A real options perspective on cross-border and cross-industry acquisitions: The role of sequential behavior.

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ABSTRACT
Although the concept of real options has created considerable excitement in the strategy and management fields, empirical evidence still can't provide a whole picture of the determinants and consequences of sequential behavior. Therefore, the specific interest of this study is the application of real options theory on the choice of sequential mode, especially focus on the situations of cross-border and cross-industry acquisition. This study further presents acquirer's portfolio of options and slack resources as important moderators in affecting sequential acquisition and its value. A sample of 511 cases of completed acquisitions are collected from the Taiwan high-tech companies. The finding indicate that cross-industry entry has positive impact on the use of sequential acquisition, the more diversify the acquirer is, the more likely sequential acquisition been choose. The finding also point out that sequential acquisition has negative impact on acquirer's value of growth options, and organizational slack have no impact on the relationship between sequential acquisition and value of growth options.

Keywords: real options; sequential acquisition; growth option value; organizational slack

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