

2025 SBA-GSTIM Colloquium

The Impact of Technology Coordination on Product Quality Failure in Acquired Firms: Evidence from the U.S. Medical Device Industry

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Abstract

The existing literature on technology acquisition has primarily focused on the post-acquisition innovation outcomes of acquiring firms, largely overlooking the potential impacts on the innovation outcomes of the acquired firms. This research addresses this gap by examining the post-acquisition new product quality of acquired firms. We argue that the acquisition process can introduce technology coordination challenges that disrupt the innovation processes and routines of acquired firms, which may increase the likelihood of new product failures. To test our hypotheses, we employed a difference-in-difference and matching approach within the U.S. medical device industry. Through both firm- and product-level analyses, we found evidence supporting our assertion that products introduced by acquired firms are more susceptible to quality failure. We identified several technological coordination processes that impact product quality in the acquired firm. These processes include integrating the acquirer's products with those of the acquired firm, launching new products in the acquirer's product domain, and developing new, complex products utilizing the acquirer's technologies.

Keywords: technology acquisition, new product introduction, product quality failure, post-acquisition technology coordination, difference-in-difference estimation

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