

Essays on M&AS and Innovation

Citation for published version (APA):

Fernandez de Arroyabe Arranz, M. (2018). *Essays on M&AS and Innovation*. Boekenplan Maastricht. <https://doi.org/10.26481/dis.20180622mf>

Document status and date:

Published: 01/01/2018

DOI:

[10.26481/dis.20180622mf](https://doi.org/10.26481/dis.20180622mf)

Document Version:

Publisher's PDF, also known as Version of record

Please check the document version of this publication:

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Propositions accompanying the dissertation

Essays on M&As and Innovation

by Marta Fernández de Arroyabe Arranz

1. Innovation has increasingly become an important way for firms to obtain and maintain a competitive advantage and to achieve a higher performance in the long run. To remain competitive and innovative, firms have increasingly relied on M&As as a strategy to access new knowledge, capabilities and technology assets, and know-how held by the acquisition target.
2. The complexity of M&As has led both managers and scholars to report a set of mixed innovation and performance results, with a large body of literature documenting a negative impact of M&As on corporate innovation.
3. The hiring of new inventors around M&As counteracts the negative effect of M&As on innovation, due to the transferability of knowledge across and within firms through individual talents.
4. When it comes to technology development, large innovative firms can decide between internal developing strategies or external sourcing strategies. Firms may decide for an external technology sourcing strategy, such as M&As, when they lack the capabilities to develop technologies on their own or when the innovation and patent generation process takes considerable time and investment.
5. Knowledge is the most important strategic resource for the firm, as it plays an essential role of knowledge for value creation and for achieving a competitive advantage. Individuals are the sources of knowledge and talent, while organizations facilitate knowledge exploitation by providing a platform that enables individuals to interact and to exchange knowledge.
6. The movement of individuals between firms supposes an effective transfer of knowledge across organizations as well as a way to gain access to immobile knowledge from other firms.
7. Patents are the most important mechanism for IP appropriation for both product and process invention in the pharmaceutical industry. Patents grant protection for up to 20 years, are legally associated with the firm, provide firms with technology-based first mover advantage and prevent rivals from using the patented invention without permission.
8. Previous findings suggest that M&As are still not very well understood and that scholars still know very little about what makes M&As succeed or fail. This has resulted in multiple recent calls for an adequate empirical research on acquisitions with regard to motives, industry sector and firm characteristics to understand the performance outcomes of acquisitions and the high failure rates.