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Strategic Intermediation in Corporate Asset Markets: A Qualitative Literature Review on the Role of Non-Venture Private Equity Firms

Ria Wulandari ^{1*}, Mohammad Chaidir ²

¹ Accounting, STIE Kasih Bangsa, email riawulandari@stiekasihbangsa.ac.id

² Management, STIE Kasih Bangsa, email m.chaidir@stiekasihbangsa.ac.id

* Corresponding Author : Ria Wulandari

Abstract: This qualitative literature review explores the strategic role of non-venture private equity (PE) firms as intermediaries in corporate asset markets. Distinct from venture capitalists, these PE firms specialize in acquiring, restructuring, and reallocating mature corporate assets, thereby enhancing market efficiency and value creation. By synthesizing recent studies, this review highlights how non-venture PE firms facilitate resource redeployment, drive operational improvements, and influence corporate governance. Comparative analysis reveals their unique ability to exploit inefficiencies through carve-outs, platform building, and targeted acquisitions. The review also examines emerging ESG considerations and critiques regarding short-termism and stakeholder impact. While the literature acknowledges the transformative role of these firms, it also identifies limitations in theoretical integration and empirical coverage. This study contributes to a deeper understanding of how non-venture PE firms shape firm boundaries, market structures, and the evolving logic of strategic intermediation.

Keywords: Private Equity; Strategic Intermediation; Corporate Asset Markets; Buyouts, Resource Redeploymen.

1. Introduction

Strategic Intermediation in Corporate Asset Markets: A Qualitative Literature Review on the Role of Non-Venture Private Equity Firms. The global corporate asset marketplace has undergone a remarkable transformation over the past two decades, marked by the increasingly prominent role of private equity (PE) firms. While much of the academic and practitioner focus has historically centered on venture capital and early-stage investment, non-venture private equity firms—those that acquire and restructure mature or underperforming businesses—have become vital strategic intermediaries in shaping the structure, performance, and ownership of firms across industries (Gompers, Kaplan, & Mukharlyamov, 2016; Hoskisson, Shi, Yi, & Jin, 2013). These firms function not merely as financial sponsors but as sophisticated value creators that engage in identifying, transforming, and exiting businesses through asset sales, carve-outs, and leveraged buyouts. Understanding how non-venture PE firms operate as intermediaries in strategic factor markets—the specialized markets where key assets like businesses, capabilities, or knowledge change hands—is therefore essential for grasping broader shifts in the governance and evolution of firms (Nary & Kaul, 2023).

In strategic management theory, the concept of strategic factor markets (Barney, 1986; Adegbesan, 2009) emphasizes that firms' ability to acquire and combine resources at below-market costs is a core mechanism for competitive advantage. Non-venture PE firms operate precisely at the nexus of this logic, acting as "market-makers" for corporate assets by leveraging three core potential advantages: the ability to identify undervalued businesses (valuation advantage), the ability to improve governance or operations of acquired assets

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(governance advantage), and the ability to match assets to synergistic buyers at opportune moments (timing advantage) (Nary & Kaul, 2023). These intermediaries specialize in the dynamic process of arbitrating asymmetries in valuation, capability, and strategic fit—domains often inaccessible or too complex for conventional corporate acquirers.

Empirical studies reveal that non-venture PE firms influence the market for corporate assets not only by injecting capital but also through active governance, strategic repositioning, and restructuring initiatives (Kaplan & Stromberg, 2009; Guo, Hotchkiss, & Song, 2011; Bloom, Sadun, & Van Reenen, 2015). Their presence as sophisticated acquirers alters deal dynamics and pricing, often setting benchmarks for value extraction and operational efficiency that ripple through entire industries (Cumming, Siegel, & Wright, 2007). Unlike passive investors, PE firms engage in high-touch management approaches, sometimes installing new leadership, altering capital structures, and pursuing divestitures or bolt-on acquisitions to enhance long-term value (Castellaneta & Gottschalg, 2016). Supplier engagement, adoption of green technologies, and collaboration with stakeholders, is crucial for improving operational efficiency, reducing environmental impact, and enhancing the company's reputation (Ruslaini & Eri Kusnanto, 2020).

This strategic intermediation function aligns with the growing recognition in the literature that private equity firms are not simply financial actors but organizational architects that reshape the trajectory of portfolio companies (Foss et al., 2021; Humphery-Jenner, 2014). Their ability to acquire, transform, and exit businesses is deeply embedded in the institutional and informational contexts of markets (Aghamolla & Hashimoto, 2020). As such, PE firms are not passive respondents to market signals but active interpreters and constructors of market meaning, generating and capturing value through their interpretive flexibility and foresight (Ahuja, Coff, & Lee, 2005).

A key theoretical lens to understand this phenomenon is the resource-based view (RBV), which posits that value is created through the effective orchestration of valuable, rare, inimitable, and non-substitutable (VRIN) resources (Barney, 2018). Non-venture PE firms can be seen as temporary owners of such resources—especially underutilized or misallocated capabilities within mature firms—and aim to unlock latent value through reconfiguration (Castellaneta & Conti, 2017). In particular, PE firms' ability to act under conditions of market opacity or strategic uncertainty allows them to arbitrage behavioral inefficiencies and informational frictions (Barberis & Thaler, 2003; Chatain & Zemsky, 2011).

Moreover, the relational and institutional capital accumulated by PE firms—spanning networks of advisors, industry specialists, financiers, and corporate buyers—constitutes a form of meta-competence that further enhances their intermediation role (Davis, 2016; Ghai, Kehoe, & Pinkus, 2014). Unlike public market investors, PE firms operate in a less regulated, more negotiated space, allowing for flexible deal structuring and confidential due diligence that are critical in unlocking value in complex corporate carve-outs or turnaround opportunities (Capron & Shen, 2007; Dittmar, Li, & Nain, 2012).

Additionally, non-venture PE's growing involvement in sectors beyond traditional buyouts—including healthcare, energy, and infrastructure—suggests an expanded strategic scope that requires deeper analysis. As private markets expand in size and sophistication, PE firms' roles are evolving from mere deal-makers to ecosystem orchestrators, strategically positioning assets across time, sectors, and geographies (Indahl & Jacobsen, 2019; Humphery-Jenner, Sautner, & Suchard, 2017). This trend raises important questions about how PE firms selectively engage with regulatory environments, ESG considerations, and stakeholder governance to balance value creation with legitimacy and long-term impact (Jackson-Moore & Kerrigan, 2021).

Despite their growing importance, non-venture PE firms remain under-theorized within mainstream strategic management research. Much of the literature has focused on venture capital, IPOs, or corporate M&A, leaving a gap in understanding how PE firms strategically intervene in mid-market or mature asset spaces. This qualitative literature review aims to fill this gap by synthesizing a rich and diverse body of scholarship on private equity as a strategic intermediary, with special attention to firm-level capabilities, market timing, governance transformations, and exit strategies.

In doing so, this review contributes to three major theoretical conversations. First, it expands the resource-based and capability-based views by integrating the temporal and intermediation dynamics unique to PE transactions (Kaul & Wu, 2016; Chen, Kaul, & Wu, 2019). Second, it engages with strategic factor market theory by illustrating how PE firms identify and exploit imperfections in asset pricing and resource alignment (Adegbesan, 2009; Gans & Ryall, 2017). Third, it enhances our understanding of organizational boundaries and

governance structures, showing how PE ownership creates unique incentive and monitoring frameworks that influence managerial decision-making and firm outcomes (Cumming et al., 2007; Foss et al., 2008).

Ultimately, by positioning non-venture PE firms as strategic actors that actively shape the market for corporate assets, this review seeks to reframe private equity not as a monolithic financial mechanism but as a multi-dimensional organizational force. Such a perspective is crucial not only for academics seeking to develop more robust theories of firm evolution and asset redeployment but also for practitioners and policymakers interested in the governance and efficiency of private capital markets in the 21st century.

2. Literature Review

Private equity (PE) firms have long been studied through the lens of financial engineering, governance reform, and operational efficiency. However, recent scholarship suggests a more nuanced and strategic intermediary role for PE firms in corporate asset markets, particularly beyond the venture capital domain (Nary & Kaul, 2023). This literature review synthesizes qualitative insights on how non-venture PE firms act as intermediaries in the strategic reallocation of corporate assets, facilitating transactions, enhancing resource complementarities, and influencing market efficiency.

Private Equity as Strategic Intermediaries. Nary and Kaul (2023) argue that private equity firms serve not merely as financiers but as active intermediaries that match misaligned assets with better-suited organizational contexts. Their study positions PE as market makers for corporate assets, applying strategic judgment to identify and reconfigure underutilized business units. This strategic intermediation perspective builds on earlier work on strategic factor markets (Adegbesan, 2009) and complements the theory of firm boundaries (Argyres & Zenger, 2012). The presence of private equity enhances the capitalization of failing banks and strengthens long-term financial stability (Yulianti, G., et al, 2024).

Aggarwal and Hsu (2014) demonstrated that entrepreneurial exits facilitated by intermediaries like PE often coincide with innovation waves, reinforcing the role of PE in timing and clustering exits to optimize market impact. Similarly, Aghamolla and Hashimoto (2020) emphasized the role of dynamic freeriding and information clustering in financial markets, which PE firms exploit to their advantage.

Reallocation of Corporate Assets and Complementarities. Strategic intermediation by PE firms also capitalizes on resource complementarity. Grimpe and Hussinger (2014) show that acquisitions driven by complementary intellectual property yield greater value capture, a process PE firms orchestrate by acquiring and recombining such assets. This aligns with the logic of the resource-based view (Barney, 2018) and experiential learning theories in acquisition strategies (Barkema & Schijven, 2008).

Capron and Shen (2007) highlight the informational advantages PE firms possess when acquiring private firms, reinforcing the premise that PE firms function as informed selectors in asset markets. The performance of such acquisitions is further enhanced by the PE firm's capacity for post-deal governance and restructuring (Cumming, Siegel, & Wright, 2007).

Institutional Ownership, Incentives, and Value Creation. PE firms often operate under different incentive regimes compared to public corporations. Aghion, Van Reenen, and Zingales (2013) reveal that institutional ownership, particularly by long-term capital providers like PE, is positively associated with innovation. Humphery-Jenner (2012) further found that larger PE funds achieve better outcomes by leveraging economies of scale in governance and monitoring. Sustainability, innovation, and dynamic factors are important capabilities for multi-finance companies that need to be strengthened and developed (Patricia, M. C, 2023).

Moreover, Gompers, Kaplan, and Mukharlyamov (2016) documented that PE firms emphasize operational improvement as a core value creation mechanism, echoing earlier findings by Matthews, Bye, and Howland (2009). This operational focus differentiates PE firms from other market participants and strengthens their role as active intermediaries.

Capital Allocation and Behavioral Perspectives. Bardolet, Fox, and Lovallo (2011) introduced a behavioral view of capital allocation, highlighting that aspiration-driven biases affect investment decisions. PE firms, with their longer investment horizons and professionalized governance structures, may circumvent such biases (Souder & Bromiley, 2012). Their methodical approach to investment, acquisition, and divestiture aligns with the strategic foresight literature (Ahuja, Coff, & Lee, 2005).

Bloom, Sadun, and Van Reenen (2015) found that PE-owned firms exhibit better management practices, particularly in capital allocation, workforce optimization, and performance monitoring. These findings underscore the PE firm's intermediary role in aligning strategic objectives with organizational execution.

Private Equity and Asset Liquidity. PE firms increase the liquidity of corporate asset markets by facilitating the exit and redeployment of underperforming business units. Maksimovic and Phillips (2001) showed that asset sales often create efficiency gains, especially when facilitated by knowledgeable intermediaries. Kaul, Nary, and Singh (2018) expanded this view by examining how PE firms systematically acquire divested businesses to reconfigure and enhance them, thereby revitalizing dormant potential.

Buyouts are a critical mechanism in this intermediation. Axelson, Strömberg, and Weisbach (2009) argued that leveraged buyouts create value through both financial structuring and operational discipline. This is echoed in the findings of Guo, Hotchkiss, and Song (2011), who documented performance improvements in post-buyout firms.

Strategic Intermediation vs. Venture Capital Approaches. Unlike venture capital firms, which focus on early-stage innovation and growth, non-venture PE firms operate in mature markets where strategic intermediation entails reconfiguration rather than creation (Hoskisson et al., 2013). The strategic logic here is closer to resource redeployment (Sakhartov, 2018) and capability recombination (Makri, Hitt, & Lane, 2010).

Klein et al. (2021) introduced the concept of ownership competence, which is especially relevant to PE firms as intermediaries. Their skill in governance adaptation, resource orchestration, and stakeholder engagement enables them to drive strategic realignment across portfolios. This stands in contrast to the more passive or narrowly focused models of asset management found in traditional financial intermediaries.

ESG, Reputation, and Ethical Intermediation. Recent discussions have also emphasized the role of PE in advancing ESG (Environmental, Social, and Governance) agendas. Indahl and Jacobsen (2019) described how ESG integration reduces risk and enhances portfolio value. The Carlyle Group's ESG-linked credit line (Hirsch, 2021) reflects growing stakeholder expectations for PE intermediaries to balance returns with responsibility.

Porter and Kramer (2011) argue for "shared value" creation, a notion that resonates with the PE industry's pivot toward long-term sustainability and reputational intermediation. PE's role is increasingly seen not only in asset optimization but also in shaping broader corporate behaviors (Jackson-Moore & Kerrigan, 2021).

The literature increasingly positions non-venture private equity firms as strategic intermediaries in corporate asset markets. Far from being passive financial actors, they play active roles in asset reallocation, value creation, and governance transformation. Their intermediary function bridges market inefficiencies, facilitates strategic repositioning, and enables firms to adapt more effectively to competitive and institutional environments. As markets continue to evolve, understanding the strategic intermediation role of PE firms remains vital for both scholars and practitioners

3. Proposed Method

This study adopts a qualitative literature review methodology to systematically explore the role of non-venture private equity (PE) firms as strategic intermediaries in corporate asset markets. A qualitative approach is particularly suitable for understanding emergent themes, conceptual linkages, and theoretical patterns in fragmented and multi-disciplinary research domains (Snyder, 2019). Given the evolving nature of private equity's intermediary function, this review emphasizes interpretive synthesis, privileging depth over breadth in assessing strategic, organizational, and financial dimensions.

The review follows a narrative-integrative framework designed to synthesize conceptual arguments and empirical findings from peer-reviewed journals in strategic management, corporate finance, and entrepreneurship (Tranfield, Denyer, & Smart, 2003). This method enables an iterative reading of the literature to surface patterns of value creation, transaction intermediation, and ownership transformation that distinguish non-venture PE firms from venture capitalists and public acquirers (Nary & Kaul, 2023).

The literature search was conducted using databases for grey literature and recent working papers. The search covered articles published between 2000 and 2024, ensuring relevance to both legacy and contemporary debates. Search terms included: "private equity", "strategic intermediation", "asset markets", "corporate restructuring", "non-venture capital", "leveraged buyouts", "divestitures". Boolean operators and truncation (e.g., "private equit*

and intermediar*”) were used to refine results. A backward and forward citation tracking process was applied to identify influential contributions (Webster & Watson, 2002).

The inclusion criteria focused on studies that: Examined non-venture PE firms, particularly those involved in buyouts, growth capital, or turnaround investments (Kaplan & Strömberg, 2009). Offered empirical or theoretical insights into the intermediary role of PE in facilitating asset redeployment, resource recombination, or organizational transformation (Castellaneta & Gottschalg, 2016; Gompers et al., 2016). Were published in peer-reviewed journals or high-quality working papers. Used strategic management, institutional theory, or resource-based perspectives. Studies were excluded if they focused primarily on venture capital mechanisms, IPOs, or public equity markets, unless such contexts were explicitly compared to non-venture PE activity.

Each article was analyzed for: Theoretical lens used (e.g., RBV, transaction cost economics, institutional theory). Role of PE as a strategic actor vs. financial arbitrageur. Mechanisms of value creation (operational improvement, governance restructuring, market timing). Outcomes in terms of innovation, stakeholder engagement, and capital efficiency. An inductive coding approach (Thomas, 2006) was applied, enabling the emergence of themes such as “strategic asset recycling,” “ownership transformation,” and “governance arbitrage.” NVivo software was used to manage qualitative coding and theme clustering.

Following the integrative synthesis approach (Whittemore & Knafl, 2005), the coded data were aggregated into higher-order categories reflecting the strategic functions of PE firms in corporate asset markets. The synthesis emphasizes explanatory pluralism, recognizing that the PE intermediary role is shaped by both firm-level capabilities and market-level frictions (Argyres & Zenger, 2012; Mahoney & Qian, 2013).

The methodology balances descriptive mapping (e.g., how PE firms operate) and analytical interpretation (e.g., why their intermediary roles vary across contexts), ensuring relevance for both theory development and managerial application.

4. Results

This qualitative literature review identifies five dominant themes concerning the strategic intermediation role of non-venture private equity (PE) firms in corporate asset markets: (1) asset reallocation and market efficiency, (2) value creation through governance transformation, (3) strategic arbitrage in fragmented markets, (4) learning and specialization advantages, and (5) ecosystem and stakeholder repositioning.

Asset Reallocation and Market Efficiency. Non-venture private equity firms act as market-clearing intermediaries that enable the reallocation of underutilized or misaligned corporate assets. Nary and Kaul (2023) argue that private equity firms possess superior search and matching capabilities, allowing them to identify inefficient corporate asset configurations and transfer them to more capable or better-aligned owners. Their findings reveal that PE firms often serve as “brokers of reconfiguration,” helping assets traverse strategic boundaries and generate renewed value.

Supporting this view, Maksimovic and Phillips (2001) demonstrate that asset markets are inefficient due to information asymmetries and coordination frictions, making intermediaries like PE firms essential for dynamic restructuring. Similarly, Argyres and Zenger (2012) emphasize that market frictions related to incomplete contracts and transaction costs justify intermediary intervention in strategic factor markets.

Value Creation through Governance Transformation. Beyond financial engineering, non-venture PE firms engage in active governance restructuring to enhance operational efficiency and accountability (Bloom et al., 2015). According to Castellaneta and Gottschalg (2016), ownership form significantly impacts post-acquisition performance, with private equity ownership linked to more effective performance monitoring, managerial discipline, and strategic alignment.

Gompers, Kaplan, and Mukharlyamov (2016) further corroborate that PE firms claim their value is primarily created through operational improvements rather than financial manipulation. These improvements include board composition changes, incentive realignment, and performance metrics enforcement.

Strategic Arbitrage in Fragmented or Opaque Markets. Private equity firms exploit information asymmetries and valuation inefficiencies in asset markets. According to Capron and Shen (2007), private acquirers can better navigate private firm acquisitions due to access to non-public information, enabling them to extract better deal terms. Nary and Kaul (2023)

extend this logic by suggesting that PE firms thrive in "intermediation-rich" contexts, such as divestitures of underperforming units, where corporate sellers lack either the capability or the interest to optimize value realization. This aligns with the findings of Benner and Zenger (2016), who discuss how strategic lemons problems—where firms struggle to accurately assess and communicate strategic value—create arbitrage opportunities for well-informed intermediaries like PE firms.

Learning, Specialization, and Portfolio Effects. Private equity firms develop experiential knowledge through repeated transactions, allowing them to outperform generalist acquirers in executing corporate transformations. Barkema and Schijven (2008) note that acquisition experience reduces integration errors and enhances synergies over time. PE firms apply structured playbooks that include modular restructuring strategies, enabling efficient replication across portfolio companies (Castellaneta & Zollo, 2015).

Moreover, Braun, Jenkinson, and Stoff (2017) confirm that PE performance persistence is partially attributable to learning effects and sectoral specialization. These firms accumulate tacit knowledge regarding market cycles, restructuring timelines, and regulatory nuances, positioning them as knowledge-intensive intermediaries.

Ecosystem and Stakeholder Repositioning. Modern private equity is increasingly oriented toward long-term ecosystem shaping, especially in response to ESG pressures and stakeholder capitalism (Indahl & Jacobsen, 2019). Nary and Kaul (2023) assert that PE firms often act as agents of institutional change, repositioning firms within ecosystems by adjusting relationships with suppliers, regulators, and labor.

This perspective aligns with the stakeholder lens advanced by Barney (2018), who argues that value appropriation models must account for broader legitimacy and relational dimensions, especially as PE-backed firms interact with complex institutional environments.

Moreover, Hoskisson et al. (2013) document the strategic evolution of PE firms into "multi-role actors," combining dealmaking with strategic repositioning and even political engagement. These shifts position PE not just as financial buyers but as institutional actors capable of reshaping corporate purpose.

Collectively, these findings indicate that non-venture PE firms play a multi-dimensional intermediary role in corporate asset markets. Far from being passive financial agents, they function as: Strategic brokers reallocating misaligned assets, Governance engineers transforming managerial practices, Arbitrageurs exploiting market frictions, Strategic learners leveraging acquisition capabilities, and Stakeholder repositioners shaping firm ecosystems. These roles contribute not only to value capture but also to market-level efficiency, innovation dissemination, and industry evolution.

5. Discussion

The role of non-venture private equity (PE) firms in corporate asset markets has undergone a substantial transformation. Rather than being passive financial investors, non-venture PE firms increasingly serve as strategic intermediaries facilitating efficient reallocation, operational rejuvenation, and institutional transformation. This qualitative literature review reveals multiple roles and mechanisms through which such firms impact the structure and functioning of corporate asset markets, affirming the theoretical insights of Nary and Kaul (2023) that non-venture PE firms are dynamic agents who help shape the architecture of asset exchange (Nary & Kaul, 2023).

Comparative Perspective: Theoretical and Empirical Anchoring. A foundational comparative perspective can be drawn between Nary and Kaul (2023) and Maksimovic and Phillips (2001), where the latter highlight the inefficiencies and frictions that exist in corporate asset markets, especially in divestitures and asset sales. Maksimovic and Phillips (2001) argue that such inefficiencies stem from information asymmetry and organizational inertia, which create opportunities for intermediaries. Nary and Kaul (2023) extend this view by proposing that PE firms are not merely dealmakers but act as institutional entrepreneurs capable of altering the matching process between assets and organizational hosts. These firms bridge gaps between corporate strategy and asset optimization, demonstrating how intermediaries actively engineer value rather than passively arbitrage it.

Another seminal study by Gompers, Kaplan, and Mukharlyamov (2016) affirms the behavioral transformation aspect of PE firms. Based on survey evidence, these authors find that private equity managers emphasize value creation through operational improvement, strategic redirection, and governance enhancement. This complements Nary and Kaul's

(2023) assertion that PE firms specialize in asset repositioning within the boundaries of strategic control and capability reconfiguration.

Governance and Organizational Reconfiguration. The transformative governance function of PE firms has been elaborated in research by Bloom, Sadun, and Van Reenen (2015), who find that PE-backed firms exhibit superior management practices compared to their non-PE counterparts. This empirical observation supports the notion that PE firms drive value not only through capital reallocation but through structural enhancements at the organizational level. Castellaneta and Gottschalg (2016) reinforce this claim by analyzing ownership variance and discovering that governance changes driven by PE ownership significantly impact post-acquisition performance. In contrast to traditional managerial regimes, PE firms bring a results-oriented governance model that tightly aligns incentives with performance outcomes.

Furthermore, the work by Braun, Jenkinson, and Stoff (2017) underscores that performance persistence in PE is driven by accumulated deal-level experience and internal capability development. This ties into the learning-based view proposed by Barkema and Schijven (2008), who emphasize that repeated acquisition experience improves firms' ability to extract synergies and manage integration challenges. Both findings corroborate the intermediary role of PE as expert reconfigurators who learn to optimize organizational transformations over time.

Market Arbitrage and Asymmetric Information. An important theme emerging from the literature is the PE firms' role as arbitrageurs in inefficient and opaque markets. Capron and Shen (2007) find that private acquirers outperform public ones due to their ability to leverage private information and execute deals in less transparent settings. This strategic advantage is further supported by Benner and Zenger (2016), who discuss the lemons problem in strategic markets, emphasizing that asymmetrical knowledge about firm quality creates arbitrage potential for sophisticated buyers like PE firms.

Additionally, Dittmar, Li, and Nain (2012) demonstrate that public acquirers who follow private equity investments into targets tend to realize higher returns, suggesting that PE firms act as quality certifiers or strategic scouts within the corporate asset landscape. This aligns with the intermediary thesis proposed by Nary and Kaul (2023), where PE firms improve matching efficiency by possessing superior deal sourcing and due diligence capabilities.

Portfolio Specialization and Capability Accumulation. Learning advantages are particularly visible in studies such as Castellaneta and Zollo (2015), who propose that PE firms develop modular restructuring knowledge through experiential learning. These capabilities allow PE firms to replicate successful interventions across their portfolio companies, enhancing predictability and reducing variance in performance outcomes. The findings of Braun, Jenkinson, and Stoff (2017) align with this perspective, revealing that deal-level persistence is partly a function of accumulated strategic routines and executional capabilities.

Barkema and Schijven (2008) further illuminate this by arguing that acquirers must internalize integration learning to realize synergies in complex deals. The repeatability of such transformation efforts positions PE firms as structurally different from strategic corporate acquirers, who often lack both the focused governance model and the deep playbook approach employed by PE professionals.

Stakeholder Repositioning and Institutional Adaptation. A more recent and critical dimension in understanding PE intermediation involves the institutional and stakeholder implications of their strategic actions. Indahl and Jacobsen (2019) explore how PE firms are integrating ESG (Environmental, Social, and Governance) factors into their investment theses to align with long-term value creation. This evolution reflects a broader institutional shift in the private capital industry, signaling that PE is not solely financially motivated but increasingly responsive to external legitimacy and stakeholder engagement.

This stakeholder-driven orientation is echoed in Barney (2018), who insists that any contemporary resource-based theory of value appropriation must account for broader institutional and stakeholder dynamics. In a similar vein, Hoskisson et al. (2013) describe the strategic evolution of PE from transactional financiers to multi-role actors engaging in capability building, stakeholder influence, and long-term value orchestration.

Comparative Analysis: Eight Prior Studies. Nary & Kaul (2023): Propose a framework where PE firms act as institutional intermediaries improving asset matching by solving strategic frictions in asset reallocation. Gompers et al. (2016): Emphasize operational and governance improvements as the main drivers of value in PE-backed deals, validating the

notion of PE as active strategists. Maksimovic & Phillips (2001): Highlight structural inefficiencies in asset markets, creating the context in which PE intermediaries can thrive.

Bloom et al. (2015): Provide empirical evidence that PE-owned firms have better management practices, linking PE ownership to organizational upgrades. Capron & Shen (2007): Demonstrate that private acquirers outperform in deals involving private targets, reinforcing the notion of information advantage and arbitrage. Castellaneta & Gottschalg (2016): Show that ownership structure affects firm performance, confirming that PE ownership has distinct post-acquisition implications.

Indahl & Jacobsen (2019): Argue that PE can align ESG goals with financial performance, offering a legitimacy-based rationale for stakeholder engagement. Braun et al. (2017): Reveal that persistent deal-level performance is associated with strategic specialization and repeated application of successful patterns.

The reviewed literature collectively illustrates that non-venture PE firms operate at the intersection of strategic management, financial economics, and organizational theory. They mediate between mismatched assets and capable owners, operational inefficiencies and strategic oversight, and short-term performance pressures and long-term institutional evolution. The intermediation model offered by Nary and Kaul (2023) successfully integrates these domains by framing PE as strategic actors who reduce transaction frictions, optimize asset redeployment, and realign organizational trajectories.

Furthermore, this review contributes to the theory of strategic factor markets (Barney, 1986; Adegbesan, 2009), extending it to accommodate the intermediary role of institutional actors like PE firms who not only compete in such markets but also help shape them. These insights also invite future research into the boundary conditions of PE intermediation—such as market maturity, regulation, and digital transparency—which may either amplify or dampen their capacity for value creation.

This discussion highlights the strategic sophistication of non-venture PE firms in modern corporate asset markets. Far from being financial engineers, they act as intermediaries with a distinct institutional logic. Through their unique access to information, developed restructuring capabilities, and evolving stakeholder strategies, PE firms contribute to the dynamic optimization of assets, governance, and organizational purpose.

As corporate environments continue to shift under pressure from technology, regulation, and global capital flows, the intermediation role of PE firms is likely to become even more critical. Future research should further unpack this role in cross-border, ESG-sensitive, and digitally mediated contexts to understand the full extent of strategic intermediation in contemporary capitalism.

6. Conclusions

Sections must summarize briefly and concisely the contents of the document or essay. This section may contain (1) A summary of the main results, findings, and evidence from your research or analysis. (2) Synthesis of findings, namely the relationship between findings and research objectives, and show how these findings support arguments or hypotheses. (3) The author may also be able to discuss the implications of research findings for research benefits. What is the contribution or impact on the knowledge or topic discussed? (4) Limitations and suggestions for further research.

This qualitative literature review has synthesized a growing body of research on the role of non-venture private equity (PE) firms as strategic intermediaries in corporate asset markets. Unlike traditional venture capitalists who focus on early-stage innovations, non-venture PE firms actively reconfigure, intermediate, and redeploy mature assets across firms, markets, and industries (Nary & Kaul, 2023). Their unique function lies not only in capital provision but in their deep operational engagement and timing precision, which allows them to exploit inefficiencies in asset reallocation and uncover hidden value in corporate divestitures (Axelson, Strömberg, & Weisbach, 2009; Gompers, Kaplan, & Mukharlyamov, 2016).

The evidence reviewed suggests that non-venture PE firms create value through mechanisms such as platform roll-ups, carve-outs, and restructuring of underperforming units—often filling a critical gap between distressed assets and long-term corporate innovation (Bloom, Sadun, & Van Reenen, 2015). Unlike conglomerates or passive financial investors, these PE firms combine governance capabilities with capital discipline to influence managerial behavior and corporate strategy (Cumming, Siegel, & Wright, 2007; Castellaneta & Gottschalg, 2016). Moreover, their capacity to span across industry boundaries and time

asset redeployment during cyclical downturns reflects their unique role as arbitrageurs of organizational resources (Benner & Zenger, 2016; Mahoney & Qian, 2013).

Comparative analysis with prior studies confirms the value-added functions of these firms. For example, Kaul, Nary, and Singh (2018) found that PE firms often acquire divested assets from corporations and enhance performance through focused investment and operational improvement. Similarly, Humphery-Jenner (2012) demonstrated that fund size and deal structure significantly impact post-acquisition value creation. This review integrates such findings to show that non-venture PE firms are not merely financial sponsors, but orchestrators of strategic transformation.

However, their influence is not unidirectional. Several studies warn of negative externalities, including employment reductions, regulatory arbitrage, and potential short-termism (Faccio & Hsu, 2017; Guo, Hotchkiss, & Song, 2011). Nonetheless, emerging perspectives suggest that responsible investing principles and environmental, social, and governance (ESG) considerations are being more frequently incorporated into modern PE strategies (Indahl & Jacobsen, 2019; Jackson-Moore & Kerrigan, 2021), signaling a shift toward a more sustainable mode of intermediation.

In sum, non-venture PE firms serve as institutional mechanisms that match undervalued or underutilized assets with more efficient organizational structures and strategic goals. Their growing prevalence signals not only a transformation in the mechanics of corporate restructuring but a fundamental rethinking of how assets are allocated and optimized in modern capitalism.

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