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Opening the black box of integration capability: a study of capability development processes among Norwegian serial acquirers

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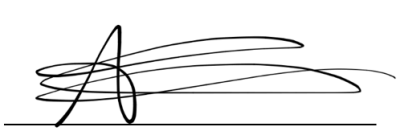

Abstract

This paper presents an analysis of how serial acquirers develop dynamic integration capabilities. In this thesis, we applied an inductive approach, analyzing a total of 10 transcribed interviews of Norwegian serial acquirers. We find that a company needs to have all four deliberate learning mechanisms (codification, articulation, sharing, and internalization) established to a medium to high degree, as well as risk-mitigating practices in order to develop dynamic integration capability. Moreover, we suggest that internalization is critical for the firm's development of integration capability, as it allows for deeper understanding of the processes underlying integration. Lastly, these findings combine the current research on deliberate learning mechanisms and dynamic capabilities and contribute to the serial acquisitions literature.

Table of Contents

List of Tables

List of Figures

1. Introduction

Year 2015 marked as an all-time high in the global M&A volume, topping $4,7 trillion in aggregate, a significant increase from $3,4 trillion in 2014 (Deloitte, 2016, p. 3). In 2016 the pace of M&A has somewhat decreased, however, the volume still remains quite impressive, especially considering the fact that 70 to 90% of all deals fail (Clayton M. Christensen, 2011; Tennant, 2016). Acquisitions fail for numerous reasons, with poor integration being one of them (Haspeslagh & Jemison, 1991a; Hayward, 2002). Statistics show that about one quarter of the overall M&A volume is done by serial acquirers (Hansell, Walker, & Kengelbach, 2014). Successful serial acquirers represent a very intriguing phenomenon, especially when it comes to their learning processes. Hence, the big puzzle that remains unsolved is why some acquirers learn to successfully integrate acquired firms, while others constantly fail to do so (Zollo & Singh, 2004).

Recently, we have witnessed a growing interest of scholars in understanding how serial acquirers can learn from previous acquisitions (Kengelbach, Klemmer, Schwetzler, & Sperling, 2012b; Leshchinskii & Zollo, 2004). Many conclude that it is difficult to successfully apply previous knowledge in new contexts, especially in ambiguous and complex situations such as integration (Capasso & Meglio, 2005). Dealing with such ambiguity and complexity requires more deliberate learning efforts (Zollo and Singh 2004). Researchers have for a long time argued that deliberate learning mechanisms lead to the development of dynamic capabilities (Collis, 1994; Zollo & Winter, 2002). Heimeriks, Schijven, and Gates (2012) proposed that successful serial acquirers develop dynamic integration capabilities, which enable them to efficiently utilize their previous experience. Building on this, we would like to investigate this phenomenon in more detail by studying how serial acquirers develop dynamic integration capabilities. This leads us to our research question:

"How do serial acquirers develop dynamic integration capabilities?"

Acquisition research has been predominantly quantitative; thus, the field could benefit from a qualitative case study (Chatterjee, 2009; Hayward, 2002;

Laamanen & Keil, 2008). We therefore believe that an inductive qualitative approach could be an important contribution to the existing literature.
We aim to add to the current literature with our research question in two ways. Firstly, we describe and analyze how integration capabilities are developed. Secondly, we present a model of dynamic integration capability which explains how various learning mechanisms interact with each other.

This paper proceeds as follows. In the next section, we present how previous literature has explored the phenomena that are relevant for our study, namely: *acquisitions, deliberate learning* and *dynamic capabilities*. In the following chapter, the methodology is outlined. Next, we present our findings. Thereafter, we discuss our findings in light of current literature. Finally, we conclude our study by outlining our contributions to the literature, managerial implications, limitations and future research.

2. Literature review

The aim of this literature review is to provide theoretical background for our research question: *"How do serial acquirers develop dynamic integration capabilities?"* We study relevant literature and explore three important topics that are central for our master thesis: *acquisitions, dynamic capabilities, and deliberate learning mechanisms*.

2.1 Acquisitions

The fundamental reasoning behind all acquisitions is value creation (Haspeslagh & Jemison, 1991b). Companies acquire other business in order to gain more market power, increase efficiency, redeploy resources or to discipline ineffective managers (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009).
Due to their substantial volume and growing popularity since the 1990s, acquisitions as a phenomenon, have attracted attention of scholars from various disciplines (Ranft & Lord, 2002). Strategy research, where our master thesis belongs, is focused on identifying strategic and process factors of acquisitions (Galpin & Herndon, 2014; Gomes, Angwin, Weber, & Yedidia Tarba, 2013; Haleblian et al., 2009).

Serial acquirers

Serial acquirers *"often execute streams of mutually interrelated acquisitions aimed at specific strategic targets"* (Laamanen & Keil, 2008, p. 663).
Interestingly enough, despite serial acquirers representing a large proportion of the total M&A volume, academic scholars have given them little attention. Some of them even purposefully eliminated serial acquirers from their research (Laamanen & Keil, 2008). Thus, we have a large body of literature explaining performance of single acquirers but relatively little research on serial acquisitions.

Previous studies have shown that, as a general rule, serial acquirers are not able to generate significant value from their deals, compared to single acquirers (Laamanen & Keil, 2008). This phenomena can be explained due to organization's limited capacity to integrate, as well as management's overconfidence in the success of the new deals based on the history of prior

purchases (Kengelbach et al., 2012b). Moreover, studies also found that both long- and short-term performance declines for serial acquirers with each subsequent deal (Guest, Cosh, Hughes, & Conn, 2004).

All these findings indicate that acquisitions are significantly complicated processes than firms' day-to-day activities. Each acquisition consists of several distinct sub-activities, for example, due-diligence, negotiations, and integration, with all those stages being quite complex and challenging in itself (Hitt, Harrison, & Ireland, 2001).

Thus, it is no wonder that successful serial acquirers have attracted attention from various scholars. A lot of research has been focused on understanding how previous experience affects the acquisition performance of serial acquirers (Haleblian & Finkelstein, 1999; Laamanen & Keil, 2008; Lubatkin, 1983). More recent research, however, has shifted focus to understanding how serial acquirers learn from previous acquisitions (Kengelbach et al., 2012b; Leshchinskii & Zollo, 2004; Trichterborn, Zu Knyphausen-Aufseß, & Schweizer, 2016).

2.2 Dynamic capabilities

The concept of dynamic capabilities drew significant attention of the scholars first after the publication of Teece, Pisano, and Shuen (1997) seminal article. Although various researchers previously discussed the idea, no clear definition was suggested. Teece et al. (1997) proposed the dynamic capabilities concept as an extension of the resource-based view (RBV) of the firm (J. Barney, 1991; J. B. Barney, 1986). RBV assumes that company's resources and capabilities can give a competitive advantage as long as they are valuable, rare and difficult or impossible to imitate (Barreto, 2010). However, RBV fails to adequately explain what gives firms a competitive advantage in turbulent changing environments, as it is essentially static (Priem & Butler, 2001). Teece et al. (1997) filled this gap by defining dynamic capability as an ability of a firm to respond, quickly adapt and reconfigure its internal and external competencies to address the rapidly changing environment.

New stream of research, following the Teece et al. (1997) article, offered several alternative definitions of the concept of dynamic capabilities. For example, Helfat

(1997) defined dynamic capability as the capacity of the firm to purposefully create, extend, or modify its resource base. Eisenhardt and Martin (2000) described dynamic capabilities as specific routines for resource reconfiguration. Teece (2000) conceptualized dynamic capabilities as an ability to sense and grasp the opportunities quickly as soon as they arise. Overall, there has been a significant debate among scholars regarding the common definition of dynamic capabilities (Easterby-Smith & Prieto, 2008).

Typologies of dynamic capabilities

It has long been argued that dynamic capabilities can have different hierarchical levels. Collis (1994) was the first to propose four distinct categories of capabilities. The first level capability is the resource base of the firm. The second level capabilities are related to dynamic improvements of the organization's activities. The third level capabilities serve for creation and extension of the resource base. Lastly, the fourth level capabilities are so-called "higher-level" capabilities or learning-to-learn capabilities, which are also denoted as meta or regenerative dynamic capabilities (Ambrosini & Bowman, 2009). This idea is also related to Argyris and Schön (1997) concept of double-loop learning, which includes analysis of the firm's learning systems.

Danneels (2002) further elaborated Collis (1994) idea. He proposed two distinct types of firm competencies: first-order competencies, or the ability to perform an individual task; and second-order competencies, essentially the company's ability to renew itself by creating first-order competencies.

Zollo and Winter (2002) have also developed Collis (1994) idea by stressing the importance of firm's learning mechanisms underlying second-order capabilities. According to Zollo and Winter (2002), firms build and reconfigure its resources in all kinds of environments, both changing and relatively stable, thus, they propose that *"dynamic capabilities emerge from the coevolution of tacit experience accumulation processes with explicit knowledge articulation and codification activities"*. Next, they argued that deliberate learning mechanisms are more effective in developing dynamic capabilities than semi-automatic mechanisms when the task has: 1) low frequency; 2) high heterogeneity; 3) high degree of

causal ambiguity between the actions and the performance outcomes. Romme, Zollo, and Berends (2010) also find that deliberate learning mechanisms have a complex non-linear effect on the development of dynamic capabilities. Moreover, Zollo and Winter (2002) point out that large multidivisional and diversified firms are the ones that benefit the most from using deliberate learning mechanisms for capability development.

Winter (2003) continued along the same path of research and suggested a new capability hierarchy. At the bottom of the capability pyramid, he put zero-order capabilities, routines that underpin firm's short-term activities. These capabilities are essentially Collis (1994) first level capabilities, or resource base. On the next level, Winter (2003) proposed first-order capabilities, which enable changes in the zero-order capabilities. Finally, he suggests higher-order capabilities, which are essentially the result of the organizational learning and can create or modify firm's existing dynamic capabilities. Again, this is very similar to Collis (1994) "higher-level" capabilities. Zahra, Sapienza, and Davidsson (2006) also use a very similar typology.

Alliance literature has also shown interest in the capabilities hierarchy and their interaction between different levels. One of the most interesting studies is Schilke (2014) article, which sets light on second-order capabilities and their consequences. He proposed that second-order capabilities run on the first-order capabilities, and that deliberate learning mechanisms are one of the types of second-order capabilities. Next, Schilke (2014) suggests that first-order capabilities mediate the effect of second-order capabilities. Moreover first- and second-order capabilities are substitutes of one another, when it comes to their performance effect.

Integration capability as a dynamic capability

The ability to plan and implement effective post-acquisition integration is a dynamic capability, as it causes changes in operational routines for both acquiring and acquired firms (Zollo & Winter, 2002). Heimeriks et al. (2012), based on the previous research by Winter (2003), argue that a dynamic capability for acquisition integration should include two elements: 1) zero-order routines

codified in integration tools, which allow employees involved in the integration processes to apply firm's previous experience; 2) higher-order routines that minimize the risk of negative experience transfer. Higher-order routines include risk mitigating practices, organizational practices aimed at detecting specific characteristics of the deal that require particular attention; and tacit knowledge transfer practices for reducing causal ambiguity, based on the extensive communication. The latter include training by experienced personnel, sessions between leaders of different subunits, progress evaluations, and joint planning of the process with the managers of the acquired firm. Thus, by applying higher-order routines, firms can increase the chances for successful integration and mitigate negative effects of the rigidness of codification tools, while fully benefiting from the efficiency they provide (Heimeriks et al., 2012).

Even though scholars have investigated integration capabilities before, current literature still remains somewhat limited and difficult to compare (Capasso & Meglio, 2005; Mitchell & Shaver, 2003; Zollo & Singh, 2004; Zollo & Winter, 2002).

2.3 Learning in acquisitions

Post-acquisition integration is a complicated process, consisting of several interdependent sub-activities, which stretches out to multiple functional areas, as well as geographical and industrial settings (Heimeriks et al., 2012). As two acquisitions are never the same, managers need to adjust their integration routines to fit each of the integration. As a result of this complexity, acquirers often face causal ambiguity, in other words, difficulties understanding a connection between decisions made and outcomes obtained (Cording, Christmann, & King, 2008; Zollo & Winter, 2002). Moreover, integration process requires altering of the firm's resource base and, therefore, it has been defined as a dynamic capability (Heimeriks et al., 2012; Zollo & Winter, 2002).

In order to explore this issue, researchers started to study acquisitions from a learning perspective, implying that previous experience is important in dealing with complexity of the integration processes (Barkema & Schijven, 2008). Recent research, however, suggests that simple experience accumulation is not enough.

Dealing with such complexity requires more deliberate learning efforts. Zollo and Singh (2004) propose that companies can build integration capability by deliberately codifying its previous experience. This idea is also supported by alliance literature (Kale & Singh, 2007). Cepeda and Vera (2007) also provide evidence for the positive relation between firm's knowledge management structure and creation of dynamic capabilities.
Overall, researchers agree that understanding learning processes inside firms is crucial for understanding development of dynamic capabilities (Easterby-Smith & Prieto, 2008; Mahoney, 1995; Zollo & Winter, 2002).

2.3.1 Codification

Codified materials include everything from checklists, manuals and guidelines to more advances tools, such as decision support systems and project management software products, which can help capability building (Kale & Singh, 2007; Zollo & Winter, 2002). Unlike articulation, codification can provide content (know-what), methodology (know-how) and reason (know-why) for managing tasks (Kale & Singh, 2007).

Some scholars argue that deliberate learning mechanisms, such as codifying experience in manuals and checklists, has shown to be an important mediator for capability development (Gates, Heimeriks, & Zollo, 2008; Zollo & Singh, 2004). Zollo and Winter (2002) added important aspects to earlier research by arguing that codification is a deliberate process, that involves creating and using codified material (Kale and Singh, 2007). Zollo and Singh (2004) argue that codifying is an advantage to the firm. First of all, employees can, through a codification process, reach a higher degree of understanding. The reflection upon the experiences can be a necessity, since the firm is likely to handle many different acquisitions (Zollo and Singh, 2004). Secondly, another important aspect for knowledge sharing within organizations is that codification enables dispersion of knowledge (Nonaka, 1994; Zander & Kogut, 1995). Thirdly, Zollo and Winter (2002) argue that codification simplifies coordination and implementation of vague and complex tasks (Zollo and Singh, 2004). Next, Eisenhardt and Martin (2000) suggest that knowledge codification increases the speed of capability

development process. Researchers also found that a capability, which can also be codified, transfers much easier (Argote & Ren, 2012; Zander & Kogut, 1995). Lastly, codification makes firms less dependent on the knowledge of its individuals, decreasing their bargaining power (Hayward, 2002).

Previous research has also discussed the challenges with investing in codification. Organizations might choose to codify their experience to different degrees, as there are direct costs, such as time and resources, spent on codification (Zollo and Singh, 2004). Since creating and updating tools and systems is expensive, not all companies would prioritize using plenty of time on codifying each action and process in an acquisition (Romme et al., 2010; Zollo & Singh, 2004). Heimeriks, Schijven, and Gates (2012) argue, *"experience codification gives rise to inertial forces that hamper the customization of routines to any given acquisitions"*. Therefore, they believe that codification needs to be counteracted by higher-order routines, showing the need for establishing risk management practices to prevent the generalization of zero-order routines.

2.3.2 Articulation

Scholars argue that important collective learning takes place when individuals express their opinions and beliefs, engage in helpful confrontations and when their opinions and views are challenged (Argyris & Schön, 1997; Duncan, 1979). Building on this, Zollo and Winter (2002) discuss the importance of a learning mechanism called "knowledge articulation". Kale and Singh (2007) argue that collective competence will be developed when implicit knowledge is articulated through discussions, debriefing sessions, and performance evaluation processes. When colleagues share their individual experiences and compare their opinions with each other, they can achieve an improved level of understanding the mechanisms and tasks in the organization (Trichterborn et al., 2016; Zollo & Winter, 2002).

Knowledge articulation can help managers improve the acquisition process in two ways. First of all, articulation can help to create a map of record of previous acquisition history, including tools, experiences, plans, etc. Secondly, an ex-post

review of the process can help managers in the right direction based on previous actions (Zollo and Winter, 2002).

As organizational processes are quite ambiguous with respect to their performance implications, cognitive efforts and a more deliberate collective focus on this challenge can help to reduce the casual ambiguity (Lippman & Rumelt, 1982; Zollo & Reuer, 2010; Zollo & Winter, 2002). However, despite all the benefits of articulation, some researchers argue that too much articulation can have negative effects on the development of individual tacit knowledge, as the managers will not have time to actually interact with the real world (Romme et al., 2010).

2.3.3 Sharing

Knowledge sharing is an important part of the learning process. The ability of the organization to develop a certain task or capability is dependent upon the effectiveness of firm's knowledge sharing practices (Grant, 1996). This is applicable for both explicit and tacit knowledge.

Effective knowledge sharing processes require certain managerial incentives for their employees, which promote and facilitate such practices inside the organization (Trichterborn et al., 2016).

Knowledge sharing can be done both formally and informally. Formal knowledge sharing can be facilitated through meetings, seminars, and committees. Informal ways of knowledge sharing are usually casual face-to-face conversations, phone conversations, and emails (Haspeslagh & Jemison, 1991b; Kale & Singh, 2007).

Knowledge sharing during pre-acquisition and integration phases is of crucial importance, as it ensures the dissemination of experience across the organization, as well as helps managers to better understand their previous experience (Trichterborn et al., 2016).

Hence, knowledge sharing, as a part of deliberate learning, helps firms build their integration capability and manage integration processes more successfully.

2.3.4 Internalization

Knowledge internalization refers to an ability of an individual to absorb received knowledge and to understand how to use it in the future (Trichterborn et al., 2016). Compared to other learning mechanisms, internalization is directed

towards the receiver of the information, regardless of whether it is a group or an individual. Internalization process emphasizes the importance of developing a know-how, rather than a simple understanding of why things work the way they do (Kale & Singh, 2007). Many companies fail to understand the significance of it and develop such know-how (Barkema & Schijven, 2008; King, Dalton, Daily, & Covin, 2004).

The most common methods for knowledge internalization are training sessions, workshops, and mentoring. All those techniques help create a knowledge base, which an individual can use to identify new and valuable M&A knowledge from both inside and outside of the organization, absorb it and then apply it. Supplementing this knowledge base with codified best-practice knowledge from intranet further enhances the internalization process. (Trichterborn et al., 2016).

3. Methodology

In the following section, we will present a detailed overview of how we conducted our study. This section consists of five parts: research design, data collection, data analysis, research quality and ethical considerations.

3.1 Research design

Research design provides a framework for the analysis and collection of data, and is an important decision when conducting a research (Bryman & Bell, 2015). We chose to use a qualitative approach in our research, as we find it to be the most appropriate method for our subject of study. The qualitative research allows for an in-depth understanding of the complex phenomenon, such as integration.

Following the request for a more theory-building approach on serial acquirers, we aim to use an inductive case research, which involves that theory is being developed in a "data-driven manner" using qualitative data (Bryman & Bell, 2015; Chatterjee, 2009). In our research, theory is understood as a *"set of propositional statements linking the key concept in the theory to one another"* (Mantere & Ketokivi, 2013, p. 75). Our study does not consist of any hypothesis; instead, we aim to describe a phenomenon (Greenwood & Levin, 2006).

Furthermore, our research question matches our naturally preferred philosophy of interpretivism, as our aim is to gain a more detailed understanding of the subject of study. We believe that it can be efficiently conducted by accessing the reality through a verbal interpretation of a phenomenon by its participants (Myers, 2013). In our case, we look at several interviews of the managers involved in serial acquisitions.

3.2 Data collection

We rely on transcribed interviews and additional secondary data to answer our research question. Eisenhardt and Graebner (2007) argue that interviews are efficient for the studies when the topic is episodic and infrequent, which is the case for serial acquisitions. We received 26 transcribed interviews from the

research project on serial acquisitions conducted in 2016 by our supervisor and students from BI. After carefully studying all the interviews, we have chosen a sample of 10 companies that has given us in-depth information regarding our research question. We chose our sample interviews based on the fact that they had sufficient information regarding integration practices. Other companies that were not chosen either did not integrate their acquired companies or lacked information regarding their integration practices.

Our sample of 10 Norwegian serial acquirers belong to various industries, such as energy, offshore, consumer goods, chemicals, construction and automotive. On average, all have acquired 5-10 businesses in the past 3 years. A more detailed overview is provided in Table 1 in the beginning of the next chapter.

Our secondary data also consists of the firms' annual reports for the past three years, stock announcements and company websites. The main challenges we faced, related to secondary data were filtering out noise due to the magnitude of data available, as well as determining the validity, accuracy and reliability of the data. Two potential issues were taken into account: *misinformation* - accidentally incorrect information, and *disinformation* - intentionally misleading information or data (e.g. selected in favor of an organization) (Bryman & Bell, 2015). We considered the sources carefully and conducted regular validation checks. When finding company information for Table 1, we used reliable sources, such as Proff.no and Zephyr databases.

3.3 Data analysis

By the nature of an inductive research method, we went through an iterative process, going back and forth between codes, themes, and theory before we ended up without findings. In line with Langley (1999), we found this process to be quite overwhelming, as the task to make sense of a large amount of data can be both hard and chaotic.

Initially, to find patterns in the interviews and between serial acquirers, we coded all 10 interviews in "Atlas.ti", software for qualitative data analysis. We started

with an open-minded coding approach in order to not overlook any important data (Strauss & Corbin, 1990). By doing so, we ended up with a large number of codes where we tried to look for similarities between the companies. This helped us helped us narrow down the topics and find interesting phenomena for further investigation.

Thereafter, the codes were structured into the following groups: *integration capability*, *deliberate learning (codification, articulation, sharing, internalization), and risk-mitigating practices*. This helped us to discover and systematically analyze complex phenomena, hidden in our interviews. We chose to locate and code our findings, and evaluate their importance in regard to our research question. Slowly, the results started to take shape, and we began to see parallels and connections between themes and factors. In another iterative process, we had in mind to connect the themes with current literature and to identify any gaps. Several times, we had to change and reconsider our themes because they were not the most interesting in regards to theory. We also experienced that we had to go back to the interviews several times to make sure that we had not ignored any interesting quotes. This was when we met theoretical saturation, and no new insights or interesting themes could be found (Bowen, 2008; Strauss & Corbin, 1990).

Once coding was complete, we identified serial acquirers' deliberate learning mechanisms (articulation, codification, sharing and internalization) (Trichterborn, Knyphausen-Aufseß, and Schweizer 2015). Based on the interviews, we assessed whether each serial acquirer had established a low, medium or high level of each of the deliberate learning mechanisms. *High* was given to the companies who have clearly observed, advanced, and frequently used learning mechanisms. *Medium* was given to the firms who have clearly-observed developed learning mechanisms with respondents acknowledging either some shortcomings of the current practices or infrequent use of them. Lastly, we assigned *low* to the companies who either have very little developed learning mechanisms or none observed. A detailed overview is provided in Table 2. Additionally, we identified firms who use risk-mitigating practices, which gave us a complete picture of the dynamic capability development among our serial acquirers.

Based on our analysis, we divided the serial acquirers in three groups: companies with well-developed dynamic integration capabilities, with no signs of dynamic integration capabilities and in the process of developing them. By doing so we were able to see clear differences between each group, which allowed us to understand how companies develop dynamic integration capabilities.

3.4 Research quality

Since measurement is not a major concern among qualitative researchers, the issue of validity would seem to have little importance for such studies (Creswell & Miller, 2000). However, we find it important to address both validity and reliability in our research. This is because we want our study to provide accuracy in data collection and analysis, and thus present our conclusions as more credible.

Validity

The companies that are involved in our interviews represent different industries. Even though we believe that our results are representative for more than one industry and country, we do not seek generalizability. Our aim is to contribute to the current literature with our findings and encourage future studies to explore our results further, which is common with qualitative research (Bryman & Bell, 2015). Next, since we have not conducted the interviews ourselves, we cannot account for the answers being completely unbiased. However, we assess the validity of our sample interviews as very high, based on the fact that interviewers used situational and job-related questions (McDaniel, Whetzel, Schmidt, & Maurer, 1994). Lastly, as the interviews were conducted with the senior managers, and thus there is a possibility of management bias, which is common for M&A studies (Risberg, 2001).

Reliability

Reliability is mainly an issue connected to the replication of the results (Bryman & Bell, 2015). Hence, we believe that it is an important subject to address. In order to strengthen the reliability of the study, we have a detailed description of our study in the chapter above. Moreover, in the following part when presenting

our findings we exemplify with direct quotes carefully translated to English. This way, we preserve most of the original context and strengthen the quality of our research.

3.5 Ethical considerations

There are a number of ethical issues that has to be taken in considerations when analyzing secondary analysis of qualitative data (Bryman & Bell, 2015). We have carefully considered all the ethical issues when analyzing the interviews handed to us. Thus, we have concealed the identities of the companies and individuals involved in the interviews. Instead, we chose to use nicknames such as “Earth” and “Jupiter” when describing the organizations, as well as hiding real numbers, e.g. revenue and employees, by dividing them in several categories.

4. Findings

In this section we present our findings on how the serial acquirers develop dynamic integration capabilities. Our codes *(deliberate learning, risk-mitigating practices and integration capability)* allowed us to discover some variation in the use and stage of development of deliberate learning mechanisms (Table 2), as well as use of risk-mitigating practices. These variables varied from firm to firm, however, there were some similarities that allowed us to group our companies. We present the following groups: *companies with well-developed integration capabilities, companies with no signs of integration capabilities, and companies in the process of developing integration capabilities*.

The following two tables represent an overview of the important characteristics of the serial acquirers in our sample and will serve for further analysis.

Company	Revenue MNOK 2015	Established	Number of employees 2015	Industry	Number of acquisitions since 2014
Earth	>100	1900-1950	>10 000	Chemicals	>10
Mercury	10-100	Before 1900	1000-10 000	Energy	<5
Venus	10-100	Before 1900	>10 000	Offshore	5-10
Mars	10-100	1900-1950	1000-10 000	Construction	>10
Neptune	<10	After 2000	<1000	Offshore	<5
Saturn	10-100	1900-1950	>10 000	Metals/ Energy	<5
Jupiter	10-100	Before 1900	>10 000	Consumer goods	5-10
Pluto	<10	After 2000	<1000	Automotive	5-10
Uranus	<10	After 2000	<1000	Consumer goods	<5
Sun	10-100	1951-2000	1000-10 000	Energy	5-10

Table 1 Company overview

Company	Codification	Articulation	Sharing	Internalization	Overall
Earth	High	High	High	High	High
Mercury	High	Medium	Medium	Low	Medium
Venus	High	High	High	Medium	High
Mars	High	Low	High	Low	Medium
Neptune	Low	Low	Medium	Low	Low
Saturn	High	Medium	High	High	High
Jupiter	High	High	Medium	Low	Medium
Pluto	Low	Medium	Medium	Low	Low
Uranus	Low	Low	Low	Low	Low
Sun	High	High	High	Medium	High

Table 2 Degree of development of deliberate learning mechanisms

**High: clearly- observed, advanced, and frequently-used learning mechanisms. Medium: clearly-observed developed learning mechanisms with respondents acknowledging either some shortcomings. Low: very little-developed learning mechanisms or none observed.*

4.1 Companies with well-developed dynamic integration capabilities

4.1.1 Earth

Interviewee:

Head of M&A

Company Description:

Earth is a large Norwegian chemical company. The company was established in the beginning of the 20th century and currently has around 13 000 employees and is present in more than 50 countries. Earth has an extensive international acquisition experience, as M&A has always been one of the company's preferred expansion modes.

Learning mechanisms:

Explicit knowledge transfer is of great importance for Earth. Building on experience from past acquisitions, Earth created a Post-Merger Integration (PMI) handbook. In this manual, Earth's employees document all their experiences, thus, it is frequently updated.

"So, we have a handbook for how to make acquisitions, which is constantly refined a bit after each acquisition we make. It is different, as before we did not have any structured process of how to do that. Now we started to standardize in order to ensure that we have some integration experience transfer from one acquisition to another." – Earth

However, our interviewee stressed that it's not optimal to have too many documents; instead, he emphasized the importance of including an integration manager with various experience in the M&A team.

"Of course, codifying is generally useful, but it does not really always help to have lots of documents for how to do things, just because it worked last time." – Earth

The integration manager can introduce new opinions through debates and discussions, which will allow the team members to acquire new knowledge. Thus, Earth has a high degree of knowledge articulation.

"So, when we have a new acquisition, which needs to be integrated, we try to find an integration manager, who has done it before. It is often difficult, but at least there is someone in the team, who has already been through this. And at least there is someone from my team, M&A, who is there to support them."- Earth

Moreover, Earth has well-developed structured and formal sharing practices. For example, the M&A team would meet after each acquisition to discuss the process in details. Furthermore, in order to maximize the learning process, Earth emphasized the importance of the management involvement in the integration process.

"We gather all the members in the integration teams, and maybe they will also have a meeting with the new company" –Earth

Earth is also considering creation of an integration department in order to document and share the experience and learning process within the entire company. However, they emphasize that it can be a difficult and demanding process.

To sum up, we can see that Earth over time has implemented several structures and routines as a response to the changing environment. The company recognizes the pitfalls of codifying and adjusts its integration strategy for each subsequent acquisition. Furthermore, Earth has become more conscious about the integration processes, emphasizing that a mixture of codification and sharing is optimal in order for knowledge sharing to take place. Thus, we can observe Earth having certain routines for minimizing negative experience transfer and triggering variation, which we identified as risk-mitigating practices. Overall, we can see that Earth has all the four learning mechanisms developed to a *high* degree (Table 2). This, in combination with the presence of risk-mitigating practices, allows us to conclude that Earth has developed a dynamic integration capability.

4.1.2 Venus

Interviewee:
Group Legal counsel

Company description:
Venus is a large Norwegian serial-acquirer with around 15 000 employees in more than 100 companies. The company provides classification, technical assurance and advisory to many different industries. Venus was established in the mid-19th century, and is the oldest serial acquirer in our sample. The current company is a result of a merger, which happened less than a decade ago.

Learning mechanisms:

We observed Venus having high level of codification. Venus has developed knowledge databases, which are frequently used by the employees to document negative and positive experiences from the "100 days of the integration process". This 100-days plan is company's own integration strategy, which is applied in every transaction.
Next, Venus has a document, called "M&A Compliance pack", with a chapter dedicated to the previous integration decisions. Furthermore, in order to foster learning from the integration process, all the integration templates are saved in an excel document.

"We have a lot of procedures, we make the integration process on the basis of one massive Excel sheet, which basically explains the work processes in 100 days."- Venus

Venus has also high level of articulation, which takes place both formally and informally. For example, The M&A team at Venus meets after 100 days since the start of the integration in order to have a detailed discussion of the process.

"We are a small team, so we always have such "wrap-up" after we acquired a company, closed the deal, and 100 days after the integration, or other time set for integration, where we go through what went well, and what went bad, and what could have been done better." – Venus

Also, Venus has established procedures for knowledge internalization. They have integration workshops prior to "closing" of the deal, 100 days after the deal, and a "lessons learned" seminar when the integration is regarded as finished. During those workshops, the team can discuss what they should do in order to achieve the most optimal integration process.

"Then we have an integration workshop, where we add-up on the necessary tools from each workflow and discuss on both sides of the table what we really need to have in place in the next 100 days, but a lot of it is already given, so it is just a tail making (final touch) for this particular company." – Venus

However, Venus is still not as efficient when it comes to summarizing and reviewing the integration process after it is finished, and they acknowledge that.

"We are probably not very good when it comes to a proper review after we are done with the process to see how we could learn of those processes along the way, and what we could have done better. I think this is something we could have been better at every stage."-Venus

Our respondent also said that the company aims to be better at the integration process by having dedicated teams who has access to all the documented experiences. In this way, the team members can share information with each other, which will ensure learning. Furthermore, our interviewee emphasized that one of the most important things they have learned through the years of acquisitions, is that the integration manager should be involved in the process as early as possible.

Venus has previously made many poor integration decisions. However, their ability for self-reflection helped Venus learn a lot from these mistakes and helped develop effective integration procedures. Now the company has a structured approach for its integrations. They always evaluate their integrations after they are finished in order to assess their actions and mitigate negative experience transfer in the future integrations.

"We have learned a lot during those years. We have made many mistakes, many bad integrations and some good ones." – Venus

Overall, Venus has scored *high* on all the learning mechanisms apart from internalization, where it got *medium* (Table 2). We still assess Venus deliberate learning mechanisms to be quite high. Additionally, Venus' "lessons learned" approach for integration evaluation shows their ability to understand the risks, connected to negative experience transfer, and adjust their routines for upcoming integrations. Based on this, we can conclude that Venus has developed a dynamic integration capability.

4.1.3 Saturn

Interviewee:

Executive Vice President Corporate Business Development and Renewable Energy

Company Description:

Saturn is one of the world's largest metals and renewable energy producers. The company was founded in the beginning of the 20th century and currently employs around 13 000 people in more than 50 countries around the world. Saturn has been involved in a number of acquisitions both in Norway and internationally.

Learning mechanisms:

Saturn always starts working on integration strategy as soon as it becomes clear that there is an acquisition coming ahead. While negotiating with managers of the target company, Saturn's M&A team starts thinking about the fastest way to integrate the company and the synergies they can extract. Knowledge codification has always been very important for Saturn. As it has a long history of acquisitions, the company has an opportunity to draw on the previous experience and improve its integration practices. Saturn always uses an Integration Office, which is operating on the side of the main organization. As a part of this Integration Office, there is a dedicated M&A team of 10-15 people, who take part in all the acquisition processes. The M&A team is also responsible for the development of all the guidelines and blueprints for acquisitions. Those documents are an open-source product, as everyone who has experience can update them and improve. Saturn described their M&A manuals as one of the best you can find in their industry, however, their integration documentation is not as advanced. Moreover, our respondent acknowledges that Saturn is not always very efficient when it comes to post-acquisition integration of companies that are very different from each other.

"In a way, no one owns them (templates), it is a joint ownership. We, who have been involved in those processes, we make sure that they are available"- Saturn

Lastly, Saturn has high degree of knowledge sharing due to its organizational culture, which promotes and supports knowledge dissemination across the company.

"We have a system, where we have low thresholds for information sharing and clarifications."- Saturn

"It is mostly the same people, and this is our strength. At corporate we have 10-15 people, who are always involved and work very well together, and it is completely seamless how they work. They are good at information sharing and this is a big advantage for us, compared to many other companies, who work more isolated." – Saturn

In sum, Saturn has a set of well-established routines for post-acquisition integration, which are continuously modified and updated. Next, Saturn is constantly doing what they call "self-flagellation", as they are trying to learn from their mistakes improve their integration practices. Similarly to Earth, Saturn also does not rely too much on codification, instead each acquisition is assessed separately, and the tools are updated accordingly.

"We just have to use it correctly. So, we can adjust it a bit. We have templates, thinking, and documentation for those things, etc. It is embedded in the company's way of working." – Saturn

Overall, Saturn has scored *high* on all the learning mechanisms apart from articulation, where it got *medium* (Table 2). Also, we can clearly observe Saturn having risk-mitigating practices. Thus, we conclude that Saturn has developed a dynamic integration capability.

4.1.4 Sun

Interviewee:
Head of M&A

Company Description:

Sun is a large Norwegian hydropower company, established by the end of the 19th century. After the deregulation of power markets, Sun has experienced tremendous growth through acquisitions and organic growth, thus becoming Europe's largest producer of renewable energy. Currently, the company employs around 4000 people and is present in more than 20 countries globally.

Learning mechanisms:

Learning and experience transfer from previous acquisitions is very important for Sun. The company is actively using deliberate learning mechanisms.

After each deal closing, M&A team always has a debrief session. The topics discussed usually include the inter-team dynamics, what went well, and what could the team do differently with the knowledge they acquired during the integration. Next, the team creates what they call a "lessons learned" list, which is then included in a report for the board and the participants of the integration process. Thus, we can see that articulation as a knowledge sharing technique is actively used.

The team has also developed their own M&A handbook, which is available to everyone on the intranet. This manual provides a detailed description of all the different stages of the process. Moreover, it is written relatively simple, so that everyone would understand the content. Our interviewee acknowledged an issue of the handbook not being updated regularly. At the time of the interview, the handbook was under a lot of improvements.

"Everyone has it (manual), it is in our intranet. It is a support for people, who have not been doing it before and does not have as much experience." – Sun

Sun purposefully keeps its manuals very generic. Thus, the documents just provide the basic tools for integration, as the company recognizes the need to adjust its routines for each acquisition.

"This M&A handbook is essentially a description of how the process goes, just an overview of the different phases. It is a very basic description." – Sun

Overall, we can observe that Sun possesses the ability for self-reflection, which results in routine adjustments, variation, and risk-mitigation. This ability, combined with its *high* degree of deliberate learning mechanisms (Table 2) allows us to conclude that Sun has developed dynamic integration capability.

Summary

The table below contains quotes, illustrating use of various deliberate learning mechanisms by the companies in this group.

Codification	**Articulation**
"So, we have a handbook for how to make acquisitions, which is constantly refined a bit after each acquisition we make. It is different, as before we did not have any structured process of how to do that. Now we started to standardize in order to ensure that we have some integration experience transfer from one acquisition to another." – Earth *"Everyone has it (manual), it is in our intranet. It is a support for people, who have not been doing it before and does not have as much experience." – Sun* *"We have a lot of procedures, we make the integration process on the basis of one massive Excel sheet, which basically explains the work processes in 100 days."- Venus* *"In a way, no one owns them (templates), it is a joint ownership. We, who have been involved in those processes, we make sure that they are available"- Saturn*	*"We are a small team, so we always have such "wrap-up" after we acquired a company, closed the deal and 100 days after the integration, or other time set for integration, where we go through what went well, and what went bad, and what could have been done better." – Venus* *"So, when we have a new acquisition, which needs to be integrated, we try to find an integration manager, who has done it before. It is often difficult, but at least there is someone in the team, who has already been through this. And at least there is someone from my team, M&A, who is there to support them."- Earth* *"Tomorrow, I am going to have debrief with a guy in the top management regarding the two processes we have just gone through. So, go through those learning points… And then again, I am discussing with him those points, if this is something we actually need to move on"- Sun*
Sharing	**Internalization**
"We have a system, where we have low	*"Then we have an integration workshop,*

thresholds for information sharing and clarifications."- Saturn *"We gather all the members in the integration teams, and maybe they will also have a meeting with the new company" – Earth* *"We have lesson-learned processes after each acquisition, where we discuss both the positive and negative aspects" - Venus* *"We have a post-deal session, where we go through how we worked together as a team, and what we could have done differently, if we had the knowledge that we have now"- Sun*	*where we add-up on the necessary tools from each workflow and discuss on both sides of the table what we really need to have in place in the next 100 days, but a lot of it is already given, so it is just a tail making (final touch) for this particular company." – Venus* *"A year or year and a half later, we have what we call a post-investment review"- Earth* *"We do cost-investment review after 2 years for all large projects, which we discuss with the top management and the board of directors" - Saturn*

Table 3 Illustration of the deliberate learning mechanisms for companies with dynamic capabilities

In sum, we can observe that these companies have four factors in common. Firstly, they are large multinational companies with high revenues and have acquired 5-10 companies in the last 3 years. Secondly, they were all established before year 2000, where three out of four were established before year 1950 (Table 1). Next, the companies who have developed dynamic capabilities have overall high degree of deliberate learning mechanisms (Table 2).
Based on the analysis and quotes above, we observe that these learning mechanisms have with time become an integrated part of their routines and structures. Lastly, all the companies in this group showed an ability to reflect and adjust their integration processes for each subsequent acquisition, recognizing that all cases are different and require specific integration strategies. We identified those routines as risk-mitigating practices.

4.2 Companies with no signs of dynamic integration capabilities

4.2.1 Neptune

Interviewee:

Director region Europe

Company description:
Neptune is a specialized marine and engineering consultancy, established less than a decade ago. In fact, this serial acquirer is the youngest company in our sample. The company is present in more than 10 countries globally and has around 300 employees.

Learning mechanisms:
Our interviewee explained that previous experience is used both before and during the integration process, emphasizing the importance of its transfer. Neptune specified that they have been codifying previous integration experience to a little degree.

"We use documentation to some degree. Acquisitions are different, but the methodology is the same" –Neptune

The company relies mostly on the tacit knowledge of its employees; thus, it is crucial that the partner with right competence and experience is a part of the integration team. Hence, we see that Neptune is mostly relying on informal knowledge sharing practices.

Overall, Neptune scores *low* on all learning mechanisms apart from sharing, where we assessed it as *medium*. Thus, its overall degree of learning is *low* (Table 2). In light of this, we can conclude that Neptune has no signs of dynamic integration capability.

4.2.2 Pluto

Interviewee:
Head of Business Development

Company Description:

Pluto is an investment company, which focuses on automobile services and products. The company has a long experience in corporate development and financial restructuring. Pluto has been established less than a decade ago, and since then has already acquired 8 businesses in the Nordic region.

Learning mechanisms:
The company has an integration team, consisting of 2 people with an extensive industry experience. The respondent is leading the acquisition process, while the second person is responsible for the technical part.
According to the interviewee, experience from previous integrations is very important. Thus, there is the same person who is always fully responsible for the integration processes and has a lot of experience to leverage on. Thus, Pluto relies almost exclusively on tacit knowledge transfer through face-to-face communication. When it comes to documenting experience, Pluto usually develops a business case with a 5-year plan for each acquisition, but this process is not done in a systematic way.

"The guy who works for me has a lot of integration experience… so it's just about taking the best practice, right?" – Pluto

Overall, Pluto scored *low* on codification and internalization and *medium* on sharing and articulation (Table 2). We conclude that Pluto has low degree of deliberate learning and no risk-mitigating practices, and, hence, no dynamic integration capabilities.

4.2.3 Uranus

Interviewee:
Chief Operating Officer

Company Description:
Uranus is one of the largest fast-moving consumer goods firms in the Nordics. The company is relatively new, as it was established less than a decade ago.

Despite its young age, Uranus has been expanding rapidly and has already made 7 acquisitions.

Learning mechanisms:
Due to its relative newness, Uranus does not have any structured process for integration. Leader's integration knowledge is tacit; thus, the company does not have any codified manuals or blueprints.

"Interviewer: So, it is mostly based on the tacit knowledge, right?
Respondent: Yes, it is.
Interviewer: What they have learned, and your bosses, and...
Respondent: And an unstructured process, where we think that this is important, so let's work on it.
Interviewer: Would you say that you have more established pre-acquisiton routines, compared to the integration part?
Respondent: Yes, absolutely." – Uranus

The integration process is therefore somewhat unstructured. Since all integrations are different, Uranus does not see the need to document the experiences. Recently, the company has finally acknowledged the need for experience codification and has already started collecting manuals and templates from the external sources in order to build an internal knowledge database.

"After we have been through some acquisitions, we started thinking about having a more structured process, because it has not been structured in the acquisitions we have done unfortunately. We have seen some negative implications because of that." – Uranus

Uranus management has experienced that their decision-making processes are limited by human cognitive abilities.

"Unfortunately, the opportunity to use it (experience) in the next acquisitions depends on me and our financial director remembering it, and that people, we are working with, also remember it. This is where it lies, unfortunately… I have

started collecting documents from … and … on how to make integrations. It is in a way structured process, where people, based on their experience on what can go right and wrong, give you some tips on how you should think. I will look at them next time. It might happen, that we met some new unforeseen problems."- Uranus

Our data also revealed that Uranus has a low degree of articulation, sharing and internalization practices. Overall, the company scored *low* on all learning mechanisms (Table 2). Hence, we observe that Uranus has not developed a dynamic integration capability

Summary

The table below contains quotes, illustrating use of various deliberate learning mechanisms by the companies in this group.

Codification	**Articulation**
"We use documentation to some degree. Acquisitions are different, but the methodology is the same" -Neptune *"It is a bit difficult to say what changed from transaction to transaction, and the reason is that it was not documented from time to time" - Uranus*	*-n/a*
Sharing	**Internalization**
"We involve a team from our headquarters, with the right competence and acquisition experience" – Neptune *"The guy who works for me has a lot of integration experience... so it's just about taking the best practice, right?" - Pluto*	*-n/a*

Table 4 Illustration of the deliberate learning mechanisms of the companies without dynamic capabilities

To sum up, there were four elements these serial acquirers had in common that we would like to point out. Firstly, age is an important factor; all of these companies

were established after the year 2000. Secondly, all of them are relatively small in relation to both revenue size and number of employees (Table 1). Next, none of these had clearly developed learning mechanism in use, and interestingly enough, they were not actively using codification tools (Table 2). Finally, none of the companies recognized the need to reflect on their experience and adjust their integration strategies, hence no risk-mitigating practices.

4.3 Companies in the process of developing dynamic integration capabilities

4.3.1 Mars

Interviewee: Finance Manager

Company description:

Mars is a large Norwegian construction and engineering company. Its business involves a network of Scandinavia contraction and engineering operations, rehabilitation work, and heavy construction contracts. Mars was founded in the beginning of the 19th century, and currently is among the fourth largest in Scandinavia with more than 7000 employees.

Learning mechanisms:

Mars has experienced some difficulties during previous integrations. Drawing on these complications they became more conscious about how they handle the integration process. More specifically they have established routines and structures for the different aspects of the integration process.

Data extracted from the interviews show that Mars was actively codifying their experiences.

> "*We make reports from different levels (of organization).*"- *Mars*

The company's use of acquisition manuals and guides allows the team members to achieve an understanding of their colleagues' past experience. These manuals are constantly updated, and aim to prevent people from making the same mistakes and are especially useful for the members with little integration experience.

Furthermore, Mars finds it important to include members with past integration experience in the integration teams.

Overall, the knowledge transfer is both explicit and tacit. Mars scored *low* on articulation and internalization, but received *high* on codification and sharing. Thus, we assess its overall degree of learning as medium (Table 2). Building on this information, we cannot conclude that Mars have fully developed dynamic integration capabilities. However, they are slowly developing stable patterns of collective activities.

4.3.2 Mercury

Interviewee:

Head of Finance and Investor Relations

Description:

Mercury is a large Norwegian energy company, which owns the power grid and district heating in Oslo, as well as a number of hydroelectric power plants. The company was established by the end of the 19th century and has a long history of acquisitions in Norway.

Learning mechanisms:

For Mercury, it is important to preserve integration experience. The members of the integration team have the opportunity to codify their experiences in the systems and databases developed by the company. It is also emphasized that the models in the internal documents and processes are being reused frequently. As a general rule, it is the responsibility of the project manager to document the experience. Thus, the quality of documentation varies, as managers have complete freedom of decision to which degree they want to codify the process.

"We've got an internal structure, where we document the entire process. And there is a lot of re-use, in the form of models… what kind of questions we ask and what are we concerned about when we are on the buyer-side. " – Mercury

Mercury is also relying on informal sharing practices and knowledge articulation. After the integration, the team members evaluate the process by discussing their experience and sharing their opinions on strengths and weaknesses of the integration. Furthermore, their strategy is to use the same people for both acquisition and integration processes. This way, the integration team can obtain all the necessary information from the people involved in the transaction since the beginning.

"They (M&A team) are typically also in the integration. So, there is experience transfer." – Mercury

Overall, Mercury has routines and structures that are frequently used, but they vary in the quality and detail. Regarding the degree of various learning mechanisms, we assessed Mercury's codification practices as *high*, articulation and sharing as *medium*, and internalization as *low*, with a medium degree of deliberate learning overall (Table 2). Next, similarly to Mars, Mercury does not demonstrate any use of risk-mitigating practices.
We can conclude that Mercury has not developed dynamic integration capabilities yet, but they are in the process, admitting that they could be better at several areas.

4.3.4 Jupiter

Interviewee:
Executive Vice President

Company Description:
Jupiter is a Norwegian conglomerate, employing more than 30 000 people and operating in more than 40 countries all around the globe. The company products range from branded consumer goods to financial investment services. Jupiter has been involved in a large number of acquisitions. For instance, they acquired 3 businesses in 2016.

Learning mechanisms:

Jupiter is relying heavily on a combination of knowledge codification and knowledge sharing. As a rule, integration plans are created prior to the acquisitions, and are systematized thereafter in order to create a best practice. Next, Jupiter has developed some specific integration guidelines in various areas, such as legal and accounting.

"We have created an integration plan; we have done it in the other Jupiter-companies as well. So, we are trying to kind of systematize it and create a best practice. I think what we are doing in … is going to be very good best-practice…"
- Jupiter

The company always uses an M&A team, consisting of 5 people: integration leader, integration manager and three juniors. However, not everyone from the M&A team is involved in the integration.

"Sometimes, I have involved them. I think it went pretty good, they know the case well, but we buy, let's say for 6 months, and they are in. I think it is useful to give them some responsibilities after they have been in the transaction. Often, they work on the transaction and then switch to something different. But it is very useful to have them continue." – Jupiter.

Jupiter tries to leverage on the existing competencies in the company, thus the team composition depends on the required knowledge for each specific integration.

Overall, we assessed Jupiter's deliberate learning mechanisms as follows: codification and articulation is *high*, sharing is *medium*, and internalization is *low* (Table 2). Therefore, the total degree of learning mechanisms is medium. Moreover, we have not observed that Jupiter has developed any risk-mitigating practices, connected to integration processes. Based on this, we conclude that Jupiter is on its way to developing a dynamic integration capability.

Summary

The table below contains quotes, illustrating use of various deliberate learning mechanisms by the companies in this group.

Codification	**Articulation**
"We make reports from different levels (of organization)."- Mars *"We've got an internal structure, where we document the entire process. And there is a lot of re-use, in the form of models… what kind of questions we ask and what are we concerned about when we are on the buyer-side. " – Mercury* *"We have developed an integration plan… So, we are trying to systematize and create a best-practice. I think what we are doing now with the acquired company is going to be a very good best-practice, so we have done very-very well. We are making systematic plans" – Jupiter*	*"We try to summarize our projects, with the question "what went well in this process, and what could we do better", which we can learn from. However, we have not developed a good system, where we can easily access past experiences" - Mercury* *"We have an integration manager. Maybe we can use him in a new acquisition. So, we have people from the headquarters, who have experience. Also, there is an integration team of 3 people, and, of course, there is a lot of competence, that can be used, both physically, and in the meetings to get tips and advice." – Jupiter*
Sharing	**Internalization**
"If there is a need for a discussion, I have access to all the decision makers in the company, so we can have an informal meeting… And it that way we learn from each other's experience who has worked with acquisitions". - Mars *"They (M&A team) are typically also in the integration. So, there is experience transfer." – Mercury*	*-n/a*

Table 5 Illustration of the deliberate learning mechanisms of the companies, developing dynamic capabilities

In sum, all of these serial acquirers are large multinational companies established before year 2000 (Table 1). They have several well-developed learning mechanisms. However, the reason for the companies being classified as "in the process of capability development" lies in their *low* degree of internalization

(Table 2). As internalization processes allow firms to absorb knowledge and develop certain know-how, we see absence of it as an impediment for dynamic capability development.

Moreover, none of the serial acquirers in this group have shown any signs of the risk-mitigating practices, which are also important for capability development. All the companies are acknowledging the need for further development of their learning mechanisms. To this date, they are working on different tools to have an efficient knowledge transfer of past experiences in the integration processes.

5. Discussion

Previous literature on serial acquirers is dominated by quantitative approach (Chatterjee, 2009). Additionally, there have been several repeated calls for more research on serial acquirers (Haleblian et al., 2009; Laamanen & Keil, 2008). We address both these issues and contribute to the literature by conducting a qualitative study on how serial acquirers can develop dynamic integration capability.

So far, the big puzzle on why some acquirers never learn to integrate remains unsolved. We contribute to the literature by showing that serial acquirers need to develop dynamic integration capabilities in order to successfully integrate the acquired firms. Our findings show that a serial acquirer should establish all four deliberate learning mechanisms (codification, articulation, sharing and internalization) to a medium to high degree, in order to develop dynamic integration capably. Additionally, we argue that the firm needs to apply risk-mitigating practices, which trigger variation and counteract negative experience transfer. In the following sections, these findings will be further discussed in light of theory.

5.1 Role of deliberate learning mechanisms

Previous literature agrees that deliberate learning mechanisms combined with experiential learning lead to the development of dynamic capabilities (Amiryany, Huysman, de Man, & Cloodt, 2012; Trichterborn et al., 2016; Zollo & Winter, 2002). For example, Zollo and Winter (2002) were among the first ones to propose that deliberate learning mechanisms underline the second-order dynamic capabilities. Trichterborn et al. (2016) also found that deliberate learning mechanisms has positive effect on M&A capability development.
Our research supports the argument that deliberate learning mechanisms are indeed crucial for the development of dynamic integration capability (Zollo & Winter, 2002).

More recent research suggests that deliberate learning mechanisms are in fact second-order capabilities itself (Schilke, 2014). This corresponds to our findings,

as we argue that fully developed deliberate learning mechanisms in combination with risk mitigating practices form dynamic integration capabilities. Thus, we believe our study is a fruitful addition to the somewhat fragmented previous research on integration capabilities (Capasso & Meglio, 2005; Mitchell & Shaver, 2003; Zollo & Singh, 2004; Zollo & Winter, 2002).
In the following, all four deliberate learning mechanisms, as well as risk-mitigating practices, will be discussed in detail.

Codification

Codification has shown to be an important mediator for the capability development (Gates, Heimeriks, & Zollo, 2008; Zollo & Singh, 2004). Zander and Kogut (1995) found that a capability that can be codified transfers easier. Furthermore, codification simplifies coordination and implementation of a complex and ambiguous tasks, such as integration (Argote & Ren, 2012). Overall, we observed that almost all of the companies in our sample (7 out of 10) use codification, acknowledging its importance and ease of use. Most of the companies appreciate the fact that all employees can effortlessly access information they need. We found that the serial acquirers with well-developed dynamic integration capabilities had the most advanced and systematic codification practices.

Scholars argue that codification is a zero-order routine and that extensive use of it can result in inertia and hinder adaptability of routines (Heimeriks et al., 2012; Zollo & Winter, 2002). We found support for this argument in our study, as the serial acquirers acknowledge this phenomenon as a problem.
Researchers suggest that codification needs to be adjusted by higher-order routines (Heimeriks et al., 2012; Zollo & Singh, 2004). Our research is in line with this, as the serial acquirers with the established integration capabilities apply certain risk-mitigating practices. Although they vary across the companies, the general notion is that these routines address the need for variation in the integration routines.

Articulation

Knowledge articulation has shown to have a positive effect on the development of dynamic capabilities (Zollo & Winter, 2002). It has been proven especially helpful in situations that can be characterized as infrequent, heterogeneous and highly ambiguous, such as integration (Zollo & Reuer, 2010). Such high-level learning requires more deliberate efforts in order to overcome high ambiguity (Zollo & Winter, 2002). We found that the serial acquirers in our sample actively use articulation, especially the ones with well-developed integration capabilities and those in the process of developing. Deliberate methods, such as debriefing sessions and involvement of experienced integration managers were the most commonly used practices.

Our study supports Trichterborn et al (2016), who found that articulation, in combination with the other learning mechanisms, plays an important role in capability development. We argue that companies need to have established articulation routines to a medium to high degree in order to develop dynamic integration capabilities.

Sharing

Sharing is crucial for integration capability development, as it allows for knowledge dissemination across the firm. It helps managers to better understand their previous experience in the context of the current task (Trichterborn et al., 2016). Kale and Singh (2007) argue that sharing can take place both formally and informally. We found support for this, as the serial acquirers with well-developed integration capabilities actively used both areas for knowledge sharing. The most common practices were meetings and discussions, both inside the integration team and across the teams. Additionally, the companies emphasized that maintaining an open organizational culture with low thresholds for knowledge sharing is crucial in this regard. Furthermore, Zollo and Winter (2002) claim that the development of dynamic capabilities requires deliberate learning efforts. Interestingly enough, we observed that the companies without integration capabilities were mostly focusing on informal sharing practices, which are not deliberate.

Similar to Grant (1996), who argues that companies must establish effective knowledge sharing practices in order to develop a certain capability, we suggest that companies should establish sharing practices to a high degree in order to develop dynamic integration capability

Internalization

Knowledge internalization emphasizes the importance of developing know-how rather than a simple understanding of why things work the way they do (Trichterborn et al., 2016). Compared to other learning mechanisms, internalization is much more focused towards the receiver (Kale and Singh, 2007). Thus, this learning mechanism is the most difficult to develop. In line with this, we observed that few companies in our sample had internalization practices (4 out of 10). Next, we found that all the companies that have developed dynamic integration capabilities possess medium to high degree of internalization, which allows them to fully understand the nature of processes underlying integration and develop certain know-how (Trichterborn et al., 2016).

Internalization allows companies to understand the processes in full detail and develop a certain know-how (Barkema & Schijven, 2008; Kale & Singh, 2007; King et al., 2004; Trichterborn et al., 2016). Thus, based on previous research and our analysis, we suggest that companies that do not invest in internalization fail to develop ability for critical self-reflection and deep learning. Furthermore, low level or complete lack of internalization diminishes the positive effect of all the other learning mechanisms and limits the firm's overall learning ability. Therefore, we argue that internalization is of crucial importance for the development of dynamic integration capability.

5.2 Risk-mitigating practices

Heimeriks et al. (2012) argues that managers need to apply risk-management routines in order to minimize the risk of negative experience transfer and to trigger variation. Supporting this argument, we observed that serial acquirers with well-developed dynamic capabilities apply certain risk-mitigating practices as a "lessons learned" reaction to unsuccessful integrations. Based on their previous

negative experience, firms manage the risks of the rigidness of codification tools, by assessing how the new deal is different from the previous ones (Heimeriks et al., 2012). In our case, the firms keep manuals very generic and easy to adjust for each integration, as well as hold evaluation sessions for identifying potential pitfalls.

Next, we observed that none of the companies in the process of developing dynamic integration capability have shown to recognize the need for such practices. We argue that this phenomenon can be explained by their lack of internalization routines, as they are not able to achieve a deep understanding of the processes underlying integration (Kale & Singh, 2007; Trichterborn et al., 2016).

Overall, based on our analysis and the discussion above, we argue that risk-mitigating practices are crucial for the development of dynamic integration capability.

5.3 Dynamic integration capability model

To answer our research question, we propose the following model of the dynamic integration capability. Our findings are in line with Schilke (2014) proposition that deliberate learning mechanisms are one of the types of second-order capabilities. Moreover, we observe that acquirers with well-established dynamic capabilities apply certain risk-mitigating practices. This observation corresponds to Heimeriks et al. (2012) findings.

The figure below summarizes our findings and illustrates our suggested model of a dynamic integration capability, based on the deliberate learning mechanisms. Codification is a zero-order routine; thus, it is located at the bottom of the capability (Winter, 2003). The rigidness of codification and its high risk of negative experience transfer is adjusted by risk-mitigating practices, which in turn are modified by the outcomes of internalization processes (Heimeriks et al., 2012). In other words, companies critically evaluate their current practices, absorb the new knowledge, learn from their mistakes and recognize the need for routine

variation. Articulation, sharing, and internalization are all second-order routines, which interact with each other (Schilke, 2014).

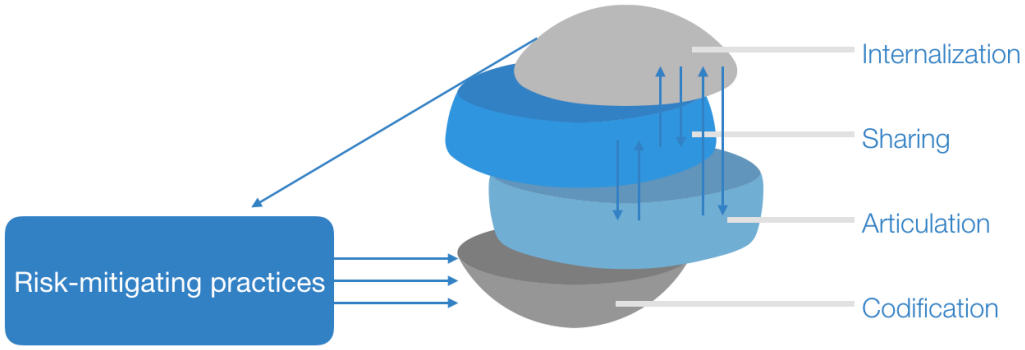

Figure 1 Dynamic integration capability model

6. Conclusion

We contribute to the existing literature by analyzing how integration capabilities are developed, which can help scholars and practitioners understand this complex phenomenon better. We argue that a company needs to have all four deliberate learning mechanisms, as well as risk-mitigating practices in order to develop dynamic integration capability. Moreover, internalization shows to be critical for the firm's development of integration capability, as it allows for deeper understanding of the processes underlying integration (Trichterborn et al., 2016). Based on our analysis, we present a model of dynamic integration capability, which explains how various learning mechanisms interact with each other. Additionally, we answer the call for more qualitative research on serial acquirers (Chatterjee, 2009; Laamanen & Keil, 2008).

6.1 Managerial implications

Our findings offer serial acquirers insight on the importance of investing in deliberate learning mechanisms. We would recommend the management to invest both time and resources in tacit and explicit knowledge sharing.
Specifically, managers should focus on developing internalization practices, as this helps firms to absorb the knowledge acquired through other learning mechanisms and develop a deeper understanding of phenomena.
Lastly, managers should not rely too heavily on the codification tools. We recommend developing risk-mitigating routines in order to counteract the rigidness of the codification.

6.2 Limitations and future research

Despite the original insight our study offers, it has some limitations.
Firstly, we have not conducted the interviews ourselves. As such, it limited the data available on the topic we chose to investigate. If we were to conduct the interviews ourselves, we would try to extract more detailed information regarding our research question. Hence, we somewhat experienced lack of information in some cases.

Secondly, our interviews provide just a snapshot in time, which does not show the big picture. Thus, we encourage future researchers to conduct a longitudinal study of a company's capability development. This will allow exploring how dynamic capabilities evolve over time.

Lastly, we believe quantifying the return on investment in each of deliberate learning mechanisms could be a fruitful addition to the field. Thus, we encourage future scholars to conduct such studies.

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Attachment 1 – Preliminary Master Thesis Report

Preliminary Master Thesis Report

- Due Diligence In Serial Acquisitions -

Hand-in date:

15.01.2017

Campus:

BI Oslo

Examination code and name:

GRA 19502 Master Thesis

Supervisor:

Helene Loe Colman

Programme:

Master of Science in Business

Table of Contents

1. Introduction

Year 2015 marked as an all-time high in the global M&A volume, topping $4,7 trillion in aggregate, a significant increase from $3,4 trillion in 2014 (Deloitte, 2016, p. 3). In 2016, the pace of M&A has somewhat decreased, however, the volume still remains quite impressive, especially, considering the fact that 70 to 90% of all deals fail (Clayton M. Christensen, 2011; Tennant, 2016).

So why do companies engage in M&A? Some of the rationales behind M&As are value creation, growth opportunities, cost synergies, and increase in sales (Haleblian et al., 2009). Industries conducting the most M&As are those, that constantly undergo transformation, such as healthcare, biotechnology, technology, energy, telecom, and consumer goods. Even though, around 60% of the deals destroy value, M&As remain a very popular type of interorganizational relations (BCG, 2011).

Statistics shows that about one quarter of the overall M&A volume is done by serial acquirers, companies that buy other companies on a regular basis. Research indicates, that even though, as a general rule, serial acquirers extract less value from their purchases, compared to single acquirers, in some cases they outperform them significantly (BCG, 2011).

Recently, we have witnessed a growing interest of scholars in serial acquisitions as a phenomenon and the processes that underpin them (Laamanen & Keil, 2008). Due diligence is a crucial part of any acquisition process, as it is designed to provide a thorough analysis of the deal's logic, target's financial and legal information, as well as cultural compatibility between the two firms (Lebedow, 1999). Decision, taken during the due diligence analysis, have a crucial impact on the acquisition's outcome (Perry & Herd, 2004; P. Puranam, Powell, & Singh, 2006). Thus, structure and depth of the due diligence analysis influences the success of the acquisition strategy (Lebedow, 1999).

So far, most of the research on serial acquisitions has been quantitative in nature (Chatterjee, 2009; Laamanen & Keil, 2008). We, therefore, feel that conducting a qualitative study would be a valuable addition to the existing literature.

2. Research question

While studying different literature on serial acquisitions and the processes that underpin them, we have found that there is a substantial lack of research on due diligence in serial acquisitions. Several scholars emphasize the importance of the cultural due diligence, however, they do not distinguish between serial and single acquisitions (Carleton & Lineberry, 2004; Cartwright & McCarthy, 2005). We, in turn, believe that serial acquirers possess a superior capability of designing effective due diligence processes.

The big question is, what is the secret recipe for successful serial acquisitions. To partially answer this question, we will study the due diligence processes of some of the Norwegian serial acquirers. Specifically, what characterizes an effective due diligence process in serial acquisitions.
Our research question is, therefore, the following:

"What characterizes the due diligence process in serial acquisitions?"

With our research question, our goal is to extend the existing body of the literature on due diligence processes in serial acquisitions. Also, we aim to help managers design efficient due diligence processes for acquisitions.

In the first section of this paper we review the relevant literature on serial acquisitions and due diligence. In the second section, we present our method and project management. Firstly, how we plan to collect our data, including primary data and secondary data, and how we plan to ensure a high quality of research. Finally, we present how we will organize and manage the project.

3. Literature review

Our literature review aims to provide an overview of the relevant literature regarding serial acquisitions and the M&A due diligence process. First, we will explain what is acquisition as a type of interorganizational relations. Second, we will explain the reasons why companies engage in acquisitions and illustrate a typical acquisition process. Next, we will discuss the phenomena of serial acquirers and how they can outperform single acquirers. We will finish with the review of literature on due diligence in M&A and discuss why this process is so important for the success of acquisition.

3.1 Acquisition

Acquisition is a purchase of shares and assets of a company in order to gain managerial influence. The buyer company can either fully acquire the target company or buy the majority stake of the shares, e.g. at least 51% (Investopedia, 2016).

Acquisitions can be classified as *"friendly"* and *"hostile"*. The latter happens when the buyer goes directly to the shareholders of the target without the approval of the target company's board of directors (Investopedia, 2015).

Next, acquisitions can also be divided into three categories in perspective of the value chain: horizontal, vertical, and conglomerate. *Horizontal* acquisitions are referred to purchases of competitors in the same industry. *Vertical* acquisitions are purchases of companies in buyer-seller or client-supplier relationships. *Conglomerate* acquisitions happen when a company wants to diversify risks or gain economies of scope by buying unrelated businesses (Gaughan, 2007). General Electric is a good example of the latter case.

Lastly, we can distinguish between domestic and cross-border acquisitions. *Domestic* acquisitions involve businesses located in the same country, while *cross-border* acquisitions happen between companies in two different countries (Seth, Song, & Pettit, 2002).

Due to their substantial volume and growing popularity, acquisitions, as a phenomenon, have attracted attention of scholars from various disciplines. *Finance* scholars are interested in value creation for shareholders (Campa & Hernando, 2004). *Organizational behavior* scholars are concerned about the impact of acquisitions on employees and organizational behavior (Schweiger,

Ivancevich, & Power, 1987). *Strategy* research, where our master thesis belongs, is focused on identifying strategic and process factors of acquisitions (Galpin & Herndon, 2014; Gomes et al., 2013).

3.2 Acquisition drivers

M&A research has put a lot of effort on finding the motives behind acquisitions. Potential synergies and value creation are often named as the most important reasons for engaging in acquisitions (Kohers & Kohers, 2000; Schweiger & Lippert, 2005; Schweiger & Very, 2003).

Previous literature also shows that acquisitions can be preferred to other types of interorganizational relationships, such as alliances or joint ventures, when the company needs to get access to a new resource or capability, however, lacks the time or resources to develop it internally or is unable to obtain it through other arrangements (Phanish Puranam, Singh, & Zollo, 2006; Ranft & Lord, 2002). Acquisitions can also be used as means for international expansion and overcoming entry barriers (Aybar & Ficici, 2009; Caves & Porter, 1977). Morck, Shleifer, and Vishny (1990) found out that in some cases acquisitions are driven by management's self-interests, and those often reduce the buyer firm's value. For example, WorldCom, an American telecommunication company, was pursuing serial acquisitions to lure its shareholders into thinking that the company was growing, while in reality it was becoming less profitable (Eichenwald, 2002). Moreover, firms buy other businesses as a way of risk reduction and diversification, securing tax benefits, and talent acquisition (Gaughan, 2007).

3.3 Acquisition process

Prior to any acquisition, the buyer usually creates a list of potential candidates, companies that are available and meet its desired requirements (BCG, 2015). Acquisition process itself consists of numerous stages, that follow each other sequentially. Picot (2002) distinguishes between three stages of acquisition process: planning, implementation, and integration. During the *planning* phase, the overall plan for the deal is developed, covering operational, managerial, and legal aspects of transaction. Additionally, this stage includes due diligence analysis of the target company. The *implementation* phase includes issuance of different agreements, letter of intent, acquisition contract and ends with a deal closure. The last stage is essentially the *post-deal integration*, consisting of

process transfer, human and system integration. All the stages are interdependent and designed in a way that will provide right input in a right time for correct decision-making (Galpin & Herndon, 2000).

The following figure illustrates the different stages of the acquisition process and the activities, included in each one.

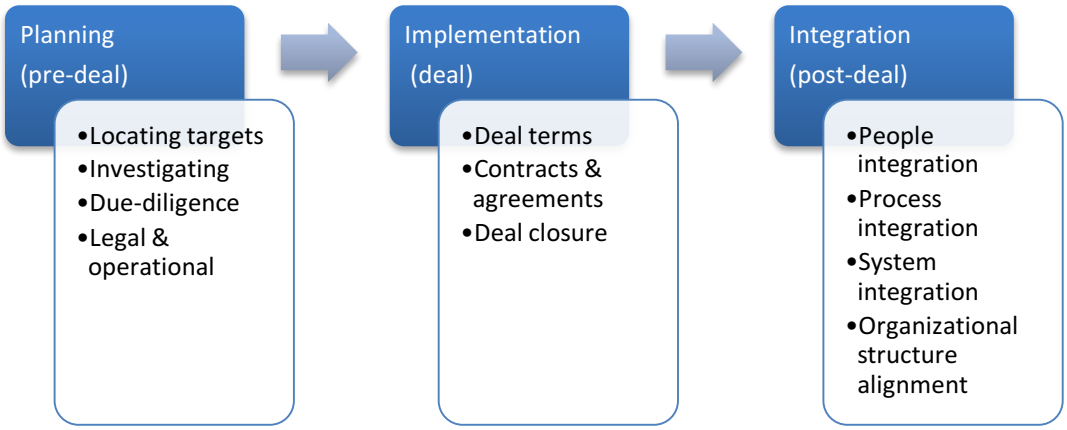

Figure 1. Acquisition process (adapted from Picot (2002) and Galpin and Herndon (2000))

3.4 Serial acquisitions

Serial acquirers "often execute streams of mutually interrelated acquisitions aimed at specific strategic targets" (Laamanen & Keil, 2008, p. 663). Interestingly enough, despite serial acquirers representing a large proportion of the total M&A volume, academic scholars have given them little attention. Some of them even purposefully eliminated serial acquirers from their research (Laamanen & Keil, 2008). Thus, we have a large body of literature explaining performance of single acquirers but relatively little research on serial acquisitions.

Previous studies have shown that, as a general rule, serial acquirers are not able to generate significant value from their deals, compared to single acquirers. This phenomena can be explained due to organization's limited capacity to integrate, as well as management's overconfidence in the success of the new deals based on the history of prior purchases (Kengelbach, Klemmer, Schwetzler, & Sperling, 2012a). Moreover, studies also found that both long- and short-term performance declines for serial acquirers with each subsequent deal (Guest et al., 2004).

However, additional analysis shows that serial acquirers perform substantially better in certain cases: when the target is distressed, when the target is small, when the target is a private company, and, lastly, when the target is on another continent (BCG, 2011). Moreover, serial acquirers have proved to be particularly good at timing their purchases. They tend to conduct most of their deals in the beginning of an M&A wave.

When compared to single acquirers, serial acquirers are typically four times larger and have better profitability, and, thus, have more capital available for purchases. Serial acquirers' average transaction size is up to 52% larger than that of single acquirers. Their targets, however, are particularly small, allowing serial acquirers to extract most of the value from the deal (BCG, 2011).

3.5 Due diligence in acquisitions

"Due diligence is the act of critical analysis that informs the entire acquisition process" (Lebedow, 1999, p. 12). It is usually conducted in a period between the announcement of the buyer's intent to acquire a company and the closing of the deal. Many think of due diligence as a boring and non-glamorous activity and do not necessarily give this process the importance it deserves. Too often, it becomes a financial exercise of checking the target's financial statements instead of a thorough analysis of the deal's logic and the buyer's ability to realize potential value (Cullinan, Le Roux, & Weddigen, 2004).

"Due diligence acts a counterweight to the excitement that builds when managers begin to pursue a target" (Cullinan et al., 2004, p. 3). Yet, sometimes managers are too caught up in the process and unwilling to walk away from the deal, even if due diligence shows that the deal will destroy value, as the buyer is likely to overpay for the acquired company (P. Puranam et al., 2006). This happens because, prior to acquisition, managers of the buyer company, influenced by the public and target's reputation, create a certain mental picture of the target, which shapes the entire transaction process (Lovallo, Viguerie, Uhlaner, & Horn, 2007). A well-performed due diligence process challenges this image and shows the real story (Cullinan et al., 2004, p. 4).

Effective due diligence should be conducted by the buyer company itself and not rely on the secondary data and forecasts, provided by the target firm (Cullinan et al., 2004; Lebedow, 1999). Previous research has found that successful acquirers build their due diligence analysis around four core questions:

1. *What are we buying?*
2. *What is the target's stand-alone value?*
3. *Where are the synergies and the skeletons?*
4. *What is our walk-away price?*

Due diligences should not be restricted to the analysis of the target, as it should also include an objective self-assessment by analyzing your existing market, products, as well as existing and potential customers (Lebedow, 1999). Moreover, several studies recommend undertaking cultural due diligence in addition to financial and legal due diligence (Lovallo et al., 2007).

4. Methodology

4.1 Research design

Research design provides a framework for the analysis and collection of data, and is an important decision when conducting a research (Bryman & Bell, 2015). Hsieh and Shannon (2005) argue that the required research design and analysis method varies depending on the purpose of the research. Furthermore, Bryman and Bell (2015) present five different types of research designs; cross-sectional or social survey design; longitudinal design; case study design; and comparative design.

Many researchers distinguish between qualitative and quantitative research designs, or a mixture of both. Qualitative research is primarily exploratory research, and can be used to gain and understanding of underlying reasons, opinions, and motivations. In contrast, quantitative research is used to quantify the problem by the way of generating numerical data that can be transformed into useable statistics (Bryman & Bell, 2015).

We chose to use the qualitative approach in our research, as we find it to be the most appropriate method regarding our research question. Furthermore, most of the earlier research on serial acquires have used a quantitative approach (Chatterjee, 2009). Hence, we believe that our study will be a valuable addition to the existing literature. The qualitative approach emphasizes an inductive approach to the relationship between theory and research (Bryman & Bell, 2015). However, there are some issues related to the qualitative research design. The method has been criticized for being too impressionistic and subjective, or more specifically, that it relies too much on the researchers' unsystematic views about what is significant and important. Another critique is that qualitative research is difficult to replicate since there are hardly any standard procedures to follow. Problems of generalization and lack of transparency is among other issues that quantitative researchers have criticized the qualitative view for (Bryman & Bell, 2015).

We aim to use an inductive case research, which involves that theory is being developed in a "data-driven manner" using qualitative data. In this theory-building research, theory is understood as a "set of propositional statements linking the key concept in the theory to one another" (Mantere & Ketokivi, 2013, p. 75). Our

research will therefore not consist of any hypothesis; instead, the aim is to describe a population or phenomenon to be beneficial (Levin, 2006). Furthermore, the research question in our paper matches our naturally preferred philosophy of interpretivism. The interpretivist epistemology is based on the view that "a strategy is required that respects the differences between people and the objects of the natural sciences and therefore requires the social scientist to grasp the subjective meaning of social action" (Bryman & Bell, 2015, p. 26)

4.2 Data collection

Yin (2009) claims that one can collect data through six sources in qualitative studies: documentation, archival records, interviews, participant observation, physical artefacts and direct observations. It is also important that the data collection should be aligned to the research question at hand (Yin, 2009). We will rely on interviews and documents to answer our research question. Our supervisor has given us 26 interviews with Norwegian companies, who are involved in serial acquisitions. These interviews will give us in-depth knowledge about the issues we chose to study. Furthermore, to understand the concept of due diligence and serial acquisitions we must rely heavily on documents and previous literature.

4.2.1 Primary data

If we find it necessary, we will conduct a number of additional interviews in order to get more information about the unanswered questions in the interviews handed to us. We will ask our supervisor to contact some of the companies that have already participated in the research project.

These semi-structured interviews will make use of interview guides constructed in such a way that ensures feedback on our major research areas (serial acquisition and due diligence), yet allow to ask further questions and openly explore novel insights and emergent themes. In this way, we will be able to gather important information, while still welcoming new and potentially valuable primary data to our analysis.

If we get the interviewee's written consent, the interviews will be recorded. Recorded interviews will allow us to examine the interview several times to grasp thoroughly what the interviewees say and how they say it (Heritage, 2002). If

interviewees do not consent to being recorded, we will politely request a voice-to-text transcription software to run during the interview instead. If interviewee is reluctant to this solution, one member of the group will be wholly responsible for taking typist notes with PC, pen, and paper.

4.2.2 Interview process

Kvale (1996) compares the interview process to a "route that leads to the goal". This means it is important to know how and where to travel, and how to conduct an interview in a research project. Kvale (1996) continues with "Interviews are conversations where the outcome is a coproduction of the interviewer and the subject". For a successful interview, we consult the four P's "Prior planning prevents poor performance"; reading up on the organization, adequately informing the interviewee of important details, ensuring an appropriate location and appearance, and bringing 2 digital recorders with extra batteries on the day for improved audio quality.

When conducting our interviews, the interaction with our interview objects will allow us to grasp expressions and emotive non-verbal responses that may indicate importance of a particular question or topic. Seeing people's reactions might influence to probe further or ask additional questions (Webber & Byrd, 2010). Aberbach and Rockman (2002) concluded that semi-structured interviews strengthen the natural flow of the interview by maximizing the response validity as respondents formulate their opinion within their own framework and thus outweigh the advantages of consistent ordering.

4.2.1 Secondary data

The advantage of secondary data is saving both time and money, as the information is already freely available. It includes related and existing theories, articles and information on our research topic in the form of both Multiple Source and Survey-Based data. Secondary data will be useful when exploring previous work on the topic and for supporting/verifying the collected primary data (Bryman & Bell, 2015).

The main challenges related to secondary data is filtering out noise due to the magnitude of data available, as well as determining the validity, accuracy and reliability of the data. Two potential issues are: *Misinformation*: Accidentally incorrect information, and *Disinformation*: Intentionally misleading information

or data (e.g. selected in favor of an organization). Therefore, sources of secondary data will be considered carefully and regular validation checks will be conducted. For online material, the reputation of the publishers and number of citations, where applicable, will be the main factors in determining credibility.

4.2.1.2 Sampling

Our secondary data will be gathered through interviews handed to us by our supervisor. Among the 26 interviews, we will most likely choose a sample of 8-10 companies that will give us in-depth information regarding our research question. In addition, use of statistical databanks, company & news websites, Google Scholar, and the Web of Science will account for most of the secondary data sampling sources. The main source of academic information is books and articles on serial acquisitions and due diligence.

4.3 Data analysis

When analyzing the interviews that we received from our supervisor, we will use "Atlas.ti" software for qualitative data analysis. This software will help us to discover and systematically analyze complex phenomena, hidden in the unstructured data, e.g. interviews. We will locate and code our findings, and evaluate their importance in regard to our research question.
If we conduct our own interviews we will, before transcribing, listen closely to the recordings once or twice to familiarize ourselves with the content, and we will then leaving out sections of the interview that are not relevant to our research (Bryman & Bell, 2015, p. 485).

4.4 Ethical considerations

There are a number of ethical issues that has to be taken in considerations when analyzing secondary analysis of qualitative data (Bryman & Bell, 2015). We will carefully consider all the ethical issues when analyzing the interviews handed to us. For example, we will conceal the identities of the companies and individuals, involved in the interviews. Instead, we will use terms such as "company A" and "company B" when describing the organizations.

4.5 Research quality

The relevance of reliability and validity for qualitative research has been discussed among qualitative scholars. Since measurement is not a major concern among qualitative researchers, the issue of validity would seem to have a little importance on such studies (Creswell & Miller, 2000). However, we find it important to address both validity and reliability of our research. This is because we want our research to provide accuracy in data collection and analysis, and thus present our conclusions as more credible.

4.5.1 Validity

Bryman and Bell (2015, p. 50) states, "Validity is concerned with the integrity of the conclusions that are generated from a piece of research". More specifically, it can be understood as to what extent a study shows an accurate picture of the real world (Kirk & Miller, 1986).

The companies that are involved in the interviews, handed to us, represent different industries. Thus, we believe that our results are representative for more than one industry and country, and we do not seek generalizability. Furthermore, our aim is to extend current literature with our findings and encourage future studies to put these finding to the test, which is common with qualitative research (Bryman & Bell, 2015).

4.5.2 Reliability

Reliability is concerned with the question of whether a study is replicable. This is largely limited in qualitative studies. Reliability is mainly an issue connected with quantitative research, as the researchers are concerned with the question of whether a measure is stable or not (Bryman & Bell, 2015).

However, we will try to strengthen the reliability of our study. In order avoid misinterpretation of the results of the study, we will not translate interviews from Norwegian to English. Instead, we will analyze the original interviews to preserve as much of the original context as possible. When presenting our finding, we will exemplify them with direct quotes translated to English.

5. Project organization, management and timeline

Good project organization is important for the efficient allocation of resources (time and people) to ensure the research achieves its aims in a given time period.

5.1 Management

The research project is managed by two MSc in Business Strategy students from BI Norwegian Business School. Associate Professor, Helene Colman, is the thesis supervisor and will provide guidance and insights throughout the process with regular meetings and communication through e-mail.

5.2 Timeline

The Gantt Chart timeline organizational tool was developed by Henry L. Gantt in 1917 and has since been used avidly in project management (Saunders et al. 2011, p. 43). This paper benefits from a visual timeline in a number of ways. First and foremost, the Gantt Chart requires us to divide up the work necessary to complete the research project; this activity gives each of us a appreciation for the coming workload and operationalizes milestones that must be met. In essence, the Gantt Chart helps us plan, coordinate, track and visualize the research project, thereafter serving as a reference tool for the remainder of the project.

However, relying on a Gantt Chart also opens ourselves up to certain disadvantages. Gantt Charts do not indicate task dependencies, so if we fall behind in our literature review process, we do not know how this will affect the timing of our data collection and analyses, for example. It must be emphasized that the timeline is just a guideline and will continuously be adjusted as frequent and unexpected problems can occur.

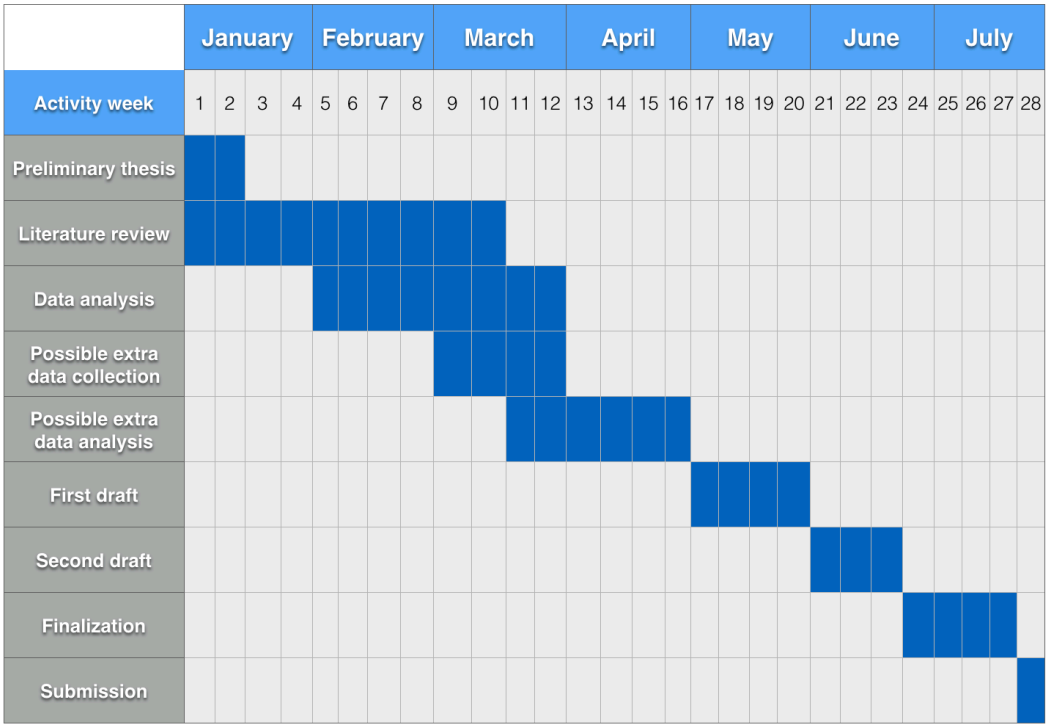

Figure 2. Master thesis timeline

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