

## META-ANALYSIS OF EXECUTIVE TURNOVER POST-ACQUISITION

A meta-analysis that will appear later this year in the *Journal of Management* shows that a key determinant of post-acquisition performance is the amount of turnover among the executives of the acquired firm. The results show that turnover among top management team members and the CEO both affect post-acquisition performance; however, while top management team turnover is negatively associated with post-acquisition performance, turnover of the CEO of the acquired firm is positively associated with post-acquisition performance.

### Key Takeaways:

- Top management team turnover post-acquisition is a key determinant of future firm performance.
- Higher integration across strategy, systems, and procedures between the two firms is positively associated with post-acquisition performance.
- The degree of executive turnover appears to result from the diminished standing among acquired firm executives post-acquisition.

Using data based on 114 studies involving 399 useable relationships that analyzed post-acquisition performance, researchers meta-analyzed results to find that higher turnover among top management team members of the acquired firm is negatively related to post-acquisition performance. This provides evidence that the quality and retention of the leaders of the acquired firm is crucial to the overall value of an acquisition.

The research team also found more complex relationships among the comparisons. For instance, integration between the two firms is positively related to post-acquisition performance, and to post-acquisition top management team turnover. Additionally, when acquiring firms have more acquisition experience, the turnover among top management team members of the acquired firm tends to be lower, and consequently the post-acquisition performance is often better.

The analysis summarizes evidence to show a negative relationship between acquired firm executive turnover and post-acquisition performance. Their analysis also accounted for pre-acquisition performance, firm size, relative firm size and industry relatedness. The authors note that most of the primary research was conducted on large, publicly traded firms and additional research is necessary to understand how these findings apply to smaller, privately owned firms.

Source: Bilgili, T. V., Calderon, C. J., Allen, D. G., & Kedia, B. L., (2016). Gone With the Wind: A Meta-Analytic Review of Executive Turnover, Its Antecedents, and Post-acquisition Performance. *Journal of Management*, In Press.



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