

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

Kyung-Hwan Kim

Dissertation submitted to the Faculty of the  
Virginia Polytechnic Institute and State University  
in partial fulfillment of the requirement for the degree of  
Doctor of Philosophy  
in  
Hospitality and Tourism Management

Michael D. Olsen, Ph.D., Chair  
Muzaffer Uysal, Ph.D.  
Eliza C. Tse, Ph.D.  
Meir I. Schneller, Ph.D.  
Robert T. Sumichrast, Ph.D.

August 20, 1998  
Blacksburg, Virginia

Keywords: Corporate Acquisitions, Acquisition Process, Lodging Industry,  
Critical Success Factors, Delphi

Copyright 1998, Kyung-Hwan Kim

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

Kyung-Hwan Kim

## **(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.

## ACKNOWLEDGMENTS

I wish to acknowledge and express my appreciation to the dissertation committee members who supported and guided me through this wonderful project.

Dr. Michael D. Olsen, who served as chairman on this dissertation and was my major professor, has been invaluable in helping me produce a quality product. As his student, I have grown to appreciate his knowledge, vision, and dedication to academic excellence. I cannot thank Dr. Olsen enough for his help and guidance.

Dr. Muzaffer Uysal has been very generous personally and professionally with his time and disciplined assistance. Dr. Eliza Tse provided me with knowledge that was used to help complete and improve upon this work.

Dr. Meir I. Schneller guided me with his admirable leadership and led me through the complex world of finance. Dr. Robert T. Sumichrast has been friendly, and has encouraged deeper investigations into the information systems area.

K.C. Arceneaux and Dave Dugas provided me unselfish personal help and assisted with editing. Again, thanks so much to everyone.

Finally, I would like to thank my brothers and sister for their help during my academic journey in the United States. Their sacrifices have made this final work possible.