

Does acquisitive growth intensify subsequent organic growth? Reconsidering Lockett, Wiklund, Davidsson, Girma (2011)

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Lockett, Wiklund, Davidsson, and Girma (2011) provide one of the few empirical tests of Penrose's theory of firm growth, explicating how firm's organic and acquisitive growth strategies influence subsequent organic growth. We reconsider their framework by explicitly accounting for the relatedness of acquisitions and delays due to the integration process. Analysing a panel of Dutch firms over the years 2011-2016, we find that previous organic growth limits subsequent organic growth, as in the original study. Contrary to Lockett et al., we find a negative effect of previous acquisitive growth in the first year post-acquisition, while the original positive effect emerges with a time delay in the second year and is stronger for acquisitive growth in complementary domains.