Oral Defense Announcement
University of Missouri – St. Louis Graduate School

An oral examination in defense of the dissertation for the degree
Doctor of Business Administration with an emphasis in Strategic Management

Kei Y. Pang

Master of Business Administration, May 1984, University of Michigan
B.Sc. in Materials Engineering, July 1982, Queen Mary University of London

Value Creation by Private Equity Firms: A Resource-based View

Date: March 19, 2021
Time: 10:00 a.m. to 12:00 p.m.
Place: Remote

Abstract
Despite the growing importance of the private equity (PE) industry in the United States, it is unclear how PE firms create value. This study contributes to the PE literature and strategic management research by examining PE firm resources and competencies that drive the success of equity backed management buyout deals. Specifically, my work proposes a framework to describe the key value creation drivers and sub-drivers that position PE firms for success in all four stages of the PE value chain: Fund Raising, Deal Sourcing, Governing/Managing, and Exiting. I utilize Porter’s (1985) value chain analysis (VCA) and the resource-based view (RBV) to assess how PE firms create value.

Notably, my work suggests that PE firms develop novel resources and capabilities that drive value creation. More specifically, strong brand reputation, networking competencies, and in-house talent management expertise and operational improvement competencies drive value creation in both small and large PE firms. Large PE firms catalyze real transformation in the post-deal phase by creating time-sensitive, comprehensive plans with detailed milestone reviews while smaller PE firms with experience in a particular industry focus more on proactively generating proprietary deals utilizing their executive networks. Interestingly, I found that small PE firms tend to favor a specific type of internal structure, namely, global extended deal and operational support teams, which can significantly improve decision-making during the deal phase.

Defense of Dissertation Committee
Dr. Bindu Arya, Ph.D. – Chairperson
Dr. James Campbell, Ph.D.
Dr. Dinesh Mirchandani, Ph.D.