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## To hold the reins or to join forces? The effects of distinct board governance approaches on acquisition intensity and performance

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**Abstract:** Researchers have paid little attention to examining how non-Chief Executive Officer (CEO) board chairs' corporate governance approaches impact firms' acquisition outcomes. Non-CEO board chairs use distinct approaches to manage their working relationships with the CEO, characterised as control and/or collaborative approaches. Drawing on cognitive learning theory, we posit that these approaches may have unique effects on firms' acquisition intensity and post-acquisition performance. Using a sample of 163 distinct Standard & Poor's (S&P) 500 companies that completed 759 acquisitions, we found that both control and collaboration approaches lead to increases in acquisition intensity. However, the control approach negatively influenced performance, whereas collaboration had little impact on performance. This study provides further evidence that how board chairs approach corporate governance and their working relationship with the CEO have implications for firms' strategic actions and performance.

**Keywords:** board chair; control; collaboration; acquisition intensity; post-acquisition performance.

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## 1 Introduction

Over 325,000 mergers and acquisitions (M&A) have been announced in the USA since 1985, with an estimated total value of approximately \$35 trillion (Institute for Mergers, Acquisitions, and Alliances, 2022). Given the prevalence of M&A as a critical growth strategy, prior research has extensively investigated the drivers and consequences of acquisition intensity and performance outcomes (e.g., Devers et al., 2020; Haleblan et al., 2009). Scholars have found that CEOs, as agents, tend to pursue aggressive acquisition strategies to benefit their personal interests (Sanders and Hambrick, 2007; Seo et al., 2015) and that these strategies can sometimes lead to value destruction (Aktas et al., 2016; Kolasinski and Li, 2013), prompting further inquiry into the corporate governance mechanisms that impact firms' acquisition intensity and post-acquisition performance.

Despite efforts to understand these dynamics, empirical findings remain inconclusive. For example, some studies suggest that larger boards (Cheng, 2008) and female directors on the board (Chen et al., 2016) can curtail CEOs' opportunism and excessive risk-taking in acquisitions, and that independent directors can enhance their supervisory roles and M&A performance (Boateng et al., 2017). However, other studies indicate that firms with boards characterised by a high proportion of independent directors and led by non-CEO board chairs still exhibit high acquisition activity (Datta et al., 2009). Additionally, Goranova and colleagues (2017) find that board oversight not only mitigates the potential risks and losses associated with large M&As but also limits their returns. Furthermore, friendship ties between directors and executives, which often are thought to undermine the board's supervisory role, have facilitated collaborative decision-making and improved the quality of their strategic decisions (Westphal, 1999).

Taken together, these findings indicate that the relationship between board leadership structure, corporate governance mechanisms, and acquisition outcomes is more nuanced than previously thought. While independent outside directors and non-CEO board chairs are often associated with strong oversight, their presence does not necessarily reduce firms' acquisition strategies. Instead, non-CEO board chairs' governance approaches may play an intricate role in shaping firms' acquisition behaviours and outcomes, balancing the need for control with the benefits of strategic collaboration. To further address the ambiguity in the extant literature, it warrants a further examination of how non-CEO board chairs' governance approaches impact these acquisition outcomes.

Following prior research (e.g., Krause, 2017), we define *board governance approach* as the corporate governance tactics the non-CEO board chair adopts to manage his or her working relationship with the CEO. Given that boards fulfil both supervisory and advisory roles, board chairs may adopt differing corporate governance approaches toward their CEOs. Specifically, one approach focuses on control and oversight, and the other highlights collaboration and trust (e.g., Krause, 2017; Oliver et al., 2018). Hence, we refer to them as control and collaboration approaches, respectively.

Our study aims to investigate how these distinct governance approaches influence firms' acquisition intensity and performance. Specifically, we theorise that when board chairs adopt the control approach, they are inclined to regularly monitor the CEO and the firm's performance. Drawing from cognitive evaluation theory (Ryan and Deci, 2000), we suggest that excessive oversight can inflict external pressure on the CEOs, encroaching on their sense of autonomy and reducing their intrinsic motivation to implement initiatives that promote value optimisation (Osterloh et al., 2002; Shi et al., 2017a). Thus, we predict that excessive monitoring is likely to lead to a reduction in strategic actions, such as acquisitions. Additionally, we theorise that excessive board monitoring may inadvertently reduce CEOs' motivation to navigate the acquisition processes diligently, which may, in turn, result in suboptimal performance. On the contrary, when board chairs adopt a collaboration approach, they are likely to focus more on working with the CEO and providing guidance and advice. Hence, we theorise that CEOs can benefit from the board chairs' role as advisory partners in major strategic decision-making and gain access to the vital resources needed to navigate through environmental uncertainties. Therefore, we predict that firms led by collaborative board chairs are more inclined to pursue acquisitions and generate higher performance.

This research makes several contributions. First, although existing literature has examined how board governance can influence firms' M&A activities, very few studies have investigated both acquisition outcomes: acquisition intensity and acquisition performance. This study contributes to the M&A literature by capturing how distinct board chair governance styles not only influence *whether* firms acquire and how frequently they acquire, but also *how well* those acquisitions perform. Additionally, while prior research has explored the impact of board governance mechanisms on acquisition performance outcomes, the findings remain inconclusive. Our study suggests that the relationship between board leadership structure, corporate governance mechanisms, and acquisition outcomes is more nuanced than previously expected and that the non-CEO board chairs' governance approaches may play an intricate role in shaping firms' acquisition behaviours and outcomes. Our findings highlight that both control and collaboration approaches lead to increases in acquisition intensity. However, the board chairs' control approach has a negative effect on post-acquisition performance, while the collaboration approach has little effect.

Second, our study adds value to the corporate governance literature by demonstrating that board chairs' governance approaches can coexist and have a joint effect on firms' strategic trajectories. Much of the existing research has examined board supervisory and advisory roles in isolation, often treating them as mutually exclusive or complementary mechanisms. Our study moves beyond this limitation by recognising that control and collaboration can not only occur simultaneously but also have interactive effects on acquisition behaviours. Specifically, our findings suggest that the board chairs' collaboration approach may dampen the positive effect of the control approach on acquisition intensity. These new findings challenge the prevailing assumption that control

and collaboration always reinforce each other, adding complexity and nuance to the corporate governance literature.

Third, our study offers practical implications for corporate leaders by illustrating that excessive oversight over managers may backfire and lead to poor performance outcomes and that although collaboration encourages acquisitions, it does not guarantee performance. Boards should regularly assess their governance dynamics to balance oversight with support, ensuring strategic actions translate into performance gains.

## **2 Theoretical background and hypotheses development**

### *2.1 Acquisition intensity*

Despite the fact that acquisitions are complex and laborious, many factors motivate firms and managers to pursue acquisitions. First, firms may use acquisitions as a method to maximise shareholder value (Haleblian et al., 2009). For example, acquisitions, especially horizontal acquisitions, are motivated by the desire to increase market power (Kim and Singal, 1993) and efficiency (Banerjee and Eckard, 1998). Firms engage in acquisitions to enhance value by redeploying assets and transferring competencies (Karim and Mitchell, 2000; Wang et al., 2022) and to protect shareholders from poor management by disciplining ineffective managers (Agrawal and Walkling, 1994).

Second, a substantial body of research suggests that acquisitions are made because managers attempt to maximise their own interests (Haleblian et al., 2009). Acquiring CEOs' compensation (Agrawal and Walkling, 1994), bonuses (Grinstein and Hribar, 2004), and stock option grants (Sanders, 2001) generally increase after acquisitions as well as their discretion and power, which reduces their employment risk (Gomez-Mejia and Wiseman, 1997; Haleblian and Finkelstein, 1993). Research has also shown that CEOs with negative relative pay standing status attempt to realign their pay with their peers by engaging in acquisition activities (Seo et al., 2015).

Third, extensive research has investigated how top leaders' characteristics may influence firms' acquisition behaviours. For example, CEOs' personal characteristics, such as age, hubris, and regulatory focus, have been found to influence their decisions to undertake acquisitions (Brown and Sarma, 2007; Gamache et al., 2015; Yim, 2013). Narcissistic CEOs are more likely to engage in acquisitions and increase deal sizes (Aabo et al., 2021). Generalist CEOs (those with a broader set of knowledge and skills) have a higher tendency to pursue unrelated acquisitions than specialist CEOs (those with a narrower but deeper set of knowledge and skills) (Chen et al., 2021). Interestingly, research also finds that CEOs who witness their competitors' winning awards tend to engage in intensive acquisition activities (Shi et al., 2017c) to increase their social recognition and status, whereas those who experience the death of their social peers are inclined to pursue fewer acquisitions (Shi et al., 2017b). CEOs with a more uncertainty-avoidant cultural attitude are less likely to pursue acquisitions (Pan et al., 2020).

Gender has also been found to influence acquisition intensity differently. According to Ahmed and colleagues (2022), female directors are less likely to be associated with the likelihood of acquisition deals than male directors. When they do, they are more likely to be associated with acquiring domestic and listed target companies rather than foreign and unlisted targets. However, others have reported that female CEOs may actively pursue

acquisitions to mitigate the stereotypes questioning their agentic leadership qualities, and such a tendency may be more amplified in male-dominated firms or industries (Wan et al., 2025).

## *2.2 Acquisition performance*

Acquisition performance has attracted a great deal of researchers' attention, and it is not surprising that they have identified a wide spectrum of determinants that influence acquisition performance. First, at the individual level, various executive attributes can impact acquisition outcomes. Narcissism and overconfidence are found to have a negative relationship with acquisition performance (Aktas et al., 2016; Kolasinski and Li, 2013), whereas acquisitions led by extroverted executives tend to yield more positive announcement returns (Green et al., 2018; Malhotra et al., 2018). From the human capital perspective, firms experience stronger acquisition performance when there is a fit between the nature of the CEO's human capital and the type of acquisitions the CEO pursues (Chen et al., 2021). Given that the level of learning varies across CEOs' tenure (Hambrick and Fukutomi, 1991), scholars have found that CEO tenure is positively associated with performance at low to moderate levels of tenure and negatively associated with performance when tenure further rises to substantial levels (Walters et al., 2007).

Second, a number of firm-level factors impact acquisition performance. For example, research has shown that firms' board structure, particularly board independence (e.g., Kolasinski and Li, 2013) and large blockholder directors (e.g., Kroll et al., 1997), can lead to positive acquisition performance. However, factors that influence board process, such as director turnover, can have a detrimental effect on acquisition performance (Fahlenbrach et al., 2017). Additionally, empirical findings on how firms' prior acquisition experience affects the post-acquisition performance have been inconclusive. While acquisition experience is generally believed to be beneficial (e.g., McDonald et al., 2008), some research has found a negative relationship (Ellis et al., 2011), an insignificant relationship (Zollo and Singh, 2004), a U-shaped relationship (Haleblian and Finkelstein, 1999), and even an inverted U-shaped relationship (Hayward, 2002).

Third, a large number of studies examined how factors related to the acquisition deals and processes can influence performance. For instance, prior research has found that the business relatedness between the acquiring and target firms (Capon et al., 1988; King et al., 2004), acquired percentage (Fowler and Schmidt, 1989), ownership overlap (Goranova et al., 2010), payment method (King et al., 2004), and acquisition premiums (Krishnan et al., 2007) impact acquirer post-acquisition performance (Fowler and Schmidt, 1989; King et al., 2004). Acquisition processes, especially the integration process, are considered critical to the acquisition success. Empirical evidence suggests that higher levels of integration process depth lead to better acquisition performance (Zollo and Singh, 2004). Integration depth and speed can influence acquisition performance through the achievements of internal reorganisation and market expansion (Cording et al., 2008). Additionally, TMT turnover during the integration process can be detrimental to acquisition performance due to the loss of valuable human and social capital (Zollo and Singh, 2004). Furthermore, temporal factors are found to impact post-acquisition performance, such as early movers' advantage, speed or pace, and temporal distance of acquisitions (Schweizer, 2005; Laamanen and Keil, 2008; McNamara et al., 2008).

In Summary, although prior research shows that many factors can influence firms' acquisition activity and performance, additional studies are necessary to continue understanding these outcomes from a governance perspective, especially given changing governance norms over time. More specifically, given the shift away from the dual chairman-CEO position, little is known about how board governance approaches influence acquisition outcomes. In firms where the positions of board chair and CEO are separated, the tone and dynamic of their working relationship may have a strong effect on the CEO's decisions and strategic actions and, thus, firm performance.

### *2.3 Two distinct board governance approaches*

Anchored within the agency framework, the control approach operates under the assumption that top managers can act opportunistically and are likely to pursue goals that conflict with those of the principals, owing to the disconnection between ownership and decision-making (Eisenhardt, 1989; Fama and Jensen, 1983; Jensen and Meckling, 1976). Accordingly, board chairs adopting this view tend to exhibit the control approach, emphasising excessive oversight, power, and authority (Schwarte and He, 2024; Sundaramurthy and Lewis, 2003). Therefore, they are prone to take actions to increase monitoring and reduce CEO entrenchment (Fama and Jensen, 1983). To this end, they may frequently assess or question CEOs' decisions, periodically scrutinise firms' strategies and performance, and even reprimand CEOs for their inability to generate desired returns (Krause, 2017). In this working relationship, board chairs clearly sit at the top of the governance structure, crowned with power and authority.

Conversely, the collaboration approach is rooted in the stewardship theory, where top managers are seen as stewards rather than opportunistic agents (Davis et al., 1997). Proceeding with this expectation, board chairs are likely to view that top managers' interests and goals are aligned with those of the principals, and thus will be less likely to devote excessive attention to oversight. Instead, they are more likely to exhibit a collaborative approach by providing guidance and counsel to CEOs (Krause, 2017). Consequently, this type of working relationship has been described as trusting and cooperative (Krause, 2017; Sundaramurthy and Lewis, 2003). While still maintaining role clarity and accountability, the hierarchical reporting structure is less pronounced in this type of working relationship.

Although researchers have investigated the effects of board supervisory and advisory functions, findings have been inconsistent. For instance, scholars have shown that independent directors can enhance their supervisory function and the M&A performance of Chinese firms (Boateng et al., 2017). In contrast, expected to undermine the board's supervisory role, friendship ties between directors and executives have been found to facilitate collaborative decision-making and improve the quality of their strategic decisions (Westphal, 1999). Goranova and colleagues (2017) suggest that board monitoring limits both large M&A losses and gains. Given the inconsistent findings, coupled with the fact that few studies actually explore the effects of board control and collaboration on firms' acquisition intensity, the complexity of these relationships warrants a thorough investigation.

## *2.4 Control and acquisition intensity*

Agency theory suggests that monitoring is a governance mechanism that can help to curb CEO self-interest and ensure that CEOs, as hired agents, act in shareholders' best interests (Jensen and Meckling, 1976). While there is logic to the agency perspective, prior research shows that many managers are intrinsically motivated to work toward firm value enhancements (Davis et al., 1997). Further, self-interested actions may occur with more or less frequency depending on the situation or specific circumstances surrounding the CEO (Lin, 2005; Shen, 2003). For example, prior research suggests that greater shareholder pressure can result in self-interested actions (Shi et al., 2017a). In line with the idea that CEO behaviour shifts based on circumstances, it is also logical to expect that how the board interacts with the CEO may influence the CEO's actions.

Cognitive evaluation theory suggests that individuals have innate needs for autonomy and competence (Ryan and Deci, 2000). The core of the theory posits that individuals' intrinsically motivated behaviours are driven by their need to feel self-determination and competence in their decisions (Shi et al., 2017a). When external pressure encroaches on their sense of autonomy or competence, it prompts individuals to shift from an internal to an external locus of causality (Osterloh and Frey, 2004; Shi et al., 2017a). As a result, it reduces individuals' intrinsic motivation to behave in ways that are in line with the external oversight entity's expectations (Osterloh et al., 2002; Shi et al., 2017a). This indicates that external monitoring and control can actually undermine individuals' motivation and reduce their desire to take action (Sundaramurthy and Lewis, 2003). Supporting this, Shi and colleagues (2017a) find that pressure imposed by external governance forces (i.e., activist shareholders, the market of corporate control, and securities analysts) reduces managers' intrinsic motivation and shareholder alignment.

Accordingly, we theorise that board chairs who take the control approach may inadvertently reduce CEO motivation to engage in large-scale strategic actions that could enhance performance. Given that growth actions usually require substantial financial capital and involve high risks, CEOs may be more likely to pursue conservative actions rather than take a chance. Indeed, research also reveals that board monitoring decreases the likelihood of CEOs engaging in actions that involve significant risk (Shi et al., 2021). We theorise that boards that see their primary responsibility as management oversight may place more emphasis on formal reporting and chain of command, which may be perceived as 'keep tabs on them' by the CEOs. Further, increases in formality and reporting may slow down decision processes, which also influences the speed with which firms engage in strategic actions. Accordingly, we suggest that pressure arising from excessive oversight can reduce CEOs' motivation to pursue acquisitions over time.

H1 Board chairs' control approach is negatively related to firm acquisition intensity.

## *2.5 Collaboration approach and acquisition intensity*

While cognitive evaluation theory suggests that external pressure can crowd out individuals' intrinsic motivation to behave in ways that are consistent with the expectations of the external forces (Osterloh et al., 2002; Shi et al., 2017a), it also implies that the removal of such pressure can provoke individuals' intrinsic motivation to do what is expected. Following this logic, we can expect that individuals are more likely to seek growth opportunities when they have the resources necessary to succeed or perceive support from others.

The board of directors brings a wide range of benefits to firms and CEOs, such as advice and counsel, channels of information flow, preferential access to resources, and legitimacy (Pfeffer and Salancik, 1978). These resources can help CEOs to take actions that reduce environmental uncertainties and dependence (Hillman et al., 2009). When board chairs adopt a collaboration approach, they are less likely to view themselves as the ‘boss’ but as a partner and a sounding board. They are willing to provide guidance, advice, and other valuable resources to the CEOs. In addition, they are likely to mobilise other directors on the board to adopt a similar role to assist the CEO. As a result, CEOs may be better positioned and more motivated and equipped to engage in complex strategic actions, yielding increased market share, lower competition, and well-managed interdependencies with other firms (Pfeffer and Salancik, 1978).

In today’s competitive environment, many leaders find acquisitions a viable means to gain access to new knowledge and technologies, which can lead to greater levels of innovation. Further, as technologies change at a rapid pace, firms often need to supplement their own internal development to keep up with competitors (Nicholls-Nixon and Woo, 2003). Given these benefits, it’s not surprising that firms like Apple, which made 94 acquisitions from 2010 to 2021, and Alphabet, which made 191 acquisitions over the same time period, rely heavily on acquisitions to generate new innovations and improve shareholder value. Taken together, we suggest that the board chairs’ collaboration approach is likely to make CEOs feel a greater sense of autonomy and intrinsic motivation to act in the shareholders’ best interests. One way to do so is to pursue acquisitions that offer competitive and innovative advantages and enhance shareholder value.

H2 Board chairs’ collaboration approach is positively related to firms’ acquisition intensity.

## *2.6 Control approach and acquisition performance*

Acquisitions are complex processes that require a great deal of information processing during each phase. For instance, due to secrecy and competitive bidding, during the decision-making phase (e.g., target screening and selection, deal negotiation, and due diligence), CEOs may need to evaluate substantial amounts of ambiguous information under considerable time pressure (Coff, 2003; McDonald et al., 2008). Based on the information collected, CEOs then need to assess the strategic and organisational fit between the focal firm and the target firm (Muehlfeld et al., 2012). Once deals are announced, CEOs need to engage in both strategic and administrative activities associated with regulation compliance and final negotiations (Haspeslagh and Jemison, 1991). Finally, during the integration phase, firms need to make various changes on different organisational dimensions, including sociocultural, production, marketing, and system integration (Bauer and Matzler, 2014). The greater the integration and changes, the more time and effort it requires managers and employees to study and understand the acquired firm (Bragado, 1992).

Each stage of the acquisition process plays a critical role in determining the overall success of acquisitions. According to cognitive evaluation theory, external pressures stemming from a board chair’s excessive oversight can dampen CEOs’ intrinsic motivation to navigate the acquisition process with due diligence. CEOs with lower motivation may be more vulnerable to challenges of information asymmetry in assessing target firms’ capabilities and their associated contexts, which are beneficial to acquisition

performance (Kaul and Wu, 2016). Additionally, CEOs exhibiting low motivation may not devote sufficient time and effort to negotiating favourable terms to reduce the acquisition costs. Ample research has shown that excessive debt and paying too much in premiums are detrimental to acquisition performance (King et al., 2021).

Furthermore, given that a loss of autonomy reduces intrinsic motivation and shifts individuals' locus of causality externally, CEOs may be more concerned about appearances than efficacy. External pressure arising from excessive monitoring may cause CEOs to focus their attention on impression management actions that can lessen monitoring and control from the board chair. As a result, they may be more inclined to establish the impression of 'doing what shareholders want' in others' eyes and less concerned with how to navigate through complex and laborious acquisition processes effectively. As such, they may be less willing to allocate sufficient time and effort to the integration process as their attention is diverted to other appearance-enhancing actions. In sum, board chairs focusing on oversight exert external pressure can diminish CEOs' intrinsic motivation and potentially lead to sub-optimal acquisition performance.

H3 Board chairs' control approach is negatively related to firms' acquisition performance.

## *2.7 Collaboration approach and acquisition performance*

Conversely, we theorise that when board chairs embrace a collaboration approach, it may enhance the CEOs' abilities to navigate the acquisition processes, leading to higher post-acquisition performance. Prior research has found that board chairs, as the presiding officer over the board, play a significant role in shaping firms' strategies and performance (Withers and Fitza, 2017). They may facilitate in managing external uncertainties by providing valuable resources, such as advice and counsel, legitimacy, and access to important information (Krause et al., 2016; Pfeffer and Salancik, 1978; Withers and Fitza, 2017). Extending this logic to board chairs who adopt the collaboration approach and emphasise trust and cooperation over control and discipline (Sundaramurthy and Lewis, 2003), we can expect that they are beneficial to firms in many ways. They are more likely to share their knowledge and expertise (Banerjee et al., 2020), seek to reduce the CEOs' job demands, and relieve them from board leadership responsibilities (Hambrick et al., 2005) so that they can devote sufficient time and effort to each stage of the acquisition process. For example, CEOs can free themselves to focus on tasks such as information processing, target screening, negotiation, and due diligence. Devoting more time to these critical phases of acquisitions can help CEOs minimise information asymmetry and ensure value-enhancing activities. Given that there is a substantial chance of acquisition failure if the acquiring firm selects the wrong target firm or pays too high a premium (Hitt et al., 2009), a collaboration approach may allow the CEO to conduct thorough reviews of potential target firms and select a viable candidate with complementary resources and accurate valuation.

Second, as the integration phase is a critical determinant of post-acquisition performance, the acquisition literature underscores the importance of the integration process during which CEOs and other executives take actions to combine two previously separate entities (Cording et al., 2008). As advisory partners, board chairs tend to focus on creating an environment valuing knowledge sharing (Havrylyshyn, 2024), trust, and cooperation (Oliver et al., 2018); their leadership and governance approaches may have ripple effects on the CEOs, top managers, and other directors in both the acquiring and

the acquired firms (Bezemer et al., 2018; Knockaert et al., 2015). Mutual trust and cooperative attitudes and behaviours can facilitate knowledge sharing and transfer during the integration process, which in turn enhances post-acquisition performance (Melkonian et al., 2011; Stahl et al., 2011). Hence, we expect that the board chairs' collaboration approach will lead to better outcomes in the decision-making process and the integration process, thus, a positive impact on post-acquisition performance.

H4 Board chairs' collaboration approach is positively related to firms' acquisition performance.

### 3 Methods

#### 3.1 Sample

In accordance with modern governance trends, our research focuses on firms with a separate board chair. As such, the sample is restricted to public firms that do not have the CEO duality structure. According to Krause (2017), publicly traded companies must disclose the reason for their board chair selection in their proxy statements. Following prior investigation (e.g., Oliver et al., 2018), we collected the data on the board governance approaches from the proxy statements. Our sample covers the years from 2010 to 2013, a period that follows the global recession. This time frame is particularly relevant for examining corporate governance in response to economic recovery and can offer valuable insights into organisational resilience and adaptation in a post-recession context. For acquisitions, only fully completed acquisition deals were included where the acquiring firms purchased at least a 50% equity stake of the target company. The acquisition data was collected from the Securities Data Corporation Platinum database (SDC). Other financial and operating data were collected from the COMPUSTAT, Execucomp, and BoardEx databases. Our final sample included 163 distinct firms that completed 759 acquisitions (see Table 1 for the descriptive statistics of the sample used and Appendix A for key variables definitions, measures, and data sources).

**Table 1** Descriptive statistics of the sample used

| <i>Variables</i>        | <i>Mean</i> | <i>Median</i> | <i>S.D.</i> | <i>Number of observations</i> |
|-------------------------|-------------|---------------|-------------|-------------------------------|
| Acquisition intensity   | 2.96        | 2             | 4.24        |                               |
| Acquisition performance | 2.10        | 1.84          | 1.03        |                               |
| Control                 | 0.44        | 0             | 0.50        | 337 <sup>a</sup>              |
| Collaboration           | 0.67        | 1             | 0.47        | 505 <sup>b</sup>              |
| Number of acquisitions  |             |               |             | 759                           |
| Number of firms         |             |               |             | 163                           |
| Number of industries    |             |               |             | 9 <sup>c</sup>                |

Notes: <sup>a</sup>Among these 337 observations, 76 exhibit control only with no collaboration, and 261 exhibit both control and collaboration.

<sup>b</sup>Among these 505 observations, 244 exhibit collaboration only with no control, and 261 exhibit both control and collaboration. 178 observations exhibit neither control or collaboration.

<sup>c</sup>Based on the acquiring firm's 1-digit SIC code.

### 3.2 Dependent and independent variables

Our dependent variables are acquisition intensity and acquisition performance. Following prior research, we operationalised acquisition intensity using the number of acquisitions conducted in the subsequent year after we measured the independent variables (Chen et al., 2016; Hitt et al., 1996). We used Tobin's Q to measure Acquisition performance in the year of t+2 following each acquisition (Huang et al., 2017).

The predictors in the current research are *the control approach* and the *collaboration approach*. Following prior research (e.g., Krause, 2017; Oliver et al., 2018), we collected these data from each firm's proxy statements and conducted content analysis to analyse the passages discussing firms' board leadership structure. Additionally, these passages offer insights into the rationale associated with their board leadership structure. Coders were provided with coding instructions, entailing a detailed clarification of each approach and illustrations of how companies disclose these approaches in the proxy statement (see Appendix B). One coder read passages independently and assessed whether the two board chair approaches were present or absent. Another coder randomly selected around one-tenth of the total sample and coded them independently, using the same procedures. The inter-rater reliability was calculated, and the coders addressed the discrepancies until they reached an agreement. We used a dichotomous variable to measure each independent variable. Specifically, the presence of a governance approach was coded as '1'; otherwise, '0'. In our final sample, 44% of the firms exhibit a control approach, 67% of the firms exhibit a collaboration approach, 34% of the firms exhibit both control and collaboration approaches, and 23% of the firms exhibit neither.

### 3.3 Control variables

Multiple variables that have been shown to influence firms' acquisition activities and performance have been included as control variables (Chen et al., 2016; Goranova et al., 2010; Malhotra et al., 2018). Due to its relationship with acquisition frequency and performance, we operationalised *firm size* as the natural logarithm of the total number of employees in the focal year. Because firms' previous performance is related to their performance in the future, *prior performance* was calculated as firms' Tobin's Q in the previous year. To account for differences in CEO pay packages, we controlled *CEO compensation* using the natural log of *tdc1*<sup>1</sup> from the Compustat database. Similarly, CEOs vary in their firm-specific investments, which can impact risk-taking and performance. Accordingly, we controlled *CEO ownership* using the percentage of outstanding shares owned by the CEO.

Additionally, we controlled for other variables that are commonly included in M&A research. Firms vary in their prior acquisition experience, which could influence future acquisition success. Accordingly, we measured *acquisition experience* using the number of acquisitions completed during the five years prior to a focal acquisition (Zorn et al., 2018). To capture the similarity between acquirer and target firm offerings, which can impact the ease of integration, we measured *relatedness* using a dichotomous variable with 1 indicating the acquiring and target firms are in the same business and 0 indicating they are not in the same business, using the 1-digit SIC code. Prior research suggests that board independence also influences acquisition performance (Teti et al., 2017). To capture this, we measured board *independence* as the ratio of independent directors to total board size.

Lastly, we controlled the industry conditions, such as industry sales variability and growth, which may determine firms' actions and outcomes. Consistent with Boyd (1990), we measured industry *dynamism* by calculating sales variability, determined by regressing the focal firm's sales against time over the five years preceding the focal year for each SIC code. Dynamism was quantified as the standard error of the regression slope coefficient. Similarly, we measured industry *munificence* by calculating the sales growth rate, quantified as the regression slope coefficient. We also consider the overall industry differences by creating an industry dummy variable using the one-digit SIC. Finally, to capture differences across years, we included year dummy variables.

### 3.4 Analyses

To test the proposed relationships, we employed generalised linear model (GLM) using maximum likelihood estimation, as this method enables us to specify the distribution from which the data are drawn (e.g., Gaussian, Poisson, negative binomial, gamma) as well as the relationships between the expected value of the dependent variable and the linear predictor (e.g., identity, logit, probit, complementary log-log, power). All analyses were conducted using Stata 15, utilising the *glm* command. Specifically, we used the Poisson family and the log link to examine how Board Chair governance approaches influence acquisition intensity, and the Gaussian family and the identity link to test how the predictors influence firms' post-acquisition performance. In addition, we included the robust standard error option across clusters defined by firms to minimise potential concerns with heteroscedasticity and non-independence of observations.

## 4 Results

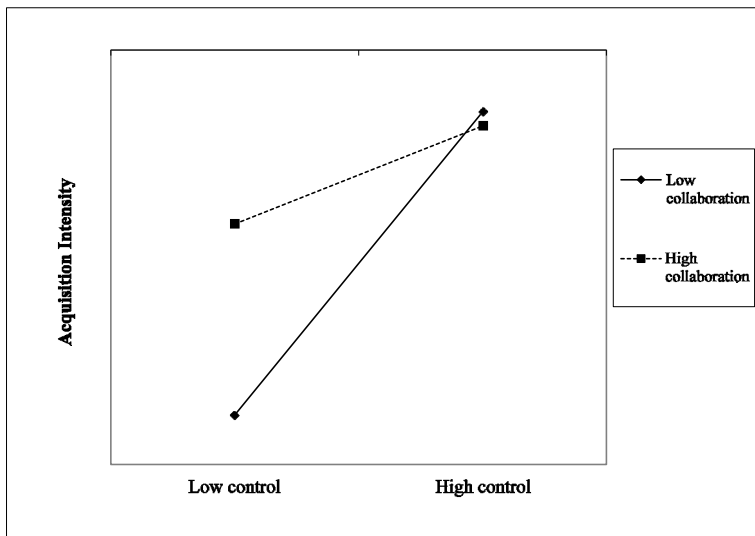
We reported the descriptive statistics and the correlation matrix for all key variables in Table 2. Low correlations among covariates indicate that multicollinearity is unlikely to affect the results. We obtained variance inflation factors (VIFs) using OLS regressions. The mean VIF values were 1.45 for both regressions predicting acquisition intensity and acquisition performance, respectively, with the largest VIF not exceeding 2.77. These numbers were well below the suggested thresholds where multicollinearity may not become a concern (i.e.,  $< 10$ ).

We reported the GLM results in Table 3, illustrating the effects of our independent variables on acquisition intensity (Models 1–3) and performance (Models 4–6). Model 1 displayed the estimates for the model with control variables only; then, Model 2 illustrated the model with both control and collaboration approaches added to the equation. We included these variables simultaneously because a board chair can exhibit both governance approaches; thus, we needed to control one when testing the other. H1 posits that board chairs' control approach is negatively related to firms' acquisition intensity, whereas H2 predicts that their collaboration approach has a positive relationship with acquisition intensity. As shown in Model 2, we found the control approach had a positive rather than negative relationship with acquisition intensity ( $b = 0.41$ ,  $p = 0.00$ ). Supporting our prediction, the collaboration approach is also positively related to acquisition intensity ( $b = 0.24$ ,  $p = 0.00$ ). Thus, the results provided support for H2 but not for H1. H3 proposes that the control approach is negatively related to acquiring firms' post-acquisition performance, whereas H4 suggests that the collaboration approach is positively related to it. Model 4 in Table 3 illustrates the model

with control variables only, and the independent variables predicting acquisition performance are added in Model 5. The results indicated the control approach was negatively related to performance ( $b = -0.16$ ,  $p = 0.00$ ), but the collaboration approach had little impact on performance ( $b = 0.04$ ,  $p = 0.43$ ). Thus, we found support for H3 but not for H4.

Given that board chairs can exhibit both control and collaboration simultaneously, we conducted additional tests to examine whether these distinct approaches had an interactional effect on the dependent variables. Thus, we added the interactions in Model 3 and Model 6 of Table 3, respectively. The results in Model 3 indicated that both control ( $b = 0.80$ ,  $p = 0.00$ ) and collaboration ( $b = 0.47$ ,  $p = 0.00$ ) approaches were positively related to acquisition intensity, validating support for H2. Additionally, the interaction term shows a negative relationship with acquisition intensity ( $b = -0.54$ ,  $p = 0.00$ ), indicating that the collaboration approach may weaken the positive effect of the control approach on acquisition intensity (see Figure 1). However, when the interaction term was included in Model 6, we did not find significant main effects or interaction effects on acquisition performance.

**Figure 1** Interaction effects of control and collaboration on acquisition intensity



#### 4.1 Robustness check

Additional tests were conducted to ensure the robustness of the results. First, we used multiple alternative performance measures to validate our findings. Specifically, in addition to Tobin's Q, we included ROA and sales growth for year  $t+2$  (see Models 1–3 in Table 4) and Tobin's Q, ROA, and sales growth for year  $t+3$  (see Models 4–6 in Table 4). ROA was measured as net income divided by total assets. Sales growth was measured as a percentage of change in sales from the focal year to year  $t+2$  and year  $t+3$ , respectively (Bachrach et al., 2023). As shown in Table 4, the control approach consistently showed a negative effect on performance, and the collaboration approach had little effect on performance, validating our primary results.

**Table 2** Means, standard deviations, and correlations

| <i>Variables</i>    | <i>M</i> | <i>SD</i> | <i>1</i> | <i>2</i> | <i>3</i> | <i>4</i> | <i>5</i> | <i>6</i> | <i>7</i> | <i>8</i> | <i>9</i> | <i>10</i> | <i>11</i> | <i>12</i> |
|---------------------|----------|-----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|-----------|-----------|-----------|
| 1 Intensity         | 2.95     | 4.24      |          |          |          |          |          |          |          |          |          |           |           |           |
| 2 Performance       | 2.10     | 1.03      | -.09*    |          |          |          |          |          |          |          |          |           |           |           |
| 3 Control           | .44      | .50       | .20*     | -.09*    |          |          |          |          |          |          |          |           |           |           |
| 4 Collaboration     | .67      | .47       | .07*     | .06      | .21*     |          |          |          |          |          |          |           |           |           |
| 5 Firm size         | 3.17     | 1.34      | .05      | -.06     | -.00     | -.24*    |          |          |          |          |          |           |           |           |
| 6 Prior performance | 1.94     | .96       | -.00     | .78*     | -.03     | .05      | -.03     |          |          |          |          |           |           |           |
| 7 CEO compensation  | 9.00     | 1.62      | .20*     | -.09*    | -.07     | -.01     | .04      | -.12*    |          |          |          |           |           |           |
| 8 CEO ownership     | 1.39     | 4.81      | .23*     | .05      | -.21*    | -.18*    | .23*     | .08*     | .23*     |          |          |           |           |           |
| 9 Experience        | 5.04     | 11.07     | .60*     | -.03     | .09*     | -.02     | .11*     | .01      | .16*     | .09*     |          |           |           |           |
| 10 Relatedness      | .78      | .41       | .05      | .04      | -.02     | .08*     | -.10*    | .02      | .09*     | .03      | -.06     |           |           |           |
| 11 Independence     | .80      | .10       | .15*     | -.13*    | .25*     | .04      | -.06     | -.07     | -.13     | -.30*    | .07      | .06       |           |           |
| 12 Dynamism         | 250.03   | 618.78    | -.13*    | .00      | .00      | .04      | .29*     | -.05     | -.00     | -.07     | -.08*    | -.07*     | -.12*     |           |
| 13 Munificence      | 143.72   | 321.76    | -.11*    | -.06     | .03      | .04      | .26*     | -.08*    | -.02     | -.08*    | -.06     | -.06      | -.02      | .79*      |

Notes: N=759. *M* and *SD* are used to represent the mean and standard deviation, respectively. \* Indicates  $p < .05$ .

**Table 3** Results of GLM predicting acquisition intensity and performance

|                         | Intensity           |                     | Intensity           |                     | Performance         |                     | Performance         |                     |
|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                         | Model 1             | Model 2             | Model 3             | Model 4             | Model 5             | Model 6             | Model 5             | Model 6             |
| Firm size               | -0.01<br>(0.02)     | 0.02<br>(0.02)      | 0.03<br>(0.02)      | -0.03<br>(0.02)     | -0.02<br>(0.02)     | -0.02<br>(0.02)     | -0.02<br>(0.02)     | -0.02<br>(0.02)     |
| Prior performance       | -0.11<br>(0.03)**** | -0.10<br>(0.03)**** | -0.08<br>(0.03)**** | 0.81<br>(0.03)****  | 0.80<br>(0.03)****  | 0.80<br>(0.03)****  | 0.80<br>(0.03)****  | 0.80<br>(0.03)****  |
| CEO compensation        | 0.10<br>(0.03)****  | 0.06<br>(0.02)***   | 0.05<br>(0.02)**    | -0.01<br>(0.01)     | -0.02<br>(0.01)     | -0.02<br>(0.01)     | -0.02<br>(0.01)     | -0.02<br>(0.01)     |
| CEO ownership           | 0.03<br>(0.00)****  | 0.05<br>(0.00)****  | 0.05<br>(0.00)****  | -0.01<br>(0.01)**   | -0.01<br>(0.01)**   | -0.01<br>(0.01)**   | -0.01<br>(0.01)**   | -0.01<br>(0.01)**   |
| Acquisition experience  | 0.03<br>(0.00)****  | 0.03<br>(0.00)****  | 0.04<br>(0.00)****  | -0.01<br>(0.00)**** | -0.01<br>(0.00)**** | -0.01<br>(0.00)**** | -0.01<br>(0.00)**** | -0.01<br>(0.00)**** |
| Relatedness             | -0.06<br>(0.06)     | -0.05<br>(0.06)     | -0.02<br>(0.06)     | 0.06<br>(0.05)      | 0.05<br>(0.05)      | 0.05<br>(0.05)      | 0.05<br>(0.05)      | 0.05<br>(0.05)      |
| Independence            | 3.38<br>(0.30)****  | 2.70<br>(0.31)****  | 2.80<br>(0.31)****  | -0.87<br>(0.23)**** | -0.71<br>(0.24)***  | -0.70<br>(0.24)***  | -0.70<br>(0.24)***  | -0.70<br>(0.24)***  |
| Dynamism                | -0.00<br>(0.00)     | -0.00<br>(0.00)*    | -0.00<br>(0.00)     | 0.00<br>(0.00)**    | 0.00<br>(0.00)***   | 0.00<br>(0.00)***   | 0.00<br>(0.00)***   | 0.00<br>(0.00)***   |
| Munificence             | -0.00<br>(0.00)**   | -0.00<br>(0.00)*    | -0.00<br>(0.00)**   | -0.00<br>(0.00)***  | -0.00<br>(0.00)***  | -0.00<br>(0.00)***  | -0.00<br>(0.00)***  | -0.00<br>(0.00)***  |
| Control                 |                     | 0.41<br>(0.06)****  | 0.80<br>(0.10)****  |                     | -0.16<br>(0.05)**** | -0.07<br>(0.09)     | -0.07<br>(0.09)     | -0.07<br>(0.09)     |
| Collaboration           |                     | 0.24<br>(0.06)****  | 0.47<br>(0.08)****  |                     | 0.04<br>(0.05)      | 0.09<br>(0.06)      | 0.09<br>(0.06)      | 0.09<br>(0.06)      |
| Control x Collaboration |                     |                     | -0.54<br>(0.12)**** |                     |                     | -0.13<br>(0.11)     | -0.13<br>(0.11)     | -0.13<br>(0.11)     |
| Constant                | -4.66<br>(1.07)**** | -4.31<br>(1.06)**** | -4.52<br>(1.06)**** | 1.02<br>(0.44)**    | 1.05<br>(0.44)**    | 1.01<br>(0.44)**    | 1.01<br>(0.44)**    | 1.01<br>(0.44)**    |

Notes: N = 759. Values in parentheses are standard errors. The year and industry are controlled in each model. \* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ ; \*\*\*\* $p < 0.001$ .

Second, we tested the GLM models using alternative measurements for three of our primary control variables: firm size, prior performance, and CEO compensation. We used the natural log of sales in the focal year as an alternative measure for firm size. We measured prior performance using retained earnings in the prior year. As for CEO compensation, we used both CEO bonus and salary as alternative measures. The results were consistent with those reported in Table 3. Third, we tested the models without any control variables and found that both control ( $b = 0.55, p = 0.00$ ) and collaboration ( $b = 0.11, p = 0.03$ ) approaches had a positive relationship with acquisition intensity, and that the control approach harmed performance ( $b = -0.23, p = 0.00$ ) and collaboration enhanced performance ( $b = 0.19, p = 0.02$ ), supporting our hypotheses.

Fourth, to address the potential endogeneity issue, we followed recent recommendations (e.g., Semadeni et al., 2014) and tested our measures of governance approaches using two-stage least squares (2SLS) analysis with robust standard errors. Two-stage least squares regression first estimates the endogenous explanatory variable of interest using control variables and the exogenous instrumental variables identified and then uses the estimates from the first-stage regression to replace the endogenous explanatory variable in the second stage – thereby helping to parse out potential bias due to endogeneity (Semadeni et al., 2014). The instrument variables (i.e., the acquiring firm's capital expenditures in the previous year, its closing stock price at the end of the previous calendar year, and the deferred taxes in the previous year) were selected based on their theoretical logic and strong correlations with the predictors. In Table 5, Models 1 and 4 are models without the instrument variables. The instrument variables were added to instrument the *control* approach in Models 2 and 5, and the *collaboration approach* in Models 3 and 6. The Stock-Yogo  $F$ -statistics are 13.91, above the threshold of 10, indicating the instruments are strong, and the Sargan statistics show that the instruments are valid, as the  $p$ -values are greater than 0.05.

Furthermore, we employed the Heckman (1979) selection model to address the potential selection bias since we only included firms that made acquisitions during our time frame. Our results showed that the Heckman correction was not necessary as  $\rho = 0.31$  ( $p = 0.33$ ),  $\rho = -0.30$ , the  $p$ -value was not significant with 95% CI  $[-0.73, 0.30]$ , and  $\lambda = -0.15$ ,  $p$ -value was not significant with 95% CI  $[-0.44, 0.15]$ . LR test ( $\rho = 0$ ),  $\chi^2 = 0.69, p = 0.41$ .

Last but not least, we took multiple steps to ensure that our results were not influenced by extreme outliers or missing values. Specifically:

- 1 we identified outliers using z-scores for the dependent variables and created a sub-dataset with those outliers removed
- 2 we employed 90% winsorisation to the dependent variables
- 3 we created sub-datasets that either included or excluded missing values.

We then ran the GLM analyses on these sub-datasets to compare their results with those of our primary analysis. The consistency across these results supports the robustness and validity of our findings.

**Table 4** Results of models using alternative measures for acquisition performance

|                        | Year $t+2$         |                    |                    | Year $t+3$         |                    |                    |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                        | <i>Tobin's Q</i>   | ROA                | Sales growth       | <i>Tobin's Q</i>   | ROA                | Sales growth       |
|                        | Model 1            | Model 2            | Model 3            | Model 4            | Model 5            | Model 6            |
| Firm size              | -0.02<br>(0.02)    | 0.01<br>(0.00)***  | -0.01<br>(0.01)*   | -0.03<br>(0.03)    | 0.01<br>(0.00)***  | -0.03<br>(0.01)*** |
| Prior performance      | 0.80<br>(0.03)***  | 0.04<br>(0.00)***  | 0.04<br>(0.01)***  | 0.72<br>(0.03)***  | 0.03<br>(0.00)***  | 0.03<br>(0.01)**   |
| CEO compensation       | -0.02<br>(0.01)    | -0.00<br>(0.00)*   | -0.05<br>(0.01)*** | 0.02<br>(0.02)     | -0.00<br>(0.00)    | -0.02<br>(0.01)*** |
| CEO ownership          | -0.01<br>(0.01)**  | 0.00<br>(0.00)*    | 0.00<br>(0.00)     | -0.02<br>(0.01)*** | 0.00<br>(0.00)     | -0.00<br>(0.00)    |
| Acquisition experience | -0.01<br>(0.00)*** | -0.00<br>(0.00)*** | -0.00<br>(0.00)*   | -0.01<br>(0.00)**  | 0.00<br>(0.00)     | -0.01<br>(0.00)*** |
| Relatedness            | 0.05<br>(0.05)     | -0.01<br>(0.01)    | -0.02<br>(0.02)    | 0.11<br>(0.07)     | -0.01<br>(0.01)    | -0.04<br>(0.02)*   |
| Independence           | -0.71<br>(0.24)*** | -0.03<br>(0.03)    | -0.04<br>(0.08)    | -0.77<br>(0.29)*** | -0.05<br>(0.02)**  | 0.06<br>(0.09)     |
| Dynamism               | 0.00<br>(0.00)***  | -0.00<br>(0.00)    | -0.00<br>(0.00)*   | 0.00<br>(0.00)***  | -0.00<br>(0.00)    | 0.00<br>(0.00)     |
| Munificence            | -0.00<br>(0.00)*** | 0.00<br>(0.00)     | 0.00<br>(0.00)***  | -0.00<br>(0.00)*** | 0.00<br>(0.00)     | 0.00<br>(0.00)     |
| Control                | -0.16<br>(0.05)*** | -0.01<br>(0.01)**  | -0.00<br>(0.02)    | -0.16<br>(0.06)*** | -0.02<br>(0.01)*** | -0.05<br>(0.02)**  |
| Collaboration          | 0.04<br>(0.05)     | 0.00<br>(0.01)     | -0.03<br>(0.02)    | 0.12<br>(0.06)*    | -0.00<br>(0.01)    | -0.09<br>(0.02)*** |
| Constant               | 1.05<br>(0.44)**   | 0.03<br>(0.05)     | 0.45<br>(0.15)***  | 1.06<br>(0.73)     | 0.05<br>(0.06)     | 0.42<br>(0.23)*    |
| <i>N</i>               | 759                | 759                | 729                | 583                | 551                | 543                |

Notes: Values in parentheses are standard errors. The year and industry are controlled in each model. \* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ ; \*\*\*\* $p < 0.001$ .

**Table 5** Results of 2SLS predicting acquisition intensity and performance

|                        | Intensity           |                     | Intensity           |                     | Performance         |                     | Performance         |                     |
|------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                        | Model 1             | Model 2             | Model 3             | Model 4             | Model 5             | Model 6             | Model 5             | Model 6             |
| Firm size              | -0.42<br>(0.11)**** | -0.56<br>(0.13)**** | -0.69<br>(0.18)**** | -0.02<br>(0.02)     | -0.02<br>(0.02)     | -0.03<br>(0.03)     | -0.02<br>(0.02)     | -0.03<br>(0.03)     |
| Prior performance      | -0.83<br>(0.14)**** | -0.86<br>(0.16)**** | -0.91<br>(0.15)**** | 0.80<br>(0.02)****  | 0.81<br>(0.03)****  | 0.82<br>(0.03)****  | 0.81<br>(0.03)****  | 0.82<br>(0.03)****  |
| CEO compensation       | 0.03<br>(0.08)      | 0.05<br>(0.09)      | 0.03<br>(0.08)      | -0.02<br>(0.01)     | -0.02<br>(0.02)     | -0.02<br>(0.01)     | -0.02<br>(0.02)     | -0.02<br>(0.01)     |
| CEO ownership          | 0.13<br>(0.03)****  | 0.16<br>(0.04)****  | 0.12<br>(0.04)****  | -0.01<br>(0.01)**   | -0.02<br>(0.01)***  | -0.02<br>(0.01)***  | -0.02<br>(0.01)***  | -0.02<br>(0.01)***  |
| Acquisition experience | 0.28<br>(0.01)****  | 0.28<br>(0.02)****  | 0.27<br>(0.02)****  | -0.01<br>(0.00)**** | -0.01<br>(0.00)**** | -0.01<br>(0.00)**** | -0.01<br>(0.00)**** | -0.01<br>(0.00)**** |
| Relatedness            | 0.11<br>(0.30)      | 0.06<br>(0.35)      | -0.01<br>(0.35)     | 0.05<br>(0.05)      | 0.03<br>(0.06)      | 0.05<br>(0.06)      | 0.03<br>(0.06)      | 0.05<br>(0.06)      |
| Independence           | 4.98<br>(1.31)****  | 4.18<br>(1.92)**    | 5.79<br>(1.53)****  | -0.71<br>(0.23)***  | -0.20<br>(0.34)     | -0.61<br>(0.27)**   | -0.20<br>(0.34)     | -0.61<br>(0.27)**   |

Notes: Values in parentheses are standard errors. The year and industry are controlled in each model. \*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$ ; \*\*\*\*  $p < 0.001$ . Stock-Yogo F-test statistics for Models 2-3 and Models 5-6 are 13.91, respectively.

**Table 5** Results of 2SLS predicting acquisition intensity and performance (continued)

|                   | Intensity          |                   | Intensity          |                     | Performance        |                    | Performance        |                    |
|-------------------|--------------------|-------------------|--------------------|---------------------|--------------------|--------------------|--------------------|--------------------|
|                   | Model 1            | Model 2           | Model 3            | Model 4             | Model 5            | Model 6            | Model 5            | Model 6            |
| Dynamism          | 0.00<br>(0.00)     | 0.00<br>(0.00)    | 0.00<br>(0.00)*    | 0.00<br>(0.00)***   | 0.00<br>(0.00)**   | 0.00<br>(0.00)**   | 0.00<br>(0.00)**   | 0.00<br>(0.00)**   |
| Munificence       | -0.00<br>(0.00)    | -0.00<br>(0.00)   | -0.00<br>(0.00)*   | -0.00<br>(0.00)***  | -0.00<br>(0.00)**  | -0.00<br>(0.00)**  | -0.00<br>(0.00)**  | -0.00<br>(0.00)**  |
| Control           | 1.22<br>(0.26)**** | 2.98<br>(1.07)*** | 1.68<br>(0.37)**** | -0.16<br>(0.05)**** | -0.56<br>(0.19)*** | -0.19<br>(0.06)*** | -0.56<br>(0.19)*** | -0.19<br>(0.06)*** |
| Collaboration     | 0.51<br>(0.29)*    | 0.30<br>(0.37)    | -1.03<br>(1.39)    | 0.04<br>(0.05)      | 0.08<br>(0.07)     | -0.06<br>(0.24)    | 0.08<br>(0.07)     | -0.06<br>(0.24)    |
| Constant          | -2.87<br>(2.39)    | -3.61<br>(2.62)   | -2.50<br>(2.75)    | 1.05<br>(0.43)**    | 0.94<br>(0.47)**   | 0.96<br>(0.48)**   | 0.94<br>(0.47)**   | 0.96<br>(0.48)**   |
| Sargan Statistics |                    | 3.43              | 4.31               |                     | 1.01               | 5.03               |                    |                    |
| P value           |                    | 0.18              | 0.11               |                     | 0.60               | 0.08               |                    |                    |
| R <sup>2</sup>    | 0.56               | 0.56              | 0.56               | 0.68                | 0.67               | 0.69               |                    |                    |
| N                 | 759                | 656               | 656                | 759                 | 656                | 656                |                    |                    |

Notes: Values in parentheses are standard errors. The year and industry are controlled in each model. \*  $p < 0.1$ ; \*\*  $p < 0.05$ ; \*\*\*  $p < 0.01$ ; \*\*\*\*  $p < 0.001$ .  
Stock-Yogo F-test statistics for Models 2-3 and Models 5-6 are 13.91, respectively.

#### 4.2 *Supplementary analyses: the role of acquisition experience*

As discussed previously, empirical findings on how firms' prior acquisition experience affects the post-acquisition performance have been inconclusive. While it is generally believed to be beneficial (e.g., McDonald et al., 2008), some research has found a negative relationship (Ellis et al., 2011), an insignificant relationship (Zollo and Singh, 2004), a U-shaped relationship (Haleblian and Finkelstein, 1999), and even an inverted U-shaped relationship (Hayward, 2002). At the current stage, we may not have strong theoretical evidence to predict how acquisition experience may shape the effects of the control and collaboration approaches on acquisition intensity and performance. Hence, we did not propose formal hypotheses but instead investigated these questions on a post-hoc basis.

In the supplementary analysis, we categorised acquisition experience into high and low groups using the mean as the cutoff, since it is a continuous variable. Specifically, firms with acquisition experience above the sample mean were classified as having 'high acquisition experience,' while those at or below the mean were classified as having 'low acquisition experience.' This binary categorisation allowed for easier interpretation of interaction effects in our subsequent analysis. We re-ran the GLM analyses and reported the results in Table 6 (Models 1–3 predicting acquisition intensity and Models 4–6 predicting acquisition performance). As shown in Model 3, the control approach is positively related to acquisition intensity ( $b = 0.17, p = 0.01$ ), and its interaction with acquisition experience is also significant ( $b = 0.80, p = 0.00$ ). The collaboration approach did not show a significant main effect ( $b = 0.06, p = 0.36$ ), nor was its interaction with acquisition experience ( $b = -0.20, p = 0.11$ ). These results suggest that firms with substantial acquisition experience are especially likely to pursue acquisitions when board chairs adopt a control-oriented approach, compared to firms with low acquisition experience. Surprisingly, the collaboration approach has little effect on firms' acquisition activity.

Model 6 demonstrates that acquisition experience strengthens the positive effect of the collaboration approach on performance ( $b = 0.32, p = 0.01$ ). However, it also amplifies the negative effect of the control approach on performance ( $b = -0.38, p = 0.00$ ). One possible interpretation is that, in highly experienced firms, the collaboration approach can facilitate idea exchanges, knowledge sharing, and adaptive learning, contributing to better integration and synergy capturing during acquisitions. Conversely, the rigid control approach may stifle the very competencies that make experience valuable, suppress sharing insights, and lead to micromanagement, ultimately undermining performance. These results highlight a nuanced and perhaps counterintuitive role of acquisition experience in shaping performance under distinct board leadership approaches – acquisition experience is not inherently beneficial or detrimental, and its value depends on the board governance approach adopted. While collaboration enables firms to capitalise on experiential knowledge, control may inhibit its effective use. We believe these findings also add value to the broader literature.

**Table 6** The results of the moderating effects of acquisition experience on acquisition intensity and performance

|                   | Intensity          |                    | Intensity          |                    | Intensity          |                    | Performance        |                    | Performance        |                    |
|-------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
|                   | Model 1            | Model 2            | Model 3            | Model 4            | Model 5            | Model 6            | Model 1            | Model 2            | Model 3            | Model 4            |
| Firm size         | 0.00<br>(0.02)     | 0.01<br>(0.02)     | 0.01<br>(0.02)     | -0.03<br>(0.02)*   | -0.03<br>(0.02)    | -0.02<br>(0.02)    | 0.00<br>(0.02)     | 0.01<br>(0.02)     | 0.01<br>(0.02)     | 0.01<br>(0.02)     |
| Prior performance | -0.14<br>(0.03)*** | -0.14<br>(0.03)*** | -0.11<br>(0.03)*** | 0.81<br>(0.03)***  | 0.81<br>(0.03)***  | 0.80<br>(0.03)***  | -0.14<br>(0.03)*** | -0.11<br>(0.03)*** | -0.11<br>(0.03)*** | -0.11<br>(0.03)*** |
| CEO compensation  | 0.15<br>(0.03)***  | 0.11<br>(0.03)***  | 0.09<br>(0.03)***  | -0.02<br>(0.01)    | -0.02<br>(0.01)    | -0.02<br>(0.01)    | 0.15<br>(0.03)***  | 0.11<br>(0.03)***  | 0.09<br>(0.03)***  | 0.09<br>(0.03)***  |
| CEO ownership     | 0.04<br>(0.00)***  | 0.05<br>(0.01)***  | 0.05<br>(0.01)***  | -0.01<br>(0.01)**  | -0.01<br>(0.01)**  | -0.01<br>(0.01)**  | 0.04<br>(0.00)***  | 0.05<br>(0.01)***  | 0.05<br>(0.01)***  | 0.05<br>(0.01)***  |
| Relatedness       | -0.12<br>(0.06)**  | -0.10<br>(0.06)    | -0.09<br>(0.06)    | 0.07<br>(0.06)     | 0.06<br>(0.06)     | 0.04<br>(0.05)     | -0.12<br>(0.06)**  | -0.10<br>(0.06)    | -0.09<br>(0.06)    | -0.09<br>(0.06)    |
| Independence      | 3.88<br>(0.29)***  | 3.30<br>(0.30)***  | 3.01<br>(0.30)***  | -0.96<br>(0.24)*** | -0.80<br>(0.24)*** | -0.75<br>(0.24)*** | 3.88<br>(0.29)***  | 3.30<br>(0.30)***  | 3.01<br>(0.30)***  | 3.01<br>(0.24)***  |
| Dynamism          | -0.00<br>(0.00)    | -0.00<br>(0.00)    | -0.00<br>(0.00)    | 0.00<br>(0.00)**   | 0.00<br>(0.00)**   | 0.00<br>(0.00)**   | -0.00<br>(0.00)    | -0.00<br>(0.00)    | -0.00<br>(0.00)    | -0.00<br>(0.00)    |
| Munificence       | -0.00<br>(0.00)*** | -0.00<br>(0.00)**  | -0.00<br>(0.00)**  | -0.00<br>(0.00)*** | -0.00<br>(0.00)*** | -0.00<br>(0.00)*** | -0.00<br>(0.00)*** | -0.00<br>(0.00)**  | -0.00<br>(0.00)**  | -0.00<br>(0.00)**  |

Notes: \* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ ; \*\*\*\* $p < 0.001$

**Table 6** The results of the moderating effects of acquisition experience on acquisition intensity and performance (continued)

|                                        | Intensity |  | Intensity |  | Performance |  | Performance |  |
|----------------------------------------|-----------|--|-----------|--|-------------|--|-------------|--|
|                                        | Model 1   |  | Model 2   |  | Model 3     |  | Model 4     |  |
| Acquisition experience                 | 0.50      |  | 0.61      |  | 0.48        |  | -0.02       |  |
|                                        | (0.10)*** |  | (0.10)*** |  | (0.13)***   |  | (0.09)      |  |
| Control                                |           |  | 0.40      |  | 0.17        |  |             |  |
|                                        |           |  | (0.06)*** |  | (0.06)***   |  |             |  |
| Collaboration                          |           |  | 0.06      |  | 0.06        |  |             |  |
|                                        |           |  | (0.06)    |  | (0.07)      |  |             |  |
| Control X Acquisition experience       |           |  |           |  | 0.80        |  |             |  |
|                                        |           |  |           |  | (0.11)***   |  |             |  |
| Collaboration X Acquisition experience |           |  |           |  | -0.20       |  |             |  |
|                                        |           |  |           |  | (0.12)      |  |             |  |
| Constant                               | -5.62     |  | -5.12     |  | -4.35       |  | 1.23        |  |
|                                        | (1.07)*** |  | (1.07)*** |  | (1.07)***   |  | (0.44)***   |  |
| N                                      | 759       |  | 759       |  | 759         |  | 759         |  |

Notes: \* $p < 0.1$ ; \*\* $p < 0.05$ ; \*\*\* $p < 0.01$ ; \*\*\*\* $p < 0.001$

## 5 Discussion

Although extant literature has explored how board governance can influence firms' M&A activities, very few studies have investigated both acquisition intensity and acquisition performance. This study allows us to capture how distinct board chair governance styles not only influence *whether* firms acquire and how frequently they acquire, but also *how well* those acquisitions perform. Additionally, while prior research has examined the impact of board governance on acquisition performance outcomes, the findings remain inconclusive. Our study suggests that the relationship between board leadership structure, corporate governance mechanisms, and acquisition outcomes is more nuanced than previously expected and that the non-CEO board chairs' governance approaches may play an intricate role in shaping firms' acquisition behaviours and outcomes. Our findings highlight that both control and collaboration approaches lead to increases in acquisition intensity. Contrary to other studies, we found that excessive monitoring and control may hurt firms' post-acquisition performance, while the collaboration approach has little impact on performance.

The extant corporate governance literature has largely assumed that board monitoring and oversight can reduce CEO entrenchment and agency issues (Fama and Jensen, 1983). Few studies, however, have considered the possibility that the board's excessive oversight may backfire on the firm. This study explores this possibility by bringing in an alternative theoretical perspective (i.e., cognitive evaluation theory). Specifically, we utilise cognitive evaluation theory to shed novel insights on the potential drawbacks of board oversight by investigating its effects on firms in the acquisition setting. When board chairs overly emphasise the supervisory role, it can diminish the CEO's intrinsic motivation to do the right thing and increase the CEO's tendency to resist authority. As a result, the CEO may behave in ways contrary to expectations. Our findings suggest that firms embracing the control approach are more likely to pursue an active acquisition strategy but are also more likely to have suboptimal performance when doing so.

Our study also contributes to the corporate governance literature by demonstrating that board chairs' governance approaches can coexist and have a joint effect on firms' strategic trajectories. Much of the existing research has investigated board supervisory and advisory roles in isolation, often treating them as mutually exclusive or complementary mechanisms. Our study moves beyond this limitation by recognising that control and collaboration can not only occur simultaneously but also have interactive effects on acquisition behaviours. Specifically, our findings suggest that the board chairs' collaboration approach may dampen the positive effect of the control approach on acquisition intensity. These new findings challenge the prevailing assumption that control and collaboration always reinforce each other, adding complexity and nuance to the corporate governance literature.

Collectively, our findings suggest that both governance approaches, regardless of type, can lead to increases in acquisition activity. This implies that boards of directors are generally on board with CEOs undertaking large-scale initiatives that can impact performance. The divergence in performance outcomes is also significant, as it suggests that the differences in board governance approaches are likely to manifest in performance results. While we found no effects of the board collaboration approach on acquisition performance, evidence confirmed that the control approach does not yield desired performance outcomes. As theorised, this approach may prompt the CEO to take actions, advertently or inadvertently, leading to a reduction in shareholder value. This is possibly

due to the lack of due diligence before signing the M&A deals or mismanaging post-acquisition integration.

Our results also provide some practical implications for managing the board chair-CEO working dynamics. Given that a board chair and a CEO are the highest-level leadership positions in any company, their working relationship has profound implications for firms' strategic actions and performance. Board chairs should be aware of the potential negative impact of excessive oversight on the CEO and find an appropriate balance between imposing power and authority and establishing trust and collaboration. Friction between a board chair and a CEO can lead to suboptimal performance, board membership change, or CEO dismissal, which inevitably causes disruption in firms' operations.

### *5.1 Limitations and future research*

This study, like most research, has limitations, which can also open up promising avenues for future investigation. First, in line with current literature on board chair governance approaches (e.g., Oliver et al., 2018; Schwarte and He, 2024), we dichotomise these constructs. While we found evidence that board chairs' control approach and collaboration approach influence firms' acquisition intensity and post-acquisition performance, this operationalisation may be limited in its capacity to fully reflect the extent to which they lean toward either direction. Future studies may explore these constructs as continuous variables to capture the level of oversight or collaboration they manifest and how changes in these governance approaches from year to year affect firms' acquisition intensity and post-acquisition performance.

Second, the current sample only focuses on the board chair governance approaches over the years from 2010 to 2013, which is a relatively short period of time. It is difficult to predict how the effects of these distinct approaches may change over a longer period of time. Future studies can expand the sample size to include a longer time frame and more recent years in order to tease out the long-term effects of board chair approaches. On a related note, these data were gathered from the firms' proxy statements, which can be another potential limitation. Although the proxy statements can inform shareholders about the company's corporate governance, including the roles and decisions of the board, these documents may fall short of fully depicting the governance philosophies and approaches manifested by a board chair. Future investigations can utilise different types of data, for example, interviews with board chairs, minutes of board meetings, and executive sessions. This type of data can provide even richer insight into boards' thought processes regarding their leadership structure. Different types of data can also validate the accuracy of the proxy statement in reflecting a board's governance approaches.

Lastly, the two contrasting board chair approaches may have implications for other types of strategic actions of the firm. Future studies can further explore the possibilities of other outcomes. For instance, at the individual level, board chair governance approaches may influence CEOs' goal-pursuit tendencies (promotion focus vs. prevention focus); at the firm level, they may influence other types of strategic actions, such as diversification and strategic alliance. Future studies can further explore these unexamined territories.

## 6 Conclusions

The present study examines the effects of board chairs' control approach and collaboration approach on firms' acquisition activities and post-acquisition performance. This study is among the first studies to link board chairs' corporate governance approaches to firms' outcomes in the acquisition context. The results suggest that the control approach increases firms' acquisition activities but leads to suboptimal performance, whereas the collaboration approach also increases firms' acquisition activities but does not negatively affect performance. This study enables us to take a step further toward a better understanding of the board leadership phenomenon and its impacts on firm outcomes in the acquisition setting.

## Declarations

All authors declare that they have no conflicts of interest.

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## Notes

- 1 We assessed our sample for potential outliers using the boxplot approach and identified that the CEO compensation variable has some large outliers. Therefore, we transformed the variable by using the natural log. After the transformation, no significant outliers were detected that warranted removal.

## Appendix A

Table A1 Key variables' definitions, measurements, and data sources

| <i>Constructs</i>       | <i>Definitions</i>                                                                                   | <i>Measurements</i>                                                                                                                                   | <i>Data sources</i>                                 |
|-------------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|
| Acquisition intensity   | Frequency of a firm's acquisition activity in a given period.                                        | The number of acquisitions in a given firm year.                                                                                                      | Securities Data Corporation Platinum database (SDC) |
| Acquisition performance | Performance outcomes of acquisitions.                                                                | The acquiring firm's Tobin's Q two years after the focal acquisition.                                                                                 | Compustat, SDC                                      |
| Control approach        | The corporate governance tactics that the board chair exhibits, focusing on control and oversight.   | Dichotomous variable indicating whether the firm's Board Chair adopts a control approach towards the CEO, with 1 denoting yes, and 0 otherwise.       | Proxy statement                                     |
| Collaborative approach  | The corporate governance tactics that the board chair exhibits, focusing on collaboration and trust. | Dichotomous variable indicating whether the firm's Board Chair adopts a control approach towards the CEO, with 1 denoting yes, and 0 otherwise.       | Proxy statement                                     |
| Firm size               | The size of the firm.                                                                                | The natural log of the total number of employees in the focal year.                                                                                   | Compustat                                           |
| Prior performance       | The firm's financial performance in the previous year(s).                                            | Firm's Tobin's Q in the previous focal firm year                                                                                                      | Compustat                                           |
| CEO compensation        | The total compensation paid to a CEO.                                                                | The natural log of CEO's total compensation                                                                                                           | EXECUCOMP                                           |
| CEO ownership           | The extent to which the CEO has a financial stake in the company.                                    | The percentage of outstanding shares owned by the CEO.                                                                                                | EXECUCOMP                                           |
| Acquisition experience  | Firms' experience in undertaking acquisitions.                                                       | The number of acquisitions completed during the past five years prior to a focal acquisition.                                                         | SDC                                                 |
| Relatedness             | Whether the acquiring and target firms are in the same business.                                     | Dichotomous variable with 1 indicating the acquiring and target firms are in the same business and 0 indicating otherwise, based on 1-digit SIC code. | Compustat                                           |
| Board independence      | The extent to which a company's board of directors is independent.                                   | The ratio of independent directors to total board size.                                                                                               | Boardex                                             |
| Dynamism                | The level of instability in the environment.                                                         | Sales variability.                                                                                                                                    | Compustat                                           |
| Munificence             | The relative level of resources available in the environment.                                        | Sales growth rate.                                                                                                                                    | Compustat                                           |

## Appendix B

### *Coding instruction for board chair governance approaches (Krause, 2017)*

#### *Control*

This approach is based on the belief that a separate individual should act as Board Chair so that the chair can monitor, oversee, and if necessary, discipline the CEO. Boards exhibiting this orientation will often use the words ‘oversight’ and ‘independence’ or explain that a separate Board Chair facilitates holding the CEO and management accountable, evaluating the management, or introducing greater objectivity and integrity in board decision-making. The underpinning assumption of this orientation is that the role of the Board Chair is to help the board control the CEO.

Example: CMA Energy Corporation, Proxy Statement, 2012

“The Boards have determined ... it is in the best interest of the Corporation to keep the offices of CEO and Chairman of the Board separate to *enhance oversight responsibilities*. The Boards believe that this leadership structure *promotes independent and effective oversight of management* on key issues relating to long-range business plans, long-range strategic issues and risks.”

#### *Collaboration*

This approach is based on the belief that the Board Chair’s role is to advise and guide the CEO, as well as to help the CEO perform his or her job by reducing the demands on the CEO’s time. This orientation often involves distinguishing the role of the CEO (day-to-day leadership of the firm) from that of the Board Chair (leading the board and providing broad strategic direction), and suggests that by filling different roles, the CEO and Board Chair can specialise in their responsibilities. Boards exhibiting this orientation will often note that a separate Board Chair enables the CEO to devote all his/her attention to managing the firm, improves communication between the board and management, or helps the board to provide advice and guidance to the CEO. The underpinning assumption of this orientation is that the role of the Board Chair is to help the board collaborate with the CEO.

Example: Fiserv Inc, 2012

“Our board recognizes the time, effort and energy that our chief executive officer is required to devote to his position in the current business environment, as well as the commitment required to serve as our Chairman. Our board believes that *having separate positions provides a clear delineation of responsibilities for each position and enhances the ability of each leader to discharge his duties effectively* which, in turn, enhances our prospects for success.”