

Wullenweber, Max

**Article — Published Version**

## Is Corporate Social Responsibility a Driver for Target Selection in Mergers and Acquisitions? The Role of Horizontal Versus Diversifying Motives

Corporate Social Responsibility and Environmental Management

**Provided in Cooperation with:**

John Wiley & Sons

*Suggested Citation:* Wullenweber, Max (2025) : Is Corporate Social Responsibility a Driver for Target Selection in Mergers and Acquisitions? The Role of Horizontal Versus Diversifying Motives, Corporate Social Responsibility and Environmental Management, ISSN 1535-3966, John Wiley & Sons, Inc., Chichester, UK, Vol. 32, Iss. 4, pp. 4448-4461, <https://doi.org/10.1002/csr.3199>

This Version is available at:

<https://hdl.handle.net/10419/323771>

**Standard-Nutzungsbedingungen:**

Die Dokumente auf EconStor dürfen zu eigenen wissenschaftlichen Zwecken und zum Privatgebrauch gespeichert und kopiert werden.

Sie dürfen die Dokumente nicht für öffentliche oder kommerzielle Zwecke vervielfältigen, öffentlich ausstellen, öffentlich zugänglich machen, vertreiben oder anderweitig nutzen.

Sofern die Verfasser die Dokumente unter Open-Content-Lizenzen (insbesondere CC-Lizenzen) zur Verfügung gestellt haben sollten, gelten abweichend von diesen Nutzungsbedingungen die in der dort genannten Lizenz gewährten Nutzungsrechte.

**Terms of use:**

*Documents in EconStor may be saved and copied for your personal and scholarly purposes.*

*You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.*

*If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.*



<http://creativecommons.org/licenses/by/4.0/>

## RESEARCH ARTICLE OPEN ACCESS

# Is Corporate Social Responsibility a Driver for Target Selection in Mergers and Acquisitions? The Role of Horizontal Versus Diversifying Motives

Max Wullenweber 

Department of Strategic Leadership and Global Management, Technische Universität Berlin, Berlin, Germany

**Correspondence:** Max Wullenweber ([max.wullenweber@gmx.de](mailto:max.wullenweber@gmx.de))**Received:** 26 September 2023 | **Revised:** 10 February 2025 | **Accepted:** 26 March 2025**Keywords:** CSR | ESG | horizontal M&A | M&A | resource-based view | target selection

## ABSTRACT

This study examines the role of a target firm's corporate social responsibility (CSR) commitment in the target selection process in mergers and acquisitions (M&A), with a particular focus on how strategic motives shape this relationship. Contrary to the extant literature, which has largely overlooked the interplay between CSR and M&A strategy, this study differentiates between horizontal (within-industry) and diversifying (across-industry) M&A transactions. By doing so, this study builds upon previous analyses and illuminates how CSR can be a pivotal factor in M&A decisions, contingent on the strategic motives of the acquirer. Thus, this study positions CSR as an intangible asset that can influence M&A decisions, based on the resource-based view (RBV) of the firm. The analysis, based on a sample of 3,447 firms from 2009 to 2020, employs logistic regression models and propensity score matching (PSM) techniques to test the relationship between CSR and M&A target selection. The findings indicate that CSR commitment exerts a more substantial influence on the attractiveness of targets in horizontal M&A, compared to diversifying M&A. Furthermore, the environmental dimension of CSR has been identified to be a particularly salient factor in the context of horizontal M&A transactions.

## 1 | Introduction

The concept of corporate social responsibility (CSR) has gained prominence in the strategic agendas of firms worldwide. This is due to an increasing recognition among firms of the potential of CSR to mitigate risk and ultimately create long-term value (Cho et al. 2021; Zhang et al. 2019). Many firms now view CSR as a key element of their value proposition and competitive differentiation (Malik 2015; Porter and Kramer 2006; Qiao and Wu 2019). This paradigm shift has also been reflected in academic research, which has examined the motivations and outcomes of CSR initiatives (Aguinis and Glavas 2012; Malik 2015; McWilliams and Siegel 2001). The intersection of the two strategic issues of mergers and acquisitions (M&A) and CSR has also been studied from a variety of perspectives. However, a critical gap remains unexplored to date: the specific role of CSR in the M&A target selection process in combination with the M&A strategy.

The extant literature on M&A has historically centered on tangible and intangible resources, including technology, market reach, and human capital, that acquirers seek to acquire through acquisitions (Barney 1991; Harrison et al. 1991; Welch et al. 2020). However, as an intangible resource, CSR represents a unique form of value that has the potential to influence how firms evaluate potential targets (Godfrey 2005). While prior research has examined CSR's role in M&A target selection, the findings remain fragmented. Some scholars, such as Berchicci et al. (2012) and Fikru and Insall (2016), emphasize (environmental) complementarity between acquirers and targets, while others, including Bereskin et al. (2018), Boone and Uysal (2020), and Leon-Gonzalez and Tole (2015), highlight similarity in CSR capabilities. Conversely, studies that are exclusively focused on target characteristics (e.g., Faller 2015; Gomes 2019; Ma et al. 2022) demonstrate a consistent positive relationship between a target's CSR engagement and its likelihood of being acquired.

This is an open access article under the terms of the [Creative Commons Attribution](https://creativecommons.org/licenses/by/4.0/) License, which permits use, distribution and reproduction in any medium, provided the original work is properly cited.

© 2025 The Author(s). *Corporate Social Responsibility and Environmental Management* published by ERP Environment and John Wiley & Sons Ltd.

Notwithstanding these advancements, prior studies have not explored the contingent role of strategic motives, such as industry relatedness or diversification strategies, in shaping how CSR influences target selection. Specifically, the extant literature has not examined how CSR might interact with industry-level factors or firm-level motives to either amplify or attenuate its influence on M&A decisions. Addressing this gap is critical to advance our understanding of CSR's nuanced role in strategic decision-making and its broader implications for firm value and stakeholder engagement.

In addressing this research gap, the present study poses the following research question: Is CSR a driver in the selection of targets in M&A, and if so, how is this influenced by the acquirer's strategic M&A motive? In answering this question, this paper argues that CSR's role as a target selection criterion is likely contingent on the strategic motives behind the acquisition, such as diversification. Acquirers pursuing diversification may value CSR differently than those focused on reinforcing existing core operations (horizontal). An M&A transaction within the same industry (horizontal) may provide the acquirer with access to (industry-related) CSR knowledge (Sakhartov and Reuer 2023), while a M&A transaction across industries (diversifying) may be rather financially motivated or driven by risk diversification aspects (Calipha et al. 2010).

Accordingly, this study investigates 658 M&As, including both horizontal and diversifying deals, from 2009 to 2020. It compares those M&A deals within a pool of 3447 potential target firms, allowing for the division of the sample into a treatment group (targeted firms) and a control group (nontargeted firms). Thus, this study makes significant contributions to both the M&A and CSR literature by examining the extent to which CSR influences M&A target selection decisions, providing new insights into the intersection of these two important areas of corporate strategy. Additionally, it discloses the importance of the underlying strategic motive on a corporate level when assessing the relevance of CSR engagement.

The structure of the subsequent sections of this study is as follows: first, it delineates the theoretical foundations. Second, the hypotheses are derived. Third, this study introduces the methodology and underlying data. Subsequently, the results of the empirical analyses are presented. Finally, this study contextualizes the results, highlights their limitations, and discloses untapped research areas.

## 2 | Theoretical Foundation and Literature Review

Firms regularly assess strategic options to create or maintain their competitive advantage (González-Torres et al. 2020). One viable approach to pursue this competitive advantage is to facilitate inorganic growth through M&A transactions. M&As offer certain benefits over organic options, such as a higher velocity or leverage of external capabilities (Vermeulen and Barkema 2001). However, this external growth lever is inherently complex based on the underlying transaction process (González-Torres et al. 2020). The initiation of this process is the identification of potential M&A targets (Trichterborn et al. 2016). The identification of preliminary “longlists” of potential targets can be approached through market screening or consultation with M&A advisers such as investment banks or consultancies (Meglio 2016). Subsequently, firms assess longlists using a predetermined set of criteria (Hernandez and Shaver 2019). This systematic approach enables the determination

of the overall target fit based on various factors, including the financial resources required, anticipated synergies, or firm-individual resources and capabilities<sup>1</sup> (Qiao et al. 2018; Vastola and Russo 2021).

Advocates of the resource-based view (RBV) of the firm emphasize that particularly resources and capabilities are assets which are targeted in M&As (Reis et al. 2015; Yu et al. 2016). According to the RBV, a firm can gain a competitive edge through its resources and capabilities (Barney 1991; Teece et al. 1997; Zeng et al. 2013). In the context of M&As, the involved parties anticipate benefits from the deployment of these resources and capabilities either from the target to the acquirer or vice versa (Capron et al. 2001). The transfer of this newly acquired knowledge into existing patterns provides learning opportunities for both participants (Trichterborn et al. 2016; Vermeulen and Barkema 2001; Zollo and Singh 2004).

The nature of these resources and capabilities is broad and stretches over innumerable tangibles, such as inimitable manufacturing processes, and intangibles, such as sustainability knowledge (Gupta and Govindarajan 2000; Shah and Khan 2020). However, the unique nature of these resources precludes their individual trading, as they are unique and stand-alone only conditionally transferable (Capron and Hulland 1999; Capron and Mitchell 2009; Wernerfelt 1984). Consequently, acquirers must purchase both the tangible and intangible assets of the target in M&As (Fong et al. 2013).

Additionally, there is an increasing consideration of sustainability knowledge in determining the overall target fit (Ozdemir et al. 2022). The provision of a quantitative manifestation of sustainability information through so-called “ESG scores”<sup>2</sup> by rating agencies simplifies the incorporation of CSR-related information into the target selection, as firms can be compared on a quantitative basis (Tampakoudis and Anagnostopoulou 2020; Widyawati 2020). CSR engagement can convey a signal of quality to acquirers, as high CSR engagement of a target may radiate into multiple areas, such as employee satisfaction and air pollution knowledge (King and Lenox 2002; Welch et al. 2020). Consequently, targets may also develop valuable tangible and intangible resources through CSR engagement, which can eventually contribute to a favorable reputation (Surroca et al. 2010) or environmentally efficient production processes (Zhang et al. 2019).

However, the attractiveness of the target's resources may be contingent on the acquirer's motives for conducting M&As, such as the diversification of business (González-Torres et al. 2020) or extension of industry-specific capabilities (Berchicci et al. 2017; Yu et al. 2016). While a diversifying M&A transaction, which usually takes place across industries, may be rather financially motivated (Calipha et al. 2010), a M&A transaction within the same industry (horizontal) may be rather motivated by access to industry-specific knowledge and thus higher operating efficiency (Moatti et al. 2015).

A common approach when investigating M&A target selection is to take a resource and capability-centered view (Welch et al. 2020). Previous articles have demonstrated that, for instance, R&D capabilities (Heeley et al. 2006) or patents (Bena and Li 2014) underline the target's desirability. Additionally, the presence of CSR-related capabilities has been shown to enhance attractiveness by developing specific know-how in sustainability, cultivating a robust

corporate culture, and enhancing reputation (Aragón-Correa and Sharma 2003). However, to the best of my knowledge, the extant literature on M&A target selection with a CSR focus is limited. On the one hand, some scholars have empirically examined the characteristics of both acquirers and targets. Berchicci et al. (2012) found support for environmental complementarity (high vs. low capability). Their results were further supported by a theoretical model from Fikru and Insall (2016). Conversely, Bereskin et al. (2018), Boone and Uysal (2020), and Leon-Gonzalez and Tole (2015) advocate for similarity (high vs. high capability) between environmental- or CSR-related targets and acquirer characteristics. Therefore, the results remain inconclusive. On the other hand, Faller (2015), Gomes (2019), and Ma et al. (2022) have exclusively focused on the characteristics of the targets. Notably, these scholars have conclusively found a positive relationship between a target's CSR engagement and the likelihood of being targeted. Accordingly, their findings lend support to the RBV of the firm by demonstrating that CSR as a resource can influence M&A decisions (Barney 1991; Reis et al. 2015).

However, extant literature has overlooked the moderating role of strategic motives in the relationship between CSR and target selection to date. Industry relatedness, as a proxy for diversifying or horizontal motives, is particularly critical because it shapes the strategic fit and potential synergies between acquirers and targets, directly affecting how firms evaluate the value of CSR as a resource. It also affects whether CSR initiatives align with existing operations in related industries or provide diversification benefits in unrelated industries. Unlike other M&A characteristics (e.g., deal size or payment structure), relatedness fundamentally influences the interplay between CSR objectives and strategic priorities, thereby making it a key variable for investigation.

This study addresses the aforementioned gap by incorporating horizontal and diversifying M&A motives. Thus, the findings add to the M&A literature by demonstrating that CSR as an intangible resource and consequently as a nonfinancial factor can influence M&A decisions. Moreover, the underlying findings show that the perception of CSR as a valuable resource is contingent on the acquirer's underlying M&A strategy. Additionally, this paper contributes to the extant literature on CSR by proposing that CSR can serve as an attractive attribute in external growth strategies such as M&A and goes beyond a purely internal value creation mechanism. Lastly, this study proposes a differential view on CSR engagement as the combined ESG score, as subject of investigation, lacks to account for the heterogeneity of the ESG score's individual dimensions (Cellier and Chollet 2016).

### 3 | Hypotheses Development

#### 3.1 | The ESG Score and Its Influence on the Likelihood of Being Acquired in M&As

Despite the fact that the baseline hypothesis of this study has been previously examined in other studies, the theoretical derivation requires further elaboration, as it has only been cursorily delineated. The theoretical foundation of this study is rooted in the RBV, which posits that the deployment of resources and capabilities serves as a means to establish or preserve a competitive edge (Barney 1991; Teece et al. 1997; Zeng et al. 2013). In

this sense, CSR engagement may also depict a factor that helps to generate a competitive advantage.

One opportunity to build a competitive advantage during M&A is based on learning from the target, which is often among the primary reasons firms conduct M&A (Anand and Delios 2002; Chen et al. 2022; Malik 2015). Prior literature demonstrates that CSR engagement is one of the key competencies acquirers envisage during M&As to enrich their knowledge (Vermeulen and Barkema 2001; Waddock and Graves 2006). Acquirers expect to increase their efficiency based on the knowledge impulse from the target's tacit knowledge. In this regard, firms often prioritize target icons in their respective domains, employing a strategy referred to as “cream-skimming” to ensure the maximization of acquired knowledge (Banaszak-Holl et al. 2002).

Furthermore, the acquirer can leverage the purchase of a high CSR target to send credible signals about its CSR orientation (Linthicum et al. 2010; Qiao and Wu 2019; Servaes and Tamayo 2013). This enhancement in reputation can radiate into many facets, such as employee motivation and customer awareness (Fombrun et al. 2000; Rupp et al. 2006). Thus, reputation emerges as a pivotal asset that contributes to potential deal synergies (Lin and Wei 2006). Eventually, an improved reputation can assist acquirers in developing a competitive edge (Wernerfelt 1984), which can also translate into improved financial performance (Leiva et al. 2016). However, CSR engagement may not only serve as a means to bolster the reputation but also as a safeguard for the acquirer's reputation during M&A (Faller and zu Knyphausen-Aufseß 2018; Godfrey 2005; Sen et al. 2006). When a company sets ambitious CSR goals, its leaders are more inclined to act ethically and adhere to implicit contracts (Li, He, et al. 2021; Li, Wang, et al. 2021), thereby mitigating the risk of unanticipated negative outcomes (Ozdemir et al. 2022). In light of these preceding arguments, the initial hypothesis is formulated as follows:

**H1.** *A target's CSR engagement increases the likelihood of being acquired in M&As.*

#### 3.2 | The Influence of Horizontal M&As on the Relationship Between the ESG Score and the Likelihood of Being Acquired

Previous arguments laid the foundation for the anticipated effect of a target's CSR engagement on its attractiveness during M&As. However, the extent to which CSR engagement is relevant in target selection is likely to be contingent on the strategic motive of the M&A. A multitude of motives for M&A have been proposed in the extant literature (Villalonga and McGahan 2005). However, the present study focuses on horizontal M&As which are associated with a desire to access a target's resources and capabilities and deploy them to create value (Capron et al. 1998, 2001).

The relatedness between the target and the acquirer in horizontal M&As facilitates the acquirer's processing of target information (Chen et al. 2018). Among the processed target information are CSR-related aspects, which are often dependent on industry characteristics, for instance, environmentally efficient production processes (Harjoto and Jo 2015; Ozdemir



et al. 2022). This enhanced ability to process information, in turn, helps acquirers to assess the expected synergies a priori more precisely (Palich et al. 2000). Moreover, the industry knowledge of the acquirer alleviates the transfer of knowledge in the post-transaction period (Barkema and Vermeulen 1998; Cohen and Levinthal 1990). Acquirers from the same industry tend to be better equipped to handle target information, often with lower incurrence of additional costs, for instance, through consultancies (Choi et al. 2015; Reuer and Koza 2000). This phenomenon is attributed to the facilitation of resource redeployment, concurrently reducing associated resource deployment costs (Montgomery and Wernerfelt 1988; Sakhartov and Reuer 2023). Eventually, the industry-relatedness is expected to increase the influence of a target's CSR engagement on its attractiveness in M&A. Accordingly, the hypothesis is the following:

**H2.** *The positive relationship between a target's CSR engagement and the likelihood of being acquired is stronger for horizontal M&As compared to diversifying M&As.*

The preceding hypothesis posits that the strategic motive of M&As may influence the perceived attractiveness of a target's CSR engagement. However, CSR engagement depicts an extraordinary resource as it comprises three distinct dimensions: environment, social, governance. Thus, a comparison of potential targets on the combined ESG level may be delusive, as two firms may have a similar combined score while their profile on individual ESG levels may be different. To address this challenge, this study undertakes a comprehensive examination of the individual ESG dimensions, recognizing their unique characteristics and the necessity for a nuanced approach to understanding their interplay in the context of M&As.

The distinction between the three dimensions becomes evident upon closer examination of their respective components. From an industry perspective, capabilities in the social and governance dimension are less industry specific compared to the environmental dimension, as both dimensions primarily address different stakeholders such as employees, communities, management, and shareholders. The environmental dimension, in turn, reflects industry-specific capabilities such as resource use, emissions, and innovation. This assertion is in line with Crace and Gehman (2023), who observed a pronounced industry influence on the environmental dimension, while noting a comparatively weaker impact on the social and governance dimensions.

The industrial specificity is also reasonable from a practical perspective. Different industries may require completely heterogeneous business models and production processes (Berchicci et al. 2017; Choi et al. 2015; Diestre and Rajagopalan 2012). This phenomenon, however, poses limitations to the transferability of knowledge and may potentially result in value destruction upon the transfer of capabilities (Kim and Miner 2007; Zollo and Reuer 2010). Moreover, the interpretation of environment-related information, such as emission control records, may require the assistance of third parties, resulting in additional costs (Choi et al. 2015). In light of these considerations, the following hypothesis is proposed:

**H3.** *A target's environmental engagement only increases the likelihood of being acquired in horizontal M&As and not in diversifying M&As.*

## 4 | Methodology

### 4.1 | Data Sample

The present study commences with the extraction of all firms that provide an ESG score on Refinitiv Eikon Datastream. Thereafter, the sample is expanded by incorporating ESG and financial data from 2008 to 2020.<sup>3</sup> Subsequently, firm observations are matched with a dataset of M&A transactions, which were retrieved from Refinitiv Eikon.<sup>4</sup> This procedure yields an initial sample of firms that were either M&A targets or not.

While this approach would initially allow for the categorization of M&A targets as the treatment group and the remainder as the control group, a simple one-dimensional matching approach is likely to result in the identification of inappropriate control firms (Gomes 2019). Accordingly, the propensity score matching (PSM) is employed to facilitate a multi-dimensional matching approach. PSM employs information from multiple dimensions (control variables) and integrates them into a single matching variable termed the “propensity score” (Rosenbaum and Rubin 1985).<sup>5</sup> This approach utilizes propensity scores to generate a customized sample comprising actual targets and control firms that exhibited ex-ante the highest probability of acquisition, as determined by underlying control variables (Ma et al. 2022).<sup>6</sup> This methodological approach serves to mitigate the risk of sample selection bias (Tucker 2010).

The final dataset contains 10,545 firm observations. While several observations dropped out due to missing data, others were intentionally removed. The initial sample was dominated by nontarget firms (98.2%), which may cause an underestimation of the likelihood of being a target and, consequently, bias the estimated coefficients (King and Zeng 2001). To mitigate this effect, several observations exerting only a minimal influence on the estimated coefficients and, consequently, not helping to capture patterns in the data were excluded (Pregibon 1981).<sup>7</sup> Hence, this procedure reduces the share of nontarget firms in the final sample (93.8%) and simultaneously lowers the potential risk of bias in the estimated coefficients. In the end, 658 (6.2%) firms were categorized as treated based on their involvement in an actual M&A. These M&As contained both 243 diversifying (cross-industry) and 193 cross-border deals.

The final sample is composed of data from a total of 3447 firms over the period from 2009 to 2020, resulting in multiple observations for several firms. While 1498 firms only occur once, the mean (median) is 3 (2) observations per firm with a maximum of 12 observations for 56 firms. For the target firms, however, all observations except for the actual M&A have been eliminated to ensure independence among the observations. The data encompass 16 countries and is country-wise dominated by the United States (36.5%), Great Britain (13.5%), and Australia (10.6%). The time-related distribution exhibits greater balance, ranging from 13.2% (2019) to 4.1% (2009), with a mean (median) of 8.3% (7.6%), and industry-wise from

23.0% (manufacturing) to 2.8% (construction), with a mean (median) of 12.5% (11.8%).

## 4.2 | Measurement

In accordance with recent studies (Bose et al. 2021; Fairhurst and Greene 2022; Hawn 2013; Waddock and Graves 2006), all independent and control variables are measured 1 year prior to the transaction to avoid simultaneity.

## 4.3 | Dependent Variables

The dependent variable employed in this study is a binary target dummy (TAR), which serves to indicate whether a firm was acquired within a 1-year period (TAR=1) or not (TAR=0). The categorization is based on the previously described M&A dataset from Refinitiv Eikon. For the analysis of H2 and H3, deviating dependent variables are used to analyze differences between horizontal and diversifying M&As. Two new dependent variables were generated by stratifying the initial target dummy (TAR). Thus, the independent variable indicates whether transactions occurred within an industry (TAR\_HOR) or across industries (TAR\_DIV) based on one-digit SIC codes.

## 4.4 | Independent Variables

The independent variables of interest are the combined ESG score (ESG) and its underlying dimensions: environmental (ENV), social (SOC), and governance (GOV). In line with recent literature (Chollet and Sandwidi 2018; Krishnamurti et al. 2019), data are extracted from Refinitiv Eikon Datastream, formerly ASSET4, which is among the world's largest and most renowned providers of financial markets and ESG data.<sup>8</sup> Aouadi and Marsat (2018) underscore the reliability of this database as it contains a plethora of frequently updated data sources. A notable distinction of this database lies in its coverage of firms, which is based on market capitalization (coverage of more than 85% of global market capitalization) as opposed to CSR performance, a feature that sets it apart from other databases. This approach, which prioritizes market capitalization, is expected to mitigate the risk of biased coefficients, as self-selection bias in the data is reduced (Shahzad and Sharfman 2017).

## 4.5 | Control Variables

A range of financial characteristics is used as control variables in this study. Specifically, this study leverages the following variables: revenue (REV), measured as total sales/REV, as large firms require more funds to be acquired (Boone and Uysal 2020); profitability (ROA), measured as return on assets, as more profitable targets are more attractive (Dong et al. 2021); free-cash flow (FCF), measured as operating cash flow to the firm divided by total assets, as firms with high cash flows are attractive (Berchicci et al. 2012); leverage (LEV), measured as the debt to total assets ratio, as it reduces financial flexibility

(Denis and McKeon 2012); and valuation level (MTB), measured as the market-to-book ratio, as overvalued targets are less attractive (Moeller et al. 2005). The selection of control variables relies on recent CSR and M&A literature (Bereskin et al. 2018; Faller 2015; Gomes 2019).<sup>9</sup>

## 4.6 | Statistical Model

The underlying methodology for exploring whether CSR engagement plays a role in target selection relies on logistic regression models. Based on the binary classification as target or nontarget, they are well-suited for exploring patterns in underlying data using the maximum-likelihood method (Hoetker 2007; Janzen and Stern 1998).<sup>10</sup> However, the interpretation of these coefficients is complex. Given the non-linear nature of these models, the interpretation of coefficients is often constrained to how the dependent variable changes but not to what extent (Backhaus et al. 2021; Hoetker 2007). Among the various approaches devised to address this challenge, odds ratios<sup>11</sup> are reported in the following analyses. Despite the generally robust nature of the logistic regression models, tests for heteroskedasticity and multicollinearity were performed and yielded no troublesome results.<sup>12</sup> In line with previous studies, industry-, country-, and year-fixed effects (FE) were incorporated in the models to account for confounding influences (Fairhurst and Greene 2022; Gomes and Marsat 2018). Following Hong and Kacperczyk (2009), industry-FE are based on one-digit SIC codes. The first and base Model (1) is the following:

$$\text{Logit}(\text{TAR}_t) = \alpha_0 + \alpha_1 \times \text{ESG}_{t-1} + \text{Controls}_{t-1} + \varepsilon \quad (1)$$

For the consideration of strategic objectives, Model (1) is extended by splitting the dependent variable into horizontal (TAR\_HOR) and diversifying (TAR\_DIV) M&As.<sup>13</sup> While everything else remains equal, Model (2) looks as follows:

$$\text{Logit}(\text{TAR\_HOR/DIV}_t) = \alpha_0 + \alpha_1 \times \text{ESG}_{t-1} + \text{Controls}_{t-1} + \varepsilon \quad (2)$$

For the remaining hypothesis (H3) the model is refined by incorporating each individual ESG dimension instead of a combined score to account for differences across the dimensions, thereby increasing the credibility of the results (Servaes and Tamayo 2013). Thus, Model (3) is:

$$\text{Logit}(\text{TAR\_HOR/DIV}_t) = \alpha_0 + \alpha_1 \times \text{ENV}_{t-1} + \alpha_2 \times \text{SOC}_{t-1} + \alpha_3 \times \text{GOV}_{t-1} + \text{Controls}_{t-1} + \varepsilon \quad (3)$$

## 5 | Empirical Results

As illustrated in Table 1, the descriptive statistics discriminated by target and nontarget firms appear to indicate that, in general, firm observations across both groups are not significantly different. This impression is facilitated by untabulated *t*-tests between both groups, revealing a significant difference only for REV and FCF. In particular, REV stands out as the standard deviation exceeds the mean, which hints at the heterogeneity of the firms included (Gul et al. 2020). Representative of all values, the target statistics are explained in detail. Target firms have on average an ESG score of 36.9

**TABLE 1** | Descriptive statistics.

	Variable	N	Mean	Sd	Min	Max
Target (TAR = 1)	ESG	658	36.897	17.626	0.63	86.9
	REV	658	36,448.4	437,292.1	8049	9,385,141.2
	ROA	658	6.494	5.703	0.03	35.09
	FCF	658	0.091	0.066	0	0.363
	LEV	658	0.282	0.199	0	0.927
	MTB	658	2.959	3.281	0.14	22.27
Nontarget (TAR = 0)	ESG	9887	36.275	18.922	0.57	94.32
	REV	9887	227,320.9	1,233,660.5	134	9,385,141.2
	ROA	9887	6.752	5.857	0	35.09
	FCF	9887	0.097	0.07	0	0.363
	LEV	9887	0.278	0.192	0	0.967
	MTB	9887	2.806	3.352	0.01	22.27

Note: This table displays descriptive statistics for untransformed control variables discriminated between target firm (TAR = 1) and nontarget firm observations (TAR = 0).

**TABLE 2** | Pairwise correlation matrix.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)
(1) TAR	1.000						
(2) ESG	−0.005	1.000					
(3) REV	−0.034*	0.068*	1.000				
(4) ROA	−0.008	−0.136*	−0.068*	1.000			
(5) FCF	−0.013	−0.067*	−0.040*	0.590*	1.000		
(6) LEV	0.002	0.109*	0.013	−0.158*	−0.186*	1.000	
(7) MTB	0.013	−0.035*	−0.075*	0.378*	0.402*	0.115*	1.000

Note: This table displays the pairwise correlation matrix. The asterisk indicates the significance level: \* $p < 0.05$ .

(ESG), have generated USD 364 million in REV, have a return on assets of 6.5% (ROA), have a FCF of 9% of total assets (FCF), have a leverage of 28.2% (LEV), and a market-to-book ratio of 2.9 (MTB).

Subsequently, Table 2 shows a pairwise correlation matrix, which reveals no breach of the 0.8 correlation coefficient threshold, serving as an indication that multicollinearity is no issue (Gujarati and Porter 2009).<sup>14</sup>

Next, Table 3 below summarizes ESG-related differences between targets and the control group based on the PSM. It depicts that target firms have, on average, a 2.5–3.7 point higher estimated ESG score mean, which is statistically significant and holds regardless of the matching procedure used.<sup>15</sup> Taking individual ESG dimensions into account, this study only finds statistically significant differences for ENV (4.5–5.5 points) and SOC (3.4–4.3 points).

The first estimation column of Table 4 below summarizes the results of Model (1), which functions as the baseline for this study.<sup>16</sup>

Model (1) provides statistically significant support for H1 at the 1% level, indicating that CSR engagement positively influences the likelihood of being targeted. For each increment of one unit in the ESG score, the likelihood of being targeted increases by a factor of 1.021. This indicates that a one-standard-deviation change in the ESG score (approximately 17 points) would result in a 42% increase in the likelihood of being targeted.<sup>17</sup>

The second and third estimation columns address H2 and shed light on the influence of CSR engagement when different strategic motives are considered. The estimate for horizontal M&As in the second column is significant at the 1% level and even shows a higher odds ratio compared to Model (1). In contrast, the estimate for diversifying M&As is only significant at the 5% level and shows a lower odds ratio. For each unit increase in the ESG score, the likelihood of being targeted in horizontal (diversifying) M&As increases by a factor of 1.026 (1.013).

In order to provide further substantiation for these results, and in accordance with the recommendations set forth by

**TABLE 3** | ESG differences between targets and control group based on PSM.

Variable	Nearest-neighbor	Radius	Kernel
ESG	3.02*** (2.68)	3.72*** (4.41)	2.50** (2.44)
ENV	5.46*** (3.26)	4.77*** (3.92)	4.53*** (2.96)
SOC	3.69*** (2.89)	4.28*** (4.39)	3.39*** (2.88)
GOV	0.63 (0.60)	0.56 (0.53)	0.42 (0.34)

Note: This table displays the PSM analysis based on nearest-neighbor (2 neighbors), radius, and kernel matching procedures. T/Z-statistics are displayed in brackets. The asterisks indicate the significance level: \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , and \* $p < 0.1$ .

**TABLE 4** | The combined ESG score and its influence on the likelihood of being targeted.

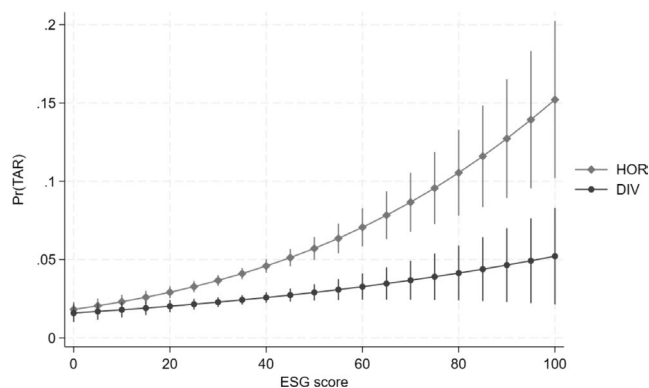
Variable	Model (1)	Model (2A)	Model (2B)
	TAR	TAR_HOR	TAR_DIV
ESG	1.021*** (0.003)	1.026*** (0.004)	1.013** (0.005)
REV	1.642*** (0.075)	1.93*** (0.114)	1.214*** (0.076)
ROA	1.405*** (0.078)	1.568*** (0.107)	1.18* (0.109)
FCF	0.118*** (0.058)	0.056*** (0.034)	0.522 (0.401)
LEV	0.194*** (0.045)	0.07*** (0.021)	1.221 (0.417)
MTB	1.106* (0.064)	1.133* (0.081)	1.01 (0.085)
Industry-FE	Yes	Yes	Yes
Country-FE	Yes	Yes	Yes
Year-FE	Yes	Yes	Yes
Intercept	0.000*** (0.000)	0.000*** (0)	0.001*** (0.001)
N	10,545	10,545	9977
Targets	658	415	243
McFadden's $R^2$	0.132	0.177	0.074

Note: This table displays the logistic regression model (1) in which the dependent variable (TAR) equals 1 if the firm has been targeted and 0 otherwise, and model (2), which discriminates between horizontal (TAR\_HOR) and diversifying (TAR\_DIV) M&A, with all results displayed as odds ratios. All models entail industry-, country-, and year-FE. All independent variables are lagged by 1 year. The (robust) standard errors are displayed in brackets. The asterisks indicate the significance level: \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , and \* $p < 0.1$ .

Hoetker (2007), Figure 1 graphically illustrates the non-linearity of the effect that the ESG score exerts on the likelihood of being a target. Distinctions are made between horizontal and diversifying M&As. The graph shows the predicted probabilities of being a target ( $\text{Pr}(\text{TAR})$ ) for each ESG score between 0 and 100 in increments of 5 (as markers) and the corresponding confidence intervals (as vertical lines). The plot reveals two key findings. First, it demonstrates that the likelihood of being a target increases exponentially with increasing ESG scores, particularly for horizontal M&As. Second, it emphasizes that the effect of horizontal M&As is consistently more pronounced than that of diversifying M&As.

The ensuing discussion will focus on the results of Model (3) as presented in Table 5. Model (3) presents the coefficients without considering any strategic motive in the first estimation column and shows statistically significant positive results for ENV (1.007) and SOC (1.014) in contrast to GOV. The subsequent columns differentiate between horizontal (TAR\_HOR) and diversifying (TAR\_DIV) M&As. The results indicate that environmental capabilities (ENV) appear to only have a statistically positive (1.01) and robust influence (at the 1% level) on the likelihood of being targeted in horizontal M&As. This result underscores that environmental engagement holds greater appeal in horizontal M&As, which may be attributable to the industry-specific nature of environmental knowledge, which is more pronounced compared to social or governance knowledge. In turn, the estimates for the social and governance dimensions remained unchanged when comparing strategic considerations with non-strategic ones. While the social dimension exhibited a positive and statistically significant impact across both scenarios, the governance dimension lacked statistical significance.

To substantiate the results of this study, a series of tests were performed. First, all analyses conducted were repeated with single observations per firm to ensure the independence of the observations (Box and Tidwell 1962). In addition, this study replicates all analyses using linear probit models and OLS models. Furthermore, this study conducts all analyses using a country subsample of the United States. Next, the analyses were repeated with clustered standard errors at the industry level. Finally, the analyses were repeated with only individual ESG score dimensions instead of joint inclusion. All corresponding test results are qualitatively comparable.

**FIGURE 1** | Predicted probabilities of being targeted for different ESG scores.



**TABLE 5** | Individual ESG dimensions and their influence on the likelihood of being targeted.

Variable	Model (3)	Model (3A)	Model (3B)
	TAR	TAR_HOR	TAR_DIV
ENV	1.007*** (0.003)	1.010*** (0.003)	1.002 (0.004)
SOC	1.014*** (0.003)	1.012*** (0.004)	1.017*** (0.005)
GOV	1.000 (0.002)	1.003 (0.003)	0.997 (0.003)
REV	1.609*** (0.074)	1.904*** (0.115)	1.181*** (0.074)
ROA	1.386*** (0.077)	1.549*** (0.105)	1.169* (0.109)
FCF	0.128*** (0.064)	0.062*** (0.039)	0.545 (0.426)
LEV	0.193*** (0.045)	0.072*** (0.022)	1.192 (0.406)
MTB	1.101* (0.064)	1.134* (0.082)	0.994 (0.084)
Industry-FE	Yes	Yes	Yes
Country-FE	Yes	Yes	Yes
Year-FE	Yes	Yes	Yes
Intercept	0.000*** (0.000)	0.000*** (0.000)	0.001*** (0.001)
N	10,537	10,537	9969
Targets	656	415	241
McFadden's $R^2$	0.132	0.177	0.079

Note: This table displays the logistic regression model (3) in which the dependent variable (TAR) equals 1 if the firm has been targeted and 0 otherwise. In addition, it discriminates between horizontal (TAR\_HOR) and diversifying (TAR\_DIV) M&A. All estimates are displayed as odds ratios. All models entail industry-, country-, and year-FE. All independent variables are lagged by 1 year. The (robust) standard errors are displayed in brackets. The asterisks indicate the significance level: \*\*\* $p < 0.01$ , \*\* $p < 0.05$ , and \* $p < 0.1$ .

## 6 | Discussion and Contributions

### 6.1 | Discussion

The subsequent explanations provide a more thorough contextualization of the empirical results. The foundation for the logistic regression analyses is the baseline hypothesis (H1), which proposes a positive relationship between CSR engagement and the likelihood of being targeted. The empirical results of this study support this conjecture and underscore that CSR engagement appears to be an attractive (intangible) resource that is potentially targeted in M&A transactions. Furthermore, an untabulated graphical illustration demonstrates that this effect

increases exponentially with higher ESG scores. Accordingly, the baseline assumption of this study aligns with prior findings from Faller (2015), Gomes (2019), and Ma et al. (2022). Furthermore, this study increases the robustness of the positive relationship between ESG scores and the likelihood of being targeted by testing it in a novel setting encompassing both developing and developed countries.

This study considers different strategic motives at the corporate level, which are represented by horizontal and diversifying M&As. Corresponding findings promote not only that CSR engagement has a stronger effect on the projected likelihood of being targeted in horizontal M&As but also highlight that this effect is salient for “CSR icons” on the target side, since the predicted probability of being a target rises exponentially in horizontal M&As. This finding contributes to the extant body of knowledge on the impact of a target's CSR engagement on its attractiveness in M&A by demonstrating that the magnitude of the effect is contingent on underlying strategic motives.

As CSR engagement is a concept with a plethora of facets (Attig et al. 2016), this study splits the combined ESG score into its three dimensions to investigate the relationship between CSR engagement and the likelihood of being targeted on a more granular level. Empirical research suggests that both the environmental and social dimensions have a significant and positive effect on the attractiveness of the target, while the governance dimension lacks statistical significance. This absence of statistical evidence underscores previous findings by Girerd-Potin et al. (2014), who contended that the governance dimension exhibits a merely weak correlation with the other two dimensions. This phenomenon may be attributed to acquirers' predilection for country-level institutions over firm-level governance mechanisms (Yen and André 2019). In addition, Qiao et al. (2018) demonstrated that M&A returns are more dependent on the acquirer's governance capabilities than on the target's governance performance. Accordingly, improvements in firm-level governance may not be adequate to increase a target's attractiveness.

An examination of the social dimension reveals that its statistical significance remains consistent, irrespective of the strategic motive. Conversely, the environmental dimension's attractiveness is apparently contingent on the strategic motive underlying the transaction. A target's environmental capabilities enhance their attractiveness solely in horizontal M&As, whereas the estimates in diversifying M&As lack statistical significance. This observation underscores the intricacies associated with the transfer of environmental capabilities. Primarily, the heterogeneity of operations between industries renders environmental capabilities that exceed simple emission controls potentially less appealing in deals across industries (Berchicci et al. 2017; Choi et al. 2015; King and Lenox 2002). Moreover, different industries are subject to distinct institutional environments (Delmas and Toffel 2004), which further exacerbates the complexity. In turn, acquirers that target “environmental icons” within their industry are poised to enhance their reputation (Salvi et al. 2018), while concurrently mitigating environment-related transaction risks (Bolton and Kacperczyk 2021; Griffin et al. 2017).

## 6.2 | Contributions

Although there has been considerable research on the role of CSR in driving competitive advantage (Porter and Kramer 2006), its impact on M&A, particularly in target selection, remains under-explored. This paper aims to address this gap by developing theoretical insights into how and why CSR may influence acquirer's target selection, particularly when moderated by the acquirer's strategic motive.

First, this study extends the RBV of the firm by positioning CSR as an intangible resource that can influence M&A decisions (Barney 1991; Reis et al. 2015; Yu et al. 2016). Conventional wisdom among scholars of M&As has historically centered on tangible assets, technology, and market-related resources as the predominant acquisition motives (Capron and Mitchell 1998; Harrison et al. 1991). This paper contributes to a more nuanced understanding of the resources that firms target in M&As by demonstrating that CSR initiatives can also represent valuable nonfinancial assets that enhance a firm's legitimacy, reputation, and stakeholder relationships (Godfrey 2005). The findings suggest that acquirers may view CSR as a strategic capability that aligns with their long-term competitive goals, thereby expanding the range of resources considered in M&A decisions.

Second, this paper contributes to the extant literature on CSR by proposing that CSR is not only an internal value creation mechanism, but also a potentially attractive attribute in external growth strategies such as M&A. This shifts the academic discourse on CSR from a predominantly operational focus, for instance its role in firm performance or stakeholder management (Aguinis and Glavas 2012; McWilliams and Siegel 2001), to a strategic acquisition lens. The presented findings herein suggest that CSR, which is often viewed as a firm's self-imposed responsibility, can transcend its internal boundaries and influence strategic decisions such as target selection in M&A.

Third, by examining the moderating role of the strategic motive in the relationship between CSR and target selection, this study provides nuanced insights into when and why CSR may or may not be prioritized in M&A contexts. The findings suggest that CSR is more likely to be regarded as a valuable resource in M&A when the acquiring firm is pursuing a horizontal M&A, as CSR might be more easily transferable within industries. This notion is further corroborated when looking at the individual ESG dimensions, where the results for the environmental dimension show the strongest differences based on differing motives. Acquirers targeting "environmental icons" within their industry are likely to enhance their reputation (Salvi et al. 2018) and simultaneously reduce environment-related transaction risks (Bolton and Kacperczyk 2021; Griffin et al. 2017). Accordingly, the findings potentially help to evaluate M&A dynamics from a different perspective.

Fourth, this paper integrates insights from the fields of strategic management and CSR to provide a more comprehensive view of M&A motivations that incorporates both financial and nonfinancial factors. This integrative approach encourages future research to explore how other intangible resources, for instance corporate culture, may similarly influence M&A dynamics. In doing so, this paper establishes a theoretical foundation for considering

CSR as a strategic asset in corporate M&A, thereby opening new avenues for research at the intersection of CSR and M&A.

Finally, this study contributes to the sustainability literature by examining the three ESG (environmental, social, and governance) dimensions separately, providing a more nuanced understanding of CSR commitment. This approach responds to recent calls for more disaggregated research on ESG components, as highlighted by Li, He, et al. (2021), Li, Wang, et al. (2021), and Gao et al. (2023) and allows for a deeper exploration of the multifaceted nature of CSR activities.

From a practical perspective, the findings are particularly compelling for managers and investors. First, the empirical evidence provided indicates that CSR engagement could serve as a differentiation strategy to increase a firm's attractiveness in the M&A context (Ozdemir et al. 2022). Thus, managers can strategically engage in CSR to increase a firm's attractiveness and eventually increase the likelihood of being targeted in M&As. By raising the attractiveness through CSR engagement, firms may be able to simultaneously increase their firm's value and ultimately also the transaction premium (Cho et al. 2021; Zhang et al. 2022). Furthermore, insights from this study help managers also on the acquirer side, as this study deepens our understanding of the interplay between CSR engagement and underlying strategic objectives. By examining individual ESG dimensions, this study raises managers' awareness of the limited transferability of environmental resources and capabilities.

For investors, insights from this study advance their understanding of factors influencing corporate investment decisions (Atanasov et al. 2012). The empirical results may help investors to better understand corporate M&A decisions by showing that their motivation may be (partly) affected by a target's CSR engagement as a nonfinancial factor. This expanded perspective is particularly valuable given the prevailing perception of corporate investments as hazardous capital spending that regularly fails (King et al. 2004; Kumar et al. 2015). Accordingly, this study advocates for the consideration of M&A decisions also from a CSR-related perspective.

Overall, the implications for managers and investors are closely intertwined as this study does not only assist in comprehending corporate M&A decisions from an investor perspective, but the insights also help to position the firm on a business level in a better light during M&As.

## 6.3 | Limitations and Avenues for Further Research

This study is subject to certain limitations. First, the lack of a consistent definition and collection process for ESG metrics across different data providers limits the comparability of studies across different data providers (Juravle and Lewis 2008). Moreover, Refinitiv Eikon Datastream's firm coverage, formerly ASSET4, is based on market capitalization. While this coverage approach mitigates a potential self-selection bias (Shahzad and Sharfman 2017), it also reduces the availability of data for target firms because they are typically smaller in terms of market capitalization (Fairhurst and Greene 2022; Huang et al. 2023).

Second, the study's methodology for establishing a control group, which is based on all firms reporting ESG data, precludes the consideration of control variables for acquirers. This limitation arises from the focus on a dyadic setting, wherein no firm in the control group has been acquired. Furthermore, the control group may include firms that have never been targeted or are not for sale, as it is artificially constructed based on PSM (Welch et al. 2020). Third, the indicated relationship between CSR engagement and target selection may be also influenced by unobserved heterogeneity, that is, other factors that have not been considered. One such factor could be that the target selection is dependent on the acquirer's CSR engagement. In this dyadic context, acquirers could leverage M&A to compensate for their low CSR engagement. Another salient factor that merits consideration is the incorporation of additional motives besides diversifying or horizontal M&As, such as managerial empire-building (Fidrmuc and Xia 2019).

Fourth, this study only considers the unidirectional impact that industry relatedness moderates the CSR-target selection relationship. However, one could also consider the reverse direction that CSR could influence the extent to which industry relatedness impacts target selection. The argument is theoretically grounded in the notion that CSR represents a firm's broader strategic orientation and identity, which can shape how managers evaluate opportunities for synergies and diversification. The potential expressions of CSR moderation may include resource complementarity or reputational considerations.

Lastly, this study employs a series of attempts to rule out endogeneity, including the inclusion of multiple control variables, industry-, country-, and time-FEs, or repetition of analyses with untabulated firm-FEs. However, these attempts may not be sufficient to completely rule out endogeneity (Aouadi and Marsat 2018).

The aforementioned shortcomings reveal interesting avenues for future research. First, scholars could test if CSR moderates the industry relatedness–target selection. This perspective would broaden the conceptual understanding of how CSR influences strategic decision-making. By considering CSR as a moderator, the analysis would highlight its potential to redefine strategic priorities, including how firms balance relatedness and diversification in their acquisitions. This study proposes that acquirers look for specific target capabilities based on strategic motives; however, it is not tested whether these predictions materialize. Future research could investigate, for instance, whether ESG scores change after acquiring a particularly capable target by examining individual ESG dimensions. Furthermore, future studies could pay more attention to the dyadic context by constructing a sample solely based on completed M&As, which would allow the incorporation of acquirer controls. Finally, the analyses of the relationship between CSR engagement and successful and failed M&As may also provide intriguing insights.

## 7 | Conclusion

This study illuminates the role of a target's CSR commitment in the selection of M&A targets. Specifically, a target's CSR commitment appears to increase its attractiveness in M&As, which

serves as the foundation of this study. Contrary to the findings of previous studies on the influence of CSR commitment on M&A target selection, this study incorporates the role of strategic motives in the forms of horizontal M&As. It is found that CSR commitment exerts a higher influence on a target's attractiveness in horizontal M&As compared to diversifying M&As. Finally, this study distinguishes between the three dimensions of the ESG score and shows that environmental engagement is contingent on the underlying strategic motive. This suggests that environmental engagement may play a major (no) role in horizontal (diversifying) M&As.

## Acknowledgments

Open Access funding enabled and organized by Projekt DEAL.

## Endnotes

<sup>1</sup> Hereafter, this study uses a definition for resources as set of retrievable factors and for capabilities as a firm's ability to use these resources based on Kaul and Wu (2016).

<sup>2</sup> Hereafter, the ESG score from Refinitiv Eikon Datastream is used, which is weighted as follows: Environment (E) 34%, Social (S) 35.5%, and Governance (G) 30.5%. Moreover, the term high (low)-CSR firm refers to a firm with good (bad) sustainability performance, which is reflected in a high (low) ESG score. The three dimensions in turn comprise 10 underlying categories. Environment comprises resource use, emissions, and innovation. Social entails workforce, human rights, community, and product responsibility. Governance includes management, shareholders, and CSR strategy.

<sup>3</sup> The selected time span is determined on the one hand by the latency of the reported ESG scores and on the other hand extended into the past to assure a sufficient sample size.

<sup>4</sup> Following Deng et al. (2013) and Bose et al. (2021), this study includes only deals in which 20% or more of ownership was acquired.

<sup>5</sup> More precisely, the variables of the employed regression models are used as underlying control variables to formulate the propensity score: REV, ROA, FCF, LEV, MTB. Furthermore, it is controlled for industry, country, and year in line with Gomes (2019).

<sup>6</sup> To be a meaningful comparison Rosenbaum and Rubin (1985) state that standardized biases before and after matching should be below 5%, and with a mean standardized bias of 3.9%, this is the case for this study.

<sup>7</sup> This procedure is based on the so-called "Pregibon's delta-beta" which refers to the predictive accuracy of a Pregibon model by informing about the impact of each covariate on the estimated coefficients (Pregibon 1981).

<sup>8</sup> The score comprises more than 630 different ESG metrics based on publicly disclosed data. The focus on public data enhances transparency, as scores can be traced back to original documents. Regarding measurement, the ESG score is a percentile rank score based on relative performance within a firm's industry (for ENV and SOC) and within a firm's country (for GOV), where better performance is represented by a higher score.

<sup>9</sup> Control variables are transformed by applying a logarithm (REV, MTB) or a square root (ROA, FCF, LEV) to make their distributions more symmetric. In addition, all metrically scaled control variables are winsorized at 1% and 99%, in line with previous research by Ma et al. (2022).

<sup>10</sup> As several firms have multiple observations in the sample, this study also performs logistic regressions only with single observations and



a linear ordinary least square (OLS) regression to increase the results robustness.

<sup>11</sup> Odds ratios result from the ratio of probability and counter probability. The calculation of odds ratios for metrically scaled variables is always influenced by the size of the corresponding variable, which has to be considered during the interpretation (Backhaus et al. 2021).

<sup>12</sup> To account for heteroskedasticity, robust standard errors are applied, according to White (1980). This does not change the results significantly. For multicollinearity, this study reviews variance inflation factors (VIF) (all values below 5, with a mean of 1.5) and their  $R^2$  (<0.8), which are both below popular thresholds (Menard 2002; Thompson et al. 2017).

<sup>13</sup> Based on the non-linearity of the statistical model, this study does not use interaction terms. Unlike in linear models (e.g., OLS), the marginal effect of an interaction term in a non-linear model is not directly represented by the interaction coefficient (Hoetker 2007). The interaction effect's magnitude, and even its sign, can vary across observations depending on the coefficients of the interacted variables and the values of all other covariates in the model (Huang and Shields 2000).

<sup>14</sup> The pairwise correlation matrix for individual ESG score dimensions is untabulated. The matrix does not contain correlation coefficients exceeding 0.8. However, GOV is significantly correlated with ENV (0.319) and SOC (0.345). ENV and SOC show the highest overall correlation (0.726).

<sup>15</sup> To increase robustness, nearest-neighbor matching is repeated with varying numbers of neighbors (1, 5, 10, 20, 30). The untabulated results are qualitatively comparable.

<sup>16</sup> The baseline model (1) classifies almost 95% of observations correctly and shows an area under the receiver operating characteristic of 75%, indicating a solid model fit (Backhaus et al. 2021).

<sup>17</sup> The increase is calculated as follows:  $1.021^{17} = 1.424$ , which leads to an increase of 42.4%.

## References

Aguinis, H., and A. Glavas. 2012. "What We Know and Don't Know About Corporate Social Responsibility." *Journal of Management* 38, no. 4: 932–968. <https://doi.org/10.1177/0149206311436079>.

Anand, J., and A. Delios. 2002. "Absolute and Relative Resources as Determinants of International Acquisitions." *Strategic Management Journal* 23, no. 2: 119–134. <https://doi.org/10.1002/smj.215>.

Aouadi, A., and S. Marsat. 2018. "Do ESG Controversies Matter for Firm Value? Evidence From International Data." *Journal of Business Ethics* 151, no. 4: 1027–1047. <https://doi.org/10.1007/s10551-016-3213-8>.

Aragón-Correa, J. A., and S. Sharma. 2003. "A Contingent Resource-Based View of Proactive Corporate Environmental Strategy." *Academy of Management Review* 28, no. 1: 71–88. <https://doi.org/10.5465/amr.2003.8925233>.

Atanasov, V., V. Ivanov, and K. Litvak. 2012. "Does Reputation Limit Opportunistic Behavior in the VC Industry? Evidence From Litigation Against VCs." *Journal of Finance* 67, no. 6: 2215–2246. <https://doi.org/10.1111/j.1540-6261.2012.01785.x>.

Attig, N., N. Boubakri, S. El Ghouli, and O. Guedhami. 2016. "Firm Internationalization and Corporate Social Responsibility." *Journal of Business Ethics* 134, no. 2: 171–197. <https://doi.org/10.1007/s10551-014-2410-6>.

Backhaus, K., B. Erichson, S. Gensler, R. Weiber, and T. Weiber. 2021. *Multivariate Analysemethoden*. 16th ed. Springer Berlin Heidelberg. <https://doi.org/10.1007/978-3-662-56655-8>.

Banaszak-Holl, J., W. B. Berta, D. M. Bowman, J. A. Baum, and W. Mitchell. 2002. "The Rise of Human Service Chains: Antecedents to Acquisitions and Their Effects on the Quality of Care in US Nursing

Homes." *Managerial and Decision Economics* 23, no. 4–5: 261–282. <https://doi.org/10.1002/mde.1065>.

Barkema, H. G., and F. Vermeulen. 1998. "International Expansion Through Start-Up or Acquisition: A Learning Perspective." *Academy of Management Journal* 41, no. 1: 7–26. <https://doi.org/10.5465/256894>.

Barney, J. 1991. "Firm Resources and Sustained Competitive Advantage." *Journal of Management* 17, no. 1: 99–120. <https://doi.org/10.1177/014920639101700108>.

Bena, J. A., and K. A. Li. 2014. "Corporate Innovations and Mergers and Acquisitions." *Journal of Finance* 69, no. 5: 1923–1960. <https://doi.org/10.1111/jofi.12059>.

Berchicci, L., G. Dowell, and A. A. King. 2012. "Environmental Capabilities and Corporate Strategy: Exploring Acquisitions Among US Manufacturing Firms." *Strategic Management Journal* 33, no. 9: 1053–1071. <https://doi.org/10.1002/smj.1960>.

Berchicci, L., G. Dowell, and A. A. King. 2017. "Environmental Performance and the Market for Corporate Assets." *Strategic Management Journal* 38, no. 12: 2444–2464. <https://doi.org/10.1002/smj.2670>.

Bereskin, F., S. K. Byun, M. S. Officer, and J.-M. Oh. 2018. "The Effect of Cultural Similarity on Mergers and Acquisitions: Evidence From Corporate Social Responsibility." *Journal of Financial and Quantitative Analysis* 53, no. 5: 1995–2039. <https://doi.org/10.1017/S0022109018000716>.

Bolton, P., and M. Kacperczyk. 2021. "Do Investors Care About Carbon Risk?" *Journal of Financial Economics* 142, no. 2: 517–549. <https://doi.org/10.1016/j.jfineco.2021.05.008>.

Boone, A., and V. B. Uysal. 2020. "Reputational Concerns in the Market for Corporate Control." *Journal of Corporate Finance* 61: 101399. <https://doi.org/10.1016/j.jcorpfin.2018.08.010>.

Bose, S., K. Minnick, and S. Shams. 2021. "Does Carbon Risk Matter for Corporate Acquisition Decisions?" *Journal of Corporate Finance* 70, no. 5: 1–24. <https://doi.org/10.1016/j.jcorpfin.2021.102058>.

Box, G. E. P., and P. W. Tidwell. 1962. "Transformation of the Independent Variables." *Technometrics* 4, no. 4: 531–550.

Calipha, R., S. Tarba, and D. Brock. 2010. "Mergers and Acquisitions: A Review of Phases, Motives, and Success Factors." *Advances in Mergers and Acquisitions* 9: 1–24. [https://doi.org/10.1108/S1479-361X\(2010\)0000009004](https://doi.org/10.1108/S1479-361X(2010)0000009004).

Capron, L., P. Dussauge, and W. Mitchell. 1998. "Resource Redeployment Following Horizontal Acquisitions in Europe and North America, 1988–1992." *Strategic Management Journal* 19, no. 7: 631–661. [https://doi.org/10.1002/\(SICI\)1097-0266\(199807\)19:7%3C631::AID-SMJ963%3E3.0.CO;2-9](https://doi.org/10.1002/(SICI)1097-0266(199807)19:7%3C631::AID-SMJ963%3E3.0.CO;2-9).

Capron, L., and J. Hulland. 1999. "Redeployment of Brands, Sales Forces, and General Marketing Management Expertise Following Horizontal Acquisitions: A Resource-Based View." *Journal of Marketing* 63, no. 2: 41–54. <https://doi.org/10.1177/002224299906300203>.

Capron, L., and W. Mitchell. 1998. "Bilateral Resource Redeployment and Capabilities Improvement Following Horizontal Acquisitions." *Industrial and Corporate Change* 7, no. 3: 453–484. <https://doi.org/10.1093/icc/7.3.453>.

Capron, L., and W. Mitchell. 2009. "Selection Capability: How Capability Gaps and Internal Social Frictions Affect Internal and External Strategic Renewal." *Organization Science* 20, no. 2: 294–312. <https://doi.org/10.1287/orsc.1070.0328>.

Capron, L., W. Mitchell, and A. Swaminathan. 2001. "Asset Divestiture Following Horizontal Acquisitions: A Dynamic View." *Strategic Management Journal* 22, no. 9: 817–844. <https://doi.org/10.1002/smj.175>.

Cellier, A., and P. Chollet. 2016. "The Effects of Social Ratings on Firm Value." *Research in International Business and Finance* 36: 656–683. <https://doi.org/10.1016/j.ribaf.2015.05.001>.



- Chen, C., W. Lu, and M. Liu. 2022. "Corporate Social Responsibility Learning in Mergers and Acquisitions." *Asia-Pacific Journal of Accounting & Economics* 29, no. 1: 53–76. <https://doi.org/10.1080/16081625.2019.1680297>.
- Chen, Z., P. Kale, and R. E. Hoskisson. 2018. "Geographic Overlap and Acquisition Pairing." *Strategic Management Journal* 39, no. 2: 329–355. <https://doi.org/10.1002/smj.2742>.
- Cho, K., S. H. Han, H. J. Kim, and S. Kim. 2021. "The Valuation Effects of Corporate Social Responsibility on Mergers and Acquisitions: Evidence From U.S. Target Firms." *Corporate Social Responsibility and Environmental Management* 28, no. 1: 378–388. <https://doi.org/10.1002/csr.2055>.
- Choi, G., P. Christmann, and T.-N. Kim. 2015. "Target CSR as a Signal in Acquisitions: Its Effect on Acquisition Premium." *Academy of Management Proceedings* 2015, no. 1: 17621. <https://doi.org/10.5465/ambpp.2015.17621abstract>.
- Chollet, P., and B. W. Sandwidi. 2018. "CSR Engagement and Financial Risk: A Virtuous Circle? International Evidence." *Global Finance Journal* 38: 65–81. <https://doi.org/10.1016/j.gfj.2018.03.004>.
- Cohen, W. M., and D. A. Levinthal. 1990. "Absorptive Capacity: A New Perspective on Learning and Innovation." *Administrative Science Quarterly* 35, no. 1: 128–152. <https://doi.org/10.2307/2393553>.
- Crace, L., and J. Gehman. 2023. "What Really Explains ESG Performance? Disentangling the Asymmetrical Drivers of the Triple Bottom Line." *Organization & Environment* 36, no. 1: 150–178. <https://doi.org/10.1177/10860266221079408>.
- Delmas, M., and M. W. Toffel. 2004. "Stakeholders and Environmental Management Practices: An Institutional Framework." *Business Strategy and the Environment* 13, no. 4: 209–222. <https://doi.org/10.1002/bse.409>.
- Deng, X., J. Kang, and B. S. Low. 2013. "Corporate Social Responsibility and Stakeholder Value Maximization: Evidence From Mergers." *Journal of Financial Economics* 110, no. 1: 87–109. <https://doi.org/10.1016/j.jfineco.2013.04.014>.
- Denis, D. J., and S. B. McKeon. 2012. "Debt Financing and Financial Flexibility Evidence From Proactive Leverage Increases." *Review of Financial Studies* 25, no. 6: 1897–1929. <https://doi.org/10.1093/rfs/hhs005>.
- Diestre, L., and N. Rajagopalan. 2012. "Are all 'Sharks' Dangerous? New Biotechnology Ventures and Partner Selection in R&D Alliances." *Strategic Management Journal* 33, no. 10: 1115–1134. <https://doi.org/10.1002/smj.1978>.
- Dong, X., J. Gao, S. L. Sun, and K. Ye. 2021. "Doing Extreme by Doing Good." *Asia Pacific Journal of Management* 38, no. 1: 291–315. <https://doi.org/10.1007/s10490-018-9591-y>.
- Fairhurst, D., and D. T. Greene. 2022. "Too Much of a Good Thing? Corporate Social Responsibility and the Takeover Market." *Journal of Corporate Finance* 73: 102172. <https://doi.org/10.1016/j.jcorpfin.2022.102172>.
- Faller, C. M. 2015. "Three Essays on the Relationship between Corporate Ownership and Corporate Social Responsibility." Doctoral diss., Technische Universität Berlin.
- Faller, C. M., and D. zu Knyphausen-Aufseß. 2018. "Does Equity Ownership Matter for Corporate Social Responsibility? A Literature Review of Theories and Recent Empirical Findings." *Journal of Business Ethics* 150, no. 1: 15–40. <https://doi.org/10.1007/s10551-016-3122-x>.
- Fidrmuc, J. P., and C. Xia. 2019. "M&A Deal Initiation and Managerial Motivation." *Journal of Corporate Finance* 59: 320–343. <https://doi.org/10.1016/j.jcorpfin.2017.01.010>.
- Fikru, M. G., and M. Insall. 2016. "Is It More Profitable to Acquire Cleaner or Dirtier Firms?" *Environmental Economics and Policy Studies* 18, no. 4: 443–457. <https://doi.org/10.1007/s10018-015-0118-1>.
- Fombrun, C. J., N. A. Gardberg, and M. L. Barnett. 2000. "Opportunity Platforms and Safety Nets: Corporate Citizenship and Reputational Risk." *Business and Society Review* 105, no. 1: 85–106. <https://doi.org/10.1111/0045-3609.00066>.
- Fong, C.-M., C.-L. Lee, and Y. Du. 2013. "Target Reputation Transferability, Consumer Animosity, and Cross-Border Acquisition Success: A Comparison Between China and Taiwan." *International Business Review* 22, no. 1: 174–186. <https://doi.org/10.1016/j.ibusrev.2012.03.004>.
- Gao, Y., M. Zhang, and H. Yang. 2023. "Looking Good in the Eyes of Stakeholders: Corporate Giving and Corporate Acquisitions." *Journal of Business Ethics* 185: 375–396. <https://doi.org/10.1007/s10551-022-05178-y>.
- Girerd-Potin, I., S. Jimenez-Garcès, and P. Louvet. 2014. "Which Dimensions of Social Responsibility Concern Financial Investors?" *Journal of Business Ethics* 121, no. 4: 559–576. <https://doi.org/10.1007/s10551-013-1731-1>.
- Godfrey, P. C. 2005. "The Relationship Between Corporate Philanthropy and Shareholder Wealth: A Risk Management Perspective." *Academy of Management Review* 30, no. 4: 777–798. <https://doi.org/10.5465/AMR.2005.18378878>.
- Gomes, M. 2019. "Does CSR Influence M&A Target Choices?" *Finance Research Letters* 30: 153–159. <https://doi.org/10.1016/j.frl.2018.09.011>.
- Gomes, M., and S. Marsat. 2018. "Does CSR Impact Premiums in M&A Transactions?" *Finance Research Letters* 26: 71–80. <https://doi.org/10.1016/j.frl.2017.12.005>.
- González-Torres, T., J.-L. Rodríguez-Sánchez, E. Pelechano-Barahona, and F. E. García-Muñia. 2020. "A Systematic Review of Research on Sustainability in Mergers and Acquisitions." *Sustainability* 12, no. 2: 513. <https://doi.org/10.3390/su12020513>.
- Griffin, P. A., D. H. Lont, and E. Y. Sun. 2017. "The Relevance to Investors of Greenhouse Gas Emission Disclosures." *Contemporary Accounting Research* 34, no. 2: 1265–1297. <https://doi.org/10.1111/1911-3846.12298>.
- Gujarati, D. N., and D. C. Porter. 2009. *Basic Econometrics*. 5th ed. McGraw-Hill.
- Gul, F. A., C. Krishnamurti, S. Shams, and H. Chowdhury. 2020. "Corporate Social Responsibility, Overconfident CEOs and Empire Building: Agency and Stakeholder Theoretic Perspectives." *Journal of Business Research* 111: 52–68. <https://doi.org/10.1016/j.jbusres.2020.01.035>.
- Gupta, A. K., and V. Govindarajan. 2000. "Knowledge Flows Within Multinational Corporations." *Strategic Management Journal* 21, no. 4: 473–496. [https://doi.org/10.1002/\(SICI\)1097-0266\(200004\)21:4<473::AID-SMJ84>3.0.CO;2-I](https://doi.org/10.1002/(SICI)1097-0266(200004)21:4<473::AID-SMJ84>3.0.CO;2-I).
- Harjoto, M. A., and H. Jo. 2015. "Legal vs. Normative CSR: Differential Impact on Analyst Dispersion, Stock Return Volatility, Cost of Capital, and Firm Value." *Journal of Business Ethics* 128, no. 1: 1–20. <https://doi.org/10.1007/s10551-014-2082-2>.
- Harrison, J. S., M. A. Hitt, R. E. Hoskisson, and R. D. Ireland. 1991. "Synergies and Post-Acquisition Performance: Differences Versus Similarities in Resource Allocations." *Journal of Management* 17, no. 1: 173–190. <https://doi.org/10.1177/014920639101700111>.
- Hawn, O. V. 2013. "Strategic Role of CSR in International Expansion of Emerging Market Multinationals." *Academy of Management Proceedings* 2013, no. 1: 10862. <https://doi.org/10.5465/AMBPP.2013.10862abstract>.
- Heeley, M. B., D. R. King, and J. G. Covin. 2006. "Effects of Firm R&D Investment and Environment on Acquisition Likelihood." *Journal of Management Studies* 43, no. 7: 1513–1535. <https://doi.org/10.1111/j.1467-6486.2006.00636.x>.
- Hernandez, E., and J. M. Shaver. 2019. "Network Synergy." *Administrative Science Quarterly* 64, no. 1: 171–202. <https://doi.org/10.1177/0001839218761369>.

- Hoetker, G. 2007. "The Use of Logit and Probit Models in Strategic Management Research: Critical Issues." *Strategic Management Journal* 28, no. 4: 331–343. <https://doi.org/10.1002/smj.582>.
- Hong, H., and M. Kacperczyk. 2009. "The Price of Sin: The Effects of Social Norms on Markets." *Journal of Financial Economics* 93, no. 1: 15–36. <https://doi.org/10.1016/j.jfineco.2008.09.001>.
- Huang, C., and T. G. Shields. 2000. "Interpretation of Interaction Effects in Logit and Probit Analyses: Reconsidering the Relationship Between Registration Laws, Education, and Voter Turnout." *American Politics Quarterly* 28, no. 1: 80–95. <https://doi.org/10.1177/1532673X00028001005>.
- Huang, C.-J., W.-C. Ke, R. P.-Y. Chiang, and Y.-C. Jhong. 2023. "Which of Environmental, Social, and Governance Pillars Can Improve Merger and Acquisition Performance?" *Journal of Cleaner Production* 398: 136475. <https://doi.org/10.1016/j.jclepro.2023.136475>.
- Janzen, F. J., and H. S. Stern. 1998. "Logistic Regression for Empirical Studies of Multivariate Selection." *Evolution* 52, no. 6: 1564–1571. <https://doi.org/10.1111/j.1558-5646.1998.tb02237.x>.
- Juravle, C., and A. Lewis. 2008. "Identifying Impediments to SRI in Europe: A Review of the Practitioner and Academic Literature." *Business Ethics: A European Review* 17, no. 3: 285–310. <https://doi.org/10.1111/j.1467-8608.2008.00536.x>.
- Kaul, A., and B. Wu. 2016. "A Capabilities-Based Perspective on Target Selection in Acquisitions." *Strategic Management Journal* 37, no. 7: 1220–1239. <https://doi.org/10.1002/smj.2389>.
- Kim, J.-Y., and A. S. Miner. 2007. "Vicarious Learning From the Failures and Near-Failures of Others: Evidence From the U.S. Commercial Banking Industry." *Academy of Management Journal* 50, no. 3: 687–714. <https://doi.org/10.5465/amj.2007.25529755>.
- King, A., and M. Lenox. 2002. "Exploring the Locus of Profitable Pollution Reduction." *Management Science* 48, no. 2: 289–299. <https://doi.org/10.1287/mnsc.48.2.289.258>.
- King, D. R., D. R. Dalton, C. M. Daily, and J. G. Covin. 2004. "Meta-Analyses of Post-Acquisition Performance: Indications of Unidentified Moderators." *Strategic Management Journal* 25, no. 2: 187–200. <https://doi.org/10.1002/smj.371>.
- King, G., and L. Zeng. 2001. "Logistic Regression in Rare Events Data." *Political Analysis* 9, no. 2: 137–163. <https://doi.org/10.1093/oxfordjournals.pan.a004868>.
- Krishnamurti, C., S. Shams, D. Pensiero, and E. Velayutham. 2019. "Socially Responsible Firms and Mergers and Acquisitions Performance: Australian Evidence." *Pacific-Basin Finance Journal* 57: 101193. <https://doi.org/10.1016/j.pacfin.2019.101193>.
- Kumar, M. V. S., J. Dixit, and B. Francis. 2015. "The Impact of Prior Stock Market Reactions on Risk Taking in Acquisitions." *Strategic Management Journal* 36, no. 13: 2111–2121. <https://doi.org/10.1002/smj.2349>.
- Leiva, R., I. Ferrero, and R. Calderón. 2016. "Corporate Reputation in the Business Ethics Field: Its Relation With Corporate Identity, Corporate Image, and Corporate Social Responsibility." *Corporate Reputation Review* 19, no. 4: 299–315. <https://doi.org/10.1057/s41299-016-0008-x>.
- Leon-Gonzalez, R., and L. Tole. 2015. "The Determinants of Mergers & Acquisitions in a Resource-Based Industry: What Role for Environmental Sustainability?" *Review of Economic Analysis* 7, no. 2: 111–134. <https://doi.org/10.15353/rea.v7i2.1417>.
- Li, K., C. He, W. Dbouk, and K. Zhao. 2021. "The Value of CSR in Acquisitions: Evidence From China." *Sustainability* 13, no. 7: 3721. <https://doi.org/10.3390/su13073721>.
- Li, T.-T., K. Wang, T. Sueyoshi, and D. D. Wang. 2021. "ESG: Research Progress and Future Prospects." *Sustainability* 13, no. 21: 11663. <https://doi.org/10.3390/su132111663>.
- Lin, C. Y.-Y., and Y.-C. Wei. 2006. "The Role of Business Ethics in Merger and Acquisition Success: An Empirical Study." *Journal of Business Ethics* 69, no. 1: 95–109. <https://doi.org/10.1007/s10551-006-9070-0>.
- Linthicum, C., A. L. Reitenga, and J. M. Sanchez. 2010. "Social Responsibility and Corporate Reputation: The Case of the Arthur Andersen Enron Audit Failure." *Journal of Accounting and Public Policy* 29, no. 2: 160–176. <https://doi.org/10.1016/j.jaccpubpol.2009.10.007>.
- Ma, X., X. Xu, and M. Jiang. 2022. "Does a Firm Have to Be Socially Responsible to Become a Target in Cross-Border M&As: Evidence From China." *Asia-Pacific Journal of Accounting & Economics* 29, no. 6: 1417–1438. <https://doi.org/10.1080/16081625.2020.1847149>.
- Malik, M. 2015. "Value-Enhancing Capabilities of CSR: A Brief Review of Contemporary Literature." *Journal of Business Ethics* 127, no. 2: 419–438. <https://doi.org/10.1007/s10551-014-2051-9>.
- McWilliams, A., and D. Siegel. 2001. "Corporate Social Responsibility: A Theory of the Firm Perspective." *Academy of Management Review* 26, no. 1: 117–127. <https://doi.org/10.2307/259398>.
- Meglio, O. 2016. "Are Mergers and Acquisitions Socially Responsible? Evidence From the Banking Industry." In *Advances in Mergers and Acquisitions*, edited by S. Finkelstein and C. L. Cooper, Vol. 15, 95–113. Emerald Group Publishing Limited. <https://doi.org/10.1108/S1479-361X20160000015006>.
- Menard, S. W. 2002. *Applied Logistic Regression Analysis*. 2nd ed. SAGE.
- Moatti, V., C. R. Ren, J. Anand, and P. Dussauge. 2015. "Disentangling the Performance Effects of Efficiency and Bargaining Power in Horizontal Growth Strategies: An Empirical Investigation in the Global Retail Industry." *Strategic Management Journal* 36, no. 5: 745–757. <https://doi.org/10.1002/smj.2244>.
- Moeller, S. B., F. P. Schlingemann, and R. M. Stulz. 2005. "Wealth Destruction on a Massive Scale? A Study of Acquiring-Firm Returns in the Recent Merger Wave." *Journal of Finance* 60, no. 2: 757–782. <https://doi.org/10.1111/j.1540-6261.2005.00745.x>.
- Montgomery, C. A., and B. Wernerfelt. 1988. "Diversification, Ricardian Rents, and Tobin's q." *RAND Journal of Economics* 19, no. 4: 623. <https://doi.org/10.2307/2555461>.
- Ozdemir, O., F. Binesh, and E. Erkmen. 2022. "The Effect of Target's CSR Performance on M&A Deal Premiums: A Case for Service Firms." *Review of Managerial Science* 16, no. 4: 1001–1034. <https://doi.org/10.1007/s11846-021-00471-y>.
- Palich, L. E., L. B. Cardinal, and C. C. Miller. 2000. "Curvilinearity in the Diversification–Performance Linkage: An Examination of Over Three Decades of Research." *Strategic Management Journal* 21, no. 2: 155–174.
- Porter, M. E., and M. R. Kramer. 2006. "Strategy and Society: The Link Between Competitive Advantage and Corporate Social Responsibility." *Harvard Business Review* 84, no. 12: 78–92.
- Pregibon, D. 1981. "Logistic Regression Diagnostics." *Annals of Statistics* 9, no. 4: 705–724. <https://doi.org/10.1214/aos/1176345513>.
- Qiao, L., and J. Wu. 2019. "Pay for Being Responsible: The Effect of Target Firm's Corporate Social Responsibility on Cross-Border Acquisition Premiums." *Sustainability* 11, no. 5: 1291. <https://doi.org/10.3390/su11051291>.
- Qiao, M., S. Xu, and G. Wu. 2018. "Corporate Social Responsibility and the Long-Term Performance of Mergers and Acquisitions: Do Regions and Related-Party Transactions Matter?" *Sustainability* 10, no. 7: 2276. <https://doi.org/10.3390/su10072276>.
- Reis, N., F. M. Pereira, and J. Ferreira. 2015. "An Overview of Three Decades of Mergers and Acquisitions Research." *Iberoamerican Journal of Strategic Management* 14, no. 2: 51–71.
- Reuer, J. J., and M. P. Koza. 2000. "Asymmetric Information and Joint Venture Performance: Theory and Evidence for Domestic and

- International Joint Ventures." *Strategic Management Journal* 21, no. 1: 81–88. [https://doi.org/10.1002/\(SICI\)1097-0266\(200001\)21:1<81::AID-SMJ62>3.0.CO;2-R](https://doi.org/10.1002/(SICI)1097-0266(200001)21:1<81::AID-SMJ62>3.0.CO;2-R).
- Rosenbaum, P. R., and D. B. Rubin. 1985. "Constructing a Control Group Using Multivariate Matched Sampling Methods That Incorporate the Propensity Score." *American Statistician* 39, no. 1: 33–38. <https://doi.org/10.1080/00031305.1985.10479383>.
- Rupp, D. E., J. Ganapathi, R. V. Aguilera, and C. A. Williams. 2006. "Employee Reactions to Corporate Social Responsibility: An Organizational Justice Framework." *Journal of Organizational Behavior* 27, no. 4: 537–543. <https://doi.org/10.1002/job.380>.
- Sakharov, A. V., and J. J. Reuer. 2023. "Resource Redeployment in Corporate Acquisitions: Going Beyond Horizontal Acquisitions." *Long Range Planning* 56, no. 6: 102287. <https://doi.org/10.1016/j.lrp.2022.102287>.
- Salvi, A., F. Petruzzella, and A. Giakoumelou. 2018. "Green M&A Deals and Bidders' Value Creation: The Role of Sustainability in Post-Acquisition Performance." *International Business Research* 11, no. 7: 96. <https://doi.org/10.5539/ibr.v11n7p96>.
- Sen, S., C. B. Bhattacharya, and D. Korschun. 2006. "The Role of Corporate Social Responsibility in Strengthening Multiple Stakeholder Relationships: A Field Experiment." *Journal of the Academy of Marketing Science* 34, no. 2: 158–166. <https://doi.org/10.1177/0092070305284978>.
- Servaes, H., and A. Tamayo. 2013. "The Impact of Corporate Social Responsibility on Firm Value: The Role of Customer Awareness." *Management Science* 59, no. 5: 1045–1061. <https://doi.org/10.1287/mnsc.1120.1630>.
- Shah, S. S. A., and Z. Khan. 2020. "Corporate Social Responsibility: A Pathway to Sustainable Competitive Advantage?" *International Journal of Bank Marketing* 38, no. 1: 159–174. <https://doi.org/10.1108/IJBM-01-2019-0037>.
- Shahzad, A. M., and M. P. Sharfman. 2017. "Corporate Social Performance and Financial Performance: Sample-Selection Issues." *Business & Society* 56, no. 6: 889–918. <https://doi.org/10.1177/0007650315590399>.
- Surroca, J., J. A. Tribó, and S. Waddock. 2010. "Corporate Responsibility and Financial Performance: The Role of Intangible Resources." *Strategic Management Journal* 31, no. 5: 463–490. <https://doi.org/10.1002/smj.820>.
- Tampakoudis, I., and E. Anagnostopoulou. 2020. "The Effect of Mergers and Acquisitions on Environmental, Social and Governance Performance and Market Value: Evidence From EU Acquirers." *Business Strategy and the Environment* 29, no. 5: 1865–1875. <https://doi.org/10.1002/bse.2475>.
- Teece, D. J., G. Pisano, and A. Shuen. 1997. "Dynamic Capabilities and Strategic Management." *Strategic Management Journal* 18, no. 7: 509–533. [https://doi.org/10.1002/\(SICI\)1097-0266\(199708\)18:7<509::AID-SMJ882>3.0.CO;2-Z](https://doi.org/10.1002/(SICI)1097-0266(199708)18:7<509::AID-SMJ882>3.0.CO;2-Z).
- Thompson, C. G., R. S. Kim, A. M. Aloe, and B. J. Becker. 2017. "Extracting the Variance Inflation Factor and Other Multicollinearity Diagnostics From Typical Regression Results." *Basic and Applied Social Psychology* 39, no. 2: 81–90. <https://doi.org/10.1080/01973533.2016.1277529>.
- Trichterborn, A., D. zu Knyphausen-Aufseß, and L. Schweizer. 2016. "How to Improve Acquisition Performance: The Role of a Dedicated M&A Function, M&A Learning Process, and M&A Capability." *Strategic Management Journal* 37, no. 4: 763–773. <https://doi.org/10.1002/smj.2364>.
- Tucker, J. W. 2010. "Selection Bias and Econometric Remedies in Accounting and Finance Research." *Journal of Accounting Literature* 29: 31–57.
- Vastola, V., and A. Russo. 2021. "Exploring the Effects of Mergers and Acquisitions on Acquirers' Sustainability Orientation: Embedding, Adding, or Losing Sustainability." *Business Strategy and the Environment* 30, no. 2: 1094–1104. <https://doi.org/10.1002/bse.2673>.
- Vermeulen, F., and H. Barkema. 2001. "Learning Through Acquisitions." *Academy of Management Journal* 44, no. 3: 457–476. <https://doi.org/10.5465/3069364>.
- Villalonga, B., and A. M. McGahan. 2005. "The Choice Among Acquisitions, Alliances, and Divestitures." *Strategic Management Journal* 26, no. 13: 1183–1208. <https://doi.org/10.1002/smj.493>.
- Waddock, S., and S. B. Graves. 2006. "The Impact of Mergers and Acquisitions on Corporate Stakeholder Practices." *Journal of Corporate Citizenship* 22: 91–109. <https://doi.org/10.9774/GLEAF.4700.2006.su.00011>.
- Welch, X., S. Pavičević, T. Keil, and T. Laamanen. 2020. "The Pre-Deal Phase of Mergers and Acquisitions: A Review and Research Agenda." *Journal of Management* 46, no. 6: 843–878. <https://doi.org/10.1177/0149206319886908>.
- Wernerfelt, B. 1984. "A Resource-Based View of the Firm." *Strategic Management Journal* 5, no. 2: 171–180. <https://doi.org/10.1002/smj.4250050207>.
- White, H. 1980. "A Heteroskedasticity-Consistent Covariance Matrix Estimator and a Direct Test for Heteroskedasticity." *Econometrica* 48, no. 4: 817. <https://doi.org/10.2307/1912934>.
- Widiawati, L. 2020. "A Systematic Literature Review of Socially Responsible Investment and Environmental Social Governance Metrics." *Business Strategy and the Environment* 29, no. 2: 619–637. <https://doi.org/10.1002/bse.2393>.
- Yen, T.-Y., and P. André. 2019. "Market Reaction to the Effect of Corporate Social Responsibility on Mergers and Acquisitions: Evidence on Emerging Markets." *Quarterly Review of Economics and Finance* 71: 114–131. <https://doi.org/10.1016/j.qref.2018.07.003>.
- Yu, Y., N. Umashankar, and V. R. Rao. 2016. "Choosing the Right Target: Relative Preferences for Resource Similarity and Complementarity in Acquisition Choice." *Strategic Management Journal* 37, no. 8: 1808–1825. <https://doi.org/10.1002/smj.2416>.
- Zeng, Y., T. J. Douglas, and C. Wu. 2013. "The Seller's Perspective on Determinants of Acquisition Likelihood: Insights From China's Beer Industry." *Journal of Management Studies* 50, no. 4: 673–698. <https://doi.org/10.1111/joms.12020>.
- Zhang, F., M. Li, and M. Zhang. 2019. "Chinese Financial Market Investors Attitudes Toward Corporate Social Responsibility: Evidence From Mergers and Acquisitions." *Sustainability* 11, no. 9: 2615. <https://doi.org/10.3390/su11092615>.
- Zhang, T., Z. Zhang, and J. Yang. 2022. "When Does Corporate Social Responsibility Backfire in Acquisitions? Signal Incongruence and Acquirer Returns." *Journal of Business Ethics* 175, no. 1: 45–58. <https://doi.org/10.1007/s10551-020-04583-5>.
- Zollo, M., and J. J. Reuer. 2010. "Experience Spillovers Across Corporate Development Activities." *Organization Science* 21, no. 6: 1195–1212. <https://doi.org/10.1287/orsc.1090.0474>.
- Zollo, M., and H. Singh. 2004. "Deliberate Learning in Corporate Acquisitions: Post-Acquisition Strategies and Integration Capability in U.S. Bank Mergers." *Strategic Management Journal* 25, no. 13: 1233–1256. <https://doi.org/10.1002/smj.426>.