



저작자표시-비영리-변경금지 2.0 대한민국

이용자는 아래의 조건을 따르는 경우에 한하여 자유롭게

- 이 저작물을 복제, 배포, 전송, 전시, 공연 및 방송할 수 있습니다.

다음과 같은 조건을 따라야 합니다:



저작자표시. 귀하는 원저작자를 표시하여야 합니다.



비영리. 귀하는 이 저작물을 영리 목적으로 이용할 수 없습니다.



변경금지. 귀하는 이 저작물을 개작, 변형 또는 가공할 수 없습니다.

- 귀하는, 이 저작물의 재이용이나 배포의 경우, 이 저작물에 적용된 이용허락조건을 명확하게 나타내어야 합니다.
- 저작권자로부터 별도의 허가를 받으면 이러한 조건들은 적용되지 않습니다.

저작권법에 따른 이용자의 권리는 위의 내용에 의하여 영향을 받지 않습니다.

이것은 [이용허락규약\(Legal Code\)](#)을 이해하기 쉽게 요약한 것입니다.

[Disclaimer](#)

경영학 석사학위논문

Effects of acquisition experience on
firm performance in cross-border
acquisitions

: The moderating role of international and alliance
experience

기업의 해외인수합병 경험이 성과에 미치는 영향
: 국제화 경험과 국제 제휴 경험의 조절효과

2019년 2월

서울대학교 대학원

경영학과 전략/국제경영 전공

조민아

Effects of acquisition experience on firm performance in
cross-border acquisitions

: The moderating role of international and alliance
experience

기업의 해외인수합병 경험이 성과에 미치는 영향

: 국제화 경험과 국제 제휴 경험의 조절효과

지도교수 이 동 기

이 논문을 경영학석사 학위논문으로 제출함

2018 년 12 월

서울대학교 대학원

경영학과 경영학 전공

조 민 아

조민아의 석사 학위논문을 인준함

2018 년 12 월

위 원 장 _____ 이 제 호

부 위 원 장 _____ 박 선 현

위 원 _____ 이 동 기



Abstract

Effects of acquisition experience on firm performance in cross–border acquisitions

: The moderating role of international and alliance
experience

Min Ah Cho

Strategy and International Management

The Graduate School of Business

Seoul National University

The stream of cross–border acquisition experience and performance research has been an increasingly popular area of study. However, despite the long and extensive stream of research, an explicit agreement has not been reached between the impact of acquisition experience on performance has not yet been found. Furthermore, previous scholars did not focus on examining the effects of other types of experience on acquisitions. Thus, based on the organizational learning perspective, this study emphasizes different types of experience may facilitate firms to

acquire different levels of learning, to investigate how different types of experience (e.g., international experience and alliance experience) influence differently on the relationship between the acquiring firm' s acquisition experience and performance. We utilize a sample of 520 cross-border merger and acquisitions between 1990 and 2014 by North American firms in three high-tech industry sectors. Our result indicates the positive effect of acquirer' s acquisition experience on performance. We also find that an acquirer' s international experience and alliance experience moderates their acquisition experience and performance relationship negatively.

Keywords: Cross-border acquisitions, acquisition experience, international experience, alliance experience, acquirer performance, organizational learning

Student Number: 2016-20624

Table of Contents

1. Introduction	1
2. Theory and Hypotheses	4
2.1. Organizational Learning and Performance	4
2.2. International Acquisition Experience	7
2.3. Different Types of Experience	8
2.3.1. International Experience	9
2.3.2. Alliance Experience	11
3. Methodology	14
3.1. Sample and Data Collection	14
3.2. Variables and Measures	14
3.2.1. Dependent Variable	14
3.2.2. Independent and Moderating Variables	15
3.3.3. Control Variables	16
4. Results	18
5. Discussion and Conclusion	22
References	25
국문 초록	30

1. Introduction

International business scholars have been studied on how to achieve better performance in international markets (Gao et al., 2008). Much of scholars have desired to explain the ways to reduce the difficulties and challenges, which may occur due to the liabilities of foreignness, and to understand how internationalizing firms develop the knowledge and skills to sustain competitive advantage in foreign markets through cross-border acquisitions (Gao et al., 2008; Hayward, 2002; Nadolska and Barkema, 2007). The research on cross-border mergers and acquisitions (M&As) has been carried out extensively about the timing of entry, entry mode decisions, and significant impacts on consequent firm performance (Basuil and Datta, 2015; Morschett et al., 2010; Nadolska and Barkema, 2007). The organizational learning literature suggests that internationalizing firms code their prior experiences into their routines which influence the future decision of firms (Basuil and Datta, 2015). Consistent with the literature, an extant research has focused that an accumulation of acquisition experience provides firms to learn to manage acquisitions better (Hayward, 2002; Nadolska and Barkema, 2007; Zollo and Singh, 2004) and argued that firms continue to learn from their prior entry experiences (Gao et al., 2008; Basuil and Datta, 2015; Nadolska and Barkema, 2007).

Although some investigated have been investigated on the acquisition experience and acquisition performance relationship, the

results acquired from empirical research are inconsistent. Some scholars have insisted that firms with more acquisition experience are more successful than firms with a lack of relating experience (Nadolska and Barkema, 2007). Another group of scholars examining the relationship between acquisition experience and performance have found a negative (Chakrabarti et al., 2009) and insignificant relationships (Basuil and Datta, 2015; Zollo and Singh, 2004). The latter stream of researchers questioned whether acquisition experience always enhances acquisition performance of the firm since their decisions are made from prior experiences (Nadolska and Barkema, 2008; Zollo and Singh, 2004).

These mixed findings motivated some scholars to differentiate the type of acquisition experiences, rather than overall acquisition experience, when investigating whether the learning from prior experience has been transferred productively to and applied in subsequent transactions in cross-border acquisitions (Basuil and Datta, 2015). Their research highlights that the application of prior experiences to the focal events could determine whether the outcomes are positive or not (Basuil and Datta, 2015; Salomon and Perkins, 1989). Hence, the importance of the content of the acquisition experience, not the amount of experience, which may result in positive firm performance outcomes (Basuil and Datta, 2015). Similarly, Gao et al. (2007) also insisted the necessity of differentiating types of international experience than an aggregated measure of performance (Brouthers et al., 2003; Gao et al., 2008).

However, previous literature has paid little attention to the effects of different types of experience on performance in foreign markets; instead, most studies tend to focus on the implications of entry mode choices and entry timing of international firms (Gao et al., 2008).

Several scholars argued that acquisition experience of the acquirer is necessary, but it may not provide enough condition of acquirer learning and insisted that various types of experience benefit firms (Hayward, 2002; Porrini, 2004). Firms usually have different levels of learning about foreign markets due to their different experience profiles (Delios and Henisz, 2003). Therefore, different types of experience may affect performance differently since different modes of operations need different types of knowledge (Casillas and Moreno–Menéndez, 2014; Gao et al., 2008). The investigation of the influence of different types of experience on acquisitions has not yet received much attention by scholars. Porrini (2004) examined the effect of alliance experience with the target of acquirers on acquisition performance. The study suggested that alliance experience with partners may reapply such knowledge or routines appropriately on their future acquisitions if their past alliance partners and current acquisition targets are same (Porrini, 2004). Although some scholars have found the relevant relationship between the past alliance experience on acquisitions (Porrini, 2004), the research on the effects of different types of experiences on the acquirer' s acquisition experience and performance has not yet been examined.

The present work focuses on investigating whether the acquirer's different types of experience (e.g., international experience and alliance experience) influence the acquisition experience and acquirer performance relationship. The research setting utilizes listed high-tech industry firms from North America (including Canadian and USA firms) and their cross-border acquisitions into a variety of countries. The result of this study highlights on the relationship between the acquiring firm's acquisition experience and performance, and moderating effects of international and alliance experiences on the relationship provide a significant contribution to the cross-border merger and acquisition literature.

2. Theory and Hypotheses

2.1. Organizational Learning and Performance

Organizational learning theory suggests that an accumulation of experience enables firms to develop knowledge and routines which significantly affect firms' strategies and future outcomes (Basuil and Datta, 2015; Gao and Pan, 2010). This process of developing routines is a great and productive manner to reserve knowledge of firms (Nadolsaka and Barkema, 2007). Besides, firms invest in international markets to seek strategic assets (Li et al., 2016). Therefore, firms with superior resources and skills attempt to expand internationally to exploit their

firm-specific assets better and obtain substantial benefits through searching new knowledge and strategic assets to acquire or improve their competitive advantages (Gao and Pan, 2010). Firms need to learn about foreign markets to develop and broaden knowledge and routines to become operate successfully abroad. However, even though firms may build and extend routines based on their prior experiences, and shift successful ones to new future activities, an accumulation of experience does not guarantee firms to achieve superior outcomes (Gao and Pan, 2010).

Learning indicates extracting knowledge and routines from different activities and shifting them to future related ones (Nadolsaka and Barkema, 2007). Due to limited information and high uncertainties, internationalizing firms try to overcome their lack of knowledge about markets abroad, by actively acquiring the knowledge that is needed by operating business in the market (Gao and Pan, 2010). The accumulation of international experience allows the firm to attain knowledge and enables them to minimize the uncertainties of operating abroad (Casillas and Moreno-Menédez, 2014). International experience allows firms to attain knowledge about markets, institutions, and international operations (Casillas and Moreno-Menédez, 2014). Accordingly, they accumulate decision making experiences which are related to international market and entry mode choices. Experience provides new knowledge through entry into a new foreign market, which enables firms to gather various foreign

market and modes of foreign operations and to replicate the corresponding type of international actions (Casillas and Moreno–Menéndez, 2014). The firm’ s past modes of foreign operations enable them to achieve networks with customers and partners in foreign countries that interest to employ their new capabilities (Casillas and Moreno–Menéndez, 2014; Nadolska and Barkema, 2007).

Simultaneously, modes of operation have different levels of complexity, which means different modes of operations requires a different network with customers and suppliers or other types of informational relationship with locals (Casillas and Moreno–Menéndez, 2014; Porrni, 2004). Consistent with this stream of literature, different modes of international entries allow firms to accumulate knowledge about the mode and foreign markets and transfer across different subsidiaries (Gao and Pan, 2010). Thus, firms’ accumulation of different types of entry experiences in international markets leads to diverse levels of learning (Delios and Henisz, 2003b; Gao and Pan, 2010). Therefore, operating different types of entry modes in foreign markets may imply expansion their internationalization knowledge, resources, and capabilities (Casillas and Moreno–Menéndez, 2014). Hence, firms make inferences from the prior mode of foreign operations to a future mode that is at least similar.

2.2. International Acquisition Experience

An international acquisition is a significant entry strategy for foreign direct investment, as they enable internationalizing firms to build a local presence expeditiously (Nadolska and Barkema, 2007). In the context of the cross-border acquisitions, an acquirer may occupy new knowledge related to potential targets through the accumulation of acquisition experiences (Basuil and Datta, 2015). Accumulation of experience allows firms to develop various types of routines that lead subsequent transactions during the acquisition process, such as post-acquisition assimilation, target evaluation, and negotiations. (Basuil and Datta, 2015; Finkelstin and Haleblian, 2002). Nevertheless, international acquisitions are not always beneficial to firms. International acquiring firms may confront difficulties and challenges that derived from the liability of foreignness, including unfamiliar language, business environments, national cultures and institutional settings, and uncertainties of doing business abroad failure (Gao et al.,2008; Nadolska and Barkema, 2007). Thus, internationalizing firms may face significant expansion constraints in foreign markets that may eventually lead to acquisition failure (Gao et al.,2008; Nadolska and Barkema, 2007).

The advantage of acquisition experience of acquirers relies on similar previous target to the future target, make inferences from past similar experiences, and reapply it to subsequent experiences (Pornni, 2004). Hence, acquisition experience of acquirers may lead to either

positive or negative outcomes (Basuil and Datta, 2015; Ellis et al., 2011). When acquirers transfer routines from their prior acquisitions to the subsequent acquisition, the positive outcomes are more likely to be generated (Basuil and Datta, 2015; Nadolska and Barkema, 2007). On the contrary, when acquirers' failure of transferring routines from their prior acquisitions to subsequent activities, which are perceived to be similar, the outcome is more likely to be negative (Basuil and Datta, 2015; Nadolska and Barkema, 2007; Salomon and Perkins, 1989). Success and failures of prior acquisition experiences allow firms to enhance the knowledge, refine their routines and learn when their knowledge and routines can be successfully transferred or not. Therefore, knowledge of international acquisition experience and routines established from such procedures will improve the acquiring firms' productivity of acquiring abroad and will enhance the performance of the acquiring firm. Hence,

Hypothesis 1: An acquirer' s international acquisition experience will be positively associated with the acquirer performance

2.3. Different Types of Experience

Acquirers can benefit from a different type of experience, which are related to modes of foreign operations, in the relationship between acquisition experience and performance? As an acquirer' s capability to absorb new knowledge may affect the acquisition performance (Li et al.,

2016), experiences from other types of international activities might affect the positive impacts of acquisition experience on performance. The primary objective of this study's investigation is to understand the relationship between acquisition experience and performance, and how to do different types of experience influence the relationship. We consider two types of experience, which are international experience and alliance experience.

2.3.1. International Experience

Prior international business scholars tend to view the international experience as an aggregation of the experience that firms accumulate from operating in foreign markets (Clarke et al.,2013). Consistent with the literature, international experience is an experience that firms accrue from prior international activities in markets abroad. Firms have developed and established routines, policies, and systems, by making inferences from past experiences (Gao and Pan, 2008; Hoang and Rothaermel, 2005). They learn about foreign markets, institutions, business environments, national cultures through an accumulation of international experience (Gao et al.,2008; Nadolska and Barkema, 2007). As foreign markets differ considerably from a firm's home market, it is crucial for firms to obtain knowledge and form routines about the market (Gao and Pan, 2008). Therefore, the knowledge and routines from

experience allow firms to make inferences from their past experiences that escort their future behaviors (Levitt and Markch, 1988; Gao and Pan, 2008; Basuil and Datta, 2015).

However, although international experience allows firms to obtain knowledge and establish routines when internationalizing in a foreign market, extant literature found a mixed result of its influence on firm performance (Brouthers, 2002; Clarke et al., 2013; Li and Meyer, 2009; Zhao et al., 2004). Several scholars noted that these mixed findings arise from focusing only one dimension and ignoring the multidimensional aspect of international experiences such as experience related to foreign markets, institutions, and modes of foreign operations (Casillas and Moreno–Menédez, 2014; Clarke et al., 2013). Consistent with this stream of literature, international experience facilitates firms to acquire and develop a wide range of knowledge and routines about foreign markets that may not provide sufficient knowledge to enhance the acquirers' performance. Prior scholars who have studies on the acquisition experience and performance relationship highlighted that acquisition experience allow firms to attain knowledge about the acquisition process, including negotiation and evaluation of potential targets and post–acquisition assimilation (Basuil and Datta, 2015). Firms tend to acquire and develop a broader range of knowledge and routines from international experience than acquisition–specific experiences that may not be helpful for acquirers to make useful inferences during the future acquisition

process. Therefore,

Hypothesis 2: An acquirer's international sales experience reduces the positive effects of international acquisition experience on acquirer performance

2.3.2. Alliance experience

Firms can establish, share, and combine their resources and capabilities through alliance relationships (Porrini, 2004). An international alliance with foreign partners allows firms to obtain knowledge about the foreign market condition and to reduce risk and uncertainties (Lavie and Miller, 2008; Porrini, 2004). Moreover, alliance with foreign partners enables firms to expand their markets internationally and offer new sources of attractive knowledge and resources that may be supplied insufficiently in their home country (Lavie and Miller, 2008). Therefore, foreign partners provide firms a unique opportunity (Lavie and Miller, 2008).

The literature on alliances highlights that alliance generates value since they facilitate organizational learning resulting firms to develop exchanged skills and expose firms to the internal process of partners (Anand and Khanna, 2000a; Porrini, 2004). Moreover, alliance foreign partners provide access to the network resource to firms that may turn in stimulus innovation and organizational capabilities and how to operate and

practice in foreign markets (Lavie and Miller, 2008). Hence, firms learn from the alliance which enables them to enhance their alliance capabilities, and better understands the significant processes of managing alliances (Heimeriks and Duysters, 2007; Porrini, 2004). Alliance capabilities enable firms to make inferences from their past experiences and reapply them to a future alliance (Anand and Khanna, 2000a; Porrini, 2004). Consistent with this stream of research, prior scholars tend to focus on the relationship between alliance experience and alliance performance.

However, they did not pay much attention to the impacts of alliance experience on the performance of acquiring firms. The existing research did not focus on the question of whether alliance knowledge with the specific partner of the acquiring firm may benefit during their acquisition process. Porrini (2004) found that the past alliance between an acquirer and a target provides an advantage on acquisition performance. It indicates that an alliance provides target-specific knowledge and experience for firms which enable firms to benefit during the process of valuation and integration of acquisitions (Porrini, 2004). Accordingly, acquiring firms who have a prior alliance with a target is beneficial to their acquisition performance.

Notwithstanding, this raises a question whether the acquiring firm's previous international alliance, which considers without a target, improve their acquisition performance. Even though the global alliance provides firms a new opportunity to obtain new knowledge and develop

routines related to alliance management, such knowledge and routines are restricted to alliance processes or alliance partners that consequently the effect positively on the alliance performance (Heimeriks and Duysters, 2007; Lavie and Miller, 2008; Porrini, 2004). Because different modes of foreign operations have different levels of complexity which leads to different levels of learning, acquiring firms' prior alliance experience may not be adequately reapplied to the acquisition process, unless their past alliance partner and the proceeding target are not the same (Casillas and Moreno–Menéndez, 2014; Porrini, 2004; Chang and Rosenzweig, 2001; Delios and Henisz, 2003b; Gao and Pan, 2010). Alliance provides firms valuable information about their foreign partners and markets, but they are rather alliance–specific information and knowledge that benefits future alliances (Porrini, 2004). Accordingly, alliance experience may not provide enough information that benefits the acquisition process of acquirers. Thus,

Hypothesis 3: An acquirer' s international alliance experience reduces the positive effects of international acquisition experience on acquirer performance

3. Methodology

3.1. Sample and Data Collection

This study utilizes the sample consists of cross-border acquisitions by North American firms (including Canadian and U.S. firms) during 1990–2014 that were reported in Securities Data Corporation (SDC) Platinum database. The sample was limited to acquirers in three high-tech industries: aerospace and defense (SIC-code 372 and 376), computers and office machinery (SIC-code 357), and pharmaceutical (SIC-code 283). Our sample consists of 660 cross-border acquisition transactions of 94 acquiring firms. We also used SDC's Alliance Database to get cross-border alliance data of acquirers. The data were primarily collected using the SDC databases, and firm-specific data, such as SIC code, total assets, total sales, total debt, financial leverage, capital expenses, were extracted on an annual basis from COMPUSTAT.

3.2. Variables and Measures

3.2.1. Dependent Variable

Acquisition Performance is the difference between the return on assets (ROA) of the acquiring firms two years after the foreign acquisition and the same measure two years before the foreign acquisition. Prior researchers insisted the first two years of acquisition are critical to its

success, indicating two years are usually enough to determine whether an acquisition will be successful or not (Morosini et al., 1998; Papadakis and Thanos, 2010). Following previous researchers, this study also adjusted ROA for industry effects and excluded from the analyses the year the acquisition had been exercised (Haleblian and Finkelstein, 1999; Meek and Meeks, 1981; Papadakis and Thanos, 2010; Ramaswamy, 1997).

Therefore, the formula used to measure an acquirer's performance is expressed as follows:

$$\text{Performance} = (ROA_{t+2} - ROA_{i,t+2}) - (ROA_{t-2} - ROA_{i,t-2})$$

where ROA_{t+2} and ROA_{t-2} stand for the ROA of an acquiring firm 2 years after (t+2) and 2 years before (t-2) the acquisition and $ROA_{i,t+2}$ and $ROA_{i,t-2}$ represent average industry ROA 2 years after and 2 years before acquisitions respectively. Performance, which indicates change in ROA, was calculated by firm-level ROA minus Industry-level ROA was matched with each specific line of business, defined at the 3-digit SIC level. The ROA data, both firm, and industry were collected from the COMPUSTAT database and calculated by earnings before extraordinary items divided by assets.

3.2.2. Independent and Moderating Variables

Our independent variable *Acquisition Experience* is the acquirers' acquisition experience by the cumulative number of foreign acquisitions

that a firm has made before entering foreign markets with the acquisition was established (Change 1995; Kogut and Chang, 1996; Hoang and Rothaermel, 2005; Gao et al., 2008).

This paper uses following two moderating variables which are international experience and alliance experience.

International Experience is measured by following previous studies, international experience by the ratio of foreign sales to total sales of acquirers, with information from the COMPUSTAT database (Chang and Rosenzweig 2001; Gaba et al., 2002; Gao et al., 2008; Terpstra and Yu, 1988).

Alliance Experience. Alliance experience was measured by the number of foreign alliances made by each company each year.

3.3.3. Control Variables

As there are some variables not considered in the hypotheses that may influence the acquisition performance in cross-border acquisitions, we controlled for the following firm-level, industry-level, and country-level variables:

Firm Size is measured by using the logarithm of the acquiring firm's total assets.

R&D Intensity is measured by the acquiring firm's R&D

expenditure divided by its lagged assets.

Capital Intensity is measured by the acquiring firm's capital expenditure divided by its lagged assets.

Market leverage measured by long-term debt plus debt in current liabilities, divided by total assets minus book equity plus the market value of common equity.

Debt ratio measured by acquirer's total liabilities divided by its assets (Gao et al., 2008), since prior studies have indicated that the debt of acquiring firm tend to increase after acquisition (Bruner, 1988; Kim and McConnell, 1977; Lev and Mankelker, 1972; Melicher and Rush, 1973; Meuller, 1980; shrieves and Pashley, 1984; Weston and Mansinghka, 1971; Porrini, 2004).

Change in sales is measured as the difference between acquirer sales to years following the acquisition and two years prior to the acquisition. Then the difference is divided by the acquirer's sales two years prior to the acquisition and is included as a percentage.

Free cash flow measured by normalizing the value of free cash flow (operating income before depreciation) by total assets at the end of the year before the acquisition year. We normalized free cash flow by total assets because the same cash flow may have a different implication for different firm size (Lang et al., 1991; Basuil and Datta, 2015).

Change in industry performance is measured as the difference in

the average ROA for the industry of the acquirer two years following and two years preceding the acquisition to control for industry performance trends (Porrini, 2004).

4. Results

Table 1 reports descriptive statistics and the correlation matrix of all the variables used in this study. According to the dataset, the average acquirer' s performance is 0.008; acquisition experience equals to 11.582, international experience is 0.001 and alliance experience is 1.099. We calculated variance inflation factor values (VIF) to test the extent to which values of the coefficients increased due to collinearity. All relevant variables range between 1 and 5 of VIF value. Therefore, we assume that multicollinearity between variables does not exist in our analysis.

Table 1. Descriptive statistics and correlation matrix

	Mean	SD	1	2	3	4	5	6	7	8	9	10	11	12
<i>Acquirer's Performance</i>	0.008	0.180	1											
<i>Acquisition Experience</i>	11.582	14.193	-0.093*	1										
<i>International Experience</i>	0.001	1.054	-0.022	0.071	1									
<i>Alliance Experience</i>	1.099	1.911	0.014	-0.319***	-0.035	1								
<i>Firm Size</i>	3.844	1.151	-0.271**	0.623***	0.144***	-0.257***	1							
<i>Market Leverage</i>	0.099	0.128	-0.008	0.237**	0.027	-0.179***	0.367**	1						
<i>R&D Intensity</i>	0.118	0.152	0.178***	-0.191**	-0.127**	0.081*	-0.308***	-0.295**	1					
<i>Capital Intensity</i>	0.061	0.046	-0.104**	-0.141**	0.055	0.051	-0.136**	-0.300***	0.210***	1				
<i>Debt Ratio</i>	0.495	0.244	0.088*	0.057	0.076*	-0.067	0.342***	0.701**	-0.315***	-0.283***	1			
<i>Change in Sales</i>	2.030	10.802	0.218***	-0.111**	0.000	0.060	-0.248**	-0.055	0.102*	0.097**	-0.135***	1		
<i>Free Cash Flow</i>	0.141	0.218	-0.546***	0.164***	0.135***	-0.037	0.466***	-0.135***	-0.090*	0.276***	-0.135***	-0.181**	1	
<i>Change in Industry Performance</i>	-0.092	0.291	0.051	-0.222**	-0.138***	-0.053	-0.101*	-0.049	0.080*	-0.037	0.011	-0.011	-0.026	1

Notes: *p<0.1, **p<0.05, ***p<0.01

Table 2 reports the results of regression analyses testing our hypotheses with the sample of acquiring firms' cross-border acquisitions. As illustrated, Model 1 showed the effect of control variables on acquirer' s performance. Model 2, 3 include the interactions between acquisition experience and international experience and alliance experience respectively. Finally, Model 4 includes to interaction term involving international experience, alliance experience and acquisition experience on acquirer' s performance. The R^2 for the full model was 0.374, a significant increase over the base model with control variables (with an R^2 of 0.269). Consistent with our expectation, acquirer' s acquisition experience is positively related with their performance, providing support for hypothesis 1. Moreover, the model shows the interaction terms were negative and significant at $p < 0.01$ for international experience and at $p < 0.05$ for alliance experience. Therefore, international experience and alliance experience tend to negative moderate the positive relationship between acquisition experience and performance of acquiring firms, providing support for hypothesis 2, and hypothesis 3.

Table 2. The results of the regression analysis

	Model 1	Model 2	Model 3	Model 4
Acquisition Experience		0.001 (0.0005)	0.002*** (0.001)	0.002*** (0.001)
International Experience		0.011* (0.005)	0.023*** (0.006)	0.024*** (0.006)
Alliance Experience		-0.002 (0.003)	-0.002 (0.003)	0.004 (0.004)
Firm Size	0.013* (0.007)	0.002 (0.008)	0.001 (0.008)	0.004 (0.008)
Market Leverage	-0.311*** (0.065)	-0.303*** (0.058)	-0.349*** (0.060)	-0.354*** (0.060)
R&D Intensity	0.161** (0.041)	0.158*** (0.036)	0.162*** (0.036)	0.163*** (0.036)
Capital Intensity	0.062 (0.133)	0.035 (0.118)	-0.031 (0.119)	-0.042 (0.119)
Debt Ratio	0.196*** (0.035)	0.166*** (0.033)	0.173*** (0.033)	0.166*** (0.033)
Change in Sales	0.003*** (0.001)	0.002*** (0.0005)	0.002*** (0.0005)	0.002*** (0.0005)
Free Cash Flow	-0.379*** (0.034)	-0.436*** (0.031)	-0.430*** (0.031)	-0.433*** (0.031)
Change in Industry Performance	0.022 (0.034)	0.040 (0.031)	0.036 (0.031)	0.036 (0.031)
Acquisition Experience X International Experience			-0.011*** (0.004)	-0.012*** (0.004)
Acquisition Experience X Alliance Experience				-0.001 (0.001)
Constant	-0.076** (0.030)	-0.011 (0.028)	-0.006 (0.028)	-0.014 (0.028)
Observations	766	764	764	764
R ²	0.269	0.365	0.372	0.374
Adjusted R ²	0.261	0.355	0.362	0.363
Residual Std. Error	0.153 (df = 757)	0.135 (df = 752)	0.134 (df = 751)	0.134 (df = 750)
F Statistic	34.803*** (df = 8; 757)	39.239*** (df = 11; 752)	37.023*** (df = 12; 751)	34.479*** (df = 13; 75)

*Standardized regression coefficients are listed with standard errors in parentheses, *p<0.1 **p<0.05, ***p<0.01*

5. Discussion and Conclusion

In the present study, we drew on the organizational learning literature to analyze the effects of different types of experience (e.g., international experience and alliance experience) on acquirer's international acquisition experience and performance that has not yet been investigated widely by scholars. Our study utilized the sample of acquisitions in the three high-tech industry sectors, including aerospace and defense (SIC-code 372 and 376), computers and office machinery (SIC-code 357), and pharmaceutical (SIC-code 283) of North American firms. The empirical results showed the acquirer's accumulation of acquisition experience is positively related to their performance. However, the positive acquisition experience on performance was negatively moderated by an acquirer's international experience and alliance experiences.

The results of this study show that international experience and alliance experience is a relevant factor in the relationship between acquiring firm's international acquisition experience and firm performance. Consistent with the previous research, this research reveals that although a various type of experience may be beneficial to enhance the firm performance, different types of experience tend to facilitate different levels of learning to firms (Casillas and Moreno-Menédez, 2014; Gao and Pan, 2010). This means that different types of experience may

promote firms to learn and acquire various types of knowledge, but it cannot be successfully or adequately transferred to benefit acquisition of acquiring firms (Casillas and Moreno–Menéndez, 2014; Gao and Pan, 2010; Porrni, 2004). Thus, based on our results, acquiring firms may not make inferences from the history of various types of experiences on their future acquisitions.

Notwithstanding contributions of this study, it also has some limitations. First, as we use secondary data to observe the firm’ s learning from experiences, the examination of the learning process is limited. Our data may not provide a sufficient explanation about the organizational learning process since it does not include the firm’ s informal relationship with targets. Secondly, there is a limitation of the generalizability of these findings to other industry sectors and acquiring firms with different home countries (e.g., non–North American firms). Moreover, this study does not examine the performance of target firms. Despite the analysis focused on investigating acquiring firms, including the target firm’ s information, may differ the findings of this research.

Future study can examine whether the target firm’ s various experience influence acquirer’ s acquisition experience and performance. For example, it would be interesting to observe whether acquirers can benefit through acquisition with targets who have accumulated various types of experiences. As acquisition allows firms to absorb new knowledge and develop routines that influence their future decisions, this

research could address how different levels of experience between target and acquirer affect differently to the firm performance.

References

- Anand, B. N., and Khanna, T. (2000b). The structure of licensing contracts. *Journal of Industrial Economics*, 48, 103–135.
- Argote, L., and Miron–Spektro, E. (2011). Organizational learning: From experience to knowledge. *Organization Science*. 22, 1123–1137.
- Basuil, D. A., and Datta, D. K. (2015). Effects of Industry– and Region–Specific Acquisition Experience on Value Creation in Cross–Border Acquisitions: The Moderating Role of Cultural Similarity. *Journal of Management Studies*. 52(6), 766–795.
- Barkema, H. G., Bell, J. H. J., and Pennings, J. M. (1996). Foreign entry, cultural barriers, and learning. *Strategic Management Journal*. 17(2), 151–166.
- Bjorkman, I., Stahl, G., and Vaara, E. (2007). Cultural differences and capability transfer in cross–border acquisitions: The mediating roles of capability complementary, absorptive capacity, and social integration. *Journal of International Business Studies*. 38(4), 658–672.
- Brouthers, K. D. (2002). Institutional, cultural, and transaction cost influences on entry mode choice and performance. *Journal of International Business Studies*. 33, 203–221.
- Brouthers, K. D., Brouthers, L. E., and Werner, S. (2003). Transaction Cost–enhanced Entry Mode Choices and Firm Performance. *Strategic Management Journal*. 24(12), 1239–1248.
- Bruton, G. D., Oviatt, B. M. and White, M. A. (1994). Performance of acquisitions of distressed firms. *Academy of Management Journal*. 37(4), 972–989.
- Casillas, J., and Moreno–Menéndez, A. M. (2014). The speed of the internationalization process: The role of diversity and depth in experiential learning. *Journal of International Business Studies*. 45, 85–101.
- Chakrabarti, R, Gupta–Mukherjee, S., and Jayarman, N. (2009). Mars–Venus Marriages: Culture and cross–border M&A. *Journal of International Business Studies*. 40, 216–236.

- Chang, S. J. (1995). International expansion strategy of Japanese firms: Capability building through the sequential entry. *Academy of Management Journal*. 38(2), 383–407.
- Chang, S. J., and Rosenzweig, P. M. (2001). The Choice of Entry Mode in Sequential Foreign Direct Investment. *Strategic Management Journal*. 22(8), 747–776.
- Clarke, J. E., Tamaschke, R., and Liesch, P. W. (2013). International Experience in International Business Research: A Conceptualization and Exploration of Key Themes. *International Journal of Management Reviews*. 15, 265–279.
- Datta, D. K., and Puia, G. (1995). Cross-border acquisitions: An examination of the influence of relatedness and cultural fit on shareholder value creation in US acquiring firms. *Management International Review*. 35, 337–359.
- Delios, A., and Beamish, P. W. (2001). Survival and profitability: the roles of experience and intangible assets in foreign subsidiary performance. *Academy of Management Journal*. 44(5), 1028–1038.
- Delios, A., and Henisz, W. J. (2003). Political Hazards, Experience, and Sequential Entry Strategies: The International Expansion of Japanese Firms, 1980–1998. *Strategic Management Journal*. 24(4), 1153–1164.
- Dunning, J. (1993). Multinational enterprises and the global economy. *New York: Addison-Wesley*.
- Ellis, K. M., Reus, T. H., Lamont, B. T., and Ranft, A. L. (2011). Transfer effects in large acquisitions: How size-specific experience matters. *Academy of Management Journal*. 54, 1261–1276.
- Eriksson, K., Johanson, J., Majkgard, A., and Sharma, D. D. (1997). Experiential knowledge and costs in internationalization process. *Journal of International Business Studies*. 28(2), 337–360.
- Fiol, C. M., and Lyles, M. A. (1985). Organizational learning. *Academy of Management Review*. 10, 803–813.
- Fowler, K. L., and Schmidt, D. R. (1989). Determinants of tender offer post-acquisition financial performance. *Strategic Management Journal*. 10(4), 339–350.
- Gao, G. Y., Pan, T., Lu, J., and Tao, Z. (2008). Performance of

- Multinational Firms' Subsidiaries: Influence of Cumulative Experience. *Management International Review*, 6, 749–768.
- Gao, G. Y., and Pan, Y. (2010). The pace of MNEs' sequential entries: Cumulative entry experience and the dynamic process. *Journal of International Business Studies*. 41, 1572–1580.
- Haleblian, J., and Finkelstein, S. (1999). The influence of organizational acquisition experience on acquisition performance: A behavioral learning perspectives. *Administrative Science Quarterly*. 44, 29–56.
- Hayward, M. L. A. (2002). When do firms learn from their acquisition experience? Evidence from 1990–1995. *Strategic Management Journal*. 23, 21–39.
- Heimeriks, K. H., and Duysters, G. (2007). Alliance capability as a mediator between experience and alliance performance: An empirical investigation into the alliance capability development process. *Journal of Management Studies*. 5(4), 373–408.
- Hoang, H., and Rothaermel, F. T. (2005). The Effect of General and Partner-Specific Alliance Experience on Joint R&D Project Performance. *Academy of Management Journal*. 48(2), 332–345.
- Johanson, J., and Vahlne, J. (1977). The Internationalization Process of the Firm: A Model of Knowledge Development and Increasing Foreign Market Commitments, *Journal of International Business Studies*. 8(1), 23–32.
- King, D. R., Dalton, D. R., Daily, C. M., and Covin, J. G. (2004). Meta-analyses of post-acquisition performance: indication of unidentified moderators. *Strategic Management Journal*. 25(2), 187–200.
- Kroll, M., Wright, P., Toombs, L., and Leavell, H. (1997). Form of control: A critical determinant of acquisition performance and CEO rewards. *Strategic Management Journal*. 18, 85–96.
- Lahey, K. E., and Conn, R. L. (1990). Sensitivity of acquiring firms' returns to alternative model specification and disaggregation. *Journal of Business Accounting*. 17(3), 421–439.
- Lavie, D., Miller, S. R. (2008). Alliance Portfolio Internationalization and Firm Performance. *Organization Science*, 19(4), 623–646.
- Levitt, B., and March, J. G. (1988). Organizational learning. *Annual Review*

of Sociology. 14, 319–340.

Li, J., Li, P., and Wang, B. (2016). Do cross-border acquisitions create value? Evidence from overseas acquisition by Chinese firms. *International Business Review*. 25, 471–483.

Lu, J. W., and Beamish, P. W. (2004). International diversification and firm performance: the S-curve hypothesis. *Academy of Management Journal*. 47(4), 597–609.

Li, P. Y., and Meyer, K. E. (2009). Contextualizing experience effects in international business: A study of ownership strategies. *Journal of World Business*. 44, 270–382.

Madhok, A. (1997). Cost, value and foreign market entry mode: The transaction and the firm. *Strategic Management Journal*. 18(1), 39–61.

Makino, S., Lau, C. M., and Yeh, R. S. (2002). Asset exploitation versus asset seeking: Implications for location choice of foreign direct investment from newly industrialized economies. *Journal of International Business Studies*. 33(3), 403–421.

March, J. G. (1991). Exploitation and Exploration in Organizational Learning. *Organization Science*. 2(1), 71–87.

Morschett, D., Schramm-Klein, H. and Swoboda, B. (2010). Decades of research on market entry modes: What do we really know about external antecedents of entry mode choice? *Journal of International Management*. 16(1), 60–77.

Nadolska, A., and Barkema, H. G. (2007). Learning to internationalise: the pace and success of foreign acquisitions. *Journal of International Business Studies*. 38, 1170–1186.

Nelson, R. R., and Winter, S. G. (1982). An Evolutionary Theory of Economic Change. *The Belknap Press of Harvard University Press: Cambridge, MA*.

Papadakis, V. M., and Thanos, I. C. (2010). Measuring the Performance of Acquisitions: An Empirical Investigation Using Multiple Criteria. *British Journal of Management*. 21, 859–873.

Pedersen, T., and Petersen, B. (2004). Learning about foreign markets: are entrant firms exposed to a “shock effect” ? *Journal of International Marketing*. 12(1), 103–123.

Porrini, P. (2004). Can a Previous Alliance Between an Acquirer and a Target Affect Acquisition Performance? *Journal of Management*. 30(4), 545–562.

Ramaswamy, K. (1997). The performance impact of strategic similarity in horizontal mergers: evidence from the US. *Academy of Management Journal*. 40, 697–715.

Salomon, G., and Perkins, D. N. (1989). Rocky roads to transfer: Rethinking mechanism of a neglected phenomenon. *Educational Psychologist*. 24, 113–142.

Uhlenbruck, K. (2004). Developing acquired foreign subsidiaries: the experience of MNEs in transitions economies. *Journal of International Business Studies*. 35(2), 109–123.

Vermeulen, F., and Barkema, H. G. (2001). Learning through acquisitions. *Academy of Management Journal*. 44(3), 457–476

Wright, P., Kroll, M., Lado, A., and Van Ness, B. (2002). The structure of ownership and corporate acquisition strategies. *Strategic Management Journal*. 23, 41–53.

Zhao, H., Luo, Y., and Suh, T. (2004). Transactional cost determinants and ownership-based entry mode choice: A meta-analytical review. *Journal of International Business Studies*. 35(6), 524–544

Zollo, M., and Singh, H. (2004). Deliberate learning in corporate acquisitions: post-acquisition strategies and integration capability in US bank mergers. *Strategic Management Journal*. 25(13), 1233–1256.

국문 초록

기업의 해외인수합병 경험이 성과에 미치는 영향

: 국제화 경험과 국제 제휴 경험의 조절효과

조직학습 이론에 기반한 다수의 연구는 인수합병 경험이 기업 성과에 미치는 영향에 대해서 그 동안 많은 연구가 이루어져 왔다. 하지만 기업의 다른 유형의 경험들이 인수기업 성과에 미치는 영향을 다룬 연구는 그다지 많이 이루어지지 않았다. 그 결과, 조직이 보유한 다양한 경험들이 기업의 인수합병 경험과 성과에 어떻게 관련이 되어 있는지에 대한 폭넓은 논의가 이루어지지 않았다고 볼 수 있다. 이에 따라 기업의 다양한 경험들이 인수합병 기업의 성과에 어떤 영향을 미치는지 그리고 경험들의 유형에 따라 인수합병 기업의 성과 정도에 미치는 영향에 차이가 있는지 등에 관한 연구의 필요성이 제기되고 있다.

이런 관점에서 본 연구는 인수합병 기업의 해외인수합병 경험이 성과에 미치는 영향을 살펴보고, 기업의 다른 유형의 경험들이 해외인수합병 경험과 성과에 상이한 영향을 주는지를 연구하였다. 특히, 기업의 경험을 국제화 경험(international experience) 및 국제 제휴 경험(alliance experience) 등 유형별로 구분하여, 서로 다른 특성을 가진 경험들이 해외인수합병 기업의 성과에 미치는 효과를 측정하는데 초점을 맞추고 있다.

실증 분석을 위해 북미 상장기업 가운데 3개의 첨단산업업체를 대상으로 1990년부터 2014년까지 25개년 동안의 자료를 바탕으로 연구를 진행하였다. 연구 결과에 따르면, 해외 인수합병 경험은 성과에 정(+)의 영향을 미치는 것으로 나타났으며, 국제화 경험과 국제 제휴 경험은 모두 인수합병 경험과 성과의 관계에 부(-)의 영향을 미치는 것으로 나타났다.

주요어 : 해외인수합병, 해외인수합병 경험, 인수기업의 성과, 국제화 경험, 국제 제휴 경험, 조직학습이론

학 번 : 2016-20624