

**MERGERS AND ACQUISITIONS,
ENTREPRENEURSHIP
AND INNOVATION**

TECHNOLOGY, INNOVATION, ENTREPRENEURSHIP AND COMPETITIVE STRATEGY

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TECHNOLOGY, INNOVATION, ENTREPRENEURSHIP AND
COMPETITIVE STRATEGY VOLUME 15

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Emerald Group Publishing Limited
Howard House, Wagon Lane, Bingley BD16 1WA, UK

First edition 2016

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British Library Cataloguing in Publication Data

A catalogue record for this book is available from the British Library

ISBN: 978-1-78635-372-6

ISSN: 1479-067X (Series)



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INTRODUCTION

The frequency and scale of the global collaborative partnerships such as mergers and acquisitions (M&A), joint ventures, and strategic alliances have dramatically increased during the past two decades in spite of continuous reports on their high failure rates (Gomes, Weber, Brown, & Tarba, 2011). Unfortunately, studies from different research streams have generally failed to step into each other's turf, hence missing the opportunities from cross-fertilization (Weber, Tarba, & Reichel, 2009).

Stahl and Voight (2008) point out that most of the existing research on the global M&A has been fragmented across various disciplines, has not been systematic and linked to any comprehensive theory, and rarely have models been proposed that were applicable across different organizations. Furthermore, the degree of organizational change, following the establishing and implementing of the global interorganizational partnerships, may vary substantially across different national and cultural settings.

For instance, the impact of M&A on individuals and groups may differ widely between various human resource management practices (Budhwar, Varma, Katou, & Narayan, 2009; Sarala, Junni, Cooper, & Tarba, 2016; Weber & Tarba, 2010), and be influenced by cultural distance (Reus & Lamont, 2009), strategic agility (Junni, Sarala, Tarba, & Weber, 2015; Weber & Tarba, 2014), knowledge sharing during post-merger integration (Aklamanu, Degbey, & Tarba, 2015), leadership approaches (Nemanich & Keller, 2007; Waldman & Javidan, 2009), self-attribution biases (Billett & Qian, 2008), and talent retention (Zhang et al., 2015).

The goal of this special volume has been to stimulate scholars to explore the multiple theoretical and empirical perspectives and seek cross-fertilization between the various approaches to comprehending innovation management-related topics in the particular context of collaborative partnerships.

The first chapter "Entrepreneurial Integration Skills: Knowing What You Acquire to Integrate It" by Bauer, Shriber, King, and Uzelac highlights the importance of the post-acquisition integration in realizing synergistic benefits and enhancing the overall success of the M&A deal. Yet, it

points to the lack of clarity on pertinent integration approaches suggesting that integration is more complex and dynamic than traditionally assumed. Specifically, this chapter sheds light on ambiguous cause–effect relationships by examining the effect of integration-related decisions on intermediate goals, and indicates that entrepreneurial integration skills, or proactivity under ambiguity, are needed to keep pace with the dynamism inherent in acquisition integration.

The next chapter “Acquisitions and Open Innovation – A Literature Review and Extension” by Öberg contends that open innovation poses several new challenges associated with acquisitions of innovative firms, specifically related to intellectual property rights and innovative skills that may be distributed among several parties. This chapter addresses two main issues: first, how can acquisitions be understood in relation to open innovation, and, second, what does the open innovation literature treat the matters of distributed innovations in the particular context of acquisitions. The chapter concludes that acquisitions are for the most part seen as a means to reach innovation in transaction-based transfers between parties.

The chapter “Managerial Retention in Cross-Border Acquisitions: Examining Institutional Influence” by Devine, de Melo Galdino, and Lamont deals with incumbent executives retention and performance in the context of cross-border acquisitions (CBA). Blending institutional with resource-based theories, this chapter shows that retaining managers of the acquired entity becomes more important in unfamiliar environments where the institutional infrastructure is underdeveloped. However, contrary to prior research, the findings also call into question the long-held belief that managerial retention is generally beneficial to post-acquisition performance.

The next chapter “Strategic Media Venturing: Private Equity Investments as a Strategic Tool for Media Firms” is by Hasenpusch and Baumann. It discusses the fast-changing, highly competitive, and technology-driven business environment forces established firms to continually search for new business opportunities and innovative ideas. In reaction, corporations such as Google, Microsoft, Cisco and Bertelsmann have launched new corporate venture capital (CVC) units or have intensified existing CVC activities an external venturing form such as alliances, joint ventures and acquisitions to gain access to new technologies and knowledge. Conducting a data-mining project based on the Thomson Reuters private equity database, the chapter by Hasenpusch and Baumann examines the structure, patterns and investment

focus of telecommunication, IT, consumer electronics and media & entertainment firms' investments done by their new corporate venture capital (CVC) units. The chapter reveals the increasing importance of CVC activities as a strategic development tool to address the requirements of the increasing costs, speed and complexity of a technology-driven industry since the bursting of the internet bubble.

The next chapter "Effectuation Spectra in Chinese High-Tech Entrepreneurship: Domain-Specific Logic Orientations and Cross-Border M&A" by Liu and Isaak aims to advance the entrepreneurial cognition literature by juxtaposing entrepreneurial effectuation, domain-specific expertise and ambiguity. By conducting a qualitative study of Chinese high-tech domestic and returnee entrepreneurs, the authors propose a spectrum between causation and effectuation and argue that the entrepreneur's perceived level of ambiguity may better explain differing logic orientations among entrepreneurs, contributing to our understanding of entrepreneurial cognition.

The final chapter "Why Good Things May Not Happen in Knowledge-Intensive Acquisitions: The Neglect of Acquired Firm's Customers" by Degbey offers a conceptual/theoretical understanding of post-M&A integration rationales and/or actions which pose a challenge to acquired firm customers in acquisitions of knowledge-intensive firms, and thus potentially may trigger M&A value destruction. This chapter highlights five key factors that may lead to value leakage/destruction for acquirers' of knowledge-intensive firms: acquisition motive, specific acquired firm employees other than the engineers and scientists, size of the acquired firm customer base, M&A customer compatibility, and the acquirer's own customers' behavior.

We hope that chapters accepted to this volume will further elucidate the existing theory and enhance our understanding of the dynamic nature of collaborative partnerships, as well as contributions exploring the relationships between the innovation management and individual and organizational performance in collaborative partnerships.

Yaakov Weber
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Editors

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