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HOW CAN CORPORATES BOOST THEIR INNOVATIVE PERFORMANCE? TECHNOLOGICAL ACQUISITIONS OF NEW TECHNOLOGY-BASED VENTURES (INTERACTIVE PAPER)

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≈ INTERACTIVE PAPER ≈

HOW CAN CORPORATES BOOST THEIR INNOVATIVE PERFORMANCE? TECHNOLOGICAL ACQUISITIONS OF NEW TECHNOLOGY-BASED VENTURES

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Principal Topic

Based on Zahra (1996), who has recognized early that innovative performance is important to gain a competitive advantage, several academic studies investigate the effects of technologically motivated M&As on the acquirer's post-acquisition innovative performance. Surprisingly, the acquisition of new technology-based ventures (NTBVs), has received little attention (Andersson & Xiao, 2016). Especially nowadays, NTBVs play a major role in technology-driven industries, as they reflect important sources of highly valuable technology assets (Zahra, 1996). However, we lack an understanding which NTB characteristics predict and have the greatest impact on the improvement of the acquirer's post-acquisition innovative performance and established companies lack skill and experience in selecting promising NTB targets (Yang et al., 2009).

Method

This study is based on a survey conducted among M&A managers in central European established companies, across different industries. The considered acquisitions took place between 2010 and 2016 and the NTBVs had a maximum age of 12 years when acquired. We operationalize innovative performance and its three sub-dimensions according to Cassiman et al. (2005) and NTB characteristics by success factors for NTBVs as developed by Song et al. (2008). We control for contextual as well as buyer and target specific factors. We apply OPLS regression analysis to test our hypotheses.

Results and Implications

Our insights advance the corporate venturing literature by answering several calls for empirical research on NTB acquisitions (e.g. Andersson & Xiao, 2016; Benson & Ziedonis, 2009). We confirm that different NTB characteristics have a decisive impact on the resulting changes in the acquirer's innovative performance.

We find that NTBVs with highly integrated supply chains and strong R&D alliances positively influence the first sub-category of innovative performance, "Increase of R&D outputs". Considering the sub-dimension "Better exploitation of technological competencies", we proved that the marketing experience of the NTBVs' founders has a significant positive effect. Contrary to our hypotheses we find that NTBVs' product innovativeness negatively influences the sub-dimension "Less technological competition".

Consequently, established companies must fully understand their aspired goal to select an adequate NTB to use acquisitions to boost their innovative performance. A differentiated NTB valuation is required due to distinct and even opposed effects on the acquirer's innovative performance.

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