and/or cost reduction. However, to realize the benefits of the acqui-hires, it might also require additional integration time or be associated with a longer-term strategy, which may not have a noticeable financial impact. Given these different timelines, accounting for the human capital motive is more complex and requires additional consideration. In addition, this motive can be difficult to determine from just the SDC database reporting (the motive of talent acquisition is neither an SDC purpose code, nor do M&A press releases always include specific details).

From practice, examples of these motives in our sample include “all employees are expected to join Xerox” (Xerox, 2007), “Opware intends to retain almost all of iConclude’s employees...and move 10 key engineers to Opware’s Redmond, WA facilities” (Opware, 2007,

p.2), and “we want to hold on to Sun’s experienced team of first-rate hardware engineers” (Oracle, 2009). In addition, acquisition documents show that acquirers also look to retain target top executives, such as:

Cadence said Moshe Gavrielov, CEO of Verisity, will join the Cadence executive management team. Yoav Hollander, founder and CTO, will play an integral role in setting Cadence’s verification technology direction (EE Times, 2005, p. 1).

“Dr. Bharatan Patel, Chief Executive Officer of the Company and the founder of Fluent, will continue leading and overseeing Aavid Thermalloy while working closely with Ansys to provide strategic guidance” (Aavid Thermal Technologies, 2006).

It is important to fully account for the potential of M&A failure if those specific “executives” or “employees” to be acquired choose to leave rather than work for the acquirer. In such cases, the M&A outcome would be considered a failure if the primary reason was talent acquisition.

The acquisition of strategic human capital with specific technological knowledge is another means of acquiring market- or customer-based knowledge (Ranft and Lord, 2000) when sourcing external knowledge for product portfolio enhancements (Carayannopoulos and Auster, 2010) or knowledge of local markets (Rui and Yip, 2008). Similarly, additional technology-related motives include “technological knowledge,” “technological know-how,” and “technology resources” (Ranft and Lord, 2000) and intersect with similar human capital motives. For example, in one case study, a networking hardware firm was acquired to bring new technology to the market and acquire human capital (acqui-hires) to extend and build future products (Graebner, 2004). Scholars focusing on these areas typically invoke both the RBV and KBV (e.g., Grant, 1996; Mahoney and Pandian, 1992; Park et al., 2018). Firms can benefit by exploiting complementary assets such as human capital first acquired externally and then subsequently reconfigured into an organization’s operations and organizational structure (Majumdar et al., 2014).

Three challenges arise with human-capital-driven motives. First, scholars must identify the acqui-hire motive. This identification can be difficult as it is not normally reported in the M&A databases but instead may require additional investigation of each transaction. The second challenge is assessing M&A success through the assessment of target talent retention, which may require surveys, interviews, or other archival documents that directly address the retention of the target talent acquired. Most empirical studies would assess M&A success through performance measures such as cumulative abnormal stock returns, return on investment, or return on assets (e.g., King et al., 2021). However, as the acquisition of talent may not be for specific revenue-enhancing or cost-saving purposes, at least not in the near term, utilizing the typical performance measures may present an inaccurate representation of success.

Finally, over what timeframe should M&A success be assessed for acqui-hires as a motive? Within the short term of one to two years, assessing target exits seems reasonable. But in the long-term, it would be expected that these acqui-hires would be integrated into the firm and account for synergies that add to the firm's strategic portfolio and future projects. This determination becomes difficult if not impossible to measure as it would have to account for how specific individuals contribute to overall firm value creation and success. Thus, the focus of assessing this particular M&A's long-term performance should not be considered, but a broader assessment of the strategic assembly of the firm seems more applicable (e.g., Haspeslagh and Jemison, 1991).

Challenges in assessing human-capital motives include the changing nature of the workforce and high-tech occupations (Hecker, 2005), the ability to integrate human capital and perform knowledge transfer post-merger (Graebner, 2004; Graebner et al., 2017; Sarala et al., 2014), and difficulties in evaluating the multi-level interactions required to assess the effect of human capital variables (Ployhart and Moliterno, 2011). Future research that assesses intersection

of employee mobility (Younge et al., 2015) and technological advances within acquisitions could help address the boundary conditions for capabilities (Drnevich and Kriauciunas, 2011; Irwin et al., 2022), knowledge (Grant, 1996; Irwin et al., 2022), and human-capital-focused (Armstrong, 2014; Moliterno and Nyberg, 2019) theoretical frameworks.

Confounding Effects of M&A Motives

Through our analysis and comparison of the academic M&A literature and practice-based motives reported by firms, we found several key confounding factors and effects of M&A motives. These factors include: (1) Scholars' use of *assumptions and proxies* for motives, (2) Firm choices in how they *report* motives, (3) Different *classifications* of high-tech industries, (4) Firms with *multiple M&A motives*, (5) *Target-driven* acquisitions, and (6) Firms engaging in *serial acquisitions*. We discuss below how scholars can utilize an improved conceptualization and measurement of M&A motives to enhance their empirical investigation of the M&A phenomenon and reduce potential confounding effects.

Accounting for Motives through Construct-Measure Validation.

Scholars should account for high-level M&A motives as part of the theoretical foundation for any empirical study of M&A. For example, a study invoking a traditional value-creation lens may view all M&A transactions for revenue superadditivities or cost subadditivities. However, such assumptions may often be incorrect. The assumption of a general or even specific value-creation motive may result in confounding effects in the forms of vague or misinterpreted meanings and introduces potential errors (Ketchen et al., 2013) if the assumption is incorrect.

In our literature review, we found 37 of the 94 empirical high-tech studies that reported some type of motive measure (see Supplemental Materials Table S7). One option to overcome the limitations of assumptions is to provide support for an assumed motive by utilizing a proxy motive;

however, that also introduces a confounding issue. Proxies may not reflect the actual motive, which may be unknown or associated with more than one underpinning driver of M&A, such as R&D patents and talent (Borah and Tellis, 2014). For example, using the proxy of R&D expenditures as a motive (Higgins and Rodriguez, 2006; Hitt et al., 1991), commonly included in M&A high-tech industries articles (Zorn et al., 2019), does not account for other unrelated motives such as for the acquisition of non-technology capabilities.

Accounting for Firm Bias and Tone.

Reported firm motives are not always clear or concise. Even in academic literature, the same motive term can represent several different meanings and, by extension, be operationalized through different measures. For example, the term “synergies” can take on many meanings (Chaturvedi and Weigelt, 2024; Feldman and Hernandez, 2022; Rabier, 2017). The language used by firms to describe the specific synergies to be gained may be broad or very specific. For example, Sirius Satellite Radio Inc.’s acquisition of XM Satellite Radio Holdings Inc. in 2008 reported “synergies” in SDC as the motive and stated:

The purpose of the transaction was to create a stronger platform for future innovation within the audio entertainment industry. Based upon a preliminary analysis, the combined company expects to realize total synergies, net of the costs to achieve such synergies, of approximately USD 400 million in 2009.

In contrast, Sierra Wireless Inc.’s acquisition of AirLink Communications Inc. in 2007 reports a more generic motive as “create synergies and deliver significant benefits to both entities.” The use of just the word “synergies” limits shareholders’ understanding of the specific type of synergies at hand. Unfortunately, in some cases, it is difficult to determine how an acquisition plays an important role and assess the underpinning actual motives. However, Sierra’s press release outlines additional information delineating how Airlink’s device and software will be fully

integrated into Sierra's mobile computing platform (McLennan, 2007). Unlike other firms that do not expand on synergies, in this case, additional information shows that synergies come from an expansion in product technologies, capabilities, and cost efficiencies. Scholars should look to identify and assess M&A motives for their actual meanings to ensure that the transactions they include in their analysis are appropriate.

Another option to address the concern of assumptions is to code a firm's press release acquisition announcements (Rabier, 2017) for a more explicit reference to the types of motives, such as specifically for technology. However, the identification of motives as part of the coding process still assumes that the announcement description mentions the motives and is accurate. For example, an announcement may or may not explicitly state that technology is the driving motive for the acquisition. Unfortunately, this limitation of the data remains, as we are unable to determine the actual underpinning purpose without using primary data. In addition, firms' required SEC disclosures, which include the purpose of the transaction, rarely if ever include non-value maximizing motives, such as managerial hubris or anti-competitive purposes (Angwin, 2007; Rabier, 2017). Expanding the identification of motives to include additional source material such as third-party analysts or media accounts, as discussed below, could increase the variety of motives identified per transaction (Rabier, 2017).

In addition to the potential for misunderstanding the meanings of reported motives, we also found discrepancies in the motives data such that firms inconsistently report their motives across different data sources on a transaction. For example, the SDC purpose codes and descriptions may differ in that the acquirer may report a single motive in the code, but the description may describe multiple motives, or vice versa. As part of our analysis of practice-based motives, we address the questions: "Do motives reported in SDC match firm-reported motives (e.g., 99.1s SEC filings,

conference calls) and media-reported motives?” and “Can SDC purpose codes be used in lieu of content analysis?” In our assessment of inter-document agreement, we compared SDC purpose codes with motives found through the content analysis of different firm and third-party documents. This validation by data source showed a range of agreement from .506 to .936 by source type (see Supplemental Tables S8 and S9 for details on inter-document agreement). This mismatch of motives across data sources occurs when additional data sources such as firm 10Ks or third-party analyst reports provide additional and/or contradictory information on the motive(s). Ideally, future research will more clearly identify how it identified motives, and the process used to resolve conflicts within the data.

Public U.S. firms are legally required to report M&A transactions of any substance to the SEC, and these filings are expected to be accurate. However, firms have a choice in how they phrase the motives behind their acquisitions, meaning that some information may be withheld or presented more positively to shareholders and analysts. In our assessment of tone by file type and source, we find some differences (see Supplemental Materials Table S10 for tone-by-file-type data). In our comparison of the motives’ language across internal and external documents, we find a significant difference. Using Linguistic Inquiry and Word Count software (Pennebaker et al., 2007), we find tone in internal firm documents to be significantly more positive than external third-party documents ($N = 292$; Internal Tone Mean = 62.524, s.d. = 16.652; External Tone Mean = 52.602, s.d. = 20.792; $F(1, 291) = 40.127$, $p = .000$, $r = .348$). Therefore, we find that firms engage in positive impression management of motives in their internal documents in comparison to third-party media coverage. Given these results, scholars should include third-party materials in their assessments of motive tone.

Accuracy of Industry Classification.

Classifying an M&A transaction by industry is more complicated than it may seem at first. For example, firms in “high-tech” industries may themselves be regarded as high-tech or their products and services may be regarded as high-tech. When “high-tech” is used as an industry classifier, it becomes more difficult to ascertain whether the researcher is referring to the firm, the products or services it offers to generate revenue, or the technologies that the company uses in its operations to produce a particular product or service. Scholars use several industry classification methods and, as a result, there are differences in the ways they identify whether M&A activity falls under the category of “high-tech” industries. For example, different industry classification codes exist to categorize high-tech firms, including the Standard Industrial Classification (SIC), North American Industry Classification System (NAICS), and Global Industry Classification System (GICS). Kile and Phillips (2009) outline an optimal eight-digit categorization of 26 GICS codes representing firms in high-tech industries. In addition to these classification mechanisms, scholars use database flags and codes in SDC Platinum (Ranft and Lord, 2000; Reuer et al., 2004) or conduct content analysis (e.g., Shi et al., 2017; Somaya, 2012) to classify types of products as high-tech and innovation focused. Scholars may use a “high-tech” control variable in a broader cross-industry M&A study (Porrini, 2004; Reuer et al., 2004) through the “high-tech” flag associated with SDC or use guidelines for selecting high-tech companies as noted above.

Our example and discussion of “high-tech” industry classification highlights a major challenge for M&A scholars, given the differences in definition and classification used, along with the increasing use of technology across all industries over the last decade, aligned with the start of the Fourth Industrial Revolution (4IR; Schwab, 2017). The comparison of studies or compilation of meta- or review studies is difficult without consistency in how high-tech industries are

measured. Overall, there is no strong consistency in how scholars classify a sample as high-tech. Future scholars should be more explicit in defining such ambiguous industries such as high-tech in their M&A studies.

Multiple Motives.

Firms often have multiple motives for engaging in M&A activities (Hakanson and Nobel, 1993a; Rabier, 2017). For example, the acquiring firm might seek to both decrease costs and increase revenues, such as a firm in a declining industry or at risk of take-over or bankruptcy (Anand and Singh, 1997; Datta and Pinches, 1992). Hakanson and Nobel (1993b) in their assessment of technology internationalization found that while acquiring foreign R&D is a prominent motive, other motives, including expanding to local markets and political factors, are also reported by the same firms as reasons to acquire a target. For example, if a firm is driven by both cost-saving synergies and revenue-enhancement synergies (Rabier, 2017), accounting for the contribution of each motive to the outcome of the M&A transaction may be difficult, if not impossible. In practice, we find that firms that report a single M&A motive in their SEC filings represent only 46.8% of our sample. By contrast, firms that report multiple motives represent 29.7% (two motives), 14.8% (three motives), and 8.7% (four or more motives). Examples of these types of transactions with multiple motives and categories and associated multiple outcomes can be found in the Online Supplemental Table S11.

Multiple motives pose two challenges for researchers. First, if scholars examine a specific motive context, such as the acquisition of technological capabilities, and if the data are not filtered on that one single motive, then the sample is likely biased. Second, in the context of one or more motives, if additional motives are present for any transaction, problems can arise. For example, if a study is designed to assess how different firms successfully expand geographically through acquisitions, but other motives, such as the acquisition of products and services, are present for

some firms in the sample, firms with multiple motives may face limited resources to achieve their multiple objectives for the acquisition, which would, at a minimum, need to be controlled for in the empirical analysis.

One option for M&A scholars to more effectively manage the challenges posed by multiple motives is to utilize a control flag that notes whether multiple motives are present or whether the empirical investigation focuses on one specific motive. However, this approach would also need to address the validity of using only one source, such as SDC codes, to classify motives into a one-motive versus multiple-motives dichotomy. Another option is to exclude transactions with multiple motives from the analysis. However, if only one data source is used, transactions with multiple motives are subject to errors.

Another option, discussed previously, is to look instead at M&A transactions as part of a broader strategic assembly (Haspeslagh and Jemison, 1991) and the assessment of multiple motives can provide guidance and be aligned with other corporate activities to form an understanding of a firm's holistic strategy. This suggestion aligns with prior corporate research themes (e.g., Corredor and Mahoney, 2021; Feldman, 2020; Leiblein et al., 2018; Schijven et al., 2024) such that assessing any one firm activity or action is not enough to account for the assessment of a stream of M&A activities or overall firm performance.

Accounting for Target-Driven Acquisitions.

While the majority of scholarly focus to date has been on the acquirer, a target may also have motives to be acquired (Graebner et al., 2010; Mirvis and Marks, 1992). Acquisitions are the second most desirable form of exit after initial public offerings (IPOs) in releasing the otherwise illiquid holdings of private equity investors, although motives for acquisition certainly vary. For example, how target firms engage in acquisition includes designations of: “proactive”—firms that actively manage and engage in steps to find an acquirer; “neutral”—firms that engage in talks with

buyers but do little else; and “discouraging”—firms that, when approached by a potential acquirer, intentionally engage in actions to avoid acquisition (Graebner and Eisenhardt, 2004).

While the acquirer may have a particular motive for an acquisition, the target may have little desire to be acquired. In such cases, scholars account for hostility by assessing the unwillingness of the target (e.g., Davis and Madura, 2017; McCarthy and Aalbers, 2016). However, lack of hostility, by itself, is typically *not* a realistic reason for pursuing acquisition. By contrast, a target firm may look proactively for an acquirer (Chreim, 2015), or both the acquirer and target may willingly seek each other with varying motives (Graebner, 2009). In some cases, motives align, such as merging to block competition or achieve closer coordination, which cannot be achieved through alternative options such as alliances. In other cases, the acquirer and target have different objectives, where the acquirer is looking to block competition, and the target is looking to send a signal to customers through increased credibility via acquisition (Graebner, 2009). Targets, which may be smaller or newer firms, can also seek to quickly expand and benefit from gaining access to new markets or geographies by being acquired (Chaudhuri and Tabrizi, 1999; He et al., 2018). Therefore, motives vary depending on the different motives of the acquirer and the target. Overall, the current M&A academic literature rarely considers target firm motives.

Serial Acquisitions.

Acquirers may also engage in serial acquisitions—acquisitions undertaken concurrently or separated by a limited time period—which present additional empirical complications (e.g., Aktas et al., 2011; Zorn et al., 2019). For example, it can be difficult to distinguish the M&A outcomes of two or more acquisitions completed by a firm over the same period. To manage this complication, scholars may exclude serial acquirers’ transactions from the sample or use control variables, such as a “multiple-acquisitions” dummy (Zollo and Singh, 2004) or a measure of acquisition intensity that captures the average number of deals undertaken over the last several

years (Aktas et al., 2011; Zollo and Singh, 2004). Nevertheless, we propose that a more nuanced assessment of serial transactions is needed to account for the motives of a serial acquirer. For example, are serial acquisitions by a given firm undertaken for the same motive, different motives, or as part of a broader strategy? The latter case implies what Haspeslagh and Jemison (1991) referred to as “strategic assembly”—a topic that has received some attention (e.g., Barkema and Schijven, 2008) but remains understudied (see also, Schijven et al., 2024).

In our analysis, we found that a prominent serial acquirer, Cisco Systems, which engaged in 77 acquisitions in our data sample, had a range of motives. In 2017, the associated purposes of the acquisition of Viptela were STR, CMP, and ISV; the acquisition of Springpath had PRD; and the acquisition of AppDynamics included EPM and PRD (SDC, n.d.). How can we determine whether an M&A transaction is successful considering these varying and overlapping motives? While scholars can control for serial acquisitions or remove them from data analysis, the assessment of the motives for the broader firm strategy of these types of acquirers should be accounted for as part of their portfolio assessment of success or failure.

Additional analysis may reveal whether serial acquisitions are unrelated to part of a larger strategic move. Completing this assessment can help scholars determine which M&A motive(s) are most appropriate. For example, Nuance Communications bought three firms in 2007 with the purpose code of STR, with the intent of strengthening their internal capabilities to build out their product and service offerings. In another example, Perficient, from 2001 through 2011, reported motive and purpose codes (EPG, EPM, and EXP) related to the expansion of their market footprint, both nationally and internationally (SDC, n.d.). These examples reinforce how a series of related M&A activities with the same motive(s) by a firm can validate shareholders’ expectations of M&A outcomes. However, if the motive(s) across these serial transactions are unclear or conflicting, it

may be difficult to assess their success or failure. In such cases, depending on the research questions, it may be more appropriate for scholars to exclude serial acquirers' transactions with conflicting motives from their analyses to avoid introducing confounding data.

DISCUSSION

Through this comprehensive systematic review of a broader and more complex set of motives and driving factors of M&A activity, we aimed to juxtapose and synthesize the existing body of academic work with observations from M&A practice. By doing so, we highlight opportunities for, and benefits of, having motives figure more prominently in M&A research. Given that pre-deal M&A activities and motives are understudied (Welch et al., 2020) and their associated use in theoretical frameworks varies drastically, this review provides a much-needed expanded understanding of the various motives and driving factors for M&A practice.

Since acquirers likely have multiple motives that may or may not align with existing theoretical explanations for M&A, it is important for both scholars and practitioners to consider a much broader range of potential motives and to understand and assess their potential implications. Our findings provide guidelines for the more effective identification and measurement of M&A motives. We propose the use of triangulation through the use of multiple data sources to identify motives. Although the use of multiple data sources is time-consuming, the evolution of artificial intelligence should significantly improve the facilitation of this task. Further, such future empirical studies may also want to utilize a subset of similar deals with a motive that aligns with their research question. This additional validation step ensures the M&A transactions selected are again appropriate for the research design intended.

Further, we suggest that future research should more effectively consider and manage the potentially confounding effects of motives, such as possible differing definitions of motives in different industries and/or their subsets and how firms report multiple motives or engage in serial

acquisitions, to better conceptualize and operationalize M&A success. While previous reviews and meta-analyses capture theories, measures, methods, and contexts (Cording et al., 2010; Ferreira, et al., 2014; Graebner et al., 2017; Haleblian et al., 2009; King et al., 2004; Rossi et al., 2013), our work reviews, synthesizes, and extends this literature by offering a contribution through a more comprehensive and systematic understanding of a critical factor that has remained understudied: M&A motives.

Research Implications

Scholars have used multiple different theoretical perspectives to investigate M&A within a specific industry, individual firms, or actors within firms. While each of these approaches may be applicable and potentially fruitful, they can narrow and limit the discussion of motives, and result in spuriousness. For example, many scholars report that the primary goal for the acquisition of high-tech firms is access to technology or technological know-how; however, in most cases, the purpose is presupposed based on the associated industry of the firms and is rarely measured explicitly (e.g., Il Park and Ghauri, 2011; Phene et al., 2012; Wagner, 2011; Warner et al., 2006; Xue, 2007). As we see in practice, firms in the high-tech software and internet marketplace sub-sectors require less manufacturing and capital investment, such as Rational Software's purchase of Catapult or Engage's purchase of Mediabridge Technologies (SDC, n.d.). Therefore, as mentioned earlier, the motives for acquisition may also differ according to industry sub-sector. The mixed use and lack of explicit use of M&A motive measures, as well as their appropriate mapping to M&A performance outcome measures, may provide an explanation for the inconclusive results that persistently have been documented in the literature (Gomes et al., 2013; Haleblian et al., 2009; King et al., 2004). As scholars, we need to be explicit about the motives that underpin specific deals. Through this review we address the need for clarifying the proper contexts for pre-deal M&A motives for their selection and use (Welch et al., 2020).

Practice Implications

From a practical standpoint, through this review we show the importance of incorporating the context of a firm's M&A activities. Firm managers should note that while scholars may overemphasize certain theoretical frameworks and use proxy measures for motives, through this review we provide guidance for firms' future strategic decisions regarding acquisitions. For example, the complexities often associated with an acquisition event may not apply to a firm with a specific motive. This insight can potentially help a firm's leadership develop an integration framework and draft communications to shareholders, highlighting that the M&A requires minimal to no integration activities. The lack of integration should reduce the risk of failure usually associated with the integration phase (Graebner et al., 2017) and could potentially increase the short-term performance of the firm through a positive market valuation of the deal if communicated as such.

Because firms vary widely in their experience with M&A, they should be more aware of how different motives require different levels of commitment and resources. Identifying the motives and associated potential expected outcomes of M&A transactions prior to executing the deal enables firms to be better prepared for any required integration activities. Firms that have acquired before should also realize that a potential bias exists that may limit their ability to execute additional acquisitions (Garbuio et al., 2010), even if for the same motive. For example, the motives for acquiring technology are complex. Given the latest trends in high-tech acquisitions from both high-tech and non-high-tech acquirers (IMAA, 2019; PWC, 2019) and the context of the 4IR (Schwab, 2017), firms need to perform an internal assessment of their capabilities and evaluate each target more carefully to ensure a fit between fully integrating a target's technology and the resources needed to accomplish that goal. Is technology acquisition a complementary capability? Is it aimed at the future revenue gained from patents and intellectual property? Or is it

for human capital and tacit knowledge to increase innovative processes? Each of these questions represents an interrelated and complex system of decisions that acquirers face and requires different activities and resources to fully realize the outcomes of the acquisition. For example, the integration approach could require an assessment of current technology capabilities, revised R&D strategy and portfolio, or human resource support for training and documentation for knowledge transfer (Ahuja and Katila, 2001; Bannert and Tschirky, 2004; Cefis and Marsili, 2012; Chondrakis, 2016; Van de Vrande, 2013).

Future Research and Limitations

We see many opportunities for future research including the exploration of possible additional motives unique to other industries, identification and use of additional data sources, and exploration of additional contexts to further evaluate motives. Further research into industries such as manufacturing, automotive, and distribution, which will benefit from evolving technologies from the 4IR (Schwab, 2017), could provide new insights into different acquisitions and their associated motives. Our focus on high-tech industries is one potential limitation given their younger relative age and highly dynamic nature (Drnevich and West, 2021; Irwin et al., 2019). For example, high-tech industries emerged in the latter half of the 20th century following the previous Industrial Revolution, and some high-tech sub-sectors have only emerged in the last ten years, which limits scholars' abilities to fully compare and contrast different categories of high-tech firms from earlier studies covered in this review. Further, the 4IR (Schwab, 2017) indicates that the adaptation of high-tech capabilities by firms in other industries like automotive is still developing (Breitschwerdt et al., 2016), which implies that a broader understanding of M&A motives for high-tech may be required.

Another limitation of our assessment and use of M&A motive measures for future empirical studies includes factors that may influence a firm's reporting of motives in SEC filings

and press announcements. For example, the institutional norms of an organization or industry may require a firm to report certain motives and use a specific language for external reporting. In addition, an acquirer trying to signal to stakeholders or competitors may overemphasize or exclude additional motives. Some research suggests firms' announcements of acquisitions are strategically released in some cases with other news or disclosure information to limit investors reactions (Graffin et al., 2016). The potential for strategically clouded disclosures limits scholars' ability to discern a firm's true motive for inclusion in empirical analyses. The use of third-party coverage of transactions may help; however, not all M&A activities have third-party coverage. While this review outlines the current motive measures gathered from various sources, including archival databases and third-party media, no single source is sufficient in how to measure M&A motives.

Scholars need to better account for the context of M&A in their theoretical examinations and include M&A motives in future studies. Current M&A motive assumptions, such as high-tech firm acquisition for innovation purposes, inhibit our ability to discern M&A outcomes and subsequent M&A success. Future studies may want to build on our analysis by exploring motives in other specific targeted industries beyond high-tech to provide additional empirical support and potentially expand M&A motives and measures.

Additional research could also address the need for new measures of motives and methods to increase the validity of current motives. Another opportunity for future examination would be to compare transactions when single, multiple motives, and no motives are provided. Both scenarios of multiple motives and no motives present a quandary in identifying expected M&A outcomes. A comparison of these different clusters of transactions may provide new insights into potential measurement treatments to help control this issue. As demonstrated through this review, the identification of the different levels of categorization of M&A motives also matters. Future

research should also adopt multi-level approaches and/or triangulation processes (Jick, 1979; Drnevich et al., 2020) to assess the environmental and other endogenous factors affecting motives. Understanding the specific context of any instance of the M&A phenomenon can offer new opportunities for theoretical expansion and understanding how the context affects and interacts with a firm's M&A motives and potential outcomes. For example, the introduction of the 4IR and the increasing number of M&A transactions (by number and value) for technology spanning across industries (Mergermarket, 2019; Thomson et al., 2019), provide a new research stream to understand how the environmental context, whether regulatory, economic, or technological, affects future M&A outcomes. While this study did not specifically focus on environmental factors, expanding the lens of motivation to incorporate potential M&A bandwagon effects (McNamara et al., 2008) and M&A waves (Szücs, 2016), and technological waves (Perez, 2010), may be a promising area for future research. Overall, we maintain that many opportunities exist for further exploration of the role of M&A motives and hope that this review may serve to motivate such future research.

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Table 1. SDC Platinum Motive Deal Codes

Purpose Code	Purpose Code Description	% of Deals in Sample	Motive Parent Category
CMP	Acquire competitor's technology/strategic assets	5.48%	Technology ¹
COR	Concentrate on core businesses/assets	7.26%	
CSH	Raise cash through disposal	1.67%	Other Financial Synergies
DBT	Proceeds used to pay down existing outstanding debt	2.04%	Other Financial Synergies
DIS	Dispose of surplus cash on hand	0.04%	Other Financial Synergies
DOS	Increase shareholder value/dilute number of outstanding shares	0.22%	Financial Synergies
EPG	Expand presence in new geographical regions	4.95%	Revenue Superadditivities
EPM	Strengthen existing operations/expand presence in primary market	19.77%	Revenue Superadditivities
ESM	Strengthen existing operations/expand presence in secondary market	4.92%	Revenue Superadditivities
ESP	Purchase shares for ESOP	0.00%	Other Financial Synergies
EXP	Expand presence in new/foreign markets	10.80%	Revenue Superadditivities
FCA	Raise cash in conjunction with financing of concurrent acquisition	0.08%	Other Financial Synergies
GEN	General strategy to take advantage of sound investment opportunities	6.09%	
ISV	Increase shareholder value	2.75%	Financial Synergies
LEG	Change in legislation allows increased foreign ownership	0.02%	Context - Environment
ODO	Offset dilution caused by exercising of options	0.01%	Other Financial Synergies
OTH	Other	9.19%	
PEB	Private Equity Buy and Build strategy	0.36%	Revenue Superadditivities
PRD	Allow to offer new products and services	12.42%	Revenue Superadditivities
REG	Sale to comply with regulatory requirements	0.35%	Context - Environment
RST	General restructuring of business/operations	2.23%	Cost Subadditivities
		0.01%	Context - Divestiture \ Target
RTO	Respond to other bid/tender offer		Driven \ Takeover
SEL	Sell a loss making/bankrupt operation	1.25%	Divestiture \ Cost Subadditivities
STR	Strengthen operations	30.93%	Cost Subadditivities
SYN	Create synergies; eliminate duplicate services/operations	10.15%	Synergies; Cost Subadditivities
TXI	Tax Inversion	0.02%	Other Financial Synergies

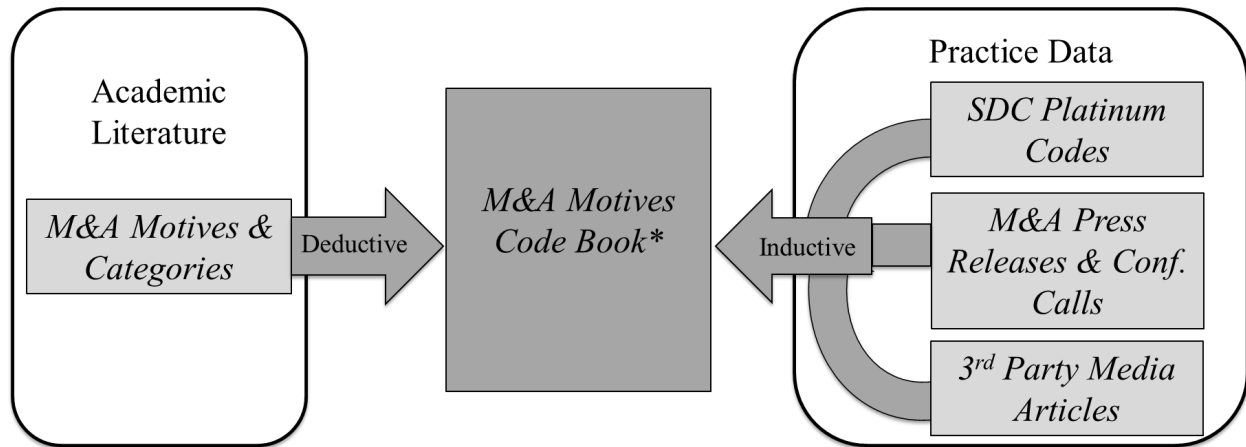
1. Motive for technology does not specify if it is revenue or cost-driven.

Table 2. High-level and Secondary Motive Categories

Motive Category	Motive Count
Context	18
Environment	13
Opportunistic	2
Reduce Risk	3
Financial	35
Accretive	7
Capabilities	1
Financial	4
Growth Opportunities	6
Market Power	1
Reduce Risk	2
Strengthen Operations	1
Synergies	1
Taxes	3
Shareholder Value	9
Human Capital	14
Capabilities	1
Human Capital	11
Strengthen Operations	1
Technology	1
Non-Value Maximizing	7
Environment	1
Financial	1
Reduce Risk	2
Non-Value Maximizing	3
Synergies	7
Efficiency	1
Synergies	6
Technology	20
Capabilities	2
Leading Provider & Position	1
Products Or Services	1
Technology	16
Revenue Superadditivities	89
Customers	5
Expand Geography	10
Expand Presence & Market	14
Financial	4
Growth Opportunities	7
Human Capital	9
Leading Provider & Position	12
Market Power	2
Products Or Services	10
Technology	13
Non-Value Maximizing	3

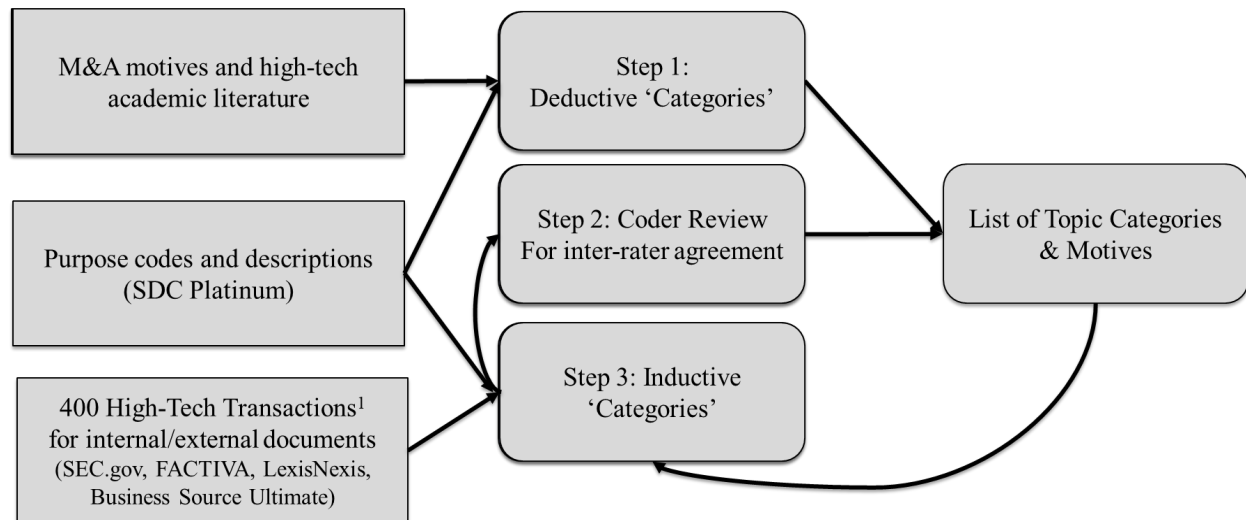
Cost Subadditivities	37
Capabilities	1
Efficiency	11
Expand Presence & Market	1
Human Capital	1
Operations	5
Products Or Services	1
Reduce Risk	1
Strengthen Operations	11
Synergies	5
Grand Total	227

Figure 1. High-level M&A Motive Mapping Process



* Validation by 4 academic M&A experts

Figure 2. Steps for Data Collection and Analysis



1. Randomly selected from the 3,548 U.S. high-tech transactions

Table 3. Traditional Motive Perspectives

Parent Category	Motive	Example References
Revenue superadditivities	Acquire new customers	Chang and Cho, 2017; Cooke and Huang, 2011; Majumdar et al., 2014
	Expansion to new market areas	Lee and Kim, 2016; Miller, 2004; Walter and Barney, 1990
	New geographic locations	Cote et al., 1999; Forbes and Pavone, 2006; Rui and Yip, 2008
	New products or services	Hoberg and Phillips, 2010; Lee and Lieberman, 2010
Cost subadditivities	Expected gains of firm bargaining power vis-à-vis its customers and suppliers	Angwin, 2007; Campbell and Goold, 1998; Moatti et al., 2015
	Horizontal acquisitions for post-acquisition asset divestiture and resource redeployment	Capron, 1999; Saxton and Dollinger, 2004;
	Reduce product costs and input process by combining supply chains	Capron, 1999; Park and Ghauri, 2011; Rui and Yip, 2008; Zollo and Singh, 2004
Other Financial synergies	Access to financial capital including cash or debt financing, or stock sales	Erel et al., 2015; Lewellen, 1971; Walter and Barney, 1990
	Arbitrage opportunity through target purchase with stock that is overvalued	Haleblian et al., 2009; King et al., 2004
	Balancing earnings cyclicalities	Walter and Barney, 1990
	Creation of abnormal daily stock returns	Anand and Singh, 1997
	Improve cash flow	Bruner, 1988; Carow et al., 2004; Harford, 1999; Healy et al., 1992
	Investor visibility	Walter and Barney, 1990
	Risk diversification or coinsurance, to purchase at lower interest rates	Capron and Pistre, 2002; Larsson and Finkelstein, 1999; Rabier, 2017
Tax savings	Nguyen et al., 2012; Saxton and Dollinger, 2004; Seth, 1990	