

RESEARCH ARTICLE

Mergers and Acquisitions: Does Hiring Financial Advisors Make a Difference?

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ABSTRACT

This study conducts a meta-analysis to address inconsistencies and fragmented understanding regarding the role of financial advisors in mergers and acquisitions (M&A). We aim to quantitatively synthesize existing empirical evidence to clarify the determinants influencing the engagement of financial advisors and, critically, how their characteristics and transaction contexts impact the operational and financial outcomes of M&A deals. Through a systematic literature review and meta-analytic approach, we analyzed 65 empirical studies (articles, theses, and dissertations) to identify and classify variables explaining the selection and influence of financial advisors on M&A performance. Our analysis specifically correlated independent variables measuring financial advisor attributes (e.g., experience, competence, and reputation) with dependent variables reflecting operational performance (transaction completion time) and financial performance (e.g., CAR, SCAR, ROA, ROE, and EBITDA). The findings indicate that the ability to foster positive operational (shorter completion times) and financial outcomes is a primary driver for engaging financial advisors in M&A. Financial advisors demonstrably contribute to more efficient deal closures, higher financial returns, and reduced completion times. The meta-analysis reveals significant moderating effects of financial advisor reputation and M&A complexity (proxied by size) on the relationship between advisor engagement and M&A performance, explaining heterogeneity in prior research. This study significantly advances M&A literature by providing a robust, quantitative synthesis that moves beyond prior inconclusive findings. We demonstrate that financial advisors are critical in navigating M&A complexities, and their effectiveness is contingent upon their reputation and the transaction's inherent complexity. By elucidating these moderating roles, our meta-analysis offers a clearer, more nuanced understanding of *when* and *how* financial advisors make a difference, thereby informing both academic theory and practical decision-making in M&A strategy.

1 | Introduction

The engagement of financial advisors in mergers and acquisitions (M&A) is largely predicated on the belief that their

specialized expertise brings significant value, enhancing both operational and financial outcomes of these complex transactions (Loyeung 2019). Prior research has supported the notion that the selection criteria for financial advisors, and their

Summary

- Positive impact confirmed: Financial advisors demonstrably improve M&A outcomes through faster deal completion times and higher financial returns.
- Dual performance benefits: Advisor engagement enhances both operational efficiency (reduced completion time) and financial performance (increased CAR, ROA, ROE, and EBITDA).
- Reputation matters: Highly reputable financial advisors significantly amplify the positive effects on both operational and financial M&A performance.
- Complexity moderation: Deal complexity (proxied by transaction size) moderates the advisor-performance relationship, with effects varying between operational and financial outcomes.
- Robust meta-analysis: Synthesizes 197 effect sizes from 65 studies spanning four decades to resolve previous contradictory findings in the literature.

subsequent impact, are closely tied to their capability to foster positive M&A outcomes, including operational efficiencies and financial gains (Hunter and Jagtiani 2003; Song et al. 2013; Loyeung 2019; McCarthy and Noseleit 2022). However, despite the widespread practice of engaging financial advisors, the existing literature presents a spectrum of outcomes, often revealing contradictory or inconclusive findings regarding their tangible effects on M&A performance. This divergence underscores persistent theoretical and empirical gaps in fully understanding their selection and their precise impact on M&A success.

Much of the extant research has primarily investigated financial performance as a key determinant for the choice and influence of financial advisors in M&As (Servaes and Zenner 1996; Leledakis et al. 2021). This body of work emphasizes factors such as advisor competence, experience, fee structures, transaction cost reduction, and the management of information asymmetries as fundamental elements for guiding deals and achieving positive financial performance (Servaes and Zenner 1996; Loyeung 2019). Nevertheless, a closer examination reveals that relying solely on financial performance metrics to explain advisor selection might be incomplete (e.g., Lyu and Wang 2020). Other studies highlight the importance of considering factors such as the inherent complexity of the operation (McCarthy and Noseleit 2022), overall transaction and hiring costs, the prevailing institutional environment, and operational performance (e.g., deal completion time). This varied focus across studies contributes significantly to the observed divergence in results within this research domain. Consequently, disagreement persists regarding the precise motivations for firms to engage financial advisors, and which specific variables are most critical in measuring their influence on M&A outcomes.

While a substantial body of literature has explored various facets, such as the institutional context of M&As, the characteristics of financial advisors (e.g., reputation, experience, and fee impact), and broader M&A market aspects (e.g., type of economy and transaction size), there remains a lack of a comprehensive, quantitative synthesis that clarifies the underlying relationships

and statistical effects of financial advisors on M&A performance. Many studies predominantly compare deals advised by different *types* or *tiers* of advisors, rather than systematically contrasting advised deals with unadvised (in-house) ones. This meta-analysis directly addresses this gap by providing a robust, quantitative synthesis that integrates findings from a diverse empirical landscape. We aim to move beyond fragmented insights by identifying and confirming the overarching effects and, more importantly, by elucidating the contingent factors that explain the varying observed outcomes, thus offering a more complete and reliable understanding of advisor effectiveness. Therefore, the central research questions guiding this meta-analysis are: (1) What are the determinants of the choice and influence of financial advisors on the operational and financial performance of M&As? (2) Do the reputation of financial advisors and the complexity of M&As (proxied by size) moderate the relationship between the engagement of financial advisors and M&A operational and financial performance?

Our primary objective is to quantitatively synthesize the main variables identified in the literature that explain the selection and influence of financial advisors in M&As, specifically through the lens of a transaction cost logic and value creation. Methodologically, this study employs a meta-analysis approach, underpinned by a systematic literature review (SLR), which yielded a final sample of 65 empirical studies (articles, theses, and dissertations). This comprehensive analysis allowed for the identification, listing, and classification of all relevant variables, focusing on correlations where independent variables measured aspects of financial advisors (experience, competence, and reputation) and dependent variables captured operational performance (completion time) and financial performance (CAR, SCAR, ROA, ROE, and EBITDA) of M&As. Variables related to financial advisors' reputation and M&A size were systematically classified and analyzed as moderators.

This study contributes to the existing literature on M&A by empirically confirming that both the reputation of financial advisors and the complexity of M&As significantly moderate the relationship between advisor engagement and transaction performance. By analyzing a broad spectrum of prior research, encompassing 197 listed effects, our work reveals that highly reputable financial advisors involved in transactions generally correlate with better financial and operational outcomes. This contribution is pivotal in resolving previous ambiguities within the literature, emphasizing the critical importance of considering these moderating factors in understanding the value proposition of financial advisors in M&A.

2 | Conceptual Model and Hypothesis Development

2.1 | Financial Advisors and Transaction Costs

In M&A, the decision to engage financial advisors fundamentally revolves around the concept of transaction costs, though not always explicitly addressed. These costs include not just the financial expenses directly tied to the execution of M&A deals but also the more intangible costs related to information asymmetry, negotiation, and the alignment of interests between the

involved parties. A synthesis of research across various studies reveals an understanding of how financial advisors influence these transaction costs, thereby shaping the strategic outcomes of M&A activities.

Financial advisors, by their expertise and strategic insights, are considered instrumental in navigating the challenges of M&A transactions. Their involvement is used to minimize direct financial outlays, such as those related to due diligence and negotiation processes, by leveraging their industry knowledge and negotiation acumen to secure more favorable deal terms. This mitigation of transaction costs is particularly salient in the context of complex transactions, where the value of specialized advisory services becomes pronounced. Boutique investment banks, with their focused expertise and independent advice, exemplify this dynamic, offering tailored strategic insights that directly address the specific complexities of each deal (Alexandridis et al. 2023; Loyeung 2019).

Moreover, the role of financial advisors extends beyond the immediate financial considerations to encompass the reduction of indirect transaction costs, such as those related to information asymmetry and alignment of interests between the involved parties. By providing certification effects and reducing information asymmetry, financial advisors may enhance trust and credibility in the transaction process, indirectly lowering the costs associated with achieving successful deal closure (Allen et al. 2004; Davidson III et al. 2008). This certification role is particularly important in deals involving significant information asymmetries, where the advisors' expertise can bridge knowledge gaps and facilitate more informed decision-making.

Additionally, the strategic choice between in-house vs. external advisory services, as well as the decision to engage multiple advisors, reflects a calculus aimed at optimizing transaction outcomes. In-house advisory teams, for instance, offer a unique advantage in aligning advisory incentives with corporate objectives, potentially reducing agency costs and conflicts of interest that can arise in external advisory engagements (Huang et al. 2023). Conversely, the engagement of multiple advisors, despite its potential for adding complexity and coordination challenges, may offer a broader range of perspectives and expertise, thereby enhancing the deal's strategic depth and reducing transaction costs related to suboptimal decision-making (McCarthy and Noseleit 2022).

The cumulative effect of these strategic advisory choices on transaction costs underscores an important aspect of M&A transactions, the dynamic interplay between minimizing direct and indirect costs and maximizing deal value. Through a careful selection of advisory services, balancing in-house expertise, boutique specialization, and the breadth of knowledge offered by multiple advisors, firms may navigate the intricate M&A landscape more effectively, searching to achieve optimal transaction outcomes while managing the multifaceted costs associated with these deals (Ermel and Martelanc 2018; Bedford et al. 2020).

Constructs related to experience, competence, and reputation (Loyeung 2019; McCarthy and Noseleit 2022) offer insights into the nuanced relationship between financial advisors and the performance outcomes of M&As, particularly focusing on

the complexities of these transactions. Advisors' experience and their reputational standing play roles in the dynamics of M&As, affecting both operational and financial success. Advisors with reputation are adept at managing complex M&A processes, thereby potentially enhancing the likelihood of transaction success and operational efficiency (Hunter and Jagtiani 2003).

The connection between advisors' reputational status and their ability to address the complexities of M&A transactions has also been underscored in further research. For example, engaging top-tier advisors could lead to more favorable post-merger outcomes, suggesting that these advisors possess the capability to effectively manage and mitigate the challenges posed by complex M&A scenarios (Loyeung 2019).

The existing body of literature, while extensively exploring the financial performance metrics of M&A transactions (Jemison and Sitkin 1986), such as return on assets (ROA), return on equity (ROE), and Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA), also hints at the need to delve deeper into understanding how the complexity of M&As is influenced by the choice and input of financial advisors. Variables such as the details of transaction processes, the strategic alignment between advising entities, and the management of information asymmetries and transaction costs (Servaes and Zenner 1996; Loyeung 2019) further complicate this relationship. This complexity suggests the need to confirm these constructs' impact on the overall success and efficiency of M&A transactions.

2.2 | Financial Advisors and M&A Operational Efficiency: The Role of Transaction Cost Reduction

The engagement of financial advisors in M&As may impact the operational efficiency of these transactions, primarily by mitigating various forms of transaction costs. Operational efficiency, in this context, is measured by the transaction completion time, with shorter durations indicating higher effectiveness in executing deals (Hunter and Jagtiani 2003; Loyeung 2019). Financial advisors, through their specialized expertise, vast networks, and strategic insights, can be instrumental in streamlining the entire M&A process. This streamlining directly translates to reductions in both tangible financial expenditures (e.g., due diligence and negotiation expenses) and intangible costs associated with information asymmetry, negotiation complexities, and ensuring alignment of interests among parties (Bi and Wang 2018a). By leveraging their industry knowledge and negotiation acumen, advisors can secure more favorable deal terms and accelerate deal execution. This efficiency is particularly pronounced in complex transactions, where the value of specialized advisory services becomes critical in minimizing delays and mitigating escalating costs.

Furthermore, the broad experience of financial advisors, spanning diverse market conditions and institutional environments, enables them to anticipate and mitigate potential hurdles throughout the M&A process (Huang et al. 2023; McCarthy and Noseleit 2022). This proactive approach

reduces unexpected delays and additional costs, directly contributing to faster transaction completion times (Alexandridis et al. 2023; Loyeung 2019). Therefore, the strategic selection of advisory services is considered fundamental for achieving optimal transactional outcomes through effective cost management and expedited processes (Song et al. 2013). Based on this, we hypothesize:

H1. *The engagement of financial advisors in M&A transactions has a direct and positive effect on operational efficiency, specifically by reducing transaction costs and leading to faster deal completion times.*

2.3 | Reputation of Financial Advisors as a Moderating Variable: Impact on Operational Efficiency

Beyond the direct effects, the reputation of financial advisors plays an important moderating role in M&A transactions, particularly enhancing operational efficiency, as measured by completion time (Hunter and Jagtiani 2003; McCarthy and Noseleit 2022). A strong reputation, built through years of experience, demonstrated expertise, and a track record of successful deal completions, serves as an invaluable intangible asset (Loyeung 2019). This reputation acts as a powerful signal to all involved parties—acquirers, targets, and regulatory bodies—minimizing both direct and indirect transaction costs and significantly accelerating the deal process (Michel et al. 1991; Allen et al. 2004).

A reputable financial advisor may contribute to faster deal execution through several interconnected mechanisms. First, their established reputation helps in reducing information asymmetry and building trust among transaction parties (Servaes and Zenner 1996). The involvement of a highly regarded advisor signals credibility, assuring involved stakeholders that the exchanged information is reliable and that the deal is structured professionally. This minimizes the necessity for extensive and time-consuming verification processes, thereby expediting negotiations and decision-making (Song et al. 2013; Loyeung 2019). For example, in a complex cross-border acquisition, a well-known advisor can enhance confidence in an unfamiliar target company's information, reducing the acquirer's due diligence burden and accelerating their comfort level with the transaction.

Second, reputable advisors may streamline regulatory approvals. They often possess established relationships and a deep understanding of regulatory requirements across various jurisdictions (Servaes and Zenner 1996). This experience enables them to proactively identify potential regulatory hurdles and navigate approval processes more efficiently, which can substantially reduce delays associated with antitrust reviews, industry-specific approvals, or other governmental consents (Loyeung 2019). Third, their enhanced negotiation acumen and process management contribute to operational efficiency. Reputable advisors leverage their standing and experience to manage negotiations more effectively, frequently leading to quicker consensus on deal terms (Loyeung 2019; Lyu and Wang 2020). Their capacity to influence discussions

can prevent stalemates and facilitate a smoother progression through the transaction phases, directly translating into reduced transaction times and associated costs such as legal fees and other professional charges that accrue over prolonged deal durations (Song et al. 2013).

Therefore, by facilitating more efficient and cost-effective transaction processes, reputable advisors may not only improve the likelihood of deal success but also enhance the overall operational efficiency of M&As (Servaes and Zenner 1996; Guo et al. 2020), primarily by reducing completion times. Based on this, we hypothesize:

H1a. *The direct and positive relationship between the engagement of financial advisors and the reduction in M&A completion time is strengthened by the financial advisors' reputation, such that completion time decreases further as advisor reputation increases.*

2.4 | Complexity of M&A as a Moderating Variable: Impact on Operational

Beyond the reputation of financial advisors, the inherent complexity of M&A transactions is a critical factor influencing the choice and effectiveness of financial advisors (Servaes and Zenner 1996; Loyeung 2019; McCarthy and Noseleit 2022). Transaction size is often utilized as a proxy for M&A complexity, as larger transactions are generally presumed to involve more intricate dynamics, greater information asymmetries, and consequently, higher transaction costs (Guo et al. 2020). This complexity fundamentally alters the efficacy of financial advisors in influencing both completion times and financial outcomes (Li et al. 2016).

2.4.1 | Moderating Effect on Operational Efficiency (Completion Time)

The initial premise that financial advisors can expedite M&A processes through their expertise encounters a significant moderating factor in transaction complexity. Larger M&As typically entail a broader scope of intricacies, including extensive regulatory approvals, multifaceted stakeholder negotiations, and more comprehensive due diligence processes (Servaes and Zenner 1996; Li et al. 2016). These factors inherently introduce significant transaction costs and procedural delays, challenging the capacity of financial advisors to streamline the completion process. As the size—and thereby the complexity—of M&As increases, the potential for financial advisors to significantly reduce completion times diminishes (Guo et al. 2020). This is primarily due to the heightened transaction costs, logistical challenges, and increased information asymmetries that become more pronounced in larger transactions. While advisors undeniably contribute to managing M&A processes, their efficiency gains may face diminishing returns as transaction sizes grow, often leading to longer completion times despite their involvement. Based on this, we hypothesize:

H1b. *The positive effect of financial advisors on reducing M&A completion times is attenuated by the complexity of the M&As,*

such that this effect becomes less pronounced as M&A complexity (proxied by size) increases.

2.5 | Financial Advisors and M&A Financial Performance: Beyond Transaction Costs

The expertise and competence of financial advisors are linked to M&As' financial performance, suggesting a role that extends beyond mere transaction facilitation (Hunter and Jagtiani 2003). While reducing transaction costs and completion times contribute to financial outcomes, the influence of financial advisors on M&A financial performance encompasses a broader range of mechanisms (McCarthy and Noseleit 2022). Their specialized skills are essential for maximizing value and returns throughout the M&A lifecycle (Chuang 2017a).

Financial advisors may contribute to superior financial performance by enhancing deal quality, improving strategic fit and synergy realization, and optimizing execution and integration outcomes (pre-deal advice). Advisors leverage their market insights, valuation expertise, and negotiation skills to secure more favorable deal terms for their clients (Servaes and Zenner 1996). This includes advising on optimal pricing, structuring complex agreements, and identifying potential pitfalls that could erode value post-acquisition (Loyeung 2019). Their ability to thoroughly assess targets and identify synergistic opportunities reduces the risk of overpayment or acquiring an incompatible entity, thereby preserving and creating shareholder value (Servaes and Zenner 1996; Loyeung 2019).

Effective financial advisors are recognized to do more than just execute transactions; they assist in identifying targets that offer a strong strategic fit with the acquirer's long-term objectives. They help in evaluating potential synergies (cost savings and revenue enhancements) and advise on deal structures that facilitate the capture of these synergies (McCarthy and Noseleit 2022). While synergy realization largely occurs post-merger, the advisor's strategic guidance during the pre-deal and deal-execution phases can significantly enhance the potential for value creation by ensuring a robust strategic rationale for the transaction (Alexandridis et al. 2023).

Although full integration occurs post-merger, financial advisors play a vital role in setting the stage for successful integration (Allen et al. 2004; Davidson III et al. 2008). Their advice on deal structuring, communication strategies, and the identification of integration challenges can mitigate risks of value destruction. Efficient deal execution, facilitated by fewer advisors or enhanced communication, can also contribute to greater financial value creation (Huang et al. 2023). Moreover, advisors can help manage deal uncertainty, which the stock market typically rewards with higher cumulative abnormal returns (CAR). Acquirers often seek advisors who can ensure faster deal completion to secure more favorable premium rates and minimize market exposure, further boosting financial returns (Loyeung 2019). Thus, the influence of financial advisors on M&A financial performance is multifaceted, stemming from their capacity to reduce various costs, enhance deal quality, foster strategic alignment, and facilitate robust execution. Based on this, we hypothesize:

H2. *The engagement and influence of financial advisors on M&As have a direct and positive effect on the financial performance of M&As through reducing transaction costs and enhancing deal quality, strategic fit, and pre-deal integration outcomes.*

2.6 | Reputation of Financial Advisors as a Moderating Variable: Impact on Financial Performance

The reputation of financial advisors may influence the financial outcomes of M&As, extending beyond their direct contributions to transaction cost reduction (Hunter and Jagtiani 2003). While competent and experienced financial advisors are associated with quicker M&A completions and positive financial performance, this relationship is expected to intensify when the involved financial advisors possess a high reputation (Loyeung 2019). Top-tier advisors, recognized favorably in the market, are more likely to conclude M&As swiftly and with greater financial gains, thereby enhancing the overall financial performance of these transactions (Song et al. 2013). This enhancement is primarily attributed to specific mechanisms through which reputation contributes to superior financial outcomes.

First, highly reputable advisors are considered instrumental in securing better deal terms (Michel et al. 1991). Their market standing and extensive networks grant them significant negotiation leverage, allowing them to advocate for more advantageous pricing, favorable clauses, and robust protections for their clients (Loyeung 2019). This ability to shape the financial architecture of the deal directly contributes to improved financial performance. Second, their reputation often translates into reduced financing costs. Lenders and investors may perceive deals advised by highly reputable firms as less risky, potentially offering more favorable interest rates or more accessible capital (Hunter and Jagtiani 2003; Song et al. 2013). This reduction in capital costs can significantly boost the overall financial returns of the M&A.

Finally, reputable advisors may contribute to improved post-merger value creation by providing high-quality strategic advice that informs critical decisions even before the deal closes (Servaes and Zenner 1996; Loyeung 2019). This includes guidance on optimal deal structuring, identifying true synergistic opportunities, and advising on potential integration challenges, all of which lay the groundwork for long-term financial success and value capture post-acquisition (McCarthy and Noseleit 2022). The relationship between the engagement and influence of financial advisors and the financial performance of M&As is amplified by the advisors' reputation, suggesting that the financial performance of M&As will increase further as the reputation of the financial advisors improves. This enhancement is largely attributed to the role of reputation in securing better deal terms, reducing financing costs, and facilitating post-merger value creation. Their specialized knowledge across various sectors and transactions further justifies their ability to generate higher financial returns (Guo et al. 2020). Based on this, we hypothesize:

H2a. *The direct and positive relationship between the engagement of financial advisors and the financial performance of M&As is positively moderated by the advisors' reputation.*

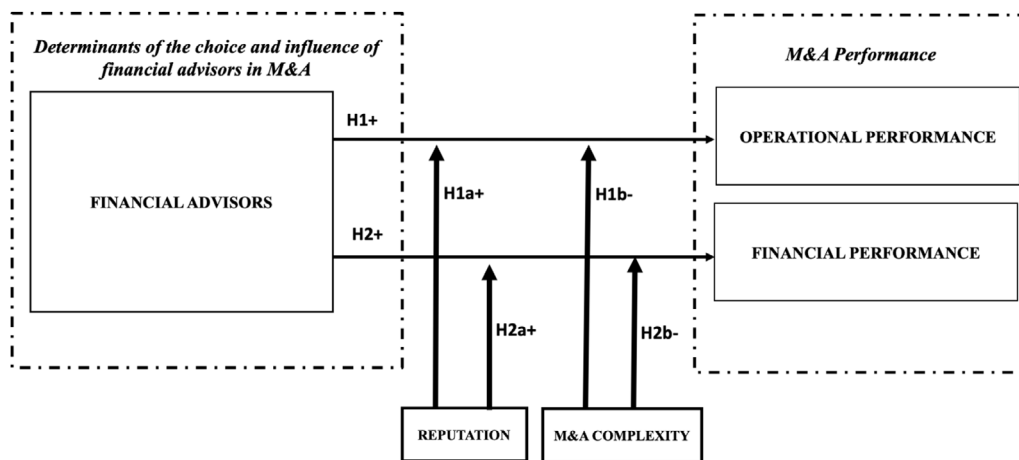


FIGURE 1 | Conceptual model.

2.7 | Moderating Effect on Financial Performance

M&A complexity also has a considerable impact on the relationship between financial advisors and the financial performance of these transactions (Song et al. 2013). Complex M&As are not only operationally more time-consuming but also incur inherently higher transaction costs (Servaes and Zenner 1996; Loyeung 2019), including increased hiring costs, the need for larger advisory teams, and other escalating expenses that directly impact financial returns. While the literature generally suggests that shorter transaction completion times can generate higher financial returns, the overall complexity of a deal can influence financial outcomes both positively and negatively (Hunter and Jagtiani 2003; McCarthy and Noseleit 2022).

Smaller M&As, which are typically less complex, are generally expected to perform better financially (McCarthy and Noseleit 2022). This is because they presumably require less time to complete, face fewer information asymmetries, and incur lower transaction costs. In such less complex scenarios, financial advisors can more effectively leverage their expertise to achieve faster completions and yield higher financial returns (Davidson III et al. 2008). Conversely, in highly complex M&As, the benefits derived from financial advisor engagement might be partially offset by the substantial additional costs and inherent difficulties associated with the transaction's scale and multifaceted nature. This suggests that the positive effect of financial advisors on financial performance becomes more pronounced as the transaction's complexity decreases, as the advisors' efforts are less diluted by overwhelming external factors. This relationship is attributed to the varying transaction costs, completion times, and information asymmetries associated with different levels of M&A complexity. Based on this, we hypothesize:

H2b. *The direct and positive relationship between the engagement of financial advisors and the financial performance of M&As is strengthened when M&A complexity is lower, such that financial performance improves more significantly as M&A complexity (proxied by size) decreases.*

Figure 1 represents the conceptual model that illustrates the relationships between financial advisors, operational performance,

and financial performance within the context of M&A. In this model, financial advisors are the primary independent variable, with their selection and influence expected to have a direct effect on both the operational and financial performance of M&As.

Two moderating variables are considered: the reputation of the financial advisors and the complexity of the M&A transactions. The reputation is hypothesized to strengthen the positive effects of financial advisors on both operational and financial performance, suggesting that advisors with a strong reputation can further enhance these outcomes.

On the other hand, M&A complexity is anticipated to have a differing impact: while it may enhance the positive effect of financial advisors on operational performance, it is expected to attenuate the positive effect on financial performance. This suggests that as M&A transactions become more complex, they pose greater challenges that could diminish the benefits provided by financial advisors, especially regarding the financial outcomes of the M&A.

The model acknowledges that the influence of financial advisors is not uniform and is contingent upon both their reputation and the inherent complexity of the M&A transactions they advise on.

3 | Methods

Meta-analysis is a synthesis technique in studies with a quantitative approach (Hunter and Schmidt 2004), adherent in bibliographic research and that contributes to clarifying certain observational phenomena (Steel et al. 2021). We use the meta-analysis approach to understand which variables are determinant in the choice and influence of financial advisors in M&As. We consider a final sample of empirical studies researched in articles, theses, and dissertations in the databases Web of Science, Scopus, Google Scholar, and ProQuest. The final sample has 65 studies and 197 variables in the complete model to test the main effect size of the meta-analysis (financial advisors have a direct and positive effect on the performance of M&As). Finally, all 65 studies and 197 variables according to classifications were the basis for subsamples for

each hypothesis of direct effect and moderation. The studies that make up the final model met the criteria and procedures explained below.

3.1 | Literature Search

Several criteria and procedures that ensure the robustness and representativeness of the data were used in this meta-analysis (Hak et al. 2016; Steel et al. 2021). First, we conducted an SLR, following the criteria and steps suggested by Stingl and Geraldini (2017), searching for articles in major bibliographic databases—Web of Science, Scopus, Google Scholar, and ProQuest—supplemented with articles identified by the snowballing technique. We initiated our searches in the Web of Science and Scopus databases, justified by their relevance in the academic scene. In these initial searches, we also searched in the eight finance journals classified as 4* and 4 on the ABS list. As a search criterion, we limited the search to the period from 1980 to 2023 (44 years), observing that this was the period in which most articles were published on the topic. Additionally, to identify relevant articles, and after reading and discussion, we defined the following search terms: “Financial advisor” and “Mergers and Acquisitions”, using the Boolean operators “OR” and “AND” between the terms. Then, with the search results in hand, we refined them by applying the exclusion criterion of studies outside the topic of financial advisors in M&A. Exclusions occurred after a detailed reading of the title, abstract, and in most cases, the entire article. The search in WoS in topics (titles, abstract, and text body) filtering by articles only resulted in 30 articles. The search in Scopus in title, abstract, and keywords, filtering by area (Economics, Econometrics and Finance; Business, Management and Accounting) and document type (article and review article), resulted in 36 articles. A total of 66 articles (WoS and Scopus), we excluded 38 articles that were duplicated or not directly related to the topic of financial advisors in M&A, but rather to related themes such as conflicts of interest, the role of corporate governance, fraud, big data, post-M&A audit, and value judgment in M&A. These searches resulted in 28 articles suitable for the SLR. From the 28 articles resulting from the previous step, we proceeded with the snowballing approach. We analyzed the references of all articles (28 articles) to identify other published articles not indexed in the databases. This technique allowed us to identify 25 additional articles for the sample. The search in the eight finance journals from the ABS list did not result in new inclusions. The last searches were in the Google Scholar and ProQuest databases, using the same terms and considering, in addition to articles, theses, and dissertations. The expansion of the document type is justified by obtaining as many studies as possible for the meta-analysis, in order to strengthen the analyses and ensure the most comprehensive literature mapping possible. The searches in Google Scholar and ProQuest resulted, respectively, in 52 and 16 articles, dissertations, and theses. After applying the exclusion criteria to the sample from these databases, it resulted, respectively, in 34 and 3 articles, dissertations, and theses. Thus, the final sample for the SLR consisted of 90 published articles between 1986 and 2023. Considering the 90 articles, theses, and dissertations from the SLR as a basis, we proceeded with some steps to identify the studies suitable for the meta-analysis.

First, we analyzed all the sample articles that used a quantitative approach. Then, we proceeded with the identification, listing, and classification of all the variables in each of the 90 articles from the SLR. At this stage, 25 studies were disregarded, of which 11 studies had unavailable correlation tables, and 14 variables were not compatible with the meta-analysis approach. This stage resulted in 197 variables identified and classified in 65 articles, theses, and dissertations.

Second, we classified the variables as dependent and independent. We found that most studies use financial measures of M&A performance (ROA, ROE, CAR, SCAR, and completion time of M&As) as dependent variables and characteristics of financial advisors, transaction characteristics (size of M&As, market indices, and types of M&As), and the economic context as independent variables. Third, we considered only studies where the independent variables were the characteristics of the financial advisors, and the dependent variables were those measuring the performance of M&As. Thus, the analysis proceeded with these 65 articles, as illustrated in Figure 2.

3.2 | Coding of the Variables

In accordance with recommendations for meta-analysis, we performed the coding of the variables identified and classified in the 65 studies that were suitable from the previous stages. From the original variables, we specified the possible representative codings. The coding was carried out in three groups: we listed and classified all the financial performance variables of M&As (ROA, ROE, CAR, and SCAR) as *financial performance variables* (first group); the inverse completion time variables as *operational performance* (second group), recognizing that shorter durations indicate higher efficiency; and all variables measuring characteristics and data of financial advisors (competence, number of advisors, experience, fees, years of experience, reputation) were classified as *Financial Advisor* (third group).

For the proposed moderations, we considered the reputation variables and transaction size variables. Regarding financial advisor reputation, we aggregated categories such as “top-tier advisors,” “boutique advisors,” and general “reputable” or “top” advisors under a single “REPUTATION” variable. This aggregation was primarily driven by the varied and sometimes inconsistent classifications of advisor reputation across the diverse set of empirical studies included in our meta-analysis. While we acknowledge that “boutique” firms typically differ from “top-tier” (bulge bracket) investment banks in terms of their focus, deal size specialization, and organizational structure (e.g., boutique firms often specialize in niche advisory services or smaller transactions, whereas top-tier banks usually advise on large, complex deals across a broader spectrum of services), many studies in our sample used a broad definition of “reputation” that encompassed both highly specialized boutique firms known for their expertise and large, globally recognized investment banks. Our aim was to capture the overarching effect of perceived high quality and trustworthiness in advisory services as broadly defined in the source literature, recognizing that both top-tier and highly regarded boutique advisors embody a form of “reputation” that signals expertise and capability within their respective market

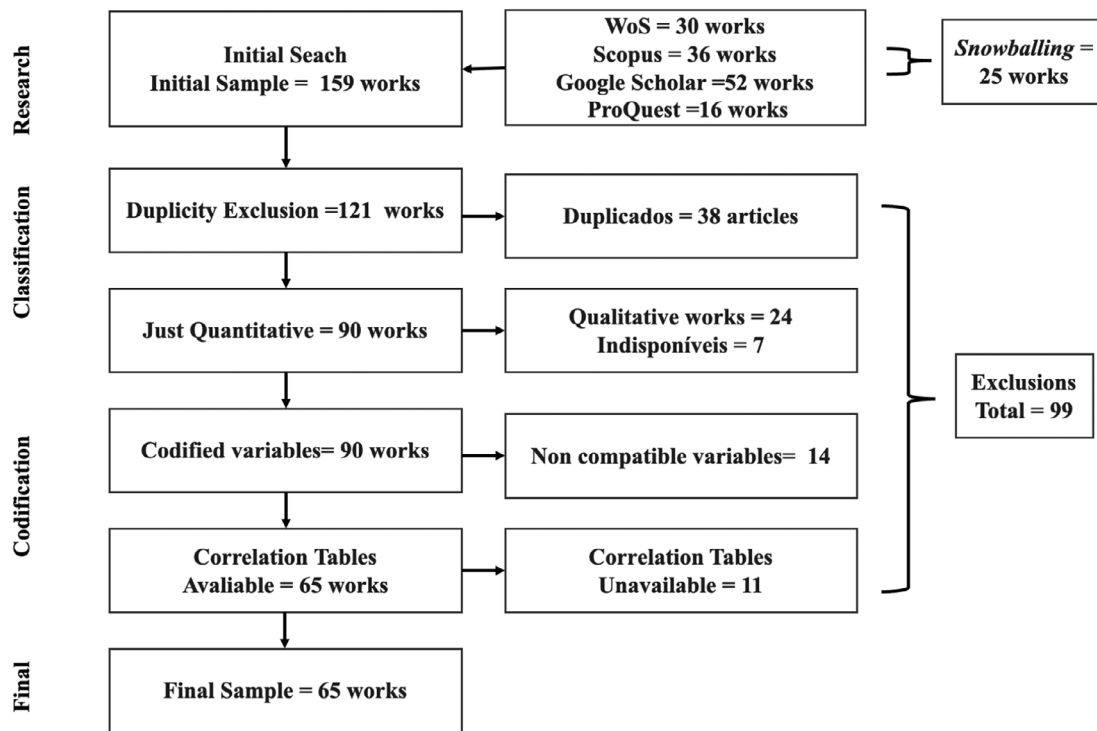


FIGURE 2 | Articles exclusion process.

segments. Future research, ideally with more granular data availability, could explore these categories as distinct moderators. The transaction size variables were consistently coded as “M&A Siz,” serving as a proxy for “COMPLEXIT.”

After these classifications and codings, the complete model consisted of 197 variables distributed across 65 studies. Finally, for each proposed hypothesis, subsamples were extracted from this complete model.

3.3 | Meta-Analysis Approach

We adopted the approach of Hedges and Olkin (2014) to conduct the meta-analysis. As shown in Figure 3, the funnel plot suggests that the effect sizes between financial advisors and the performance of M&As were almost symmetrically distributed around the mean, indicating that publication bias did not pose a significant problem in this meta-analysis.

Regarding the selection of analytical models, based on the guidelines of Borenstein et al. (2021), we opted for the random effects model, as it aligns more adequately with reality compared to the fixed effects model. Initially, we presented the average correlation coefficient r without corrections. Subsequently, we detailed the general correlation coefficient p , accompanied by a 95% confidence interval (CI) based on this corrected coefficient.

The graphical representation of the correlations between the variables of financial advisors and performance indicates a positive trend between them (Figure 3). This is evidenced by the fact that most of the analysis results are situated above zero, indicating a statistically significant and positive relationship between the variables in different studies. However, it is important

to note that some studies indicate a negative relationship. The Failsafe K value of 2313 indicates a high reliability in the number of studies used (Hak et al. 2016), as the indicated number exceeds the ratio prescribed by various researchers (Failsafe K greater than $5 * K + 10$).

4 | Results

We conducted this meta-analysis to understand the determinants of the choice and influence of financial advisors on M&As. The sample for the meta-analysis approach considered the relationship between the choice and influence of financial advisors and the performance of M&As. We also verified the moderation effect from the reputation variables of financial advisors (REPUTATION) and the complexity of M&As (COMPLEXITY). For this, we classified the moderation into two subgroups, one moderating the operational performance (Completion time of M&As) and the other the financial performance of M&As, using randomized effects and a 95% CI.

In this meta-analysis, we used the Meta-Essentials 1.05.01 application to synthesize the quantitative results of our sample (Hak et al. 2016). Our sample considered the coding and classification of 197 variables in 65 studies that quantitatively measured the relationship between financial advisors and the performance of M&As. Subsequently, we considered a new classification of the sample, as the heterogeneity test of the data by the I^2 indicator showed a high value ($I^2 = 99.46\%$), indicating that there is a great heterogeneity among the studies, suggesting the analysis of the selected studies in subgroups or moderation. In this sense, we chose the moderation effect, using reputation variables of financial advisors (H1a+ and H2a+) and the complexity of M&As (H1b– and H2b–).

Table 1 indicates that the confidence interval of the effect size does not include zero, so at a 95% confidence level, the p value is less than 0.05. The results show that the meta-analytic effect is statistically significant. Therefore, our alternative hypotheses can be considered more likely to have a positive effect (except for H1b).

Table 1 briefly presents the results of the meta-analysis. The main effect proposed in this meta-analysis, as per the conceptual model, predicted that financial advisors would have a direct and positive effect on the performance of M&As (financial advisor \times performance). Table 1 shows the confirmation of this effect ($p = 0.000$; $K = 197$, $N = 315,034$, 95% CI = [0.08–0.21]). The level of significance observed based on the Z value (4.48) for the effect between financial advisors and performance shows that the difference between the observed statistical means is significant,

with a high level of confidence (reference value = 1.96), indicating that the probability of the observed effect being due to chance is extremely low.

The results confirm that financial advisors have a direct and positive effect on the performance of M&As. Thus, it is understandable that the choice and influence of financial advisors on M&As are supported by the main assumption observed in this literature: M&As with financial advisors are more likely to have positive performance in terms of completion time, financial returns, and completion capability. The positive performance observed is, therefore, both operational and financial.

The hypotheses of a direct relationship with operational performance (H1+) and financial performance (H2+) represent a

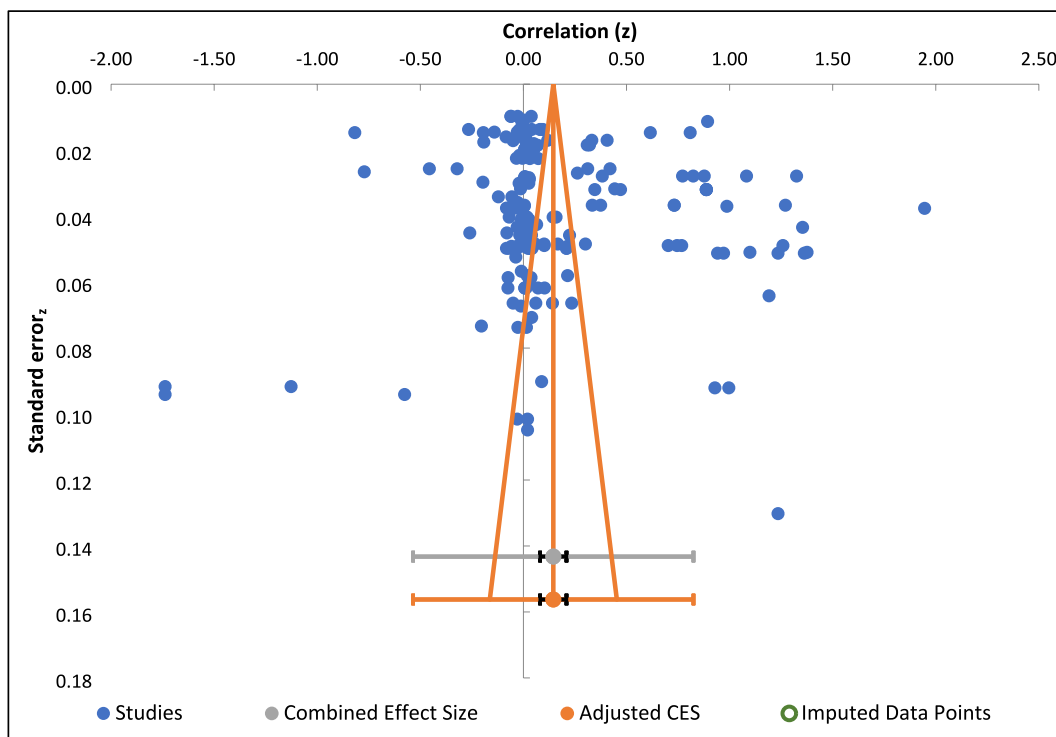


FIGURE 3 | Funnel plot of the relationship between financial advisors and M&A performance. [Color figure can be viewed at [wileyonlinelibrary.com](https://onlinelibrary.wiley.com)]

TABLE 1 | Meta-analysis results.

	K	N	R	p	95% CI		Q_w	Z	I^2	Failsafe K
					Low	High				
Financial advisor \times performance	197	315,034	0.14	0.000	0.08	0.21	36,731.14	4.48	99.47%	2313
H1+	45	91,135	0.22	0.000	0.11	0.32	7395.02	4.07	99.41%	381
H1a+	39	71,504	0.23	0.007	0.11	0.34	6587.37	3.91	99.42%	281
H1b–	45	85,945	0.22	0.233	0.11	0.32	7230.26	4.07	99.39	363
H2+	114	172,867	0.13	0.003	0.04	0.22	18,018.64	2.93	99.37	697
H2a+	105	149,579	0.14	0.006	0.04	0.23	16,325.65	2.73	99.36	556
H2b+	114	173,178	0.13	0.000	0.04	0.22	16,377.14	2.92	9.31	770

further examination of the main effect to better understand the final sample. We observed in the 197 effects related to completion time and the financial performance of M&As. Therefore, we analyzed the determinants of the choice and influence of financial advisors on M&As from the perspectives of operational performance (completion time) and financial performance of M&As.

H1 predicted that the choice and influence of financial advisors on M&As would have a direct and positive effect on the operational performance of M&As. Table 1 shows the confirmation of **H1** ($p=0.000$; $K=45$, $N=91,135$, 95% CI=[0.11–0.32]). Therefore, the choice and influence of financial advisors on M&As can be determined from the ability to complete M&As in the shortest possible time.

H2 predicted that the choice and influence of financial advisors on M&As would have a direct and positive effect on the financial performance of M&As. Table 1 shows the confirmation of **H2** ($p=0.003$; $K=114$, $N=172,867$, 95% CI=[0.04–0.22]). Thus, the choice and influence of financial advisors on M&As can be determined from the generation of positive financial performance in M&As.

The I^2 indicator, used to evaluate the heterogeneity of the data, showed a value of 99.47%. This high result signals considerable heterogeneity among the studies analyzed. This reinforces the need to analyze the data in subgroups to better understand the specificities and characteristics of the included studies. This also reinforces the possibility of moderation, which was done from the variables of financial advisors' reputation and the size of M&As. We will show, as presented in Tables 1 and 2, the results of the moderation hypotheses.

H1a predicted that the direct and positive effect of the choice and influence of financial advisors on M&As and the completion time of M&As would be strengthened by the reputation of financial advisors. Tables 1 and 2 show the confirmation of **H1a** ($p=0.007$; $R=0.23$; $K=39$; $N=71,504$; 95% CI=[0.10–0.70]; and $B=0.40$). Therefore, financial advisors with a reputation enhance the direct and positive effect of the choice and influence on the operational performance of M&As in terms of completion time.

H1b predicted that the direct and positive effect between the choice and influence of financial advisors on M&As and the operational performance of M&As would be strengthened by the size of the M&A. Tables 1 and 2 show the rejection of **H1b** ($p=0.233$; $R=0.22$; $K=45$; $N=85,945$; 95% CI=[–0.60 to 0.15]; and $B=-0.22$). Therefore, the size of the M&A does not strengthen the direct and positive effect between the choice and influence of financial advisors and the operational performance of M&As. Although there is a direct and positive effect between financial advisors and the reduction of completion time of M&As, the moderation result by the complexity of the M&A is not significant.

H2a predicted that the direct and positive effect between the choice and influence of financial advisors on M&As and the financial performance of M&As would be strengthened by the reputation of financial advisors. Tables 1 and 2 show the confirmation of **H2a** ($p=0.000$; $R=0.14$; $K=105$; $N=149,579$; 95% CI=[0.37–0.70]; and $B=0.53$). Therefore, the reputation of financial advisors intensifies the direct and positive effect of the choice and influence of financial advisors and the financial performance of M&As. Thus, the greater the reputation of financial advisors, the higher the financial performance of M&As.

H2b predicted that the direct and positive effect between the choice and influence of financial advisors on M&As and the financial performance of M&As would be strengthened by smaller complexity of the M&A. Tables 1 and 2 show the confirmation of **H2b** ($p=0.000$; $R=0.13$; $K=114$; $N=173,178$; 95% CI=[0.44–1.15]; and $B=0.79$). Therefore, as the complexity of M&A increases, the more it intensifies the direct and positive effect of the choice and influence of financial advisors on the financial performance of M&As.

The results of the meta-analysis confirm that the determinants of the choice and influence of financial advisors on M&As are related to the operational and financial performance of M&As. Financial advisors can deliver shorter completion times and higher financial returns on M&As. The reputation and size of the M&As generally positively intensify the relationship between financial advisors and the performance of M&As. Figure 4 illustrates the results according to the effects of the moderations.

TABLE 2 | Moderation results.

		<i>B</i>	<i>SE</i>	95% CI		β	<i>Z</i>	<i>p</i>
				Low	High			
H1a+	Intercept	0.21	0.05	0.10	0.31		3.93	0.000
	Moderator	0.40	0.15	0.10	0.70	0.37	2.68	0.007
H1b+	Intercept	0.23	0.05	0.14	0.33		5.02	0.000
	Moderator	–0.22	0.19	–0.60	0.15	–0.15	–1.19	0.233
H2a+	Intercept	0.06	0.03	–0.01	0.12		1.59	0.112
	Moderator	0.53	0.08	0.37	0.70	0.41	6.40	0.000
H2b+	Intercept	0.10	0.03	0.04	0.16		3.34	0.001
	Moderator	0.79	0.18	0.44	1.15	0.26	4.39	0.000

5 | Discussion

M&A performance is among the most extensively studied variables in financial advisor research, reflecting its central importance in the broader M&A literature (Servaes and Zenner 1996; Rau 2000; Allen et al. 2004; McCarthy and Noseleit 2022; Bi and Wang 2018a, 2018b). This primarily encompasses the financial performance pre- and post-acquisition for both targets and acquirers (Ferreira et al. 2017). While a consensus result has not always been evident in individual studies, a significant body of research consistently indicates that financial advisors can deliver positive financial performance in M&As (e.g., Bowers and Miller 1990; Allen et al. 2004; Loyeung 2019; Guo et al. 2020). The expectation of achieving positive financial performance is, indeed, one of the primary assumptions underlying the decision to hire financial advisors. Acquiring and target firms anticipate that advisors will guide, identify, and execute their services to ensure the best possible M&A outcomes (Chemmanur et al. 2019), typically measured by positive financial returns or, at minimum, the avoidance of negative post-acquisition effects.

The existing literature provides a substantial quantitative data set that helps explain the relationship between financial advisors and the operational and financial performance of M&As (Ferreira et al. 2014), facilitating the measurement of factors determining advisor selection and influence. This data set comprises financial and market data of M&As, alongside characteristics of financial advisors such as reputation, experience, and competence. The consistent finding across the majority of research over the last three decades, as confirmed by our meta-analysis, is a positive correlation between delivering superior M&A performance and the engagement of financial advisors (Servaes and Zenner 1996; Davidson III et al. 2008). This performance encompasses both financial metrics (e.g., value creation measures) and operational measures (e.g., completion time or completion capability).

However, understanding the nuanced nature of this expected performance is key for addressing the persistent gaps in the literature. While much research posits that positive financial performance is the main driver for hiring financial advisors, other studies focus solely on advisors' influence on M&A completion time, or even suggest that internal teams may outperform external advisors. Research, for example, by Bowers and Miller (1990), Michel et al. (1991), Servaes and Zenner (1996), Allen et al. (2004), Chemmanur et al. (2019), Loyeung (2019), Guo et al. (2020), Leledakis et al. (2021), and McCarthy and Noseleit (2022), indicates that these seemingly divergent or contradictory findings are not necessarily indicative of fundamental inconsistencies in advisor effectiveness, but rather stem from incomplete model specification or the omission of important contextual factors in individual studies. Our meta-analysis directly addresses this by confirming the overall positive effect of financial advisors on M&A performance. This overarching positive effect, based on studies demonstrating advisor influence on achieving higher financial returns, shorter completion times, and increased completion likelihood, helps to resolve these apparent contradictions by demonstrating that the relationship is robust across a large sample of effects. This result strongly corroborates the central assumption that financial advisors are positively correlated with M&A performance.

Beyond this confirmed main effect, our meta-analysis specifically deepens the understanding of the determinants of advisor choice and influence by examining two direct relationship hypotheses and four moderating hypotheses. These analyses provide a more precise explanation for the performance observed in the literature, distinguishing between operational (completion time) and financial outcomes. Our findings reinforce the positive role financial advisors play in M&As, affirming their capability to facilitate faster deal completions and generate higher financial returns (Servaes and Zenner 1996).

The confirmed moderating roles of financial advisor reputation and M&A complexity provide significant insights into how various contextual factors impact performance. These moderations help to explain how M&As characterized by higher complexity, increased transaction costs, greater information asymmetries, and different institutional environments are impacted. The confirmed moderations reinforce that financial advisors, even under these influences, have a positively intensified effect, meaning that performance tends to be greater when accounting for advisor reputation and M&A size. Reputable financial advisors are not only associated with higher M&A completion rates and superior financial returns, but also tend to optimize completion times (Hunter and Jagtiani 2003), particularly in less complex M&As (Aktas et al. 2021).

In performing their financial intermediary services in M&As, financial advisors directly manage a strategy that is inherently risky and costly for companies (Ferreira et al. 2014). Therefore, it is logical that the market demands from these professionals a blend of technical capabilities, strong communication power (Davidson III et al. 2008), deep theoretical and practical financial knowledge (Law and Zuo 2021), adaptability across various market conditions (both developed and emerging economies), and critically, the ability to manage and mitigate calculated risks (Li et al. 2016). Ultimately, the enhanced operational and financial performance of M&As can be attributed to engaging financial advisors possessing the experience and competence to increase synergistic gains (Michel et al. 1991), reduce transaction costs (Servaes and Zenner 1996; Golubov et al. 2012), and reduce information asymmetry costs (Loyeung 2019), and effectively address institutional, regulatory, and cultural barriers that often create distances between targets and acquirers (Li et al. 2016).

5.1 | Limitations and Future Studies

This study, while providing a meta-analytic synthesis, is subject to certain limitations that offer avenues for future research. One primary limitation pertains to the scope of our literature search. Despite a meticulous two-year process involving comprehensive search terms, multiple leading databases (Web of Science, Scopus, Google Scholar, and ProQuest), and the snowballing technique, we acknowledge the possibility of relevant articles existing in journals from different disciplinary areas not covered. While we do not anticipate that the core findings regarding the positive aggregate effect and the identified moderations would fundamentally change, such an expansion could potentially lead to the development of additional direct, moderating, or mediating hypotheses, or provide alternative analytical perspectives.

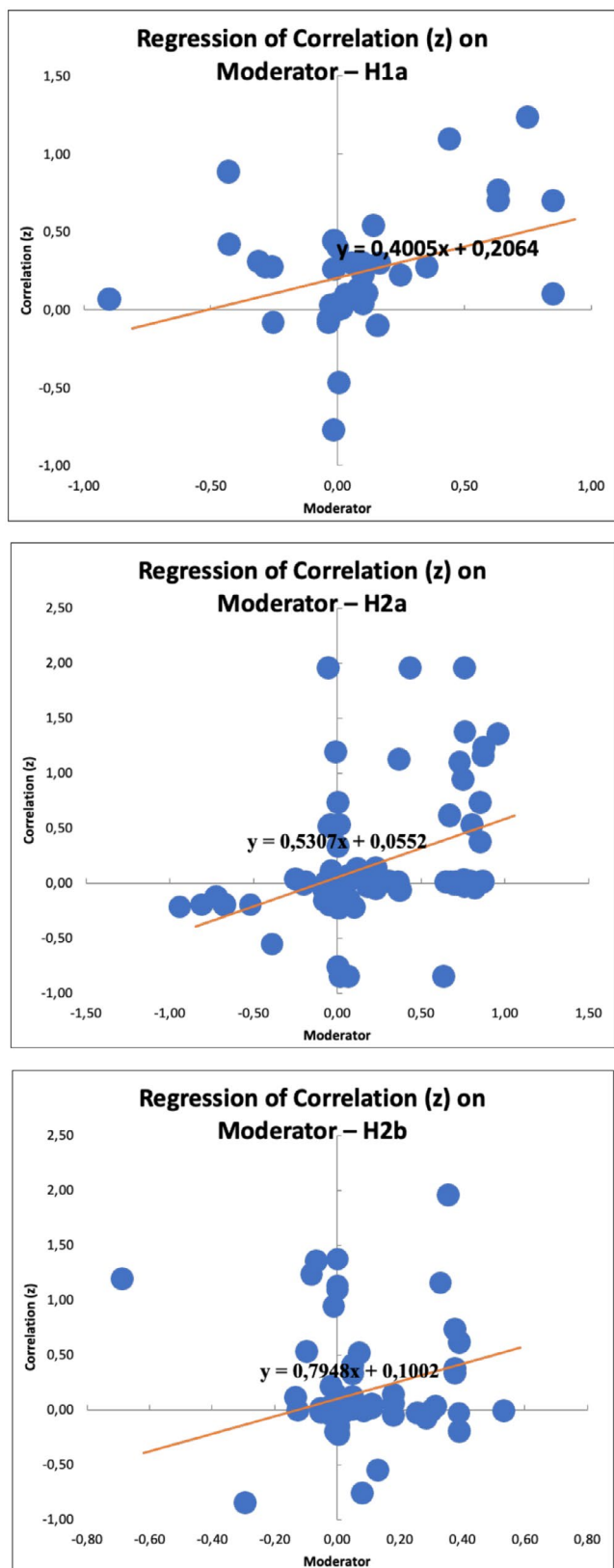


FIGURE 4 | Moderation analysis. [Color figure can be viewed at [wileyonlinelibrary.com](https://onlinelibrary.wiley.com)]

A significant aspect for future inquiry, highlighted by our findings and the broader literature, relates to the specific nature of financial advisor engagement. Our meta-analysis primarily synthesizes studies that investigate the influence of financial

advisors *when they are hired*, often comparing different types or qualities of advisors. Consequently, a direct, systematic comparison of M&A outcomes *with* external financial advisors vs. those conducted *solely with in-house expertise* was not the central focus of our meta-analysis, largely due to the limited number of studies making this direct comparison in a statistically comparable manner within our sample. While the overwhelming majority of M&A transactions involve external advisors, future research could explicitly focus on studies that provide a baseline for evaluating the incremental value of external advisors compared to internal capabilities.

Furthermore, our study predominantly explored moderating factors that theoretically strengthen the main relationship between financial advisor engagement and M&A outcomes (i.e., advisor reputation and M&A complexity as factors that enhance the positive effect or attenuate its efficiency gains). However, we did not systematically explore potential moderators that could help explain conditions under which financial advisors might have neutral or even negative effects on M&A outcomes. For instance, the impact of an excessive number of advisors involved in a transaction, potential conflicts of interest, or advisory services that are misaligned with specific deal needs were not explicitly coded or analyzed as negative moderating factors. This represents a fertile ground for future research to investigate these boundary conditions of advisor effectiveness, providing a more nuanced understanding of when and why advisor engagement might not yield expected benefits, or could even be detrimental.

Moreover, while our meta-analysis provides a statistical synthesis, acknowledging the heterogeneity among studies, future research could delve deeper into the underlying mechanisms that explain the relationship between hiring financial advisors and their influence on various forms of M&A performance. This could involve more rigorous analyses of specific direct relationship variables and the introduction of additional mediators and moderators. Such studies could further broaden the debate in this literature and bring greater clarity to any remaining divergences.

Despite these limitations, the quality and relevance of our sample are robust, as indicated by the Failsafe K value and the number of effects analyzed, reinforcing the validity and reliability of our results as per established meta-analytic guidelines. The confirmation of the overall positive effect between financial advisors and M&A performance, along with the identified moderations, reinforces the central thesis observed in this literature: that the engagement of financial advisors generally brings benefits to M&A transactions, especially as M&As become more complex, larger, and more diversified in terms of their institutional environment. Thus, for challenging M&A strategies, the likelihood and necessity of engaging financial advisors increase significantly, especially as M&As become more complex, larger, and more diversified in terms of the institutional environment (Loyeung 2019; Lyu and Wang 2020; McCarthy and Noseleit 2022).

5.2 | Contributions for Practice

The choice and influence of financial advisors in M&As, as evidenced by our meta-analysis, can be determined by the performance delivered in M&As. For managers, this highlights the

importance of recognizing how complexities linked to the size of the M&A, the type of team, the resources to be allocated, the type of economy, and even the number of financial advisors can be decisive for the final performance of the M&A, mainly the case when the M&A strategy occurs in emerging economies. Overall, the study can contribute by offering basic insights for M&A planning (which scenarios to consider when hiring advisors, which services to discuss, or what is an acceptable duration for an M&A) and for the subsequent evaluation of the M&A, as we offer a synthesis of observational studies that maps this literature with quality over the last 30 years.

6 | Conclusions

This meta-analysis advances the understanding of the determinants behind the choice and influence of financial advisors in M&A. By systematically analyzing a comprehensive set of variables from empirical studies, including articles, theses, and dissertations, we have provided a framework of direct and moderating hypotheses that elucidate our findings. The results unequivocally suggest that the capacity to deliver positive financial and operational performance is a primary driver for engaging financial advisors in M&A.

Our meta-analytic findings further indicate that financial advisors consistently influence the successful completion of M&As, leading to higher financial returns, shorter completion times, and increased probabilities of deal closure. This is particularly evident when M&A complexity, proxied by transaction size, is lower. Importantly, our study's findings, especially regarding the significant moderating effects of financial advisors' reputation and M&A complexity, help to resolve previous ambiguities and seemingly contradictory results in the literature. By accounting for these important contextual factors, we provide clearer evidence that financial advisors generally exert a direct and positive effect on M&A performance. This confirms the central thesis in this literature that the engagement of financial advisors generally brings benefits to M&A transactions, offering a more nuanced and comprehensive understanding of their value.

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Conflicts of Interest

The authors declare no conflicts of interest.

Data Availability Statement

The data that support the findings of this study are available in Supporting Information S1 and S2 of this article.

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Supporting Information

Additional supporting information can be found online in the Supporting Information section. **Data S1:** Supporting Information. **Data S2:** Supporting Information.