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Post-Acquisition Integration: The Effect of Vision Communication on the Development of an Integration Capability and Alleviation of Task Uncertainties

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ABSTRACT

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Keywords: External corporate venturing, mergers and acquisitions, integration of acquisitions, integration capability, dynamic capability, communication, vision communication, task uncertainty

Research question-/s: How does communicating the vision impact the integration capability building in companies starting to engage in ECV for innovation? *How does communicating the vision affect task uncertainties, related to the integration process?*

Methodology: The method used is a single case study in a high tech company in Sweden, leader in network camera market. This work is a qualitative research, in which an inductive method and deductive analysis has been applied. Grounded-theory techniques have been used; eight semi-structured interviews were conducted-carefully and objectively selected following purposive sampling.

Theoretical perspectives: The concept under study is integration capability under the scope of 'dynamic capabilities', along with communication and uncertainties. The first concept is approached in a context of external corporate venturing for innovation, in which firms need to integrate acquired companies for competence building. In order to extend this concept, the concept of communication of a vision studied in entrepreneurship literature and strategic management has been connect. Therefore, the aim is to operationalize integration capability concept, and analyze the effect of vision communication in task uncertainties during integration processes.

Conclusions: Firms engage in an acquisition strategy as a mode of external corporate venturing, with the aim to innovate through reconfiguration of resources and competences. The integration is fundamental for the value capture process but it is highly complex as it requires task and human integration. Thus, firms develop a set of learned patterns that governs systematic execution of integration efforts, called 'integration capability'. This work demonstrates that firms operationalize an integration capability through learning mechanisms such as codification, articulation and experiential learning. Furthermore, communication of the vision constitutes a generalizable task that has a double effect of alleviating task uncertainties during in Integration processes, and enhancing integration capability building.

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1. INTRODUCTION AND BACKGROUND

Companies nowadays operate in a very dynamic and fast paced environment led by accelerated technology evolutions. To keep up with the movements of the market, companies need to stay competitive and explore new possibilities that may promise returns and sustainability. While searching for new opportunities, organizations also need to operate their core business, refine it, and make it more efficient and competitive. This dual need has been studied under the framework of exploration/exploitation, introduced by March (1991). It is thus crucial for a firm's survival to explore a set of choices that seek long term returns and involves innovative activities, which are by nature risky and uncertain.

In the path of knowledge-search or competence development, established companies engage in different kinds of innovative activities like relationships with entrepreneurial ventures. The practice is known as external corporate venturing (ECV). The most common forms of ECV are acquisition of ventures, venture capital investments and joint ventures (Titus et al., 2017). Corporate venturing or venture capital investments is one efficient strategy to innovate in a collaborative way with partners possessing different or complementary technologies or competences (Battistini, 2013). This research is focused on acquisitions as a form of ECV in the search for companies to explore new opportunities and acquire innovation. For these processes, firms are usually very careful, to pick counterparts, that have a similar corporate culture and complement their own offerings in terms of technology, market share or other kinds of competences that might be beneficial for further developments. The necessity of this attentiveness towards the culture and values arises from the need to closely work together, exchange knowledge and collaborate to create further value that would not be possible on an individual standpoint.

However, just acquiring the technology, new competences or market access is not enough. To benefit from the acquisition for innovation in the long term, firms need to make an effort to extract value from ECV activities (Titus et al. 2017). More precisely, a collaboration between the employees of both parties needs to start so they can exchange knowledge and learn from each other's best practices and expert knowledge. To do this, however, the employees need to know where the future of the new entity is heading towards. Hence, the

need to explore, reconfigure and develop new competences in the seek of future returns, while of course exploiting current businesses.

Consequently, a company recently engaging in acquisitions, meaning taking full ownership of a venture, needs to develop the ability to stay agile, responsive, and flexible due to two main factors. First of all, engaging in acquisitions and especially the following integration process of a venture into the parent company -value capture process- is highly complex and dynamic, requiring an extensive set of professional disciplines at once (Galpin, 2014). It involves organizational and individual costs and changes, possible turnover, cultural clashes and more (Schweiger, Ivancevich, & Power, 1987). Secondly, each acquisition is unique as it has its own purpose for the acquiring firm, and each company has their own set of organizational elements such as human capital, structure, "way of being", style of communication. Graebner (2004) states that "capturing value from acquisitions can be difficult" and one big reason why acquisitions fail or do not achieve their goals is due to ineffective post-deal implementation. Appelbaum et al. (2000) state that usually M&A are well planned in the legal and financial aspects, but the poor results come from poor human resource planning. Thus, this research looks into the complex situation of integrating tacit knowledge and business processes in the areas of HR, R&D, marketing and sales.

M&A failure occurs between 40% and 90% of acquisitions (Bauer et al., 2016) as firms do not reach their expectations. Even though this result is alarming for innovative firms, the question is why do some firms succeed and others do not? We argue that successful companies engaging in acquisitions as a form of ECV develop an integrating capability under the scope of dynamic capabilities that permits the parent company to make the most adequate decisions during integration processes based on experience, learning and capacity of adaptation. Further, we adopt the viewpoint, that communication play the pivotal role to enable the exchange and collaboration between the two parties involved.

The concept of dynamic capabilities finds support in two aspects:

1) The need to be 'dynamic' in terms of strategic responses towards fast moving industries in which time is critical;

2) 'Capability' in terms of the ability from the management perspective, to adapt, integrate, reconfigure "internal and external organizational skills, resources, and functional competences toward changing environment" (Teece and Pisano, 1994).

The theory of dynamic capabilities has been questioned as it was considered obscure, often tautological, and fails in operationalization matters (Williamson, 1999). As a counter proposition Williamson (1999) provided a perspective of governance and competences in order to avoid tautology. Furthermore, Zollo and Winter (2002) in line with Teece and Pisano (1994) extended the concept and defined it as "routinized activities directed to the development and adaptation of operating routines" which has been also addressed through different studied means.

Building on 'dynamic capability' theory and 'organizational learning', Keil (2004) moreover integrated the two concepts in the ECV context and argues that an external corporate venturing capability is built through experiential learning mechanisms and knowledge management practices. Organizational learning theory gained importance in M&A studies as a form of ECV since 2000 (Ferreira et al. 2014), as it is highly important for firms to "retain knowledge about itself", allow information and knowledge storage, learnings exchange, and so on (Tamayo-Torres et al. 2016) in order to improve organizational performance for M&A transactions. Learning is an essential element of dynamic capability building, thus the importance of referring to literature in the field of organizational learning. M&A literature benefits from organizational learning contributions from Cohen & Levinthal (1990), Gammelgaard (2004), Haleblian & Finkelstein (1999) and also about cultural issues referring to Chatterjee (1992) and Hofstede (1980). The latter especially with the aim to focus on how to improve results and issues in post-acquisition activities (Ferreira et al. 2014). However, in this study, organizational learning theory will only be used under the umbrella of dynamic capabilities.

Going back to dynamic capabilities, Keil (2014) also states that initial forces -management intention- establish the scope and limit the development of this capability, which will be analyzed as well during this research. Limitations can be given by the management, if there is not a clear vision and mission, and people involved in the process do not have a clear

direction (Vanheverbeke, 2005). Limitations can also be given by the lack of communication of the vision, which according to Hill and Levenhagen (1995), is a hard task in uncertain scenarios like entrepreneurial activities.

Moreover, Thrichterborn et al. (2015) argue that M&A sub-processes have similarities between different deals, and that the experience gained from certain tasks are generalizable. Consequently, leading to the development of an M&A capability. Furthermore, Zollo and Singh (2004), based on the knowledge-based view of a firm and influenced by other scholars, suggests that firms develop a capability to manage acquisition processes and its complex organizational requirements as it is crucial for the performance. This ability relies on a learning process in which firms apply previous notions to future integrations. The latter is called 'integration capability' as it differs from the whole acquisition transaction, because analyzing targets before entering into a deal requires different skills (Zollo and Singh, 2004).

The term 'integration capability' has been adopted in this research, as it fits the context in which the study has been held (integration process itself). It has been observed that the case company, which is described under section 1.1, is conducting learning mechanisms in order to accumulate and leverage knowledge in regard to future integration processes. It is being argued that based on the literature aforementioned firms involved in ECV develop 'integrating capability' as a need to capture value from acquisitions through a learning process. Therefore, the aim of this work is to identify the key learnings in real time, identify how the case company is currently building up an 'integration capability' and thus identifies generalizable practices.

The research contributes to the literature of ECV capability and integration capability as a a case study is being provided that extracts real time data and results in a novelty for the area as others studies were done in a retrospective manner. In addition, it contributes to the dynamic capability theory as it provides a detailed and empirical study about the practices that lead to the development of an integration capability and task uncertainty reduction. The paper also contributes to the strategic management theory as it is being intended to identify the limitations from the management perspective, such as communication of a

vision and how it affects the development of the aforementioned capability. Further, it is being analyzed, how a clearly communicated vision may in turn also reduce task uncertainties related to the integration process.

1.1.   Background of the Case Company

The company under study is a well-established IT company, founded in the early 80's in Sweden selling printing servers[1]. Since the mid-1990's the company has become a specialist in providing network cameras for physical security and video surveillance in the markets of transport, retail, banking, education, government and industrial. Nowadays, it is the global market leader in network video and surveillance cameras, present in 179 countries with more than 80.000 partners (Case Company, 2017).

As the evolution of technology is rapid and moving from analog to digital to network and cloud infrastructures, the case company is shifting its vision from a product oriented to a solution oriented one. The case company is established in the complex and dynamic environment of technology, hence it constantly needs to adapt and innovate its product portfolio and offerings. One identified opportunity for this is to complement its hardware technology in different network cameras, audio speakers and physical access control with software technology that allows data analysis. By offering total solutions and open systems, it is able to provide customers with hard- as well as software that is easily compatible with competitors' products. This provides the company with a competitive edge as other systems may not be compatible and therefore more expensive in the long term.

In order to pursue its strategy successfully, the case company established a New Business department in 2009, aimed to identify new technological opportunities, the development of new competences in order to expand to new business areas and the mobilization of resources. Thereupon, it is pursuing an acquisition strategy for gaining new competences in software and hardware to broaden the product portfolio and create total solutions for its

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[1] For confidentiality and anonymity purposes, the name of the company has been removed in this academic paper and replaced with "*case company*".

customers. However, as it just engaged in the corporate venturing activities for innovation through acquisition, it is currently improving the integration process of acquisitions in order to capture value. More attention is given to Human Resources (HR), Research & Development (R&D), Marketing and Sales as those function require complex and individual processes for each acquisition integration. For the integration purposes it just recently hired an integration manager to help coordinating this process.

1.2.   Problem Discussion

Companies engaging in acquisitions as a mode of ECV for innovation often fail to realize the expected synergies from it. There is a consensus among academic literature that the integration process is decisive for the acquisition performance (Heimericks, 2012) as it will determine its success in the long term. The case company only recently (in 2016) engaged into an acquisition strategy, and acquired three companies, in order to gain new competences and access to additional markets. One out of the three acquired companies has just been integrated, while the third one is being integrated (May, 2017) and served as the main reference for this study. Learnings from the first two acquisitions are being taken into consideration for the third one. Which leads to question: how do firms use these accumulated learnings? What are the mechanisms? Questioning, whether building up an integration capability leads to acquisition success would be interesting to answer, but due to the real-time nature of this work it supersedes the scope.

From literature it is observed that firms can encounter different learning mechanisms: 1) experiential processes -learning by doing- and 2) intentional processes that involves articulation and codification of knowledge (Zollo and Winter, 2002). In addition, learning also evolves from two kinds of organizational activities: operational functioning (meaning the routines established in the firm) and the function that modifies the existing routines, which is identified as 'dynamic capability' (Zollo and Winter, 2002). Consequently, learning is a process that is highly related to the process of building dynamic capabilities. Therefore,

the problem lies in identifying under what mechanisms firms develop the capability of integrating acquisitions in order to realize the potential from an ECV strategy.

Thrichterborn et al. (2016) conducted a study that proved that a dedicated M&A function within a company has a positive effect on developing a M&A capability that results in great M&A performance. This function is also responsible for capturing experiences, identifying processes or needs, improve it and grasp the know-how. Based on previous experiences a firm can decide to use the learnings or disregard it, which constitutes an integration capability. Identifying the practices that allows problem capture, evaluation and solutions for further implementations is crucial to build up an integration capability.

Building an integration capability brings also challenges, especially overcoming limitations. Initial forces, such as the management intention or the established vision, determine the area of focus during integration processes (Keil, 2004). This can be counterproductive for the explorative nature of acquisitions, as firms may benefit not only from expected, but also from unexpected synergies (Graebner, 2004). Consequently, the importance of adequately communicating the gains and challenges arise. Studies show that M&A integration processes generate uncertainty and even lack of adjustment of employees. Hence, it is highly related to the extent to which employees felt that details were clearly communicated (Appelbaum et al. 2017). Along these lines, the research aims to identify the effects of good and poor communication of a vision in the development of an integration capability and in the reduction of task uncertainties.

After three acquisitions, the case company hired an M&A specialist and an integration manager based on the prior identified needs. Thus, great internal learnings can be observed and their effects can be seen in real-time within the integration group. Thus, the case company is seen as a good scenario to analyze, among others, the problem discussion presented here. It has immediate prior experience (2016) in acquiring and integrating three companies of a different nature, consequently the need to readapt and stay agile to dynamic changes. In that regard, by analyzing learning mechanisms, processes, routines and different practices in real time we will be able to provide strong data on how firms develop

an integration capability and by analyzing its limitations, mainly communication, is possible to identify its effect on task uncertainties.

1.3.   Aim and Objectives

The purpose of this research is to contribute to the dynamic capability literature in the context of acquisitions as a tool for innovation, from the operational point of view with real time data collection. Companies just engaging in CV for innovations, have yet to use their own insights and previous experiences, so as learnings, to develop a unique ability to integrate acquisitions in the best way possible, and gain a competitive advantage over other players. Thus, the first aim of this work is to provide an 'outside vision' of the learning mechanisms and practices that aid to develop an integration capability, and also identify the limitations (direction and communication), so it can be transformed into learnings and applied, not only by the case company, but also be generalized into grounded theory.

The second aim is to analyze the relation between having a vision of an acquisition and communicating it, in order to identify the effect it has on two elements: 1) integration capability building and, 2) reduction of task uncertainties. As a consequence, the aim is to reveal if integration capability literature can benefit from other areas of research in order to narrow it to a more operational perspective.

Hence, the objectives of the underlying research are:

- To provide academic evidence why it is beneficial to engage in corporate venturing for innovation
- To identify the main content and attributes for an efficient management vision and direction for integration
- To elaborate on the characteristics of beneficial and transparent communication; considering the negative effect of over communication and sharing sensitive information
- To identify the learning mechanisms form integration capability building
- To analyze the effect of communication on developing an integration capability
- To analyze the effect of communication on alleviating task uncertainties in return

1.4.   Research Question

In order to come up with a suitable research question, the current position of the company and literature in regard to new business development and an ECV strategy has been observed. From there on, a retrospective analysis in order to trace the history of those entrepreneurial activities has been adopted. Furthermore, some informal interviews have been conducted, with the aim to collect data about the company's achievements and what the New Business department has been struggling with. In addition, some inspiration was provided by the most recent literature regarding to external corporate venturing, corporate entrepreneurship, new business development and mergers and acquisitions, in order to identify a gap which our research can potentially fill. After gathering more relevant literature and a big amount of empirical data, we adopted an iterative review of the research question testing it for relevance and contribution, and ability to be answered in an admissible way.

Thus, the primary research question is designed as follows:

How does communicating the vision impact the integration capability building in companies starting to engage in ECV for innovation?

As a secondary research question, the following aim has been identified:

> ***How does communicating the vision affect task uncertainties, related to the integration process?***

Those two research questions lead the underlying research and guided the findings and discussion.

2. LITERATURE REVIEW

The following literature review is constructed to present peer reviewed literature relevant for the underlying research in a logical matter. First of all, the matter of CV as a strategy for fostering corporate entrepreneurship and innovation in companies is being discussed, followed by the impact and importance of a clear vision, then the effect of communication in M&A activities, followed by the discussion of the dynamic integration capability and task uncertainties.

2.1. Corporate Venturing as a Strategy for Corporate Entrepreneurship and Innovation

New entrants and innovative firms, are challenging existing corporations through the development of new technologies, new products, services, innovative business models, and more. In order to keep up with dynamism and changing environments, firms need to innovate, adapt and redefine. Scholars studied this phenomenon in different circumstances and refer to it as Corporate Entrepreneurship (CE). There is not one specific meaning for it, but there are different contributions from literature. The term often refers to the different entrepreneurial behaviors within a firm, which can be the establishment of new businesses, market development and innovation in products and processes (Kuratko et al. 2011: 12). Some other authors use the study of entrepreneurship as a first order construct; Miller's study (1983) identified this construct as a multidimensional concept that encompasses a firm's actions towards "innovation, risk taking and proactiveness". On the contrary, a non-entrepreneurial firm is one "that innovates very little, is highly risk averse, and imitates the moves of competitors instead of leading the way" (George and Marino, 2011).

However, the collective approach of entrepreneurship is adopted in this paper, as it affirms that entrepreneurship is a contextual process about new business creation or programs that exist in all types of organizations, with the aim to find opportunities for growth and value capture. In addition, entrepreneurship is of a collective nature that requires efforts from

different people, performing different roles for in order to achieve the desired goals. Therefore, more emphasis is given to 'how' firms achieve entrepreneurial results, rather than why and what. In this regard, entrepreneurial events like ECV are the unit of analysis for the needed processes and how they improve over time (Zahra, 2016).

The latter perspective is adaptable to different scenarios, so it fits the logic of this research as it is situated in the context of ECV for innovation. Being entrepreneurial also encompasses the necessity to innovate. Innovation comes from the Latin word *innovare* that is related to change. According to Tidd and Bessant (2011) "innovation is the process of creating value from ideas" and it can be done in different directions: change in products, services, how the previous are delivered, new markets, models, structure, etc. (Tidd and Bessant, 2011). So, how do companies innovate and demonstrate to be entrepreneurial?

This is a question that cannot be answered with one unique answer and it represents a big challenge for corporations. Firms need to increase their entrepreneurial orientation while exploiting their current business in order to survive (March, 1991). New technologies and competition, push firms to act quickly, and re-think their resources allocation (Sheriff et al. 2013). In high tech industries and fast moving industries, internal IT expenses continue increasing while at the same time the market demands other technologies that are not always produced in-house. Therefore, corporations are complementing internal R&D with "open initiatives such as IP licensing, academic partnerships, innovation consortia, open-source platforms, and venture capital investments" (Battistini, 2013).

Corporate venturing is one of the fastest strategies to innovate in a collaborative way with partners possessing different or complementary technologies or competences (Battistini, 2013). From a general perspective, corporate venturing refers to the origination, development, financing of new businesses. By its own definition, corporate venturing takes different forms such as strategic alliances, capital investments, joint ventures, acquisitions (Kuratko et al. 2011:86).

Chesbrough (2002) defines corporate venture capital as the funds that are invested in external start-ups and provides a framework on how make sense of it. Due to its own rationale, this framework also helps to understand investments in established firms, as it

helps to identify potential synergies with strategic fit. Corporate venturing (CV) finds support in two main dimensions: 1) objective of the investment, which could be either financial or strategic oriented, and 2) the degree of how linked operations are (Chesbrough, 2002). Based on that, companies execute CV in different kind of investments: *driving* (strategy driven and tight operations), *enabling* (strategic driven and less tight operations), *emergent* (tight operations little strategy, but might become highly strategic, and finally *passive (*high financial returns and not tight operations) (Chesbrough, 2002).

Once given the context of ECV rationale, is worth to mention that established firms especially multinationals, engage in mergers and acquisitions (M&As) as a mean for innovating business, product and geographic strategies in the long term (Ferreira et al., 2014). Firms acquire other companies for various reasons such as, operating synergies, financial synergies, diversification, acquiring assets, tax issues, market power, devaluation and strategic realignment. In this research, more focus will be given to the latter motive as acquisitions in the case company are highly strategically, and the linkage of the operations varies from one company to another. In strategic investments, companies focus on the competences that the target (acquired) company due to knowledge, routines and employee skills. Therefore, the long term results and exploration relies on the potential, effect and initiation of the combined synergies (Gammelgaard, 2004).

Considering the above, the integration of the acquisition is a pivotal process in order to reach synergies, and integrate the acquired competences and practices into the company, and gain access to new markets (Vanhaverbeke, 2005). Thus, a clear vision and direction for the integration needs to be set by the management, so that all people involved work towards the same goal (Vanhaverbeke, 2005). In literature, vision may be characterized by a mental image that management evokes to depict an "idealized future for an organization" (Awamleh & Gardner, 1999). It refers to an idealized goal that the management wants the organization to reach in the future.

According to Awamleh and Gardner (1999), inspired by several other scholars, visionary behavior takes form from two distinct stages: 1) the creation of the vision and its content and 2) the communication of the vision to the respective followers and other audience.

Both stages are significant to the model in this work. Before entering into that field, the vision creation and content contribution in literature is first addressed.

Thus, a clear inspiring vision tends to display the following characteristics:
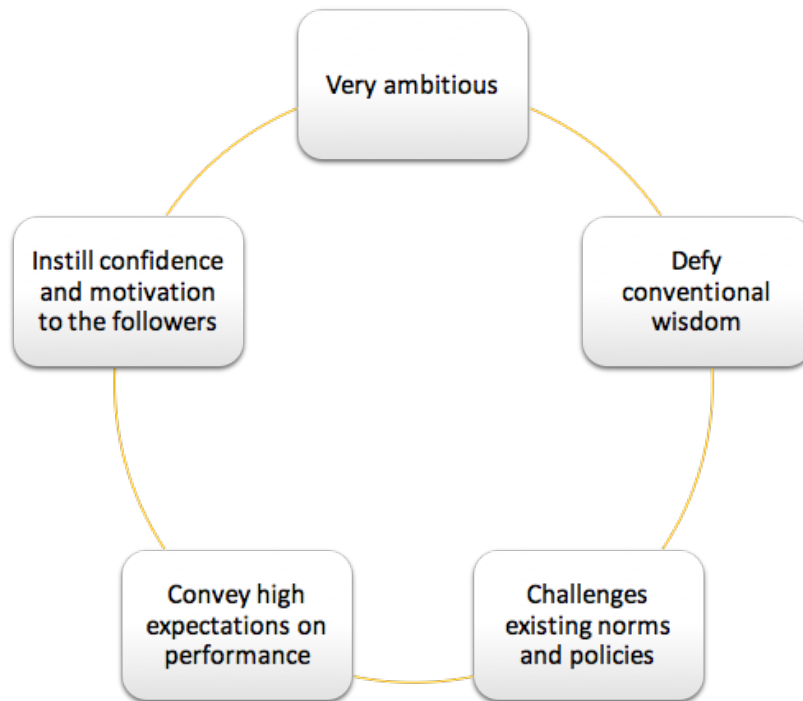
Figure I: Characteristics of a vision (Awamleh & Gardner, 1999)

Also Gomes stresses that the management needs to establish "clear objectives, aligned with the company's strategy that meet the needs of the participants" (Gomes, 2013). Further, Baum, Locke & Kirkpatrick (1998) identified seven attributes necessary for an effective vision based on their review of leadership, entrepreneurship theories and business strategy:
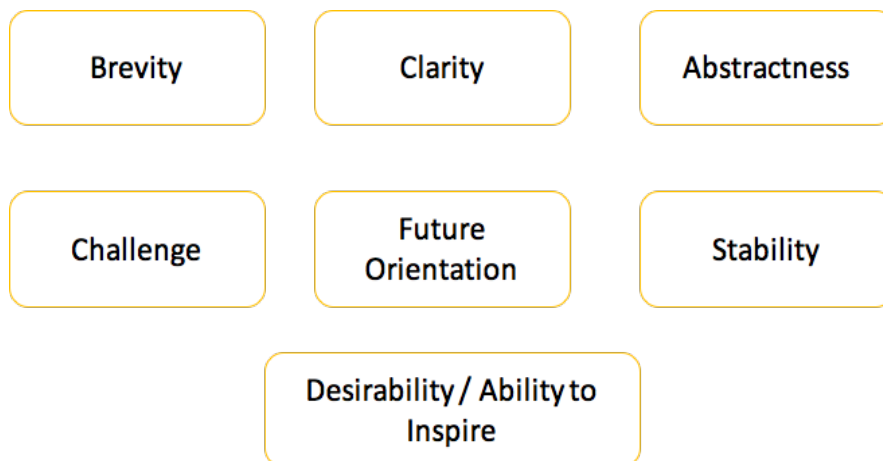
Figure II: Seven Attributes of an effective Vision (Baum et. al, 1998)

In the study held, the vision attributes and vision content had a considerable effect on the success of a new venture acquisition (Baum, Locke, Krikpatrick 1998). This vision, however, needs to be translated into a clear integration strategy. Many literature contributions state, that the integration strategy is crucial for the integration to be effective and thus it should be decided on during the pre - acquisition phase (Teerikangas et al., 2011; DePamphilis, 2015).

Concluding, literature has proven that corporate venturing is a very effective way of corporate entrepreneurship to keep up with the constant pressure of the market dynamism and innovate to drive competitive advantage. However, the integration of acquisition for a ECV strategy focused on innovation is a complex process which starts with setting a clear vision and direction in order to achieve synergies, trigger dynamic capabilities of integration and reduce task uncertainties. Those aspects, as well as the effect of communication on both will be discussed based on literature in the following subchapters.

2. 2. The Effect of Communication

Many scholars have researched the effect of communication on reducing uncertainties in the behavior of employees, mainly concerning their fear of losing their job or major change (Hubbard & Purcell, 2001). However, in the underlying research, the double effect of

communication on reducing task uncertainties as well as supporting the development of integration capability is being studied.

Thus, as it has been observed in the preceding sections, the advantages of ECV are very beneficial when focusing on innovation if a clear vision, direction and especially clear objectives are set by the management. Communication of the vision has to be tailored to the needs of the stakeholders and aligned with the company's strategy (Hyde & Paterson, 2001). Consequently, on this matter, scholars in the field of M&A have widely cited the critical effect of communication during the integration of acquisitions. Effective communication largely assists in "disseminating the purpose of the acquisition and for conveying the integration message" (Gomes, 2013). Communication is an important tool to do this. As it is often mishandled, it also presents one of the main reasons, why acquisitions and CV fail (Risberg, 1997). External CV activities or acquisitions, "are means of implementing business strategies", that involves pre and post-acquisition planning (DePamphilis, 2015) and it does not happen overnight. Some tasks are required from both acquired and acquiring company since early stages. That means the necessity of additional tasks for existing roles. Hence, individuals in charge, need to have a direction. Thus, the decision itself and the strategy behind each acquisition needs to be communicated through effective means. Consequently, especially the impact of the communication in the acquired company has been widely researched. Angwin, Gomes, Covin and Inkpen are researchers in the field of strategic management focused on acquisitions with an impressive amount of citations in relevant literature in the observed field. They all agree on communication as a crucial component for the success of acquisitions (Gomes, 2013; Angwin, 2000; Inkpen 2000; Covin et al, 2016).

As just referred to, communication is not only pivotal to delivering the right comprehensive picture of the management vision for the stakeholders, communication is also crucial for the successful implementation of an acquisition. It provides a structure to enable integration capability within the changed organization. Especially communication aspects like honesty, consistency, frequency and management reliability need to be present in a structured communication program (Papadakis, 2005). The aforementioned authors stress that the

success of an integration highly depends on an effective communication plan that should start the minute the closing of the acquisition has been announced. Consequently, the communication plan, should be designed before the closing phase of the deal as especially the implementation success depends on the first impressions.

Already during the pre-acquisition phase, communication is critical. Poor communication can damage the acquisition process (Gomes, 2013; Angwin, 2000). Thus, strategic communication is especially important in order to maintain the stakeholders' confidence by managing their expectations (Gomes, 2013; Agarwal, 2012). Angwin (2000) stresses, that in order to start a successful acquisition process, appropriate levels of expectations for the key stakeholders need to be set and communicated "fairly, accurately, and reflexively" before the acquisition (Gomes, 2013). Especially when it comes to "absorbing acquisitions" as a strategy for competence building and learning, a relatively high need for interdependencies between the firm and different departments can be seen in order to transfer capabilities (Allatta, 2011). As an acquisition process is a trigger for a change and uncertainty within both parties, routines are most likely being disrupted and uncertainty about the communication and knowledge transfer arise (Allatta, 2011). Thus, in high levels of integration there can be a significant increase of communication between the companies, where high interdependencies are present (Allatta, 2011). A decrease in communication can also be observed, once new routines are becoming apparent in the behavior of the employees (Alatta, 2011). Agarwal has identified, that pre-acquisition communication "allows managers to create positive routines through more equitable sharing of the value created" (Agarwal, 2012), thus can impact post-acquisition performance and implementation (Agarwal, 2012).

Building up to this, the reasons for the significance of a clear communication between the involved parties is especially the ambiguity of communication. Risberg (1997) states, that "ambiguity can exist in many different interpretations of a phenomenon or set of events in an organization" (Risberg, 1997). Especially, if communication is used to acclimatize the cultural differences in acquisitions, uncertainty and ambiguity of meaning or task is likely to arise (Risberg, 1997). Hence, Risberg draws the conclusion, that communication is an

important tool for managing acquisitions (Risberg, 1997). This corresponds to Kogut's view, that "communication facilitates a flow of information that can clarify expectations and causal connections between individual actions and group outcome "(Kogut, 2000). Hence, Agarwal also stresses, that direct communication is important as it can resolve ambiguity in a timely manner and enhance the processing of subjective and rich information (Agarwal, 2012).

Moreover, in one of his more recent publications, Angwin emphasizes the importance of communicating "strategic intent" and that communication may facilitate commitment to the strategy of the acquisition and influence people positively, making the integration more efficient (Angwin, 2016). The author also touches upon the fact that continuous and interactive communication helps to build trust towards the future of the new entity. However, it is not to be neglected, that over-communication can also be dysfunctional, especially when used to distract from missing information (Angwin, 2016). Consequently, correctly timed, purposeful, relevant, reliable and honest communication can positively influence the integration outcomes.

Concluding, current research stresses the importance of communication and flow of information during all phases of the acquisition process and encourages a richer flow of information to promote cooperation in the presence of uncertainty and accelerate the building of competences. This is especially important for firms that pursue an acquisition strategy for competence building as the iterative process of the communication patterns helps to build new routines, absorptive and integration capabilities and at the same time alleviate task uncertainties for integration activities (Agarwal, 2012).

2.3. Dynamic Capabilities, Integration Capability and Task Uncertainties

The concept of dynamic capability follows the concept of 'resource-based strategy' as firms accumulate a lot of technological assets and intellectual property. However, the accumulation of resources does not guarantee success. Existing companies, who are leading the market, are those who extract value from coordinating and reconfiguring effectively

internal and external competences. Those company posses the so-called 'dynamic capability' that enables them to adapt quickly to changing scenarios (Teece and Pisano, 1994). Therefore, 'dynamic capabilities' are the strategic, managerial and organizational learned processes, routines or patterns, that make a firm stand out from competitors and attract future opportunities (Teece and Pisano, 1994). This set of organizational skills is difficult to imitate and replicate, thus developing a competitive advantage for the firm.

The term 'dynamic' addresses the characteristics of the environment in which those capabilities operate, as it is fast moving. A firm needs to possess the ability to respond quickly to changing needs like a required reduction of time-to-market, accelerated innovation, or to cope with market shifts. Therefore, 'capabilities' represent the managerial skills leading to "adapting, integrating, and reconfiguring internal and external organizational skills, resources, and functional competences toward changing environment" (Teece and Pisano, 1994). Williamson (1999) pose a critique stressing that 'dynamic capabilities' is a blurry concept that falls into redundancy, circularity and usually studied under cases of success.

Moreover, Eisenhardt and Martin (2000) argued that dynamic capabilities are not vague and tautological as they consist of "specific strategic and organizational processes like product development, alliancing, and strategic decision making that create value for firms within dynamic markets by manipulating resources into new value-creating strategies" (Eisenhardt &Martin, 2000). In addition, it is possible to identify best practices among effective firms, which provide scalability and homogeneity. Finally, dynamic capabilities or its components, like routines and patterns vary with market dynamism and rely on quickly created knowledge and adaptive execution, with unpredictable outcomes (Eisenhardt &Martin, 2000). Thus, the importance of learning mechanisms that guide dynamic capabilities evolution and path dependence arises.

Zollo and Winter (2002) propose a definition in order to avoid vagueness and support the concept of 'dynamic capabilities': "A dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness" (Zollo & Winter, 2002). This

definition builds up on theory of dynamic capabilities and provides an explanation that includes learning mechanisms for constant evolution and modification or operating routines aiming to improve and reach effectiveness. Therefore, we adopt this definition as it is clear, and does not fall in the scope of vagueness and redundancy.

Three main learning mechanisms are involved in the process of building dynamic capabilities: organizational routines and experience accumulation, knowledge articulation, and knowledge codification (Zollo & Winter, 2002). The first one refers to the use of experience in the core learning process by which routines are governed, and how previous learnings modify the existent routines, which relies more on tacit knowledge. The second one, articulation, refers to how firms share collective knowledge and engage in constructive activities, where opinions are shared aiming to improve performance. It takes form in different forms such as "collective discussions, debriefing sessions, and performance evaluation processes". The final one is codification, it is a supporting mechanism that formalize learnings and fosters knowledge sharing. It facilitates initiatives to change existing routines, gives logic and aids to recognize specialized language, among others (Zollo and Winter, 2002).

Teece and Leih (2016) affirm that 'dynamic capabilities' are:

> "*Higher level activities that enable an enterprise to direct its activities towards producing goods and services in high demand (or likely to be in high demand soon). Dynamic capabilities enable the firm to integrate, build, and reconfigure internal and external resources to address and shape rapidly changing business environments. Whereas ordinary capabilities are about doing things right, dynamic capabilities are about doing the right things.*" (Teece and Leih, 2016)

The concept involves changing environments and taking the right decisions, but it is important to recall that firms, which possess or develop dynamic capabilities, compete in high competitive atmospheres, as new entrants appear and product cycles become shorter. The latter leads to deflect under the umbrella of dynamic capabilities, the concept of uncertainty. Managers have the big challenge to deal with uncertainty and risk (Teece and Leih, 2016). The concept of uncertainty will be addressed later on.

Acquisitions as a form of ECV is a complex process requiring a series of managerial skills that facilitate the capture of value. Thus, some scholars scale the concept of dynamic capabilities into the M&A field. There has been quite an evolution in the concept, as Keil (2004) talks about an ECV capability that includes the three major forms: acquisitions, venture capital investments and joint ventures. The results of Keil's research suggest that organizations build an ECV capability through two major learning processes that complements with each other: 1) acquisitive learning on how to manage ECV but is often not well adapted to specific context; 2) learning-by-doing as complementary. The development of the capability is limited to resource allocation and organizational structure (Keil, 2004).

Trichterborn et al. (2016) went more in depth into acquisitions and analyzed the deliberate mechanisms on how firms develop an M&A capability. In first place, subtraction of the learning from previous experiences can generalize tasks and adapt it to new requirements. Based on that, the capability is operationalized through possible general tasks: collect data about M&A transactions, define processes, checklists, recommendations, templates, establish committees and roundtables, apply previous knowledge, etc. Therefore, building up an M&A capability, according to Trichterborn et. al (2016), requires:

1) *Articulation*, facilitating know-how exchange and externalizing tacit knowledge;

(2) *Codification*: defining processes for companies to be less dependent on people;

(3) *Sharing*: through task forces, meetings, committees, retreats, phone, email, etc., help managers to make senses of the process; and

(4) *Internalization*: best practices supporting internalization like accessing the codified versions.

Learning depends on the transfer of knowledge across and within an organization's subunits. Consequently, the communication systems play an important role. There are different figures involved: knowledge originators and knowledge receptors both from external environments and within subunits (Cohen and Levinthal, 1990). Therefore, a structural design is necessary. As actors are interdependent, structures must permit the exchange of information and the set of routines, that acquiring new knowledge, involves.

Thus, in order to achieve entrepreneurial goals, firms need to push the whole machinery towards it, as entrepreneurial activities involve the participation of different people and diversified performance (Zahra, 2016).

Learning mechanisms and dynamic capabilities operate in fast moving environments, and as much effort companies apply into foreseen or planning, uncertainty is an undeniable factor. It cannot be quantified as the "unknowns are unknown" and demands managerial actions dealing with innovation and change (Teece and Leih, 2016). Thus, the need to build flexible organizations, that allow responsiveness to unexpected events, arises. According to Teece and Leih (2016), managing uncertainty requires entrepreneurial and managerial skills as well as activities such as "exploration, learning, adaptation, and transformation" (Teece and Leih, 2016: 9). In sum, uncertainty demands strong dynamic capabilities. Sensing those capabilities requires skills associated with sense-making, and provide a culture of constant renewal.

Changing environments generate uncertainty, and according to Teece and Leih (2016), need to be managed with entrepreneurial activities. For example, entering into acquisitions for exploration also generates uncertainty from the operational point of view. During the integration of a company, tension between the economic and organizational goals is generated (Meglio et al., 2015). Integration is a process that involves tasks and human integration in order to avoid redundancies, achieve synergies from resource reconfiguration, and leverage competences (Weber et al. 2011). Thus, within each firm -acquired and acquiring- new tasks will be added into existing functions aiming to execute integrating efforts. Integration might entail negative attitudes from employees toward the parent company because of the perceived differences, resulting in turnover which is detrimental for the M&A performance. Consequently, firms need to reduce uncertainties and manage M&A with "the ability to create a uniqueness that enables continuous improvement in competitive advantage" (Weber et al. 2011).

Zollo and Singh (2004) introduce the phenomenon of dynamic capability in relation to the complex environment and task requirements of integration process as "integration capability" (Zollo & Singh, 2004). They adapt the position, that firms might be able to learn

from past integration processes tacitly, forming organizational routines and roles, facilitating future integration processes (Zollo & Singh, 2004). This view adopted in this research, as the focus of analysis, is how firms build the ability to conduct entrepreneurial activities within ECV towards improving processes for value capture. In addition, exploring studies on how communication impacts integration processes as done before, aids to shape how firms operationalize an integration capability through communicating a clear vision.

Vanhaverbeke also stresses, that organizations need foster a capability to cope with the "duality between current strategy, new competencies and future strategy" by engaging in corporate venturing and new business development (Vanhaverbeke, 2005). However, to take advantage of the full scope of the acquired company and its competences, the ambidextrous organizations need to develop dynamic capabilities to constantly adapt to the unique requirements of each acquisition and its integration process (Vanhaverbeke, 2005).

Looking at the different concepts introduced in this chapter, we can make clear connections and assumptions on the interrelations of these concepts. When engaging in an external corporate venturing strategy for innovation, companies try to advance their competitive advantage by acquiring new competences or gaining access to new markets and new technologies (Chesbrough, 2002; DePamphilis, 2015). In order to take advantage of those acquired innovations, however, they need to develop a certain integration capability (Zollo & Singh, 2004). The trigger to develop an integration capability seems to have high support from communication structures (Allatta, 2011; Agarwal, 2012). But what does communication mean in the integration contexts? The literature observed shows that giving a clear direction, vision and expectation might be the baseline for building this capability (Awamleh & Gardner, 1999; Vanheverbeke, 2005). Structuring the preceding mentioned content in efficient communication, tailored to the values and cultures of the participating parties, fosters trust and commitment to a common future for both entities (Angwin, 2016). Establishing that trust and commitment are an effect of communication is the first milestone to efficient knowledge exchange and collaboration towards one entity. Having a communication plan, after the vision has been communicated and during the integration process may reduce task uncertainties for the integration group, facilitate knowledge

exchange, and help the two parties to get to know each other and each other's strengths and weaknesses, in order to complement each others skillsets. However, this communication needs to display certain characteristics in order to be efficient (Awamleh & Gardner, 1999). Further, communication needs to be relevant, reliable and transparent in order not to produce over-communication to cover up missing information (Angwin, 2016).

Thereupon, the underlying study is directed to reveal empirical evidence confirming the preceding assumed interrelation of the concepts introduced in this chapter.

3. METHODOLOGY

This study is based on a case study within a technology company located in Lund, Sweden. The case company incorporated a New Business department (NB) in order to pursue their acquisition strategy. During 2016, it started to acquire three companies as a source of innovation and competence building. Therefore, the need of the firm to adapt to new circumstances and changing environments arose. Different scholars have studied the concept of 'dynamic capabilities' which governs a firm's' set of patterns and routines of reconfiguring competences and resources toward strategic goals (Teece and Pisano, 1996; Eisenhardt and Martin, 2000; Teece and Leih, 2016; Teece et al. 2016). The concept is constantly evolving as corporations do evolve as well throughout time. Dynamic capabilities involve learning process, thus learning organization theory needs to be addressed in the light of dynamic capabilities (Covin and Levinthal, 1990). In the sphere of acquisitions one of the latest studies shows a phenomenon of developing an M&A capability through M&A functions –NB in our case study- (Trichterborn et al., 2016). Focusing on post-integration phase, Keil (2004) refers to it as an integration capability. Therefore, our intention is to complement the latter with a real-time study on how firms develop the integration capability. Our research is focused on how companies learn in real time from entrepreneurial activities related to acquisitions and build up an integration capability, that allows the firm to identify best practices and reduce uncertainties. In addition, we address the effect of communication and vision communication in both, development of integration capability and task uncertainty reduction. The main aim of this approach is to extend and test concepts while engaging in a logical analysis (Bryman and Bell, 2011: 62; Eisenhardt, 1989).

This section is divided into four subsections that explains the methodology used in this research. Once identified the nature of this work as qualitative, we classified the research approach as a case study and provide an understanding of the research design as presented in the first part. The following part reflects the data collection method and different sources of information. Consequently, the method used to analyze the collected data that support the outcome of our research is being presented. Finally, the last section, points out certain

characteristics and procedures used during the data collection and analysis that provides validity and reliability to our work.

3.1. Research Philosophy - Epistemology and Ontology

As the underlying research is concerned with organizations and their cultures as "social entities that act on individuals" (Bryman & Bell, 2001: 23) we have to analyze the relationship between the epistemology and ontology. Consequently, we disregard the natural science epistemology and consider the interpretivism epistemology in order focus on the understanding of human behavior and the factors that impact it instead of simple explaining it (positivism) (Bryman & Bell, 2011: 16).

Considering our ontological position, we are looking at the research from a constructionism position as "it implies that social phenomena and categories are not only produced through social interaction but that they are in a constant state of revision" (Bryman & Bell, 2011: 22). Choosing this position is obvious, as the underlying research is highly concerned about the development of dynamic capability shaped through communication and individual actors as the participants of the integration process.

3.2 Research Approach and Design

Considering the research approach and design of our research, we use an inductive approach with an element of deduction of the case study design. Eisenhardt's (1989) work on case study design synthesizes previous contributions on qualitative methods and grounded theory. It also extends the work in different areas, such as within case and cross-case analysis, a priori specification constructs, and role of existing literature. On the other hand, Gioia et al. (2012) suggest to use concepts as antecedents of construct building in order to contribute in a better way to existing literature. Due to the nature of this research in which interviews are analyzed within the same context, is not necessary to engage in

within and cross-case analysis. Therefore, the aim of this qualitative research is to create theory from one case study, in which the information has been analyze with quality rigor and clustered according to similarities (Gioia et al. 2012).

Even though case study method comprehends an inductive approach, where theory is build up from data collection and data analysis, our working process as stated in Bryman and Bell (2011) entails an element of deduction. We used an iterative strategy analyzing literature and data back and forth. We used some *a priori* concepts such as corporate venturing, integration, and communication as a source of inspiration in order to shape our research. The analysis of literature helped to have an overview of the research area and identify an exploratory path. The latter is closely linked to the nature of qualitative research (Bryman and Bell, 2011: 13). Existing literature also demonstrate the relevance of our research and helps to be critical towards contradictory or supporting theories (Bryman and Bell, 2011:95-96).

The case study approach pretends to understand the dynamics that are present in a specific situation through different means of data collection. The collected evidence will be analyzed in order to extend theory, describe it and generalize it for further use and research (Eisenhardt, 1989). The case study approach will be conducted as a qualitative research work. First, because of the inductive nature of case study approach and relationship between theory and data. Second, the aim is to understand how specific tasks during post-acquisition phase in M&As can be generalized and learned in order to build an integration capability and how communication impacts such development, so as alleviating task uncertainties. Hence, the methods are exploratory and provide both retrospective and real time material in order to analyze a phenomenon (Bryman&Bell, 2011: 386) that is currently happening.

3.3 Data Collection Method

The data used to validate this research was collected from multiple sources in order to capture more information and complexity and identify possible contradictions and

limitations (Bryman & Bell, 2011: 390). As the study has been conducted *in situ* during approximately five months, the first sources of information were observation, informal meetings and documental data such as company presentations and internal documents. Once we observed the phenomena, eight In-depth interviews were formally conducted through the internal booking system of the company. Interviewees were selected through purposive sampling according to the following criteria:

1) Being involved in the M&A unit department at the company under study;

2) Being involved in M&A transaction or integration closely;

3) Being part of the task force during M&A integration.

The criteria were not conjunctive but alternative as the expectation is to have diversified data that supports the process of building dynamic capabilities within different subunits and the relation with communication. The sample consequently, reflected specific cases useful to extend and test theory, as we consulted all pivotal managers crucial to be considered for the effect of communication on the integration:

Interview A • Integration Manager

Interview B • Business Development Manager / NB

Interview C • Vice President of New Business

Interview D • Director Partner Marketing & Education

Interview E • Regional Sales Manager CEE

Interview F • R&D Director New Business

Interview G • HR Business Partner, HR Operation

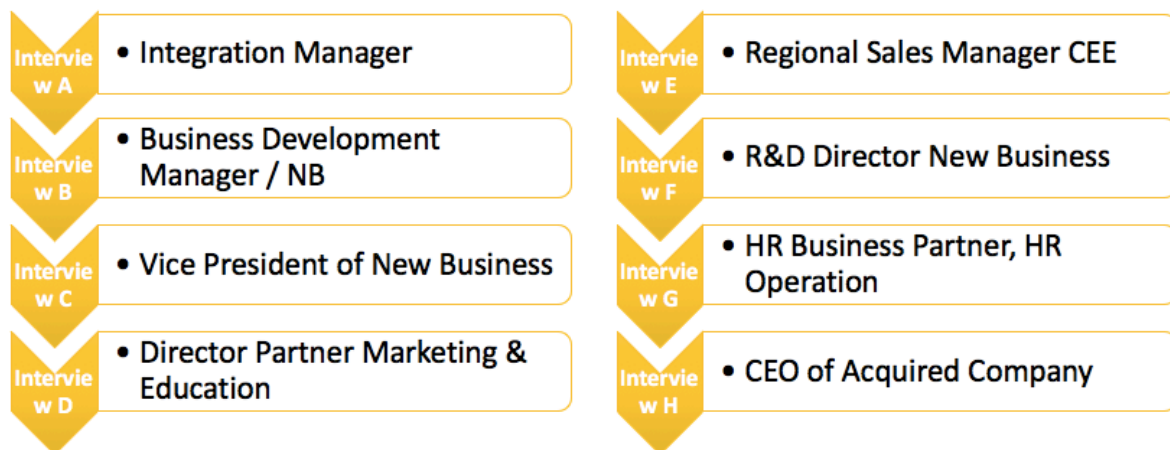Interview H • CEO of Acquired Company

Figure III: Formal Interviews

This sample size includes specific decision makers and integration leaders of certain workflows. Workflows like finance, IPR or legal more or less go through the same procedures and checklists for each integration so were not chosen for this study. The once interviewed represent a more dynamic workflow in which, integration efforts largely

depend on the integration goal, level of integration, company characteristics, market characteristics and technology. Further, we also interviewed the integration manager, who coordinates the integration with all workflows and the head of the department. Another interviewee was the Business Development Manager in the New Business department, as an acquisition sponsor. We also interviewed the Vice President of new Business in order to have the management perspective. For the purpose of being precise and getting the view of the other side of the integration, we also interviewed the CEO of one of the acquired companies. As it was out of the research's scope and out of our reach, we were not able to interview the workflow correspondents at the acquired company.

Furthermore, informal interviews were conducted with the project manager of a small acquisition integration and with the M&A specialist at New Business department of the case company, in order to get inspiration for the research process. Each interview was conducted with a semi-structured interview guide as the aim is to explore in the unknown field, hence a flexible process is needed (Bryman and Bell, 2011: 467/487). The interview guide had open-ended questions and allowed the interviewer to dig deeper into a topic of interest for the research as well as give the interviewee a chance to add other matters of concern. The interview guide can be found in Appendix A. For record issues and future analysis, each interview was recorded after having the interviewee consent to do so. In order to keep integrity of information, each interview was guided by two of the researchers. One researcher led the interview while the other took notes in order to keep track of the follow up questions and avoid missing relevant information as well as making sure not to fall in suggestive questions (Gioia et al, 2012). Afterwards, each interview was transcribed "to keep intact the interviewee's and interviewer's words "(Bryman&Bell, 2011; 483) for an efficient analysis of the empirical research.

We collected company documents as complementary data, such as M&A Policy and presentations. Field notes from observation during a workshop is also another source of information of hour research. The participants were the managers involved in the integration process. The intention of the observation was not limited to gather information

about the phenomena itself but also to observe the team dynamics within a learning process. However, it was not given to record the workshop.

3.4 Data Analysis

Due to the nature of qualitative research and the iterative process of data collection, we conducted a systematic analysis. All the gathered information from interviews, documents and observation were broken into different parts and assigned into a new coded group in order to find a common ground (Bryman and Bell, 2011: 577). As any other qualitative research the heart of it constitutes the semi-guided interview. One framework to analyze qualitative data is grounded theory. According to Bryman & Bell (2011), it is one of the most widely used framework divided into tools and outcomes (Bryman&Bell, 2011; 577). Examining this part of Bryman and Bell's contribution to business research, however, it cannot be said that we precisely followed the process of grounded theory generation. More accurately, we respect the aspect of grounded theory not to pre explain problems and combine the data analysis process with Gioia's Methodology (Gioia et al., 2012).

This is especially due to the fact that one of the most important aspects of our research is that we were able to collect real-time data from people experiencing a phenomenon that is found in firms and also in literature. Thus, the process of analysis used in this research is the Gioia method (Gioia et al., 2012). The process is convenient for our purpose as the intention is to identify common patterns from different sources. To guarantee a reliable and valid analysis of the real time data collected, we took turns on the position of the "devil's advocate" in order to avoid the risk of going native and maintain a critical position (Gioia et al., 2012: 20).

Due to the amount of data we were able to gather during the data collection, we carefully structured our analysis process in the following way:

1. The first step was to read and analyze carefully each interview independently and mark crucial statement that have potential of answering the research question;

2. Consequently, we enlisted the quotes related to the concepts under study;

3. Then, we organize the data into first order themes (Gioia et al., 2012) resulting in 353 first order themes;

4. Due to the amount of first orders, we carefully reviewed the first order themes based their relevance for the research and their potential for emerging concepts that might help to explain the issue under observation (Gioia et. al, 2012). This facilitates the assembly of the data structure later on. Thus, we group each of the similar ideas under second order categories based on their similarities and differences. In this process we used informants' words with the aim of not influencing the real outcome of the research. Within this step, we were able to identify additional concepts that allowed to explain the phenomena under study. This allowed a "rigorous demonstration of links between the data and the induction of new concept and sensegiving" (Gioia et al., 2012).

5. As a last step of the analysis process, we grouped and identified the second order constructs into aggregated dimensions in order to give deeper understanding and come up with the data structure (Gioia et al. 2012).

The figure below, shows the construct of the Gioia Method data structure.
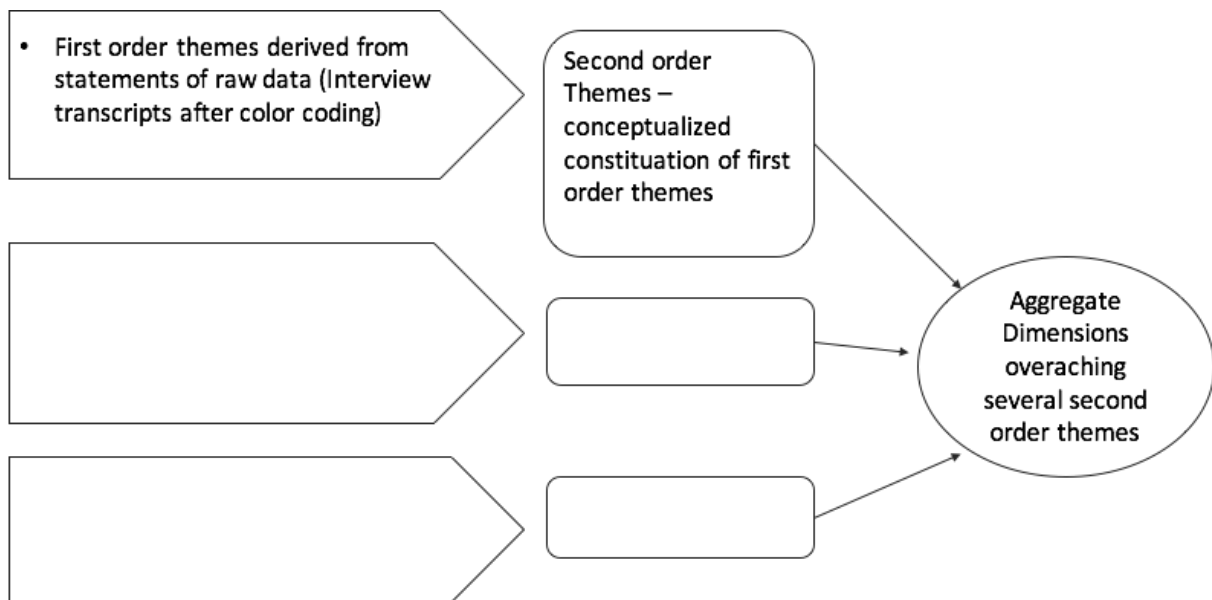
Figure IV: Data Structure Constitution based on Gioia

After the initial data analysis, we then adapted process of "cycling between emergent data, themes, concepts and dimensions and the relevant data" (Gioia et al., 2012; 21) to discover new concepts and see whether the findings have precedents. However, the confirmation bias, thus, the risk of adapting a biased view through the consultation of too much literature beforehand, was not neglected.

As mentioned earlier in this section, the data analysis and assembly of the data structure in this way aided the goal to come up with a vibrant model, grounded in theory, presenting the dynamic relationship between the emergent concepts and explain the effect of communication on the development of dynamic capabilities and alleviation of task uncertainties related to integration. This model is intended to clearly display the connection between data and theory in a transparent way for the general interest.

3.5 Validity, Reliability and Generalizability

This research was conducted in an iterative way of consulting literature review and empirical practices. The constant use of previous works in the field demonstrates that our study has support, contributes to literature and encourages future research. All of the used

concepts have been developed, discussed and reviewed by experts in the field (Bryman and Bell, 2011: 41). During the data analysis the evaluated information remained integral and within context. The use of the selected method of analysis allowed to be aware of possible information loss. Besides the internal validity of our work, it is granted with external validity. Even though it is the study of only one case, the observations and results as a combination of existing literature and empiric learning in a tech company, can be generalized into theory and replicated into different contexts, in which a M&A strategy is under development or other situations of knowledge exchange. Bryman and Bell (2011: 408) accepts the difficulty of generalization and replication from one case study in qualitative research, but as management is by its nature an accumulation of routines and decisions, we believe that managers from different organizations could benefit from it by building theory.

In addition, Gioia et al. (2012) also states that generalization is possible in qualitative research 'if the case generates concepts or principles with obvious relevance to some other domain". In that sense, the general outcomes that are presented in data analysis and data discussion are subject to generalization. The integrity of the information, the criteria of interviewee selection and the transparent process of data analysis makes this research valid and reliable.

In the company under study, three companies were acquired in 2016, and two of them are still in process of integration as it is estimated to be integrated in the following three years. M&A or other corporate venture activities differ from company to company, so it constitutes a case-by-case analysis. This does not mean that lessons learned from one activity, subunit or important role, cannot be translated into different circumstances. There is vast literature that supports grounded theory generalization. On the opposite, we observed that even though the company is "new" in M&A activities, a learning process is latent.

To further validate our research and test reliability, we tested it for "internal reliability" (Bryman and Bell, 2011: 395) by engaging in discussions about the importance of communication with the integration manager. For external validity we looked into different literature in the field and observed, whether our research might have added value to other

M&A processes. However, the measurement of reliability and validity within qualitative research is very difficult to undertake and ensure. Nevertheless, we believe that general picture of the underlying research is transferable to other companies starting to engage in corporate venturing for innovation in order to make the integration process more efficient and reduce common mistakes.

4. PRESENTATION OF RESULTS

In the following chapter, the findings and data structure will be presented. During the data collection process, it crystallized very clearly, that communication is a highly important topic that influences the integration process. However, it seems that having relevant information can be a powerful tool to alleviate task uncertainties and to aids the development of an integration capability once the strategy and vision has been decided on.

At the case company a lot of task uncertainties related to integration tasks are present that seem to result from insufficient communication of a clear vision or integration strategy. However, through learning from experience, a great potential for the continuous development of an integration capability can be seen. Thus, four main areas, that seem to be interrelated, crystallized. Hence, this chapter is divided into four parts to bring empirical evidence for the interrelation of the concepts presented in the research question: 1) corporate venturing strategy for innovation and the development of 2) integration capability, 3) communication, and 4) task uncertainties.

Each part contains the explanation of the second order themes, and after part, the relevant statements supporting the findings are presented for the sake of transparency. Furthermore, Chapter 5, elucidates on how the aggregated dimensions relate with each other in order to answer the research question.

4.1. Corporate Venturing Strategy for Innovation

The case company is engaging in a corporate venturing strategy for innovation. With this strategy it hopes to gain access to new markets and acquire competences necessary to follow its business strategy. As mentioned in the beginning of this paper, the case company, is working on its future business agenda, to move to offering total solutions.

> *"They foresee that we would not be able to keep that quote unless we do something else outside video that was the reason why new business started"* (Interview B).

> *"So, we have a long term strategy and a long term focus on that side. {...}. How to say, execute that we probably need to make an acquisition within that area, because we cannot invent everything ourselves "(*Interview B).

However, it has been made clear, that in order to draw the most fitting value out of an acquisition for innovation, certain management consideration and strategy implementations have to be in place in order for the organization to capture the innovation and benefits of the acquisition. Therefore, three second order themes emerged that filter necessary areas for the CV strategy for innovation at the case company:

- Have an direction to keep the workflows going
- Unclear management direction causes confusion
- Management decisions on how to benefit from the acquisition
- When the portfolio is similar, make decision for the focus to be more efficient
- Focus on the what question for management decision making
- The decision making process of the acquisition rationale needs to be clear

Management Direction and Decision making

- CV strategy for innovation and acquiring competences
- Acquisitions to do something outside of video
- Grow the acquistions to get competences, products and solutions

CV Strategy

- Prepare an integration strategy by the acquisition team
- Define the level of integration based on company needs
- Clearer strategy about objectives and timeplan when starting to work hands on
- Identifying and defining synergies
- Have milestones for answering certain integration questions

Integration Strategy

Corporate Venturing Strategy for Innovation

Figure V: CV strategy for Innovation findings based on the Gioia method

CV Strategy: The data confirmed, that the case company is pursuing a corporate venturing strategy for innovation in form of acquiring new competences to fulfill its business strategy and gain access to new markets. Additionally, it can be seen from the data, that CV is a very effective strategy to enhance a company's competences and expand offerings and opportunities. By doing so, necessary competences to keep a competitive advantage in an ever changing market, can be acquired to have expert knowledge on the topic instead of trying to slowly invent it in-house. However, in highly competitive and technological companies, there is a certain inertia to overcome when starting to acquire competences. The management of the case company acknowledged it however and started a corporate

venturing strategy for innovation in 2016. This on the other hand, makes it a very immature company in the area of acquisition practices and especially the integration and thus it is trying to improve the process. More precisely, making it more efficient use of resources, especially human resources and develop an integrating company for the continuance of the corporate venturing strategy.

> *"I think that there is a quite clear strategy, it is I mean, the overall goal is to accelerate what we call (case company) 3.0, so it is a way to accelerate and build broader offers compared to what we have today, instead of developing ourselves. So is time to market, decrease the time to market and accelerate the offerings we can bring. I would say that is the overall strategy. Is about broadening the offerings to our current customers by bringing new offerings into our channel. We know that we have a very strong channel with our 85.000 partners, or more I don't have the actual count now, but very big member of partners around the globe. So things we can really bring there and can really accelerate"* (Interview C)[2].

> *"My perception, what's driving the acquisition is (case company) 3.0 agenda, so it is the enhancement, widening of the portfolio, the offering etc."* (Interview E).

> *"I feel that is really good that (case company) do acquisitions. That is, I think that is more or less, that is a very good opportunity to actually build solutions"* (Interview F).

However, the data also revealed, that in order to capture the benefits of this strategy, an organization has to adapt its efforts and especially integration strategy to each unique case.

Integration Strategy: The findings clearly suggest that the integration strategy needs to be prepared already in the pre-acquisition phase and has to be tailored to each unique acquisition process. Further, it should be drafted by the acquisition team and include clear objectives, milestones and time plan when starting the work hands on. It has also been rationalized, in the sense that those objectives might most likely be matters exposed to change, but it is crucial to have it in place, so the team can start working in towards the same goal. Thus, an iterative review of the strategy could be beneficial, especially on the

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[2] The name of the company has been removed from quotes for confidential purposes and replace with "(case company)".

first day after the acquisition, as full access to the acquired company's data is only guaranteed then:

> *"I would say that ideally; the implementation plan is something that has been done before or at least very very soon after the acquisition is published. The thing is, in order to get a very very good implementation plan is that you have to involve the acquired company. And the acquired company cannot be involved before it is really a hundred percent acquired. So you can have an idea what things you would like to implement from a workflow perspective and from an (case company) perspective, but at the end the actual plan will need to include what is the situation on the other side. You will get some insides from the due diligence but not the exactly everything you need. So I would say in the first 3 months of the acquisition there has to be definitely an integration plan"* (Interview A).

> *"The team that is doing the acquisition has to prepare some kind of strategy for the integration before the acquisition is done. Because from day one the questions starting. And from day one we more or less lose time also, because if we have this kind of directions, we will work smarter"* (Interview F).

> *"When we started to work hands on with the various company that we should have had a much clearer strategy, both when it comes to objectives and so but also when it comes to time plan"* (Interview D).

Notwithstanding, to have an integration strategy and come up with an integration plan, all our interviews have confirmed, that there is a clear management direction needed.

Clear Management Direction and Decision Making: The empirical findings show that having a clear management direction keeps the workflows going, and missing it can cause confusion and inefficiencies during the integration process. All of the interviews, as well as informal meetings confirmed, that at least a direction, or general vision of the end goal, by the management would help driving the integration forward. In addition to that, the decision making process for the acquisition rationale needs to be clear and the management should focus on the "what" questions in order to prepare the integration strategy:

> *"The main Challenges going forward: to be from the very beginning clear on; okay, we buy this company. This company adds value to our business in this specific way. It broadens the range of our portfolio or it strengthens our offerings in a certain way. That needs to be super clear! It needs to be very clear, how the relationship between the company is. If we are going for a full integration or semi integration or no*

integration at all, if we simplify things. Those three decision areas. That is so crucial for us to understand from day one. That should be part of the analysis in the due diligence" (Interview D).

"If you take some kind of top management decisions, I think they should focus on the "what" questions. What should be here? What should be done there? What should? And so no. The how questions. How you develop? How you collaborate? And so on. That is typical something that you shouldn't have top management decision on. You should, that should be treated during the integration. How should we work together? How should we leverage on each other's knowledge?" (Interview F).

Concluding it is to be said, that these three areas, are crucial success factors to be considered by the management when engaging in a corporate venturing strategy for innovation. This is the basis and prerequisite when attempting to capture value, knowledge, and competences from acquisitions. However, also the ability of the acquiring firm, to adapt its integration strategy, decision making and direction giving to the circumstances of the market requirements and characteristics of each acquisition is needed for success. Thus, the next aggregated dimension that emerged is focused on uncovering the second order themes for integration ability of a firm engaging in CV for innovation.

4.2. Integration capability

The findings exhibit the evolvement of an integration capability and what might hinder the development within the case company in relation to the integration efforts. An underlying ECV issues as mentioned above, is also pivotal for the development of the integration capability governing the workflows. Thus, one aggregated dimension groups five second order themes that emerged from data visualizing the integration capability building process at the case company.

Integration Capability: The dynamic capabilities are characterized by certain internal conditions and practices necessary to operationalize the integration of acquisitions. Thus, it has been classified at follows:
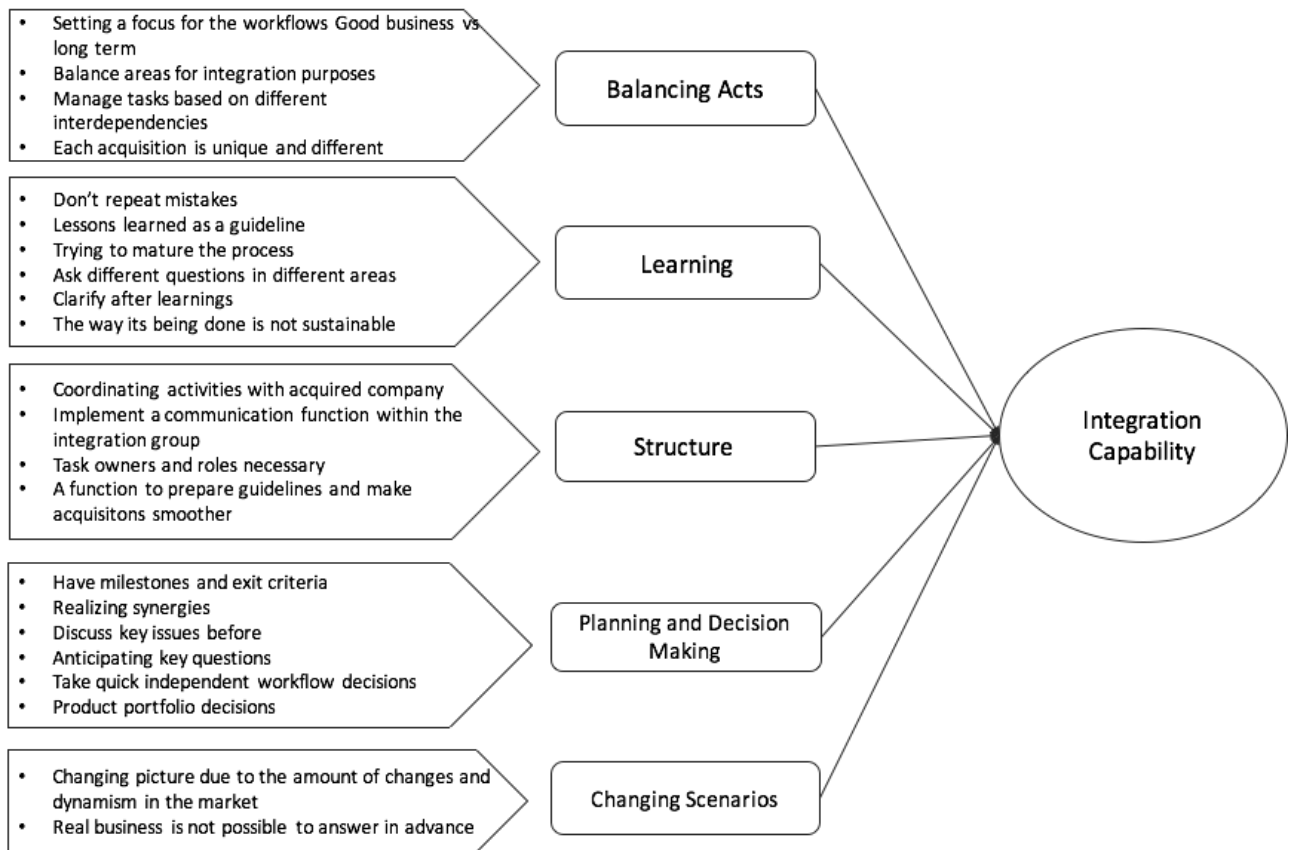
Figure VI: Integration capability diagram based on the Gioia method

Balancing Acts: Balancing acts are present in every aspect of the integration process. Whether it is balancing integration effort not to lose momentum in the business operations at the acquired company, or staying flexible to act in regard to what is needed, to coordinate internal interdependencies and identify needs of other departments.

Thus, the workflows have to identify priorities, by staying flexible and adapting to each the exigencies of each acquisition. The latter implies to identify what really needs to be done at the moment, or with what it is better to put on hold in order not to disrupt the daily operations. Further, flexibility is required from the workflows in order to act on unexpected issues.

> *"I think there is no golden rule, or secret source recipe on that. That is a little bit of the problem, each acquisition is very unique and very different from another"* (Interview F).

> *"But now it was also an experience for Company 3[3] because in the end it is all about what should all the workflows do and focus on. And those discussions have never been held, so of course this first one has been a trial for all the workflows to see what are our key things"* (Interview E).

Learning: Learning is a pivotal element recognized by all the interviewees at the case company. Learning is the basis for the integration process to constantly evolve, adjust and adapt to the circumstances. Especially in a company that just engaged in corporate venturing, the learnings are huge steps towards being more efficient with the integration efforts in the future. However, to take the full advantage out of the learnings, the participants have also realized, that documenting those learnings and exploring them in form of workshop or similar methods of collective sharing is fundamental.

> *"That the learnings that we have been taking with us from Company 2 acquisition, we brought with us with the Company 3 acquisition, so things that was a big issue in that acquisition has never become an issue in the Company 3 acquisition for example"* (Interview B).

> *"It is tricky, we have to learn, get some experience and so on. I can agree on that, but if we do this again, I think is really important that if you take the acquisition part as a project, and that is working before the acquisition is done and before the integration really starts an exit criteria for the acquisition project should be set. We should have a strategy for how deep the integration should be, how should we handle some major questions"* (Interview F).

> *"There is definitely knowledge to be documented but I don't really know how to make it best accessible. To write it is one way but to transfer it you really need to describe it. So, I see it more as a workshop at the end of the integration perhaps; what we learn about this one and get it documented in a fun way"* (Interview A).

Structure: To take advantage of the learnings and dynamic movements during the integration process, an essential way to adapt and use the learning is to establish a flexible structure internally for the integration process. Meaning, certain definitions of roles need to be in place, to understand who is responsible for what, and where does the decision making

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[3] Due to confidentiality reasons, the names of the acquired companies has been substituded with Company 2 and Company 3

start, how the whole process is coordinated. Another crucial part of structure is to have knowledge exchange flowing between the two companies and the different workflows.

> *"I think it is about getting structure for integration; setting plans and goals but it's also about the things you can't really see. Listening to things that could arise and affect in a positive and negative way the integration. But also think from the acquired company perspective, trying to see that there are no negative things going on because of the integration"* (Interview A).

> *"But what we have done is, we have actually divided this in three parts in R&D integration, and the first part is knowledge and experience exchange, and that is up and running pretty well"* (Interview F).

Planning and Decision Making: The planning and decision making also needs to stay dynamic and flexible during integration process. It is a consequence of accumulating experience, and the individual characteristics of each acquisition and goals. A crucial part of planning is pinpointing expected synergies. Further, the planning should include several milestones as well as an exit criterion to measure the process and its ending. For this to be relevant to each process, certain key questions and issues should be discussed beforehand with the involved people. Nonetheless, the integration group needs to maintain a flexibility to make quick decision related to their respective workflow and decide on compliance work necessary for the respective level of integration.

> *"The integration plan should state all the different activities all workflows should do within a defined time. In an overview and detailed perspective how it should happen. The key is to get it as a tool for the integration"* (Interview A).

> *"You should have more strict form of exit criteria. You should have some kind of workshop. Discussing these questions and have some kind of direction that this is actually what we believe in"* (Interview F).

> *"So getting synergies, all of the synergies you have identify before the acquisition. That is the first thing, making sure that they become reality"* (Interview A).

Changing Scenarios: Of course, another part of developing an integration capability is the ability to quickly adapt to changing scenarios in the external environment as well. From the acquired company's perspective is a clear acceptance that business not an activity that is subject to determinant answers. Therefore, in the context of acquisitions not all the answers are expected, which is attributed to the constant changing environments.

> *"So if I look at my side, of course I could place several questions much earlier and insist to get some answers, but I see in the real life, in the real business it is not so possible to answer it in advance"* (Interview H).

4.3. Task Uncertainties

The findings reveal the presence of task uncertainties during the integration process of an acquisition, especially from the workflows perspective. At the case company, there are several reasons that triggers task uncertainty due to the complex and dynamic nature of M&As. Therefore, first, three second order themes arose clustered under *"triggers for task uncertainty"* as an aggregated dimension. The diagram below shows the process of defining themes and dimension:
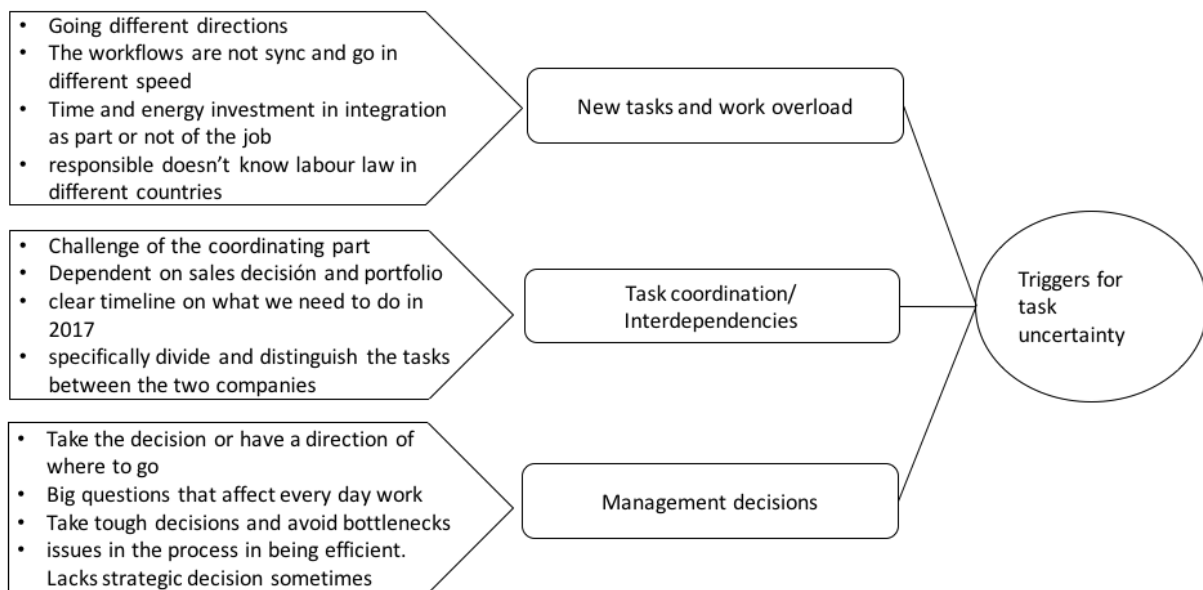

Figure VII: Triggers for task uncertainty based on Gioia method

New tasks and work overload: The integration of new acquisitions involves the execution of additional tasks, increasing the amount of work that a person would normally do on a daily basis. Employees in charge of conducting the integration efforts in some functions are perceiving work overload. The latter because of the feeling that they are not able to support their own team due to the time they dedicate to integration. Also the temporary sense of 'integration being over' is present as team members require the support from their manager in their daily operations. Also there is concern about their roles within the company and job descriptions. Some personnel (like HR supporting New Business) have the task to support New Business operations, but other workflows have different job responsibilities, where new tasks are being added on. Fear about own job performance is also an issue of concern, if the integration tasks increase. It is a fact, that the case company entered into an ECV strategy consequently more integrations will be held; thus, the fear of diminishing efficiency and proper execution of daily tasks is sustained.

> *"I have 50 people in my organization and a lot of offices, so you see I'm quite busy with my current jobs. So I would say right now I spent like 30% of my time on Company 3 now, roughly. If it is going to increase, it will influence of course my capability to do my normal job, yes. somehow" (Interview E).*

Task coordination/ interdependencies: Task coordination and interdependency identification generates uncertainties in the sense that it requires the execution of a previous task in order to move to another one. Data reveals that interviewees were unsure about the tasks to execute because it depends on another company unit. Each company unit has its own pace towards a common goal that seems to be unclear. In the execution of their own tasks, the functions work in different paces. Some workflows are ahead of others, therefore they need to slow down as they depend on other tasks and decisions. This is also complemented with the feeling that coordinating tasks is one of the biggest challenges. Also identifying the interdependencies between different tasks is a difficult task as acquisitions is a very dynamic and fast moving entrepreneurial activity.

> *"The problem now is that everybody have the same goal picture, but different flows are running with different speed. That is the main challenge now. Some flows is full steam ahead and already started to do implementation and things that affect the other flows that are not that fast, and not that read for it yet" (Interview B).*

Lack of management decisions: The data reveals and all the interviewees agreed on the lack of direction and management decisions on "big questions" or strategic decisions that generates uncertainty about tasks and about the logic of the acquisition. Findings show that 'lack of management decisions' is the main trigger of uncertainty. The majority of statements referring to uncertainty were related to lack of management direction or decisions. There are several questions arising about having one or different brands, about documentation, level of integration, etc. Those questions do not have a definitive answer from the management and that impacts the daily tasks and operations. In addition, lack of decision is perceived as bottlenecks generators. It creates an obstacle for the workflows to move forward to their integration tasks.

> *"We have a situation where I have team managers where that are asking: "do you know what should we do?". Or maybe we should do but you cannot communicate it because there are no decisions. So that is my most lesson learned. But then is a lot of lessons learned" (Interview F).*

> *"Because now we are close to one year since we closed the acquisition and still have some open questions actually and that is not so good, and that it is not only in Lund, is also in Prague. That is kind of unclear situation about the future" (Interview F).*

> *"We have discussed a lot of things but we haven't taken the decision that this is what we want to do with the level of integration, this is what we want to do with core values, this is such a big question that affect so much in the everyday work, in the everyday job details that I've been talking about before" (Interview G).*

4.4 Communication

In this section, the findings about the communication process at the case company is presented. We found out that during the integration of acquisitions, communication is a

relevant aspect that needs special attention. It is even considered as one of the main concerns for managers because of the identified effects it has in the whole integration process. The findings about communication represent the lessons learned about taken and untaken decisions that had a positive effect, or that -based on the current experience- suggest how it can be done better in the future. The findings were clustered according to similarities between the interviews. The latter resulted in two aggregated dimensions and nine second order themes that will be explained after the presentation of the diagram:
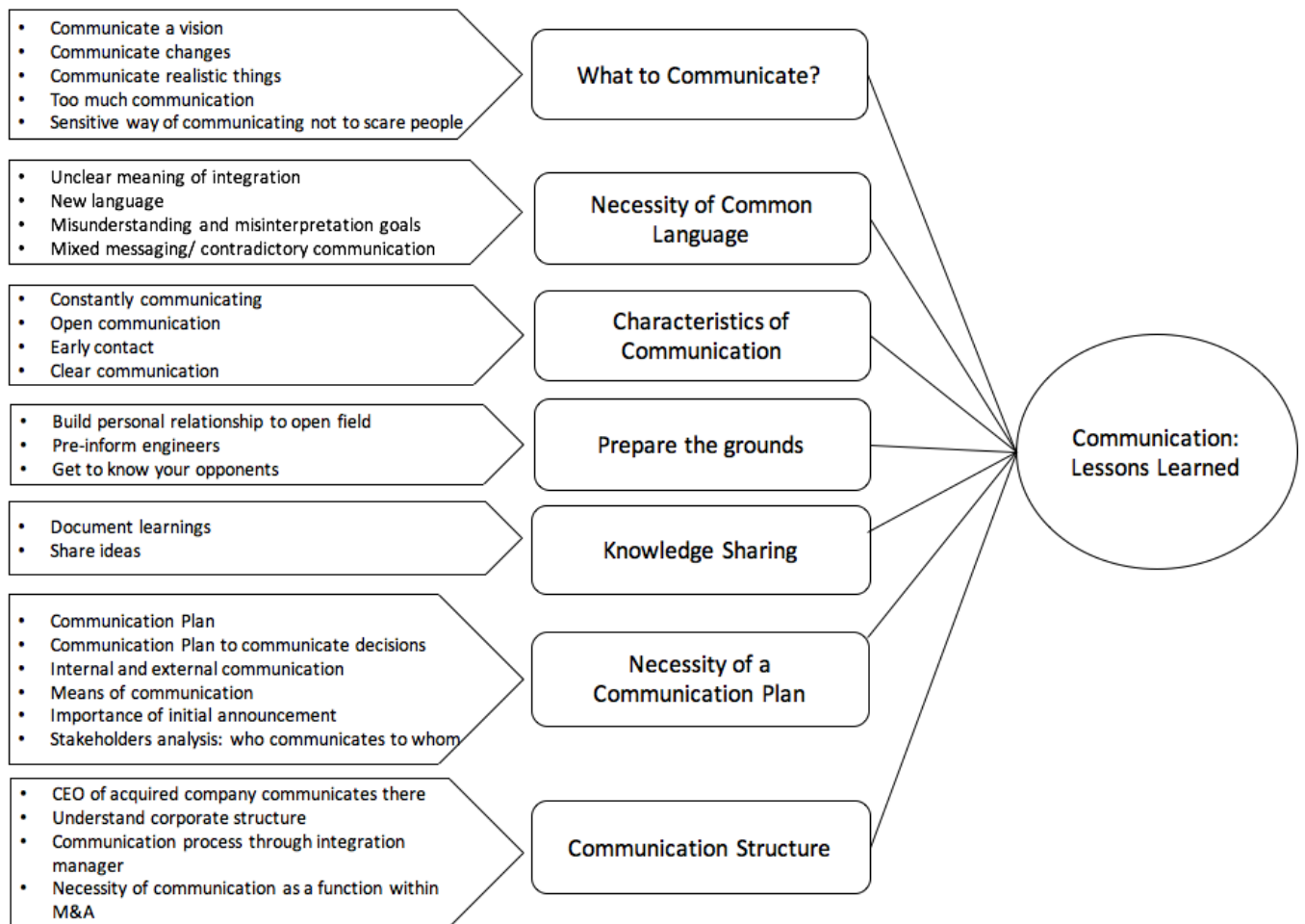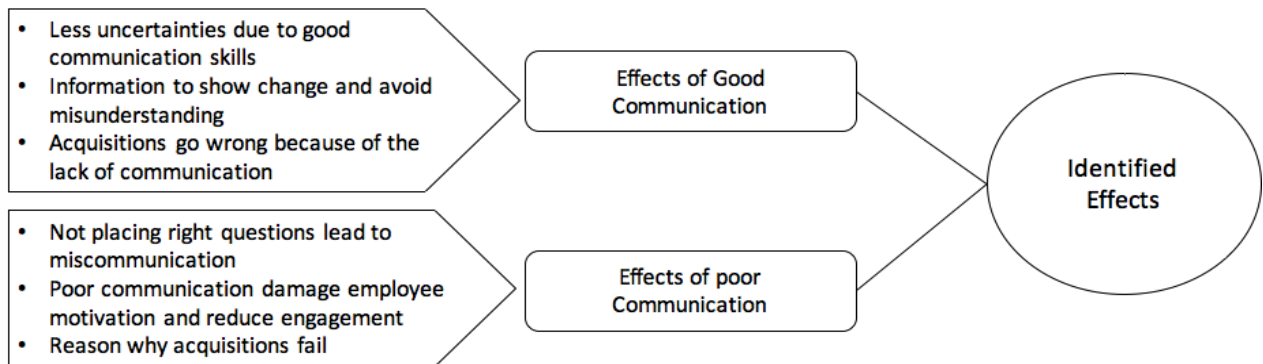
Figure VIII: Triggers for task uncertainty based on Gioia method

Communication is a complex process during M&A processes as it involves flow of information between the two companies, and within each one. Our findings show the key aspects to consider when engaging in such activity. Therefore, the second order themes represent the seven main lessons learned in regard to communication, which have support on the most relevant statements from interviews.

What to communicate: What information to communicate, or not communicate is important during M&A processes as it can have either a positive or a negative effect on employees of both the acquiring and acquired firm. The effects are treated as a second aggregated dimension later on. The findings reveal what should be communicated: the vision of an acquisition, the changes happening due to new tasks and relevant management decisions. Among the latter, communicating the vision gains more relevance as it provides direction towards an end state and the ultimate goal of the acquisition. Communicating the vision means communicating the purpose and the reasons behind the acquisition. A vision can be communicated to employees and other stakeholders but not all the tactics as it is part also of the strategy and maybe sensitive for other groups. Therefore, the relevance of knowing what can be communicated and to whom. During integration is also expected to communicate unexpected changes. This helps to reduce uncertainty and keep employee motivation alive. What to communicate, also includes the analysis of who gets what information due to secrecy and strategy. In addition, over communication is also a problem because there is a lot of invalid information flowing back and forth, which generates data

overflow and people receiving unnecessary information which can harm the integration process.

> *"Yes, I mean we had a, not before the acquisition was final because then it is all a secret"* (Interview B).

> *"So, great thing is that all the changes, all the tactics and strategic movements in integration are very logical reason but, you know, we are 236 people today and you cannot change mind and still of think in hundreds people during the night. So we go step by step and we precisely communicate what's the reason, what's the purpose, what are the changes of the level of integration"* (Interview H).

> *"So, I think is some kind of gap that needs of course be filled overtime. Because the ultimate goal with the acquisition is not communicated- as I understand"* (Interview E*).*

> *"The problem with communication nowadays is that there is too much invalid communication that people need to take part of and getting information overflow a little bit"* (Interview A).

Necessity of common language: Data shows the necessity to have a common language internally and in relation to the acquired company. Is necessary from the internal point of view as it requires the understanding of a new language used in integrations. Also because of unclear definitions and understanding of terms such as "integration" or "level of integration". Furthermore, the data reveals that there is misunderstanding of goals that is attributed to unclear communication and lack of common language.

Having a common language is also necessary as different people understand terms in a diverse way based on their activities and background. At the case company, key terminology during M&A integration processes are understood differently, therefore the lesson to have a common understanding. Even between the management team language such as "level" or "percentage" is not consistent and then transmitted to the workflows, causing uncertainty and confusion. In addition, and from the external perspective, understanding style of communication and common grounds, between two different company cultures, is a process that need be addressed in order to achieve common strategic goals.

> *"But looking into the communication of course, we in the management team need to have more a common language, or the same language and really really understand*

ok what do you mean with the 70%, or what do you mean, what do I mean." (Interview C).

"What does the integration mean" (Interview D).

"I mean… the acquisition language is rather new to us. So saying one thing could be understood differently for different persons" (Interview C)

"But I don't know how long you have been in Sweden, people are really friendly, but it is sometimes really hard to understand when people say no for example. We have this joke, when you are a Swedish manager and really want people to do it now, then I say: I highly recommend you to do this. And they absolutely did not understand when somebody said 'no' here. Because nobody says no here. They say: 'ah, that is very interesting, I'll take a look at this' that means; 'ah that will never happen, are you crazy'" (Interview F).

Characteristics of communication: Communication is not limited to what to communicate, it needs to be clear, open and constant in order to avoid mixed messaging and contradictions. From the findings it still remains uncertain if whether the information was unclear or there are different understandings. Therefore, the lesson to have a clearer communication in order to ensure a smoother integration process and even ambiguity about a specific issue. As seen in the quotes below, a message can be interpreted differently by different people. Consequently, it is learned that documenting decisions is a good step to reduce misinterpretations. During M&A lot of information is produced since the pre-acquisition phase; many changes occur and it needs to be communicated as present in *what to communicate*. The latter increases the frequency of communication and the need to inform constantly.

"So I do not know, I can just say by hearing the mixed messaging that it wasn't clear. Why, I don't know. But it wasn't clearly communicated, or understood. Maybe it was clearly communicated - but it can't be because - different understanding of the meaning. And I think it needs to be documented clearly as well" (Interview D).

"Of course in some cases it is not possible to open or place the whole picture for all the people. It is always necessary to have the main stakeholders on the same page and then cooperate with them and develop with them the right style of communication" (Interview H).

Prepare the ground: Our findings show that communication plays an important role in preparing the ground for the integration process as it establishes the general overview of the future such as "independence" or "full integration". Preparing the ground is important in two main ways, first in regard to the initial and public communication toward employees, and secondly preparing a "sensitive" group for the announcement. The initial communication about the acquisition marks the starting point of a new "relationship" between the acquired and acquiring company. A lot of questions, expectations and doubts start raising that day. The initial announcement towards employees shapes the vision of the management's decision. However, anticipating information helped to prepare answers for possible questions arising the day of the announcement. Preparing the ground also aids to build personal relationships with the acquired company in order to open the field to effectively communicate. In addition, there is the perception of good or bad communication, if the workflow representative receives information about the integration before entering into it and prepare the team for it.

> "Me and Ray when we were signing there. We went down there to Prague and we met all the employees in Prague, and explained to them why are we doing this and there we talked about independence. So we didn't talk too much about synergies at that time" (Interview C).

> "What I was focus on with my colleagues was to understand who is who and to start building personal relationship to have then an open field to communicate" (Interview G).

> "So, first step, I think we did very well after the acquisition, it was very openly communicated from legacy owners, Peter and Ray were in the company the first day when the acquisition happened and they were in front of all of Company 3 people very positively welcomed, and in the time being we go through let say, phases, sometimes we see the mood of Company 3 very very positive, sometimes it goes a level down if we communicate some changes in our distributor selection" (Interview H).

> "So we had a, for example, we were informing my team managers before it was official on the Friday. And I think it was a Monday when we had the acquisition was done. So they got the pre-information because we thought it is really important for

them to have a head up of what is this and why we are doing this. That was good because it was Ola and I who informed and they had a, quite many questions about it. And it was good that we had a small discussion forum for that before everyone was knowing this. I think that was good choice" (Interview F).

Knowledge sharing: Knowledge sharing is an important lesson learned, as a lot of know-how is being accumulated in the people conducting the integration efforts. Codifying and documenting is considered the best way to share knowledge but how to make it accessible to people is still under consideration. Documenting consists in capturing the tasks, processes and learnings about integration. Besides documenting, there are some other mechanisms for knowledge exchange such as biweekly meetings with the Integration Manager, in which the workflows explain what their own integration status is. Moreover, during the data collection process of this research, a workshop which all the workflows presented their achievements and status of the integration tasks, was conducted. The presentation of the Vice director of New Business department seemed to be very important for the opening of the workshop as a lot of responsibility and trust is posed on that person. Although knowledge is being documented, there are still challenges to be implemented.

> *"I think it has to be passed to the steering group or the management. It has to be documented somewhere. If I would pass it to someone else I would tell him you need to do this and that but there are also other stakeholders that could add some parts"* (Interview A).
>
> *"There is definitely knowledge to be documented but I don't really know how to make it best accessible"* (Interview A).
>
> *"I think we have done for sure some documentation and we still are doing it, so we have something to prepare all of our local HR managers with if they get into the situation"* (Interview G).

Necessity of communication plan: Communication requires to take into account different stakeholders, what they need to understand and how to deploy the message. It also needs to consider the culture of the recipient. Therefore, the need to have a communication plan. It is important not only to understand the company and its stakeholders but also to identify and address sensitive issues.

"Oh yes. There was a communication plan, how to say, both internal and external communication. A professional was brought in to take care of that" (Interview B).

"And we are not allowed to talk about it. We cannot talk about it because we don't have a communication plan. And that is a little bit tricky. To sit in that kind of decision forum and thinking about, are we taking a decision for this project isolated from everything else" (Interview F).

"And also of course a communication plan, because we are not talking about this to everyone of course and we need to understand how to communicate for example, if we close down a product area here in Lund and focus in Prague. Then is a lot of people here that should start to do something else. So, that is in the communication plan that we have to set as well" (Interview F).

Communication structure: Findings throws that communication during integrations involve the development and execution of a communication plan, but this information was not substantiated by other interviewees. Consequently, the other statements still represent the identified need of having a communication plan that considers internal and external communication, means of communication and stakeholders' analysis. The integration manager is the one conducting the communication process during the integration within the acquiring company as he receives information from the workflows, the management team and the acquired company. He consolidates that information, and shares it with the other interested and important stakeholders. The communication structures varies from company to company, for example in one of the acquired companies, the CEO is the connecting point of the communication process, then gives the message to the middle management and reaches employees.

The figure below provides a vision of the communication structure working in the integration process being held:
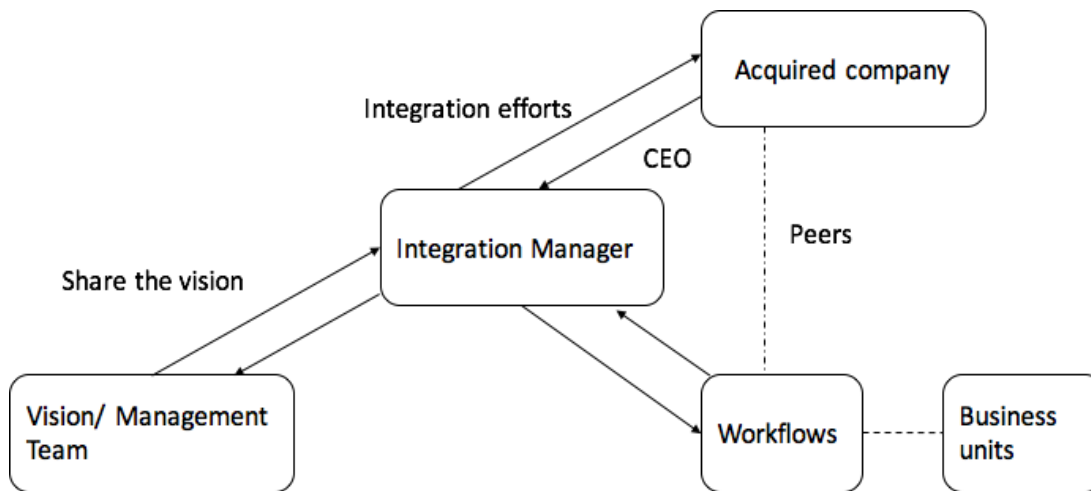
Figure IX: Communication Structure of integration at case company

Even though there is a communication structure and communication between peers, the communication is not flowing because of centralization and mixed messaging. As shown in the figure, the original message from which the integration process starts, are given by the management team, which is the originator of the flow that unchains a mill of information. It marks the information given on the announcement day, and moreover defines the future streams of communication. Therefore, the importance, to have a clear original message as it will be spread out, arises. A key learning is the importance to have it more structured and clear in order to avoid *negative effects.*   Understanding the structure also means understanding how the process of communication is in the acquired company. This should be analyzed if communication should be addressed directly to the counter peers, or if it is correct jump over a person/role if there is no prompt answer, etc.

> *"A more structure way. It does not have to mean all the pieces. But at least have a vision and a structured communication would definitely be helpful"* (Interview A).

> *"So I sort of streamlined the communication form Company 3 side: stop shooting to all levels if we can agree, let's try some other way but don't try to go around people, otherwise people will just be annoyed with you and frustrated and think you are a problem. So this kind of unwritten rules to work together"* (Interview E).

Effects of good communication: There are mixed perceptions about the communication being "good" or "poor" in the integration process. From the eight interviewees one affirmed

that there are less uncertainties than expected due to a good job in communicating the rationale behind the integration. On the opposite, the other interviewees claim that there is an unclear direction towards the future with the last acquisition. Moreover, there is a consensus that having in place a good communication plan aids to show change, provide a picture of the future, avoid misunderstanding and reduce uncertainties.

> *"A more structure way. It does not have to mean all the pieces. But at least have a vision and a structured communication would definitely be helpful"* (Interview A).

> *"To show to the people who are involved in the change, the whole picture, because you can avoid any misunderstanding if you select information"* (Interview H).

> *"I think that we thought it would have been much more opinions and uncertainties as you say, but I haven't heard anything at all actually. You can of course wonder why that is? I hope that we done a good job by communicating why we bought these companies and how we are going to position them alongside with (acquiring company), that we are not going to compete with or…" (*Interview G).

On the opposite, having *poor communication* can lead to miscommunication, detriment of employee motivation and reduction of engagement. It is acknowledged that lack of communication is one of the reasons for M&As failure, which can be considered as one effect of poor communication. The post-acquisition phase requires functional integration between two companies with their own culture. Therefore, the company's' units will be aligned with each other. Therefore, companies should avoid poor prepared and undermanaged communication due to the harmful effects that it may have, including failure of the transaction.

> *"You cannot damage your product portfolio during one week but you can easily damage your employee motivation during one terrible meeting, which is poorly prepared, communicated and managed. That's why we prioritize like this, so business and people engagement is very sensitive and it should be managed very very precisely" (Interview H).*

> *"That is the way I see, that many acquisitions that has gone wrong is the lack of communication or bad communication and culture misfits, which sometimes has to do with communication" (Interview B)*

Concluding, this chapter presents the filtered findings of the empirical research done at the case company. It presents the real time learnings, statements, and experiences of the people involved in the integration processes, who need to adapt the tasks and processes to each individual acquisition and its requirements from the vision and direction given by the management. Observing those findings and learnings in the given context, and discussing it in the light of relevant literature, frame the path towards answering the research question.

5. DATA DISCUSSION

Nowadays, in order to stay competitive, big organizations need to engage in innovative activities. Ambidextrous organizations, thus, foster a capability to cope with the "duality between current strategy, new competencies and future strategy" by engaging in corporate venturing and new business development (Vanhaverbeke, 2005). In the underlying case, the case company is engaging in new business development to acquire new competences for the pursuit of its future business strategy to offer total solutions (Interview B, 2017). However, to take advantage of the full scope of the acquired company and its competences, the ambidextrous organizations need to develop dynamic capabilities to constantly adapt to the unique requirements of each acquisition and its integration process (Vanhaverbeke, 2005).

Every new acquisition brings new strategic opportunities with it, putting the strategic vision under pressure to adapt to new circumstances and new opportunities (Vanhaverbeke, 2005). Hence, the vision of each acquisition and especially that vision embedded in the direction of the integration needs to be defined internally and to the integration group so that the organization can build up its integration capability and alleviate task uncertainties in relation to the integration.

By cause of the preceding, the data collection showed, that an effective integration process starts with a vision. Thus, it is being argued, that firms engaging especially in a corporate venturing strategy for innovation, need to spread a clear vision within the company, so that the integration efforts are framed under that scope and collectively work towards the same direction.

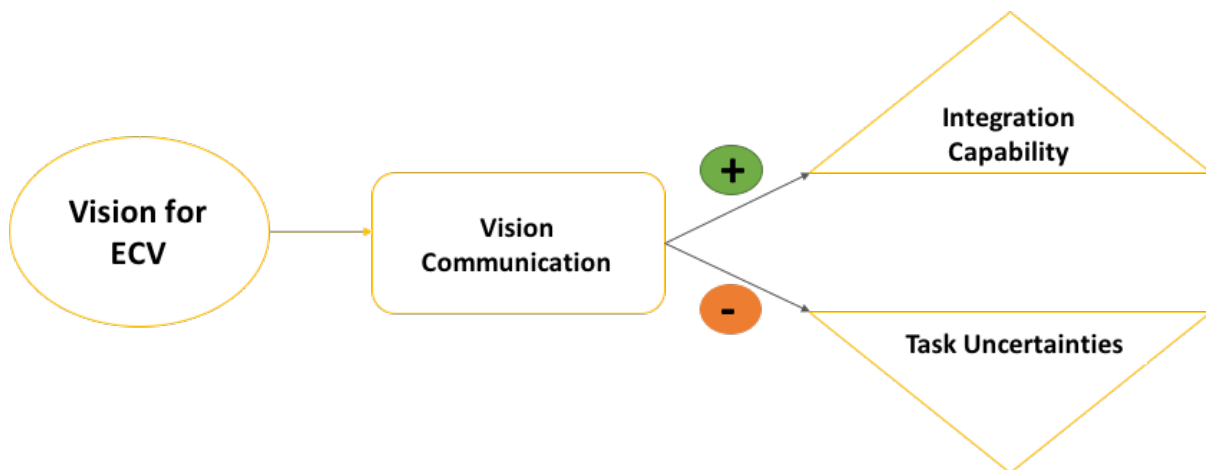For that reason, we propose the following model:

Figure X: Model Interrelation of findings

This general model shows that the management first needs to define and agree on a vision for the acquisition, and determine the direction it wants to go with the integration. The latter is what frames the execution of tasks. As seen in *what to communicate* as a lesson learned, the communication of the vision needs to be tailored to the audience. More precisely, a vision should be communicated to the acquired company about the general aim for the next 1-2-3 years and of course within the acquiring company (Interview C, F, 2017). However, the integration group might need a more detailed picture so it can set its own goal according to the management direction (Interview A, 2017). This in return, may accelerate the development of an integration capability and competence building, and alleviate task uncertainties, especially within the integration group. Nonetheless, it is an iterative and dynamic process constantly adapting to the circumstances, opportunities and strategic vision. In this chapter, each component of the model will be analyzed according to literature and the underlying case study to evaluate the relation between having a *vision for ECV for innovation* and the *communication of the vision*, moreover the effects that *communicating the vision* has on building an *integration capability* and *task uncertainties* will be considered.

5.1 The Vision Content

Whether firms engage in ECV activities for different reasons such as driving, emergent, passive or enabling investments (Chesbrough, 2002), both literature and the findings have

exposed, that a clear vision about the intention of the acquisition and the desired goal for the integration is pivotal for both acquired and acquiring company (Interview A,B,D,E,F,H, 2017). Consequently, a clear vision should be carefully thought through, planned, revised and of course if circumstances require, be changed. Thus, in this section of the paper we analyze how capturing value from an *ECV strategy for innovation* starts with a well-structured vision content that provides *management direction* and shapes an *integration strategy*. Therefore, is necessary to explore the role of the content of the vision set by an acquiring firm in ECV context as a source of innovation, competence building and access to external resources.

The vision of a company outlines the purpose of its doing. It is the starting point for every step the company and its employees take and provides direction. In order to be successful and defend a competitive position and strategic purpose, the company as a whole, needs to synchronize their steps towards one unique direction and commonly understood goal. However, as Vanhaverbeke (2005) points out, that is especially relevant in IT companies, where a dynamic interplay of strategy and technological competences is fundamental for the pursuit of its business strategy. Hence, the strategic vision is actually "a moving target" (Vanhaverbeke, 2005), that requires an ambidextrous environment to foster an integration capability for the quest for innovation through corporate venturing. ECV is "a way to accelerate and build broader offers" (Interview C, 2017), gain access to new markets and technology, and acquire what cannot be built internally in an efficient manner (Interview A, B, 2017). Therefore, it open doors for new and unexpected opportunities.

By analyzing the preceding statements, it can be said that drafting the vision and its content is a very complex undertaking that accounts different aspects of the acquiring company, the acquired company and the market environment. Especially, when ECV is new to the firm, this is a process in maturation that needs to evolve with the company's own experience. However, certain mistakes and misunderstandings can be anticipated when considering literature suggestions and the case company's real-time learnings and experience.

First of all, it should be acknowledged, that each acquisition process and its integration is unique, requiring a unique set of competences, resources and efforts (Interview A, 2017;

Galpin, 2011). Thus, for each singular integration process, the management should carefully consider different characteristics. The vision statement displays and contains different attributes for it to be explicit and clear to the right audience. This is especially important for the integration team, as it needs a clear management direction, so that each workflow direct its integration efforts towards it (Interview A, B, D, E, F).

Indubitably, it should not be neglected but kept in mind by all participants, that the vision might be matters to change depending on all influencing factors. Those factors, for example level of integration, market shifts, strategic decisions, unforeseen synergies, etc., will vary depending on each integration and are not studied in depth under the scope of this research. However, directions established for a specific integration in accordance to the vision, should be reviewed as soon as the acquiring company gets new insights from the acquired company. During the pre-acquisition phase, the company gets information from the due diligence which can serve as a basis to prepare directions for the integration (Interview F). But only when the deal is closed the acquiring company gets guaranteed access to all information that might change the direction of the integration efforts (Interview A, 2017). However, the fact, that it might change and what might change e.g the level of integration, should also be communicated (Interview D, 2017) as it is related with *task uncertainty* reduction. Here, the discussion may arise, for each individual company and each individual integration process, how important the effect of change is and to which degree it should be communicated.

To start with the creation of the vision, the findings have suggested, that the management of an acquiring company should first think about the following:
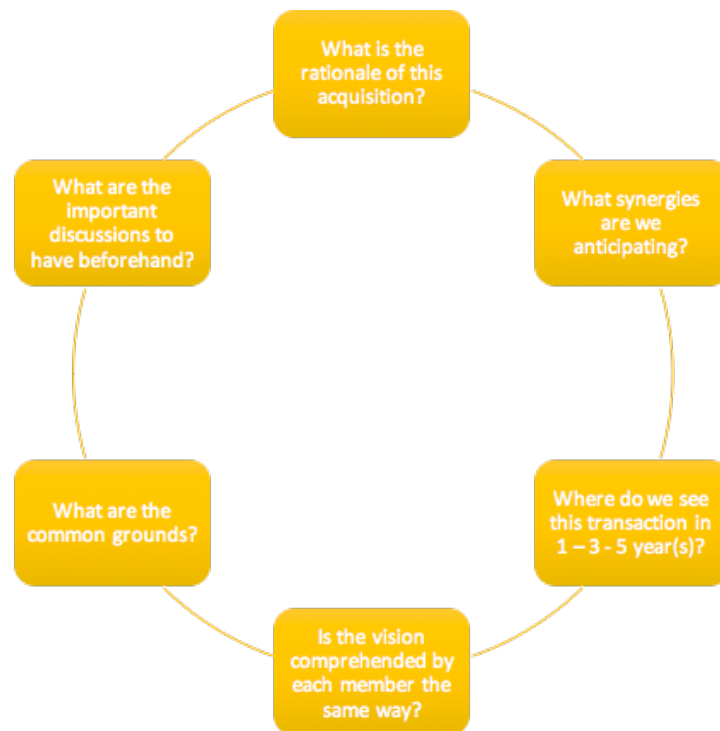
Figure XI: Management considerations for the creation of a Vision

The analysis of the findings show that each participant is in the need for these precise and straight to the point decisions from the management before planning the integration:

> *"The main challenges going forward: to be from the very beginning clear on; okay, we buy this company. This company adds value to our business in this specific way. It broadens the range of our portfolio or it strengthens our offerings in a certain way. That needs to be super clear! It needs to be very clear, how the relationship between the company is. if we are going for a full integration or semi integration or no integration at all, if we simplify things. Those three decision areas. That is so crucial for us to understand from day one. That should be part of the analysis in the due diligence".* (Interview E, 2017)

Therefore, the findings reveal that the workflows expect to have a clear direction for the integration efforts. The most relevant aspects that may need to be answered from the workflows perspective are the following:

- Main objective: This is what we want to do with this acquired company. E.g we would like to enter this market and gain access to it through this company, gain their expert knowledge in this and this area.

- What integration means: What integration means to us and where we want to see it in 1-3 years (E.g we would like for the portfolio to be solely developed from the Headquarters -> R&D focus on knowledge exchange and transferring processes).

- Clear objectives.

- These are the portfolio implication: E.g. we also want to sell their products within our catalogues in 2 years -> Sales and Marketing adapt catalogues, change brand if necessary, train sales people, contact and prepare clients.

- Expected synergies.

(Findings from Interview A,B, D, E,F,G)

But the question behind those findings is also if managers are able to anticipate those answers before entering in the integration? The findinsg reveal that it is not possible to provide all the answers that the workflows are looking for as the future is uncertain and the company is immature in the integration process (Interview C, G). Entrepreneurial activities are uncertain as they also depend on different variables such as new entrants, competition, new products, new technologies, etc. (Teece and Leih, 2016). A vision about the purpose of the acquisition, however, is something that the management can communicate on day one and anticipate during the due diligence (Interview C). Thus, it is fundamental to have a well-constructed vision before communicating the acquisition and integration purposes.

Putting these findings together with the contribution of Baum, Locke and Kirkpatrick (1998), based on their research on effective vision looking at leadership, entrepreneurship and business strategy, the findings about the content of a vision can be summarized as depicted in the figure below:

Figure XII: Seven Attributes of Vision by Baum et al, 1998 complemented with empirical findings

The yellow boxes display the empirical contribution of this study, which brings more clarity about the needs of the actual people executing the integration and the visionary statement their work demands. This, at the same time gives the general outline of the integration strategy which can then be formalized into the integration plan.

Concerning the integration strategy, both literature and the findings agree, that it should be drafted already "before or at least very, very soon after the acquisition is published" (Interview A and F, 2017; Venema, 2015; DePamphilis, 2015). However, also the integration strategy is subject to an iterative revision processes in order to always adapt to new circumstances and insides based on the vision (Interview A, 2017). To capture value for the integration strategy to be successful, an integration plan is in need. This in turn, should outline the blueprint for the execution of the integration (Burgelman and McKinney, 2006). The integration strategy and its respective plan may include the objectives as a translation of the vision for each workflow, so that the integration efforts and knowledge exchange can start on day one (Interview D; Venema, 2012).

Drawing the literature observations together with the empirical data of the underlying research, it can be concluded, that it is beneficial for the management to consider certain aspects before drafting a vision. By doing so, and creating it based on the attributes

introduced and explained by empirical findings in this chapter, a lot of confusion within the integration group can be reduced and provide more transparency to the acquisition and integration rationale.

The research showed, that doing this right, can promote the development of an integration capability and alleviate task uncertainties. Comparing the empirical findings against entrepreneurship and leadership literature (Baum et al., 1998), proofs that integration capability literature can benefit from other field perspectives. Establishing a solid vision content can be a generalizable task for integration processes, thus provide operationalization input to integration capability. However, the vision content is just stage one of this process. The next pivotal step is the communication of this vision to the participants and other stakeholders.

5.2 Communication: Lessons To Be Learned

This part of the research is build up to discuss the *lessons learned* at the case company in regard to communication and subject to generalization. Therefore, the prerequisite of *preparing the grounds* for the integration process at both parties is analyzed, as well as the *characteristics* and importance of *communicating* the vision. In addition to that, the importance of having a *communication plan* during the integration process for constant communication and *knowledge sharing* between participants has also been taken into considerations. The rest of the chapter will then observe the effect this has on building an integration capability and reducing task uncertainties.

Preparing the vision and content of the vision for the integration is only the first starting point. The findings have shown, that early communication is important to *prepare the grounds* and build trust at the acquired company, but also within the integration group. More precisely, aids to show confidence, faith and strong commitment to the success of both entities (Interview C, H). Management from both, the acquired and the acquiring company, have affirmed that preparing the integration group before the acquisition closes, and being present at the acquired company on day one, is pivotal to build trust and shape

the future together as a one entity (Interview C, H, 2017; Angwin, 2016). The empirical data shows, that preparing the team involved in the integration provides them with space and time to gather their thoughts, and prepare immediate steps (Interview F, 2017). Being present at the acquired company is crucial, so the employees can get to know the acquiring company and avoid major misunderstandings and uncertainties.

The importance of trust and a transparent flow of communication has been stated by academic contributions in the field (Agarwal, 2012; Allatta, 2011) especially for the development of capabilities and exchanging knowledge. Our research largely confirmed those statements and showed, that in order for communication to be beneficial, a *communication plan* and *common language* should be designed for each individual case to support *knowledge sharing* and a *communication structure*. More precisely, that specific *characteristics* and content of communication can aid the development of trust, commitment and competences for future collaboration of the two parties. If done correctly, over-communication can be avoided and transparency can be created. With selecting information, misunderstandings and interpretations can be avoided (Interview H, G, 2017). On the other hand, for this to be effective, a common language, a common understanding of what does integration mean, may need to be established first (Interview C, D,F, 2017; Risberg, 1997).

This starts already with the first impression, as it is vital for the success of the implementation to get trust and support from both sides (Papadakis, 2005). To be successful, however, the previously mentioned vision needs to be communicated in an efficient way. This, of course always depends on the depth of the acquisition process and the cultures of both companies. Nonetheless, some characteristics drawn together from the empirical study and the contribution of Awamleh and Gardner (1999) can help assessing the approach of communicating the vision and more precisely "disseminating the purpose of the acquisition and for conveying the integration message" (Gomes, 2013).
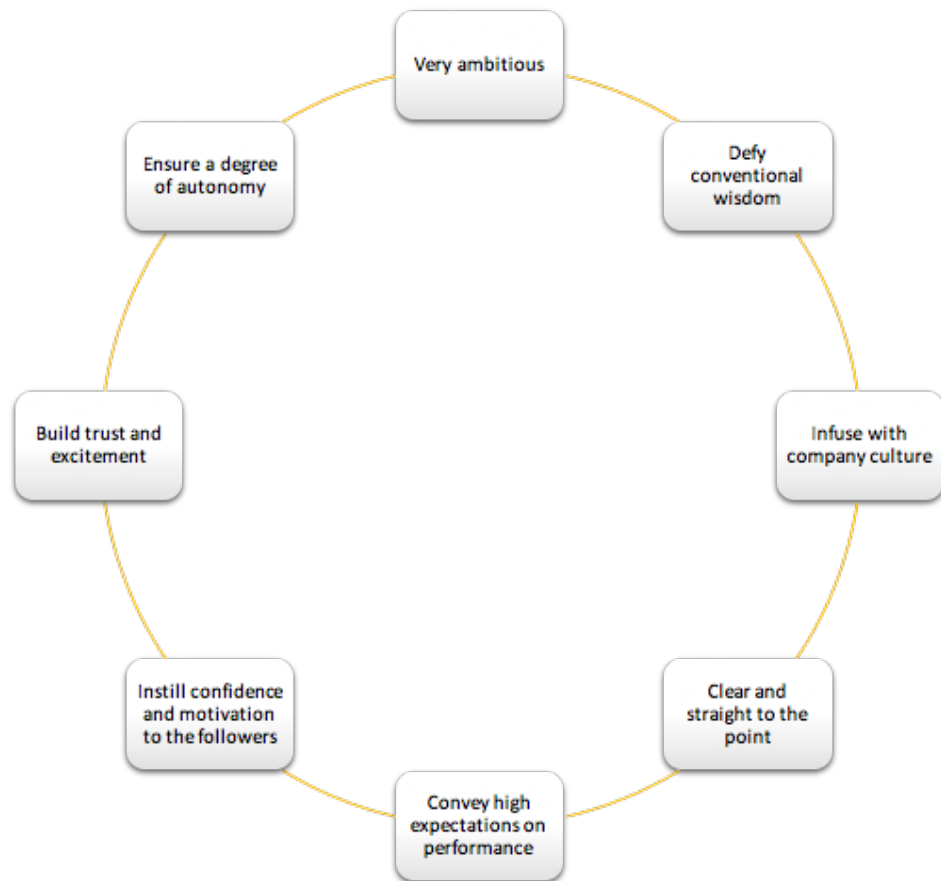
Figure XIII: Characteristics of a vision (Awamleh & Gardner, 1999) – adapted

Disseminating the vision as is the main lesson learned under *what to communicate* from our findings (Interview C, H, G, 2017) in order to push the integration towards that path. As Awamleh and Gardner already introduced in 1999, some characteristics are needed to enable the efforts into the direction given by the vision. In the figure above, their contribution is complemented by the findings of the underlying research. In order to build trust in the future of the acquisition, the vision needs to be communicated in a way that "instills confidence and motivation" (Awamleh&Gardner, 1999) to the employees of both parties. Thus, it needs to provide clearly the content of the vision, and motivate in a way that also embodies the acquiring company's culture and values. It should be beneficial and convey the direction and objectives of the vision with its expectations on performance. At the same time, the way of conveying the message should ensure, that the acquiring company is not trying to "put a wet blanket" (Interview B, 2017) on the business operations or the way of doing things at the acquired company, thus "ensuring a degree of autonomy"

(Interview B, 2017). Consequently, communicating the vision represents the set of *balancing acts* that integration of acquisitions demands in order to achieve long term goals and not to lose momentum (Graebner, 2004).

Notwithstanding it has to be mentioned, that the exact way of how to convey the vision and infuse the characteristics, depends, in the same way as the vision content, on each individual acquisition and both companies involved. Thus, a degree of uncertainty on how to do this will always be present but can be minimized by an in-depth analysis on the company culture and values beforehand.

Taking a closer look at the importance of the *communication plan* now, multiple authors in the field, and as introduced during the theoretical discussion of this report, have already revealed that communication is of course also fundamental for the exchange of knowledge and integrating corporate cultures and structures (Angwin, 2016), thus crucial for the integration process. As follows, the communication may be continuous of rich, honest, and reliable information correctly timed to create organizational commitment within both companies (Angwin, 2016). The viewpoint Angwin takes in this publication, greatly supports the outcome of our research, that a communication plan, continuously circulating rich information necessary to create transparency and trust without over-communicating, is necessary in the beginning of each integration process (Interview A, B, E,F,G).

The research also observed the different effects of communication and especially the importance of communicating the vision of an integration. Not only its benefits (Interview A, H, G, 2017) and its obstructions (Interview H, B, 2017) but also its effect on building an integration capability within a firm that is just engaging into CV for innovation and the correlated reduction of task uncertainties which in turn enhances the integration capability.

5.3 Developing an Integration Capability

The information collected from the case company reveals that the integration of acquired companies is a process that requires identification of *balancing acts* in order to maintain

momentum of the company while seeking long term results. Momentum refers to the capacity of the firm to continue the daily operations, the current core business, without losing pace. Therefore, balancing acts are required to preserve the 'acquired company' best practices and keep its value while engaging in the integration efforts. The latter is important to preserve the value of the acquired company (Interview B). Firms acquire other companies for specific reasons as mentioned in Chapter 2. Whether they seek financial or strategic results as addressed by scholars like Chesbrough, (2002), firms need to preserve among others, the practices, assets, technology, distribution channels, customer database, that initiated that acquisition in order to achieve the expected synergies and capture value from it (Graebner, 2004; Interview B). This leads to the discussion about how entrepreneurial activities within ECV are guided, which is the focus of this paper.

Decisions about key elements and strategic functional integration require also a set of *balancing acts*, as some areas, like sales, products, marketing, R&D, among others, need higher or lower level of integration, depending on the rationale, in order to achieve the desired end state. Firms make balanced decisions about the acquired resources and the acquired company, which fosters adaptability through experimentation towards the strategic vision (March, 1991). Examples of balancing acts are:

- Exchanging knowledge and technology between R&D departments and leveraging on suppliers (Interview F).
- Letting the management in the acquired company execute their practices while reporting to the acquiring company management (Interview C).
- Supporting HR department in the acquired company's recruiting process and not interfering with it (Interview G).
- Establishing short and long term goals for each function (Interview A, C, F).

Balancing acts are a consequence of *planning and decision making* towards a vision. As seen in section 5.1, the vision is the starting point that determines the direction of the integrating efforts. It drives the whole company's machinery and operational tasks towards the same goals. Due to dynamic nature of the market, the strategic vision is considered by Vanhaverbeke (2005) as a "moving target" therefore, it is fundamental to build an

integration capability that allows the company to be adaptable to *changing environments* (Interview G). Planning an acquisition involves managerial decisions about the integration strategy (Venema, 2012; DePamphilis, 2015, Galpin, 2015). The empirical data suggests, that the following decisions may aid the formulation of the integration strategy:

- anticipating the exit criteria between the pre and post-acquisition phase (Interview F)
- planning the integration process in order to reach synergies (Interview A)
- discuss key issues before entering into integration efforts (Interview D)
- give space to each workflow to take independent quick decisions (Interview G).

The aforementioned *balancing acts* are a product of trial and consequence of *learning,* therefore the integration processes at the case company are used as *learning* for subsequent integrations. Learnings from previous experiences are being applied to next ones, and there are dialogs constantly happening in order to determine which is the best way to improve the integration process in the future (Interview A, B, C, G). Learning is a crucial element in the context of dynamic capabilities, as it pretends to identify the best scalable and systematic practices based on quickly created and adaptive knowledge (Teece and Pisano, 1994; Eisenhardt and Martin 2000, Teece and Leih, 2016; Teece et al. 2016). Therefore, the adopted general definition of dynamic capability given by Zollo and Winter (2002)[4] suits with the intention of the case company to apply *learnings* and convert it into a stable pattern that happens systematically and permits to adapt routines, daily operations, decisions, task execution towards more smoother integration processes (Interview A, B, F, G).

Companies engaging in an acquisition strategy requires a set of new efforts, routines and processes for the integration of acquired companies. Those tasks highly differentiate from the regular activities that companies are daily executing to drive its current business. As

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[4] Definition of dynamic capability: *"A dynamic capability is a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness"* (Zollo and Winter, 2002).

stated by Teece et al. (2016) dynamic capabilities, including integration capabilities, need to serve a strategic purpose in order to create a competitive advantage for firms. Thus, the ambidextrous organization may need to develop a separated function or efforts dedicated to the integration activities, along the strategic rationale for the acquisition, to operationalize the integration process.

Each acquisition process is unique and different (Interview B), but when engaging into continuous acquisitions firms can generalize tasks and adapt it to the new requirements based on learnings and operational mechanisms (Trichterbon et al. 2016), hence, creating a capability that systematically adapts to needs of new acquisitions. The case company reveals to have a constant learning process toward M&A transactions in order to operationalize it and "trying to mature the process" (Interview C). Those mechanisms are observed in different ways. First, the findings show, that after first learnings (Interview C). This Policy gives sense to M&A activity and governs the process of an M&A transaction, including: description, purpose, scope, reason, definition, related procedures, process from initiation to integration, points out the needed transactional documents, identifies roles, provide an ethic guidance and track persons to have access to insider information (Case company M&A Policy, 2016). This learning and evolvement observed in the case company shows, that companies just engaging in CV for innovation have the need to be attentive to learning and quickly act on those to improve the integration processes.

Furthermore, one way to operationalize the integration capability has been observed within the scope of the case study. There was a process held in which the learnings and suggestions from the different workflows, from the acquired company and one management representative were gathered, and a first attempt to design a framework to guide future integrations was conducted. The latter, included a governance model for the integration process that should be adapted to each integration. It defines roles, provides managerial considerations for the process, offering tools for analyzing functional integration in order to build an integration plan, provides question pools for different workflows, task planners and lessons learned document. Literature in the field, confirms that documented policies, tasks, guidelines and frameworks constitute a learning mechanism that build

dynamic capabilities (Zollo and Winter, 2002), ECV capability (Keil, 2004) and integration capability (Zollo and Singh, 2004). Consequently, companies may put together a set of patterns that organize the new integration routines and may be adaptive to further learnings.

Keil's observation about generalizing an ECV capability is that acquisitive learning is often not well adapted to specific context (Keil, 2004). In the research, it has been observed that the knowledge and learnings are being produced in-house which gives a big advantage to the company as the guidelines, tasks, and capabilities for integration purposes are built from within and with their own experience in in ECV. However, capturing guidelines and lessons learned is useless if there are no mechanisms of producing information in a collective manner, especially in ambidextrous organizations.

Empirical evidence shows, that workshops in which each workflow shares the current status of the integration effort is a mechanism for information sharing (Interview F). There are also management workshops being held in order to determine the level of integration, for which the aim is to prepare directions for the integration efforts (Interview C). Sharing information through meetings and helping "managers to make sense of the process" itself, is according to Trichterborn et al. (2016) a mechanism of sharing knowledge that builds up an integration capability. Comparing the findings with literature in the field, demonstrates the firm's' path towards an integrating capability building in the dimension of knowledge articulation (Zollo and Winter, 2002).

In order for knowledge sharing to occur, exchange of knowledge towards external environments and within subunits need to happen. Actors such as originators and receptors, are mediated through a structural design, in which structures reveal the way how new knowledge can be acquired (Cohen and Levinthal, 1990). Within the case company it has been identified, that the communication structure explained in the findings in section 4.5 represents an important role for knowledge exchange now, that the process of an integration capability is under formation. The communication structure also represents the task coordination process, and the directions of the flow of information. As the structure and communication is highly dependable on the integration manager, it is important for

managers to reconsider if the structure allows knowledge sharing or dedicates more resources into it. The role of the integration manager is important in building up an integration capability as he/she is the connection point between different workflows, between the management and the workflows, and with the acquired company. The findings show that the integration manager is the role in charge of sharing information, identifying connecting items and interdependencies (Interview A).

The aforementioned has been supported by literature; Teerinkangas et al. (2011) identified that integration managers play an essential role in capturing value from acquisitions, as the role helps to build a trustful relationship with the acquired firm, build a positive image of the future to employees and public, act as a change agent and knowledge transferor, among others. Having an integration manager with a clear scope of responsibility is a generalizable task to operationalize the integration capability (Interview A).

Moreover, the findings show, that having a structured communication (Interview A, B, D, E) plays a crucial role for knowledge sharing which positively impacts the formation of an integration capability as it is the mean that connects information and facilitate task coordination.

The empirical findings manifest, that especially in the beginning of the CV strategy for innovation and its integration, actions need to be taken in order to analyze the outcome (Interview A, G). Those actions will become *learnings* later on and help the firm to adapt to *changing scenarios* and dynamic markets, and deal with uncertainty. Keil (2004) argues that learning-by-doing is an experiential source of learning as it refers to the use of experience and accumulated tacit knowledge. Therefore, it is supported by the research, that taking actions and learning from it builds an *integration capability* that governs how a company integrates functions with the aim to reconfigure internal and external competences for strategic purposes.

Reality is flexible and it is not possible to have all the answers in advance as discussed in section 5.1., therefore, companies the need to act upon and anticipate some issues. That is the very essence of entrepreneurial activities, it needs to help to sense the future and act towards a strategic direction, that may result uncertain but requires taking actions (Teece et

al., 2016).   The data collected from this research confirms that learning is the essential element for *integration capability* building in ECV contexts (Interview A, B, C, F, G, 2017). Firms learn from previous experiences and formalize it through different mechanisms such as codification, articulation and learning-by-doing mechanisms (empirical). The learning process starts with executing *balancing acts* that ensures the exploitation of the current business and the achievement of long term goals. This provides experience in the context of ECV that will help to take future decisions. Therefore, *planning and decision making* is required as there is the imperative need to make choices and decisions in order to move the integration forward and realize the potential synergies (Interview D, 2017).

Building an integration capability is supported by a clear *structure* that permits activity and task coordination, flow of information and knowledge exchange (Interview A, D, E, F). In that regard, having *communication* structured has a positive effect in integration capability building as it is the basis for making sense of an acquisition and the *vision*. Having a vision is not enough if it is not clearly communicated because the operationalization of an acquisition is framed under it, leading to performance and value capture. Consequently, building an integration capability is highly linked with the communication of the vision.

Understanding the *communication structure* is also positively related to understanding the limitations of the peer company during an integration process (Interview E). This allows for the different workflows to collaborate with the respective acquired workflow in a more efficient and direct way.

5.4 Task Uncertainties in M&A Integration Processes

The integration of acquisitions happens in a setting of *changing scenarios*, these kind of environments, according to Teece and Leih (2016) generate uncertainty due to competitive nature of the global markets. Therefore, uncertainty is the most "prevalent circumstance in economic and business environments" (Teece and Leih, 2016). Uncertainty is not only limited to external uncertainty about market shifts and competition, but also exposed to the one arising internally while engaging in acquisitions. The findings in the underlying study shows that there are three main factors that trigger uncertainty: new tasks and work

overload, task coordination or interdependencies between business units, and lack of management decision.

Employees conducting integration efforts are assigned with new tasks that are not part of their daily work, and still requires time, attention and commitment (Interview E, 2017). The *new tasks* of coordinating integration efforts between different functions and the acquired company are added on top of the "ordinary" ones. This addition of activities is necessary during M&A processes as integration of acquisitions involves task and human integration in order to achieve potential synergies (Meglio et al. 2015). Data reveals that having additional tasks generates fear of not accomplishing daily operations and of not supporting their own teams (Interview E). For some of the interviewees the current amount of acquisitions is manageable the way it is being handle, but if the number is going to increase then they are already anticipating work overload and even consider it as a different profession (Interview E, 2017). There is also acknowledgement about other roles within the company that need support with integration process as they do not have the knowledge required to execute the new tasks (E.g. e a person sitting in France needs to support to execute cross border tasks, Interview G, 2017). Consequently, the findings as well as literature suggest to consider additional operational support and staffing during integration processes, especially if the CV strategy for innovation is to be extended greatly in the future (DePamphilis, 2015; Interview A, E, 2017).

The findings are in line with an early study conducted by Schweiger et al. (1987) using a sample of 166 employees from acquired companies in four different industries, revealed that changes in job or potential changes led to anxiety and uncertainty, which was highly related with lack of information and lack of direction. Thus, the study demonstrated that the longer the integration process takes, the higher uncertainties are. Therefore, it implies for managers to consider to put more resources into the integration process as it may be harmed by employee turnover, uncertainty and miscommunication.

Identifying task interdependencies and task coordination is considered as a tough activity during integration processes (Interview A, B, G, 2017). Some interviewees are unsure about what task to execute as they depend on other workflows or the level of integration,

therefore it becomes more complex. In order to clear up the priorities and action, the workflows depend on managerial decisions. In this regard, Zollo and Singh (2004) state that where there is more complexity there is a higher causal of ambiguity, therefore a firm needs to invest more "deliberate learning efforts in order to counteract the steeper barrier to the understanding of cause–effect relationships" (Zollo and Singh, 2004). Identifying the main cause of uncertainty or ambiguity helps the firm to take actions about it and build on a solution. As seen in section 5.1, having a common language, a vision and direction helps to build trust and commitment (Angwin, 2016; Interview H).

The underlying findings give more weight to *lack of management decisions* as a trigger for uncertainty. There is a consensus among the interviewees that there are no determinate answers for the "big questions" such as level of integration, branding and product portfolio (Interview A, D, E). There is perception as well of a lack of strategy that defines the transition between the pre-acquisition and the post-acquisition phase (Interview G, F, 2017). On the other hand, the integration message from the management team needs to be carefully designed, as the communicated expectations from an acquisition (Interview B, C, 2017) turn into a measuring point for its success. Consequently, M&As can be qualified as a failure if it does not meet the initial expectation, even though there is not a uniform method of measure and firms can still benefit from serendipitous value (Burgelman and McKinney, 2006; Graebner, 2004), which may be a point to consider in the development of a vision.

If it is sensible to communicate expectations, then what needs to be communicated? What effect does it have on task uncertainty? C*ommunicating a vision* with a well-defined content provides enough direction towards task execution and flexibility in order to permit adaptation to unexpected changes, and guide the scope of action of the workflows (Interview E, A, F).

Consequently, the findings show, that an unclear direction may result in a negative impact on commitment from the side of the integration group (Interview A, 2017)*. Relating this to chapter 5.1 and the importance of showing management commitment towards the future of the new entity, it can clearly be discussed, that a transparent vision and direction on part of the management may alleviate the task uncertainties that have been observed in the

case company. Schweiger et al. (1987) studied as well the managerial practices that had a positive impact in employees: showing commitment to employees, understanding of concerns, being honest and reducing political behavior.

In previous sections it has been argued, that the integration process during M&A activities is the stage in which firms capture value from an acquisition. This process requires a set of balancing acts that provides equilibrium between conducting the integration efforts towards long term goals, and the exploitation of the current business. It also provides a balance between functional integration in different areas which is positively related to integration capability building (Interview B). Providing direction is also seen in literature as a key element of dynamic capabilities (Teece and Leih, 2016) as it requires from the top management the ability to sense a "key development" area and establish the path towards that desired end-state. Hence it requires managerial decisions that shapes the company in order to develop capabilities that allows recombination and "profitable value-capture mechanisms" (Teece and Leih, 2016). Drawing again the relation between literature and our empirical findings, it is obvious, that a clear, honest and transparent management vision may of course not totally eliminate uncertainties related to tasks and future happenings but can alleviate the feeling of uncertainty amongst its participants. The key element areas to focus on during integration activities will vary from acquisition to acquisition, hence, is not possible to generalize the key development areas for acquisitions. However, it is possible to generalize that each acquisition needs to identify what the "key element areas" of focus for this specific integration are. Therefore, the integration group and employees can focus, explore and act upon that guideline.

A firm may need to sense the "key development" areas as Teece and Leigh (2016) refer to, and transmit it to employees in charge of the integration efforts. This means the need to communicate the vision and provide directions for the integrating an acquisition (Interview A, D, E, F, G). Thus, the research proofs that the main trigger for uncertainty is the *lack of management decision*, which is also related to *what is possible to communicate* during integration process as not all of the information is addressed to the same group of people. Once a vision and purpose has been designed, the most important step is to communicate it

as it determines the scope of action of the workflows. Therefore, it is inversely related with task uncertainties in the sense that *poor communication* leads to more *task uncertainties* and lack of commitment (Interview A, E, D, F), whereas *good communication of the vision* reduces ta*sk uncertainties* (Interview A, G, H).

Furthermore, evaluating the data of this research, and going back to the model presented in the beginning of the chapter, the assumption can be made, that the development of an integration capability based on learning, may also have an effect on reducing task uncertainties related to integration, as the process becomes more systematic.
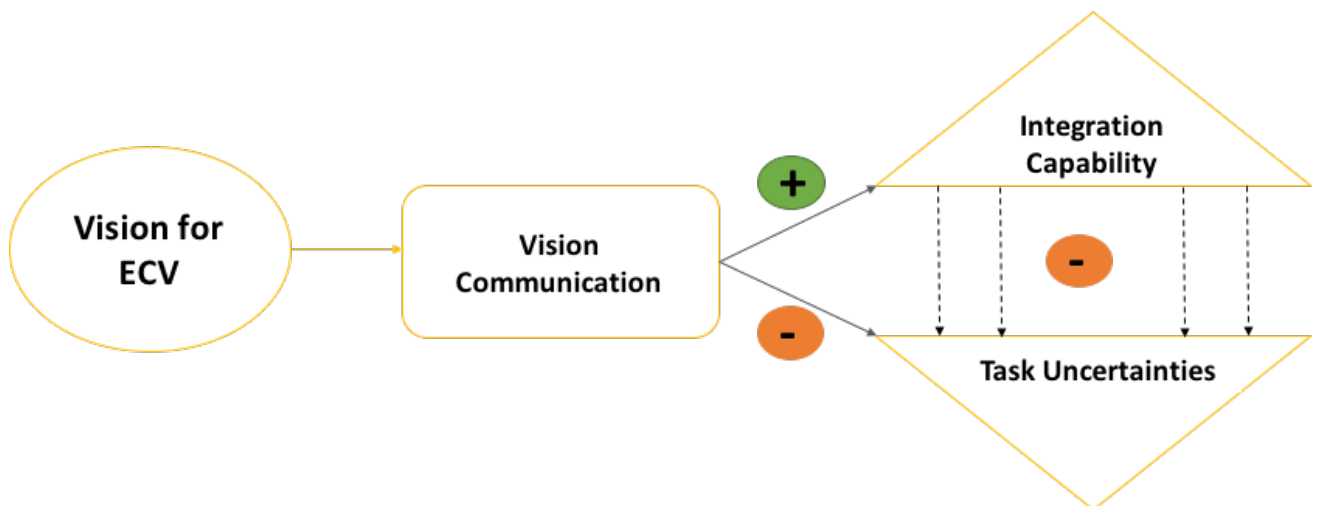

Figure XIV: Adapted Modell

More precisely, it is supported that the vision communication may trigger an efficient development of an integration capability at an organization just recently engaging in ECV for innovation, which then in turn alleviates task uncertainties. This is due to the fact, that the integration capability provides the organization with the confidence and agility to feel comfortable with changing scenarios and tasks related to the integration process and look for solutions related to the task area instead of uncertainty. However, it is not to be neglected, that the vision communication has also a direct effect on task uncertainties, as a clear direction reduces uncertainties related to integration tasks directly.

To sum up, communication can be seen as a trigger to building an integration capability which leads the firm to develop a systematic set of patterns that influence the company's

integration processes. The latter, leads to the reduction of task uncertainty as employees become more familiar with the process, learn from the past and use the learnings to adopt or disregard previous practices.

6. CONCLUSION

The aim of the underlying work is to visualize the relation between clear communication and vision content and the development of an integration capability. For this purpose, the literature of corporate venturing as a strategy for innovation has served the purpose to demonstrate the characteristics of the environment and context which frames the research scope. Research in this field, as well as research from leadership and entrepreneurship were brought together to expose the importance of a well elaborated vision and communication of management direction. This has further been verified by the data collected and the findings also revealed the implications the structured communication of an elaborated vision and direction has on building an integration capability and alleviating task uncertainties related to integration.

Concluding the study has unveiled, that a clearly communicated vision, commitment and direction on the part of the management may in return result in commitment, drive and trust from the employees at the acquired and also acquiring firm. This trust, commitment and comprehension of direction for the integration is the basis needed to develop an internal integration capability at the firm committed to CV for innovation. This integration capability is characterized by its dynamic dimension of constantly adapting to the individual requirements to each unique integration. These requirements will most likely vary in terms or direction, level of integration, size, competences, culture and many more factors that make an acquisition unique. Furthermore, it always depends on the vision of the management, and the rationale and expectations that initially served as the reason to purchase the company. As a result of this research, it can be observed that the vision is the milestone for the integration team conducting the integration efforts. Thus, learning from previous experiences and generalizing how to build a consistent vision, supports integration capability building.

Learning is a key element for integration capability building, as it takes different forms, such as experiential learning (learning-by-doing), codification (policies, guidelines and frameworks) and articulation (meetings and workshops) that allows learning storage and sharing. In addition, a good communication infrastructure supports knowledge sharing

between old and new acquisitions, having a positive effect in developing an integration capability as it becomes systematic.

Finally, knowing the integration direction and message is implied to reduce task uncertainties especially within the integration group and the acquired company that are triggered by lack of management decisions, work overload, interdependencies and task coordination. Its fundamental to focus on reducing those task uncertainties as they may harm the integration process and value capture. However, based on the intense consultation of relevant literature as well as the case study it is stress that the advancement of an integration capability also positively influences the reduction of task uncertainties.

6.1 Managerial Implications

Acknowledging integration capability building, helps managers to capture best practices through different learning mechanisms and share knowledge and know-how. The latter, supports managers to prioritize the areas within integration processes that requires more attention, thus making efficient use of resources. Another managerial implication of the research is, that initiating the development of an integration capability deliberately, helps the firm to generalize routines and tasks that fosters a systematic integration of acquisitions and thus capturing value.

The data discussion reveals that uncertainty will always be present in entrepreneurial activities. Therefore, acknowledging uncertainty and communicating it for acceptance, along with the vision communication, alleviate task uncertainties. Thus it is suggested for managers to revise their practices towards defining the vision content, communicating it and including uncertainty, as it can increase commitment and avoid motivation loss.

Communication is highly important for management as it has positive or negative impact on the integration process, which makes a practical implication in the structure of a new business department, or suggest to create an ad-hoc communication function for the process. Managers can benefit from this knowledge and rethink the organizational structure according to those findings.

Furthermore, it is important for the management to acknowledge that codification of guidelines, task planners and other standardized documents is crucial for integration capability building. Also, articulating knowledge through meetings and workshops that exchange ideas on how to improve the acquisition process is fundamental to develop the integration capability. The latter is highly important in order to adapt to changing scenarios and dynamic market.

6.2 Research Limitations

First of all, the research is limited to the study of one individual case company. Thus, the difficulties identified encounter the possibility of being subject to subjectivity. Second, the real time data allowed to identify small but pivotal issues that might otherwise be lost. However, this also means that some of the suggestions are based on learnings and their real impact has not yet been tested. Further, it was not possible to undertake a cross case analysis for changing practices and measure the outcomes to generalize the implication for others.

Furthermore, the integration processes at the case company was fully completed in order observe the full effect of the communication process and additional learnings might have been missed. This also led to the limitation, that it was not possible to test how the findings might implicate the integration process. The findings are mainly composed of the experience and knowledge of experts involved in the processes of concern as well as the compilation of relevant peer reviewed literature.

Unfortunately, it was only possible to interview the CEO of one of the acquired company, thus the findings only represent the management perspective of an acquired company. The consultation of acquired employees may have provided further insides.

In addition to that, the paper is only concerned with acquisition as a form of external corporate venturing for innovation. Other forms of external corporate venturing were not analyzed in depth.

Concerning the concepts used, it is understood that organizational learning is to be seen as part of dynamic capabilities but the literature in this field was not taken under close considerations and might reveal further implications.

Thus, the underlying paper is supposed to be considered as a guide for companies in the process of acquisition for the sole purpose of innovation and learning. Therefore, it is crucial to stress, that especially this form of acquisition does not have one exact recipe to success. The integration process, and what might determine it as successful, highly depends on the vision, strategy and expectations of the acquiring company.

6.3 Implications for Future Research

As it has been pointed out during this research, empirical data reveals that there is a positive relation between vision communication and integration capability building, as well as vision communication and task uncertainty reduction. Even though it can be derived from the findings that there may be a direct relation between building up an integration capability and the reduction of task uncertainty, further research should be done in this area in order to extend the integration capability literature through analyzing effects on uncertainty.

Moreover, findings suggest that the role of the integration manager is crucial as it represents a connecting point in the communication structure of the integration process and task coordination. Literature in M&A, strategic management, entrepreneurship, and integration capability can benefit from furthering empirical research in the role of integration managers in integration capability building as a lot of knowledge, know-how and learnings is accumulated in the role.

Finally, further research about the effect of the new business department structure in integration capability building results interesting. This would contribute to organizational learning literature and would also provide operational and empirical support to integration capability literature. As seen in the present work, studies in different fields are subject to be

extended towards the scope of integration capabilities in order to provide operationalization. Therefore, research in the suggested areas can be done and explored as it is a concept under development and constant evolution.

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APPENDIX A - The Interview Guide

Semi-structured interview guide

Our work here at the case company is divided into two objectives. The first one is developing a framework for integrations of acquired companies, which is the Business Development Project. The second one is writing down our master thesis, which we would like to focus on communication during M&A processes and reduction of task uncertainties. Therefore, we split this interview into three main areas. General questions, integration related question, communication related questions.

Background and introductory questions:
1. Can you tell us a little about your job position here?
2. What is your main role and tasks?

Direction 1: Corporate venturing (acquisitions for competence building).
1. In which relation do you stand to the new business department?
2. What is your perception of the strategy behind the new business department?
3. How do you perceive acquisitions at the case company?
4. What is your understanding for "integrating a new acquisition"?

Direction 2: Integrating capability
5. How do you prepare for the integration process?
6. How does level of integration differ?
7. What are the steps in the integration process? It is measured? How?
8. How are the goals established?
9. What are your biggest responsibilities for the integration team?
10. Is there something that could have been done better?
    a. Why?
11. How do you keep record or track of lessons learned? What are the most important ones?
12. With which other departments do you need to coordinate most?
13. What are the possible effects of using a guideline or framework for this process?
14. How do you share the lessons learned within your department? With other departments? How do you think you benefit from it?
15. What challenges do you see within this process?

Direction 3: Communication
16. How would you describe the communication process?
    a. Internal process at the case company
    b. External communication with the acquired companies
17. How would you describe the received information?
18. What was communicated? What was not? What would have been useful to know? Who knows that information?
19. How would you qualify the information flow during this process? Do you think it works? Why?
20. Who is involved in the communication process?

21. When do you communicate? Only when issues arise or also integration step update?
22. How could communication of the strategy or between departments improve for the future?
23. What could have been done better? Why?
24. Do you think you get all the information you need??

25. What challenges do you see in this regard?