The process of knowledge transfer in mergers and acquisitions
A single-case study of a Swedish manufacturing organization

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"The secret of success is to know something nobody else knows."

Aristotle Onassis (1906 - 1975)
Abstract

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Background: Mergers and acquisitions (hereinafter referred to as M&As) are increasing in their importance and they have become a commonly applied strategic option for organizations. A major reason for an acquisition is often the objective of gaining new knowledge from the acquired company and then transferring that knowledge among other parts within the acquiring organization. Furthermore, the explicit and tacit nature of knowledge is essential for the transfer of knowledge during M&As. Also, the process of knowledge transfer is dynamic and complex and thus, numerous challenges can arise along the way. As proved by the literature individuals are the key factors, which constrain the transfer of knowledge in M&As.

Aim: Despite the extensive existing literature in the area of knowledge transfer, it provides a rather static view and thus, less is known about the dynamic process nature of knowledge transfer in M&As. Therefore, the purpose of this qualitative research is to gain deeper understanding of how the process of knowledge transfer evolves over time and how employees constrain it within the acquiring organization during the post-acquisition phase in a merger and acquisition (hereinafter referred to as M&A). In addition, the redefined models in this thesis provide a foundation for future research.

Methodology: This thesis is based on a qualitative single-case study method, which builds upon empirical data of an anonymous Swedish international organization (hereinafter referred to as Globex) operating in the manufacturing sector. Theoretical constructs are applied in order to form a generalization. First-hand information is primarily used for this thesis, which was collected in the form of in-depth interviews with the employees of Globex. In order to present the analysed data in a more understandable and visible manner, tables and graphs were applied. Furthermore, our research method is based on the iterative grounded theory, which deals with organizational process research. Thus, we were able to analyse the dynamics in the knowledge transfer process despite its high level of complexity. Due to this complicated essence of the knowledge transfer process, we were unable to explore it entirely and could not acquire all necessary information. However, we still contribute with novelty to the academic society, as previous research explores the static view of knowledge transfer and our research relies on its dynamics.

Results: The process of knowledge transfer and how it evolves is illustrated with the necessary phases for its accomplishment. The first model, which demonstrates the dynamic nature of the knowledge transfer process during M&As, is presented. In order to positively influence the transfer of knowledge, enablers should be applied. The second model highlights the importance of planning the process of knowledge transfer within the post-acquisition phase during M&As. Lastly, constraints from the employees’ side can influence the transfer of knowledge. The importance to consider enablers and constraints during the knowledge transfer is also emphasised.
Theoretical implications: We urge that more research should accentuate on the process nature of the knowledge transfer and should further explore its dynamics and complexity especially in the context of organizational changes, such as M&As.

Managerial implications: Managers should understand the evolving nature of the knowledge transfer process and strengthen their focus on the planning phase of knowledge transfer in order to minimize the issues during the post-acquisition phase.

Keywords: M&A, M&As, dynamic, knowledge, knowledge transfer process, enablers, constraints
Acknowledgement

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Linköping, 26 May 2014

Jacqueline Gruber Ivelina Paneva
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1. Introduction

The following chapter presents an opening discussion about knowledge transfer in M&As. An overview of the terminology and definitions of M&As is provided. Furthermore, the section discusses the dynamic process of knowledge transfer. Another point which is elaborated is how employees constrain the knowledge transfer during the post-acquisition phase. The objectives of this research will be later identified in the problem discussion, which will further lead to the purpose of this study. In the end the research question will be presented.

More than twenty years ago Atkinson (1990) drew the attention to the fact that M&As will increase substantially and more companies will engage themselves in joint ventures. Mitchell and Mulherin (1996) reveal that acquisitions occur over time and in waves, which depend on companies’ objectives and needs. The authors argue further that each wave can be named relative to its characteristics and time period: dating back to the 1890s with monopolies, 1920s are labelled as oligopolies, conglomerate takeovers in the 1960s and lastly, as of the 1980s the takeovers became more hostile in nature.

However, nowadays acquisitions differentiate themselves from the rest by being more hostile and financially grounded (Mitchell and Mulherin, 1996). In the volatile economy that organizations operate nowadays, a M&A is a frequently adopted internationalisation strategy. “Mergers” and “acquisitions” are referred to as one term in the majority of the literature and therefore, this thesis uses it as such. A merger is a result of the consolidation of two companies, while an acquisition arises when one of the involved parties buys the other. The major difference between the two is that in acquisitions one of the parties is the controlling body with more power, while in mergers the involved organizations have equal power (Cartwright and Cooper, 1996). The majority of the literature seems to have a similar understanding of the basic underlying terminology of M&As (Schraeder and Self, 2003; Cartwright and Schoenberg, 2006; Marks and Mirvis, 2010; Sherman, 2011 and Wagner and Hilal, 2014). Sherman (2011) provides a more detailed explanation of the terms and argues that both are often mistaken and therefore it is important to explain the difference between them. As a basis of this thesis, we will utilise the following definitions of both terms. A merger is referred to as:

“A combination of two or more companies in which the assets and liabilities of the selling firm(s) are absorbed by the buying firm. Although the buying firm may be a considerably different organization after the merger, it retains its original identity” (p. 11).

On the other hand an acquisition is defined as follows:

“The purchase of an asset such as a plant, a division, or even an entire company” (p. 11).

Sherman (2011) further claims that despite their differences, the similarity between the two terms relies on the core idea that two or more organizations become united “under the same roof” (p. 11) with the goal of increased market or financial synergy. However, each M&A characterises itself with unique specifics in terms of finance, culture, and strategy depending primarily on what the underlying transaction is (Sherman, 2011).

The work of Zhang and Stenning (2013) reveals that cross-border M&As contribute significantly to an organizations’ growth and prosperity. Traditionally, M&As have been used predominantly for market expansion and competitive advantages. However, the authors emphasise on the fact that organizations now pursue an expansion in terms of new capabilities, knowledge and access to resources. Shimizu, et al. (2004) further point out that cross-border M&As are an opportunity to enter new attractive markets and diversify the
current product lines, through which the acquiring company has access to new competences and knowledge. Oliveira and Roth (2003) claim that there are many underlying motives for companies to be interested in cross-border M&As, however, in their research they are grouped as access to new knowledge, entering new markets and interest towards physical assets. The most common driver for cross-border M&As is the acquiring of new knowledge due to the fact that the development of capabilities and knowledge is a long and intensive process, while the purchasing of already existing assets can be much quicker. Oliveira and Roth (2003) draw the attention to the fact that M&As can significantly influence the long term survival of an organization by energising it and introducing “fresh knowledge” (p. 214). On the other hand, Zhang and Stenig (2013) argue that despite the reasons behind a M&A, the expected outcome depends greatly on the post-acquisition integration and how the transition is managed in order to create optimal value.

1.2. Background

According to Schraeder and Self (2003) despite M&As’ popularity, increasing number of them result in failure. A major reason for an acquisition is often the objective for gaining new knowledge from the acquired company and then to transfer that knowledge among other parts within the organization (Bresman, Birkinshaw and Nobel, 1999). Grant (1996) argues that these rare sets of knowledge and the manner in which the knowledge is integrated within an organization can lead to unique capabilities that are prerequisites for a competitive advantage. However, Bresman, Birkinshaw and Nobel (1999) state that the transfer of knowledge and its application involves many challenges. Another valuable aspect is acknowledged by the authors, who state that managing the transfer of knowledge is essential among business units, but it has even higher importance when it is shared from one organization to another in an international context. A lot of issues can arise due to physical and cultural distance, which makes the knowledge transfer in a cross-border acquisition a key factor for its success (Bresman, Birkinshaw and Nobel, 1999).

According to Bresman, Birkinshaw and Nobel (1999) knowledge transfer is complex and involves numerous factors and it should not be seen only as a mere transfer of data. Szulanski (1996) perceives the process of knowledge transfer as unfolding and introduces the idea of its dynamic nature. The author states that the notion “transfer” is applied to highlight the movement of knowledge and thus, it is an incremental process. Nonaka, Toyama and Konno (2000) acknowledges that the nature of knowledge is dynamic and thus, two types of knowledge are recognized, which are explicit and tacit. The explicit knowledge can take the form of data, manuals and so forth, which makes it easy to store and share. On the other hand, the tacit one is hard to formulate due to its personalized character. It can be in a form of routines, values or subjective insights, which makes it harder to transfer and share. On the other hand, as discussed by Empson (2001) the tacit one is difficult to transfer, as it cannot be absolutely integrated by communication, and it needs to be experienced in order to be fully understandable. Also, the explicit knowledge is “context-specific” (p. 840) and it is stored in “organization’s interrelated systems of physical, human and organizational capital” (p. 840). In order to accomplish knowledge transfer, there should exist trust and co-operation as otherwise, employees may be unwilling to support the sharing of information. There are numerous obstacles for companies engaging in M&As and Empson (2001) elaborates on the fact that in order to understand the issues behind knowledge transfer, the key factor to be studied is the individuals. Therefore, for this thesis we consider employees as the main challenge for the knowledge transfer process, even though we are aware that more variables exist which have strong influence on it. Empson (2001) argues that employees often resist the transfer of knowledge between the acquired and the acquiring companies as they might
consider the two knowledge bases incompatible or that the organizations’ images are too different. The reasons for the resistance of knowledge transfer can be organizational or knowledge related.

From a knowledge-based perspective organizations possess various sets of knowledge, which depend substantially on the human capital within the firm (Ranft and Lord, 2002). Therefore, as argued by Castro and Neira (2005) the desired outcome of a M&A requires retention of knowledgeable employees. However, the authors further claim that commonly key talent quit the acquired organization and thus, valuable knowledge is lost. Furthermore, according to Junni and Sarala (2011) the causal ambiguity of knowledge is an important obstacle in the context of M&As due to the fact that resistance of change is a common obstacle. Further, Junni (2011) draws the attention to the fact that in organizational changes such as M&As, the acquirer needs to be highly attentive in order to gain access to the knowledge base of the acquired company, which contains scarce tacit and culturally embedded knowledge. During the integration process, motivation of personnel is important in order to increase their willingness to share and absorb the transferred knowledge. Junni (2011) stresses on the fact that “soft synergies” between the parties must be created in order to conciliate the mutual collaboration. Öberg and Tarba (2013) agrees with that view and argue further that the established social relationships between the acquiring and the acquired company can positively impact the transfer of knowledge and also engage the employees of both parties in the transition process (Öberg and Tarba, 2013).

1.3. Problem discussion

“Merger mania is here” (p. 263), this is how Atkinson (1990) described the dramatic increase of M&As. Further, the author points out that over the next decades this era of M&As will continue to rise. The reasons behind M&As are higher market share, competitive positioning, synergies, economies of scale, diversification, and so forth (Andrade, Mitchell and Stafford, 2001; Calipha, Tarba and Brock, 2010; Teerikangas, 2010). According to Bresman, Birkinshaw and Nobel (1999) little is known about how knowledge is transferred during an acquisition. Junni (2011) expresses the same view regarding the knowledge transfer. According to Öberg and Tarba (2013) knowledge transfer is a well-researched topic, however, in the field of international acquisitions there exists a lack of literature. Therefore, this thesis will focus on the process of knowledge transfer in international M&As.

Hansen, Nohria and Tierney (1999) point out that once explicit knowledge is gathered from a knowledgeable person, it can be stored, accessed and utilised for other objectives by any other employee within an organization. In contrast, tacit knowledge is tightly related to a person and transfer is difficult, however, by using person-to-person contact it can be shared. Bresman, Birkinshaw and Nobel (1999) argue that due to the rising competition, organizations make use of acquisitions quite often because the knowledge fundament of an organization can be developed quickly. However, the transfer of knowledge is not as easy as some organizations expect, therefore “acquisitions can be a daunting task” (p. 440). Hippel (1994) introduces the concept of knowledge “stickiness”, which refers to the troublesome nature of knowledge transfer. Later on, Szulanski (1996) refines the idea of knowledge “stickiness” and explores the difficulties in transferring knowledge. Furthermore, the author presents the concept that the knowledge transfer is a dynamic process, which unfolds over time. Szulanski (1996) argues that the knowledge transfer is not just an act as it is commonly perceived in the literature, but it should be seen as a process, which gives rise to the main dilemma of this thesis.
The quote from Davy, et al. (1988) “The only certain thing about organizational acquisitions is that nothing is certain” (p. 57) is right to the point due to the fact that it is difficult to predict future outcomes. During M&As each department within an organization will face different unique challenges, which they have to deal with (Buono and Bowditch, 1989). Some of the employees will perceive the changes as minor, however, others are heavily affected by them. As a result, this can lead to personal problems or the feeling of losing something. According to Castro and Neira (2005) during an acquisition the turnover rate of key employees from the acquired organization is high. This provides a challenge for the acquiring organization due to the fact that tacit knowledge cannot be transferred. “If employees linked to the key knowledge leaving the firm, the knowledge could be altered or even damaged before being transferred”, (p.122). In addition, Castro and Neira (2005) point out that keeping key employees will increase the transfer of knowledge between the acquired and the acquiring organizations. Moreover, it is essential to motivate employees from both organizations to share tacit knowledge by regular contact and communication. In contrast, the transfer of explicit knowledge does not require contact between the employees as this data can be shared via e-mail, exchange of technical data and so forth (Castro and Neira, 2005). However, explicit and tacit knowledge can lead to unexpected problems within the acquiring organization. According to Child, et al. (2012) less literature has been focusing on the loss of knowledge when employees are unwilling to transfer knowledge or resigning. This leads to a gap, which this research aims to analyse.

Current literature focuses mainly on the perspective of acquired organizations (Andrade, Mitchell and Stafford, 2001; Nalbantian, et al., 2005; Seo and Hill, 2005) and only limited amount of research focuses on the viewpoint of the acquiring organizations or both (Buono and Bowditch, 1989; Teerikangas, 2010 and Child, et al., 2012). Even though the term M&A has been researched now for over 30 years, there are still unstudied aspects in terms of acquiring organizations. This implies that there is a gap in the area of M&As in the context of acquiring organizations.

To the best of our knowledge there has been no study specifically focusing on M&As in regard to the knowledge transfer process, how it evolves and how it is constrained by employees. Therefore the authors urge that this area is in need of further research.

In order to contribute to the dilemma, we will analyse the process of knowledge transfer and thus, shed light on the difficulties experienced during M&As. We will contribute to fill the first gap by exploring how employees are prohibiting the knowledge transfer. We will investigate the perspective of the acquiring organization in order to contribute to the filling of the last research gap. This thesis intends to strengthen the importance of the process view of knowledge transfer and its complexity and highlights how employees are hindering the transfer of knowledge during M&As.

In order to investigate these gaps an in-depth qualitative single-case study of Globex was conducted. The reason for choosing a qualitative single-case study was due to the fact that our aim is to gain an in-depth understanding of the studied phenomena. According to Eisenhardt and Graebner (2007) a case study provides deep and rich information regarding a specific situation, which is mostly based on different data sources. In addition, case studies provide real-life insights on particular phenomenon by gathering rich data. The qualitative research is focusing on the scope of a topic and therefore only a small number of respondents are needed. Tight (2008) mentions that the main goal of a case study is to gain detailed information from a small sample size - where a single-case study is the most intense form - regarding a specific topic and perspective. Therefore, this was the most appropriate method to use for this thesis, as four units of the population have been sampled and deep data was collected. Hyde (2000) states that researchers have the opportunity to study a subject in detail and describe a specific
phenomenon by collecting their own data. Siggelkow (2007) claims that it is preferred to select a specific organization if this will provide the researchers with information, which cannot be obtained by other organizations. This has been the case in this research and therefore, Globex has been chosen for this study. We had unusual access to the information, provided by Globex and thus, we were able to understand how the process of knowledge transfer evolves. Despite the fact that the sample is small within a single-case study, Siggelkow (2007) claims that it can be very persuasive and powerful. The author argues further that when a case study is chosen for a research, it should contain a “talking pig” (p. 20). This phenomenon, as explained by Siggelkow (2007) embodies a unique idea or a case that is persuasive enough by generalising it with a small sample. In our case, the researched topic regarding knowledge transfer in a M&A is a rare and extreme situation for any organization and to be able to get access is difficult, which represented the talking pig within this thesis.

According to Merriam (1998) a qualitative case study has the characteristics of being “particularistic, descriptive and heuristic” (p. 30), which means that the case is concentrated on a specific “situation, event, program, or phenomenon” (p. 30). In addition, the second characteristic analyses the particular case in detail and provides rich descriptive information about what has been studied. The final characteristic provides the researcher with new insights, better understanding and broadens their knowledge (Merriam, 1998). For this research the particularistic was the specific organization under study - Globex, the descriptive was achieved through in-depth interviews with executive and managerial level and we gained new essential knowledge from this research. It was important to understand the process of knowledge transfer, especially during the post-acquisition phase, in order to explain how knowledge is transferred and how it changes over time. In addition, it was essential to know what kind of constraints employees created to prohibit the knowledge transfer between the acquiring and acquired organizations. Therefore, this qualitative single-case study was the best possible approach to solve the previously stated problems.

1.4. Purpose

The purpose of this qualitative research is to gain a deeper understanding of the process of knowledge transfer in M&As. Thus, we intend to contribute to both researchers and practitioners by providing a theoretical framework and conducting an empirical investigation of a single-case study. Further, this research was conducted to shed light on the dynamic process of knowledge transfer and the impact employees have on it within the specific context of Globex. We believe that the findings will be beneficial from an academic’ and a managerial’ perspective.

1.5. Research question

Out of the previous problem discussion, the following research question has been developed.

RQ1: How does the knowledge transfer process in a manufacturing organization evolve during the post-acquisition phase and how do employees constrain it?
1.6. Delimitation

Our research was delimitated by the choice of the company Globex and the topic of the knowledge transfer process in M&As. We decided to base our research on a single-case study instead of a multi-case study due to our unique access to Globex. In addition, the research was pursued from a Swedish perspective, as the empirical investigations were conducted in Globex in south of Sweden. This research had time and sample population limitations and thus, it was intrinsically bounded.

Furthermore, as this research was conducted in a manufacturing context, the results are generalizable for this industry only. However, if this research is tested in another context the generalization can be extended to other industries.
2. Theoretical framework

In the following chapter the theoretical framework of this thesis is presented. Due to the fact that the main focus of this thesis is knowledge transfer in the context of M&As, this section develops well-grounded theoretical definitions and explanations of the existing terminology of knowledge. First, the process of knowledge transfer is explained. Afterwards, M&As will be defined and an elaboration on the post-acquisition phase will be provided. Lastly, theory concerning enablers of knowledge transfer is elaborated and explanations of how employees are constraining the transfer of knowledge are provided. The objective of this chapter is to provide a comprehensive understanding of the literature review and provide a solid theoretical framework regarding the process of knowledge transfer during the post-acquisition phase.

2.1. Knowledge transfer

2.1.1. The nature of knowledge – tacit and explicit

Knowledge has been well researched and recognized in the literature. Its essential contribution to organizations has been acknowledged (Grant, 1996; Bresman, Birkinshaw and Nobel, 1999; Nonaka, Toyama and Konno, 2000; Child, et al., 2012). According to Bresman, Birkinshaw and Nobel (1999) only organizations that understand the value of knowledge and are able to manage it can sustain their market positioning. In the view of Gupta and Govindarajan (2000) knowledge unites experience, values, beliefs and information. It may be found in documentation and manuals or embedded in individuals and used through their activities. As argued by Nonaka, Toyama and Konno (2000) knowledge is the key element for creating a competitive advantage. It is essential for organizations not only to stock knowledge, but also to create new one and to develop existing capabilities. This thesis draws on Nonaka, Toyama and Konno (2000) understanding that knowledge is only created within a certain context, it is dynamic and most importantly it requires human action. Information leads to knowledge when it is created in a specific context and only after individuals have interpreted it. The authors separate knowledge in two distinctive categories – tacit and explicit. Explicit knowledge can appear in the form of manuals, scripts or data and it can be easily stored and managed. Due to the fact that it is stored in blueprints, documents or manuals, it can be transferred without the presence of the owner of knowledge (Winter, 1987). However, Empson (2001) disagrees with that view and argues that transferring explicit knowledge can be challenging as well, due to the fact that it is created in a specific context and its interpretation depends on organizational and individual capital. Nonaka, Toyama and Konno (2000) state that tacit knowledge has more personified characteristics and it is based on individual actions, routines and intuition. Therefore, it is harder to transfer and exchange. Empson (2001) supports that view and adds that in order to be successfully interpreted, knowledge must be experienced, as it consists of capabilities and “non-codified body of expertise” (Ranft and Lord, 2002, p. 297). Such tacitness requires a long process of learning and thus, it is time and cost consuming. Ranft and Lord (2002) argue further that in order to understand the knowledge resources, it is important to distinguish their tacit or embedded nature and the level of complexity within an organization. The tacitness of knowledge can be a prerequisite for a competitive advantage due to the fact that it is hard to imitate by rivals (Barney, 1991) however, the more complex knowledge is, the more difficult it is for organizations to manage it (Ranft and Lord, 2002). Despite the challenges which tacit knowledge presents, organizations must preserve it as it is a highly valuable resource. Despite
their difference, both types of knowledge complement each other and thus, lead to the creation of new knowledge.

2.1.2. Individual and collective knowledge

This thesis adopts the distinction of Kogut and Zander (1992) that there exist two levels of knowledge – individual and collective. Individuals construct knowledge by the means of their own interpretations, experience and perspectives. The individual knowledge refers to personal skills and capabilities (know-how) or to theoretical knowledge (know what), which is acquired through experience. Schoenberg (2001) correctly points out that it is natural for individuals to resist the sharing of knowledge and thus to create barriers towards knowledge transfer. The author argues further that it is without doubt that knowledge transfer creates value for organizations, however, for individuals it is related to time investments and additional resources. Thus, organizational members commonly react with a certain level of hostility to the process of transfer. Schoenberg (2001) state that for individuals, knowledge is their competitive advantage, which further enables their unwillingness to support the process of knowledge transfer. Junni, Sarala and Vaara (2012) elaborate on the fact that the organizational knowledge can also depend on the organizational levels. On an individual level, the knowledge comprises of skills and capabilities, which differ with each individual. The authors emphasise on the fact that the organizational knowledge does not simply combine employees’ knowledge, but it is seen as collective knowledge, which represents the various routines within a company and requires sharing and collaboration. Both constructs are illustrated in Table 1, which is adapted from Zhao and Anand (2009).

<table>
<thead>
<tr>
<th>Concepts</th>
<th>Individual</th>
<th>Collective</th>
</tr>
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<tbody>
<tr>
<td>Knowledge</td>
<td>The total stock of individually held task-specific knowledge with a unit</td>
<td>The knowledge embedded among organizational members regarding how to coordinate, share, distribute and recombine individual knowledge</td>
</tr>
<tr>
<td>Examples and measurements</td>
<td>Job-specific skills</td>
<td>Interpersonal routines</td>
</tr>
</tbody>
</table>

Table 1: Comparison between individual and collective knowledge
Source: adapted from Zhao and Anand (2009, p. 962) adjusted by the authors

For the proper functioning of an organization, it is a prerequisite that both levels of knowledge coexist and develop the knowledge base. Zhao and Anand (2009) add further that the collective knowledge creates more value for an organization due to its abilities to unify the individual knowledge. The authors elaborate further that collective knowledge is embedded in the employees in terms of how to “coordinate, share, distribute, and recombine individual knowledge” (p. 964). Due to the high complexity of the relations and coordination abilities between individuals, it is harder for the acquiring organization to interpret and transfer collective knowledge than individual knowledge. Junni, Sarala and Vaara (2012) support that view and add that knowledge is biased and dynamic and it is developed under constant change when new information is being interpreted.

In this thesis, knowledge is perceived as both an asset, which is created and developed in organizational borders and transferred between units and also a process, which relies on social interactions in order to be interpreted. Moreover, it also accumulates simultaneously the recipients’ and senders’ views and values.
2.1.3. Defining knowledge transfer

The literature focusing on knowledge integration is well recognized and has been researched in different contexts and areas. In his research, Grant (1996) develops a knowledge-based theory of organizations and the author is one of the early contributors to the knowledge conceptualisation. Grant (1996) defines knowledge integration as the foundation of organizational capabilities, which are a prerequisite for a company to create value and remain competitive. According to Tell (2011) knowledge integration consists of knowledge transfer, knowledge relatedness and knowledge combination. Furthermore, the author makes a distinction between the knowledge transfer and knowledge integration. Tell (2011) relates knowledge transfer to the process of individual identification of knowledge and exchanging unique data, which is possessed. On the other hand, knowledge integration is seen when a number of individuals unite the information held by each of them with the objective to create new knowledge. For the purposes of this research and delimitations, this thesis will focus explicitly only on knowledge transfer and its implications.

The literature and various research have defined the transfer of knowledge in different manners and perspectives, however, the majority relate it to a complex process, which is much more than mere transfer of information. Bresman, Birkinshaw and Nobel (1999) argue that despite the fact that substantial body of literature has emphasised on the concept of knowledge and the transfer of knowledge, there are still misunderstandings in terms of the difference between the transfer and the creation of knowledge. The authors claim that there are different terms behind the definition – knowledge combination, creation or learning. We use the term knowledge transfer as a base for this research. As pointed out by Bresman, Birkinshaw and Nobel (1999) the transfer of knowledge is successful when the receiving party can accumulate the received knowledge. In the view of Argote and Ingram (2000) the transfer of knowledge relates to “the process through which one unit is affected by the experience of another” (p. 151). Knowledge transfer is a critical factor for the well-being of an organization as it enables the distribution of valuable information to different parts within an organization, which can further exploit it for different purposes (Gupta and Govindarajan, 2000). On the other hand, Capron and Pistre (2002) argue that firms that consolidate mutually derived value by transferring resources from one to the other and combine them in a novel manner. Furthermore, Junni, Sarala and Vaara (2012) define the transfer of knowledge as a dynamic process that depends upon organizational absorptive capacities, which relate to “knowledge complementarity, operational and cultural integration and political behaviour” (p. 108).

Zhao and Anand (2009) argue that knowledge transfer is a “multilevel process” (p. 960) due to the fact that during the process of transferring knowledge from one organization to the other, not only the individual capabilities are transferred but also the collective knowledge developed within the organization. According to Junni (2012) knowledge transfer depends substantially on senders’ and receivers’ experiences and skills, which impact the nature of the knowledge being transferred. The authors argue that in order for the knowledge transfer to be effective, the sender should be motivated to explain and frame the knowledge and to support its interpretation for the recipient. Further, the recipient should have the ambition to understand and receive the knowledge and use it for his/her own purpose and context. Therefore, Junni (2012) defines knowledge transfer as “the receiver’s use of the sender’s knowledge” (p. 6).

In general, knowledge transfer has significant importance for organizations and as stated by Mirc (2013), companies that manage the process of knowledge transfer during M&As accomplish higher results than the ones which fail in doing so. Exploiting the knowledge
transfer and accomplishing its transfer between units drives organizations closer to sustaining their competitive positioning (Kogut and Zander, 1992 and Junni, 2012).

2.1.4. Stages in the transfer of knowledge

Szulanski (1996) sees the transfer of knowledge as an “unfolding process” (p.28) and identifies four distinctive stages: initiation, implementation, ramp-up and integration. Minbaeva, et al. (2003) support that view by analysing thoroughly the concept of knowledge. The authors define it as a process of mutual exchange of information between “source and recipient units” (p. 587). The process is divided in the four phases, illustrated in Figure 1 and elaborated further below.

- **Initiation:** In this stage the decisions for knowledge transfer are made. Furthermore, Szulanski (1996) argues that the need for knowledge is enabled, which may facilitate the finding of superior knowledge. Thus, the process unfolds further and the transfer of knowledge is explored and defined. The author denotes that the collection of information may require substantial time investment.

- **Implementation:** As discussed by Szulanski (1996) this stage is commenced when the decision for knowledge transfer is in place. This is the time when information and resources are exchanged between the involved parties and social relations are established. The author argues further that during the implementation, the transferred knowledge is adjusted according to the needs of the recipient and the new knowledge should be accommodated appropriately. The process is completed once the transferred knowledge is applied by the recipient.

- **Ramp-up:** This phase, as pointed out by Szulanski (1996), is commenced once the transferred knowledge is used for the first time. Problems might arise due to a mismatch or poor performance of the new information. The author emphasises on the fact that it might be expected that the knowledge would not fit immediately and thus, some extent of inefficiency might occur. This is the time when issues and problems are being solved.

- **Integration:** Once the knowledge is transferred and the recipient has already experienced the expected results, the integration phase unfolds. The new knowledge is applied in the recipient organization with a slow pace and becomes part of daily routines. Szulanski (1996) stresses that when individuals experience the knowledge, their actions are typified and the knowledge is associated with certain meaning that is understandable and interpreted.

Minbaeva, et al. (2003) correctly point out that it is important to clarify that a bare transmission of knowledge is not valuable unless the recipient applies purposefully the
knowledge. The knowledge is not an object that is merely transferred but it is useful only if it is utilised afterwards.

2.2. Knowledge transfer in M&As

A M&A is commonly used as a strategic tool to access new knowledge (Barney, 1991; Haspeslagh and Jemison, 1991; Empson, 2011 and Martinkenaite, 2012). The creation of knowledge is cost and time consuming and therefore M&As are often used as a strategy to gain already existing knowledge. Empson (2001) correctly examines the fact that the creation of knowledge is a long process and its result is not guaranteed. Thus, M&As appeal as a short cut for that process. According to Bresman, Birkinshaw and Nobel (1999) the interest towards managing knowledge is substantially growing in the literature. One of the important aspects of managing knowledge is the transferring of knowledge between the involved parties. The authors acknowledge the fact that in the case the acquiring and acquired organizations are in the same country, it is less challenging than if physical distance is involved. Bresman, Birkinshaw and Nobel (1999) argue further that despite the constraints for knowledge transfer in cross-border M&As, organizations can gain access to valuable ideas and information, which can be prerequisites for value creation. Furthermore, knowledge transfer is an imperative for the development of synergies between the acquirer and acquired organizations (Haspeslagh and Jemison, 1991). In order to accomplish such synergy Junni (2011) points out that certain integration is required. This integration intends to stimulate regular communication, social interactions and thus, facilitate knowledge sharing. However, it depends on the individuals whether they are willing to support this integration and share knowledge, thus, employees’ motivation is a vital factor for the knowledge transfer in M&As (Juni, 2011).

Martinkenaite (2012) argues that through M&As organizations can take ownership and power over resources, which are valuable and hard to imitate. Also, knowledge is embedded in skills, experience and capabilities, which are integrated throughout an organization and through a M&A an acquirer can gain access. In the view of Geppert and Clark (2003) the knowledge transfer in cross-border M&As involves not only exchange of information, but also substantial organizational learning processes. Despite the numerous benefits, the international knowledge transfer presents a substantial challenge for both organizations and brings uncertainty and ambiguity (Bresman, Birkinshaw and Nobel, 1999; Ranft and Lord, 2002 and Junni, 2011).

2.2.1. Managing the post-acquisition stage

2.2.1.1. Acquisition process stages

Since its introduction in the end of the 19th century, M&As are considered as one of the most common strategic tools applied by organizations in their strive for better positioning in the volatile business environment (Picot, 2002; Schraeder and Self, 2003; Faulkner, Teerikangas and Joseph, 2012 and Wagner and Hilal, 2014). Hence, the literature underlines the importance of M&As both for practitioners and researchers. According to Picot (2002) due to the rapid technological growth, globalization and market expansion, the expectations are that M&As’ development will continue to increase.

In the view of Jemison and Sitkin (1986) a M&A is a continuous process. The authors focus not only on the outcomes of M&As, but also on the main drivers, which lead to them. According to the authors a main determinant for a M&A is the process of the acquisition itself as it contains key impediments that impact the results of it. This thesis will adapt this view of
M&As as a fractionated process due to the fact that determinants and impediments in M&As change over time and thus influence the course of actions and outcomes.

Haspeslagh and Jemison (1991) argue that the acquisition process consists of two main stages – pre-acquisition and post-acquisition. They adapt the process perspective and consider that both phases have major impact on the results of M&As. Teerikangas and Joseph (2012) agree with the view that M&As consist of two interrelated stages. The authors elaborate further that the objective of the pre-acquisition is for organizations to make a decision of whether to engage in a deal or not. On the other hand, the post-acquisition phase deals with organizational change, influencing the parties involved with the strategic intention to create an environment that would facilitate capability and knowledge transfer. This thesis will explore the M&A only during the post-acquisition process due to the fact that knowledge, being a main focus for this research, is a determinant only in that stage.

2.2.1.2. Post-acquisition phase

As discussed by Marks and Mirvis (1992) the post-acquisition phase is quite challenging and the surrounding dynamics can lead the involved organizations in the wrong direction. Disruptions and misunderstandings in terms of control and power, decision making are therefore expected. On the other hand, Birkinshaw, Bresman and Håkanson (2000) argue that the post-acquisition phase is considered as a key element in the research of M&As. The authors’ argument is built on the fact that value is being created once an acquisition is commenced. Birkinshaw, Bresman and Håkanson (2000) introduce the concepts of “task integration” and “human integration” (p. 398). The task integration refers to the goals of M&As in terms of capabilities and assets exchange, while the human integration is related to communication between the employees involved and also their satisfaction and retention. The authors argue further that too much emphasis on only one of the tasks can lead to negative consequences for the results of M&As. Excessive focus on human integration would be an expedient for employee satisfaction, however, with decreased operational processes. On the other hand, emphasis on task integration would initiate synergies, but by sacrificing the personnel well-being. In order to accomplish soundly the objectives of M&As during the post-acquisition phase both tasks should be in balance. Another important aspect is discussed by Öberg and Tarba (2013) which refers to the fact that the post-acquisition phase relates to the process of unification between the acquired and the acquiring organizations. This phase is important especially in international M&As due to the objectives to enter new markets and customers. During the post-acquisition phase essential decisions are made in terms of transfer of expertise, bundling of product offers, sales techniques (Öberg and Tarba, 2013) and value creation (Marks and Mirvis, 2010). However, despite the strategic expectations and synergy predictions, it is the post-acquisition integration when it depends whether the organizations will fit and create value as a result (Marks and Mirvis, 2010).

In the view of Seo and Hill (2005) during the post-acquisition phase organizations start to integrate information and data from each other. It is essential in this phase that employees from both organizations start to communicate extensively. The objectives for employees are to gain new knowledge and learn new ways of working. Due to its complexity, this phase takes in general longer time than it is expected from organizations (Seo and Hill, 2005). In contrast, Wagner and Hilal (2014) state that this is the “waiting period for things to actually happen” (p. 266) when objectives of organizations change, which lead to increase in uncertainty.

According to Faulkner, Teerikangas and Joseph (2012) as of the 1990s, M&As increased significantly and a growing number of organizations continue to consolidate. However, as discussed by the authors the major challenge is faced once the deal is officially made.
Afterwards, the post-acquisition phase is when the objectives of a M&A should be met. This phase is a key element of every M&A and it is characterized by high level of uncertainty and obstacles. In order to better manage the surrounding activities in M&As, Faulkner, Teerikangas and Joseph (2012) argue that they must be seen as a process with many connecting phases, rather than as combined sequential parts.

Haspeslagh and Jemison (1994) argue that this phase is essential for the successful outcome of M&As. The post-acquisition phase is complex due to its detail-orientation and the fact that it involves regular interactions and impact significantly the transfer of knowledge and capabilities. Besides its complexity it is also filled with unexpected issues and challenges. Thus, Haspeslagh and Jemison (1994) also view it as a dynamic process, which requires agility and managerial empowerment. Figure 2 illustrates the dynamics of the post-acquisition process phases, which are further elaborated below.

Haspeslagh and Jemison (1994) define the post-acquisition phase as gradual and filled with interactions between the acquired and acquiring organizations where they need to learn how to cooperate in order to enable the knowledge transfer.

- **Transfer of strategic capabilities:** As argued by Haspeslagh and Jemison (1994) this is the key element of the post-acquisition phase. The transfer of capabilities can be given to the acquiring party, shared for mutual use or taught. Common challenges arise from the fact that skills, capabilities and knowledge are embedded in individual and organizational routines and procedures. Therefore, it is a difficult and a time consuming process.

- **Atmosphere:** Before commencing the knowledge transfer the atmosphere is essential. The authors argue that reciprocal understanding between the involved parties is needed, also willingness from the individuals to exchange information and share their knowledge. Haspeslagh and Jemison (1994) stress on the fact that in order for the proper atmosphere to be created, the mutual goals and benefits should be clarified.

- **Interactions:** The atmosphere in the post-acquisition process derives explicitly from the regular interaction between the involved parties. Haspeslagh and Jemison (1994) state that there are three types of interactions: substantive, administrative and symbolic. The substantive represent the effort provided in order to transfer knowledge. The administrative...
emphasises on the information and control systems that take part in the process. While the symbolic interactions involve the focus on certain beliefs.

Furthermore, Zhang and Stening (2013) agree with the view of Haspeslagh and Jemison (1994) and define the post-acquisition phase as a process, which facilitates substantial interaction from the employees of the involved organizations in which they learn to mutually cooperate in order to enable the transfer of knowledge, competences and capabilities. The main challenge in this part of the M&A is the required emphasis of the acquiring company towards its interaction with the acquired one in order to encourage the knowledge transfer. Based on their research, the authors argue that there are two common tensions during post-acquisition integration – on a strategic and people level, which predefine the accompanying challenges throughout the process. The authors elaborate on the key factors that contribute for the successful outcomes of the post-acquisition phase.

- **Clearly defined integration goals:** On a strategic level the objectives of the post-acquisition phase should be defined. The difference between the M&A goals and those of the post-acquisition integration should be identified. In order to create value in this phase, strategic analysis should assess the objectives for the acquiring and acquired organizations.

- **Acquiring and acquired parties:** In any M&A the leverage and development of strengths are important for both the acquiring and acquired organizations. An important aspect as argued by Zhang and Stening (2013) is that the acquiring company does not neglect the value of the acquired one, as this can be crucial for the expected outcomes. Even though acquiring companies urge the deriving of value as fast as possible, this can lead to tension and jeopardize the whole process. A key factor here is that acquiring companies should take into consideration the impact on the acquired ones in terms of extracted value.

- **Prioritised and staged approach:** The authors suggest that during the post-acquisition phase it is essential to have goals for the different stages and prioritise accordingly. As the process is challenging and fulfilled with extensive workload, prioritisation is important in order not to lose track on the key elements and tasks.

- **People level:** Due to the nature of M&As, issues involving personnel are unavoidable. Change is to occur and therefore it is important to support, motivate and encourage all employees throughout the post-acquisition phase.

- **Transparency and trust building:** As argued by Zhang and Stening (2013) the acquiring company should ensure transparency throughout the integration and put emphasis on trust, which needs to be established.

- **Open-minded and motivated:** During the post-acquisition phase, the employees of an acquired company need to adjust to various changes. Therefore, it is essential that the integration strategy leads to well-grounded changes, which accommodate the pre-established objectives. Positive interactions between the acquiring and the acquired organizations are hard to initiate, so managers should be open-minded and motivated throughout the process.

- **Respect and mutual learning:** Especially in international M&As differences in terms of culture or organizational structure are expected. Therefore, the organizations should be “culturally compatible” (p. 107) and respect each other to enable a mutual process of learning, information exchange and synergy creation.

This framework by Zhang and Stening (2013) elaborates on the process nature of the post-acquisition integration and suggests that it should be operated on both strategic and people level in order to accomplish the identified objectives of M&As.
2.2.2. Managing the knowledge transfer in M&As

In the view of Bresman, Birkinshaw and Nobel (1999) the fierce competition in the business world predefines the growing need of managing knowledge resources. “Reinventing the wheel” (p. 441) is time consuming and unnecessary if the needed knowledge already exist and can be acquired. Furthermore Bresman, Birkinshaw and Nobel (1999) stress on the fact that individuals are willing to support the transferring of knowledge only if they feel that they belong to the organizational “social community” (p. 441) and share similar identity. In this line of thoughts, the authors present the idea that in case of M&As when two different organizations need to connect together, the “social community” (p. 441) concept is lacking. Therefore, the knowledge and information flow will be slow and challenging, but will increase with the course of time.

In order to get a better perspective on how knowledge transfer is managed in the unique context of M&As, a vital point is to understand the concept of knowledge management (Jasimuddin, Connell and Klein 2012). According to Jasimuddin, Connell and Klein (2012) knowledge management deals with the “discovery and deployment” (p. 458) of knowledge, which enables an organization to position itself strategically on the market. According to Sutton (2001) the main objectives of managing knowledge are enhancing the exploitation of knowledge resources in an organization and their protection within the organizational borders. The author correctly points out that knowledge can be articulated, codified and stored, but its functionality is only complete if it is managed by people. Sutton (2001) states that individuals are the critical parts of knowledge management systems as they are the ones to develop and share it.

2.3. Enablers and constraints in transferring knowledge in M&As

2.3.1. Key factors for transferring knowledge in M&As

There are many essential factors, which influence and facilitate the transfer of knowledge between acquirers and acquired in M&As. However, for this thesis we will adapt the framework of Bresman, Birkinshaw and Nobel (1999), which is illustrated in Figure 3 and elaborated further below.

- **Communication**: According to Bresman, Birkinshaw and Nobel (1999) the smooth communication flow between the acquirer and the acquired companies is a direct contributor to a successful knowledge transfer. Furthermore, it is important throughout the...
post-acquisition phase. The effective communication process leads to transparency and enables the decision making process. Communication is a prerequisite for the lack of misinformation and regular interactions between the employees from both parties. Communication predefines the appearance of “social community” (p. 446), which enables information sharing (Bresman, Birkinshaw and Nobel, 1999). Knowledge transfer is a long process, especially when it involves tacit knowledge so the intensity of communication should be high. Also, the “absorptive capacity” (p. 446), which is the ability to utilise knowledge, is facilitated by a better communication flow. Furthermore, during the post-acquisition phase, an essential factor for its success is the intensity of interactions between the involved parties (Haspeslagh and Jemison, 1991). Mirc (2013) supports the need for extensive communication in M&As in order to facilitate knowledge transfer and adds that it must be continuously developed throughout the process. In the view of Reus (2012) individuals are “repositories of specialized bits of knowledge” (p. 76). Thus, in order to enhance the process of knowledge transfer, it is essential that individuals from both organizations are connected. The author stresses on the fact that rich communication creates the opportunity of transferring tacit knowledge. The ties between acquiring and acquired organizations need to be strong so that individuals can exchange information throughout the post-acquisition phase.

- **Visits and meetings:** Other essential contributors for knowledge transfer, as argued by Bresman, Birkinshaw and Nobel (1999), are regular visits, meetings and training sessions. According to the authors, if more focus is put on such interactions, the post-acquisition phase would be facilitated and as a result, knowledge would be transferred. Such meetings and visits have not only work relation, but they enable social interactions, which can prove to be a valuable addition to the process. Ahuja and Katila (2001) argue further that knowledge is shared through regular interactions between the parties involved in M&As and thus creates opportunities for mutual learning and teaching. Thus, the integration of teams and regular meetings are essential for the knowledge transfer process. Mirc (2013) agrees with that view and states further that the application of job rotations, cross-division integration teams and regular communication enable the transfer of knowledge and contribute positively to the process of sharing.

- **Absorptive capacity and the nature of knowledge:** Bresman, Birkinshaw and Nobel (1999) stress on the importance of the nature of knowledge during international M&As. It is pivotal to mention that in case tacit knowledge needs to be transferred, the process will be challenging and thus, requires more interaction between the acquiring and acquired companies. This absorptive capacity, as discussed by Empson (2001), is defined by the barriers on an individual level such as organizational learning, which should be interpreted into individual learning and it is one of the most important factors that influence knowledge transfer in M&As (Minbaeva, et al., 2003). The authors argue further that the inter-personal communication can be disturbed if the transferring of tacit knowledge is prevented. Therefore, trust is a main contributor towards the efficiency of knowledge transfer. Empson (2001) emphasises on the importance of understanding individual needs and reactions, which have a direct reflection on the organizational knowledge base and the context it is developed in. Ahuja and Katila (2001) discuss that in case the transferred knowledge is related to the existing one, capabilities to apply the new information are enhanced. The similarities in terms of skills and languages facilitate learning and communication, which enable knowledge transfer. Reus (2012) states that absorptive capacity relates to the abilities of the acquiring company to foresee the value of the newly acquired knowledge, interpret it and then use it according to its applicability. Absorptive capacity is interrelated in the organizational procedures and routines and requires time and
experience to be created. Junni (2012) adds another category that is important for the knowledge transfer - disseminative capacity, which represents the capabilities of individuals to articulate and explain the knowledge they possess. Thus, absorptive and disseminative capacities have both individual and collective nature.

- **Time elapsed**: Bresman, Birkinshaw and Nobel (1999) argue that during the post-acquisition phase knowledge is transferred gradually with a slow pace. However, in case there are stress and uncertainty, barriers can appear in terms of uncooperative behaviour. People may resign and new ones might be hired. The authors claim that throughout the process it is essential that managers explicitly support the knowledge transfer. Rumyantseva, Gurgul and Enkel (2002) state further that during the post-acquisition phase it is essential that the transfer of knowledge is facilitated with slow pace as otherwise it can enable ill feeling or stress.

- **Size of the acquired unit**: Depending on the size of the acquired unit, the volume of knowledge transfer differs (Bresman, Birkinshaw and Nobel, 1999). The larger the unit, the more individuals will be involved and thus, the more knowledge needs to be transferred, which will lead to a more complex and prolonged process.

In her study on knowledge transfer, Junni (2012) add also the category of relationship characteristics. The author argues that the relationship between acquiring and acquired organizations is directly influencing the transfer of knowledge. Junni (2012) draws the attention to the fact that the mutual motivation and derived benefits from the knowledge transfer are pivotal for both parties in order to reach the objectives of M&As. Building of relationships has great importance especially in the post-acquisition context due to its uncertainty, which might lead to undesired demotivation.

### 2.3.2. Constraints for knowledge transfer

#### 2.3.2.1. Is communication an issue?

In their thorough research Buono and Bowditch (1989) emphasise on the fact that commonly organizations do not use their communication channels optimally. The authors argue that the communicational requirements for an organization in a M&A context differ due to employees’ feelings of loss and insecurity. However, organizations frequently fail to acknowledge these issues and do not focus enough on efficient communication.

In order for organizations to reduce the anxiety of employees, communication from the top to the bottom should be implemented and correct data is essential to be communicated throughout all levels in order to know what will happen next (Seo and Hill, 2005). Bröchner, Rosander and Waara (2003) expressed a similar view that clear communication from the management level is essential during a M&A process. Bordia, et al. (2007) state that when employees feel uncertain they try to gain information in order to reduce the feeling of not knowing. Uncertainty is seen as harmful to employees and it needs to be addressed by communication. In contrast, Allen, et al. (2007) argue that employees do not always perceive uncertainty as negative, it can also be perceived as positive when it concerns future objectives. Communication is essential during change, however, organizations fail to achieve the objective of providing crucial information to employees. Accordingly, employees are unable to reduce the feeling of uncertainty and engage in the search for data. However, if communication is managed correctly it will effectively deal with employees’ uncertainty (Allen, et al., 2007). According to Brahma and Srivastava (2007) malfunctioning communication is a key contributor for the growing number of failed M&As. It causes decreased energy in the employees when they are wasting time searching for answers of their queries. On the other hand, it facilitates the employees’ acceptance of change by providing
clarifying information and rationale to the occurring events. The authors emphasise on the fact that communication decrease the negative reactions of employees and the lack of communication can lead to appearance of uncertainty. Through communication, uncertainty levels can be reduced and it can accelerate job satisfaction and confidence.

According to Harrison and Farrell (2008) during M&As communication should be clear and it should flow through all levels of an organization. Despite the fact that it is time consuming, communication can be managed effectively. Maintaining continuous communication and information flow is an imperative for the positive outcome of M&As. The opinion of Ranft and Lord (2002) and Zander and Zander (2010) is that regular communication is a facilitator for successful M&As implementation. Wagner and Hilal (2014) agree with that view and point out that communication is a key element for the success of M&As and it is a complementary part of the whole process. The authors further state that the communication flow should ensure the distribution of information in a timely and accurate manner. Therefore, communication should be commenced early in the process of M&As and be on-going. Wagner and Hilal (2014) argue further that communication is a two-sided process and it should contain listening and responding. It is essential to stabilize the employees’ perception of power by for example engaging them in decision making processes and training them to accept occurring job changes. Overall, the authors stress on the fact that continuous involvement of employees in the communication strategy is a prerequisite for the success of M&As.

2.3.2.2. Loss of key employees and knowledge

Jasimuddin, Connell and Klein (2012) argue that during the process of knowledge transfer in M&As valuable knowledge can be lost. M&As may also lead to loss of tacit knowledge. The authors emphasise on the fact that managers struggle to manage the organizational knowledge during times of great changes such as M&As. The core issue is that it is hard for managers to define individual and organizational knowledge and who possess what knowledge. As Zander and Zander (2010) point out acquirers are not 100 per cent aware of what they are acquiring in terms of knowledge. It is important for the acquiring company to identify who knows what and to keep key employees. However, if conflicts arise during M&As, this can lead to employees’ turnover, which can be a prerequisite for knowledge loss.

While it is particularly challenging to manage organizational knowledge, managers are confronted by another obstacle of losing valuable knowledge when talented people leave after M&As. “If employees linked to the key knowledge leaving the firm, the knowledge could be altered or even damaged before being transferred” (p. 122). In addition, Castro and Neira (2005) state that keeping key employees will increase the transfer of knowledge between the acquired and acquiring organizations. Child, et al. (2012) emphasise on the fact that such issues are highly complicated and the solution is not simply to find a replacement. Ranft and Loft (2002) mention that turnover after a M&A can be positive if unproductive personnel is laid off, however, in terms of knowledge this may be a terrible decision as the laid off employees might had valuable knowledge for running the company effectively. Child, et al. (2012) state that alternative personnel can replace the existing one, however, it is very risky without knowing the unique value of the knowledge embedded in the employees. According to Argote and Ingram (2000) and Child, et al. (2012) it might be the case also that these particular employees, which are leaving are not interested in transferring their knowledge to someone else. This presents yet another challenge for organizations – retention of human capital due to the fact that the drastic changes introduced with M&As lead valuable individuals to leave organizations (Ranft and Lord, 2002). This results in crucial loss of their capabilities, skills and knowledge. Ranft and Lord (2002) point out that the literature focuses predominantly on retaining managerial and executive personnel, as it is a fact that they
possess substantial valuable knowledge and competences. According to Zander and Zander (2010) finding and keeping key personnel is essential in order to extract knowledge from M&As. However, Ranft and Lord (2002) stress on the fact that important knowledge can be found in any part of an organization and it might reside in employees, which possess essential technological and organizational expertise. Furthermore, Ranft and Lord (2002) argue that employees’ turnover can create disturbances in the whole organization and thus, seriously damage organizational capabilities. However, if the acquirer manages to retain key talent from the acquired organization, it will positively influence the expected outcome of the M&A. Mirc (2013) supports that view and adds that the retention of key talent will maintain the knowledge embedded in individual technical and operational competences. Thus, the acquirer will be able to sustain the functionalities of its organization. On the other hand, Child, et al. (2012) draw the attention to the fact that the retention of key employees is crucial not only in order to keep the individual knowledge within the organization, but also to preserve the leakage of socially embedded knowledge. The authors state that the most challenging part is to get an understanding between the individual and collective knowledge in order to make important decisions of who should be retained. Zander and Zander (2010) have expressed a similar view that if key employees are lost it will increase the risk of M&As failure.

2.3.3. The impact of employees on the knowledge transfer

Despite the fact that M&As are a commonly applied strategy for organizations, there is no doubt that they introduce substantial stress and turbulence in both acquiring and acquired companies (Empson, 2001). In her thorough study, Empson (2001) argues that the working environment can become rather uncertain and uncomfortable. Such drastic changes can lead to employees’ resistance and initiation of job resignations. The negative consequences can be particularly troublesome when the acquiring party is attempting to transfer knowledge due to its inter-personal nature. In such cases tacit knowledge proves to be even more challenging to transfer as it is embedded in individual intuition, routines and processes. Empson (2001) researches two phenomena, which need to be considered when transferring knowledge – the fear of exploitation and the fear of contamination. Vaara, Stahl and Björkman (2012) express the same view. The fear of exploitation represents the anxiety of individuals when they are confronted by stressful times such as M&As and when they are required to provide their valuable knowledge (Empson, 2001 and Vaara, Stahl and Björkman, 2012). On the other hand, Mirc (2013) states that on an individual level due to fear of contamination, employees can perceive the knowledge transfer as giving away their control and power, which might turn into an impediment for the process. The second phenomenon is fear of contamination, which originates from differences in quality images of both firms. The individuals of the acquired company might be unwilling to provide thorough information for their client relationships or knowledge if they perceive that the image of the acquiring company does not match the one of their own. Mirc (2013) supports that view and adds that the individual perception of the acquirer can impact significantly the desire to share information. According to Empson (2001) it might be the case also that employees are unwilling to share their knowledge from fear and other constraints. Therefore, the author builds her research on the importance of individuals for the knowledge sharing processes in order for the articulation of the knowledge in specific organizational context to be completed. Empson (2001) finds out that commonly individuals make evaluations of advantages and disadvantages from sharing their knowledge with the other party, which makes the process subjective and biased. The author suggests further that in order to understand the complexity of such individual impediments of knowledge transfer, “the process of knowing” (p. 859) needs to be taken into consideration, which represents how each employee “shapes and is shaped by this process” (p. 859).
2.3.3.1 Motivation issues

According to Connelly, et al. (2012) the intellectual capital of employees is not owned by organizations and thus, employees cannot be forced to share their knowledge with others. Therefore, it is highly important to motivate employees to share their knowledge, despite its difficulty. This study will adapt the view of Reus (2012) that the transfer of knowledge is dependent upon the cooperation and motivation of individuals. Kalling (2003) reinforces this understanding and states that motivation is necessary to transfer knowledge. Due to the uncertainty characterized by M&As, there might arise many obstacles preventing employees from both sides to share their knowledge voluntarily (Reus, 2012). Reus (2012) argues that individuals might be constrained from the fear of losing control or lack of trust in the acquirer. In addition, motivational issues such as refusal to share knowledge can be managed by communication (Kalling, 2003). On the other hand, employees of the acquiring organization might not have the motivation or interest to interpret and accept the provided knowledge. As stated by Reus (2012) the sense of trust and social interactions are imperatives for articulation of knowledge. In this view, middle managers play an important role during the process due to their closer and regular interactions with team members and abilities to build relationships.

In that sense, as argued by Jasimuddin, Connell and Klein (2012), the process of knowledge transfer in M&As relies on the relationship and cooperation between the acquirer and acquired. Thus, trust is a key element in creating a cooperative environment, which can facilitate the exchange of expertise. In this regard, Bresman, Birkinshaw and Nobel (1999) state that trust is essential for relationship building and thus it has direct influence on the successful outcome of M&As. The greater the trust, the more the knowledge transfer is enabled.

2.4. Theoretical framework model

In order to explain the relationship between the different theories, a theoretical model (Figure 4) is developed. This model visualizes how the process of knowledge transfer in the post-acquisition phase evolves over time and how the process is constrained and enabled.

The left part of Figure 4 is a modified fraction of Haspeslagh and Jemison (1994) acquisition integration process model. The two first squares interaction and atmosphere for knowledge transfer have been applied, due to the fact that the atmosphere develops from regular interactions between the acquiring and the acquired companies. Therefore, we see an interlink between the interactions and the atmosphere creation and do not see them as separated from each other. Moreover, it is essential for both companies to understand the objectives for the acquisition and employees need to be willing to transfer their knowledge (Haspeslagh and Jemison, 1994).

After the atmosphere for knowledge transfer is created, the next step is to understand how knowledge is transferred in the post-acquisition phase. According to Szulanski (1996) in the ramp-up phase possible problems with the transfer of knowledge can occur. We noticed that Szulanski (1996) did not include the nature of knowledge or individual challenges throughout the phases. However, we perceive them as having an essential impact on the knowledge transfer process. This is why we added the most common constraints during the transfer of knowledge in the novel framework in order to highlight the importance of possible obstacles during the process. Organizations can experience a lack of knowledge as some information is difficult to transfer, especially tacit one, as it resides within employees. As organizations cannot force their employees to transfer their knowledge, employees need to be motivated. However, during a hostile acquisition the level of motivation to transfer knowledge is low. In
addition, it is important during M&As that employees from both parties are aware of the objectives of the acquisition, otherwise a lack of understanding will appear and this can constrain the knowledge transfer. Furthermore, during a M&A some knowledge will be lost eventually due to the fact that employees may decide to leave the organization.

We consider the nature of knowledge as essential during the transfer of knowledge. As Nonaka, Toyama and Konno (2000) point out knowledge is dynamic and can be separated into tacit and explicit. Therefore, our opinion is that knowledge changes over time due to its dynamic nature, which makes it an interesting object to observe especially during the process of knowledge transfer in the post-acquisition phase of a M&A.

In order to reduce the knowledge transfer issues during the post-acquisition phase it is crucial for companies to apply facilitators for the transfer. The framework by Bresman, Birkinshaw and Nobel (1999) will be used for this thesis. We consider these facilitators as key factors, which enable the transfer of knowledge even though we are aware that there exist other factors with sufficient influence. The post-acquisition phase is stretched over a period of time where regular meetings between the organizations are essential in order to create a smooth communication flow. This will have a positive relation to the transfer of explicit and tacit knowledge, as people are interacting with each other and knowledge is transferred and articulated in a proper way. On top of that, all facilitators result in building a relationship between the organizations as regular contact increases the level of trust. These facilitators have been added to the novel framework in order to show their importance to create a better transfer of knowledge between the acquiring and acquired company.
Figure 4: Theoretical framework model
3. Methodology

In this chapter the methodological aspects will be elaborated and combined with this conducted research. To give a better overview, this section was divided into eleven parts. This chapter concludes with a summary, which illustrates the applied methods.

3.1. Storyline

A main reason for companies to engage in M&As is to gain new knowledge and use it as a strategic tool (Bresman, Birkinshaw and Nobel, 1999). However, a lot of issues can arise during the knowledge transfer and therefore understanding the process nature of knowledge becomes an imperative. In this thesis, the objective is to investigate the knowledge transfer during the post-acquisition phase of a M&A and how employees constrain this process.

Our intention with this research is to contribute first with thorough investigation of what knowledge transfer is and how it emerges in organizations and second, how the knowledge transfer process evolves during organizational changes such as M&As. According to Orton (1997) research should focus predominantly on dynamic organizational processes instead of static, despite the fact that the dynamics are harder to observe and analyse. In our research we focus on the dynamic nature of knowledge transfer and thus it adapts a process perspective. Orton (1997) claims further that organizational process researchers are those, who investigate complexities within organizations and commonly the research focuses on phenomena, which occur over time. Further, the author presents the iterative grounded theory, which is the chosen research method for this thesis. However, the challenge with this method is the high level of complexity and dynamics due to the fact that the process changes along the research. During our research we made an attempt to study the phenomenon of knowledge transfer, however, we did not get all the necessary information due to its dynamic nature. Despite this limitation, our contribution is still noticeable for the research society due to the fact that the process nature of knowledge transfer has not been studied in the same manner in previous research.

In order to investigate the theoretically grounded issues, we focused on a single-case study in a Swedish subsidiary of an international company. However, the process of investigation and research was extensive and filled with challenges and fluctuations along the way. The whole process is divided into several steps.

Step 1 – Searching for access in a company

The process of finding a suitable company was commenced couple of months before the start of the thesis as some drawbacks were anticipated. Several companies were reached where we presented ideas for a research. However, due to the inability from their side to collaborate with students on the suggested topics, further contact was not established. Fortunately, one of us had contact in a company with which she collaborated in previous studies. Globex was very open and interested to assist in this research and expressed willingness to provide all information needed.

Step 2 – Identification of a researchable topic

Even though Globex provided us with all required information, the research process was challenging. The main reason for that was to identify a suitable topic that simultaneously corresponded to the company’s needs and the ability to contribute theoretically to the academic society. Once the contact with Globex was established, we found an interesting research topic in the area of core competences. We communicated with the company via
email and Skype on a regular basis in order to find common grounds in terms of a topic. However, at the time of the first interview we realised that we would not gather sufficient empirical data from Globex, as the employees were not familiar with the concepts. However, potential was discovered in another area due to the recent acquisition of Oceanic, which provided grounds for research. Thus, it was decided that it would be beneficial for both parties to explore the challenges surrounding the knowledge transfer in M&As.

Step 3 – Data analysis
Once the topic was decided, the process moved forward to the conduction of interviews in order to gather empirical information. We exchanged emails and communicated over Skype with Respondent 3 in the after-sales department, who provided us with the organizational structure. This was useful in order to make a mutual decision regarding whom to interview and to make a time schedule that would match the availability of the employees.

Step 4 – Data presentation
In the last step of the process the gathered information was transcribed and then separated in categories by applying techniques such as coding. The separation of the information was time consuming and filled with challenges as the different themes and categories were changed several times. The data presentation and analysis included going back and forth through the information and find perspectives and aspects, which would support the whole research. The data presentation and analysis were tasks that we focused explicitly as it defines the ground for the empirical investigation. Out of the empirical investigation and back up with the theoretical framework, new and unique findings can be drawn which was a major objective for this research.

3.2. Research approach

3.2.1. Inductive research
It is the view of Cohen, Manion and Morrison (2007) that in former times individuals tried to understand the world by applying two ways of reasoning: inductive and deductive reasoning. Hyde (2000) claims that a deductive research is a theory-testing approach, which starts with an existing theory or generalization. For this research the inductive approach was used due to the fact that this study was grounded on a specific case regarding a M&A, which was provided by Globex. Due to the fact that the research topic was changed in the beginning, we used deductive research as the first topic was identified theoretically. Later on when potential was foreseen in another direction the topic was initiated from the organization and complemented by theory later on. We collected empirical information by conducting interviews with Globex’s employees regarding the knowledge transfer in M&As and afterwards theory was applied in order to form a generalization.

3.2.2. Qualitative research
According to MacDonald and Headlam (2008) researchers are in need to either calculate things or to have a conversation with individuals during the process of conducting any kind of research. Out of this, two types of research methods can be identified, which are quantitative and qualitative. The quantitative research has a large number of respondents but only a small amount of variables, which means that this research is interested in the scale of a topic. In contrast, the qualitative research has a small number of respondents but a large amount of variables. This means that this research is interested in the scope of a topic. The aim of this research method is to gain deep information and provide a conclusion, which is applicable for the specifics of each case. For this thesis we were interested in investigating the process of
knowledge transfer during the post-acquisition phase between the acquired and acquiring companies and how it evolves over time. Qualitative research has been applied for this research due to the fact that it was more important to explore deep and specific information than collecting measurable data and make a generalization for a whole population. Additionally, as a qualitative research is interested in the scope, the sample size was small with the interest of gaining specific information and this was useful to understand the insights of the researched dilemma.

Hyde (2000) states that researchers have the opportunity to study a subject in detail and describe a specific phenomenon by collecting their own data. “Even a single case, if studied in sufficient depth and with sufficient insight, may provide the basis for a theoretical explanation of a general phenomenon” (Hyde, 2000, p. 84). In the current study, deep and detailed information were main objectives, which led to the preference of qualitative research. Due to the fact that we had access to an interesting and rare case, it was important to seize the opportunity and research the variables that influenced knowledge transfer in the recent M&A of Globex. Table 2 below illustrates the main characteristics of qualitative research method used for our thesis.

<table>
<thead>
<tr>
<th>Qualitative</th>
<th>Aim</th>
<th>The aim is a complete, detailed description of the process of knowledge transfer and how it evolves in a M&amp;A.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purpose</td>
<td></td>
<td>Contextualization, interpretation, understanding perspective</td>
</tr>
<tr>
<td>Tools</td>
<td></td>
<td>We as researchers are the data gathering instruments.</td>
</tr>
<tr>
<td>Data collection</td>
<td></td>
<td>Unstructured</td>
</tr>
<tr>
<td>Output</td>
<td></td>
<td>Data is in the form of documents, enclosed and shared information by Globex</td>
</tr>
<tr>
<td>Sample</td>
<td></td>
<td>The sample is four employees from Globex</td>
</tr>
<tr>
<td>Objective / Subjective</td>
<td></td>
<td>Subjective – we gathered information from employees directly affected by the M&amp;A and interpret it ourselves</td>
</tr>
<tr>
<td>Research role</td>
<td></td>
<td>We become subjectively immersed in the topic.</td>
</tr>
<tr>
<td>Analysis</td>
<td></td>
<td>Interpretive</td>
</tr>
</tbody>
</table>

Table 2: Qualitative research
Source: adapted from MacDonald and Headlam (2008, p. 9) adjusted by the authors

3.3. Research Design

A research design is used to guide a research with the help of defining the purpose and aim of a study. It provides the framework to explain the research question and therefore it is critical to choose the correct research design. The framework guides a researcher in the direction of how to collect, analyse and translate data (Brown and Suter, 2012; Hultman, 2012; Krishnaswami and Satyaprasad, 2010). Krishnaswami and Satyaprasad (2010) argue that a research design provides guidance for a research in order to stay on the right track, however, it does not provide a fixed framework what researchers should follow. The research design is divided into three types - exploratory, descriptive and, causal. In the following paragraphs only the first two designs will be elaborated further as they have been used in combination for this thesis.
3.3.1. Exploratory research

Exploratory research is focusing on discovering ideas and gaining deeper insights (Hultman, 2012). Overall, it gives an improved understanding of specific circumstances. However, exploratory research design does not provide final solutions or conclusions for a specific situation. According to Brown and Suter (2012) exploratory research, also called qualitative research, will not provide desired answer to a specific problem but it will provide deep information or clarifications for a specific case. For this thesis it was essential to gain explicit data for the researched problem. The core of the theoretical dilemma was not to provide an answer per se, but to gain insights for the knowledge transfer in M&As and to understand the process of how challenging the knowledge transfer during such transition is. Exploratory research will not provide final conclusions for the total population as it focuses on a small sample size where the participants are carefully selected (Brown and Suter, 2012). As the current research is a single-case study, we investigated one company and interviewees were selected in order to ensure provision of the required information.

For this thesis we used three out of four exploratory research design methods - literature search, depth interviews and case analysis. The first method literature search deals with the collection of information from different academic literatures, press or published statistics, which provide a better insight into the area of interest (Brown and Suter, 2012). This method was extensively applied through the whole research process. The theoretical chapter was explicitly based on information from academic literatures. Data was explored from university’s library, different databases and online libraries in order to find the best suitable theoretical findings. The second one is depth interviews, which focus is to interview knowledgeable individuals about the specific area of the researched problem. As Brown and Suter (2012) claim, the positive aspect of conducting depth interviews is that the acquired results will provide deep insights for the studied topic. However, depth interviews are expensive (Bryman and Bell, 2011) as only one interviewee at a time can be interviewed and the conducted data need to be transcribed and analysed. We conducted interviews aiming to gain rich empirical data and afterwards created a solid literature framework. Even though the whole process of conducting depth interviews was time consuming and exhausting, it paid off by supporting the research with deep insights of employees’ perception and personal opinion of how the knowledge has been transferred during post-acquisition phase in the M&A. The last method design is the case analysis, which provides researchers with new knowledge as they can study a specific situation in detail (Brown and Suter, 2012). A case study has been used due to the fact that in-depth understanding of the phenomenon was essential.

3.3.2. Descriptive research

The aim of the descriptive research is to describe a population and to be able to provide a more sophisticated research (Krishnaswami and Satyaprasad, 2010). The descriptive research is interested in the five-W (who, what, when, where, why) questions and the how question (Hultman, 2012). The reason for choosing descriptive research was to formulate a sounder thesis. In addition, the descriptive research is divided into two methods - cross-sectional and longitudinal. The difference between them is that when conducting a cross-sectional study a sample group will be analysed at a single point in time and when doing a longitudinal study the sample group will be analysed over a longer time period (Brown and Suter, 2012). For this research the cross-sectional approach was used as all interviews were conducted at a single point in time, due to time limitations.
3.4. Data sources

In order for a research to be reliable, the used data should be “relevant, reliable, accurate and conceptually correct” (Rabianski, 2003, p. 43). There are two main types of data sources, which are primary and secondary ones (Krishnaswami and Satyaprasad, 2010). For the purposes of this research both primary and secondary data were used. Primary data was predominantly applied as interviews were conducted, which were a main source of information.

Primary data are original and first hand gathered sources. Researchers collect data, which have not been collected in advance. These sources of data could be in the form of interviews, e-mails, observation and so forth. In this thesis, we relied extensively on the information gathered from interviews as it provided details, profound knowledge and interesting perspective, which could not be gathered elsewhere. By using such origins, a researcher is free to choose the sources according to the needs and time constraints of a study (Krishnaswami and Satyaprasad, 2010). In the view of Armstrong, et al. (2009), it is the researcher’s task to ensure that the gathered primary information is “relevant, accurate, current and unbiased” (p. 121). Following this argumentation, we collected data from employees directly involved in the M&A in order to ensure the relevancy of information and its accuracy. Furthermore, due to the fact that the M&A occurred recently and the consequences were being experienced at the time of interviews’ conduction, the information was current. Lastly, in order to ensure objectivity, we interviewed employees with different responsibilities, which were involved to different extent in the M&A. Krishnaswami and Satyaprasad (2010) state that primary data sources require substantial investment in terms of finance and time. For this research the collection of primary data involved substantial amount of time in terms of interviewing, transcribing and analysing, however, the quality of the information was a major objective, which led to the decision on relying extensively on primary data.

According to Armstrong, et al. (2009) secondary data contains information, which is collected already for a different purpose than the currently researched study. The authors claim that this is the data that should be collected first. It is less costly than the primary data and requires less time. Therefore, for this research secondary data supported the thesis, as it was not that time consuming to revise different sources. However, there are obstacles when using secondary data as it may not exist or cannot be found. For this research, we collected first secondary data in the form of company information and also former research in order to get familiar with the topic and get a better perspective of the related issues. In the view of Krishnaswami and Satyaprasad (2010) secondary sources vary greatly and can be found in different forms of materials and information, which increases the statistical power and the reliability (Rabinovich and Cheon, 2011). The sources of secondary data can vary among industry associations, international or service organizations, libraries, publication or the World Wide Web (Hultman, 2012). For this research, company documentation and materials were provided, which supported the study’s reliability. Furthermore, we applied substantial data gathered from already conducted research regarding knowledge transfer, which were publicly available.

3.5. Research method

Yin (2009) draws attention to the fact that the different research methods are distinguished by three requirements, which are “(1) the type of research question posed, (2) the extent of control an investigator has over actual behavioural events, and (3) the degree of focus on contemporary as opposed to historical events” (p.8). Table 3 illustrates the requirements for a
case study as being the chosen research method for this thesis. According to Yin (2009, p.8) “how” and “why” questions are primarily used for case studies, experiments or histories. It is essential for researchers to define their research questions, as they will give rise to the most appropriate research method to be used. As it has been the case for this thesis a “how” question was constructed.

<table>
<thead>
<tr>
<th>Research strategy</th>
<th>1 Form of research question</th>
<th>2 Requires control over behavioural events?</th>
<th>3 Focuses on contemporary events?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case study</td>
<td>How, why</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Table 3: Research strategy for case study
Source: adapted from Yin (2009, p. 8) adjusted by the authors

3.5.1. Case study

In the view of Eisenhardt and Graebner (2007) a case study provides profound information regarding a specific situation, which is mostly based on different data sources. In addition, case studies provide real-life insights on particular phenomena by gathering rich data. According to Stake (2005), there exist three types of case studies, which are “intrinsic, instrumental and multiple or collective” (p. 445). The first option was used for this case study as understanding the particular situation was essential and no generalisation or multiple cases were used, which led to the elimination of the two types. Further, we had unusual access to Globex, which provided us with essential data to better understand the specific issue. The main goal of a case study is to gain detailed information from a small sample size - where single-case study is the most intense form - regarding a specific topic and perspective (Tight, 2008). Despite the fact that the sample is small within a single-case study Siggelkow (2007) states that it can be very persuasive and powerful. The author draws the attention to the important aspect that when a case study is chosen for a research, it should contain a “talking pig” (p. 20). This phenomenon, as explained by Siggelkow (2007) embodies a unique idea or a case that is persuasive enough by generalising it with a small sample. As Yin (2009) points out “critical, extreme, typical, revelatory or longitudinal case” (pp. 40-42) are five justifications to use a single-case method. Eisenhard and Graebner (2007) have expressed a similar view. However, they add that a single-case study is primarily chosen when researchers have unusual access and when the phenomenon is extreme. “Thus, single-case research typically exploits opportunities to explore a significant phenomenon under rare or extreme circumstances” (p. 27). In the case of this research, the researched context of M&As was a rare and extreme situation for any organization and to be able to get access is difficult, which represented the talking pig within this thesis. However, we had unusual access to the information provided by Globex and further we were able to understand an extreme situation in detail.

A good case study has different kind of characteristics (Herreid, 1998, pp. 163-164):

- **A good case tells a story**: In this thesis the story was regarding the process of transferring knowledge during the post-acquisition phase. In addition, we put focus on how the employees constrain the knowledge process.

- **A good case focuses on an interesting arousing issue**: The interesting aspect of this thesis was the acquisition of an organization, which is normally hard to get access to. However, we had the great opportunity to collaborate with Globex and were able to identify the evolving process nature of knowledge transfer.
• **A good case is set in the past five years**: As Herreid (1998) mentions a phenomenon has to be recent due to the fact that it should feel real and important. Due to the fact that the acquisition process was done in the end of 2013 this thesis deals with a current case.

• **A good case creates empathy with the central characters**: The main characters of this thesis were four employees of the acquiring organization who presented their viewpoints and how their working processes have been affected.

• **A good case includes quotations**: The viewpoint of Herreid (1998) is that quotations add real-life feeling to a case and therefore it is important to use them, if possible. We made in total four interviews where essential quotations were collected. This filled the story with real-life perspective and understanding of the employees involved in the M&A.

• **A good case is relevant to the reader**: This thesis has been written for managerial and academic use. For managers this thesis should provide a better understanding of different issues connected to knowledge transfer during the post-acquisition phase in M&As and for academics it should provide a grounded theoretical framework in combination with empirical evidence, which lead to an interesting case.

• **A good case must have pedagogic utility**: Both teachers or students can make use of this research during lectures or seminars.

• **A good case is conflict provoking**: According to Herreid (1998) intellectual individuals should find some aspects within the case where they could disagree. If this is provided within a case, a good case study is created.

• **A good case is decision forcing**: By this characteristic it is meant that case studies need to have a dilemma, which need to be solved (Herreid, 1998). The big dilemma within this thesis is the process nature of knowledge, which causes obstacles during the transfer of knowledge in M&As. Further, the real-life problem gathered from the organization under study also highlighted this issue.

• **A good case has generality**: The findings of this thesis are intended to find application in other cases of knowledge transfer in M&As.

• **A good case is short**: Herreid (1998) points out that if a case is too long, readers will wander off and lose interest. Therefore, it should be written step-by-step providing readers with little information at a time in order to keep the curiosity. In this thesis the case was presented by providing a historical background of Globex, followed by quotations of the employees and questions asked by the interviewers, which lead to an interesting case worth reading.

Another way of adding more value to a case study is by having an exemplary one, which has five characteristics (Yin, 2009, pp. 185-190), which are presented below.

• **Significant**: The single-case is rare and important to the public in either theoretical or practical terms, or both. This thesis used a single-case study, which was “revelatory” (p. 185) as it focused on a specific real-life phenomenon, which was not able to investigate previously due to the fact that it happened recently.
• **Complete**: This characteristic includes three aspects, which are “the boundary of the case, documentation of evidence and constraints” (p. 186). The first aspect was dealt with as the authors made a difference between the phenomenon and the context, where the phenomenon being the knowledge transfer and the context being the acquisition made by Globex. Evidence has been collected with the help of in-depth interviews and documents provided by the organization under study, which decreased the amount of untouched evidence and provided the authors with essential information. The last point regarding constraints, time or resources, was minimized due to the fact that we created a schedule what can be managed in the limited amount of time.

• **Consider alternative perspectives**: Due to the fact that we interviewed employees, who have different responsibilities within the after-sales departments this thesis provides diverse viewpoints, which is essential to have in an exemplary case study.

• **Display sufficient evidence**: The collected information should be displayed in a non-biased way, leaving the reader the option to form an opinion regarding the validity of the specific analysis.

• **Composed in an engaging manner**: A similar viewpoint has been mentioned by Herreid (1998) that a case study has to be written in an appealing way in order for readers to continue reading. Our main aspect when writing a case study should be to seduce the reader into their research. “Engagement, enticement and seduction – these are unusual characteristics of case studies” (p. 190).

According to Eisenhardt and Graebner (2007) the main challenge of a single-case study is to present the deep qualitative collected data in an appealing way. However, connecting key individuals and important evidence is done with the objective to create a seductive story. Furthermore, the theoretical framework and the empirical findings will be interlinked in order to provide a more valuable case. Due to the fact that we identified gaps in the theory and simultaneously had unusual access to a rare and powerful case, a single-case study approach was considered as the most appropriate option. Another useful aspect of a case study as discussed by Siggelkow (2007) is the fact that theories may have the pitfall of being too abstract and therefore an illustrative real life example can strengthen the understanding of the concepts. In such cases, a single-case can be more persuasive and get closer to the existing literature than if a large sample is chosen and applied. We aim to use a single-case study in order to provide a better understanding of the discussed theoretical concepts and also it will commence the fulfilment of the identified theoretical gaps.

### 3.6. Permission and anonymity

An important aspect before the data collection in a case study is the protection of “human subjects” (Yin, 2009, p. 73). Formal approval is required from the individuals who are providing data. High ethics in case studies is a prerequisite. In case of studying a “contemporary phenomenon” (p. 73) the researchers are obliged to pay attention on the ethics. Yin (2009) argues that the researchers should ask for permission from each participant and their willingness to participate. We realize the importance of ethics in a case study and therefore all participants in the data collection were asked in advance about their willingness and interest to be interviewed. Also, the objectives of the study should be clarified and goals of the data collection must be identified. The participants should be protected in terms of confidentiality (Yin, 2009). For this thesis each interviewee received the transcripts of the
conducted interview and was asked for the approval of publishing the information from it. Also, the company in the research and the employees involved are published as anonymous in order to protect the individuals and the organization from any harm of exposing sensitive data. Further, the purpose of the study and the researched methods were provided and clarified. Once the study was completed, the findings were sent to the organization for revision and permission for publication.

3.7. Data collection method

It is the view of Merriam (1998) that data are fragments of information in the surrounding. Further, the author states that data collection consists of asking questions, observing and follow up. All acquired data should be taken into consideration and be revised afterwards. Merriam (1998) claims that when a case study is made the data collection methods are more complex. According to Yin (2009) there are different sources of evidence applied in a case study. For this thesis documentation and interviews will be used, which are illustrated in Table 4.

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<thead>
<tr>
<th>Source of evidence</th>
<th>Strengths</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation</td>
<td>• Stable-can be reviewed repeatedly</td>
<td>• Retrievability-can be difficult to find</td>
</tr>
<tr>
<td></td>
<td>• Unobtrusive-not created as a result of the case study</td>
<td>• Biased selectivity, if collection is incomplete</td>
</tr>
<tr>
<td></td>
<td>• Exact-contains exact names, references, and details of an event</td>
<td>• Reporting bias-reflects(unknown)</td>
</tr>
<tr>
<td></td>
<td>• Broad coverage-long span of time</td>
<td>• Access – may be deliberately withheld</td>
</tr>
<tr>
<td>Interviews</td>
<td>• Targeted – focuses directly on case study topics</td>
<td>• Bias due to poorly articulated questions</td>
</tr>
<tr>
<td></td>
<td>• Insightful – provides perceived causal inferences and explanations</td>
<td>• Response bias</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Inaccuracies due to poor recall</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Reflexivity – interviewee gives what interviewer wants to hear</td>
</tr>
</tbody>
</table>

Table 4: Sources of evidence: strength and weakness
Source: adapted from Yin (2009, p. 102) adjusted by the authors

Documentation comes in different forms and should be used for distinctive data collection. Documents can have the following types: “letters, e-mail correspondence, notes, written
reports, administrative documents, articles in the mass media” (Yin, 2009, p. 103) and so forth. Nowadays with the help of the Internet it is possible to easily access most of these types of documents and other forms. However, these documents have been made for a specific purpose and may not fit 100 per cent for the researchers’ area of interest. For this research, documentation was used primarily in the form of company’s reports, administrative documents, and emails. We also found substantial information on the Internet regarding the studied company. Even though the documentation on the Internet can be overwhelming, we found interesting and useful information, which contributed to the research and our knowledge about the topic.

Interviews are primarily the most common method to gain information for a case study. According to Yin (2009) interviews refer more to guided conversations than to a structured questionnaire. During an interview it is important to follow the already created instructions in the protocol of the case study and also to lead the discussion in an objective approach. Simultaneously the interviewer should follow the “line of inquiry” (p. 107) of the study and ask questions, which are not uncomfortable during the conversation. Therefore, each question was carefully constructed for this research in order to ensure that the respondent is comfortable and willing to provide the desired information. As a result, each interview for this thesis had a conversational flow, which led to openness and mutual interest in the collaboration. During an interview trust and comfort should be created (Cohen, Manion and Morrison, 2007). Yin (2009) states that one type of interview is an in-depth one where researchers have the opportunity to ask questions regarding the opinion of an interviewee and understand a specific situation in detail. Moreover, interviewees can provide the researcher with other interviewees to question and other sources of evidence. Such helpful interviewees become key informants to researchers as they can contribute with valuable information. In this thesis Respondent 3 became a key informant as we got exemplary information and reference to additional interviewees. In order to make interviews more valuable researchers should back them up with other sources. According to Sharma (2010) the collection of data should be always critically examined in order to ensure its validity and reliability. Furthermore, a common question is regarding recording an interview or not. A straightforward answer is that if interviewees feel comfortable with it and allow the recording, researcher should record as they can transcribe it later on and listen to the interview sessions again, though this is quite time consuming (Merriam, 1998 and Guba and Lincoln, 1994). In this research before every interview, the respondents were asked if they permit recording and all of them allowed the use of recording tools. This was a preferred approach in order to ensure the preservation of data and its easier transcribing.

Merriam (1998) defines interviews as “a conversation with a purpose” (p. 71), which main objective is to examine what is “in and on someone else’s mind” (p. 71). Interviews can be structured into three different ways, which are highly structured, semi-structured, and unstructured. The opinion of Merriam (1998) is that in a qualitative research most interviews are less structured and more open-ended questions are asked. Therefore semi-structured questions can be used. The semi-structured type gives interviewees the opportunity to express themselves in a unique and open way. However, during interviews explicit data is desired from interviewees such as name, working history, and so forth. Therefore, a combination of structured and semi-structured interview questions were used for this specific research in order to collect desired data and to obtain fluid and smooth conversations with the interviewees, which is illustrated in Table 5. It was necessary to gain information about employee’s opinions and perspectives. When we conducted the interviews we prepared in advance some structured questions with more general character such as work experience, position, name from each employee. Also, we made some guidelines and directions for
questions, which were semi-structured. Thus, during each interview we did not limit the freedom of the interviewees and they provided explicit information of their opinions and observations.

<table>
<thead>
<tr>
<th>Highly Structured/standardized</th>
<th>Semi-structured</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Wording of questions predetermined</td>
<td>• Mix of more- and less-structured questions</td>
</tr>
<tr>
<td>• Order of questions predetermined</td>
<td></td>
</tr>
<tr>
<td>• Oral form of a survey</td>
<td></td>
</tr>
</tbody>
</table>

Table 5: Interview structures
Source: adapted from Merriam (1998, p. 73)

On the other hand, another type of interviews has been investigated by Kreiner and Mouritsen (2005) – the analytical interview. The authors argue that during such interview both parties build and construct new dilemmas and explore new knowledge and perspectives. The objective of this type of interview is not to extract final answers, but to create “analytical conversation” (p. 155). Following strictly an already created interview guide will not ensure provision of new knowledge, therefore, Kreiner and Mouritsen (2005) state that room should be made for additional questions, which aim to explore new perspectives, angles and ideas. In this case only listening and recording may not be enough, so “hearing” (p. 157) the information provided by the respondents is a key variable. Before conducting the interviews for this thesis, we created in advance both structured and semi-structured interview questions. However, we aimed for more analytical and follow-up questions in order to gather insight knowledge and perspectives from the respondents. We realized that the simple following of the questions would not lead to the extraction of new and interesting facts. During each interview we were engaged in the conversation and together with the respondents created the conversational flow. The questions, which were prepared in advance helped substantially for the gathering of data, but through the ongoing process of the interviews new knowledge was acquired which we were not aware before so the follow up questions were highly necessary. The use of analytical interviews led to extraction of valuable information and interesting facts, which would not be the case if only the predefined questions were strictly followed.

Furthermore, in-depth interviews provide researchers with the chance to ask questions, which will generate interviewees perspective and by this will allow researchers to understand a situation in a better way (Yin, 2009). Thus, we chose in-depth interviews as the most suitable approach due to the fact that we gained profound information about knowledge transfer and the gathered data is critical for case studies due to the unique access of information (Yin, 2009). In addition, Krishnaswami and Satyaprasad (2010) state that in-depth interviews are the only method that allows collecting personal information on a more sensitive subject area, which are the data we needed for this thesis.

3.8. Data collection instrument

According to Merriam (1998) during the whole process of conducting a qualitative study, researchers make essential decisions and base their choices among various options. After defining the research questions, the next important step for us was to decide the information that is needed to support the study and which instruments are required in order to obtain it - interviewing. The structure of an interview consists of a list of questions, however, it is not sufficient to extract the required information. Therefore, it is pivotal to ask the right questions which will provoke the sharing of data and facts needed for a research (Merriam, 1998). Cohen, Manion and Morrison (2007) state that an interview is a social encounter and not just
information transfer, therefore, all parties involved build it up. By considering these arguments, we created a comfortable and relaxed environment for the interviewees in order to ensure the conversational flow of information.

3.8.1. Interview guide

For this thesis, an interview guide, illustrated in Table 6 is used due to the systematic collection of data and the advanced provision of topics and issues. An interview guide contains specific questions, which each interviewee needs to be asked. Merriam (1998) reveals that it can include both specific questions in a structured manner and also randomly asked questions in a more unstructured way. However, the interviews in qualitative studies are predominantly semi-structured. Despite the chosen type of interviews, Merriam (1998) points out that it is essential to start the questions with more general and descriptive information. Thus, interviewee’s perception and values can be better investigated.

<table>
<thead>
<tr>
<th>Types of interview</th>
<th>Characteristics</th>
<th>Strengths</th>
<th>Weaknesses</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interview guide approach</td>
<td>Topics and issues to be covered are specified in advance, in outline form; interviewer decides sequence and working of questions in the course of the interview.</td>
<td>The outline increases the comprehensiveness of the data and makes data collection somewhat systematic for each respondent. Logical gaps in data can be anticipated and closed. Interviews remain fairly conversational and situational.</td>
<td>Important and salient topics may be inadvertently omitted. Interviewer flexibility in sequencing and wording questions can result in substantially difficult responses, thus, reducing the comparability of responses.</td>
</tr>
</tbody>
</table>

Table 6: Strengths and weaknesses of the interview guide
Source: adapted from Cohen, Manion and Morrison (2007, p. 353)

For the formulation of the interviews we conducted, a question frame has been created in advance, which was combined with follow up questions that were used for leading and guidance. Thus, the questions led to deeper extraction of knowledge and data and more detail oriented answers, which helped us to gather the required information. However, due to the fact that making an interview guide is an iterative process, it evolved and changed several times according to the circumstances. Due to the fact that the topic has been changed, the interview guide has been renewed as well. At first, the topic was within the area of core competences, however, it did not match the company’s direction so it had to be changed. Therefore, the questions in the interview guide were renewed towards the area of knowledge transfer in M&As. Also, before the first interview the interview guide was prepared in advance and each question was aiming to extract specific information required for the objectives of the research. However, during the process of the first interview some of the answers concerning the M&A changed the direction of the study towards how the process of knowledge transfer evolved. The first draft of the interview guide contained more structured questions and also more broadly focused as we were aiming to understand the overall obstacles and perspectives of the topic. Furthermore, we saw potential in another aspect of the acquisition, which was how the process of transferring knowledge evolved in Globex. Therefore, questions focusing on this aspect were added, which were more open and analytical so that the interviewees could freely provide insight information about their personal perspectives on the matter.
In this thesis the guide contained some deep specific questions and others that are open-ended. The objective for the interviews was to extract deep company related knowledge and comprehensive information, which is the reason for using in-depth interviews. In order to accomplish the purpose of this method, the following guidance was followed according to Merriam (1998) as shown in the Figure 5 below:

**Step 1:**
- **Determine whom to interview** - the interviewees were chosen based on their profound knowledge and experience

**Step 2:**
- **Interaction between interviewer and respondent** - our interaction with Globex was on a regular basis, which ensured the provision of data

**Step 3:**
- **Recording and evaluating interview data** - each interview was recorded and transcribed in order to better analyse and investigate the information

In Step 1 of the guidance it is pivotal that researchers decide from whom they would like to collect the data. This can be identified by examining the data that needs to be gathered and which perspective will contribute in the most optimal way to the study (Merriam, 1998). Throughout this step we have been in contact first with a key contact person, which is Respondent 3 within the after-sales department of Globex. With the assistance of this contact person, the rest of the interviewees were selected due to their knowledge and deeper understanding of the impact of the recent acquisition. All the interviewees were able to contribute to the study with their work-related experience and observation and provided essential information, which was useful for this research. In order to accomplish a better overall perspective of the obstacles after the recent M&A, we asked to interview employees, which have been with the company for several years and working within different roles. Thus, the aim was to get information from different angles in Globex and understand how the knowledge transfer has been accomplished and constrained.

Step 2 represents the positive interaction between the interviewer and the respondent. During our interviews, we asked questions in a humble and polite manner in order to predispose the respondents to elicit the required information. Each interview was conducted in a relaxed atmosphere where both parties contributed to the conversational flow. The respondents were interested in the discussed topic and answered every question with all the information available, which provided us with enriching insights and details.

Step 3 ensures that the provided data during the interviews is recorded and stored for further analysis. The transcribing as suggested by Bryman and Bell (2011) is essential in order to carefully examine the responses and corrects the memory limitations of the interviewers. The interviews, as mentioned by Merriam (1998), can be taped, video recorded or notes can be taken accordingly. For this thesis the interviews were recorded with the permission of each
respondent. During the interviews, notes were taken as well and as a follow-up after each interview the authors wrote down reflections. The reflections from the first interview, which contained broader questions contributed to the update of the interview guide. Afterwards, the questions were more focused and relevant to knowledge transfer and employees related issues. Transcribing was conducted afterwards in order to use the provided information for the empirical investigation and analysis.

The best way to obtain the needed data from an interview is by asking good questions, which as stated by Merriam (1998) needs practice. Therefore, the initially conducted interviews were pivotal not only to get more experience, but also to make decisions regarding redundant or confusing questions and those that need to be restructured. During the process of conducting the interviews of this thesis, the containing questions evolved from being more structured to more open and follow up ones. This change occurred due to the responses which led to more interesting perspectives. When the initial guide was created we were not aware of all details accompanying the process nature of knowledge transfer. However, after conducting the interviews one by one the big picture became clearer and thus additional questions were added while the old ones became obsolete.

Merriam (1998) states that the wording of the questions is essential as it influences the provided information. Another important aspect is the order in which the interview guide is constructed as the previous questions can influence the mind set of the respondent later on during the interview (Cohen, Manion and Morrison, 2007). Merriam (1998) claims that all questions should have clear meaning to the interviewees so no misunderstanding and confusion can arise. During the interviews conducted for this thesis some of the questions contained more theoretical aspects, which were not properly understood and that led to providing clarifications of what we meant. Later on, some of these questions were reworded in order to remove any possible confusion or misinformation.

In the view of Merriam (1998) in the process of conducting interviews probes can be used as well. They cannot be predefined as they depend entirely on the situation. Probing can take the form of nodding, single words like yes, additional questions in order to clarify, provide specific examples or details, and so forth. In this thesis, probing was used in order to get more profound information and acquire a detailed perspective on the issues by asking for more clarifications and examples of experienced situations during the post-acquisition phase of the M&A.

The interviews for this thesis contained several areas of questions, which were defined in advance and provided guidance during the interview process.

1. Each interview was commenced with more structured questions such as:
   
   What is your name?
   
   What position are you taking in the company?
   
   How many years have you worked for Globex?
   
   These introductory questions aim to familiarize us with the expertise and the experience of the respondent.

2. Would you provide us with specific examples of how you are transferring the knowledge from the acquiring organization?

   This question aims to get specific information in terms of tools and methods, which Globex used in order to get access to the knowledge of Oceanic. The gathered data will help us to better perceive what the employees have gone through in order to gather
information. Through the sharing of specific experience, we aimed to get detailed information and reflection in order to understand how the process of knowledge transfer enfolds.

3. What kind of information did you transfer in the beginning of the M&A?

The focus here is to examine what type of knowledge has been transferred and how. It is essential to analyse how the process evolved and what it comprises of, which aimed to provide us with the whole picture.

4. What are the main obstacles that you are facing in your attempts to get access to the knowledge of Oceanic?

The question’s objective is to familiarize us with what are the most common issues that arise. The knowledge transfer can be problematic during acquisitions as it may enhance resistance from the acquired company. However, it is valuable to explore the perspectives of the interviewees of why and how knowledge is prevented.

3.9. Sampling

Merriam (1998) makes it clear that researchers need to decide “where to observe, when to observe, whom to observe and what to observe” (p. 60). Furthermore, it is important to define the population of the research. In this thesis the units were employees of a manufacturing organization working within the after-sales department. The sample is a part of the population that researchers selected for examination. According to Merriam (1998), Krishnaswami and Satyaprasad, (2010) and Bryman and Bell (2011) two types of sample selection exist - probability and non-probability. For this thesis non-probability sampling is applied.

Bryman and Bell (2011) claim that non-probability sampling method is directly selecting the sample of interest. Thus, this approach indicates that some units of the population have a higher chance of being chosen than others. This sampling method is used when researchers want to gain deep understanding and insight perspectives and that is why researchers have to select a sample, which can provide the best information and learning effects (Merriam, 1998). Therefore, it was applied for this research as we carefully examined what information will be needed in order to conduct the study and thus chose the employees, which had most knowledge. According to Bryman and Bell (2011) non-probability sampling is divided into three sections where one of them is snowball sampling. In general, individuals within the area of interest provide researchers with references to other individuals, which can be valuable to the outcome. For this qualitative in-depth research the method of snowball sampling has been used, as Respondent 3 referred to other individuals, which contributed with their knowledge to our study. By using snowball sampling we got access to more relevant information by interviewing employees, which were directly affected by the M&A.

3.9.1. Sampling frame

According to Bryman and Bell (2011) a sampling frame is “the list of all units in the population from which the sample will be selected” (p. 176). The international manufacturing industry became the target for collecting data focusing on M&As. The dynamic nature of knowledge transfer in the context of M&As has been chosen to look further into due to the lack of empirical research and gaps within the literature. We believe that by investigating a single-case study, a better understanding can be provided of how the knowledge transfer evolves and a more realistic conclusion can be made.
Another important aspect within the area of sampling is regarding the sample size. What is the appropriate amount of units, which have to be investigated? Merriam (1998) and Bryman and Bell (2011) agree that there is no correct answer to this question. It depends on the circumstances of a research including time and cost limitations, which are primarily the reason for having a smaller sample size. Furthermore, within a qualitative study it is not important how often researchers will find the same results, as the main aim is to understand how a process evolves. Thus, this thesis aimed to understand the evolution of the knowledge transfer process and generalisations of the finding were not a main focus.

One concept can be used to make sure that the sample size is large enough, which is saturation. When researchers do not gain additional new information regarding an issue no further units need to be investigated (Mason, 2011). Therefore, we decided to establish an interview structure, which was applied in the after-sales department of Globex where four interviews were collected. The main objective behind having four interviews was due to the fact that we wanted to gain information from different perspectives of the employees. Therefore, this amount of units represents the point where saturation was achieved for this research.

We chose Globex for our case study because it is acting as a partner company of an university in close proximity and therefore, it has skills and knowledge how to contribute and advice students with a practical point of view but still considering the academic requirements. Moreover, a contact person has been established within this organization due to the fact that one of us has been in contact with this organization during previous studies. In addition, this company is located in south of Sweden, which is within a reasonable distance to drive. Also, the conducted interviews within this organization helped us to accomplish the purpose of this research with the limited amount of time.

3.9.2. Sampling selection

According to Bryman and Bell (2011) in order to be able to draw a generalisation from a selected sample of the population, the chosen sample must be representative to the population.

From Globex, the selected sample has been divided into executive and managerial positions (Figure 6). By interviewing executives we wanted to understand the perspective of leading individuals who are working within the after-sales department, and in addition have been affected by the M&A. Another requirement, which the interviewees had to have, was couple of years of working experience either within the organization or within the after-sales department, as newly hired employees would have not been able to provide us with the desired profound information. With this approach we collected an executive perspective of how the knowledge transfer process has been executed. In total two interviews were conducted on the executive level.

By interviewing managers our objective was to investigate subordinates within the after-sales department. Thus, we aimed to gain a different perspective of the issues and to be able to examine the two different viewpoints. Two managerial interviews were conducted in order to have a balanced sample.
According to Merriam (1998) samples are “based on the assumption that the investigator wants to discover, understand, and gain insight and therefore must select a sample from which the most can be learned” (p. 61). In addition, the author argues that samples are selected due to their expertise and experience. For this thesis, the interviewees have been selected carefully. The following Table 7 illustrates the sample list within Globex and provides details about the interviewees. In addition, the length of each interview is stated as according to Hultman (2012) interviews should last between 30 and 60 minutes.

<table>
<thead>
<tr>
<th>Department</th>
<th>Interviewee</th>
<th>Position</th>
<th>Working background</th>
<th>Interview duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spare parts</td>
<td>Respondent 1</td>
<td>Managerial position</td>
<td>11 years within Globex</td>
<td>54 minutes</td>
</tr>
<tr>
<td></td>
<td>Respondent 2</td>
<td>Managerial position</td>
<td>8 years within Globex</td>
<td>65 minutes</td>
</tr>
<tr>
<td></td>
<td>Respondent 3</td>
<td>Executive position</td>
<td>12 years within Globex</td>
<td>57 minutes</td>
</tr>
<tr>
<td></td>
<td>Respondent 4</td>
<td>Executive position</td>
<td>19 years within Globex</td>
<td>26 minutes</td>
</tr>
</tbody>
</table>

Table 7: Sample list

### 3.10. Data analysis method – qualitative approach

“Data analysis is the process of making sense out of the data” (Merriam, 1998, p. 178).

In order to keep track of all the findings, it is recommended that the researcher maintains all documents, transcripts and memos in order so they can be easily retrieved later on (Merriam, 1998). Furthermore, in the view of Merriam (1998) the data should be managed in an organized manner due to the fact that the whole process requires going back and forth to different aspects in the data being analysed. Therefore, the findings can be ordered in different themes or categories, which separate the data or they can be organized in theories or models,
which would assist with better explanation of it. In this thesis, after the data was collected, we organized it accordingly. Later on, the data was categorized into sections in order to access it in a more efficient manner and better apply the theoretical findings. Before commencing the data analysis for this thesis, we made categories with themes in order to keep track of the collected information. Due to the topic being changed twice, we gathered even more information than initially anticipated. All the information that has been provided by Globex was organized in separate folders under different themes. For example, the annual reports and the more general information for the company were separately kept from the documents concerning the after-sales department. Furthermore, the data is divided in terms of theoretical concepts. The information that is considered useful for the perspectives of the employees is under the theme “people constraints”, while the data related to the transfer of knowledge has its own folder. This organizing aims to create not only order, but also systematic approach, which improved the work process.

According to Bryman and Bell (2011) grounded theory is one of the most commonly applied methods for data analysis in qualitative research. The grounded theory is a framework consisting of a set of procedures. It represents the theoretical base, which is extracted out of the data, collected and analysed during the whole study. A main part of it is the referencing of theories and academic studies, which contribute to the reliability of the study. Coding is an essential tool in grounded theory, which represents categorizing of the data. Bryman and Bell (2011) point out that it is pivotal that the coding should be commenced early in the process, as, it will contribute to the better comprehension of data.

In contrast, Miles and Huberman (1994) introduce three components of the data analysis, which are data reduction, data display and conclusion drawing, which are illustrated in Figure (7).

![Figure 7: Data analysis components](source: adapted from Miles and Huberman (1994, pp. 10-11))

The data reduction is part of the analysis, which enables the information, organizes, sharpens and sorts out the data in a manner that allows valid conclusions to be drawn (Miles and Huberman, 1994). According to Punch (2005) the data reduction is implied throughout the analysis and is included as a part of it. It takes place in the beginning of the data analysis in the form of editing, summarising and segmentation of the information. Later on, it is applied through usage of codes and memos and also the implication of themes, clusters and various patterns. In the final stages the data reduction takes form of “conceptualizing and explaining” (p. 198). In this thesis the data was reduced during the analysis by summarising and organizing the interview transcripts, which later on facilitated the drawing of conclusions and the conducted empirical investigations. After transcribing all interviews we carefully revised all the information provided and excluded parts, which were considered as unnecessary. This was done in order to ensure that the data is not overwhelming and also it helped us to sort the important information in a more organized manner.
Data display is used to “organize, compress and assemble information” (Punch, 2005, p. 199). The data display plays an important role for the qualitative research due to its high volume and dispersed data. The data display increases the validity of the study and therefore its application is essential (Punch, 2005). The data display was also applied throughout this study. In order to present the analysed data in a more understandable and visible manner, tables and graphs were applied throughout this thesis.

Furthermore, Punch (2005) argues that drawing and verifying conclusions follows the data reduction and display as they both take part in the conclusions drawing. The conclusions are seen throughout the analysis, however, they are not finished until they have been verified after being drawn. The conclusions of this thesis were drawn accordingly after they were validated and based on a solid theoretical framework.

The three components are used in the analysis and they involved three other activities - coding, memoing and developing propositions. The data reduction and display accompany the operations of coding and memoing, while for the drawing and verifying of conclusions, a list of tactics is implied in developing propositions (Miles and Huberman, 1994). On the other hand, following the approach by Bryman and Bell (2011) open coding was applied early in the research process of this thesis. Open coding is “the process of breaking down, examining, comparing, conceptualizing and categorizing” (p. 578) of collected data. In order to use optimally the data from the conducted interviews, we applied notes throughout the interview transcripts, which enabled the coding process by categorizing the data into themes and thus, they contributed to the better retrieval of data. During the interviews we defined concepts that would be applied as labels in order to organize the gathered data easily. According to Bryman and Bell (2011) concepts should be recognized and found often during the research and the interviewees should be able to relate to them. On the other hand, a category is a broader phenomenon and can contain several concepts. Thus, we made a substantial amount of concepts grouped in several categories. The main categories, which helped to sort out the gathered data, were the knowledge transfer, the post-acquisition phase, and employee’s constraints. This separation was used in order to better find the needed facts, as this is how the theoretical foundation and analysis are structured. Furthermore, in each of these categories we defined concepts, which derived from the actual conversations with the interviewees. During the conduction of the interviews, some wording and terminology were repeated among the interviewees so that was a reason to make concepts out of them and track the information provided. For example, the issues during knowledge transfer were conceptually identified. Also, the lack of information was a factor discussed by all interviewees, which lead to the creation of another concept. Some of the other concepts were communication issues, knowledge problems and time management skills. All of these concepts created an organized and systematic approach, which led to efficiency and time management throughout the research process.

3.11. Quality Criteria

According to Hultman (2012) a research project should be both “relevant” and “rigorous” (p. 3). It should be relevant in terms of providing an interesting theoretical framework, practical application and be easy to understand. On the other hand, it should be rigorous in order to provide a well-grounded methodology, which is valid and reliable. Merriam (1998) states that a research should focus on representing valid and reliable knowledge in an ethical manner mainly due to the fact that it is pivotal to trust the results of the study. In order to secure that a research is valid and reliable, an investigation should be conducted.
3.11.1. Validity and Reliability

In the view of Merriam (1998) qualitative research is detail oriented and thus, provides sufficient amount of data to ensure the reader that the results are data proofed. A case study is considered trustworthy and “scientific” (p. 200) when there is critical presence of hypothesis verification, observation and interpretations (Merriam, 1998). Furthermore, Yin (2009) argues that each empirical research is being tested, which should examine the quality, credibility, dependability and trustworthiness of the study. Table 8 represents the tests, which were applied for this thesis and also what tactics should be applied and in which phase of the study their usage is most suitable (Yin, 2009, p. 41). Due to the fact that our study is exploratory, check for internal validity would not be necessary as according to Yin (2009) it is only used for explanatory or causal research designs. Hence, it is excluded from the table below.

<table>
<thead>
<tr>
<th>Tests</th>
<th>Case Study Tactic</th>
<th>Phase of research in which tactic occurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construct Validity</td>
<td>▪ Use multiple sources of evidence</td>
<td>▪ Data collection</td>
</tr>
<tr>
<td></td>
<td>▪ Establish chain of evidence</td>
<td>▪ Data collection</td>
</tr>
<tr>
<td></td>
<td>▪ Have key information review draft case study report</td>
<td>▪ Composition</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>External validity</td>
<td>▪ Use theory in single-case studies</td>
<td>▪ Research design</td>
</tr>
<tr>
<td></td>
<td>▪ Use replication logic in multiple-case studies</td>
<td>▪ Research design</td>
</tr>
<tr>
<td>Reliability</td>
<td>▪ Use case study protocol</td>
<td>▪ Data collection</td>
</tr>
<tr>
<td></td>
<td>▪ Develop case study database</td>
<td>▪ Data collection</td>
</tr>
</tbody>
</table>

Table 8: Case study tactics for four design tests
Source: adapted from Yin (2009, p. 41) adjusted by the authors

- **Construct Validity:** The study of Yin (2009) reveals that a case study research should construct operational measures for the concepts that are investigated and ensures that the data collection is unbiased. Two steps are vital to ensure construct validity. First, the concepts of the study should be defined and afterwards the relations with the purposes of the research need to be identified. Second, identification of operational concepts that correspond to the concepts is desirable (Yin, 2009). As already mentioned, the main primary source of data applied in this research was interviews. This led to some limitations in terms of validity of this study. This is due to the fact that in case of interviews the respondents are biased and some of the information is based on personal opinion and perspectives. On the other hand, the objective of this research was to gain the employees’ perspective of the acquisition so the authors consider the validity of the study as sufficient. Furthermore, during the conducted interviews, respondents were open and willing to provide all the required information and they were continuously involved in the process. Therefore, the interviewees supported us with sufficient information and additional company information, which proved to be useful for the purposes of the thesis. Also, company documentation was provided and used in order to support the validity of this thesis.
• **External Validity:** Explores the extents to which a research can be generalised. This test is a main constraint for most case studies due to their inability to generalise the results beyond their research. Yin (2009) states that this is a common constraint for conducting case studies. The author claims that case studies usually rely on analytic generalisation. In such settings, the researcher’s purpose is to generalise an array of results to a theory that has a broader scope. According to Merriam (1998) the generalisability is difficult to define because the reason that a researcher chooses to make a study with a small sample is to explore the matter in-depth and not to examine whether it is valid for a larger group. If the external validity is seen in traditional research design, it either cannot be generalised and the generalisation is a limitation for the study or the external validity can be built up by applying “standard sampling procedures” (Merriam, 1998, p. 208). Furthermore, despite the limitations in terms of generalisations and the constraints for external validity, we chose the single-case study in order to examine deep information for the recent M&A of Globex. By applying solid theoretical foundation it is possible to extend the drawn conclusion with a broader perspective, which can contribute to the academic society and practitioners. Due to the fact that the research is focusing on the process of knowledge transfer, we believe that the findings can be applied in similar case in other industries and international M&As.

• **Reliability:** Explores that in case the study is repeated again, procedures such as data collection will deliver the same final results. In order for the next investigator to repeat the study, it is important to maintain a thorough documentation for the initial conduction of the research (Yin, 2009). For this study, all the gathered data was stored and organized systematically for the authors’ convenience and efficiency and also in case of an occurrence of repeated study. According to Bryman and Bell (2011) reliability deals with the consistency of the applied measures. It is challenging to measure reliability due to the fact that the human behaviour is not static, which makes it hard to duplicate a research. Reliability in a study considers that there is only one reality and if it is repeated, the final results should equal the initial ones. On the other hand, Merriam (1998) argues that in qualitative research the human behaviour should be taken into consideration. In contrast, the author states that the repetition can be made in a wrong manner and thus, can yield incorrect results. The fact that a study repeatedly delivers the same results does not mean that it is completely correct. Furthermore, when it comes to a qualitative research it is important that dependability and consistency are also taken into consideration. Instead of expecting from outsiders to accomplish the same results from the study, a researcher should expect that the outsiders would agree about the logically drawn results and their consistency and dependability. Therefore, the main aspect is that the findings correspond to the data collected for the research (Merriam, 1998). The objectives of this thesis are that after conducting the research the results would be useful for both practitioners and academics. It was important for us that the findings would be applicable and interesting. In this thesis all interviews conducted were sound recorded to ensure that all the data is maintained, in order to be analysed in a later stage. This strengthened the reliability of this study. Furthermore, due to the direct involvement of all employees, which participated in the study, the gathered information was valuable and extensive. Another action taken in
order to strengthen the reliability of the research was to interview employees from different divisions of the after-sales department and also having different responsibilities in Globex. This provided us with the opportunity to eliminate any bias and also to gather information from employees with various perspectives on the studied issues.

It should be mentioned also that these tests for validity and reliability must be taken into consideration throughout the study. As argued by Yin (2009) the more sources of evidence are used in a case study, the better it is. This way the study becomes more valid as the different sources complement each other.

3.12. Methodology framework summary

Figure 9 provides an overview of the methods used for writing this thesis.
4. Empirical investigation

The following chapter presents the empirical data collected for this thesis, which were used to answer the research question. A single-case was used and in total four in-depth interviews were conducted. This section will tell the fascinating story about the acquisition process of Globex. At first, the historical background of Globex will be provided in order for the readers to know more about the organization. In general, this story focuses on the perspective of two executives and two managers and how they experienced the acquisition and the knowledge transfer process within Globex.

4.1 What Globex is all about

The mother company of the subsidiary (Globex) has been established in the early beginning of the 20th century. Up to now, the mother company has been expanding mainly organically but also it acquired several other organizations. On top of this, it is a world-leading enterprise within its industry, providing different kind of customers with machines and services within the manufacturing, process, shipyards, ports and terminal industry. In total approximately 12,000 individuals are employed in roughly 50 countries around the world (official website, 2014-04-04).

In contrast, Globex has been acquired in the end of the 20th century focusing on one business group of the mother company. However, Globex’s history is dating long back to the end of the 1940s where already the first quality machines were built. Employees are seen as an important asset of Globex as they design, build and support the machines with a unique attitude. The culture within this company is strong and the employees are loyal, as their fathers and grandfathers have been working there as well. In addition, the passion of Globex is to provide the hardest working, longest-lived machines in the world (official website, 2014-04-04).

In the end of 2013, Globex made its first step into the unknown and acquired certain assets from a competitor, here referred to as Oceanic.

4.2. How it all began

In the beginning of 2013 Globex and Oceanic signed a long term supply agreement and by this increased the global competitiveness in their industry. However, the value of the acquired assets by Globex was not disclosed. By the middle of 2013 the transaction has been closed between the two companies. With this acquisition Globex bought the product rights of the machines and the production of future machines will be relocated to Globex’s factory in Sweden. In addition, the distribution network of Oceanic was acquired as well and will be managed by Globex. The main advantage of this acquisition was that Globex increased its economies of scale in R&D and manufacturing. An executive of Globex said that this agreement provides the company with great opportunities to grow and offer customers a better support. Moreover, one manager stated that Globex is happy to work together with Oceanic. This cooperation will keep the high standards in quality, time management, performance and value, which are of high importance to the customers. Furthermore, Globex’s strategy is to look out for attractive investments particularly in the emergent markets. The acquisition of Oceanic gave the organization the possibility to expand in volumes and economies of scale, which created a good foundation for the future. The last sentence of the executive of Globex was that “with this acquisition we are now positioning ourselves as one of the biggest supplier in our industry which fits very well with our long
term strategy” (official website, 2014-04-04). Until now this section has been based on “forward-looking statements involving known and unknown risk, uncertainties and other factors, many of which are outside the control” of the mother company and Globex before the acquisition (official website, 2014-04-04). Therefore, we will elaborate on the experience of two executives and two managers. For this story the anonymous respondents will be given names. Respondent 1 will be called Nigel, Respondent 2 will be named Rickard, Respondent 3 will be named William and Respondent 4 will be referred to as Jeff. Their viewpoints regarding the acquisition of Oceanic and how knowledge was transferred are described. As all of them work in the after-sales department of Globex the findings are based on an after-sales perspective.

It was essential for this research to interview employees, which have been directly affected by this M&A. William has been our key informant as he provided us with other interviewees, who had valuable information and he gave us additional documents. Therefore, the story told by him especially intrigued us due to the fact that he was directly involved from the beginning.

“In April, I was in the decision meeting if we should buy the company or not. And I was not even thinking of all the problems what showed up afterwards. We bought a company without knowing anything about the product, we bought everything they had and brought it over to Sweden”, William said. In addition he pointed out that, “We took over the dealer network of Oceanic but we didn’t had any relationships with them. It is about trust we have to go visit them to build up this confidence with them. So that they can see that we can provide the good service as Oceanic did in the past”.

The major change for William was that suddenly he had to attend more meetings with the objective to discuss how to solve problems and how to build good relationships with employees and dealers from both organizations. The acquisition put additional pressure on him, as he was responsible to inform co-workers about decisions and which further steps they should take.

During the interview the question came up why Globex actually got involved with Oceanic.

“The main reason for this acquisition was to make Globex bigger. This was a strategic issue to increase and as well to win market share. We went from being maybe from 5th-6th in the world up to the 2nd biggest company in our business”, William said with a confident voice.

Rickard had a similar point of view regarding the acquisition of Oceanic.

“Oceanic had red figures and did not make any profits. That’s why the company was sold and we acquired it”, that is where Globex came into the picture. “However, the marriage with Oceanic was not as perfect as expected”, Rickard replied with a troubled face. “When we took over the company we also took over all the information. So that gave us one more foot to stand on to base our future planning’s and decisions on it. That way it’s better. After a long break Rickard continued and stated “I think it was a really good purchase, if we wouldn’t have done it who would have done it otherwise. Maybe another big competitor would have done it and this would have hurt us much more”. With a proud voice he replied, “Now we are on top of the situation”. Furthermore, Jeff mentioned, “Globex and Oceanic are very similar to each other, as they have the same way to manage customers and policies”.

We listened carefully to the fascinating stories of the respondents and realised that they highlighted both positive and negative aspects of the recent acquisition. In the end, we wondered which challenges Globex had to face during this acquisition process.
4.3. First bumps on the road

Planning and engagement from the employees’ side are essential in order to have a successful acquisition process, especially when it is the first acquisition for an organization.

“We didn’t have experience and we have not done this kind of joint venture in the past. We were facing that our backup was not big enough. And the time frame was not big enough and we should have started the process of exchanging information and educate ourselves several months before and we should have increased the organization, increased the warehouse, increased a lot of things. Now we were caught by finding it out the hard way, that we cannot answer all the problems. We missed that it was so big to us”,” Rickard mentioned.

William had a similar point of view. The size was overlooked and the workload was underestimated. In addition, William’s opinion is that he was not prepared enough to deal with this big change.

“I thought okay by bringing one person on order receiving and one person at shipments and one person at purchasing we should manage this – I was so wrong”, a sigh escaped his lips. “If I was more prepared for that in the beginning maybe we should have handled it in a better way”.

This acquisition was the first for this subsidiary and they did not really know what they had to expect.

Rickard acknowledged this and said “Our people in the project tried to predict as much as possible we didn’t have any experience I think if this happens any time more in the future then we have much more facts and mistakes done now that we can then make different make it more successful. It had taken to long time, to many problems of everything. So it was a lot of these things that comes with an acquisition like that. I think bigger international companies do this several times or maybe in a period of five years. I think they have an organization with experience of acquiring other companies. And they know basically how many and what’s going to happen and what’s needed to check before and to make sure it’s ready when the process starts. It was a lot of work done here also good work. Now we can see it in the mirror without having finished the entire job that it was a little bit misjudged. I think all companies do this mistakes the first time. So, that we could have seen. It was much heavier work to do and much more problems involved than we first thought when we looked at it the first time. We never looked into detail things”.

We were quite surprised as during the years the mother company had made several acquisitions and should have created some kind of guidelines available to help subsidiaries during the first acquisition. Therefore, we started to ask questions in this specific area. One of the questions was, “How did the mother company support you during the transition process?”.

William smiled, “They were willing to support us with this and from Globex’s side they were saying we don’t want any help from them. We should handle that on ourselves, which was a mistake from our side. We could have gotten some support”.

It was surprising to us that Globex denied the help of the mother company. So, were they aware of the challenges?

“We didn’t see how tough it would be. No one did, I think. We are running into problems every day, what we didn’t think of””, this is how Nigel replied.
When we asked on what the challenges rest on, all of the interviewees answered that it is mainly information, people and some technical issues. William was convinced that it was a people issue.

“I think if it would be the other way around if Oceanic would acquire us I can say that we could pick out 100 per cent accurate data to give them in a few days no problem. I think this was a clever move from them to do this. I think this could have been a smart plan of them to mess it up for us”.

4.4. Do we have enough knowledge?

At first Globex tried to acquire knowledge from Oceanic by sending one person over to collect information.

“I sent one person over to work in Oceanic. He was there for four months just to be a knowledge transfer person, in order to see how they work and so on. But well afterwards it didn’t help us. They could show everything in their computers how to find things in drawings and so on. But then when the information was extracted into Excel sheets you couldn’t search like that anymore. We didn’t have the same tool. It didn’t help us really”, William admitted. Jeff said, “It was very difficult to manage a person from another country. After the return to Sweden he handed in his resignation”.

The gathered information could not be used properly, as Oceanic used a different system than Globex. Globex made a major mistake in the beginning of the acquisition.

“I mean we acquired the business and then afterwards we were asking the IT people if it is possible to transfer this data, instead of asking them before. So it can be done in a much better way and be more prepared. However, if we have any problems we can call Oceanic and they will help us out. This is really good for us, as we are unable to manage all the information today. It is an information problem”, William pointed out.

As one can think this created many problems afterwards as the systems were totally contraire and the transfer process took an enormous amount of time and effort.

Rickard claimed, “I think it was more misjudged. As they were running their system and we were running our system. And to find the information and to merge them together was not so easy to do. The idea was to bring them together and pick out the information. But in reality we had a lot of things missing”.

We were curious how this influenced the daily working process of the employees of Globex as they faced an information problem. Moreover, acquisitions are mainly done in order to gain new knowledge quickly, however some companies overlook the challenges involved with the knowledge transfer process. There can be for example resistance from the acquired company to share knowledge with the acquiring company.

“We face challenges on a daily basis. For example we cannot see any suppliers, we cannot see any prices because we haven’t received any data. Even if they say that they gave us 100 per cent data. If we don’t have this information we need to search on Google to find suppliers”, William said frustrated. Nigel mentioned “The items were different from ours so we had to learn many Excel files to know where to find the information. We had education about it. But as always there is always a difference between action and doing. It was kind of trial and error”.

In order to reduce the daily problems, employees from Globex were in regular contact with Oceanic to resolve appearing problems. In the contract, which both parties signed it was mentioned that Oceanic has to support Globex for a specific period of time.
“Though, the employees of Oceanic knew that they wouldn’t have a job afterwards. So they weren’t so interested in doing things. They were not so cooperative. Of course, they were supposed to help the company who bought them and provide information to them, even though they were aware of the fact that they will be laid off within one month. I think they were more resistant against the acquisition and the atmosphere in Oceanic was depressed”, Nigel mentioned.

Another method used by Globex to acquire knowledge from Oceanic was by acquiring employees.

“That was an option from ourselves, if we wanted we could acquire some and we did it with some people. From my side it was really important because they had three dedicated salesmen for just after-sales service selling items actively. And my feeling was that we needed to take them on board as we may lose the connection with the dealers”, stated by William.

If an organization undergoes an acquisition then it is important to keep the knowledge base within it and most of the time if key employees leave the organization, knowledge will disappear with them.

“To hire people is okay, but some things you cannot hire. Experience about relationships, work and so on you cannot see. You need to learn them”, this is how Nigel expressed his view regarding the knowledge transfer.

In the beginning, the three acquired sales people from Oceanic were mainly focusing on Oceanic’s dealers and machines. Now they learn step-by-step about the dealers and machines of Globex. Even though in this acquisition some of the key employees were acquired but still some knowledge was lost.

Jeff explained “We tried to acquire people but that’s difficult as Oceanic is such a well-known company. If you have been working for Oceanic for many years you are not leaving. At the moment we are hiring knowledge from eight people from Oceanic who work 50 per cent for us. However, this is only a temporary solution, we need to employ new personnel, though it will take six to twelve month until they are geared up”. Furthermore Nigel stated, “People have been offered a position but we have to have them in house and they didn’t want to move to Sweden”. Additionally, Jeff said “If you employ a person overseas you really need to justify having him there and his knowledge is so valuable that you really need him there. I mean if he has only three years working experience in the business then it’s better in my opinion to employ here (Sweden) a person. It only takes six months to gear him up and this person will stay with you in the long run. People are not leaving this company”.

This was another reason why only a hand full of employees was acquired.

“I know that we tried to acquire more people with knowledge, however it was difficult. The three sales guys we acquired have different abilities. The one I am working most with is very good. He has a lot of essential knowledge”, Nigel mentioned.

It was vital for Globex to gain as much information as possible in order to run their organization properly and provide customers with competent service. Moreover, Globex took over the distribution network from Oceanic, which created additional problems. The suppliers and dealers from Oceanic did not have an established relation with Globex before the acquisition and Oceanic did not inform them, as they should have done.

“We were caught by this mistake as we thought we could take over the suppliers of Oceanic. There were missing addresses, information was wrong and when we contacted
them they said we cannot supply any items to you. It takes 12 weeks and we never agreed on the price. We had to start over on a lot of things. That takes time. You have to find out the hard way and ask different people in order to find the correct information”, Rickard said with frustration.

“I still have this feeling that we haven’t gotten it all”, Jeff expressed with a fierce voice.

When Globex took over the distribution network, it also took over different deals between Oceanic and dealers or customers, which resulted in more problems.

“I am dealing with one particular deal right now. Some salesman from Oceanic made a really bad deal in Indonesia with a local dealer, which was not settled with Oceanic. The customer is not satisfied and it is difficult for us to help. I have been asking Oceanic to get more information but I only received standard answers. I don’t dare to take over this deal in the name of Globex as there might be some hidden aspects, which I am not aware of. In addition, the salesman responsible for this deal is gone from Oceanic. To be honest, it’s a bit of a mess but we hopefully will sort it out. It is hard if you don’t have all the information needed”, Jeff said.

Despite these challenges, Globex acquired some information and knowledge in a quick manner, even though all of the respondents agree that it was mainly the fault of Oceanic, as they did not provide all the information needed.

“They didn’t give us information, we had to drag it out of them we feel”, Nigel mentioned frustrated. “In reality we had a lot of things missing”, Rickard stated. In addition, William added, “I would say it was only Oceanic’s fault. They could have provided us with all the data. They must have it”. The opinion of Jeff is that “We had the feeling that we were not giving everything. We were given what we were asking and this was what we got but there was no direct support. You want this kind of information but actually you also need this information as well but this communication was not correctly done. We had more communication with the engineers they were more open. The management level followed strictly the contract and did not provide any other information. If we would say that we had an issue with the information transfer they will refer to the contract and say that they gave everything what we are supposed to have. But the feeling is there that we haven’t got all information”.

Globex transferred the acquired knowledge, however, the organization will depend on the help of Oceanic longer than it was expected at first.

Rickard mentioned, “We still have some employees from Oceanic who support us, even though they are not employed by us. We are depending on their technical knowledge”.

4.5. Is it getting to us?

Every human is different to one another and this applies also when it comes to change within an organization during a transition process after an acquisition.

“Different people have different stress abilities to withstand. Well-being of people is important”, Nigel stated.

The well-being of employees is a key for success as they are the fuel of a working organization. Globex employees play an important role for them. Although, during this acquisition employees have been permanently under enormous pressure and stress.

“It has affected us so far as we have a bit of more workload”, Jeff replied with a worried voice.
The other three respondents pointed out the heavy pressure they were under and how much they had to work over.

“It has been just work, work, work, all the time”, said Nigel.

We were told the story of two employees being actually on sick leave due to the high pressure.

William pointed out that “We have a lot more to do and it has been really stressful. Two people are on sick leave due to this and we don’t know when they will come back. It has been a lot of work for everyone”. “It might have been the point of the ice that maybe led to the tip over. But I don’t know, but I feel so because people have been extremely stressed and pressured. You had to work overtime. It was a very high stress level and also to solve problems has been very though”, Rickard put forward with a thinking mind.

It is still unclear when and if the two employees will return to Globex. Of course all other employees hope that they will come back as soon as possible, as they would also lift some work from their shoulders. Another aspect, which made the employees worried, were the enormous amount of complaints they received on a daily basis, which casted a damning light on Globex as they could not keep their promises.

“I said to the others if a customer calls them and if they want to leave a complaint than they should directly send it to me. It has been a huge burden for them. It has been a lot of complaints of the difficulties what we have had. So instead of sending out the items in 1-2 days it might take a week or two. We are not keeping our promises”, William said with an unsatisfied voice.

Dealers complained a lot about the delays, as they have been in need of the items to provide to their customers. William was aware that his colleges were dangling on a string and needed more support, therefore he took over the complaints.

“The moral went down because it was too much to do. Receiving 50-60 complaints daily. There was no time to fix things. It took too long time”, Nigel replied with disappointment.

All employees of Globex tried to answer as many complaints as possible and support their dealers as good as they could. Though, employees could not provide 100 per cent service as they were lacking the information. Globex was swamped and unable to manage the huge amount of complaints. Many employees thought that this would harm the service rate of the organization.

Rickard mentioned “One negative thing what I was a bit afraid of was that it lowered our service rate that means that shipping items to our customers the same day or latest the day after with good delivery times, all that was suddenly brought on to bad figures and that I think took us very hard because we are very proud people here in Sweden. It’s the way of business here. And suddenly we couldn’t answer our customers. We had to apologize and make excuses and this is not how we are used to work. We are used to fix things right away”.

As Rickard mentioned the employees of Globex are very proud, however, after this acquisition they were not able to conduct their work as they did before due to lack of data. All the challenges and problems faced daily had effects on the employees’ behaviour and many had hard times to think positive (Rickard).

“If we want to survive the next 10-20 years and we already today are priced very high if not among the highest ones in the world in this field. Then we must be number one in all other things as well. Not only the quality and performance of the machines but also in our
answers, respond time, service support and so on. This must be the number one why would customers otherwise pay the highest price?”, Rickard claimed.

During the acquisition time Rickard put extra focus on his customers in order to keep them satisfied with phone calls or e-mails and thus, actively engaging with them.

However, the tide turned after a couple of months and the employees could see the light in the end of the tunnel.

“I haven’t worked over now for one week. In addition, we have the information we need in order to answer faster and we understand how to do things. It is like a curve going upwards. The biggest thing would be to have the collected information about everything”, Nigel replied with a smile on his face.

The whole organization was aware right from the beginning of the acquisition that though times will lay in front of them. As the employees have been enormously committed they worked overtime and accepted it.

“I don’t have any problems with working a lot. We knew it will be though but I kind of enjoyed it”, Nigel replied with a smile.

During this difficult transition employees stood up for each other.

“Okay let’s fight now we have seen the worse, now together we can make it”, Rickard said with a smile on his lips.

We could see the loyalty and commitment of the employees even though they had some rough times, they were in for the long run. It was great to observe such strength within an organization and the adhesiveness.

4.6. First comes the rain, then comes the sun

The last question we were interested in was regarding the short term and long term perspective of the interviewees. Nigel points out that he would put it in a timeline, as over time it evolved and moved from the negative to the positive.

“It was unsure first, than it was stress, difficulties that’s the bad ones than it comes something like you see okay we gonna make this, optimism, and in the end you see the potential”, Nigel said.

In addition, Nigel thought that the majority of the employees were looking forward to the change and to new challenges, which needed to be conquered. Despite the fact that this process would maybe need more time than it has been expected.

Rickard mentioned, “This acquisition I think brings up very good the development forced upon us. We took over Oceanic’s after-sales development, which was two years ahead of ours. We had to start taking steps towards planning and things that needed to be done soon in the future. This was done now maybe 2-3 years before it would have been done otherwise. So in that way it was good. Additionally, we took over the three sales people and we could see how they worked. Within this short time of 3-4 months the next coming five years were brought in. In a negative way it was too much and to quick. But we benefited from it, as long as we don’t lose customers”.

In reality, however, the company already lost some percentages.

“In the short-term I see heavily problems we need to overcome and in the long-term I see a lot of opportunities and higher volumes”, Rickard said with relieve.
This acquisition will help Globex to be better prepared in the future and already today organizational changes are visible (Rickard). Despite this positive view William saw it a little bit more dramatic.

“I think it’s positive in the long run, however, I still cannot see the positive but it will be, must be. Must be”.

With these words the interview was ended, which left us with a thinking mind. Was this acquisition really a strategic decision or did Globex take on more than it could actually chew on? Was Globex able to gain enough knowledge in order to work efficient and effective in the future?
5. Analysis

In the following chapter the analytical discussion is presented, which shows the final findings and contribution of this study. The analysis is built upon both the theoretical framework and the empirical chapter, which evolves from a single-case study. The objectives of this section are to answer the research question and to provide solid grounds for the results. We provide a critical view to the theory and base our arguments on the practical findings from the single-case. We analyse the nature of knowledge and how it evolves during the process of knowledge transfer. Each phase of the knowledge transfer process is analysed according to the single-case study. Further, we emphasise on the process of knowledge transfer during the post-acquisition phase. At the end of the chapter the already provided theoretical model is adjusted and essential findings are presented. In addition, a matrix is composed, which illustrates the dynamic nature of the knowledge transfer process.

5.1. The process of knowledge transfer

Knowledge is a complex and dynamic process. This process nature has been observed also in the case of Globex where we found out that knowledge is a process, which evolves over time. In order to analyse how the knowledge transfer unfolds, we applied the process view by Szulanski (1996) and adapted only three of the four phases in his model to investigate the knowledge transfer process in Globex. Since this thesis had time limitations and Globex has not yet entered the integration phase of the knowledge transfer process, this stage will not be included. Even though the company did not distinguish the different phases we could see how they took different steps and attempted to transfer explicit and tacit knowledge in a different manner depending on the point of time.

5.1.1. Initiation phase

5.1.1.1 Knowledge evolves over time

At first, we were interested to get an understanding of how the whole process was initiated in order to analyse what activities were undertaken during the initiation stage. William shared with us that when the acquiring of Oceanic was decided they were “not even thinking of all the problems what showed up afterwards. We bought a company without knowing anything about the product, we bought everything they had and brought it over to Sweden”. This statement got us thinking about the fact that the company did not focus as much on this stage and did not emphasise substantially on the initiation as part of the process of knowledge transfer. However, we argue that the initiation phase is essential for the knowledge transfer as it predefines the decisions that will be taken later on. Szulanski (1996) emphasises on the fact that in this first phase the need for knowledge transfer is acknowledged and therefore, the process is continued further. The author elaborates more that time is a key element for transferring knowledge, however, we observed in the case that Globex did not devote sufficient time resources for planning and preparation before commencing the knowledge transfer. Therefore according to Rickard “in a negative way it was too much and too quick”. According to Rumyantseva, Gurgul and Enkel (2002) it is essential to transfer knowledge in a slow pace as otherwise issues can occur. We found out that the company underestimated the initiation as part of the knowledge transfer process and this created numerous obstacles later on. The initial plan was to extract the data from the ERP system of Oceanic and transfer it to the one, which Globex is working with. Rickard informed us that the systems did not seem to be compatible as the company “had a lot of things missing”. Therefore, we argue that this is the time when great planning is needed and companies should put substantial effort to
examine and define their need for knowledge and what they are planning to do in order to ensure the proper access to it. Rickard also acknowledged the fact that “the time frame was not big enough and we should have started the process of exchanging information and educate ourselves several months before”. Globex failed to anticipate the forthcoming obstacles, which accompany each acquisition and trouble the process of knowledge transfer. Rickard further shared with us during the interview that “Now we can see it in the mirror without having finished all the job that it was a little bit misjudged”. This consequential realisation led us to find out how important the initial planning and activities are in that stage of the knowledge transfer process. During our investigation we found out that Globex considered the transfer of knowledge as a way easier process.

It is the view of Jasimuddin, Connell and Klein (2012) that during cross-border M&As the transfer of valuable knowledge is challenging and tacit knowledge might be lost in the process. This is due to the fact that organizations struggle to identify where in the acquired company knowledge resides and who possess fundamental knowledge. Even though acquirers are unsure about the acquired knowledge base, Zander and Zander (2010) state that key employees need to be identified and retained. In the case, Globex made the initial decisions for employee retention. Globex realized that in order to complete the process of knowledge transfer, they would need to acquire knowledge, which is embedded in the individuals and resides in organizational routines of Oceanic. This let to the decision to propose positions to certain employees of Oceanic.

5.1.2. Implementation phase

Szulanski (1996) introduces a second phase of his model, which is the implementation. Once the decision that knowledge will be transferred is made this phase is initiated and the process of data and information exchange starts. In the case of Globex, we observed an interesting trend of how the nature of knowledge changes along the way of the process. It was observed that once the acquisition between Globex and Oceanic occurred, one of the first steps for the acquiring party was to get access to the valuable knowledge of the acquired organization. However, the process has not been commenced without challenges and obstacles. As stated by Junni, Sarala and Vaara (2012) the knowledge transfer is dynamic, which also requires flexibility and support from management to be accomplished (Haspeslagh and Jemison, 1994). From the investigation it became clear that the main issues behind the experienced disruption came from information and people issues, “It is information problem” revealed William. Haspeslagh and Jemison (1991) recognize the transfer of knowledge as a key element for the synergy between the acquired and the acquiring organizations. However, in the case of Globex and Oceanic such synergy was challenging to accomplish due to people issues. As claimed by Geppert and Clark (2003) M&As represent learning opportunities, which were proved in the case of Globex, where the organizational learning curve was steep and growing gradually as confirmed by the interviewees.

In the beginning of the knowledge transfer process, the company initiated the activities with acquiring all the information they were provided by Oceanic, which were obliged by contract to support Globex by sharing all the data they possess regarding products, deals, customers, and so forth. Szulanski (1996) argues that in the implementation stage the received knowledge is adjusted to the aspirations of the acquiring party and it should be fit into the existing knowledge base. To our surprise the process did not evolve in the same manner as in the case of Globex. The company took over the ERP system, which Oceanic was using and initially thought that they will only extract the explicit data to their system. However, both systems were not compatible. We acknowledged that in this stage the company focused predominantly on transferring explicit knowledge and thought that only getting the hard data will be
sufficient to enable the knowledge transfer process. It turned out they needed much more than that.

Further, we found out that the knowledge transfer process was not supported by the acquired organization. Nigel expressed his view on that point by stating that “We had the feeling that we were not given everything. We were given what we were asking and this was what we got but there was no direct support. You want this kind of information but actually you also need this information as well”. Nigel informed us also that “The items were different from ours so we had to learn many Excel files to know where to find the information”, which further created additional challenges for the employees. Thus, we argue that both types of knowledge are interconnected and overlapping and it is hard to distinguish them. Ranft and Lord (2002) claim that in order to increase the understandability around the knowledge transfer process, it is essential to define the explicit and tacit nature of knowledge. However, as observed in the case the tacit knowledge has embedded personalized character, which makes it hard to transfer and interpret.

During acquisitions, as stated by Schoenberg (2001), it is expected that individuals from the acquired company resist the sharing of their valuable knowledge. During the interview Nigel understood the resistance of Oceanic’s employees as “they knew that they won’t have a job afterwards. So they weren’t so interested in doing things. They were not so cooperative”. This limits the opportunity for efficiency and effectiveness, which can be derived from individual capabilities and skills. The created hostility becomes a barrier for the successful transfer of knowledge, as individuals are not willing to invest their time and share what they know. However, the employees from Globex observed that some individuals from Oceanic were supportive and willing to help. As Rickard told us Globex acquired three sales people and thus, they had the opportunity to learn from them and see how they worked.

5.1.2.1. The hardships of collective knowledge

Collective knowledge is more complex and harder to interpret than individual one, however, as argued by Zhao and Anand (2009), it adds more value to an organization. The highly dynamic nature of the collective knowledge leads to difficulties due to the social interactions involved. During our investigation we observed that some individuals from Oceanic facilitated the process of knowledge transfer, which enabled the flow of individual knowledge to a certain extent. However, the collective knowledge was much harder to transfer. Despite the fact that some individuals were open for collaboration, when it came to collective or organizational knowledge, Globex faced some difficulties. Junni, Sarala and Vaara (2012) draw the attention to the fact that collective knowledge does not only combine individual knowledge but represents organizational procedures, beliefs and interpersonal routines which are created over time. Thus, Globex tried to acquire more employees in order to have access to the valuable collective knowledge, however as Nigel pointed out “It was difficult”. However, when they had the need to find information in order to do their job, they were facing obstacles and issues throughout the post-acquisition phase.

Throughout the conducted in-depth interviews employees provided us with the impression that Oceanic was not so cooperative. It was surprising to hear Jeff’s opinion of how difficult it is to gather collective knowledge: “I am dealing with one particular deal right now. Some salesman from Oceanic made a really bad deal in Indonesia with a local dealer, which was not settled with Oceanic. The customer is not satisfied and it is difficult for us to help. I have been asking Oceanic to get more information but I only received standard answers. I don’t dare to take over this deal in the name of Globex as there might be some hidden aspects, which I am not aware of. In addition, the salesman responsible for this deal is gone from Oceanic. To be honest, it’s a bit of a mess but we hopefully will sort it out. It is hard if you
don’t have all the information needed”. In that situation the variables are embedded in the organizational processes and involve different individuals, which prevents Jeff to solve the case. As defined by Zhao and Anand (2009) knowledge transfer is a multilevel process and thus it represents a combination of transferring both individual and collective knowledge. It is not enough for an organization to acquire knowledge only from particular individuals, but to get access to the embedded routines and organizational capabilities. This inability to gain valuable information in Oceanic led us to the conclusion that the embedded knowledge is highly tacit, dynamic and collective and thus, creates numerous constraints not only to transfer, but also to interpret and apply it. As argued by Bresman, Birkinshaw and Nobel (1999) the knowledge transfer is successful only when the acquired knowledge can be accumulated properly, which has been particularly challenging for Globex.

5.1.2.2. The perks of good communication

During the process of M&As clear communication is an essential tool and it should be transferred from the top to the bottom and vice versa (Harrison and Farrell, 2008). This view was emphasised by Bresman Birkinshaw and Nobel (1999) who state that proper communication between the acquiring and the acquired company increases the success of knowledge transfer. Furthermore, the communication should be done on a regular basis, especially when tacit knowledge needs to be transferred. As observed in the case, explicit and tacit knowledge have been transferred from Oceanic to Globex. To facilitate the transfer of knowledge and to maintain the communication flow between all parties involved William attended regular meetings with managers, co-workers and members of Oceanic throughout the acquisition process. In addition, these meetings helped to solve emerging problems and to facilitate further the established contact between the organizations. Ahuja and Katila (2001) and Mirc (2013) state that regular contact in form of meetings has a positive relation to knowledge transfer. Wagner and Hilal (2014) claim that through communication, information can be transferred at the right time and in the right manner to the right person. Individuals possess fragments of specialized knowledge and it is essential to increase the connection between the involved parties in order for employees to exchange their knowledge throughout the whole acquisition process (Reus, 2012).

5.1.2.3. Retention dilemmas and loss of valuable knowledge

During the investigation we found out that Globex acquired three salesmen from Oceanic. This decision was made due to their essential knowledge, which was perceived as valuable for the company. William said “From my side it was really important because they had three dedicated salesmen. And my feeling was that we need to take them on board”. That is why we share the opinion by Castro and Neira (2005) that retaining key employees has a positive relationship to knowledge transfer between the two companies. This has been emphasised by Nigel, who stated, “The one I am working most with is very good. He has a lot of essential knowledge”. Therefore, we argue that knowledge transfer is enabled when key employees are retained by the acquiring organization and while working together, experience and knowledge are exchanged between the employees. However, Globex was not able to retain all employees, which they considered as knowledgeable. One of the reasons for this was that members of Oceanic were more resistant to the acquisition as mentioned by Nigel. As stated by Empson (2001) the challenges of knowledge transfer increase steadily with the physical distance. This was also the case between Globex and Oceanic. During the interviews with the employees, they revealed that even though they did not experience any cultural differences, the distance between them was an obvious obstacle, which brought uncertainty in their daily routines. As Jeff mentioned “It was very difficult to manage a person from another country”. Therefore, we agree with the theoretical constructs and argue that the international aspects add a further
burden to the M&A, however, at the same time they present more opportunities for valuable knowledge. According to Bresman, Birkinshaw and Nobel (1999) despite the struggles in cross-border acquisitions, organizations have the opportunity to ensure access to valuable knowledge resources. In addition, the distance in cross-border acquisitions has a negative effect on employees’ retention. “People have been offered a position but we have to have them in house and they didn’t want to move to Sweden”, Nigel mentioned. It was also discussed by the respondents that Oceanic has a good reputation and employees stay with this organization for a long time. We perceive that due to the fact that Globex could not acquire all key employees, essential knowledge was lost. As Nigel stated “To hire people is okay, but some things you cannot hire. Experience about relationships, work and so on you cannot see. You need to learn them”.

However, important knowledge can reside in different kind of individuals throughout all levels of an organization (Ranft and Lord, 2002). Therefore, it is hard to identify who really keeps necessary knowledge. During the observation of Globex we got to know that one person was sent to Oceanic for four months in order to act as a pure knowledge transfer person between the companies. His responsibilities were to learn the way Oceanic works and to acquire some tacit knowledge. However, this technique did not help Globex in the end. According to Ranft and Lord (2002) managerial and executive employees possess more valuable knowledge and have more competence and therefore they should be taken over. However, Globex was only able to acquire a fraction of key employees. Due to this, Globex hired some knowledgeable people from Oceanic for a limited period of time to gain better understanding and to transfer more information. This method was however under time pressure as the hiring of Oceanic employees was limited. It is the opinion of Jeff that it is not necessary to retain employees “I mean if he has only three years working experience in the business, then it’s better in my opinion to employ here (Sweden) a person. It only takes six months to gear him up and this person will stay with you in the long run. People are not leaving this company”. However, we perceive this statement as a little bit misjudged due to the fact that knowledge resides in different employees. Even though if employees have been only three years in an organization they still possess knowledge, which might add more value to the acquiring company than employing and training a completely new person. If employees are hired directly from Sweden the chance is higher that they will stay in the long run with the organization and might not move back to their home country. As it is stated in the theory (Ranft and Lord, 2002; Child, et al., 2012 and Mirc, 2013) during M&As it is necessary to retain knowledgeable individuals in order to avoid losing essential knowledge. Moreover, we argue that as tacit knowledge resides within employees the best option to transfer this knowledge is to retain employees.

5.1.2.4. Individual constraints

Empson (2001) mentions that during M&As the work environment of an organization can turn into an uncomfortable place and uncertainty may increase. We observed in the case of Globex that employees were under enormous workload and the stress level has been high. “It has been just work, work, work, all the time”, Nigel mentioned. These extreme changes can lead to resistance and resignation of employees (Empson, 2001). This has been observed in the case of Globex due to the fact that employees from Oceanic were resistant towards the acquisition, the transfer of knowledge was not as good as expected. According to Empson (2001) this is due to the fact the employees of the acquired company feel the fear of constraints. Further, the author states that individuals take into consideration positive and negative aspects of transferring their knowledge to others, which influences the communication process. We argue that this was the case in Globex as employees from Oceanic were aware of the fact that they were being laid off in a short period of time.
Therefore, they became resistant to share their knowledge, as they did not perceive any positive outcomes for themselves.

Further, Empson (2001) identifies two phenomena during the knowledge transfer, which are the fear of exploitation and the fear of contamination. In the single-case study it has been observed that employees of Oceanic have been resistant to the acquisition and the atmosphere within the company has been depressed, according to Nigel. This was due to the fact that the employees were aware of the situation that they would be laid off shortly after the acquisition process is over, as Nigel informed us. We see that the theory and the empirical findings have several agreeing points regarding the transfer of knowledge. As Globex was interested in the knowledge of Oceanic employees worried and were non-cooperative, which refers to Empson (2001) theory regarding the fear of exploitation as they provided their only competitive advantage - their knowledge, which creates the fear of contamination. Therefore, the employees of Oceanic were resistant to this acquisition and to transfer their knowledge, as they did not gain anything positive out of it. Therefore, we argue that in this kind of acquisition it is important to keep employees from both companies motivated.

5.1.2.5. Establishing motivation

According to Bresman, Birkinshaw and Nobel (1999) trust and knowledge transfer have a positive relation to each other - the higher the trust, the better the transfer of knowledge. However, we observed that the trust level between the companies was not established in a proper manner. This was due to the fact that Globex was not particularly interested in establishing a relationship with Oceanic, as the intention was to move the acquired assets to Sweden and continue the production of new machines there. This created a challenging situation, as both parties were aware of the foreseeable future. From the perspective of Globex the employees experienced a hostile environment throughout their interactions with the Oceanic’s employees, which let us to believe that the level of trust was low. However, Globex was still in need of the knowledge of Oceanic. As knowledge remains in the employees they needed to be motivated in order to transfer it. The context of M&As increases the level of difficulty from both sides to transfer their knowledge freely. “In the first month of the acquisition employees from Oceanic should have helped us. However, they knew that they won’t have a job afterwards. So they weren’t so interested in doing things. They were not so cooperative. Of course, they were supposed to help the company who bought them and provide information to them, even though they were aware of the fact that they will be laid off within one month. I think they were more resistant against the acquisition and the atmosphere in Oceanic was depressed”, Nigel said. Oceanic’s employees were resistant to the transfer of their knowledge. Moreover, we think that during an acquisition it is difficult to keep up the motivation of external employees to transfer the knowledge. Jasimuddin, Connell and Klein (2012) claim that the relationship between the acquired and the acquirer highly influences the knowledge transfer between them. Therefore, relationship is established on trust and can be improved by regular contact and communication, which results in atmosphere to transfer knowledge.

5.1.3. Ramp-up

During the ramp-up stage discussed by Szulanski (1996) the usage of the transferred knowledge starts. Therefore, some issues are to be expected due to incompatibility of the new information with the existing processes. According to Nonaka, Toyama and Konno (2000) information is converted to knowledge only when it is created in a certain context. Minbaeva, et al. (2003) further adds that knowledge transfer is not useful if the receiver does not utilise the knowledge. Winter (1987) explains that when the nature of knowledge is explicit it can be managed in the form of documents or manuals, as it does not need human interactions.
However, at first Globex attempted to transfer explicit knowledge, but then they realised that they would need support from Oceanic to interpret the information. Therefore, the need for tacitness arose.

In the after-sales department of Globex, we found out that explicit knowledge can be as challenging as the tacit one. As William said in the interview “They could show everything in their computers how to find things in drawings and so on. But then when the information was extracted into Excel sheets you couldn’t search like that anymore. We didn’t have the same tools. It didn’t help us really”. According to Reus (2012) absorptive capacity is a key element for the knowledge transfer. It relates to the capabilities of the acquiring organization to understand the essence of the acquired knowledge and the abilities to interpret and use it accordingly. In the case we saw that Globex realized the benefits of Oceanic knowledge, however, they experienced a data interpretation problem, as Globex received the data, however, it was unable to use it in a proper way. Therefore, the employees of Globex understood that knowledge needs to be learned and experienced in order to use the benefits of it. As Nigel informed us “Experience about relationships, work and so on you cannot see. You need to learn them”. It was not enough only to transfer the knowledge from Oceanic, but also to shape it through own interpretation and experience (Kogut and Zander, 1992). At first, Globex received explicit information but without explanations from the employees who used it, it was not applicable. Further, Globex received explicit information, however, when they needed some data in order to support their daily routines, the employees were unable to interpret the data they received in terms of product information, manuals and blueprints. Globex received physical and hard data from Oceanic as they were promised by contract, but they also needed help with interpreting it. They realised that without the organizational and individual knowledge the explicit one had no value. When interviewing Rickard, we explored the interesting point that they received for example contact and product information about the suppliers that Oceanic were working with. However, when Globex tried to reach them and order products from them, the suppliers refused, as they did not know them. Therefore we argue that based on our investigation the explicit knowledge is not valuable for the acquiring organization unless it is accompanied by interpretations from the previous knowledge owners and tacit knowledge. Szulanski (1996) claims in his model that it is common that the knowledge does not fit the new organization right away, which we noticed as well in Globex.

In addition, this has led to substantial time investment, stress and obstacles. William told us, “We face challenges on a daily basis. For example, we cannot see any suppliers, we cannot see any prices because we haven’t received any data”. Nonaka, Toyama and Konno (2000) state that explicit information is easy to store and manage, however, as it seems this is not sufficient in some cases in order to use and apply the knowledge derived. Thus, we argue that both types of knowledge should be given substantial attention during the post-acquisition phase as transferring explicit knowledge can turn out to be an obstacle for the entire process.

On the other hand, employees from Globex admit that some of the obstacles could have been anticipated in advance, because as explained by William “I mean we acquired the business and then afterwards we were asking the IT people if it is possible to transfer this data, instead of asking them before”. Globex experienced that tacit knowledge is hard to acquire as it is embedded in individuals, which makes it complex and personalized (Nonaka, Toyama and Konno, 2000). We found out that both organizations were very similar in the way they were operating, however, there were many insights embedded in organizational procedures and routines, which were not that visible and easily interpretable. For example, William shared in the interview that when one person was sent to Oceanic for four months with the objective to gather knowledge and information, when he was back they could not interpret the information he acquired. This proves the hardship of transferring knowledge from one context to the other.
as the interpretation and environment where it is created changes, which leads to inability to be used for its purposes. Furthermore, to send an employee oversees trying to learn essential knowledge is beneficial, however, as proved in the case it also can negatively influence the knowledge transfer. As Jeff mentioned, “It was very difficult to manage a person from another country”. After returning back to Sweden the employee handed in his resignation. This indicates that the method used by Globex - using a knowledge transfer person - failed due to the misinterpretation of data.

In addition, our investigation led to the finding that if a communication flow is malfunctioning this can lead to demotivation, uncertainty and stress of employees as they are spending an enormous amount of time searching for information, which they do not have (Brahma and Srivastava, 2007). We observed this in Globex where the employees did not have all information and thus had to search for answers somewhere else. Given this evidence it can be seen that one of the problems faced by Globex was communicational issue, which led to problems with the transfer of knowledge. This development between the two companies contributed to additional negative aspects during the post-acquisition phase. Wagner and Hilal (2014) state that communication is a two-sided activity as it includes listening and responding. As it has been seen from the single-case study Globex and Oceanic did not use their communication channels properly. It has been mentioned from the interviewees that when problems arose it was difficult to get access to solutions, as Oceanic was not responding accordingly, even though both parties signed a contract where it states that Oceanic need to assist Globex. It can be said that Oceanic did not engage in the process of transferring knowledge due to the hostile and resistant environment.

5.1.4. Reflections on the knowledge transfer process during post-acquisition stage

Every acquisition is accompanied with obstacles and especially the knowledge transfer process is a challenging endeavour to manage. “Oceanic had red figures and did not make any profits. That’s why the company was sold and we acquired it”, that is where Globex came into the picture. However, the marriage with Oceanic was not as perfect as expected”, Rickard said. He told us further that “When we took over the company we also took over all the information. So that gave us one more foot to stand on to base our future planning’s and decisions on it. That way it’s better”. Despite the obstacles and hardships during the different phases, overall the whole acquisition has been perceived as a positive change from the employees’ side. Even though they were working under enormous pressure and extensive workload for the past few months, employees saw the light in the tunnel. As mentioned by Rickard ”This acquisition I think brings up very good the development forced upon us”. We surprisingly acknowledged that the spirit of the interviewees was not turned down and they still perceived the expected benefits of this strategic decision. In the long run the employees see the acquisition as a strategic tool and smart move from Globex, however, the short term challenges suppress these thoughts due to the recently experienced issues.

During our investigation we also analysed the concepts of task integration and human integration introduced by Birkinshaw, Bresman and Håkanson (2000). The results revealed that Globex focused both on task and human, however, the management did not anticipate the significance of the undertaken project. As Nigel pointed out “We didn’t see how tough it would be. No one did, I think. We are running into problems every day what we didn’t think of”. Globex initially focused substantially on ensuring the accomplishment of the task integration and the objectives of the acquisition. As a result, the organization experienced the negative consequences on the well being of the employees. Rickard emphasised on the fact that “It was much more heavier work to do and much more problems involved than we first thought when we looked at it the first time. We never looked into detail things”. So we argue
that these underestimations led to severe negative consequences later on, which resulted in the misbalance between task and people integration.

Furthermore, the employees of Oceanic were not willing to support actively the process of knowledge transfer. William therefore shared with us during the interview that “I would say it was only Oceanic’s fault. They could have provided us with all the data. They must have it.” Issues are to be expected in the post-acquisition phase (Seo and Hill, 2005) and long time is needed for the process to be completed, which was seen in the case of Globex, where Rickard stated, “the time frame was not big enough” and “we missed that it was so big to us”. Faulkner, Teerikangas and Joseph (2012) acknowledge the major challenges experienced in the post-acquisition phase and argue that it should be perceived as a process with a combination of different activities, which are interrelated to each other.

Zhang and Stening (2013) explore strategic and people tensions in the post-acquisition phase, which can be facilitated by different factors. We analysed them in the case of Globex in order to get a better understanding of how the process evolved (Figure 8).

Out of our investigation we identified that Globex did not define their goals for the post-acquisition phase in a clear manner. We found out from Rickard that “now we were caught by finding out the hard way, that we cannot answer all the problems”, which led us to the thoughts that Globex did not think through and anticipate all the variables that an acquisition has. Also if we narrow down to the knowledge transfer process, the organization did not predefine and make decisions of how they would manage the challenges in transferring knowledge in order to ensure access to the valuable knowledge resources. Zhang and Stening (2013) emphasise on the fact that the value cannot be extracted from the acquired organization as fast as the acquiring one wants. Therefore, the acquiring organization should avoid tensions with the acquired one and consider the importance of the acquired party for the knowledge transfer process. In Globex we observe a tendency of disappointment towards Oceanic and we identified a trend of hostility, which the acquiring organization has
experienced. As Jeff said, “there was no direct support”. However, we found out from Rickard that “we are depending on their technical knowledge” so patience is a virtue in order to sustaining a relation with the acquired party. When it comes to the people level, obstacles involving employees are inevitable (Zhang and Stening, 2013) especially when valuable knowledge needs to be transferred. However, in the case, Globex failed to acknowledge the human variable as a factor early in the process and therefore suffered the consequences of low moral and anxiety. Transparency and trust are key elements that need to be considered as well as argued by Zhang and Stening (2013). We found out that Globex involved some of the employees early on in the process of the acquisition, however, William shared with us that it would have been better if more employees were involved from the very beginning. Therefore, this would have improved the transparency and employees would have been even more supportive. On the other hand, our investigation revealed that according to the employees despite the lack of experience of the management in dealing with acquisitions, the personnel trust Globex’s decisions and stand by their strategic moves. We argue that in Globex managers started to consider the people tensions after the strategic ones and took into consideration the negative effects on employees once the consequences were in place. This delayed action led to decreased moral and uncertainty. However, the employees are still motivated and we surprisingly found out that they believe in the expected positive outcome of the acquisition. As Rickard shared with us, “It was a lot of work done here also good work”. Zhang and Stening (2013) include also in their model the respect and mutual learning, which is a prerequisite for the success of an acquisition. In Globex the learning curve was steep, but filled with many obstacles due to unwillingness and disengagement of the acquired company in the process of knowledge transfer.

5.2. Analytical framework

5.2.1. Dynamics of knowledge

Knowledge is a dynamic process (Junni, Sarala and Vaara, 2012) and therefore changes over time. We explored the changing nature of knowledge in the case of Globex and the following matrix (Table 10) aims to illustrate how knowledge evolves during the post-acquisition phase.

<table>
<thead>
<tr>
<th></th>
<th>Explicit</th>
<th>Individual</th>
<th>Tacit</th>
<th>Collective</th>
<th>Knowledge interpretation</th>
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<tbody>
<tr>
<td>Initiation</td>
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<tr>
<td>Implementation</td>
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<tr>
<td>Ramp-up</td>
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<td>✔️</td>
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</tbody>
</table>

Table 10: Dynamics of knowledge

During the initiation phase as seen in the case, Globex focused predominantly on explicit knowledge as they perceived it as sufficient to only extract the information from Oceanic’s ERP system, manuals, product and customer information. Further, individual knowledge was transferred as Globex saw valuable knowledge residing in three sales employees from Oceanic. Later on during the implementation phase the need for tacit knowledge arouse due to the hardships of interpreting the explicit knowledge. Thus, Globex realized the necessity to acquire knowledge embedded in organizational routines and procedures. Afterwards, during the ramp-up phase the interpretation of explicit and tacit knowledge helped the employees to handle the upcoming obstacles in their daily routines. Moreover, acquiring companies have to consider the dynamic of knowledge and how it changes in the post-acquisition phase. We argue that tacit and explicit knowledge are interlinked with each other and should be
transferred simultaneously once the process of knowledge transfer is commences. This way all the information is available to employees and they are able to use it in a proper manner without the constant need for interpretation.

5.2.2. Model of phases in the knowledge transfer process

We identified that challenges are occurring during the *initiation*, *implementation* and *ramp-up* phase of the knowledge transfer process during the post-acquisition process. As stated by the employees of Globex the knowledge transfer was done too quickly and too much information was provided at once. The company misjudged the need for planning and thus, ignored the importance of the initiation phase. Therefore, we believe that an additional stage before the actual initiation stage should be added due to the fact that this phase creates the fundament for the whole knowledge transfer in the post-acquisition process (Figure 9). Even though the initiation stage already deals with the predefining decisions regarding knowledge transfer, we emphasise that there is a need for a pre-integration stage, which will focus more on planning.

We consider that by adding this pre-initiation stage more emphasis would be put on defining the separate stages of the knowledge transfer process thoroughly. By this, we believe organizations would be better prepared for M&As. In Globex the employees pointed out that the planning process was insufficient. Therefore, it is important to have a clear goal, which knowledge is necessary to transfer and who possess this information within the acquired organization. We believe if organizations put more focus on the pre-initiation phase, the transfer of knowledge can be done in a more effective and efficient way. In addition, by having a well-structured pre-initiation phase it is our understanding that the challenges inhibiting knowledge transfer will be reduced.

Furthermore, in order to positively influence the transfer of knowledge, enablers such as communication, meetings, relationships and interpretation and time should be implemented. As it has been highlighted in the single-case study, meetings had a positive relation to the transfer of knowledge. Moreover, it is essential to create a positive atmosphere between the two organizations in order to transfer knowledge, which can be done by building a high level of trust and keeping employees motivated throughout the process. The fact that Globex’s employees were able to build relationships with some of Oceanic’s employees helped them to better comprehend the new information, which also facilitated the interpretation of knowledge. Even though Globex underestimated the value of time, we consider it as a main facilitator for the process of knowledge transfer.

Even though we observed that Globex went through difficulties during the transfer of knowledge in the post-acquisition phase, we do not raise concerns regarding the success of this strategic acquisition in the long run, but the insufficient preparation for this acquisition definitely limited the transfer of knowledge between the two organizations. This resulted in major problems faced on a daily basis in the short term, which the company had to manage. By observing the single-case study it was seen that Globex and Oceanic had a malfunctioning relationship due to the fact that Globex had the feeling that Oceanic did not support them 100 per cent along the process and did not transfer all needed information, which led to the loss of knowledge. In addition, during M&As it is essential to retain employees possessing valuable knowledge, however, as seen in Globex this was a main obstacle. Lack of understanding between both parties additionally prohibited the use of explicit and tacit knowledge in an efficient manner. Despite the challenging task of keeping employees from both sides motivated throughout the post-acquisition phase, companies should be emphasising more on motivation as otherwise, it can lead to employees’ disengagement and unwillingness to support the process of knowledge transfer.
Figure 9: Theoretical and empirical framework
6. Conclusion

The fact that we had unusual access to Globex provided us with the opportunity to study its acquisition in detail and contribute to the academic society with our findings. This research was conducted due to the fact that in the area of knowledge transfer within the context of M&As, existing research have been focusing on the static view of knowledge transfer. However, we contribute with a dynamic perspective, which explores the process nature of knowledge transfer and how it evolves over time. The purpose of this qualitative research was to gain a deeper understanding of how the process of knowledge transfer changes over time and how employees constrain it in the post-acquisition phase of M&As.

At first, during the process of knowledge transfer in the post-acquisition phase we noticed that the nature of knowledge is essential. The research findings show that Globex had difficulties to access the valuable knowledge residing in Oceanic. The main issues identified in the case were information and people related. In the literature different authors claim that it is easier to transfer explicit knowledge than tacit, however, as we observed in Globex both of them were challenging. During the initiation phase the company received explicit knowledge, however, the employees were unable to transfer it properly due to the lack of knowledge of how to interpret the information. Globex did not focus substantially on the initiation phase. However, we believe that this phase is of high importance to the transfer of knowledge throughout the whole process as it builds the foundation for it. In the implementation phase, Globex realized that the explicit data would not be enough and therefore, understood the necessity for tacit knowledge. Thus, the employees from Globex focused more on the transfer of collective and tacit knowledge. In the ramp-up stage employees attempted to use the new knowledge and thus, realized the need to interpret it. That is why during the post-acquisition phase focus should be put on both types of knowledge. The research findings show that Globex had trouble with the knowledge transfer and therefore, we state that the embedded knowledge of Oceanic is highly tacit, dynamic and collective and consequently, it created numerous constraints not only to transfer, but also to interpret and apply it.

The findings of this research have been presented by developing two models. The matrix of knowledge transfer illustrates the dynamic nature of knowledge and aims to show how the nature of knowledge changes over time. At first, it was essential to understand the nature of knowledge and how it changes along the process. The research findings suggest that both types of knowledge should be transferred at the same time as they are depending on each other, as it has been seen in Globex explicit knowledge was useless without the tacit knowledge.

We created a second model in order to visualize the findings of the single-case study. The results of this study show that employees constrain significantly the transfer of knowledge. Therefore, several constraints and enablers have been outlined. By adding an additional stage before the initiation stage, we aim to emphasise the importance of planning for the process of knowledge transfer. The research findings show that the early stage in the post-acquisition phase has been neglected. Therefore, emphasis should be put on the pre-initiation stage, as it builds the foundation of the knowledge transfer process.

7. Closing remarks

We aim to explain what is left unresolved after conducting our research and what the limitations of the study were. Also, we provide information regarding how this research can be continued and improved.
7.1. Theoretical implication

After our thorough examination of the conducted theoretical research in the area of knowledge transfer process in M&As, we consider that researchers have not focused more on the knowledge dilemma. The previously identified theoretical gaps can be fulfilled by emphasising the research focus on the importance of the dynamic nature of the knowledge transfer process in M&As, especially in an international context.

The theoretical framework of this research provides a better perspective on the issues deriving from the knowledge transfer in M&As and critically examines the lack of literature emphasising on its dynamic nature. Even though there is a substantial body of literature in the area of knowledge transfer, the context of M&As is not in-depth researched. Therefore, we urge the emphasis on this matter.

7.2. Managerial implication

The single-case study provided a practical overview and allowed us to imply valuable suggestions for practitioners. Our main findings were that the knowledge transfer process is dynamic and evolves over time. Hence, managers should be aware of the dynamic nature of knowledge and its complexity. The need arises for better preparation and a better understanding of the requirements of the knowledge transfer process. Thus, we suggest that a larger time frame should be allowed before the commencing of the process where an adequate planning is necessary. A bigger time frame would be a prerequisite for proper preparation and readiness when the knowledge needs to be transferred. Furthermore, more employees should be involved from the very beginning of the planning of the knowledge transfer process in order to minimize the possible hardships and arising issues.

Another implication for practitioners is to emphasise more on motivation of employees as our investigation revealed the need for focus on motivation in order to ensure a smoother transfer of knowledge. Globex should take into consideration the troublesome path through which Oceanics’ employees are going and try to build a relationship. The investigation of the single-case revealed that constant communication is a virtue in the knowledge transfer process in M&As as it serves as a base for understanding and cooperation. Therefore, we urge that more focus should be placed on communication throughout the post-acquisition phase in order to enable knowledge transfer. Lastly, as observed throughout the research, M&As are not only a strategic tool, but also an opportunity for learning, which should be seized.

7.3. Limitation

The main limitation of the research is in terms of time constraints due to the predefined deadline of the thesis project. This limitation prevented us to research in-depth the last phase of the knowledge transfer process proposed in our theoretical model – the integration stage. Another limitation is in terms of resources, which constrained us to conduct more interviews from other departments, which would have given us an even better overview of the matter. During the interview sessions we noticed that some of the employees were more cooperating and open in providing information. As a result we got substantial information from some interviewees and particularly less from others. Further limitations of the current research can be seen as it has a one-sided perspective – acquiring organization. This implies the possibility for a biased and subjective view.
7.4. Further research

A suggestion for further research is in terms of conducting a multiple case study in order to create a base for comparison and generalisation. Despite the numerous benefits of using a single-case study, a multiple case study would provide an opportunity to test the findings in other companies and examine the results from different perspectives. Thus, the proposed analytical model and matrix can be tested and verified in other M&As. This would facilitate valuable implications for further research and strengthen the theoretical foundation in the knowledge transfer process. Furthermore, we urge that more research should focus on the process nature of knowledge transfer in M&As as we consider this as an important area that influences significantly the outcome of M&As.
List of Reference


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