Determinants of Successful Acquisition Management: 
A Process Perspective in the Lodging Industry

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(ABSTRACT)

The objective of this study was to uncover the critical success factors that have significant value-added impacts on corporate acquisitions in the lodging industry. Specifically, this study attempted to systematically discover evidence about the determinants of a successful pre-acquisition management process, and the determinants of successful post-acquisition integration, as well as to identify an appropriate evaluation criteria for determining the post-acquisition performance of an acquisition deal. In addition, this study tried to identify important acquisition objectives of hotel acquirers.

This study employed an integrated and holistic viewpoint that includes the most critical corporate acquisition issues simultaneously and in a multi-dimensional framework. As a research methodology, a Delphi technique, which is a non-face-to-face communication method, was employed and proved its effectiveness throughout the study. The key question guiding this research is, what are the critical factors in the overall acquisition process that contribute to successful acquisitions?

The findings of this study indicate that the most important acquisition objective for acquirers in the lodging industry is to accelerate the growth of their firms. Further, the most important critical success factor for hotel acquirers before the deal is completed is the identification of the trend of the target firm’s cash flow from operations, and reliable and valid information about the target is the most significant dimension in the pre-acquisition management phase.

The study results suggest that the most significant key success factor in the post-acquisition integration stage for the lodging industry is to plan and establish a post-acquisition strategy as early as possible, even before the deal is done, while the development of an effective post-
acquisition transition strategy immediately after the deal is closed is the most crucial dimension in the post-acquisition integration phase.

One of the most significant findings of this study was that hotel executives gave relatively higher importance to pre-acquisition management strategy than to the post-acquisition integration process. In terms of post-acquisition performance evaluation criteria, measures from a value-based management (VBM) approach received the highest rank in evaluating the economic gains of corporate acquisitions in the lodging industry.

The study results can help to improve hospitality industry academics’ and practitioners’ understanding of important M&A phenomena leading to significant changes in the industry’s competitive landscape.
DEDICATION

To my beloved and wonderful parents, Young-Shik Chang and Byung-Eob Kim, who can show this work in response to the question of what their problem-son does.
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