

Global Mergers and Acquisitions by Chinese Firms in High-Tech Industries

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⊕ **Abstract**

Firms make use of acquisition as a strategic option to sustain their growth. Recent studies on Chinese global mergers and acquisitions (M&As) have highlighted that Chinese firms are lagging behind Western firms in their development of firm-specific advantages, especially in technology and experience in innovative activities, managerial capabilities, and marketing skills (Child & Rodrigue, 2005; Cui et al., 2014). Consequently, Chinese firms are likely to be motivated by acquisition of needed strategic assets such as knowledge and capabilities that they are not able to develop themselves due to their domestic institutional constraints and relatively weak home country knowledge base (Yang & Deng, 2015; Luo & Tung, 2007). Examples here include the case of Lenovo acquired IBM's PC group, TCL acquired the cellphone division of Alcatel, and Huawei's acquisition of several technology intensive firms in the USA (Deng, 2012; Zeng & William, 2007). When developed countries raise national security concern for strong government support in Chinese M&As (Williamson & Raman, 2011), especially those M&As in high-tech industries that involve dual-use items and technology, more scrutiny and research is expected in this field.

With 1,392 mergers and acquisitions in high-tech industries initiated by firms from China from 1990 to 2015, I have explored the following research questions: (1) what determine the ownership decision of acquiring target firms in the high-tech industry? (2) What are impacts of these M&As on both acquiring firms and target firms? Objectives of this research project include the following:

- enrich the understanding of the decision making process of strategic decisions such as the choice of target firm or the ownership structure by Chinese firms

- discover key determinants of the success of knowledge management in cross-border mergers and acquisition in high-tech industries
- compare and contrast similarities and differences among acquiring firms.
- offer suggestions to professional practitioners such as multinational enterprise managers and policy makers with respect to effective management of cross-border mergers and acquisition in the high-tech industry.