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Bridging Two Worlds : Middle Managers in the Context of Cross-border Acquisitions

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Résumé

Les fusions et les acquisitions sont un important moyen de croissance et d'internationalisation des entreprises. Cependant, les chercheurs et les praticiens demeurent perplexes devant le faible taux de réussite et de création de la valeur de ces transactions à la suite de la mise en œuvre d'une stratégie conçue pour les intégrer au sein de la compagnie mère. Au cours de ce processus d'acquisition, l'interaction entre les deux entreprises, l'acquéreuse et l'acquise, devient un enjeu crucial. Nous argumentons donc que la dynamique d'interaction entre les cadres intermédiaires de l'entreprise acquise et ceux de l'entreprise mère, responsables de la prise de contrôle, est au cœur du processus. Ce qui s'avère encore plus pertinent au cours des acquisitions internationales. Ainsi, nous cherchons à mettre en évidence l'importance des cadres intermédiaires dans le processus d'adaptation de la stratégie, ce qui n'est pas souvent reconnu par la documentation sur les fusions et les acquisitions.

En proposant une approche déductive-inductive, ce travail vise à examiner les pratiques des cadres intermédiaires qui construisent au quotidien le processus d'acquisition. En utilisant une méthodologie mixte, nous avons réalisé des entrevues semi-dirigées (52) de cadres intermédiaires ayant vécu une expérience de transactions internationales. Cette recherche qualitative a été complétée par la réalisation d'un sondage auprès de gestionnaires de l'entreprise acquise (65 répondants) qui traversaient un processus de post-acquisition international.

Le processus d'acquisitions internationales modifie de manière considérable les rôles stratégiques des cadres intermédiaires. Ces deux groupes de cadres confrontent des réalités différentes et même opposées. Ceux de l'entreprise acquise doivent faire face à la transition d'une entreprise à l'autre et surtout, ils doivent construire des ponts vers la nouvelle direction de l'organisation. Quant à ceux de l'entreprise mère, ils sont responsables de la mise en œuvre d'une stratégie conçue sans trop d'informations et pleine d'expectatives soulevées par un contexte totalement étranger.

Pour faire face à cette complexité, les cadres de l'entreprise mère doivent vendre les projets de la stratégie d'acquisition, tandis que ceux de l'entreprise acquise sont tenus de bâtir des liens entre les deux organisations. L'assomption respective de ces rôles favorise leurs interactions. Le tout est immergé dans un processus de « sensemaking » où nous trouvons un ensemble de pratiques qui servent à relier les pratiques d'interprétation et d'influence des autres. Ces pratiques, que nous appelons « *interacting through action* », mettent face à face les gestionnaires des deux organisations dans le cadre de leur travail quotidien.

Ainsi, nous soutenons que dans les transactions qui créent de la valeur, ces dynamiques d'interaction conduisent à la construction d'une relation d'interdépendance entre les cadres de l'entreprise acquise, maîtres de leur contexte, et les cadres de l'entreprise mère, porteurs du contenu de la stratégie. Parallèlement, la création de cette relation d'interdépendance catalyse la reprise des rôles stratégiques des cadres intermédiaires, permettant ainsi leur inclusion dans le processus d'adaptation de la stratégie.

Mots clés: Acquisitions internationales, stratégie, pratique de la stratégie, cadres intermédiaires, interactions, création et diffusion de sens, processus, pratiques, pré-acquisition, négociation, post-acquisition.

Méthodes de recherche: entrevues semi-dirigées, recherche qualitative; sondages, recherche quantitative.

Abstract

Mergers and acquisitions (M&As) are an important avenue for the growth and internationalization of firms. Notwithstanding, researchers and practitioners are still puzzled by the feeble rate of success or creation of value for these transactions once their integration strategy has been implemented. During the acquisition process, the interaction between both firms, the acquired and the acquirer, becomes crucial. Moreover, we argue that the interactions dynamics between the acquired middle managers and the acquiring middle managers in charge of the takeover are at the core of this process; fact that gains much more relevance in cross-border acquisitions. Therefore, in this actor-based study we bring forth the leading role of middle managers during this strategy adaptation process, not often recognized by M&As literature.

Following a deductive-inductive approach, we delved into the practices of the "on the field" middle managers throughout the entire acquisition process since the first rumors of the acquisition are heard. We conducted a mix-methods study gathering data via open-ended interviews (52) of middle managers who went through the experience of cross-border transactions. This qualitative research was complemented by the realization of a survey among acquired middle managers (65 respondents) that were living a cross-border post-acquisition process.

The context of cross-border acquisitions alters significantly acquired and acquiring middle managers' strategy roles. These two groups of managers that operationalize the acquisition strategy confront different and opposed realities. Acquired middle managers have to face the transition from one company to the other and, importantly, they have to build new bridges toward the new organization's top management. Conversely, the acquiring middle managers in charge of the acquisition tasks have to implement a strategy conceived without much information and plagued by expectations, in a context that is totally alien to them (cultural context, organizational context and even language differences).

We claim that to cope with the complexity of this endeavor acquiring middle managers enact the emergent role of *selling corporate projects* while acquired managers mobilize the emergent role of *bridging two organizations*. The enactment of these roles promotes middle managers' interactions and is embedded in middle managers' sensemaking processes where we find a set of practices that we call *interacting through action* that interlaces sensemaking and sensegiving practices. *Interacting through action* are the practices that confront middle managers from both organizations while they perform their operational tasks.

We argue that in successful transactions these interactions dynamics lead to the creation of a relationship of interdependency between acquired managers, masters of their context, and acquiring managers, carriers of strategy content knowledge. At the same time, the creation of this interdependent relationship catalyzes the recovery of the middle managers' strategy roles allowing their inclusion in the process of strategy adaptation for the focal acquisition.

Keywords: Cross-border acquisitions, strategy, strategy-as-practice, middle managers, interactions, sensemaking, process, practices, pre-acquisition, negotiation, post-acquisition

Research methods: Open-ended interviews, qualitative research; survey, quantitative research

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To the ordinary managers who are building

a better world with their everyday work.

To my wife.

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Five years ago, I started this endeavour when I came back to academia after 20 years of working in the industry. It was a huge decision, plenty of willingness but at the same time full of uncertainties that I've been able to cope because of all the people that helped me during this journey.

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“Sus controversias (…) con mi tío habían sido un largo ajedrez, que exigía de cada jugador la colaboración del contrario”

Jorge Luis Borges

From *There are more things*

“His debates (…) with my uncle had been a long game of chess, which demanded of each player the collaborative spirit of an opponent” (translation from Sidney University)

Introduction

Acquisitions, together with mergers, are the most important avenue for the growth and internationalization of firms (Faulkner, Teerikangas, and Joseph, 2012). *The Economist* on its May 2014 print edition[1] announced that we might be witnessing the start of a new wave of cross-border mergers and acquisitions (M&As). Already in 2015, M&As activity had reached a peak even more important than the last record of 2007 (Martin, 2016). In Canada, according to a Bloomberg report[2], in 2015 the total aggregated value for transactions was $281 billion, second largest ever, which represents approximately 18% of its GDP. Underlining the importance of M&As, Marmenout (2012) informs that one every three employees will have a M&As experience during their working life. All these arguments evidence the relevance of M&As in business practices. This may be why important transactions are constantly on the newspapers. For example, in 2011, Hewlett-Packard (HP) acquired Autonomy, a British software developer company, in an $11.1 billion transaction. However, after a year of working together *Financial Times* reports:

> HP said Autonomy's founder was leaving, amid a broader shake-up that would cut 27,000 jobs. [...]. It also emerged that senior employees from the software developer had been steadily walking out of the door, with 25% of the original Autonomy staff departing before their erstwhile leader made his exit. The reason, it seemed, was a brutal clash of working cultures (FT.com, 2012)[3].

Up to 2016 HP has reported $8.8 billion of losses for this transaction (80% of the acquired value) (Martin, 2016). The journal concludes its article stressing the importance of the post-acquisition process to obtain value from the acquisition of a firm. It is important to remark that this unsuccessful case is not an isolated example of the overall acquisition

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[1] "Corporate takeovers: Return of the big deal", The Economist, May 3rd 2014 (from the print edition)

2 The globe and Mail – Deveau S (2015) "Canadian M&A hits eight-year high on record outbound deals" http://www.theglobeandmail.com/report-on-business/canadian-ma-hits-eight-year-high-on-record-overseas-deals/article27972939/ (Accesed September 1, 2016)

[3] FT.com - Sakoui, A. (2012). "Do not ignore M&A's unsexy cousin", Financial Times, August 1- http://www.ft.com/intl/cms/s/0/48ddee0c-dbc0-11e1-aba3-00144feab49a.html#axzz239Ui9TBb (Accessed August 10, 2012)

picture; the success rate of these takeovers is below 30% (Martin, 2016; Trompenaars and Asser, 2010).

The process of post-acquisition is a complex practice of interrelating two different worlds of "unique personalities and experiences" (Barney, 1986: 660). This process' main goal is to create value through knowledge transfer and to preserve the acquired firm's capabilities. Indeed, many times these capabilities are the actual reason for acquiring the firm. The interaction between the two organizations thus lies at the heart of the post-acquisition process, which, in the cases of cross-border acquisitions, is even more critical (Björkman, Stahl, and Vaara, 2007; Olie, 1994).

This interaction described as a "clash of working cultures" in the previous extract from FT is characterized as "brutal". As well, M&As literature looking at the acquisition process has been extremely troubled by the relationship of culture-difference and acquisition-performance, and has failed to arrive to any conclusive result (Stahl and Voigt, 2008; Teerikangas, 2012; Teerikangas and Very, 2006). According to Teerikangas and Very (2006), the focus on cultural differences oversimplifies the complexity of the dynamics of the acquisition process. Therefore, some authors argue that there are "unidentified variables" that might explain the different outcomes of acquisitions and call for more research on the actual activities that build the acquisition process (King *et al*., 2004; Stahl *et al*., 2013; Steigenberger, 2016; Teerikangas, 2012; Vaara, 1999). Consequently, the purpose of this work is to start deciphering this complexity by exploring the dynamics of inter-organizational interactions that accompany any acquisition. More specifically, it delves into the realm of middle managers' interactions that are the key actors that build the day-to-day acquisition process (Chreim and Tafaghod, 2012; Meyer, 2006; Moilanen, 2016; Schriber, 2012; Vaara, 2003). In this research, we argue that because of their interactions dynamics and their agency dimension, middle managers from both organizations are able to adapt the strategy designed for the acquisition and in this way influence its final value creation outcome.

Middle managers are generally seen as playing an important role on strategy formation (Burgelman, 1983a; Floyd and Wooldridge, 1992a; 1994; Mantere, 2008; Mantere and

Vaara, 2008; Regnér, 2015; Rouleau, Balogun, and Floyd, 2015; Wooldridge, Schmid, and Floyd, 2008) when they perform their widely recognized role of implementation (Balogun, 2003; Stensaker, Falkenberg, and Gronhaug, 2008). In doing so, they shape the intended strategy by adapting it to the context (downward roles) and by influencing the upper management through their analysis of the conjuncture (upward roles). However, managing the post-acquisition implementation tasks and still trying to cope with their influencing roles might not be an easy task in the ambiguous and conflictual context of mergers and acquisitions (Monin *et al*., 2013; Vaara, 2003).

This seems even more difficult if we consider that in cross-border acquisitions, the two groups of middle managers that operationalize the acquisition strategy confront different and opposed realities. Acquired middle managers have to face the transition from one company to the other and, importantly, they have to build new bridges towards the new organization top management. Conversely, the acquiring middle managers in charge of the acquisition tasks have to implement a strategy conceived without much information and with lots of expectations, in a context that is totally alien for them (cultural context, organizational context and even language differences). So, this work aims to understand and explain how these managers coming from two different contexts and having different goals interact in order to maintain their important function of strategy formation and to explain how their interactions dynamics might influence the value creation for the acquired operation.

This theory-building endeavour adopts a deductive-inductive approach and develops on the experiences of the "on the field" middle managers following a practice approach (Johnson *et al*., 2007; Rouleau, 2013; Vaara and Whittington, 2012; Whittington, 2006). We conducted a mix-methods study gathering data via retrospective open-ended interviews of middle managers in cross-border acquisitions having similar characteristics. We interviewed fifty-two acquired (28) and acquiring (24) middle managers who went through the experience of 24 cross-border acquisitions in North and South America and Europe. This qualitative data was complemented by conducting a survey among acquired middle managers (65 respondents) that have participated in 26 cross-border transactions in North and South America, in Oceania, and in Europe.

Moreover, our premise is to treat the acquisition process as a whole, arguing that the pre-acquisition experiences have a strong influence over the post-acquisition period. Also, we argue the need to look into both groups of managers and challenge the classic view of acquiring managers as all-powerful conquerors and acquired managers as hesitant and resistant followers. In broad terms, this thesis aims to contribute to M&As literature by shedding light on the interactions dynamics that we consider immerse in the interplay of middle managers' sensemaking processes. This leads to a better comprehension of the acquisition process with the goal of enhancing value creation. Also, this work aims to contribute to middle managers' literature by evidencing middle managers' position as constructors of strategy and not only as influencers and implementers of strategy.

This thesis is organized in eight chapters. In the first chapter, "Literature Review," we explore and map the status of the M&As literature, developing our broad research questions, which we refine by looking into middle managers and strategy literature. In the second chapter, "Conceptual Framework," we clearly define our conceptual and contextual assumptions and using an exploratory fieldwork we develop our preliminary conceptual framework that leads to delineate our three propositions. In the third chapter, "Methodology," we carefully explain our methodological approach, putting special attention to make explicit the research design of our qualitative and quantitative dimensions.

In the fourth chapter, "Middle Managers' Interaction Dynamics – The Process," we present our qualitative data describing the interactions dynamics of middle managers from the acquired and acquiring organization throughout the acquisition process, from pre- to post-acquisition. In the fifth chapter, "The Insight," we discuss the findings from the previous chapter refining the conceptual framework proposed in the second chapter, analyzing the factors that enable or constrain middle managers' interactions dynamics, and we delve further into middle managers' sensemaking processes.

Chapter six and seven bring forth the quantitative methodology. In chapter six, "The Impact of Interactions on Acquired Middle Managers' Strategy Roles," we analyze the impact of middle managers' dynamics on the enactment of acquired managers' strategy roles. We discuss, iterating with qualitative data, which types of interactions might boost the recovery of acquired middle managers during the post-acquisition stage. In chapter seven, “Strategy Roles and Cross-border Acquisitions’ Value Creation,” using quantitative and qualitative data we establish a link between our proposed model for middle managers’ interactions dynamics and value creation.

In the last chapter, we conclude by presenting the theoretical and methodological contributions of this study, as well as the managerial implications. We complete this chapter by describing the limitations and future research avenues.

Chapter 1
Literature Review

Mergers and Acquisitions (M&As) are one of the avenues for growth of a firm. Growth that according to Penrose "is governed by a creative and dynamic interaction between the firm's productive resources and its market opportunities" (Penrose, 1960: 1). M&As allow firms to attain growth goals faster than recurring to organic growth (Haspeslagh and Jemison, 1991; Marks and Mirvis, 2011). Organic growth has been proved to be a difficult challenge for firm performance (King *et al*., 2004: 196). These growth goals might have different forms such as achieving economies of scale increasing efficiency, increasing market share, raising prestige, expanding geographically and overcoming entry barriers, assuring survival by changing the competitive landscape, buying innovation skills to access new and diversified technologies and knowledge; in all the cases they allow the firm to sustain competitive advantage (Angwin, 2012; Bower, 2001; Hitt *et al.*, 2012; Shi, Sun, and Prescott, 2012). So, M&As are recurrent tools for the internationalization of a firm, providing access to competence and local know-how without the trouble of setting up a new subsidiary from scratch (Teerikangas and Very, 2006 S31). For many multinational corporations (MNCs), mergers and acquisitions have been the "Lego" blocks for their strategy of growth that has shaped the global industry dynamics (Cartwright *et al.*, 2012). In a nutshell, the overreaching goal for M&As is to create value, where value creation can be defined as "the potential rent generating abilities of an asset or know-how" (Madhok, 1997: 40).

It is important to make the distinction between two important terms: "merger" and "acquisition." Acquisition means "the takeover of a target organization by a lead entity" (Marks and Mirvis, 2011: 161). While merger "is a combination of organizations which are rather similar in size and which create an organization where neither party can clearly be seen as the acquirer" (Vaara, 1999: 3). According to Teerikangas and Very (2006), only 3% of M&As are actually mergers. Marmenout (2010: 331) argues that in reality there is always "a winner and a loser" (even on mergers of equals), because in the end there are always power differences that are not explicit in the deal, yet they implicitly exist in the mind of the actors emerging over time. Greenwood (1994: 240), following a similar rationale, argues that “available studies are almost entirely acquisitions,” not mergers. Thus, echoing this thinking, from now on we use only the term acquisitions, and we keep the use of M&As only to name the field of study. We note that for this work acquisition means actual ownership of the acquired organization by the acquiring one.

This literature review consists of two steps. Firstly, we overview what the M&As literature says about the factors that affect acquisition value creation. We aim to explore and map our phenomenon making explicit the main assumptions of the M&As literature. Secondly, we focus our attention on the interconnections between the two companies during the acquisition process to identify the main actors of those interactions and their possible main driver.

1.1. Exploring and mapping the M&As literature

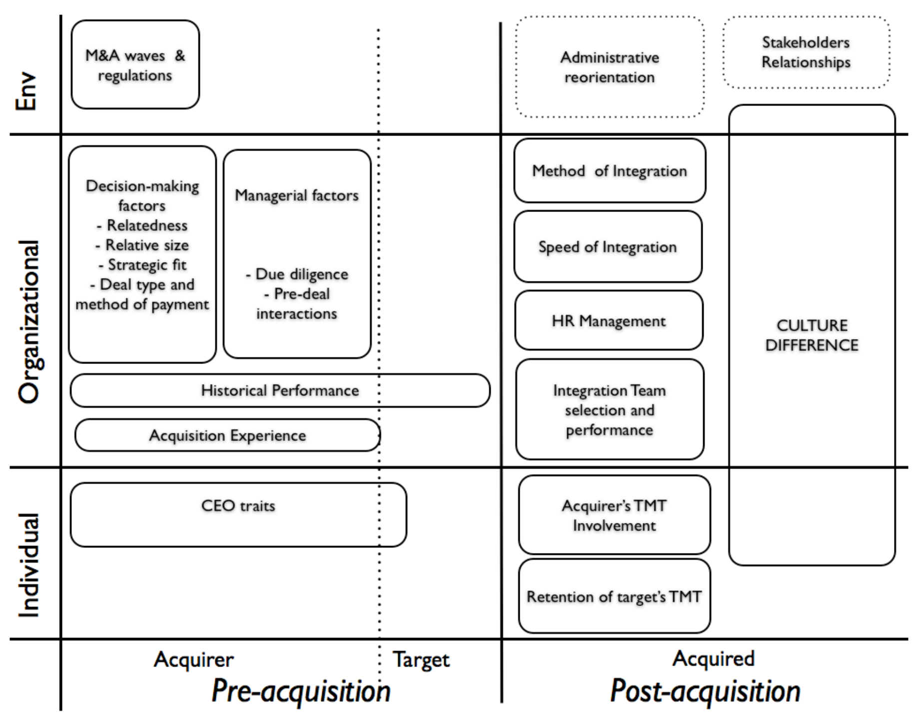
In order to better understand the phenomenon of acquisitions, we describe in this section the factors that the M&As literature considers as important antecedents for the construct of value creation that we have already defined as the ability to generate rent from an *asset* or *know-how* (Madhok, 1997: 40). Value creation in acquisitions is the result of the long-term managerial action supporting the transfer of functional and management capabilities (Angwin and Meadows, 2015). Hitt *et al*. (2012: 71) assert that “acquisitions are incredibly complex strategies that are highly challenging to complete and implement”; this is why most recent works start considering the acquisition phenomenon as multi-stage and multi-level (Cartwright *et al.*, 2012; Gomes *et al.*, 2013).

Haspeslagh and Jemison (1991), one of the most influential works on the field, underline the importance of considering the post-acquisition phenomenon as a process. Moreover, in more recent works (Faulkner *et al.*, 2012; Gomes *et al.*, 2013; Stahl *et al.*, 2013; Teerikangas, 2012; Weber, 2012), scholars extend this characteristic to the pre-acquisition stage and propose to consider the whole phenomenon as a process. Therefore, we considered the acquisition as a process and for the development of this literature review we understand it as a two-stage process: pre-acquisition and post-acquisition, having as a limit the deal closing.

Furthermore, the antecedents of value creation studied by the literature pertain to different levels that we can separate into: individual (e.g. top managers, middle managers, and employees), organizational (e.g. acquiring and acquired firm) and environmental. For the development of this review we considered as the environment all the factors that are external to the acquisition phenomenon itself, including all the factors outside the relationship of the focal acquisition and the corporate office as part of the environment.

Therefore, taking into account these facts, we have classified the antecedents of value creation found in the M&As literature into two phases: pre-acquisition and post-acquisition, and three levels: individual, organizational, and environmental (see Figure I).

Figure I: Most important antecedents to the acquisition's value creation construct on M&As literature



In Figure I, we have also made explicit the three entities that we find during the acquisition process. During the pre-acquisition stage we find two independent organizations normally called: acquiring firm and target firm. Once the deal is closed at the post-acquisition phase we can still speak of acquiring firm but the target mutated to the acquired firm becoming the focus of attention. Each entity encompasses different characteristics and plays different roles during the acquisition process, attracting more or less attention from researchers. For example, we can see at first glance that M&As literature has not paid much attention to the target firm during the pre-acquisition stage.

Value creation and performance are used interchangeably in M&As literature. Moreover, in this literature, performance encompasses a large spectrum of measures that covers short and long term assessments and uses as a unit of measurement the acquiring or the acquired firm. As we will see and discuss further, this is one of the causes of the disparity in the conclusions concerning the relationship of each antecedent with value creation.

This review of the antecedents of value creation on acquisitions is based on well-known literature reviews that have been published during the last 15 years and that cover the different areas of the M&As literature, especially those of finance, management and strategy. We can see a list of these reviews in Appendix I. We have also included concepts from published empirical research when we considered that was helpful for the development of this review. Next, we described each of these antecedents following the classification made in Figure I. As we have said, our goal is to circumscribe our phenomenon and make explicit the main assumptions of the M&As literature concerning our study.

1.1.1 - Pre-acquisition antecedents

1.1.1.a- Organizational level

1.1.1.a.1- Decision-making factors

Before the actual acquisition deal, the acquiring firm starts a process of target selection that leads to a period of negotiation with the selected target. During this pre-acquisition process, the acquirer makes important decisions (decision-making) that will impact the outcome of the future transaction. For the mainstream literature, these factors are: relatedness, relative size (target-acquirer), strategic fit, and types of deal and methods of payment.

- **Relatedness**: This refers to the resources or product-market similarities between the acquirer and the target. Common wisdom indicates that with a higher degree of relatedness between the companies, the interdependence will be higher, demanding higher coordination and increasing the possibility of conflict with consequent damage to the acquired capabilities. Conversely, King *et al*. (2004: 189) explain that the existence of a common 'dominant logic' might enable managers to effectively navigate through the post-acquisition stage. Puraman *et al*. (2009)'s findings somehow bridge these opposite views. They observed, in the US hardware industry, that "common ground" between the firms can help reduce the level of integration of the firms, decreasing the possibility of local capabilities destruction. Therefore, based on a common understanding, companies are able to cope with the level of interdependence with a lower level of structural coordination (Puranam, Singh, and Chaudhuri, 2009). Notwithstanding, King *et al*. (2004) in their meta-analysis research were not able to support their hypothesized positive relationship between relatedness and value creation. A decade after, Hitt *et al*. (2012: 73) conducted another meta-analysis and arrived to the same conclusion: "extant research provides mixed evidence" for this relationship. They found, in their literature review from 1983 to 2008, studies whose results varied from no relationship, to positive relationship, or even showing curvilinear relationship between relatedness and value creation. Though, we might say that even if relatedness can help to generate a common ground between the managers from both firms, there are other contextual factors that might counteract this advantage (King *et al*., 2004).

- **Relative size**: The relation between the size of the target and the size of the acquiring company is judged as an important factor for the success of the acquisition (Gomes *et al.*, 2013; Haleblian *et al.*, 2009; King *et al.*, 2004). Gomes *et al*. (2013) suggest that there might be an optimal target size for the acquirer. On the one hand, they found articles evidencing that the acquisition of smaller firms in relation to the acquirer might lead to poor results since they might trigger two suboptimal and opposite conditions: post-deal ignorance or exaggerated resource allocation. On the other hand, they show evidence suggesting that the acquisitions of relatively large firms are also suboptimal, because they might trigger political disputes, also diminishing the outcome. On this, Haleblian *et al*. (2009: 482) add that often the acquisition of larger firms is the fruit of CEO hubris tainting the decision with subjectivity and thus jeopardizing the results. Thus, overall, the results during the last 30 years of research are not consistent (Angwin, 2012; Haleblian et al., 2009; Hitt *et al*., 2012; Shi *et al*., 2012). Consequently, as argued by Hitt *et al*. (2012), relative size-value creation is a complex relationship that might be influenced by several contextual conditions.

- **Method of payment and deal type**: The usual methods of payment for an acquisition are cash, stock shares (equity), or a combination of both. Normally, acquirers finance an acquisition with shares if their firm's stock is overrated, and cash, in the opposite case. This might mean that the cash payment might create more performance expectation in the acquirer (Hitt *et al*., 2012; King *et al*., 2004). For example, Haleblian *et al*. (2009: 479) found studies that claim that "cash-financed deals are more beneficial, or at least less detrimental, to bidding firm shareholders". Conversely, in their review, Gomes *et al*. (2013) conclude that deals using shares as a method of payment performed better. Notwithstanding, when buying private or divested firms, the result was an increase in the acquirer's shares (announcement returns), regardless of the method of payment (Haleblian *et al*., 2009). It is interesting to note that in the case of the relationship between method of payment-value creation often the measurement of value creation used is "announcement returns," i.e. a short term evaluation of value creation (Haleblian *et al*., 2009; Hitt *et al*., 2012). Anyway, results are contradictory and according to King *et al*. (2004) there is no clear relationship between the method of payment and acquisition of value creation[4].

In regards to the deal, there are studies showing that transactions under external monitoring, for example banks or auditing firms, have positive announcement returns (Haleblian *et al*., 2009). Another effect of the deal that might have consequences on the

[4] These authors also warn that the method of payment might also affect the method of accounting in an acquisition, which in turn can alter some methods of performance assessment.

acquisition outcome is the size of the premium paid by the acquirer. Premium is the price paid for a target that exceeds its pre-acquisition market value (it might range from 40 to 50%) (Hitt *et al*., 2012). This payment might pose to the acquiring firm a high pressure from the market to recover the transaction's cost and to materialize the expected synergies, which according to Hitt *et al*. (2012) are only achieved by 30% of the acquiring firms. The failure to reach this goal might lead to restructuring in order to minimize redundancies (downsizing), compromising consequent long-term value creation. As they explained, "these drastic actions can seriously erode the human capital and the knowledge and learning that is essential to capitalize on the complementarity between the two firms" (Hitt *et al*., 2012: 79).

- **Strategic fit**: Strategic fit is defined by Jemison and Sitkin (1986: 146) as the target's complementarity and contributions to the acquiring firm strategy that can be translated into financial and non-financial opportunities for the acquirer (value creation). This variable is the least tangible and most difficult to appraise so far but it is an important factor that the acquiring firm's management takes into consideration when making the acquisition decision (Gomes *et al.*, 2013; Haspeslagh and Jemison, 1991; Jemison and Sitkin, 1986; Pablo, 1994; Shrivastava, 1985). For example, Pablo (1994) argues that when considering strategic fit during the decision process, there are two important factors: strategic task and organizational task. On the one hand, strategic task is related to the strategic intent of the acquisition and the synergies expected between the firms. On the other hand, organizational task is the protection of the target's capabilities that drive those expected synergies. Performing a quantitative study on US acquisitions, she found that the main managerial concerns when making the decision to buy a prospect target were the organizational task, followed by the strategic task. Other factors such as relative size, cultural characteristics and compatibility between the firms' view accounted for just as much as 25% of the decision. As we see later, organizational task and strategic task are important tools to decide on the type of integration for the acquisition (Angwin and Meadows, 2015; Birkinshaw, Bresman, and Håkanson, 2000; Haspeslagh and Jemison, 1991; Pablo, 1994).

1.1.1.a.2- Managerial factors

The decision-making factors are backed up by managerial actions (managerial factors) that have as a goal information gathering and its assessment. This process is called due diligence and might be facilitated if both firms have pre-deal formal interactions. M&As literature gives high importance to these managerial actions because they are intimately related to decision-making. Not only the quality of the information collected but also the possible interactions that the acquirer might initiate during this period with the target might have important consequences on the acquisition outcome.

- **Due diligence**: Due diligence is the research work made by the acquirer in order to assess the value and the strategic fit of the target. Most of the time, the main criteria taken into account are finance, engineering, manufacturing, and marketing. However, according to Marks and Mirvis (2011: 162), these criteria are seen through the eyes of finance professionals that end up tainting the conclusions with hard criteria and driving out "soft matters" such as organizational factors, whose inclusion might increase the acquisition success. An imprecise due diligence can lead to an overestimation of the investment which is a major cause of acquisition failure, because as we have said, it makes it hard to attain the expected returns (Gomes *et al*., 2013: 19). Also, an incomplete analysis of strategic and organizational tasks has direct repercussions for the integration phase (Marks and Mirvis, 2011; Olie, 1994; Shrivastava, 1986). Due diligence opens up a period of certain interactions between the acquirer and the target executives. Jemison and Sitkin (1986) suggested seeing this stage of the acquisition as a process that has as an outcome the decision of pursuing the transaction. So, they argue that during this process, managers and staff should be involved in generating a choice of quality and use this involvement as a way to gain their commitment for the future acquisition. Reviewing the literature on this matter, they found four main problems in this process: activity segmentation, escalating momentum, ambiguity, and "organizational chauvinism." Activity segmentation occurs when there is no integration of the work done by the different groups that are assessing the deal, i.e. there is a lack of combination of perspectives. Escalating momentum is the desire to close the deal that can be generated by the resistance, secrecy, overconfidence, and self-interest of certain participants from the target. This reduces the time of analysis, increasing future uncertainties that can hinder the future integration process. Ambiguity usually occurs during this negotiation phase to foster the deal. However, this ambiguity becomes highly dysfunctional, generating the wrong kinds of expectations that might lead to confrontations during the process of integration (Jemison and Sitkin, 1986). According to Graebner (2009) ambiguity is further aggravated by trust asymmetries generated between the parties as a consequence of the meanings that they bring to the negotiation and because of the obvious information asymmetry. Organizational chauvinism, the last point, is related to the arrogance and feeling of superiority that some acquirers, at interpersonal or organizational level, can have in relation with the target organization (Jemison and Sitkin, 1986) that might become the "us-versus-them" thinking (Stahl and Voigt, 2008: 162) or the "conquering army syndrome" (Datta and Grant, 1990: 32) during the integration process that leads to conflict and lack of motivation from the target's side and erodes the possibility of value creation.

- **Pre-deal formal interactions**: The fact of taking into consideration soft tasks during the pre-acquisition work is very hard, if not impossible. However, there are some prior formal arrangements such as joint ventures, working on specific projects, having tight business relationships, that might facilitate the evaluation of those soft tasks and allow the acquirer to assess the "chemistry" that they may create between both organizations (Gomes *et al*., 2013: 21). These pre-deal interactions might become even more important in cross-border acquisitions where the assessment of managerial styles can be a difficult mission. So, past relationships between both firms might help to ease different tasks as acquisition integration, and acquisition governance (Shi *et al*., 2012). Those companies that acquire firms that were tied by alliances seem to improve the possibility of acquisition success (Barkema and Schijven, 2008b: 599). Nevertheless, Steigenberger (2016) warns that this might only apply when the target will be loosely integrated. A deeper integration changes the rules of the game making less useful which has been learned from the previous alliance.

1.1.1.a.3- Acquirer and target historical performance

Firm historical performance is another value-creation antecedent considered by the M&As literature. Hitt *et al*. (2012: 74) say that for the acquirer, the general assumption is that of inertia, i.e. firms that perform well before an acquisition would continue achieving high performance. This cannot be extrapolated to the target. In relationship with the target performance, acquirers might have no predilection; some might look for profitable targets and others, for distressed ones. According to Hitt *et al*. (2012: 74) this might be influenced by the type of industry as they find evidence that in growing industries profitable targets are normally the acquirers' objectives. However, Haleblian *et al*. (2009: 482) argue that value creation is optimized when a high-performing firm buys a low-performing target because these targets offer more opportunities for improvement. However, they warn that "severely distressed targets" might require a longer time before seeing positive results (Barkema and Schijven, 2008b; Haleblian *et al*., 2009). Barkema and Schijven (2008a) found in their review that this type of targets will have not many interested buyers and those attracted by them are those with high experience in turning around this kind of firms. They also note that in these cases bidders will not face much competition and will avoid falling victim of a "winner course" (Barkema and Schijven, 2008b: 600).

1.1.1.a.4- Acquirer acquisition experience

Acquisitions create complex organizational challenges, and both individual and organizational experience may be required to avoid integration problems (Haspeslagh and Jemison, 1991). For example, at the acquiring firm's organization level, experience from past acquisitions may be used to build on, facilitating the processes of identification and integration of the acquired firm's resources (Hitt *et al*., 2012; Gomes *et al*., 2013), which may be required to improve post-acquisition performance. Barkema and Shijven (2008a: 600) assert that early efforts to untangle the relationship between acquisition experience-value creation were largely based on quantitative works having as a main assumption the notion of learning curves. Stemming from this, Zollo and Singh (2004) introduced the idea that corporate division might develop an "integration capability." However, in their study of US banks, they could not prove that experience alone results in higher acquisition performance. That means that this "integration capability" was more than the accumulation of lessons learned.

Accordingly, the reviews of King *et al*. (2004), Barkema and Schijven (2008a), Haleblian *et al*. (2009), and Shi *et al*. (2012) could not show consistent findings on the relationship acquisition experience-acquisition value creation. King *et al*. (2004: 190) found studies where prior-acquisition experience was predicting post-acquisition success, others where the success was declining with the increase of the number of acquisitions, and some others that did not have any correlation at all. Still, they stressed that this relationship should not be underestimated or neglected. Meanwhile, Haleblian *et al*. (2009: 483) found studies where this relationship was "inverted-U" shaped. The explanation is that inexperienced acquirers had problems applying their lessons learned in dissimilar subsequent acquisitions, whereas more experienced acquirers were able to avoid these problems (peak of the curve). Zollo (2009)'s superstitious learning, or when experience develops into confidence before gaining competence, might help explain the last portion of the curve. According to him, causal ambiguity is what makes it difficult for managers to understand the reason for prior success or failure. There are two factors that can mitigate superstitious learning: heterogeneity of experiences and codification[5]. Heterogeneity of experiences exposes the management to different possible solutions. Too homogeneous experiences might also rule out exploration, leading the acquirer to a competency trap (Barkema and Schijven, 2008b: 607). Codification is thought as a way to reflect over the lessons learned or, in other words, as a way of making retrospective sense making (Zollo, 2009). Several authors highlight that codification is an excellent tool to foster the understanding of ambiguous situations but can become an extremely dangerous tool if it is used as a recipe for success (Heimeriks, Schijven, and Gates, 2012; Shi and Prescott, 2012; Zollo, 2009; Zollo and Singh, 2004). For example, it can create inertia, because once the firm's experience is codified, the new divergent information is unlikely to be considered to modify the set of existing routines (Shi and Prescott, 2012). Therefore, these problems with codification might also enlighten the last portion of the inverted U trend. Heimeriks

[5] Codification is the organizational effort to translate tacit knowledge gained from experience into explicit knowledge (Nonaka, 1994). However, we should remember that it is impossible to specify and codify all the knowledge involved in a practice (Duguid, 2005).

and Schijven (2012) point out that the codified routines, fruit of lessons learned, must go along with the organizational ability to assess heterogeneous acquisition situations and to find new and ad hoc solutions when necessary. They call this ability risk management practices and they found that it mediates the positive relationship between routine codification and acquisition value creation. They base this conclusion on a qualitative-quantitative research made on important European and US MNCs. They conclude that "fruitful integration is, in essence, as much about knowing when not to rely on prior experience as it is about generalizing that experience from one deal to next" (Heimeriks *et al*., 2012: 720). In a nutshell, experience alone is not a panacea and can actually erode value creation (Barkema and Schijven, 2008b: 608). Moreover, industry and/or country-specific experience seems to be more important than general acquisition experience (Barkema and Schijven, 2008b: 599; Hébert, Very, and Beamish, 2005).

In relation to experience, more recent literature started to recognize the presence of "vicarious learning[6]" (Barkema and Schijven, 2008b; Gomes *et al*., 2013; Haleblian *et al*., 2009). For example, Barkema and Schijven (2008: 612) found evidence of firms embarking on acquisition strategies by imitating other firms, thus relying on vicarious learning to enhance their likelihood of success. Also, in their article, Delong and Deyoung (2007) describe how large commercial banks learned by observing the acquisition ventures of their competitors and analyzing their successes and failures.

Mark and Mirvis (2011) have another view about acquisition experience because they take a closer look to the acquisition black-box process. They recognize "execution" as "the real culprit" in acquisition value destruction. They find that constant feedback about how the operation and business is performing and about how the people are behaving, how they act and feel is of paramount importance (Marks and Mirvis, 2011: 166). Even if they recognize the value of experience, they focus on each transaction as unique. They argue that "some of the learning comes from trial and error and effective learning requires ongoing examination of progress and problems, all within a context that supports

[6] "Vicarious learning enables a firm to explore a variety of ways of performing tasks without incurring any costs and risks that might be associated with experimenting with alternative actions" (Barkema and Schijven, 2008: 610)

reflection and continuous improvement" (Marks and Mirvis, 2011: 166). Their view is close to recognize the importance of experience at individual level and of the context. And in this context, we might find important to dig into the target's experience with past acquisition and how this might affect the acquisition value creation. Notwithstanding, the interplay of individuals' experience and the influence of the target's experience is still overlooked by the M&As literature.

1.1.1.b- Individual level

1.1.1.b.1- CEO traits

The most prominent and studied individuals in the M&As literature are the acquirer's CEOs. The relationship CEO's traits-acquisitions has become quite renowned in management literature in general. For example, Chatterjee and Hambrick (2007) in their excellent article about CEO's narcissism propose firm acquisition activity as one of the variables to measure CEO's narcissism (Chatterjee and Hambrick, 2007). Many scholars (e.g. Haleblian *et al*., 2009; Martin, 2016) highlight that acquisitions are overly attractive for CEOs because managing larger firms might mean to increase their discretion, power and compensation. Though, these incentives amalgamated with lack of experience (Haspeslagh and Jemison, 1991) and overconfidence to generate results (Haleblian *et al*., 2009; Marks and Mirvis, 2011), often ignoring negative information provided by due-diligence (Hitt *et al*., 2012), can lead to the completion of deals at unreasonably high costs and/or embark on value-destroying transactions. These problems were found to be more frequent in firms that have access to internal financing due to the consequent lack of external control (Haleblian *et al*., 2009: 476).

CEO's self-interest, studied under the lenses of agency theory, has also received considerable attention. Haleblian *et al*. (2009: 481) have found articles arguing an inverted-U shape curve for the relationship between CEO stock ownership and acquisition value creation. They say that under moderate level of ownership short-term value creation was optimum (shareholders announcement returns). However, at low and high levels of stock ownership, CEOs tended to overpay for acquisitions, affecting negatively the short-term value creation. Notwithstanding, in the same review they argue that some other articles challenged these results saying that stock ownership was not related at all to acquisition value creation. Haleblian *et al*. (2009: 481) conclude that even if the results are not clear, in general, findings suggest that "managers may engage in opportunistic behaviours to achieve personal gain". This conclusion might be valid also for the other side of the acquisition formula; some studies show that "target's CEOs with greater levels of illiquid stock were more likely to become acquired" (Haleblian *et al*., 2009: 476) as it is foreseen for the target stock to increase in price after the announcement.

1.1.1.c- Environmental level

1.1.1.c.1- M&As Waves & Regulations

The effect of M&As waves on acquisition short-term value creation has also drawn attention from M&As scholars. Though, according to Haleblian *et al*. (2009) some scholars have examined this phenomenon across different acquisitions waves and inside each one. For example, some authors found that acquisitions at the early stage of an industry acquisition wave have obtained positive results, but this was not the case for those at the end of the wave. However, those acquisitions that happened after the wave saw their results positive again. These authors explain that the formers might have drawn upon vicarious learning observing and learning from the success and failures of preceding acquirers.

Regulatory events can also influence acquisition performance. According to Haleblian, *et al*. (2009), there are studies showing that regulatory reforms[7] have been negative to the acquirer's returns but positive for the target's returns.

[7] A case in point is the implementation of the Sarbanes-Oxley Act (SOX) in United States.

1.1.2- Post-acquisition antecedents

1.1.2.a- Organizational level

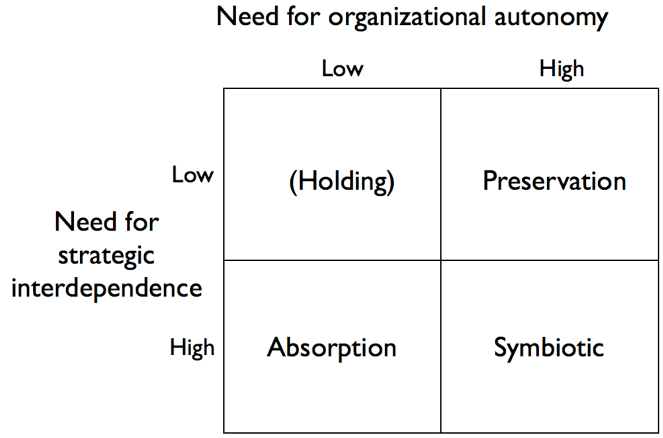
1.1.2.a.1- Method of integration

Haspeslagh and Jemison (1991) define integration as the "gradual process in which individuals from two organizations learn to work together and cooperate in the transfer of strategic capabilities" (106). So, according to these authors "acquisitions create value when they enhance the strategic capabilities of the combined firms, thereby improving either the acquired or acquiring firm's competitive position, which in turn will produce financial operating results" (Haspeslagh and Jemison, 1991: 15). Therefore, following these two statements the way the acquirer envisages the integration stage is of paramount importance for the acquisition value creation. Shrivastava (1986) and Pablo (1994) following a straightforward rationale established three modes of integration: procedural integration or low level (standardized management systems to facilitate communication), physical integration or moderate level (sharing of physical and know-how resources), and managerial or high level (sharing of all types of resources: financial, physical and know-how which lead to processes of socialization aiming to the readjustment of managerial practices). At a higher level of integration, the synergies between the firms are probably enhanced, but at the same time the cost of coordination and the potential for integration conflict increases (Gomes *et al.*, 2013; Jemison and Sitkin, 1986; Pablo, 1994). In other words, when the synergies that lead to value creation are the fruit of higher interdependence, the level of coordination is higher (Thompson, 1967), so it is the level of integration required.

Going one step further, Haspeslagh and Jemison (1991), using a resource-based perspective, proposed another typology for the post-acquisition integration process, and it is so far the best known integration framework (Angwin, 2012; Angwin and Meadows, 2015; Gomes *et al.*, 2013). According to Haspeslagh and Jemison (1991) there are two factors that should be reconciled in order to succeed in the post-acquisition process: the need for strategic interdependence between both firms in order to create the expected synergy, and the need for organizational autonomy in order to protect each organization from the integration process. It is interesting to note here that the authors argue autonomy as protection for both firms, however on their development they speak mainly about target's autonomy as protection for the acquired company's capabilities. Taking all this into account, they generate a two by two matrix (Figure II), having as axes "need for strategic interdependence" and "need for organizational autonomy." On the graphic they distinguish three approaches that they corroborate with their empirical research: absorption, preservation and symbiotic. And one without empirical evidence: holding (between brackets on the graphic).

For them, absorption is when over time the two organizations become one under the domination of the acquirer's processes, as the need for strategic interdependence is high and the level of autonomy required to protect the acquired's capabilities is low. Preservation, located at the other extreme of the matrix, implies the safeguarding of the acquired firm's capabilities that might be damaged by an invasive managerial action from the other organization that is unnecessary because the strategic interdependence required is low. However, preservation does not mean that the firm will remain autonomous; there might be areas where interdependence is necessary (e.g. accounting, control systems, etc.). Symbiosis is characteristic of those acquisitions where the two dimensions are important: high interdependence and high need for organizational autonomy. As the authors express: "in these acquisitions [it] is important to reach simultaneous boundary preservation and boundary permeability"; this allows over time for both organizations to amalgamate each other's original qualities (Haspeslagh and Jemison, 1991: 149). They use "holding" as a metaphor for those companies that are low in both requirements, no interdependence, no autonomy; as they concede "a mere holding activity" (Haspeslagh and Jemison, 1991: 147). With an empirical work, Angwin and Meadows (2015), 25 years later confirmed the existence of these four integration strategies. However, their study characterizes the holding strategy differently. They explain that the firms in this quadrant receive an active intervention from the acquiring firm in relation with financial and management control. This strategy can be exemplified by Private Equity firms as acquirers.

Figure II – Types of acquisition integration approaches



Source: Haspelagh and Jemison (1991) pag. 145

M&As literature has often considered this typology as static, a notion that has spread out over practitioners' world. However, Haspeslagh and Jemison (1991)'s idea was dynamic: changing across the firms' areas and through time. For them, managerial ability lies in the way they appraise and handle the interfaces between the two organizations (15) and how they perceive the needs for autonomy and interdependence throughout the post-acquisition process (146). As they argue: "in some situations, the company-wide autonomy was needed because the acquirer had virtually no experience in the business and the particular skills sought were inseparable from the culture in which they were rooted. In others, the protection of important, functionally embedded capabilities were needed, whereas other parts of the organization were less sensitive to change. Finally, in some situations the organizational differences were not at the root of the targeted benefits and hence change would not prejudice the realization of the benefits" (144-145). Moreover, they explicitly convey the notion that the decision integration approach should remain flexible and adapted to contextual opportunities (139). Moreover, some scholars now start recognizing that the different functions inside the acquired might require a different balance of autonomy and interdependence in order to reach the expected synergy (Angwin and Meadows, 2015; Meglio, King, and Risberg, 2015).

Birkinshaw, Bresman and Hakason (2000) also have a dynamic view of the integration process. They do not aim to create a typology of integration processes but to show the way the integration process unfolds. Performing a multi-case study over a 5-year period of three Swedish MNCs cross-border acquisitions, they mapped the integration process in two axes: task integration, that is going to be dictated by the strategic interdependence from Haspeslagh and Jemison (1991), and human integration, that has as goal employee satisfaction by means of the construction of an atmosphere of mutual respect and trust. Similarly to Marks and Mirvis (2011), they also have a view that provides for more room at the individual level and for the context of the acquired organization. So, a successful integration should reach high levels of human and task integration, placing the first as a condition in order to reach the second (Birkinshaw *et al*., 2000). However, often human and task integration might be difficult to reconcile requiring delicate trade-offs (Meglio *et al.*, 2015). Nevertheless, aside from the need for strategic interdependence, Birkinshaw *et al*. (2000) show the importance of human integration, putting a question mark on acquired firm's autonomy as a black or white concept.

1.1.2.a.2- Speed of integration

Speed of integration refers to the "duration of conducting post-integration processes or more generally the time it takes to conduct any acquisition process" (Shi *et al*., 2012: 184). Gomes *et al*. (2013) assert that integration speed is an important variable for acquisition success and its consequent value creation. They found evidence showing that a fast and consistent integration had better results even if it was painful for some of the target's employees. The rationale was that the contrary might cause uncertainty on the target's side and affect customer relationships. They give as example GE Capital saying that this company prepared for every acquisition a 100-day plan to consolidate the newcomers' operations. Shi, *et al*. (2012) argue that a quick implementation also reduces uncertainties on the customer's side, such as doubts about products offered, prices, and contact persons. However, other authors found that a slow integration might help reduce conflicts (Olie, 1994; Ranft and Lord, 2002). For example, Ranft and Lord (2002), analyzing acquisitions from the high-technology sector, found that a slow acquisition implementation is better suited in those cases where the acquired capabilities are based on "tacit or socially complex knowledge" and where a higher degree of acquired autonomy is needed (Ranft and Lord, 2002: 432). Therefore, Gomes *et al*. (2013)

conclude that it is hard to find support for the relationship between integration speed and acquisition value creation. In their words, there is “no right speed at which to perform the integration process”; nonetheless they stress “the importance of attaining ‘early victories” as this might help to build confidence in the stakeholders so they continue supporting the process (Gomes, *et al*., 2013: 24). Formalizing this idea, Cording *et al*.(2008) found when they were studying horizontal acquisitions in the US that integration speed affects acquisition value creation, but they had internal reorganization and market expansion as mediators. According to them integration speed encourages the coordinated exchange of knowledge information avoiding uncertainty and the consequent employee resistance which fosters internal reorganization, that is an intermediate goal for acquisition value creation. For them “the challenge of integration is to implement the strategy behind the acquisition by reconfiguring, realigning, and rationalizing not only the target’s resources but also the interactions between the acquirer’s and target’s resources” (Cording, Christmann, and King, 2008: 745).

1.1.2.a.3- Human Resource (HR) management

Human resource management is another key antecedent for acquisition value creation as indicated by the M&As literature (Birkinshaw *et al.*, 2000; Gomes *et al.*, 2013; Marks and Mirvis, 2011). According to Marks and Mirvis (2011, 164), HR practices should build a partnering mindset based on: “trustworthy dealings, common interest, complementary skills, and a spirit of cooperative competitiveness” (Marks and Mirvis, 2011: 164). However, this partnering mindset seems hard to achieve, that is why the term coined by Mark and Mirvis (2011) “merger syndrome” has become so popular. As they articulate, “merger syndrome is a fusion of uncertainty and the likelihood of change, both favourable and unfavourable, that produces stress and ultimately affects perceptions and judgments, interpersonal relationships, and the dynamics of the combination itself” (Marks and Mirvis, 2011: 164). We might see this syndrome manifest itself in the post-acquisition process as an increase of the acquirer’s managerial dominance which leads to capricious decision-making, unclear strategy communication, and an increase of apprehensiveness among the acquired ranks and causes a rise in turnover of key acquired personnel (Marks and Mirvis, 2011: 164).

Olie (1994) underscores the importance "to build a new common future" as a way to succeed on the integration process (Olie, 1994: 404). So, as to the building of this common future, communication is found to be crucial to ensure that acquired employees understand the rationale and objectives behind the acquisition (Gomes *et al.*, 2013; Inkpen, Sundaram, and Rockwood, 2000; Marks and Mirvis, 2011). However, the validation of these communications with managerial action is as important as communication itself. According to Cording and colleagues (2014) the existence of a gap between communications and action, over or under promising, importantly influences employee commitment. They warn "[acquiring] managers should use caution in communicating, thinking carefully about a firm's values to ensure that it is prepared to live by them before speaking them" (Cording *et al.*, 2014: 52). From here the importance in the post-acquisition process of *walking the talk* (Cording *et al.*, 2014; Gomes *et al.*, 2013; Stahl *et al.*, 2013).

Weber, Shenkar and Raveh (1996) found that in cross-border acquisitions HR practices should fit the national context in order to improve M&As performance. For example, Inkpen, Sundaram and Rockwood (2000), when studying European acquisition activity in the Silicon Valley (US), found that the European idea of networking did not match with the local one. As they explained, networking with professionals and entrepreneurs of the area is critical to the success of Silicon Valley firms. However, Europeans managers seemed to socialize between themselves but excluded the acquired firm's employees, so this typical home behaviour was unwise as they were outside the circle where information about employment, project advancement, and new technologies were circulating (Inkpen *et al*., 2000). According to these authors, there is not one best HR practice to maximize value creation during post-acquisition process, yet being careful not to neglect the national context is an important rule (Inkpen *et al*., 2000; Weber, *et al.* 1996).

1.1.2.a.4- Integration team, selection and performance

Gomes *et al*. (2013) found evidence that the creation of a coordination team[8] to manage the post-acquisition process had a positive relationship with the acquisition's value

[8] Also known as PMI team (Post-Merger or acquisition-Integration team)

creation. They explain that these teams can in some way alleviate the acquired managers' work allowing them to focus more on the day-to-day business activities. Nevertheless, Mirvis and Marks (2011: 165) are critical of this formula arguing that more than often these teams formed by people from both sides are not suited to work together and generate conflict, horse-trading, and low-common-denominator decisions. Their main argument is that these teams are chosen to foster individual leadership and not interactions between the two companies. In the same vein, Jemison and Sitkin (1986: 159) argue that when the teams are formed just by acquiring firm managers often they work under the premise of the acquired incompetence, so they say that corporate managers descend on the acquired as a SWAT[9] team to solve "perceived problems unilaterally" without taking into consideration any environmental context or needs. Moreover, Inkpen, *et al*. (2000: 60) argue that, when the relative size of the acquired company is small and mainly in the case of cross-border acquisitions, acquiring managers "appear and disappear" leaving the acquired firm with a feeling of lack of continuity and of managerial ownership.

Risberg (2001: 80) in her study of Finish acquisitions found that having "mixed teams with people from the newly acquired company and people from the acquiring company *working* together" (my emphasis) could have reduced the ambiguities and the anxiety generated in the acquired employees. This is because when facing the new company, they can even start doubting about their own competences. Teerikangas *et al*. (2011) bring forward the concept of "integration manager" as the project manager appointed by the acquiring firm to coordinate all the activities related to the integration of the acquired organization. The presence of this integration manager should "help to create the integration teams, consolidate operations, and transfer critical skills from one company to another" (Meglio *et al.*, 2015: 34). Therefore, these integration teams under the leadership of the integration manager play an important role in building the connective tissue between the companies (Teerikangas, Very, and Pisano, 2011). The presence of these teams if they were created to work together *could* be of importance to clarify who is in charge of what during the integration process (Inkpen *et al*., 2000) and to foster interactions between the parent and the acquired firm (Jemison and Sitkin, 1986; Marks

9 Acronym for "Special Weapons And Tactics"

and Mirvis, 2011; Meglio *et al.*, 2015; Risberg, 2001; Stahl *et al.*, 2013; Steigenberger, 2016; Teerikangas *et al.*, 2011).

1.1.2.a.5- Culture Difference

The relationship of culture difference between the acquired and the acquirer (henceforth, culture difference) and value creation has been one of the most studied relationships in M&As research. However the results are quite inconclusive and contradictory (Dauber, 2012; Stahl *et al.*, 2013; Stahl and Voigt, 2008; Steigenberger, 2016; Teerikangas and Very, 2006; Vaara, 1999; 2000). For example, Marks and Mirvis (2011) argue that ignoring or avoiding culture differences, or its more sensationalist term "*culture clash*," during the post-integration stage is the most important cause for unsuccessful acquisitions. This reasoning seems to be shared by many scholars, consultants, and practitioners. However, there are some other scholars that argue that it is the management of this cultural difference what affects value creation and not the cultural difference itself (Dauber, 2012). For example, Vaara (1999: 3) argues, "[M&As] scholars have found 'culture' as a convenient metaphor for the description of various types of organizational phenomena." In the same vein, in their relevant review about culture difference-performance relationship, Teerikangas and Very (2006: S45) assess that the field of M&As is not mature enough to evaluate this relationship and its direction arguing that "it would be more insightful to explore this complexity in itself." Moreover, Stahl and Voight (2008: 161) argue that "M&A[s] researchers have compared 'apples' and 'oranges' in making conclusions about the impact of cultural difference without distinguishing between different levels of culture (national or organizational), performance measures, and organization studied (acquiring and target firms)."

For M&As literature, cultural differences encompass different beliefs, values, assumptions, and practices (Björkman *et al.*, 2007; Stahl and Voigt, 2008; Teerikangas, 2012; Teerikangas and Irrmann, 2016). Culture in M&As research has a "multilevel character, formed by a mix of national, industrial, organizational, functional, professional and occupational cultures" (Teerikangas and Very, 2006: S36). So, the influence of culture over the transactions is difficult to evaluate because during the acquisition process all possible combinations of those layers are going to be in play (Teerikangas and Very, 2006: S37). Moreover, it is going to be entangled with political problems (Vaara, 1999: 20), and yet it would be difficult to separate it from the degree of integration sought (Olie, 1994). For example, Shrivastava (1985) asserts that politics may create factions among managers using access to information as a power tool. These commonplace situations are often attributed to the different assumptions held by managers that lead to different interpretations. Thus, they get placed in the black box of culture, when in reality they are the result of "human" power games.

An influential work on the culture chapter of M&As is that of Nahavandi and Malekzadeh (1988) (Dauber, 2012; Stahl and Voigt, 2008; Teerikangas and Very, 2006; van Marrewijk, 2016). They conceived the organization as formed by a *dominant* culture with many subcultures that coexist and interact. But, more importantly, they argue that the post-acquisition stage is immersed in an "acculturation" process, defined as "changes induced in (two cultural) systems as a result of the diffusion of cultural elements in both directions[10]" (Nahavandi and Malekzadeh, 1988: 81). They proposed four types of acculturation modes: integration, assimilation, separation, and deculturation.

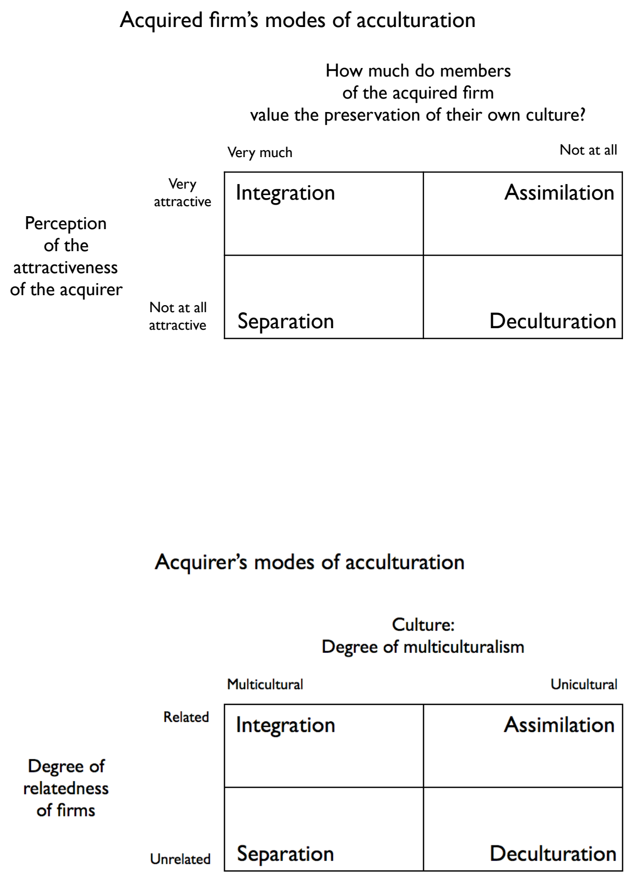
Integration involves interaction and adaptation between two cultures which requires mutual contributions without involving the loss of cultural identity by either. In assimilation the acquired organization willingly renounces to their culture and adopts that of the acquiring one. Separation means that each organization preserves their culture. Finally, deculturation is when, even if the acquired company does not value their own culture, they are not willing to adopt that of the acquiring company. Nevertheless, Nahavandi and Malekzadeh (1988) argue that for the acquisition to succeed both sides have to coincide with the mode of acculturation preferred[11]. For the acquired firm this is going to be done by a combination of the acquirer's attractiveness and by their desire to

[10] Following Berry (1980) – From the anthropology field

[11] Doing a comparison with *Haspeslagh and Jemison* (1991)'s typology: integration can be parallel to *symbiosis*, assimilation would be *absorption*, and separation might resemble *preservation*. However, the empirical work of Haspeslagh and Jemison (1991) stresses the acquisition strategy, which is at first designed by the acquirer. Nahavandi and Malekzadeh (1988), in turn, suggest a "decision power" in the hands of the acquired in the form of acceptance or resistance.

preserve their own culture (Figure III – top). For the acquirer, it depends on their degree of multiculturalism and by the firms' relatedness (Figure III – bottom).

Figure III- Types of acculturation (Nahavandi and Malekzadeh, 1988: 83-84)



This conceptual model is a thoughtful simplification of the phenomenon. However, the acquisition is a dynamic process. Angwin and Meadows (2015) describe this typology as a "static snapshot of organizational culture at the time of integration" (238). Furthermore, the acquired firm is not a cultural monolith; on the contrary, it might be made up of different areas with different cultures, strategies, geographic structures and operations (Björkman *et al*., 2007). Teerikangas and Very (2006: S37) emphasize "the acquisition is not an on-off phenomenon" but a process with its own dynamic where the integration strategy modulates the interactions between both firms. Moreover, these interactions and their context might also provoke changes in the integration strategy (Haspeslagh and Jemison, 1991; van Marrewijk, 2016). Dauber (2012: 382) also suggests that these modes of acculturation can change along the post-acquisition stage and vary across the different areas of the organization. As Vaara (1999: 11) poses: "this dominant integration perspective tends to hide the fact that cultural change processes may be very different in different parts of the merging organizations, among different sub-groups of people and in the case of different organizational systems" (Vaara, 1999: 11). This "co-evolution" is also recognized by the learning perspective that says that the evolution of the cooperative relationship between both firms is what allows or not the building of trust and the consequent knowledge transfer (Barkema and Schijven, 2008b; Shi *et al.*, 2012).

In the empiric field, Stahl and Voigt (2008) using a meta-analysis strategy analyzed 46 quantitative articles from the period of 1983 to 2006. They did find support for their hypothesis of negative relationship between cultural differences and socio-cultural integration, which was enhanced by the degree of relatedness. Interestingly, they found that differences in national culture were not associated negatively as much as organizational differences with socio-cultural integration (Stahl and Voigt, 2008). However, they could not find support for linking cultural differences with shareholder value creation or synergy realization (both measured at the acquirer organization).

Conventional wisdom asserts that national culture difference (Ailon, 2008; Hofstede, Hofstede, and Minkov, 2010) erodes the possibility of value creation in acquisitions because it represents a deeper layer of consciousness and its assumptions or beliefs are more difficult to adapt to the new owner (Teerikangas and Very, 2006). However, this is not confirmed by empirical evidence and, often, domestic acquisitions offer more resistance to integration than cross-border ones (Stahl and Voigt, 2008; Teerikangas and Very, 2006). One reason might be the attention given by acquiring managers to the cultural aspect of cross-border acquisitions that are overlooked in domestic ones (Stahl and Voigt, 2008; Teerikangas and Very, 2006). The aspect that is tangibly related to national culture is language and it might create not only communication barriers (Dauber, 2012) but also interpretation problems of "explicit and implicit messages" (Björkman *et al.*, 2007: 664). Yet, does a national border demark these interpretation problems? For example, Teerikangas and Very (2006: S34) warn about the existence of regional cultures within the borders of any nation that, even using the same language, might lead to different message interpretations. In addition, these interpretation problems could also be linked to work-related values (i.e. *métier*, professional, industry values) (Björkman *et al*., 2007: 660) that surpass the national culture concept. Furthermore, focusing on national culture difference as a scale-value leaves aside the idea of acquisition as a process, neglecting to consider the dynamic interplay between the organization's members and the "co-evolution" concept (Björkman *et al*., 2007).

In turn, organization culture difference is perceived as difference in interpretations among members from both organizations concerning, for example, acquisition events. These interpretations are considered to be based on their respective organizational values and norms[12]. However, Risberg (2001: 76-77), analyzing two cross-border acquisitions, claims that those interpretations, even if they can be shared over organizational borders, might not always be unanimous inside the organization itself. Moreover, she says that there can even be inconsistencies among the interpretations of the individuals from the same working group because each individual contextual situation could be different. Likewise, Teerikangas and Irrmann (2016), also analyzing cross-border transactions, found no convergence between the acquiring espoused values and those practised by their managers (Teerikangas and Irrmann, 2016). So, in the field of acquisitions these concepts might go against the classical idea of *two cultural monoliths clashing*.

From outside the M&As literature, Smircich (1983: 341) questions if we are not caught up in the culture metaphor, asking to think free from the constraints generated by "our choice of metaphor". She warns that "much of the literature refers to an organization culture, appearing to lose sight of the great likelihood that there are multiple organization subcultures, or even countercultures, competing to define the nature of situations within organizational boundaries" (Smircich, 1983: 346). In this vein, Teerikangas and Very (2006) argue that M&As literature has left aside the managerial dynamism that allows

[12] Leonard-Barton (1992) concept: Values and norms, according to Leonard-Barton, are the mortar that bonds the organization's capabilities and the foundation for the transfer of knowledge embedded in technical and managerial systems (Leonard Barton, 1992: 113).

firms to manage cultural difference before they become organizational problems. So, it might be possible to shed light on the obscure culture problem if research could see inside this black box and take a look at how managerial action impacts acquisition value creation (Stahl and Voigt, 2008; Steigenberger, 2016; Teerikangas and Very, 2006; Vaara, 1999). This deeper look inside this "Pandora box" might even help practitioners, whom as Vaara (1999) says, "have found it rather convenient to blame unspecified cultural differences for the problems encountered instead of, for example, searching for managerial mistakes" (Vaara, 1999: 4).

1.1.2.b- Individual level

1.1.2.b.1- CEO and Top Management Team Involvement

One point that is unanimous on the M&As literature is that CEO and Top Management Team (TMT)'s presence, direction and consistency in their actions is paramount for acquisition's value creation (Gomes *et al.*, 2013; Haleblian *et al.*, 2009; Marks and Mirvis, 2011). TMT is formed by the executives that report directly to the CEO (Krishnan, Miller, and Judge, 1997; Vasilaki and O'Regan, 2008). It is worth noting that main stream M&As literature gives TMT the role of being one of the "primary sources of knowledge in a firm" (Vasilaki and O'Regan, 2008: 153). Vasilaki and O'Reagan (2008: 135), drawing from the upper echelons theory, support this idea by arguing that "the organization becomes a reflection of the TMT's actions and strategic decisions and assists in explaining the competitive behaviour of an organization" (Vasilaki and O'Regan, 2008: 135). This is an idea that has become quite dominant in M&As research (Junni and Sarala, 2014). For example, Mark and Mirvis (2011: 163), assert that TMT's neglect of the uncertainty and insecurity lived by the acquired employees during the post-acquisition stage jeopardizes the possibility of success for this process. They claim that as consequence middle managers would struggle to communicate with their subordinates because they are immersed in their own apprehensiveness, and HR departments would be caught in the day-to-day problems without being able to move the integration ahead.

Haspeslagh and Jemison (1991) have a more nuanced view. Based on their research they argue that TMT's presence in the form of "institutional and interpersonal leadership" is crucial to the creation of an atmosphere that fosters interactions (133). They recognize that top management's attention to the focal acquisition has a peak at the moment of the deal, decreasing afterwards and leaving the implementation to lower level operating managers. Notwithstanding, the total absence of TMT's directions might lead middle managers to retreat to their day-to-day work and disregard the acquisition's purpose and goals (see also Meyer, 2006; Vaara, 2003; van Marrewijk, 2016). For them, as a consequence the interactions decrease because "[people from both firms] did not know where to begin without knowing how the two firms could fit together" (Haspeslagh and Jemison, 1991: 134).

However, there are researchers that also acknowledge an important level of discretion of middle levels. For example, having as a context a cross-border post-acquisition process, Meyer (2006) describes a case where middle managers, facing an unclear and ambiguous strategy and in the absence of TMT's direction and control, interpreted the strategic intent in divergent ways based on their national interests. This led to segregation rather than integration that was the intended goal (Meyer, 2006: 415). So, the importance of TMT's leadership during the acquisition process is unquestioned by the M&As literature; nevertheless, the level of discretion and managerial action of middle ranks influencing the acquisition process is mildly acknowledged by this literature.

1.1.2.b.2- Retention of target's TMT

TMT also seems to be a sort of firm's personification of the market that values their "expertise and knowledge." Confirming this, Haleblian *et al*. (2009: 481) found evidence that negatively relates the departure of the target's TMT and the acquisition's short-term value creation. For example, Krishman *et al*. (1997)[13] arrived to this conclusion concerning the top management team turnover. Moreover, analyzing the team members, they found that complementarity background (background skill offset) among acquirer's TMT and acquired's TMT is also positively related to acquisition value creation. This is

[13] They measured performance ROA after 3 years of the consolidated organization (not at the acquired organization).

because, according to these authors, it "increases the organization's capacity to generate strategically important alternatives" (Krishnan *et al.*, 1997: 363).

Cannella and Hambrick (1993) extended their research to acquired executives[14] (which include top-level middle managers). In their quantitative research, an analysis of 96 US transactions of large firms, they assessed the influence of target executives' departure on the "performance of the acquired entity[15]" over a four-year period. They did find that, independently of the degree of relatedness between the firms, acquired executives' departure was positively related to acquisition value destruction. So, they give two reasons for these results: the loss of experience and the loss of established leaders. They introduce the fact that the removal of established leaders upsets not only the acquired organization but also external stakeholders. They also found that if retention was paired with the promotion of target executives in the acquiring firm hierarchy, the relationship with acquisition value creation was even more pronounced. This point is validated by Inkpen *et al*. (2000), who assert that in their research they found that Cisco when acquiring firms were consciously giving promotions to acquired people in the new organization in order to increase motivation and commitment to the new venture.

1.1.2.c- Environmental level

These two factors are marked with dotted lines on Figure I because they are more or less recent lines of research and almost absent from the reviews we have analyzed. However, we understand they might importantly contribute to the comprehension of the M&As' value creation phenomenon.

1.1.2.c.1- Administrative re-orientation

Many M&As scholars have moved away from studying the process of post-acquisition or variables influencing focal acquisitions. For instance, the interdependency between the acquisition and other subunits (Shaver, 2006), the relationship between the pace of

[14] From target's CEO to directors levels (comprising VPs). Departure was identified as "the proportion of executives present at the time of the acquisition who had departed by the end of the **second** post-acquisition year" (Cannella and Hambrick, 1993: 144)
[15] Mix of primary and secondary data.

acquisitions and MNC's restructuring (Barkema and Schijven, 2008a), and the influence of the pace of acquisition in corporate performance (Shi and Prescott, 2012). These studies abandoned the problems of the acquisition itself to focus on how these operations influence the MNCs and the interdependence among the subunits. Nevertheless, this research can bring important insights to the acquisition process. This research might explain why some acquisitions judged as unsuccessful are in fact victims of contagion (Shaver, 2006) from other MNC's upward processes. This research is a way to start putting the spotlight on contextual factors. These contextual factors irremediably affect the interaction between both organizations at the individual level.

1.1.2.c.1- External stakeholders

The fact of merging two organizations also disrupts their parties' business networks (Stahl *et al.*, 2013; Steigenberger, 2016). For example, Anderson, Havila and Salmi (2001) argue that the acquisition process is dependent on the maintenance and development of strong relationships with customers and suppliers as well as with their socio-cultural environment. They coincide with Canella and Hambrick (1993) on the important role played by managers on this issue. Managers are key to realizing how the acquisition process interferes with customers and suppliers' relationships, foreseeing their expected reactions, and managing their unexpected effects (Anderson, Havila, and Salmi, 2001). However, despite the importance of this line of research and its direct link with acquisition value creation, it remains almost unexplored (Steigenberger, 2016). One exception is the line of research of Oberg (e.g. Oberg, 2012; Oberg, Henneberg, and Mouzas, 2007; 2012). For example, studying acquisitions in the Swedish IT sector and using network pictures as methodology, she found that a network of business partners interconnected with the acquired and acquiring managers were influencing their decisions and in turn impacting on the acquisition outcome (Oberg, 2012: 146). More recently, Kato and Schoenberg (2014), using a mix method approach to interview customers and acquired managers, found that actions pursued to reduce costs, as for example the integration of areas such as operations, IT, marketing and sales, triggered the deterioration of the relationship with important customers, eroding customer loyalty and in turn the revenue.

Competitors are also a neglected stakeholder in the M&As literature. King and Schriber (2016) underline the importance of the competitive environment surrounding the acquisition. They explain that a competitor's retaliation might also risk value creation generation for example by occupying the attention of acquiring managers throughout the whole acquisition process (King and Schriber, 2016). Therefore, this line of research opens the door for a more comprehensive view of the acquisition process, not by bringing external stakeholders (suppliers, customers, competitors) as antecedents but by introducing the managerial attention to these external stakeholders' relationships as a significant precursor of value creation.

1.2. A reflection on M&As literature

We have seen along this review that results were not conclusive for most of the value creation's antecedents proposed by the literature. This might be the consequence of the extremely diverse and heterogeneous nature of acquisitions (Faulkner *et al.*, 2012; Meglio and Risberg, 2012), the inconsistency of the assessment of the dependent variable (Meglio and Risberg, 2011), or the existence of still unidentified variables (Gomes *et al.*, 2013; King *et al.*, 2004; Stahl *et al.*, 2013). Therefore, scholars ask for the inclusion of contextual and processual factors (Haleblian *et al.*, 2009; Hitt *et al.*, 2012; King *et al.*, 2004; Meglio and Risberg, 2010).

The majority of the studies concerning pre-acquisition factors are mainly linked to short term value creation (shareholders announcement returns). So, they take a snapshot at the moment of the deal, taking into account only market perception. However, they do not go further to see the actual consequences throughout the post-acquisition stage that is when contextual and processual factors are at play. This is important if we assume that the post-acquisition stage is the real culprit for value creation or destruction (Haspeslagh and Jemison, 1991; Marks and Mirvis, 2011; Steigenberger, 2016). Therefore, a more long-term evaluation of value creation might show the real story, at least for the acquired organization and its stakeholders, if we broaden our thinking beyond shareholders and market perception. On these pre-acquisition antecedents the only individual that we can identify is the CEO; the rest of the organization forms a homogeneous body of employees fulfilling different roles. Only the literature on acquisition experience seems to timidly open the game to lower-rank individuals inside the acquirer organization (e.g. concept of risk management practices - Barkema and Schijven, 2008b). Notwithstanding, managers from the target firm and their experience remains completely outside the picture.

If we reflect on the post-acquisition stage's antecedents that we have described, we can realize that they are all intertwined. For example, the method of integration is going to moderate the impact of culture difference, speed of integration, and HR management. However, the consequences of the latter ones might retune the method of integration and so forth. Also, the acquirer TMT's involvement might also reframe the type of integration and affect the retention of target's TMT, which in turn would have consequences on the relationships with the stakeholders. As Angwin and Vaara (2005) argue the post-acquisition process is pervaded by "connectivity," connectivity among the *processes* and *activities* of both organizations and their contexts.

However, in M&As literature we find two approaches in tension. The first is a dynamic and processual view of the post-acquisition stage led by the managerial ability to adapt to the context. The second, a more static and deterministic perspective based on TMT's decision-making and on the strategy conceived before the deal. Representatives of the first perspective give importance to the interactions between both firms (Birkinshaw *et al.*, 2000; Cording *et al.*, 2008; Haspeslagh and Jemison, 1991; Marks and Mirvis, 2011; Risberg, 2001; Teerikangas, 2012; Teerikangas and Irrmann, 2016) and they start recognizing the importance of players, other than shareholders (e.g. employees, customers, suppliers, competitors) (Anderson *et al.*, 2001; Cannella and Hambrick, 1993; Cording *et al.*, 2008; Haleblian *et al.*, 2009; King and Schriber, 2016; Oberg, 2012; Risberg, 2001). Notwithstanding, top management is still the protagonist and in charge of conceiving the strategy, meanwhile managers are in charge of the implementation. Indeed, goals and values of top management represent the whole organization (Meglio *et al.*, 2015; Risberg, 2001).

The measure of value creation in few cases abandons the focus on the acquiring organization and the short-term, to start assessing it on the acquired organization and over periods that range between three to five years[16]. For example, only 10% of the papers reviewed by Dauber (2012) and 20% of those reviewed by Meglio and Risberg (2011) had as measurement unit the acquired company. Here, it is important to note that acquisitions are often seen as independent events of the acquiring firm. However, they can be just one component of the growth strategy (Barkema and Schijven, 2008b). Therefore, acquirer performance can result from several acquisitions and other different actions, not just because of the focal acquisition.

Summarizing, we can draw from this review that the following are important assumptions for M&As literature:

- Value creation can be measured directly from the acquiring firm and in the short term. Value creation is mainly related to shareholders' value creation.
- Organizations are monolithic cultural entities.
- Organizations are the reflection of TMT's actions and TMT is the image of the organization for stakeholders.
- Employees' behaviour is an outcome and not a variable during the acquisition process. Employees are affected by this process but not its constructors.

King *et al*. (2004) over ten years ago argued that after decades of research the question about how the different variables impact acquisition value creation "remains largely unexplained" (198). Moreover, they had suggested investigating how the interactions between both organizations would impact the acquisition process (188). As we have seen, scholars have considered these interactions inside the culture metaphor that, as Angwin and Vaara (2005: 1447) argue, has become a "broad umbrella encompassing beliefs, norms, values, cognition, emotions, practices, rules or routines, often without a clear specification". Therefore, the challenge of this work is to open what we have named the

[16] Leaving aside Financial Journals, and considering only management and organization studies, Meglio and Riesberg (2011) found in their review that 42% of the papers reviewed were measuring performance in the short term (less than 1 year), 43% in the medium term (between 1 and 3 years), and 15 % long term (more than 3 years).

“Pandora box” of culture difference and start analyzing the interconnection between both organizations. We aim to do it without forgetting the connectivity among the processes, practices, and context and by considering the acquisition as a whole process linking the stages of pre- and post-acquisition. In a nutshell, this work proposes to answer the following two broad questions:

How are the interactions between the acquiring and acquired firms carried out? And how do they impact acquisition value creation?

Moreover, when answering these questions, we aim at the same time to challenge the assumptions that we just summarized. First, value creation is a complex concept in acquisitions because acquisitions can be built on different motives and objectives (Meglio and Risberg, 2010). Henceforth, an important assumption for this work is that the acquisition is done to generate value through the acquired unit and not through its destruction. And as we have said before, contributions of the newcomer can be diluted if we judge value creation at the acquiring firm[17]. Therefore, we propose to evaluate value creation at the acquired unit and not at the acquiring firm or corporation. The processual essence of acquisitions and the fact that value creation is embedded in this process contradict the use of short windows measurements for performance. Canella and Hambrick (1993) justify their use of long-term measurements instead of short-term stocks variations quoting Porter (1987: 45): “the short-term market reaction is a highly imperfect measure of the long-term success of diversification, and no self-respecting executive would judge a corporate strategy this way.” In the same vein, Oler, Harrison, and Allen (2008) found, analyzing horizontal acquisitions, that conclusions reached over short-term measurements did not cohere with the long-run post-acquisition value creation. So, in a nutshell, we propose the evaluation of value creation at the acquired organization and when the integration phase has already made its way.

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[17] In strategy research on acquisitions, predominantly “the acquisition is usually treated as an isolated event in the life of a firm, and end in itself, whose effects can be identified independently of others events and measured uniquely within a limited time frame" (Côté, *et al*., 1999: 20)

Second, Barney in his Resource Based View (RBV) work defined firms as "idiosyncratic social inventions reflecting the unique personalities and experiences of those who work there" (Barney, 1986: 660). Hence, taking this into account, it would be difficult to consider an organization as a monolithic entity. For the study of acquisitions, the implication of assuming organizations as a monolith is even more important because we are in the presence of a dyadic inter-firm encounter (Parkhe, 1993). The broad concept of cultural difference might have an important "explanatory power" but it might lead to presume simplifications that might become dangerous when making interpretations (Vaara, 1999). So, following some of the works cited here (Gertsen, Søderberg, and Torp, 1998; Risberg, 2001; Smircich, 1983; Teerikangas and Irrmann, 2016; Vaara, 1999) we propose to understand the organization not as a homogeneous, stable and consistent culture. Conversely, we interpret acquired and acquiring firm cultures as "made up of how organizational members perceive and understand the realities around them" (van Marrewijk, 2016: 338).

Third, considering organizations as the reflection of their top leaders is an unfair description that leaves aside important parts of the organization (Risberg, 2001). This, considering the specific case of cross-border acquisitions, could lead to erroneous conclusions. According to Haspeslagh and Jemison (1991, 121), the post-acquisition stage can be decomposed into interaction processes that involve multiple actors from different levels of both organizations. For example, Vaara (1999) criticizes the lack of attention to organizational practices and the lack of consideration of embeddedness in the environment, while Cartwright *et al*. (2012) claim for more attention to the interactions engaged at the interface not only of the two organizations but also with the environment. In the same vein, Meglio and Risberg (2010) suggest the inclusion of other actors' perspectives, as for example middle managers that are almost absent in the M&As literature. Then, in this work we assume a more pluralistic view of the organization focusing on more micro-perspectives of the day-to-day activities (Johnson, Melin, and Whittington, 2003).

Last, Teerikangas and Very (2006) argued that an acquisition is not an "on-off" event but a process. It is a process that dynamically confronts the development of the acquisition with employees' reactions. These reactions are not only embedded in the organizational context but also in each individual's context (Risberg, 2001) leading to a heterogeneous array of interpretations that conditions the interactions and impacts the acquisition value creation. Therefore, in this work we argue that employees' behaviour is not an outcome but a variable of the acquisition process as a whole.

1.3. Who are the key players linking both organizations?

We have seen that value creation is related to the "managers' ability" to recognize and reconcile "the need for strategic interdependence" and the "need for organizational autonomy" between the acquired and acquiring organizations (Haspeslagh and Jemison, 1991: 15). Moreover, these two requisites might change along the post-acquisition process and across the acquired organization subunits (Angwin and Meadows, 2015; Dauber, 2012; Haspeslagh and Jemison, 1991). For example, Gundolf, Meier and Missonier (2012), while studying the acquisition of a small company in the IT Sector, found that the initial decision to adopt a preservation rationale led to several conflicts among management and to constrain innovation. These problems made the acquiring company take control by adopting an absorption mode, which provoked even more dissension among the managers and resulted in the development of a symbiosis mode. These authors argue that the journey through the different dimensions of interdependence and autonomy is a long and progressive learning process led by the managers that were in the interface between both organizations and the environment. Cohen and Levinthal (1990: 132) argue that information and know-how flowing between the subunits of a company relies on the managers that operate at the boundaries between the firm and its external environment and between its internal subunits. These managers in charge of realizing, interpreting, and communicating the changes in the internal and external context that might impact the firm's strategy are middle managers. Therefore, middle managers are important players, not only connecting upward and downward levels, but also connecting laterally inside and outside the firm (Rouleau *et al.*, 2015).

Middle managers are managers hierarchically placed *two levels below the CEO and above the first level of supervisors* (Huy, 2002; 2011; Rouleau, 2005). It is important to note here that in this work we also consider professionals (researchers, engineers, accountants, etc.) inside this definition of middle managers if they are above the first-level of supervision. This definition is aligned with the given definition of TMT, where we said that the TMT is formed by the CEO and the executives Vice-Presidents (Krishnan *et al.*, 1997; Vasilaki and O'Regan, 2008). Though, in the context of cross-border acquisitions, the acquiring firm managers that bear the responsibility of the takeover fall into this definition of middle managers. As well as the entire management of the acquired company as they have drawn into the middle manager rank by becoming members of the corporation leaving their previous firm's autonomy (Balogun, Bartunek, and Do, 2015; Rouleau *et al.*, 2015).

In his influential work on strategic alliances, Doz (1996: 181) underlines that middle managers have the ability to interact inside and outside their own level and across organizational boundaries. He also recognized middle managers' ability to "make things happen" (Doz, 1996: 78). In turn, Nonaka (1988) in his article about project development and implementation attributes the following roles to middle managers: to provide information to upper management, to interpret and give meaning to upper management's view, to provide context for the integration of the strategy, and to manage and circumscribe the chaos of the projects' activities. However, as they cannot rely on the formal power of top managers, they need to deploy diverse resources and skills to exert these roles (Rouleau *et al.*, 2015). Critical research brings forward middle managers' characteristic of "being in the middle" with a position that oscillates between controller and controlled and resister and resisted (Harding, Lee, and Ford, 2014). Strategy-as-practice scholars identify middle managers as "change intermediaries," interpreting and leading the implementation of organizational change (Balogun, 2003; Balogun and Johnson, 2005; Bryant and Stensaker, 2011; Rouleau, 2005) where M&As are often taken as context for their research (Isabella, 1990; Rouleau, 2005; Westley, 1990). Based on these arguments we can easily recognize middle managers as being "key interaction players" along the acquisition process.

Middle managers' proximity to the top management, their operational knowledge, their actual involvement in the complex reality of "doing" the strategy, and their ability to better understand the needs of their employees make their position "unique" (Huy, 2002; Sharma and Good, 2013; Wooldridge *et al.*, 2008). They are crucial in the development and deployment of capabilities, having the possibility of distributing knowledge throughout the organization (Burgelman, 1983b; Wooldridge *et al.*, 2008). They are also exposed to external demands that permit them to recognize potential opportunities and in this way influence the organization to align those demands with the company's strategy (Burgelman, 1983a; Floyd and Wooldridge, 1997; Nonaka, 1994; Regnér, 2003). At the same time, their actions are often used by external constituencies (e.g. customers, suppliers, competitors) to appraise the focal organization's strategy (Anderson *et al.*, 2001; Cannella and Hambrick, 1993; King and Schriber, 2016; Oberg, 2012; Rouleau, 2005). Middle managers are also seen as important agents for technology transitions due to their relation with the environment and their role as organizational linkages among the firm subunits (Regnér, 2003; Taylor and Helfat, 2009). Nonetheless, their most recognized role is that of strategy implementation, meaning they put in action strategies generated by the top management (Balogun, 2003; Floyd and Wooldridge, 1994).

Acquisitions can be considered as a case of organizational change because there is as an alteration of the organization's rules, a change in the way individuals "interact cognitively and behaviourally with the world around them" (Huy, 2002: 31). This distinct case of organizational change is characterized by Vaara (2003) as ambiguous, culturally confusing and plagued by organizational hypocrisy (Vaara, 2003: 860). It is in this context that the acquired facility becomes the scenario where local middle managers (the label we also give to those of the acquired firm) meet corporate middle managers (the label we also give to those of the acquiring firm). In this ambiguous and confusing context, with new and still-unknown rules, local middle managers are in charge of running the acquired operation under the motto of "business as usual". Meanwhile, corporate middle managers, responsible for managing the takeover projects, face a totally strange organization and environment far from their desks at headquarters, having to implement a strategy developed often based on imprecise due diligence (Graebner, 2009; Jemison and Sitkin, 1986) mixed with false expectations (Haspeslagh and Jemison, 1991). We can picture these corporate managers as part of Nonaka's metaphor: It is as if, in a totally alien environment, the organization "puts them upstairs, removes the ladders, and says: You have to jump from there, we don't care if you can't" (Nonaka, 1988: 10). Balogun *et al.*

(2005) see these managers as "boundary shakers" that have to live with the fact that more than often they do not have formal authority, yet they might be promoting changes that affect individuals with higher hierarchical level than them (Balogun *et al.*, 2005: 265).

Reviewing the literature of M&As, we found that many scholars recognize that middle managers play important functions in the acquisition process (see Appendix II for a description of the articles), yet few of them have placed their attention specifically on middle managers (Balle, 2008; Chreim and Tafaghod, 2012; Ghorbal-Blal, 2011; Meyer, 2006; Moilanen, 2016; Schriber, 2012). In general, their view of middle management's role is related to strategy implementation, such as: interpreting and refining the content of the intended strategy, implementing intended strategy, linking different areas of the organizations, linking customers and suppliers, creating a scenario for lower ranks to adapt to the new endeavour, transferring knowledge and experience, and being themselves the source of value creation (Table I).

In general these works have two important characteristics. Firstly, they see middle managers from one or another organization, without paying attention to their interactions. Nonetheless, Langley *et al*. (2012), analyzing two mergers of medical institutions, found that these interactions underpin the individuals' identification of the sameness and differences among the groups that are at the base of the social identity dialectic for the construction of common goals. In turn, Chreim and Tafaghod (2012), studying three domestic acquisitions of small firms by a serial acquirer, argue that a supportive attitude from acquiring managers can ease the integration journey for the acquired middle managers. However, they place acquiring managers in a powerful and detached position, far from the uncertain and complex position of the acquired managers. Aligned to this rationale, Moilanen (2016), studying the integration of a management and accounting control system in the acquisition of a German firm by a Finnish firm, argues that acquiring managers followed a more rational perspective while acquired ones were prone to be more influenced by personal feelings. Thus, acquiring managers were embedded by company rationale whereas acquired ones deployed emotional interpretative frames for their sensemaking processes. This view of the acquiring managers as powerful and detached conquerors is quite spread in the literature; however, there are works starting to question this thinking. For example, Marmenout (2010), in an experimental design research analyzing employees' perceptions of an acquisition announcement, found that acquiring managers might not be exempt from experiencing uncertainty. Also, Schriber (2012) describes the traumatic experience lived by the managers when two domestic companies merged in Sweden generating duplicity in many positions and conflict because of differences in their way of working. The consequent stress hampered middle managers' ability to implement the integration strategy. However, none of these studies sees the acquisition process as a dynamic interaction between both groups of middle managers and disregard the key role that this interaction might play in strategy formation and its consequent impact on the acquisition's value creation.

Secondly, another interesting characteristic is that they compartmentalize the acquisition process into two stages: pre-acquisition and post-acquisition (or integration process). The majority of the papers that we have analyzed are interested in the post-acquisition process and only a few papers are interested in the pre-acquisition phase of the acquisition process (Ghorbal-Blal, 2011; Marmenout, 2010; Teerikangas, 2012). But almost none of them are interested in the process as a whole[18]. For example, Teerikangas (2012) looks at the pre-acquisition stage of the target organization and places middle managers exerting an important influence on the employees' perception about the opportunity (or threat) that the acquisition means and about their future as a company. In turn, Ghorbal-Blal (2011) studied the other side of the equation and gives to acquiring middle managers the important role of selecting targets for the firm's expansion; this author recognizes the relevance of acquiring middle managers in shaping the expansion strategy of a firm. Moilanen (2016) applies a processual perspective when analyzing the implementation of an accounting control system during a cross-border acquisition. She describes the pre-acquisition stage as the space where middle managers acknowledge the uniqueness of each firm by recognizing their similarities and differences.

[18] An exception is Côté *et al*. (1999) who analyses how the acquisition strategy of an organization unfolds over time. The focus of this paper is the acquiring organization.

Table I: View of middle managers' role during the acquisition process

View of middle managers' roles	Perspective		
	Acquired	Acquirer	
Strategy interpretation and content definition	X		Gundolf, Meier, and Missonier, 2012; Mantere, Schildt, and Sillince, 2012; Meyer, 2006; Meyer and Altenborg, 2008; Nordblom, 2006; Vaara, 2002; Vickers and Fox, 2010
		X	Burgelman and McKinney, 2006; Ghorbal-Blal, 2011; Greenwood, Hinings, and Brown, 1994; Mantere *et al.*, 2012; Meyer, 2006; 2008; Monin *et al.*, 2013; Rovio-Johansson, 2007; Vaara and Monin, 2010
Intended strategy implementation	X		Doz, 1996; Mantere *et al.*, 2012; Meyer, 2006; 2008; Risberg, 2001; Seo, 2005; Teerikangas et al., 2011; Vaara and Monin, 2010; Vickers and Fox, 2010
		X	Bower, 2001; Côté, Langley, and Pasquero, 1999; Teerikangas *et al.*, 2011; Vaara and Monin, 2010
Link agents among different departments and different organizations	X		Clayton, 2010; Doz, 1996; Monin *et al.*, 2013; Teerikangas, 2012; Vaara, 2003; Vaara and Tienari, 2011; Vieru and Rivard, 2014
		X	Amiryany and Ross, 2014; Balogun and Johnson, 2005; Bouchikhi and Kimberly, 2012; Gertsen *et al.*, 1998; Lupina-Wegener, Schneider, and Dick, 2011; Moilanen, 2016
Link agents towards customers and suppliers	X		Anderson *et al.*, 2001; Cannella and Hambrick, 1993; Nordblom, 2006; Oberg *et al.*, 2007; Rouleau, 2005
Creating the scenario for lower ranks' adaptation to the new endeavor	X		Balle, 2008; Langley *et al.*, 2012; Leung *et al.*, 1996; Meyer, 2006; Meyer and Altenborg, 2008; Seo, 2005; Sinkovics, Zagelmeyer, and Kusstatscher, 2011; Teram, 2010
Carriers of experience		X	Amiryany and Ross, 2014; Hébert *et al.*, 2005
Critical role in creating value	X		Bower, 2001; Cannella and Hambrick, 1993; Gertsen *et al.*, 1998; Graebner, 2004; Meyer and Lieb Dóczy, 2003; Paruchuri, Nerkar, and Hambrick, 2006

As noted, most of the research focuses on the post-acquisition stage. Maybe the more representative is Meyer (2006) that has as context a cross-border post-acquisition process. She expresses that the main goal of middle managers is the operationalization of the strategy generated by the top management. This includes: strategy interpretation, strategy content elaboration, information leverage, and lower rank emotional contention. She highlights that the importance of middle managers' role was evidenced in her study because as they were facing an unclear and ambiguous strategy, they interpreted and implemented a strategy to promote national segmentation that was not the top management's intended goal (Meyer, 2006: 415). In the same vein, Vickers & Fox (2010), studying an acquisition in the UK by an US MNC, show how a group of acquired middle managers promote and implement an alternative strategy to counteract a policy of downsizing decided without a deep understanding of the local context. Meyer (2006) speaks about "destructive dynamics" of middle managers' involvement, while Vickers and Fox (2010) discuss middle managers "successfully[19]" counteracting the official strategy. In essence for middle managers facing the post-acquisition process, the common denominators are the individuals' commitment and discretion (Greenwood *et al*., 1994) and the willingness of adding the local context to the intended strategy (Meyer and Lieb Dóczy, 2003). These efforts from middle managers to implement the strategy are complemented by creating the scenario for the adaptation of lower ranks to the post-acquisition process. For example, Sinkovicks *et al*. (2011) underscore the importance of their role in recognizing emotions, their own, that of their subordinates and that of their colleagues, and respecting the consistency between communications and behaviour. It is interesting to note that works focusing on implementation activities tend to relate more to the local middle managers, however, sometimes with blunt differentiation of the managers that they are discussing.

Conversely, works on knowledge transfer during this post-acquisition stage state more clearly their protagonist. In knowledge based acquisitions, the study of how the acquisition process might disrupt the acquired performance focuses on acquired middle managers, which play a critical role in realizing value creation. For example, Paruchuri *et al*. (2006), in a quantitative work studying how inventors were affected by the integration process, found that the employees' feelings of threat or opportunity vary from person to person. Yet, higher levels of integration meant important changes in the local unit, modifying work routines and processes which raised the personnel's stress level. It is worth noting that Gertsen & Soderberg (1998) found that in the acquisition of an electronic Danish firm, those engineers that were the base of the knowledge of the

[19] In terms of performance for the local company.

company had a differentiated higher power of negotiation that allowed them to importantly shape the decisions of the acquirer.

The study of knowledge transfer (in itself) looks at the other side of the equation. For example, Hébert *et al*. (2005) study the case of acquiring managers (expatriates) and saw them as carriers of experience serving as a bridge to the local knowledge. They found that the use of expatriates to transfer industry experience was positively related to the acquisition survival. They also found that acquisition experience was negatively related to acquisition survival, arguing that this kind of experience can generate overconfidence, ignoring local knowledge which leads to negative outcomes, as we have discussed before. However, they found that the duo acquisition experience-host country experience was positively related to acquisition survival, which confirms that acquisition experience should go hand-in-hand with the knowledge of local context. "Curiosity, openness to other cultures, and desire of learning" are important characteristics for these acquiring managers (Hébert *et al*., 2005: 1471). Reus, Lamont and Ellis (2015) on their study about non-location-specific knowledge transfer also underlines the importance of the context even when transferring non-contextual knowledge. Amiryany and Ross (2014: 15) studying knowledge-based acquisitions assert that "they (acquiring middle managers) are about learning; when an acquirer wants to fully benefit from its acquisition's capabilities, experiences and expertise, leaders must invest in collaboration and shared experiences." These authors stress the importance of face-to-face interaction between the employees. So, they see acquiring middle managers as important agents to foster "on-the-job" learning activities (Amiryany and Ross, 2014).

Notwithstanding, most of the analyzed works seem to see the acquisition process as unconnected stages where individual history and perceptions seem to restart clean at each period. However, Côté *et al*. (1999: 921), analyzing how the acquisition strategy of an organization unfolds over time, argue that "the management and performance of any individual acquisition can only be understood by considering its place relative to the firm's strategic intentions and to other internal and external developments affecting the acquiring firm." This might also extend to the context of acquired organization and to the individuals participating in the enterprise (Isabella, 1990; Langley *et al*., 2012). At the individual level Isabella (1990: 35) highlights: "history contains the cognitive logic that facilitated organizational members' understanding and adjustment during change and that will most likely guide their understanding of and adjustment to events in the future." Therefore, approaching the acquisition process as a whole might allow us to better analyze the context of the transaction. In other words, by looking at the pre-acquisition process, it might allow us to better understand the post-acquisition outcomes.

Summing up, from this rationale we can infer that in the acquisition process middle managers are important players leading the interaction between both companies based on their individual commitment and discretion, and eagerness to add context to the transaction strategy (Greenwood *et al.*, 1994; Meyer, 2006; Meyer and Lieb Dóczy, 2003). This context takes the means of local conjuncture for acquired middle managers (Gertsen *et al.*, 1998; Meyer, 2006; Meyer and Lieb Dóczy, 2003; Vickers and Fox, 2010) and the means of organizational factors (management systems, resources sharing, knowledge transfer, managerial practices) for acquiring managers (Balogun *et al*., 2005; Hébert *et al*., 2005; Molianen, 2016; Teerikangas *et al*., 2011). Therefore, looking at the interactions of middle managers during this process is a way to answer the call of King *et al.* (2004: 197) that argued that interactions may be a "promising theoretical foundation" to understand M&As problematic. Also, we have said that we should extend the view of the phenomenon along the different stages of the acquisition process seeing them as a continuum and not as separate silos. Moreover, it is worth noting that along the acquisition process the most important reason for these interactions is the implementation of the strategy decided for the newcomer company. So, in order to understand better the phenomenon, we should go deeper into strategy literature and see what is the link between middle managers and strategy.

1.4. Middle managers and their strategy roles

Middle managers play an important role in strategy formation (Floyd and Wooldridge, 1994; Mantere, 2008; Mantere and Vaara, 2008; Wooldridge *et al.*, 2008) when they perform their widely recognized role of implementation (Balogun, 2003; Stensaker *et al*., 2008). Analyzing a myriad of organizations, Floyd and Wooldridge (1994: 49) found that successful firms have middle managers involved not only in "doing" but also in "thinking" strategies. Based on their research they linked middle managers to strategy using two different sets of roles: upward roles stressing middle managers' willingness to influence top management's strategy decisions, and downward roles related to strategy implementation tasks. These authors have generated a typology made up of four main roles: "championing strategic alternatives," "synthesizing information", "facilitating adaptability" and "implementing deliberate strategy" (Floyd and Wooldridge, 1994: 50).

For these authors, Championing and Synthesizing link middle management with top management (upward roles). Championing is when middle managers present new ideas to the upper management for their consideration. These ideas can be marketing opportunities, new processes, product innovations, new technologies, etc. Synthesizing is bringing information about internal and external events. Evidently, this information is tainted with personal evaluation and communicated as "threats" or "opportunities" to influence top management's perceptions (Floyd and Wooldridge, 1994: 50). Facilitating and implementing are, as per these authors, the roles that connect middle management with the operational level (downward roles). Facilitating is related to the possibility of middle management giving flexibility to operational rules and implementing is "middle managers' efforts to deploy existing resources efficiently and effectively" (Floyd and Wooldridge, 1994: 51).

Though, on the one hand, we can say that upward roles, described as championing strategic alternatives and synthesizing information by Floyd and Wooldridge (1994, 1992) or as "issue selling" by Dutton, *et al*. (2001), are the way middle managers can influence the strategic decisions of top management by means of their interpretations of the context, based on their strategic position toward the business environment and their mastery of the company capabilities (Dutton *et al.*, 2001; Floyd and Wooldridge, 1992a; 1994). This middle managers' selling effort can become even more important in the case of multinational organizations where top managers might not have a direct access to evaluate the national context (Ling, Floyd, and Baldridge, 2005). Raes, *et al*. (2011: 103) see this top management-middle management relationship as more interdependent assuming that they have to "collectively make sense of complex information" . Nevertheless, to assume these upward roles middle managers need to interact with their upper management

(Bryant and Stensaker, 2011; Raes *et al.*, 2011), and the frequency and quality of these interactions might be crucial to the performance of the organization (Raes *et al*., 2011). Moreover, the absence of these "conversations" can highly impact middle managers' motivation with consequent detriment on strategy implementation (Westley, 1990). It is worth noting that strategy implementation and their view of how the intended strategy fits in the context is at the same time the reason for middle management's willingness to engage in these conversations.

On the other hand, downward roles, described as facilitating adaptability and implementing deliberate strategy by Floyd and Wooldridge (1994, 1992), connect middle management with the operational level and they involve middle managers' manoeuvres to carry out processes requested by the top management (Floyd and Wooldridge, 1992a; 1994). Indeed, these manoeuvres are the ones that are often questioned, because sometimes it is possible to find discrepancies between "intentions" and outcomes (Floyd and Wooldridge, 1994: 51). Middle managers are often criticized for the outcomes of their implementation's tasks, even more so if there are organizational changes involved. For example, Guth and McMillan (1986: 322) argue that the commitment of middle management to the upper management's strategy is constrained by its implementation difficulty, its perceived effectiveness, and its alignment with their individual goals. However, other authors recognize that middle managers may struggle to simultaneously deal with implementing change, managing the expectations of top management, and helping employees to cope with their anxieties (Bryant and Stensaker, 2011). Often, they might have to re-evaluate conditions and make decisions that might lead to different paths (Floyd and Wooldridge, 1994).

For example, during organizational changes such as the post-acquisition process, middle managers have to translate the intended strategy into operational actions introducing the organizational internal and external dimensions (Stahl *et al.*, 2013; Steigenberger, 2016; Stensaker *et al.*, 2008). As we have seen in Meyer (2006) and Vickers & Fox (2010), under top management's unclear, ambiguous, or arbitrary strategy, middle managers might interpret and implement an "adapted" strategy making their perception of what is best for the organization prevail. Therefore, during this organizational change process, middle managers not only are in charge of elaborating the details of the strategy content (Meyer, 2006; Stensaker *et al.*, 2008), but also of filling in the gaps they find on the proposed strategy with their managerial actions. In turn, Vaara (2003) argues that during the integration process, each group, local and corporate, would have different interpretations of the integration problematic. He stresses that often the integration goal gets lost in the day-to-day firm's operation. In other words, "plans and ideas concerning 'cooperation', 'synergy', 'transfer of knowledge', or 'learning' are easily forgotten in 'hypocritical organization reality" (882). So, Vaara (2003) suggests that clear communication and reinforcement of participation of middle ranks might foster the commitment and willingness of individuals for joint action. These facts highlight, again, the importance of having an efficient interface with top management. Raes, *et al*. (2011) warn that middle managers might start engaging in political behaviour when they perceive that it is the only way to get the attention of the top management.

Moreover, in the acquisition process we can argue that the local middle management is immersed in an organizational change that has removed their upward links and has placed new players that can influence their subordinates. These changes trigger "strong emotions, anxiety, and stress" (Mantere, *et al*., 2012: 189). On the other hand, we assume that the acquiring group faces the ambiguity of having to implement a strategy in a context that is totally unfamiliar to them and that might be based on erroneous assumptions and may be plagued with unrealistic expectations. Therefore, both groups face a change, and to cope with this change and ambiguity, Balogun (2003: 75) emphasizes the importance of two processes of context interpretation that she names: "undertaking personal change and helping others through the change."

Undertaking personal change implies the important task of making sense of the direction given by the top management with respect to the change sought by considering the context, experiences and surrounding events. This sensemaking process is gradual and involves the interaction with other levels within and outside the organization (Balogun, 2003) which will allow them "to deal with uncertainty and ambiguity by creating rational constructions of reality that interpret or explain" (Maitlis, 2005: 21). Rouleau and

Balogun (2011) highlight the importance of this sensemaking process arguing that it underpins all the middle management's strategy roles.

Helping others through the change, or sensegiving (Gioia and Chittipeddi, 1991), is the way middle management transmits the change. In a way it is a translation of the change to be implemented at the operational levels. Sensegiving becomes crucial when the organization lives "meaning void" (Mantere, *et al*., 2012: 174), such as in the case of local middle managers during an acquisition. It is important to call attention to the fact that this sensegiving provided by the middle ranks serves as a feedback loop to the top management, leads to strategy modification (Gioia and Chittipeddi, 1991), and can "significantly shape" top management interpretations (Maitlis, 2005). In other words, sensegiving is also the base for the roles of championing and synthesizing proposed by Floyd and Wooldridge (1994).

In brief, Rouleau (2005: 1415) explains that "sensemaking has to do with the way managers understand, interpret, and create sense for themselves based on the information surrounding the strategic change, and sensegiving is concerned with their attempts to influence the outcome, to communicate their thoughts to others and to gain their support." She adds that the boundaries between both processes are diffuse and one cannot exist without the other, they are as the "two sides of the same coin." For Weick (1995: 14) sensemaking is to "construct, filter, frame, create facticity, and render the subjective into something more tangible"; for him sensemaking and sensegiving are just one entity that should not be separated, the process of reflecting on an interpretation and the consequent action are intermingled in the sensemaking process. This is why Weick asserts that sensemaking is not individual but *interactive* (Weick, 1995: 8).

Therefore, middle management's roles described by Floyd and Wooldridge (1994) of championing, synthesizing, facilitating and implementing during the change process of an acquisition are embedded in middle managers' sensemaking practices. Moreover, by exerting these roles they shape the intended strategy by adapting it to the context (downward roles) and by influencing the upper management through their analysis of the conjuncture (upward roles). Consequently, upward and downward roles are interwoven by the threads of strategy implementation. In other words, their upward and downward roles are the chisels that middle managers use to sculpt the intended strategy during the *strategy formation process*, where strategy creation and implementation are entwined (Burgelman, 1983a; Floyd and Lane, 2000; Mantere, 2005; Martin, 2010; Mintzberg, 1987; Regnér, 2003). Therefore, as argued by Mantere (2005: 166) following Mintzberg (1987), "strategy emerges as a coherent pattern of collective activities, some executive and some operative." In other words, strategy formation is a "dynamic, social, and fully contextualized" process (Denis, Langley, and Rouleau, 2007).

1.5. Conclusion of the literature review

After exploring and mapping M&As literature (Figure I) on the first part of this chapter, we found that almost all the variables linked to value creation were leading to inconsistent results because the heterogeneity of the acquisition's context and the refusal to consider processual factors (Haleblian *et al.*, 2009; Hitt *et al.*, 2012; King *et al.*, 2004; Meglio and Risberg, 2010; 2012). Moreover, we saw that these variables were interconnected by the processes and activities of both organizations and their contexts (Angwin and Vaara, 2005). We also found that the understanding of the interactions between the acquiring and acquired organization along the acquisition process and its link to value creation was eclipsed by the "big umbrella" that represents the construct of culture in the M&As field (Risberg, 2001; Teerikangas and Irrmann, 2016; Teerikangas and Very, 2006; Vaara, 1999). This meant reducing the phenomenon to a "culture clash" impeding a deeper understanding of the managerial dynamism that leads the acquisition process. Hence, aiming to open this black box, we have posed the following broad question:

How are the interactions between the acquiring and acquired firms carried out? How do they impact acquisition value creation?

To answer this question, we also want to challenge four important assumptions of M&As literature. First, value creation is a construct that can be measured in the short term and directly in the acquiring firm. This operationalization contradicts the acquisition's processual character that we have been building along this chapter and also the fact that it might not be possible to untangle in the acquiring organization the value creation generated by the focal acquisition. Second, organizations are monolithic cultural entities. We argue that even if it is a simplification with important "explanatory power," it might lead to erroneous interpretations that might strongly affect the practitioners' world. Third and fourth, organizations are the reflection of TMT's actions and TMT is the image of the organization for the stakeholders, and employees are affected, but not the constructors of this process. These two important assumptions of mainstream M&As literature can be questioned by introducing middle managers into the picture of M&As. We have seen in the second part of this literature review (and Appendix II) that middle managers' behaviour cannot only be considered an outcome but also a variable that is going to influence value creation (Chreim and Tafaghod, 2012; Ghorbal-Blal, 2011; Meyer, 2006; Meyer and Lieb Dóczy, 2003; Schriber, 2012; Vaara, 2003; Vickers and Fox, 2010). Also we might conclude that they are not victims of the process but constructors of it, both internally (Ghorbal-Blal, 2011; Meyer, 2006; Moilanen, 2016; Teerikangas, 2012; Vickers and Fox, 2010) and externally (Cannella and Hambrick, 1993; Nordblom, 2006; Oberg *et al.*, 2007; Rouleau, 2005). More specifically, we have said that M&As literature links middle managers with strategy implementation by recognizing them in the following roles: interpreting and refining the content of the intended strategy, implementing intended strategy, linking different areas of the organizations, linking the organization to customers and suppliers, creating the scenario for lower ranks' adaptation to the new endeavour, transferring knowledge and experience and being themselves the source of value creation (Table I). However, middle managers' literature goes further saying that middle managers are not only involved in "doing" but also in "thinking" strategy (Floyd and Wooldridge, 1994; Wooldridge *et al.*, 2008) conferring them two types of roles: upward roles or the way they can influence the top management's strategy creation, and downward or strategy implementation roles. Furthermore, we have argued that these roles are underpinned by middle managers' sensemaking practices. By unfolding these upward and downward roles as results of their sensemaking practices, they shape the intended strategy by adapting it to the context (downward roles) and by influencing the upper management through their analysis of the conjuncture (upward roles), therefore, actively participating in the strategy formation process. Notwithstanding, the acquisition process poses an important challenge for exerting these roles: managers from the acquiring firm might find important gaps in the strategy design, managers from the acquired firm might find the strategy does not fit their context, and both types of managers might find difficulties in coping with their influencing roles because in cross-border acquisitions middle managers from the acquiring firm might be far from their top management and acquired middle managers have not generated yet a connection to new management.

The second part of this literature review helps us answer part of the introduced questions. Firstly, by targeting our main character, we can certainly propose middle managers as the ones that in practice interact during the acquisition process. And secondly, the *raison d'être* of that interaction is the implementation of the intended strategy for the acquired unit. Though in this theory building enterprise[20], we can answer the "who question" by looking at middle managers as our leading characters, and also answer our "what question" by establishing that our phenomenon is the strategy formation process as a consequence of the implementation of the intended strategy along the acquisition process and recognize that facts before the acquisition deal might have repercussions for the final outcomes. Nonetheless, having the interaction's actors and its thread does not answer the "how question." In other words, we have narrowed our research but we still do not know the mechanisms and dynamics implied in the process of shaping the intended strategy or its formation. Therefore, refining our research question:

Q1- Which are the processual mechanisms underpinning the interactions dynamics of acquiring and acquired middle managers? Q2- What situational factors constrain and enable these interactions dynamics during the acquisition process? Q3- How do these interactions dynamics affect the implementation process of the acquired unit's intended strategy? Q4- How do these interactions dynamics impact the acquisition value creation?

It is worth noting that we aim to answer these questions by considering the acquisition process as a whole, understanding that the process of sensemaking "is ongoing and neither starts fresh nor stops cleanly" (Weick, 1995). Therefore, middle managers' sensemaking starts at the moment of the first rumours of the acquisition and it is from there on that the analysis of the social construction of the interactions acquiring-acquired middle managers

[20] We follow Whetten (1989) rationale for theory building.

might start. We might foresee that these earlier sensemaking exercises might influence the long-term value creation of the focal acquisition.

As we have underscored, our focal goal is to look into the construction of those interactions. Thus we need to see both sides of the equation, acquired and acquiring middle managers, and the way they interact. Moreover, we seek to challenge the view of the acquiring managers as detached and powerful (Chreim and Tafaghod, 2012; Meyer and Lieb Dóczy, 2003; Moilanen, 2016; Teerikangas *et al.*, 2011) and the view of acquired middle managers as victims (Cannella and Hambrick, 1993; Lupina-Wegener *et al.*, 2011; Marks and Mirvis, 2011; Paruchuri *et al.*, 2006; Schriber, 2012) or resistant *per se* agents (Marks and Mirvis, 2011; Meyer, 2006). The context of cross-border acquisitions might present itself as ambiguous and distressing for both groups of middle managers, and that might be the reason why middle managers engage in interactions that might become one of the pillars of success or failure for these acquisitions.

Chapter 2
Conceptual Framework

This chapter is organized as follows: we start rendering our conceptual and contextual assumptions explicitly. By doing so, we set the basis for describing clearly the scenario of our research. Next, as this thesis follows a deductive-inductive approach, we introduce the most relevant findings of our exploratory work that helped us develop our preliminary conceptual model. Finally, we present and describe the model and its propositions.

2.1. Conceptual assumptions: knowledge, process, agency

As Whetten (2002) states, conceptual assumptions are "the implicit whys underlying an explicit answer to a specific why question [and] are often articulated using the language of foundational theories" (Whetten, 2002: 58). In other words, conceptual assumptions shape the logic and rationale of the theory-building exercise (Rivard, 2014). In this particular case, this work is supported by three conceptual assumptions: knowledge as the main dimension for the organization competitiveness, process as a way of seeing our acquisition's phenomenon, and agency of organizational members as the pillar for the construction of the claimed process.

First, the acquisition of a firm has as goal value creation, or generation of benefit out of the exploitation and development of an asset or know-how (Madhok, 1997: 40). Here it is important to distance ourselves from the concept of "value capture" or value gained by the transaction itself as an on-off phenomenon; "value creation" is a long-term process that is supported by the implementation of the intended strategy (Stahl and Voigt, 2008: 164), a process that will be embedded in the creation and transfer of knowledge. So, we see knowledge creation and transfer as the paramount competitive dimension for organizations (Kogut and Zander, 1992: 384). Even more in international acquisitions where the preservation and development of local knowledge and capabilities gain vital importance (Björkman *et al.*, 2007; Ellis, Reus, and Lamont, 2009; Meyer and Lieb Dóczy, 2003; Puranam *et al.*, 2009; Reus *et al.*, 2015; Zollo and Singh, 2004). According to Penrose, the firm's growth is a dynamic interaction of productive resources and market opportunities. Moreover, she stresses that those productive resources are closely linked to the ideas, experiences, and knowledge of its managers that need achievement and recognition (Kor and Mahoney, 2002; Penrose, 1960; 1995). So, the existence of these managerial resources are as valuable as their utilization (Johnson *et al*., 2003: 7). Following this rationale, it is not surprising that Knowledge-based view[21] scholars stress the importance of middle management when it comes to value creation and knowledge transfer (Cohen and Levinthal, 1990; Eisenhardt and Santos, 2002; Nonaka, 1988; 1994). Therefore, we can infer that middle managers' contribution becomes critical during the acquisition process.

Second, we consider an acquisition as a process, as a dynamic phenomenon where its events and activities are in constant evolution (Langley, 2007; Van de Ven, 1992). For example, Langley (2007) argues that Barney, one of the main representatives of RBV, requested the incorporation of processual context into RVB models, recognizing that the decisions of organizations possessing "valuable, rare, inimitable and non-substitutable resources" are not instantaneously implemented (Langley, 2007: 273). It is thus important to add processual context to truly understand the claim of sustained competitive advantage for these companies. In the field of M&As many authors have asked to develop a processual view of the acquisition phenomenon (Cartwright *et al.*, 2012; Haspeslagh and Jemison, 1991; Jemison and Sitkin, 1986; King *et al.*, 2004; Meglio and Risberg, 2010; Shi *et al.*, 2012; Stahl and Voigt, 2008; Teerikangas and Very, 2006). However, in his recent review Gomes *et al*. (2013: 15) argue that this approach has not been developed as expected. These authors argue that research on M&As had adopted a processual view only at each stage of the acquisition process, primarily in the post-acquisition one. They think that the study of the connection between the different phases of the acquisition process is important to be able to see how firms manage transitions, however, it rarely happens in M&As literature. Therefore, we sustain that a processual approach may enrich our understanding of how firms implement the intended strategy in the context of acquisitions.

[21] Knowledge-Based view, as per Eisenhardt and Martin (2002), is an extension of RBV where knowledge becomes the most important resource. According to these authors: "knowledge-based theory is consistent with a pluralistic understanding of knowledge, and a view of organizations as complex adaptive systems, where meaning is socially constructed through ongoing activities of semi-autonomous groups" (161)

Moreover, based on the perspective of developmental process theory (Van de Ven and Poole, 2005), we consider the acquisition process as a dialectical change nested in a teleological development. Teleological because there is a goal (strategy intent) that leads to action, yet immersed in a dialectical context where individuals from two organizations meet, bringing with them their distinctive interest, goals, beliefs and values. This consideration is going to have repercussions along our theory building journey.

Third, as argued by Tsoukas and Chia, we assume that "organizations are sites within which human action takes place" (2002: 577) and through those actions individuals interact in the organization and with its environment and they reflect and act in consequence (Thomas, Sargent, and Hardy, 2011). Individuals cannot be considered as mere tools to achieve an end (Selznick, 1949), therefore middle managers would not subscribe to changes in their way of working if they are not able to see the benefits for their organization (Fronda and Moriceau, 2008). Organizations are "sites of human action in which, through the ongoing agency of organizational members, organization emerges" (Tsoukas and Chia, 2002: 580). Middle managers, through their agency, have the ability to make decisions based on their environment in order to change organization's conditions (Mantere, 2008: 296). As Floyd and Wooldridge (1997) argue "middle managers have the potential to affect the organization's alignment with its external environment by injecting diverging thinking and change-oriented behaviour into the strategy-making process" (Floyd and Wooldridge, 1997: 467).

2.2. Contextual assumptions – The scenario

Following Whetten (2002), Rivard (2014: vii) explains that "contextual assumptions determine the conditions that circumscribe the explanation proposed by the theory." In other words, at this point we answer "when, where and for whom" of the theory-building exercise, or the context under which our propositions are assumed to operate (Holton and Lowe, 2007; Meglio and Risberg, 2012; Rivard, 2014; Whetten, 1989; 2002).

In order to study the processual mechanism underpinning the interactions dynamics among middle managers when implementing the focal acquisition intended strategy, we set our research context in cross-border transactions because they would enhance the interactions between both middle managers groups. So, this work focuses on the acquisition process of cross-border transactions where the facility of the acquired firm becomes the scenario for the interaction of both groups of middle managers to implement the intended strategy. Moreover, we have used relatedness, relative size, and deal type as constraints for our contextual assumptions. We have seen these three variables as the decision-making factors in our literature review (Figure I).

First, the transactions have to be done between related companies. Consequently, the acquisitions should require some degree of integration, therefore interaction, in order to achieve the intended strategy (Olie, 1994). This way we also assume that knowledge transfer is an important dimension.

Second, the buyer has to be always a large firm[22] and a multinational corporation, which should assure the presence of middle managers that would run integration projects in the acquired facility. This, at the same time, should provide certain divergence in the way of working of both firms, even if they come from related business. Also, we established that the acquired is smaller or similar in size than the acquirer. Furthermore, we select transactions that were the result of a fear negotiation[23]. As we have said, and more significantly under these assumptions, middle manager's definition encompasses both the entire acquired management and the acquiring managers responsible for the takeover.

And third, the acquired company has to be either struggling economically or becoming an outliner from the previous owner strategy, therefore receiving less attention or investments on its businesses. This in turn should mean that acquired managers might see the acquisition as an opportunity rather than as a threat (Teerikangas, 2012).

These three characteristics allow us to have transactions where interactions between both groups would be required, and provide us with an interesting context heterogeneity between the management of the acquirer and the acquired. We can thus easily differentiate

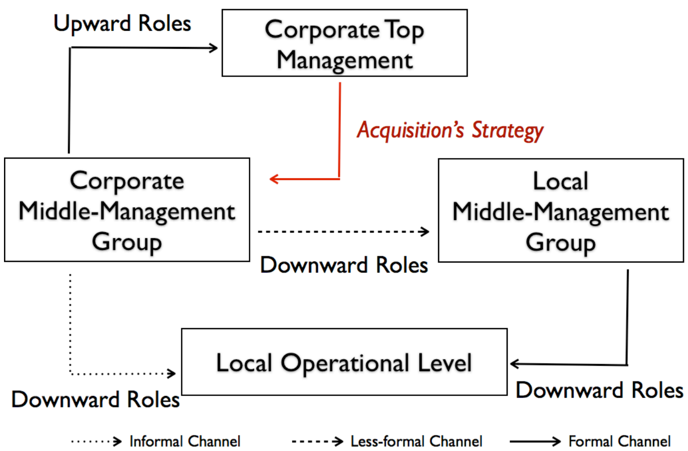
[22] We follow Industry Canada definitions: A company is considered small when it has less than 100 employees for manufacturing and 50 employees for services. A company is medium if it has below 500 employees.
[23] Not the result of an unfriendly (hostile) take-over.

and contrast their perspectives. However, at the same time we keep constant the potential interest of the acquired managers in the transaction, as a way to keep afloat their company and the common knowledge-base of both companies.

So, in this context acquiring middle managers are in charge of the implementation of the acquisition projects based on the strategy designed by the top management team (Figure IV). Their strategy implementation tasks connect them with the local middle management group. We have seen in our literature review that this link has its contradictions. On the one hand, we have images of acquiring managers as "conquering army" (Datta, 1991), SWAT team (Jemison and Sitkin, 1986) that let us see a big power difference with the acquired managers. In the same vein, Chreim and Tafaghod (2011: 48) show detached acquiring middle managers behaving as serial acquirer saying: "that's part of our acquisition strategy. Not all of them are going to work . . . And that's why we do a number of them." On the other hand, Balogun *et al*. (2005) show acquiring middle managers without formal power, yet committed to their integration tasks, trying to persuade rather than to dictate in order to accomplish their projects (see also: Gertsen *et al.*, 1998; Risberg, 2001). In between, we have the case of Vickers and Fox (2010) where corporate managers were set to dictate the new strategy, yet disagreement with the local team eroded their formal position, and over time, the local team became the main sculptors of strategy formation. Therefore, we assume that even if there is a differential of power favouring corporate managers, this differential is not set in stone and might change throughout the different transactions and over time in the same transaction. This is why we represent this link in Figure IV as a "less-formal channel" of strategy flow.

Without doubt, the strategy implementation connects corporate managers informally (or indirectly) with the operational level of the acquired organization. At the same time, they provide their analysis and interpretation of the acquisition process to the top management team (upward roles). Conversely, the local middle management group interacts with its corporate counterpart and it is in charge of formally exerting the downward roles toward their operational level, while keeping the operation running.

Figure IV – Middle management strategy roles flows



This scenario shows two important unbalanced situations between the two middle management groups. First, corporate middle management group is in charge of implementing a strategy in an unknown environment where their mastery of the local capabilities can be easily questioned. Again we underscore that the strategy designed during the process of negotiation is often based on imprecise due-diligence mixed with false expectations and if implemented as is, it might diminish the possibility of cooperation between the two groups (Haspeslagh and Jemison, 1991: 124). Negotiation has ambiguity as common denominator resulting from the usual impulsive necessity to close the deal (Jemison and Sitkin, 1986) and from trust asymmetries, consequences of the acquisition's implications for each party (Graebner, 2009). This reaffirms the fact that strategy implementation might be embedded in a process of adjustment, that shapes and adapts the intended strategy (Mintzberg, 1978) and also the necessity for corporate middle management to bring to the table the contextual knowledge of the local group (Meyer and Lieb Dóczy, 2003: 476) .

Second, the local middle management group cannot comply with their upward roles[24] because this group has not established yet a communication interface with the acquiring top management (Raes *et al*., 2011) due to physical distance (Stensaker *et al*., 2008) and

[24] This explains the reason for the missing arrow for local middle managers' upward roles in Figure IV.

lack of trust, which springs from a missing history of working together (Raes *et al*., 2011: 117). Moreover, often, the acquiring management perceives the voice of local resources as a threat to the post-acquisition process (Meyer and Lieb Dóczy, 2003: 477).

In summary, the acquiring group has to "act on decisions made at the top of the organization" (Bryant and Stensaker, 2011: 357) that might be based on erroneous assumptions, which leads us to suppose that this group faces the ambiguity of having to implement a strategy without solid foundations in a context that is totally unfamiliar to them. In turn, local middle management is immersed in an organizational change that has removed their upward links, placed new players that can influence their subordinates, and brought on changes that trigger "strong emotions, anxiety, and stress" (Mantere *et al*., 2012: 189).

2.3. Emergent roles – Exploratory work

Concluding the last chapter, we have posed the following research questions:

Q1- Which are the processual mechanisms underpinning the interactions dynamics of acquiring and acquired middle managers? Q2- What situational factors constrain and enable these interactions dynamics during the acquisition process? Q3- How do these interactions dynamics affect the implementation process of the acquired unit's intended strategy? Q4- How do these interactions dynamics impact the acquisition value creation?

As we have seen in the literature review, the phenomenon we are studying is relatively unexplored; we have thus chosen a deductive-inductive approach for this theory-building endeavour. Therefore, in order to start developing a response to these questions, we performed an explorative work by looking into the experiences lived by middle managers along the acquisition process. As described later in the Methodology's chapter, for this exploratory work[25] we interviewed 26 middle managers from 13 transactions in different economic sectors that have gone through the experience of acquisitions in North and South America and in Europe during the period from 2004 to 2012. They were either part

[25] See step four on the methodology's roadmap.

of the acquiring middle management, participating in the takeover, or part of the acquired middle management.

The goal of this preliminary analysis is to examine how, through their interactions dynamics, acquiring middle managers and acquired middle managers mobilize their roles during the acquisition process in order to maintain their important functions in strategy formation. More precisely, are there any roles that emerge to prevent the disappearance of the described strategy formation roles during this ambiguous and complex context of acquisition process? How do acquired middle managers manage to rebuild their strategy formation roles in the new organization and at the same time keep their tasks running in their changing reality? How do acquiring middle managers manage to implement their projects in an environment that is often totally alien to them and far from their known environment?

At this point, it is important to make clear the significance of the *concept of role* for this work. According to the Britannica Encyclopaedia[26] in sociology, the meaning of role is "the behaviour expected of an individual who occupies a given social position or status." The encyclopaedia continues making an analogy with its theatrical usage, saying that the role or part remains independent of the actor that represents it to emphasize that "an individual may have a unique style, but this is exhibited within the boundaries of the expected behaviour." Mantere (2008: 295) explains that the common usage of role does "not account for agency, as it seeks to explain behaviour by explicating external constraints to individuals". This is the sense given in much of the literature to middle management's role (Floyd and Lane, 2000; Floyd and Wooldridge, 1992a; e.g. 1994; Raes *et al.*, 2011; Wooldridge *et al.*, 2008). For example, in the M&As literature Seo and Hill (2005: 430) define role as "a set of *expectations* about behaviour for a position." So, in these definitions it is the organization as an abstract entity (represented mainly by the top management) that determines and sets those expectations (external constraints). In the ambiguous and uncertain context of a cross-border acquisition, we suggest that middle managers themselves are the ones who create their own roles, trying to cope with known

[26] Encyclopedia Britannica, On line, Academic Version

organization expectations but also and more importantly with their own expectations, and those of the peers and subordinates closed to them. So we want to enlarge the term role to cover not only the expectations placed externally but also the middle managers' agency (Mantere, 2005; Mantere and Vaara, 2008). We follow Giddens' (1984) understanding of agency as middle management's capability to make decisions based on their environment in order to change those conditions (as cited in Mantere, 2008: 296).

Consequently, after performing our analysis[27] (Gioia, Corley, and Hamilton, 2013), the gathered data shows that in order to retain their strategy formation roles during this ambiguous and complex context of acquisition process, middle managers generate and mobilize two distinctive roles: *selling corporate projects* and *bridging two organizations*. These two roles emerge in different instances of the acquisition process and serve in different ways to the middle managers from both groups so they can remain part of the strategy formation (see Table II for illustrative quotes).

Selling corporate projects represents the work of presenting and explaining the projects designed for the acquisition's strategy with the aim of convincing the interlocutor. It is noteworthy that the implementation of these projects is embedded in the values and norms of the acquiring organization. Values and norms, according to Leonard-Barton, are the mortar that bonds the organization's capabilities and the foundations for the transfer of knowledge ingrained in technical and managerial systems (Leonard Barton, 1992: 113). For example, this set of values and norms embedded in the organization determines the importance given to the experience or to the professionalization, and also sets up the level of personnel's empowerment. We have purposely chosen the term "selling," instead of "imposing" or "introducing," because there is an important effort to persuade their counterparts, which entails getting the attention of others, explaining reasons and convincing them (Dutton *et al*., 2001: 716) of the "new way of doing things". This role is different than the upward concept of "issue selling" because here the connotation is *lateral* or *descending* in hierarchy. Corporate middle managers mobilize this role as a consequence of their inability to perform the described downward roles. The existence

[27] Step four of our Research Methodology: Exploratory qualitative work

of this role might confirm the weakness in formality (or power to influence the other group) of the reporting channel between the two middle management teams (Thomas *et al*., 2011).

Bridging the two organizations denotes middle managers' efforts to connect with the individuals of the other organization with the aim of facilitating dialogue to get their ideas acknowledged. This role is exerted by local middle managers, with different degrees of success, and it emerges in the beginning of the process when they are eager to share their perspective about the intended strategy, but they realized that their voices are no longer listened to. This initiates a not so easy process of rebuilding their upward roles, to engage in "conversations" with their corporate counterparts and when possible with the top management, by enacting the *bridging two organizations* role. Performing upward roles has an important impact on middle managers' motivation (Westley, 1990) in their quest for achievement and recognition (Penrose, 1960; 1995), and acquired middle managers are far from being the exception. So, they continue to speak up, and their necessity to exert these roles drives them to mobilize this emerging role, where they try to set bridges toward their counterparts. This bridging is created over time with the generation of a common ground and a structure of trust. Moreover, we can see that this role is actively mobilized in order to try to recover the voice they have lost during the transaction.

As we can infer, these two emergent roles are two important drivers for the interactions between local and corporate middle managers and are strongly embedded in middle managers' agency. On the one hand, *selling corporate projects* manifests corporate middle managers' commitment to the implementation of the intended strategy. And on the other hand, *bridging two organizations* denotes local middle managers' eagerness to recover upward roles that would allow them to participate again in the strategy conversations of *their* firm.

Table II – Middle management strategy formation's emergent roles during the acquisition process - Illustrative quotes

Role	Function	Quotes
Bridging the two organizations (Local-Acquired)	Recovering upward roles	***(Unsuccessfully) trying to communicate with corporate managers*** "It is very difficult to continue [giving your opinion] when you see that the predisposition is not there. The first time they say 'I hear you, it's fine but not', the second time is 'not because it is not', the third time 'do not ask me anymore', and the fourth time you directly do not speak because you know it's already been decided. Then, 'a word to the wise is sufficient': no need to speak. (acquired middle manager) Eventually you kind of build a relationship and you sort of bridge that gap and they understand: people learn that certain individuals have skills that can be built on, that can be trusted, so it happens that once you built a relationship you can get your opinion through in a better way and people start paying more attention to what you have to actually say." (acquired middle manager) ***Learning how to work "within" the new structure*** Then, evidently now everything is handled by the [acquirer top management], then the dynamic is quite complex and different to what we were used to, that was more formal and simple, we have lost that… And, on top of that you have new players… Then now you have to explain to a human resources manager, that you want to move Johnny from here to there, and that human resources manager has no idea who this Johnny is, and he does not understand why I want to move him, why you need it there and not here, etc. …(acquired middle manager) ***Trying to convince corporate managers to try different procedures (locally adapted)*** I think they were receptive to our opinions but they have a kind of perception that they've been there, they've done that, they knew what was going on, because many times suggestions were made and eventually the suggestions were taken but, 'oh no... Let's just do it our way, let's just do it our way. (acquired middle manager) I went to them and said: hey we should try this or do it like this. They would either explain why you wouldn't do it that way, why it couldn't be done or they would say: yes, that is a good idea, let's do it that way. (acquired middle manager) ***Transmitting local knowledge*** We said this concept was basic; for this operation, the areas have to be arranged in this way; however it was impossible for them to understand it. (acquired middle manager) Some other ideas emerged from our group, for example, when we proposed the line for [product X] (acquired middle manager) ***Helping corporate managers to accomplish the intended strategy*** We are actively working on finding resources and presenting them to Human Resources. Moreover, we are now getting involved in wage discussions both with our people and the people we need to hire. Our involvement in this wage issue is important in order to retain the actual resources and to hire new. (acquired middle manager)

Selling Corporate projects (Corporate-Acquiring)	Supporting downward roles	***Being curious about the acquired organization and its environment*** I was surprised; it was the first big move outside North America and then following the acquisition email, they have sent out another email asking for expats and a brief presentation of the company that they have purchased. Which were my feelings? Well... I was curious, because it was a totally different culture and country... but at that time I was very curious as far as what kind of [products] they were producing and all that, and even if you learn and read about [their specialties] until you see it, you don't really know. (acquiring middle manager) ***Connecting at different levels at the local facility*** I remember at first, we were being challenged by the plant manager at that time. [...]. They wanted to know if we knew what we were doing, but I think after the first project we didn't have any more issues about doubting our technical abilities or about the ways we do projects. (acquiring middle manager) You didn't see it at the supervisors' level, but at the operators level... they asked questions all the time... obviously supervisors, management, they all knew the game plan, but that was more felt at the floor... but that was very short because after we started the actual investment they knew that everything was going to be there to stay... so, that was my feeling anyways... (acquiring middle manager) ***Understanding the local values and norms*** This case was complex because the type of training they had with the old owner [the biggest worldwide firm in the sector]. They had lots of training and at all levels. Then they were convinced that they had the best way of working. Then, from our stand point it was difficult, because they had the premise that doesn't matter, our company it was going to be less prepared than them (acquiring middle manager) ***Adapting the message depending on the interlocutor*** In the case of [that plant], for example, the average age is above 50 years, operator level and middle management level. Above 50 years, or at least you have more than 20 years apart with what we had in [the previous acquisition]. Then you have to go there and adapt to the new facility, and learn to motivate 60-year-old people that have been doing the same for over 35 years. Sometimes I feel that I am seeing a film from the 70s! (acquiring middle manager) ***Training local personal on corporate procedures*** We trained them on the new procedures and the plant continued running, with minimum changes on the organization chart, and a new working concept. (acquiring middle manager) We brought in a lot more know-how to modify their procedures and make improvements toward profitability. (acquiring middle manager) ***Clearly setting up the plans to follow*** From the beginning the new owner was clear, they brought a group of people from their organization that were going to be the people in charge to transmit the new working procedures and the new technologies for the products we would produce here (acquired middle manager)

2.4. The preliminary model

In this section we develop our preliminary model aiming to give meaning to the described findings (Gioia *et al*., 2013) and the analyzed literature. By doing this, our goal is to elucidate an "ordered set of assertions" about how the two groups of middle managers with their two different realities interact in order to maintain their important functions in strategy formation during the acquisition process of cross-border acquisitions (Weick, 1989: 517). At the same time, based on this model, we present a series of propositions. These propositions help to highlight the contribution of our model (Gioia *et al*., 2013) and also aid us to present relationships that could be tested via quantitative analysis (Van de Ven and Poole, 2005: 1392).

In the context of acquisition process, middle managers enact the roles of *selling corporate projects* and *bridging two organizations* to be able to maintain their strategy formation roles. The emergence of these roles is the answer that corporate middle managers provide for the need to accomplish the implementation of the intended strategy, and the response of local middle managers to the necessity of being acknowledged as new gears of the corporation. These two roles emerge during the acquisition process, early on in the pre-acquisition stage, and might reinforce each other.

The acquired middle managers' mobilization of the role of *bridging two organizations* represents their efforts to let their acquiring counterparts know about the importance of introducing their knowledge to the strategy implementation tasks and about the danger of implementing the strategy without taking into account the distinctive characteristics of their environment. And, as we just said, they want to be acknowledged as important new pieces for the organization.

On the other hand, acquiring middle managers' enactment of *selling corporate projects* connotes the efforts they make to understand the local operations and its environment and to establish dialogue with the local group to implement the strategy according to corporate values and norms. It is evident that a lack of commitment to the acquisition process undermines any desire to perform this emergent role. For instance, it is worth noting that the upward roles are not set in stone for corporate middle managers. On cross-border acquisitions, these roles can be threatened by three main reasons. First, the geographical distance and scarce number of encounters with corporate top management team can diminish the communication with a consequent inability to perform these roles. Second, divergence in the interpretation of the acquired firm's reality and the top management's expectations can also create noise that restricts their accessibility to the upper ranks. And third, maybe as consequence of the previous one, top management can redirect their attention to the local group ignoring corporate managers on site. Though, in this case their link or bridge toward the top management team becomes less certain, generating stress, anxiety and lack of commitment. This situation is intensified by the fact that these managers are now working in an organization that is *far from being their own*.

Raes and his colleagues (2011) describe middle managers as always looking for interaction with the top management in order to provide their analysis of the conjuncture as they see themselves as an important part of the firm's strategy formation. Also, Mantere and Vaara (2008) suggest that when middle managers are listened to and are part of the strategy formation, "middle managers gain more control over the future" (Mantere and Vaara, 2008: 308). Even if corporate middle managers can see upward roles trembling during the acquisition process, local middle managers have certainly lost these roles in the transaction. Therefore, local middle managers take the accomplishment of the upward roles recovery as an important variable of their engagement toward the acquisition process and see acquiring managers as a bridge toward the top management team.

Consequently, taking all this in consideration, we propose that the mobilization of these two emergent roles influence the occurrence of "middle management's interactions," where we define middle managers' interactions as the actual engagement of *interpersonal* dialogue in order to discuss strategy implementation, where acquiring managers are masters of its content and acquired managers are masters of the environment where it has to be applied.

It is noteworthy that the understanding of the importance of the contextual knowledge might foster the necessity for acquiring managers to interact with their acquired partners (Bower, 1986: 98). As we know, the understanding and mastering of the context is paramount during an organizational change (Balogun *et al.*, 2005; Meyer and Lieb Dóczy, 2003; Rouleau and Balogun, 2011). So, corporate managers need to master the contextual knowledge in order to sell ideas to their counterparts that are "meaningful, engaging, and compelling" (Rouleau and Balogun, 2011: 971). Thus, if they are committed to the acquisition process, the need to look for local knowledge promotes the interaction with acquired middle managers as they are the most direct source of it. As well, the necessity to include local knowledge might exacerbate the eagerness of the local managers to bring to the table their perspectives on how to manage the projects as the acquiring managers' contextual inexperience can jeopardize the local operations' day-to-day activities that evidently are crucial for them. This resonates with Bower's (2001: 97) advice: "don't assume your resources are better than the acquired company's resources. And don't expect people to destroy something they've spent years creating".

Based on these concepts we can present our first proposition:

<u>Proposition 1:</u> *Acquired middle managers' enactment of bridging two organizations' role and acquiring middle managers' enactment of selling corporate projects' role intensify the interaction between both groups of middle managers.*

Moreover, the interaction between both groups and their enactment of the two emergent roles catalyzes the performance of downward and upward roles with the aim of content improvement and context adaptation of the acquisition fostering their inclusion in the strategy adaptation[28] process (see Figure V). This process is embedded in middle managers' agency, which becomes important in this process of relating two distinct organizations and contexts (Jarzabkowski, 2004).

[28] We have use "adaptation" instead of formation because there is already a formulated intended strategy in place. However, it could be seen in this case as synonymous.

Figure V – Preliminary Model - Middle managers' interactions and strategy formation dynamics

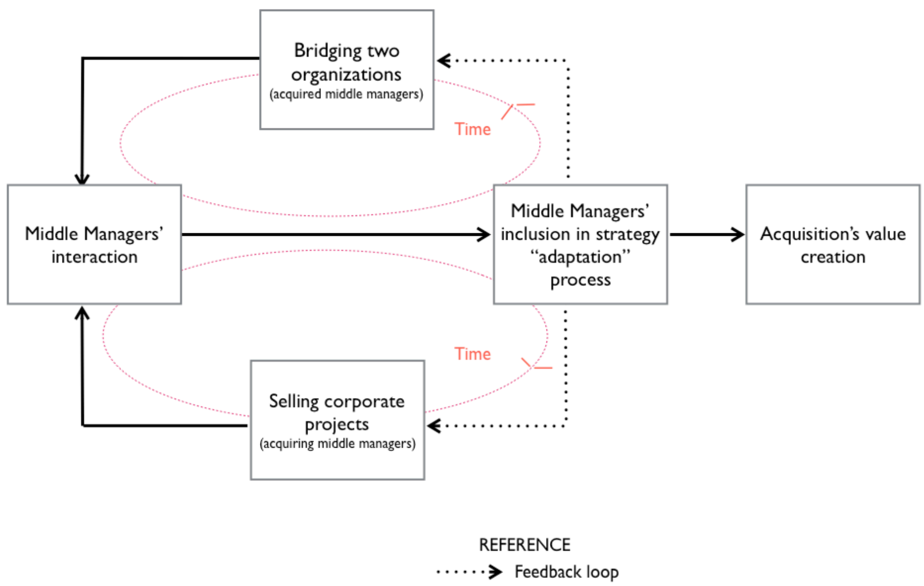


Table III – Glossary of Constructs

Construct	**Definition**
Selling corporate projects	Work of presenting and explaining the projects designed for the acquisition's strategy with the aim of convincing the interlocutor
Bridging two organizations	Effort to connect with the individuals of the other organization with the aim of dialoguing and to get the ideas acknowledged.
Middle management interaction	The engagement of *interpersonal* dialogue between acquiring and acquired middle managers in order to discuss strategy implementation where corporate managers are masters of its content and local managers are masters of the context.
Middle managers' inclusion in strategy adaptation process	Middle managers' performance of downward and upward strategy roles with the aim of content improvement and context adaptation of the acquisition strategy.
Acquisition's Value Creation	Generation of benefit out of the exploitation and development of an asset or know how (Madhok, 1997: 40).

Consequently, this rationale leads us to state the second proposition:

Proposition 2: The interaction between the two groups of middle managers positively influences the inclusion of both groups in the process of strategy adaptation.

The interaction among middle managers from both organizations thus lies at the heart of our framework. Interaction is as we understand it an *interpersonal phenomenon*. As Langley *et al*. (2012) express "contact is a critical step in overcoming differences" (162). In our theatre of operations, interactions can be formal such as scheduled meetings, project presentations with a reduced group of people, debriefing meetings regarding the progress of some projects, budgeting preparations, etc. But also these interactions can be informal such as gathering data for project assessment, on-site floor project follow-up, start-ups, conversations on coffee-breaks, personal invitations for dinner or sightseeing[29], etc.

Moreover, we argue that the link between these interactions and middle managers' perception of their inclusion in the process of strategy adaptation is led by managers' sensemaking practices. The sensemaking lenses allow us to place all our attention on this interaction process (Balogun and Johnson, 2005: 1596). By adopting this perspective, we want to stress the agency component of the managers' interpretations (Balogun and Johnson, 2005; Rouleau and Balogun, 2011; Sandberg and Tsoukas, 2015), as well as their consequent actions (Weick, 1993; 1995). Maitlis and Christianson (2014: 67) define sensemaking as a "process, prompted by violated expectations, that involves attending to and bracketing cues in the environment, creating intersubjective meaning through cycles of interpretation and action, and thereby enacting a more ordered environment from which further cues can be drawn." We might say that in the context of the acquisition process, middle managers are "thrown into pre-existing organized action patterns" (Weick, 2011: 145), because, for each group, there are organizational components that are not their own, where they are alien to their creation or development. So, they struggle to impose an order

[29] According to our data these events are not meaningless in cross-border acquisitions because they can bring a lot of contextual background to the interaction.

and temporality for their own understanding and consequent action, and it is here where sensemaking becomes an essential exercise.

In the context of cross-border acquisitions, for corporate and local middle managers, we can use Weick's "vu jadé" concept from the Mann Gulch disaster: "I've never been here before, I have no idea where I am, and I have no idea who can help me" (Weick, 1993: 634). This might seem like an exaggerated analogy. Yet, if we put ourselves in the shoes of these people, we might conclude that it is not. So, an escape way might be to interact with the other part in order to extract cues. According to Balogun and Johnson (2005), for middle managers' sensemaking, these interactions are as important as the context and their own way of thinking. This social interaction is paramount for sensemaking because it links people to actions, actions that should be justified, and that in turn affects cue extraction and provides a frame that might constrain future interpretations (Mantere *et al*., 2012; Weick, 1995). Summing up, we argue that the acquisition process that has middle managers' interactions as its core is embedded in middle managers' sensemaking processes.

Notwithstanding, as the acquisition process is transient, and not stationary, we can see in Figure V that there are two "feed-back" loops. The feeling of being part of the strategy adaptation strengthens local middle managers' enactment of their *bridging two organization*s' role and corporate middle management's role of *selling corporate projects*, in turn, reinforcing the interactions dynamics. The driver of this loop is *time* and the strength of the attained middle managers' re-appropriation of the lost upward and downward roles applied to the strategy adaptation positively influences the value creation. Conversely, local middle managers' confrontation with persisting feelings of superiority or arrogance from the corporate side (Haspeslagh and Jemison, 1991; Schriber, 2012; Vickers and Fox, 2010) might erode the local's eagerness to recover upward roles, reducing their interest to interact with their counterparts and their feeling of being an important piece of the strategy formation. In the same vein, corporate middle managers' perception of local managers' disregard for the new proprietor's values and norms (Marks and Mirvis, 2011) might end up undermining their commitment as to the integration tasks and that would lead to avoiding interaction and diminishing their efforts in the strategy adaptation process.

These feedback loops can reinforce or diminish the interaction occurrence and the consequent inclusion in the strategy adaptation process. Therefore, the presence of two reinforcing loops would be positively linked to value creation. However, the existence of just one diminishing loop, or when the time leads to conflicts and misunderstandings, will cause the absence value creation.

Then, we introduce our last proposition.

Proposition 3: *Acquired AND acquiring middle managers' enactment of the emergent roles foster their interaction which enables the recovery of their strategy roles and allows them to be part of the strategy adaptation process. These strategizing activities are positively related to value creation for the focal acquisition.*

In essence, this echoes the seminal work of Floyd and Wooldridge (1997) when they state that companies that have middle managers not only implementing but adapting strategies can achieve better performance.

This framework might explain Schriber's (2012: 169) adverse concept of middle managers' self-reinforcing dynamism: "poor integration management, poor integration decisions, weaker middle management integration efforts." Conversely, it also resonates with Gundolf, Meier and Misioner (2012)'s acquisition case in the IT sector where through managerial interaction they had successfully passed through the different types of integration (Haspelgah & Jemison, 1991) until they arrived to the symbiosis stage. More importantly, this framework analyzing middle managers' interactions resonates with Haspelagh & Jemison's (1991) idea that value creation is related to "managers' ability" to recognize and reconcile strategic interdependence and organizational autonomy. However, we make explicit the protagonist role of middle managers.

For this framework, value creation is its dependent variable, so it is important to reflect on its operationalization. As we have already discussed, acquisitions are not isolated events but part of a corporate strategy (Barkema and Schijven, 2008a). Therefore, it would be imprecise to evaluate value creation at the acquiring organization (Cannella and Hambrick, 1993). So, as already claimed, we set the assessment of value creation at the focal acquisition. Moreover, we aim to assess this focal acquisition value creation through measurements related to operational performance, i.e. linked to non-financial factors (Chreim and Tafaghod, 2012; Hult *et al.*, 2008). We think that this can be a better evaluation of the outcome of the focal phenomenon than assessing financial performance, because it can represent better the integration efforts of middle managers.

Chapter 3
Methodology

Cartwrright, Teerikangas, Rouzies and Wilson (2012) in their excellent review of the methodology used in M&As literature found that 81% of the reviewed papers[30] followed a quantitative methodology, 16%, a qualitative methodology and 3%, mix-methods. Nevertheless, if we set our scope on the broad "culture" variable in the context of post-acquisition phenomenon, we can see on Dauber's (2012) review[31] that for empirical works quantitative methods are still favored by 49%, yet the qualitative approach has gained ground with 39%. However, mix-methods have not harvest yet many followers (12%). Conversely, if we consider the literature that recognizes the influence of middle managers in the acquisition phenomenon (Appendix II), we can easily see a predominance of qualitative works based on case studies. These facts lead us to reflect on Meglio and Risberg's (2010) argument: "if we are to advance our understanding of the effects of M&As, as scholars we must rethink how we produce knowledge in this field in terms of research designs and sources of data" (Meglio and Risberg, 2010: 88).

Parkhe (1993) proposes in the study of dyadic transactions processes (joint ventures, acquisitions) the use of "unorthodox research approaches" based on three stages: exploratory research (leaning towards inductive theory generation), descriptive research (replication) and explanatory research (understanding the major findings brought by the two previous stages). Many researchers have asked M&As scholars to "get close to the action" (Parkhe, 1993: 248), arguing that so far their attitude has been rather passive (Cartwright *et al.*, 2012; Meglio and Risberg, 2010; Parkhe, 1993) implying the importance of a qualitative approach. However, some authors (Cartwright *et al.*, 2012; Rouzies, 2013; Stahl *et al.*, 2013) argue that a mix of qualitative and quantitative approach could become an excellent tool to understand the complexity of the individuals' dynamics embedded in the organizational context of M&As. A qualitative approach might allow us a deep understanding of our phenomenon of middle managers' interaction upon the

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[30] Top Tiers Journals, period 1963-2009

[31] Top Tiers Journals, period 1999-2009

acquisition strategy and its influence on value creation, and give us the key to develop our theory building exercise. Meanwhile, a quantitative approach can complement the qualitative research providing significant insights from where we can benefit (Sieber, 1973; Van de Ven and Poole, 2005). Through the complementarity of both methods we can obtain a better understanding of our phenomena as well as raising new ideas to better explain the focal relationships (Kaplan, 2016; Rouzies, 2013; Rouzies and Colman, 2012; Small, 2011). Therefore, we have followed the sequential design (Creswell, 2013; Onwuegbuzie and Collins, 2007; Small, 2011) of a qualitative and a quantitative research, based on a survey, aiming to better answer our research questions and using the survey to delve into relations that require an enlarged population for their understanding and explanation.

Therefore, the goal of this chapter is to describe our deductive-inductive approach for theory building using a mix-method methodology. Weick (1989: 517), following Sutherland (1975), defines theory as "an ordered set of assertions about a generic behaviour or structure assumed to hold throughout a significantly broad range of specific instances." He insisted, following Bourgeois' (1979) assertions, that theorizing is a process that should move back and forward between "intuition and data-based theorizing and between induction and deduction" (518). Moreover, he adds that theorizing is not the fruit of sequential thinking but rather of parallel thinking. Therefore, this work has the premise that, when theorizing, especially from raw data, the process is interwoven with deductive and inductive reasoning. So, the goal of this study is to generate a theory that is "phenomenon-motivated, existing theory informed, and interdisciplinary based" (Cheng, Guo, and Skousen, 2011: 799).

Following Samuels (2000), Shepherd and Sutcliffe (2011) express that deduction is "going from generals to particulars, deriving conclusions based on premises through the use of a system logic" and that induction is "going from particulars to general, deriving knowledge from empirical experience based upon a system of handling sense data" (Shepherd and Sutcliffe, 2011: 363). My humble point of view is that deductive and inductive reasoning are intertwined since the beginning of the theorizing process because we cannot remove from the researcher's mind his past experiences or prior knowledge that hopefully will enrich this "sensemaking" process (Weick, 1989). Indeed, I have worked for more than seven years as acquiring manager in international operations in the dairy industry in South and North America and Europe. Previously, my professional life had been marked several times by acquisitions: as a young manager, working on the integration of a small dairy cooperative to my production tasks, and later as part of Tetra Pak's professionals affected by the integration process with Alfa Laval. Therefore, I have joined this doctoral enterprise with a baggage of questions and reflections that have enriched my discovery process. Yet, those reflections were challenged under the light of existent theories. So, as research is "always personal" (Barley, 1990; Van Maanen, Sørensen, and Mitchell, 2007): experience and theory, induction and deduction have always been present and interlaced since the beginning of this: "my" journey.

In the following points, we describe the roadmap of this work's methodology (see Figure VI). This road map consists of eleven steps and along these steps we developed insights into the research methodology adopted. At every step we make explicit the type of reasoning used and the outcome expected. Noteworthy, the development seen in previous chapters is already the outcome of this path and it is described from steps one to five.

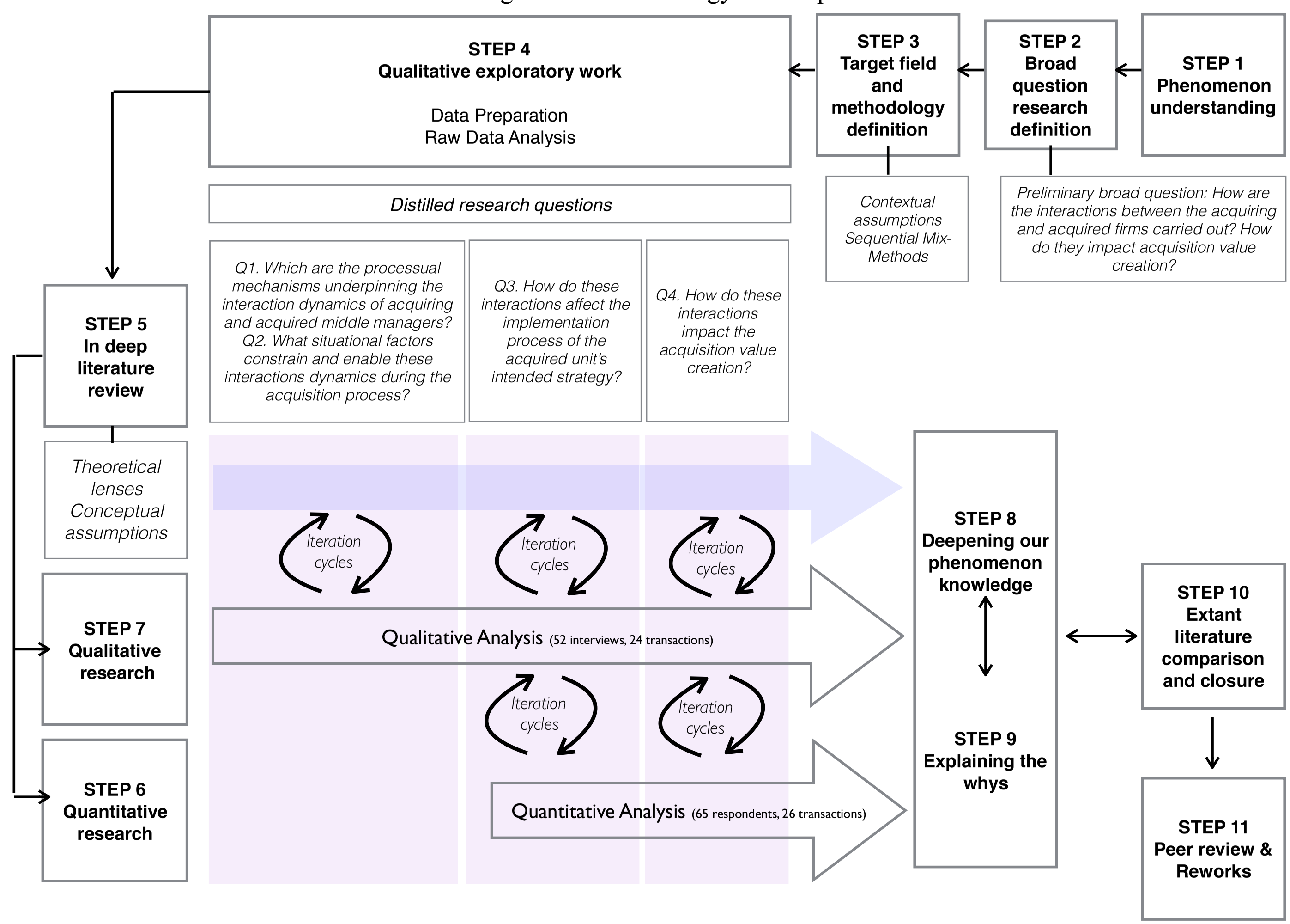
3.1. Step one - Phenomenon understanding

The goal of this first step is to "acquaint the researcher with the state of the research and theory about the phenomenon of interest" (Holton and Lowe, 2007: 305). This search in the literature allows the researcher to identify the main constructs and their relationships. This work encompasses the main journals in the field and books that might appear to be important to the phenomenon. This enables the researcher to see which are the tensions, conflicts or contradictions that exist (Shepherd and Sutcliffe, 2011) in order to find the possible gaps or to find assumptions that might be questioned (Sandberg and Alvesson, 2011).

Types of Reasoning: Inductive (from previous experience), deductive (from literature)

Outcome: Idea of the state of the literature of the field, the main constructs treated, possible gaps or assumptions to be challenged.

Figure VI: Methodology roadmap



3.2. Step two - Broad question research's definition

This step aims to identify a broad research question in order to enter the field with a "well defined-focus" (Eisenhardt, 1989: 536). Eisenhardt (1989) warns that if we enter the field "without a research focus it is easy to become overwhelmed by the volume of data" (536). Sandberg and Alvesson (2011) delineate a classification of the ways to produce a research question, as it is shown in Table IV.

Table IV- Research question generation
(From Sandberg & Alvesson (2011) pages 29-31 and 38-39)

Gap-spotting	Confusion spotting	Searching for competing explanations in the existing literature
	Neglect spotting	Identify a topic or area where no research has been carried out. Virgin territory.
	Application spotting	Shortage of a particular theory or perspective in a specific area of research. Provide an alternative perspective to further our understanding of the particular subject.
Assumption-challenging	Critical confrontation	Identification of shortcomings. X area that lacks a critical perspective.
	New Idea	The author emphasizes a new idea. Avoid building on and challenging existing studies. It calls for original thinking and a high level of self-confidence.
	Quasi-problematization	There is a Problematization claim, but the researcher is smuggling in a prefabricated, ready-made alternative to what is presented as genuine Problematization.
	Problematization	Critical rethinking of a particular theoretical tradition.

These authors stress the importance of generating questions by challenging the assumptions of the existing theories and they place at the end of their continuum problematization, which they define, following Foucault (1985), as an "endeavour to know how and to what extent it might be possible to think differently, instead of what is already known" (32). They link problematization with disruptive modes (contrary to track-bound modes), aiming at "confronting or preventing a particular logic from being outlined" (39). Nevertheless, they present problematization as an ideal type saying that it can be present in track-bound modes and yet that these modes can vary along the research process.

Our study is the result of a mix between "confusion" and "application" gap spotting, and critical confrontation. It is confusion gap spotting because we are trying to open the

Pandora box of culture and go deeper into micro-interactions. It is application gap spotting because we are recognizing the agency of middle managers and we want to better understand their influence on the acquisition process while enlarging the integration phenomenon to the whole acquisition process. Moreover, we want to question the idea of corporate middle managers as powerful actors and local middle managers as resisting players. And finally, it is critical confrontation because we aim to challenge important M&As literature assumptions as we have seen in the first chapter.

When defining the research question, there is also a pre-selection of the constructs to handle. Eisenhardt (1989) advises that the main constructs should be delineated at this stage.

Type of reasoning: mainly deductive

Outcome:
Broad preliminary question*: How are the interactions between the acquiring and acquired firms carried out? And how do they impact acquisition value creation?*
Main constructs*: Interactions, value creation*

3.3. Step three - Target field and methodology definition

Having defined a broad preliminary question and main constructs, there is the consequent set up of the focus actor (middle managers) and the level encompassed by the research (micro-level). Now, the next step is to design the research methodology, clearly defining the contextual assumptions or the "real-world limits or the domain of the theory" (Holton and Lowe, 2007: 312).

Here, we had to delineate the methods of data collection and the way this data is going to be grouped. For example, if they will be treated as cases (Eisenhardt, 1989) or as segregated interviews, also if they will be joined by archival data and/or surveys. We predefined here how the data had to be collected, the type of interviews, the questionnaire formulation (see Patton, 2002) and the use of surveys. Two important remarks from Eisenhardt (1989): 1) triangulation using different methods of data collection strengthens the theory; 2) the combination of qualitative and quantitative data can be “highly synergistic”.

Outcome:

Contextual assumptions: *Cross-border acquisitions, related, acquirer is a MNC, acquired is smaller than the acquirer, acquired might see the acquirer as an opportunity for business* (see Chapter 2 for an in-depth description)

Research methodology: *Sequential mix-methods*. We conducted an exploratory qualitative research followed by a quantitative research (survey) and an in depth qualitative study (interview based-logic).

3.4. Step Four - Exploratory qualitative work

In this step we designed the exploratory qualitative portion based primarily on retrospective standardized open-ended interviews treated as segregated units. Next, we describe the exploratory qualitative research design and its field work.

Research design: The research strategy is to collect information via retrospective standardized open-ended interviews. The *unit of analysis* is the experience lived by middle managers that were going through a process of acquisition. The interviewed middle managers were either part of the acquiring group that participated in the takeover or from the acquired company. The interview questionnaire is focused on the experiences lived during the process of acquisition: their individual expectations, the interactions between people from both organizations during the process, and their involvement during the two phases of the acquisition process (see interview guide on Appendix III). The interviews follow a “story-telling” approach (Mantere and Vaara, 2008) letting the interviewees interpret and answer the questions without much intervention, and allowing them to focus on the points that they considered relevant. Also, prior to each interview we retrieved information about the transaction from newspapers, press-releases, and company web sites in order to understand the context of the transaction. This context understanding allowed us to create a frame from where to reflect on the interviewees’ accounts (Alvesson, 2003; Mantere and Vaara, 2008).

Therefore, our main source of information is open-ended interviews that obviously have a retrospective characteristic, a fact that may pose limitations to the findings of this research. However, as argued by Mantere (2008: 164) following Harré and Secord (1972), individuals are "the best source of information when inquiry is made on the character and motivations for their activity." These are characteristics that underpin the activities that we are exploring and help middle managers in their recomposition of strategic roles. Furthermore, the interviews were carried out with informants that lived in different phases of the acquisition process. By the time they were interviewed, some of them were immersed in the pre-acquisition phase and others in different stages of the post-acquisition phase. This allowed us to get better descriptions of their actions at the different phases that were fresh and present in their memories. It is important to remark that for those that were in an advanced stage of the post-acquisition phase, it could be true that their memory may be selective; nevertheless, they might reach a deeper level of reflection of the causality of their actions which can bring interesting data to the analysis. This way of collecting data allows us to penetrate a difficult field where access to observations might be difficult if not impossible. Moreover, authors in the field claim to arrive to the same conclusions when using retrospective interviews or observations (Cartwright and Schoenberg, 2006).

Data Collection: The sampling was purposeful trying to find cases that were rich and varied in lived experiences, i.e. heterogeneity (Patton, 2002). We used the method of snowball (Patton, 2002) to select our informants, starting with this author's contacts. At this point we started keeping a "reflexive journal" (Lincoln and Guba, 1985) where we were logging perceptions and concerns about the interviews, the way the interviews occurred, problems or doubts about the data analysis, and also start answering questions such as "What am I learning? And how does this [data] differ from the last?" (Eisenhardt, 1989: 539).

For this exploratory qualitative work, we have interviewed 26 middle managers that have lived through an acquisition experience during the period from 2004 to 2012. The heterogeneity was enhanced by investigating transactions from North and South America, and Europe. To assure credibility of the data, we have used source triangulation (Lincoln and Guba, 1985), gathering the data from different perspectives (acquired, acquiring, relation 54:46), different acquisition transactions (thirteen) and different activity sectors (Insurance, Banks, Equipment & Engineering, Agro-industry, Bio-technology, IT, Petrochemical, Chemical and Biotechnology). Moreover, at this stage there were three transactions where we have been able to interview middle managers from the acquiring firm and middle managers from the acquired one, which allowed us to contrast both perspectives within the same transaction.

Owing to this author being trilingual, interviews were performed on the interviewee's mother tongue or working language (Spanish, French or English). These interviews lasted in average 90 minutes and they were recorded. All the interviews were transcribed and the transcriptions were kept in the original language. They yielded 280 pages (single line). Of the whole group, 20% were women and again from the total group 60% were between 40 to 50 years of age. In all the cases, the informants' identities and their company remain anonymous.

Data analysis: Firstly, we became "intimately familiar" with each "stand-alone entity" (interview) (Eisenhardt, 1989: 87). Secondly, we conducted what Gioia, *et al*. (2013) call 1st order analysis, i.e. the codification of the raw data using informant-centric terms and codes. Therefore, in this case, using Atlas.ti we have coded this raw data looking for activities that showed evidence of middle managers' enactment of the strategy roles (Floyd and Wooldridge, 1992b; 1994) or of any other role that could emerge to support these roles. As we are investigating a process, at this time it was important to separate what we can consider as phases of the study (example: pre-acquisition, post-acquisition), a technique called bracketing (Langley, 1999). It is here when we realized the importance of the stage in between the pre-acquisition and the post-acquisition, which we have called negotiation (Weber, 2012). This negotiation stage starts with the signature of the purchase agreement and finish at the initiation of the takeover. We have also evidenced the importance of the processual characteristic of the interactions dynamics of middle managers along the acquisition process and about the impact that these interactions had on the strategy formation.

Thirdly, during the codification process we started finding similarities among the different codes (subcategories) making it possible to generate encompassing categories and reducing in this way the number of codes (Gioia *et al*., 2013). It was important to be systematic and keep a table with all the names of the codes and their signification (Wolfswinkel, Furtmueller, and Wilderom, 2011). The codification can easily become overwhelming if the researcher does not keep track of the codes –categories and subcategories. At the completion of this task, we were able to start answering the question: "What's going on here?" (Gioia *et al*., 2013: 20). This exploratory work's analysis allowed us to refine the research question (considering concepts from step two), focus on fewer constructs, and find new emergent constructs.

Type of reasoning: mostly inductive.

Outcome:
Distilled research questions: *Q1- Which are the processual mechanisms underpinning the interactions dynamics of acquiring and acquired middle managers? Q2- What situational factors constrain and enable these interactions dynamics during the acquisition process? Q3- How do these interactions affect the implementation process of the acquired unit's intended strategy? Q4- How do these interactions impact the acquisition value creation?*
Emergent Constructs: *Selling corporate projects, bridging two organizations.*
Focal Constructs: *Middle managers' interactions, value creation.*

3.5. Step five - In depth literature review

Once we had a more precise set of research questions and constructs, we went back to the literature performing a more exhaustive research. We have extended and focused the literature review from step one, adding articles as a result of the new question and constructs. Finding forward and backward citations was important to enrich the quality of the literature review (Wolfswinkel *et al*., 2011). The literature was analyzed by constructing tables where we differentiated theoretical lenses, main constructs, main findings, methodology, etc. (see Appendix II).

Keeping in mind the exploratory work, the distilled research question and the literature analysed, we decided on the theoretical lenses we used to frame or to study the phenomenon. At the same time we defined our conceptual assumptions. This led to a further selection of constructs allowing us to prepare a preliminary theoretical framework and, in turn, to actual propositions (Whetten, 2002).

Type of reasoning: induction-deduction.

Outcome:
Theoretical lenses: *Middle managers' strategy roles, sensemaking, practice approach* (see Chapter 2).
Conceptual assumptions: *Process, knowledge, agency* (see Chapter 2).
Set of constructs and preliminary theoretical framework: *See figure V and Table III* (in Chapter 2).

3.6. Step six - Qualitative research

In parallel with the quantitative research (Step 7) we performed an in depth qualitative research.

Research design: We have maintained the same research strategy as the one described in the exploratory qualitative work (step four). We kept the same interview protocol and sampling method.

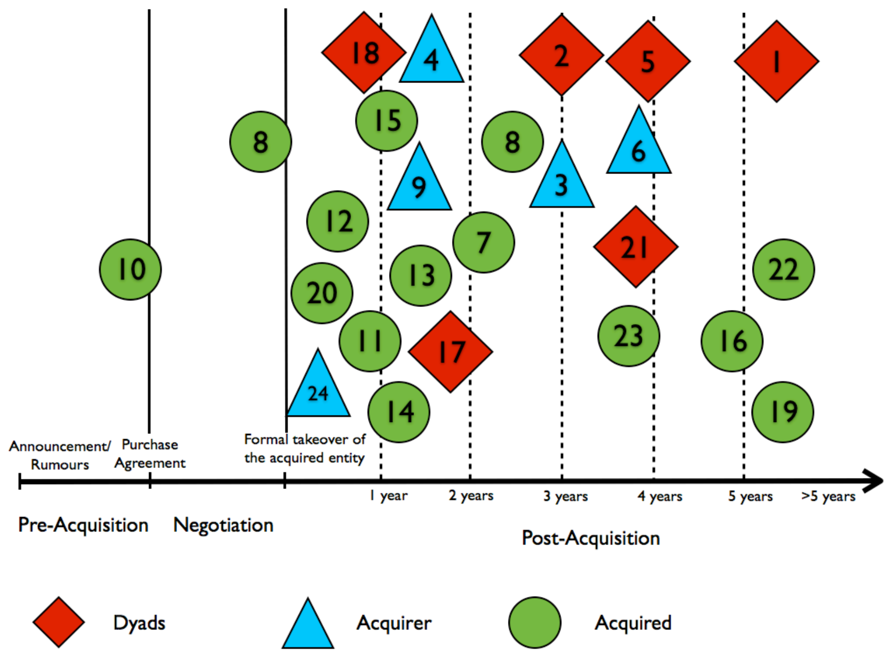
Data collection: Overall, we interviewed 52 middle managers, 28 acquired middle managers and 24 acquiring ones that were deeply involved in an acquisition process from 24 different transactions performed during the period of 2004-2014. In Appendix IV we describe the transactions' background characteristics. These transactions were still from North and South America and Europe and belonged to different activity sectors: Insurance, Banking, Equipment & Engineering, Consulting, Food-industry, Automotive-Industry, Brewery, IT, Petrochemical, Chemical and Biotechnology. In this second phase, there are six transactions where we were able to interview middle managers from both the acquiring firm and the acquired firm, which allowed us to follow the same story from both perspectives.

As we have defined, middle managers are managers hierarchically placed two levels below the CEO and above the first level of supervisors (Huy, 2002, 2011, Rouleau 2005). These managers have the unique combination of having access to top management and operational knowledge (Wooldridge, *et al* 2008). Though, in the context of cross-border acquisitions, the entire management of the acquired company falls into this definition (Balogun *et al.*, 2015; Cannella and Hambrick, 1993; Rouleau *et al.*, 2015). It is noteworthy that none of the interviewed acquiring middle managers had the position of integration manager (Teerikangas *et al.*, 2011), as an 'external' person responsible for coordinating all the integration activities. Only one of them had a similar position, i.e. this manager was the general manager of the acquired unit; however, bestowed with 'long-term' responsibilities. All the other managers were in charge of running integration projects for their own functions (operations, finance, and sales) while keeping their normal duties. Overall, 42% of them were reporting directly to the top management, 29% were second lines and 29% third lines in the acquiring hierarchy. As per acquired middle managers, 7% of them were general managers of the acquired firm and the remaining managers were from different areas such as operations, human resources, marketing, sales, quality control, and finance (54% were reporting to the general manager and 39% were second line managers). Overall, from both groups, 46% were between 40 and 50 years of age, 21% between 30 and 40, and 33% between 50 and 60. Moreover, 21% of the managers were females.

As we have previously said, the retrospective interviews focused on their experiences during the acquisition process and were carried out with informants who were at different stages of the acquisition process (see Figure VII). This allowed us to evaluate the way they make sense of the acquisition at these different stages. To cope with the detachment and the selective memory of middle managers who were at an advanced stage of the post-acquisition process, we followed the suggestion of Rouleau and Balogun (2011) regarding the retrospective study of strategic sensemaking, which is to constantly ask interviewees to tell us what they did and what they said.

As we said, prior to each interview we retrieved information from newspapers, press releases, and company websites in order to understand the context of the transaction (overall more than 200 documents) and have a better background for our reflections. All the interviews were recorded and transcribed and most had the duration of around 80 minutes. The transcriptions were kept in the original language (French, Spanish and English) and yielded 560 pages (single-spaced).

Figure VII – Stages at which the interviews were conducted for each transaction



Data Analysis: During this phase we explored the practices (e.g., what they said and what they did) through which they constructed their interpretations (Gioia *et al.*, 2013). These sensemaking practices underpinned the middle managers' strategic roles during the ambiguous acquisition process and allowed us, at the same time, to differentiate the perspectives of middle managers from both groups. So, the unit of analysis was the experiences of each middle manager who underwent a process of acquisition, with a special focus on how they constructed and understood this experience (Gioia *et al*., 2013). By positioning our unit of analysis at the individual level, the overall context of the acquisition is somehow lost; however, it allows us to deepen the analysis of the sensemaking process experienced by the middle managers along the acquisition.

Moreover, the insight gained from managers coming from different transactions allowed us to find common patterns on the real nature of middle managers' work during change that replicates independently of the particular acquisition context. The raw data were analyzed in three stages and coded using the Atlas.ti software. In a first phase, we divided the data into the three stages of the acquisition process proposed by Weber (2012): pre-acquisition, negotiation, post-acquisition. The pre-acquisition stage starts with rumours about the acquisition in the acquired company or the press announcement of the transaction. The negotiation stage begins with the signing of the purchase agreement and finishes when the acquiring company takes control of the acquired operation. The post-acquisition stage commences when both groups of middle managers officially start interacting. There is no defined limit for this stage (Birkinshaw *et al.*, 2000). This strategy allowed us to "examine" the general characteristics of each stage and to familiarize ourselves with the expressions and terms used by the interviewed middle managers.

In a second phase, we built two repertoires of sensemaking practices, one for the acquirer and the other for the acquired firm managers (Teulier and Rouleau, 2013). These repertoires contain the data related to what middle managers told us about what "they said and they did" in order to make sense of the integration process according to the different stages of the acquisition. In this first-order analysis, or informant-centric coding (Gioia, *et al*. 2013), we sought to identify all the categories related to how the middle managers made sense of the acquisition process generating around 75 codes per each repertoire along three acquisition stages. By looking at similarities and differences among these codes we reduced the number of categories to around 40 for each group of managers.

In a third phase, we performed the second order analysis (Gioia *et al.*, 2013; Gioia and Chittipeddi, 1991), i.e. we looked for the deeper analytical structure underlying these categories. We grouped the categories that seemed to go together and labelled them with phrasal descriptors that helped us to describe the studied phenomena (Gioia *et al.*, 2013). This theory-building exercise revealed 14 sensemaking practices for acquired managers and 13 for acquiring managers along the three stages of the acquisition process. To extend this second-order analysis, we sought to theoretically aggregate these sensemaking practices at a higher level. To do so, we carried out the same process as before, examining the similarities and differences between these practices to group them and finding three broad forms of sensemaking practices that kept repeated at each stage: *framing the change, interacting through action*, and *building the future*. This work is summarized in the Data Structure (See Appendix V and VI). As sensemaking processes are initiated by a trigger (Maitlis and Christianson, 2014; Sandberg and Tsoukas, 2015), in the data structure of the pre-acquisition stage, we have an initial aggregated dimension that we have named the trigger (see Appendix V).

Type of reasoning: mostly induction.

Outcome: First and second order analysis – Data Structure

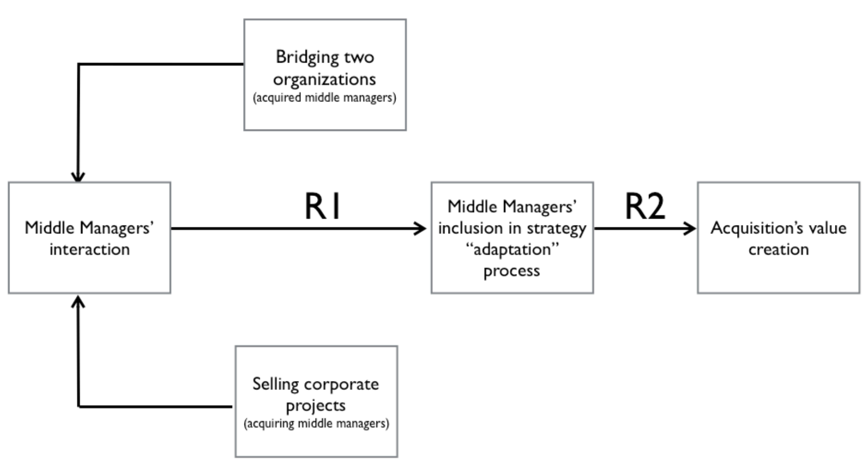
3.7. Step seven - Quantitative research

The goal of this step is to design a survey based on our exploratory qualitative work (step four). We aim to gain further understanding of our phenomena and to complement the insights brought by the qualitative portion. It is true that the answer from a respondent in a survey represents only a picture of the phenomenon in a due moment (cross-sectional), and as Van de Ven and Poole (2005) suggest, it is not going to be of help to understand how the changes developed. However, these authors also clearly state that: "the blindness is to regard one form of representation as superior to all others, and thereby deprive ourselves of the insights that other forms of research can yield" (1395), so we consider important to add a variance insight to our processual model. Kaplan (2016: 15) underlines that the value of mix methods is the possibility to iterate "between that which can be counted and that which cannot in order to generate richer insights about the phenomena of interest."

Research design: The analysis made from our exploratory work and the in-depth literature review were the pillars of the preliminary framework presented. So, we aim to use this quantitative method to get a better understanding, and from a larger population, about two of the relationships represented on the preliminary conceptual framework: the relationship between *middle managers' interactions* and *middle managers' inclusion in the adaptation process* (R1), and the consequent relationship of the later with *acquisition's value creation* (R2) (see Figure VIII). These two relationships correspond to proposition 2 and 3 respectively (Chapter 2).

The target population for the survey are ***acquired middle managers***. We made this decision because they represent an identifiable target: middle managers that work for the acquired organization. Conversely, acquiring middle managers are not as easily reachable, as not all the managers working for the acquirer would be involved in the takeover of acquired organizations. We have also respected the defined contextual assumptions by looking for managers involved in cross-border transactions where both firms were related, the acquired was bigger in size, and they were not hostile acquisitions. We have also imposed another constraint: the respondents have to be living on the integration phase (less than five years after the takeover) and they have to be experiencing at least the second year of integration (time to initiate a bond with the acquirer organization). For practical reasons (language), and economic reasons, the questionnaire was developed in English and Spanish, and provided according to the local organization's language.

Figure VIII: Variance conceptual framework



Data collection: The sampling method was non-random, which is commonly used when the goal of the study is not to generalize but to obtain insights to complement the understanding of the phenomena (Onwuegbuzie and Collins, 2007; Teddlie and Yu, 2007). The survey was made and distributed via internet using Qualtrics. We have used two techniques to approach the targets[32]. First, by searching for transactions that complied with the restrictions posed and contacting managers via email (using LinkedIn as database). Second, it was via a snowball-chain, which started from this author's contacts (using social networks such as Facebook and LinkedIn). The first technique was perceived as intrusive[33] by the managers that we contacted; therefore, we stopped its use. Hence, we made full use of the second technique. Consequently, the resulting sampling scheme was non-random and convenient, reaching out to respondents that were conveniently available and willing to participate in the study (Onwuegbuzie and Collins, 2007). With our research we have confirmed the difficulty of the field's accessibility (Angwin and Meadows, 2015; Cartwright *et al.*, 2012; Meglio and Risberg, 2011). We have received 65 completed questionnaires, a response rate of 74.71%. These respondents belong to 26 different transactions that took placed in North America (11), South America (5), Europe (7) and Oceania (3). Nine transactions overlapped with the qualitative research, yet from there only five respondents participated of it. General descriptive statistics and demographic measures of this survey population can be seen in Appendix VIII.

We cannot determine the population of middle managers that are exposed to an acquisition process, yet we can say that they are numerous. Just as a reference, as we have said, Marmenout (2010) says that one in every three managers will face an acquisition experience in their lifetime. Notwithstanding, if we consider similar studies in the M&As field, our sampling size seems reasonable. For example, Heimericks & Schijven (2009) in their study on learning, they conducted a study using mix methods with 37 interviews and 85 surveys (400 sent out). Angwin and Meadows (2015) in their work on integration

[32] Our first attempt was to contact organizations. We have contacted four organizations (acquirers) with strong ties with the author. However, they refused the invitation at organizational level. Notwithstanding, some of the executives agreed to suggest some contacts but at personal level.
[33] As we contacted the managers via email we started receiving comments as the following one: "Where did you get my contact info? It might difficult to get people attending surveys links from unknown senders"

strategies have conducted 21 interviews and received 70 completed questionnaires (response rate 30.17%). Marmenout (2010) in her experimental setting to study employees' reactions after the acquisition's announcement, she had 81 respondents divided into 8 scenarios. Also, Leung *et al*. (1996) in their study of job satisfaction in international hotels' joint ventures, they collected data from 42 hotels encompassing 137 participants.

Survey design: The design of the questionnaire was meant to be completed in 15 minutes. The initial questionnaire was prepared in English. This questionnaire was tested for clarity and duration with three native English speakers and five non-native English speakers. These people were PhD students from HEC Montréal and McGill universities. After completion, we had discussion sessions of about 15-20 minutes. The questionnaire was also examined by a professor from HEC with recognized experience in surveys. After introducing the modifications suggested, I did the translation into Spanish (my mother tongue). This Spanish version was also tested for clarity and duration by three native Spanish speakers from the PhD program at HEC Montréal and we have also performed discussion sessions. Once the two questionnaires (English and Spanish versions) were ready to use, we set another round of tests but now having as respondent managers that we interviewed during our exploratory work. We sent out ten questionnaires and we received five questionnaires back (three in Spanish and two in English). On the one hand, we asked them to evaluate: duration, clarity, easiness and tediousness. On the other hand, we checked for consistency with their respective interviews. We also ran discussion sessions with all of them. We had only two people with concerns about one question that was reformulated. The consistency between the interviews and the answers to the questionnaire was excellent (construct validity). The final survey (English version) can be seen in Appendix VII.

In the following points, we describe the variables used to measure (independent variables, mediator, dependent variable) and their operationalization.

Independent variable - Middle managers interaction intensity**:** Rouzies and Colman (2012: 145) define interactions as "the face-to-face or distant contacts between members of the organizations engaged in the integration process" in their study about the relationship of identification and interactions in the context of a French-Norwegian acquisition. Their instrument had just one item asking: "How often do you interact with the partner's employees?" (148), and the possible answers: not at all, once a month, once a week, once a day, several times per day. Our study is specific to middle managers and we would like to go further by asking about specific ways of interactions but keeping the same scale as Rouzies and Colman (2012).

This cluster is made up of the following items:
- Interactions in general with corporate managers
- Informal face-to-face meetings with corporate managers
- Formal meetings with corporate managers (fewer than 10 persons)
- Informal telephone conversations, mail or chat (for example using "office communicator")
- Conference calls

From insights from our exploratory qualitative research we found that an important type of interaction is working conjointly in projects, because of this we consider important to evaluate the following interactions as a separate group of items:

- Co-managing projects with corporate managers
- Managing projects under the direct supervision of corporate managers

The scale here takes the form of a yes or no question. And if there is a positive answer, we ask to explain how long (less than six months, between six months and one year, more than one year). This might allow us to learn about the importance given to this type of interaction.

Mediators: Following Jaccard and Jaccoby's (2010) terminology, "*middle managers' inclusion in strategy adaptation process*" is a mediator. And according to the discussion on Chapter 2 we considered it as a complete mediator. We understand that the level of inclusion on the strategy adaptation process is given by the *level of strategy roles' enactment*; i.e. these managers are successfully performing Floyd and Wooldridge's (1992) roles of championing and synthesizing (160) and also their implementation role.

Therefore, from Floyd and Wooldridge's (1992: 160-161) list of items we took those that we considered more important in the context of international acquisitions.

Championing items:
- Evaluating the merits of new proposals
- Searching for new opportunities
- Proposing programs or projects to higher level managers

Synthesizing information items:
- Gathering information on the feasibility of new programs
- Communicating the activities of competitors, suppliers, etc.
- Communicating the implication of new information when assessing the external environment

These items adapted into questions are measured again using a Likert-type scale (1-never, 5-very frequently). All these items were posed in the form of concrete situations in the questionnaire.

To evaluate their implementation role we used the scale of "perceived implementation success" (Noble and Mokwa, 1999; Turner Parish, Cadwallader, and Busch, 2008). Noble and Mowka (1999: 60) define perceived implementation success as "the extent to which an implementation effort is considered successful" by the members of the organization, in this case the voice of middle managers. Here we are not measuring frequency of action, yet we are measuring the perceived fruitful effort of middle managers in their implementation role. Their instrument is made up of the following items:
- The implementation of this change was effective
- Our implementation effort for this strategy was effective
- I personally think the implementation of the strategy was a success

This is assessed in a five-point Likert-type scale where 1 equals "strongly disagree" and 5 "strongly agree."

Dependent variable: The dependent variable is "acquisition's value creation" and as we have stated along this work, it will be a measure for the focal acquisition. Following

Cannela and Hambrick (1993) we will measure value creation by asking: how would you rate the performance of the acquired firm at the time of the deal and at present (Cannella and Hambrick, 1993: 144). Again the scale will be a 5 point Likert-type scale (1: very poor, 5: very good). Due to accessibility and confidentiality reasons, we have been unable to add the voice of the acquirer's top managers to this measurement. Acquisitions are a sensitive field with difficult access (Cartwright *et al*., 2012; Meglio and Risberg, 2010; 2011), and even more so to respondents from different hierarchical stratus from the same organization.

Control variables: The survey contains control variables related to the transaction, such as:

- Previous contact with the acquired (as part of a joint venture, past subcontractor, etc.).

- Prior acquisition experience of the manager and of the acquired organization.

- Socio-demographic variables, such as gender, level in the organization (starting from the head of the local facility), level of education, years in the local organization, years of working experience.

- Cultural distance: In the case of *national culture* difference as indicated by Stahl and Voigt (2008), the most common instrument is Kogut and Singh's (1988) index, that as they explain is based on Hofstede's (1980) dimensions of national cultures (see Kogut and Singh, 1988, 422).

$$CD_j = \Sigma \{(I_{ij} - I_{iu})^2/V_i\}/4 \quad \text{from i=1 to i=4}$$

Where :

i	Represents Hoftede's index
j	Acquirer's country (country where the head office is located)
u	Acquired's country (country where the head office is located)
V	Index's variance

The data to calculate these values were taken from Hofstede and colleagues (2010). To calculate each dimension distance (power distance index, individualism index, masculinity index, and uncertainty avoidance index) we have used the following formula:

$$DD_j = \{(I_{ij} - I_{iu})^2/V_i\}$$

An overall picture of propositions, constructs, measurement items, operationalization and sources can be seen in Table V.

Type of reasoning: deduction-induction (survey crafting).

Outcome: Quantitative design research and quantitative field work. The survey's questionnaire can be seen in Appendix VII

Note: To enhance clarity the quantitative analysis is described and explained in Chapters 6 and 7.

3.8. Step eight - Deepening on our phenomenon's knowledge

At this point, we had defined our theoretical framework with its set of constructs and its propositions. The analysis of the qualitative research had reached the "theoretical realm" using now "research centric concepts, themes and dimensions" (Gioia *et al*., 2013: 20) in order to answer the research questions. Insights brought by the quantitative analysis were contrasted with the qualitative insights leading to an iteration cycle among: qualitative and quantitative input and extant literature. Therefore, the raw data has been converted into different conceptual concepts (constructs) and processes that we used to describe and explain the phenomenon in a richer and deeper way. We represented these ideas using narratives, diagrams, and tables.

Type of reasoning: induction-deduction (deduction from quantitative analysis)

Outcome: Refined conceptual framework represented as diagrams, tables and/or narrative (construct relationships).

Table V – Constructs and their operationalization for quantitative informed propositions

Proposition	Construct – (*Measured Construct)*	Measurement Items	Data source – Operationalization – Related scale
Proposition 2: The interaction between both groups of middle managers positively influences the inclusion of both groups in the process of strategy adaptation.	Middle managers interaction (*Interaction intensity*)	-Interactions in general with corporate managers -Informal meetings with corporate managers -Formal meetings with corporate managers (less than 10 persons) -Informal telephone conversations, mail or chat -Conferences calls -Co-managing projects with corporate managers -Managing projects under the direct supervision of corporate managers	Survey acquired MM Likert-type scale 5 points (frequency) Last two items yes/no. If yes length of the period involved in these projects. Related Scale: *Rouzies and Colman (2012)*
Proposition 3: Acquired and acquiring middle managers' enactment of the emergent roles fosters their interaction enabling the recovery of their strategy roles and allowing them to be part of the strategy adaptation process. These strategizing activities are positively related to value creation for the focal acquisition.	MM's Inclusion in Strategy "adaptation" process (*Strategy roles' enactment*)	Championing items: - Evaluating the merits of new proposals - Searching for new opportunities - Proposing programs or projects to higher level managers Synthesizing information items: - Gathering information on the feasibility of new programs - Communicating the activities of competitors, suppliers, etc. - Communicating the implication of new information when assessing the external environment	Survey acquired MM Likert-type scale 5 points, frequency with which they performed these actions. Related scale: *Floyd and Woodridge (1992a: 160)*. From their list of item from upwards roles (championing and synthesizing).
		Implementation: - The implementation of this change was effective - Our implementation effort for this strategy was effective - I personally think the implementation of the strategy was a success	Survey acquired MM – Likert-type scale 5 points (strongly disagree – strongly agree). Related Scale: *Noble and Mokwa, 1999, Parish et al. 2008.*
	Acquisition's value creation	Performance assessment of [the acquired firm] at the time of the deal and on the date of the survey. Based on Cannela and Hambrick (1993).	Survey acquired MM Likert-type scale 5 points (poor, very good) Related scale: Cannela and Hambrick (1993).
Controls	Previous contact with the acquired (as part of a joint venture, past subcontractor, etc.). Prior acquisition experience of the manager and of the acquired organization. Socio-demographic variables, such as gender, level in the organization (starting from the head of the local facility), level of education, years in the local organization, years of working experience.		Survey acquired MM
	Cultural Distance (national)	Cultural distance: Kogut and Singh (1988, p.422) Cultural dimensions distance, units from Kogut and Singh formula	Data source: Hofstede *et al.* (2010)

3.9. Step nine - Explaining the whys

In the previous step we sketched the answers to the research questions establishing valid relationships between the constructs. This step's goal is to go deeper and find the "why behind those relationships" (Eisenhardt, 1989: 533), finding and differencing push and pull type causalities (Van de Ven and Poole, 2005). Even if the entire process is iterative in nature, the searching for the why is a constant iteration between the data (1^{st} and 2^{nd} order analysis) and the conceptual frame (outcome of step eight, where we have already acknowledged the extant literature). The search for the whys will simultaneously demark or refines the system's states of the theory, that are the "conditions under which the theory is operative" (Holton and Lowe, 2007: 312).

This step involves creativity that should be embedded in intuition, serendipity, permissiveness, and imagination (Weick, 1989). Weick (1989) coined the concept of "disciplined imagination" to describe the process of generating conjectures to uncover the whys of those relationships. According to Weick, those conjectures are the result of "thought trials" that follow a path that resembles an evolution process with steps to variation or generation of conjectures (that ideally should be heterogeneous and independent), selection, and retention. For him, selection and retention criteria should be diverse, however consistent, to have a higher probability to produce as outcome a good theory. He stresses the use of plausibility instead of validity as "umbrella criteria." Plausibility can be assessed by a series of selection criteria such as interestingness, obviousness, connection, believability, beautifulness, reality. This following remark is more than interesting: "The criterion [of reality] invokes a combination of experience, practice, and convention to select among conjectures, whereas [interestingness] rely more heavily on imagined realities as selector" (Weick, 1989: 528). He claims a balance between both, and also to avoid changing the later criteria to "that's in my best interest" (528).

Type of reasoning: mainly induction (also intuition).

Outcome: Refines description of the whys for the established relationships.

3.10. Step ten - Extant literature comparison and closure

The goal of this step is to compare the explanation of the emergent concepts to what is already in the literature (Eisenhardt, 1989). The exercise of comparing to a similar theory started on step six, and as Eisenhardt (1989) argues, it helps to distill the definition of the constructs and raise the theoretical level. Nevertheless, the comparison with conflicting or dissimilar literature can help us to answer the "why not?" question. Why the resultant theory contradicts what is already published and if so, why is it that we can now explain the focal phenomenon in a more plausible way? Klein and Kozlowsky (2000) also raised the point of providing an answer to the "why not" question claiming that this exercise "help[s] theorist to refine their models, incorporating important insights or nuances" adding "diversity and depth to the theory" (Klein and Kozlowski, 2000: 26).

Evidently, as a result of this step the researcher might have to iterate the previous one. Closure is reached when performing more iterations of previous steps the "incremental improvement in [the proposed theory's] quality is minimal" (saturation) (Eisenhardt, 1989: 545).

Type of reasoning: mainly deduction.

Outcome: First version of the thesis.

3.11. Step eleven - Peer review and reworks

This final step consists of requesting colleagues to review the proposed theory. This can start by asking for help to close colleagues and professors, presenting the theory in university-internal workshops, presenting it in conferences, and participating in development workshops at conferences[34]. All the gathered input can lead to iterations of previous points in order to rework the ideas.

[34] Many of the ideas supporting this thesis have been presented in conferences such as ASAC Calgary 2013, SMS Atlanta 2013, EGOS Montreal 2013 (PDW), ASAC Muskoka 2014, EGOS 2014 (PDW & Conference), HEC Brown Bag Seminars 2014, AoM Vancouver 2016 (PDW & Conference), ASAC Halifax 2015, SMS Denver (2015), Ontario-Quebec Qualitative Research Workshop (2015), AoM Anaheim 2016 (PDW).

Outcome: Reviewed version of the thesis.

3.12. Assurance of methodological quality

3.12.1. Qualitative portion

To ensure the trustworthiness of this study we followed the techniques listed in Table VI based on Lincoln and Guba's (1985) recommendations.

Table VI – Techniques to ensure trustworthiness

Criterion Area	Technique	Notes
Credibility	Source Triangulation	The main tools of data collection are interviews, so we triangulate with data sources. The information is gathered from different perspectives (acquired, acquirer), different acquisition transactions (24) and different activity sectors (10). The inclusion of the quantitative portion increases considerably the credibility criterion of this research.
	Member Check	The "most crucial technique for establishing credibility" (Lincoln and Guba, 1985: 314). We have shared and discussed the findings with at least two of the informants at the corporate level and three at the local level. Also when possible, we wrote a brief summary at the end of each interview to recall the information with the interviewee and to confirm the adequacy of what was said (Lincoln and Guba, 1985).
Transferability	Thick description	It forms part of the strategies to analyze the data.
Dependability	Documentation (Yin, 2009)	Yin (2009) proposes a careful documentation of the research procedures as a way of increasing reliability (dependability under Lincoln and Guba's umbrella). Then we have carefully documented all the stages of the research process, including the process of interview requests.
All above plus Confirmability	Reflexive Journal	Lincoln and Guba (1985: 327) propose to have a Journal to record "a variety of information about self and method". To express concerns about interviewees, the way each interview happened, problems or doubts about data analysis, etc. This is interesting to use as a reflection base for "Lessons learned" (Patton, 2002: 564). This technique has been really useful throughout the entire process of analysis.

3.12.2. Quantitative portion

To enhance the quality of our quantitative portion of this mix-methods approach, and as we could consider each transaction as a mini-case, we have followed Yin's (2009) rationale. Therefore, we followed the criteria of construct validity, internal validity, external validity, and reliability (Creswell, 2013).

Construct validity: This means to correctly operationalize the studied constructs. Once, we have chosen the specific "type of change concept" that is to be studied (Yin, 2009: 35), Suddaby (2010) argues that we have to provide a clear definition of the construct while avoiding tautology or circularity and making explicit the essential characteristics of the concept. For this, we followed Wacker's (2004) rules for a good conceptual definition: rules of replacement, uniqueness, avoid ambiguity, parsimony, consistency, conservatism, falsifiability and conceptual understanding (Wacker, 2004: 634-637). The second step is to select the measures that effectively reflect the construct as we have previously explained (see Table V). Moreover, we pre-tested the instrument (survey) with the people already interviewed to assure that the questions asked converge with the defined construct. Finally, we discussed the content of the questionnaire with five key informants before proceeding to its implementation.

Internal validity: It refers to the problem of relating variables that have no causality link or that might be influenced by a third variable (Creswell, 2013; Yin, 2009). In this case we based our framework on an extensive exploratory work and on the conscious and reflexive analysis of the raw data that was done in order to arrive to the framework proposed (causality links). Yin (2009) proposes a way to mitigate the problems of internal validity: explanation building, addressing rival explanations, and using logic models. These are tools that we used to arrive to the model presented.

External validity: This topic relates to the ability to draw generalizable inferences beyond the sample studied (Creswell, 2013; Yin, 2009). This study could be considered as a multi-case with 26 transactions explored via survey, backed up by a qualitative study of 24 transactions (52 interviews). Therefore, the external validity seems considerably strong if we keep in mind the defined contextual assumptions.

Reliability: According to Yin (2009: 37), "the objective is to be sure that if a later investigator followed the same procedures as described by an earlier investigator and conducted the same case study all over again, the later investigator should arrive at the same findings." He stresses the point that it refers to the same case study and not to the replication of the protocol in a different case. So, the tool to address reliability is to document all the research steps. As we said before we documented all the procedures on both research: qualitative and quantitative. We have logged all the activity related to the survey implementation: questionnaire development, questionnaire pre-test, questionnaire discussion with key informants, field approach, letters requesting access, pre-analysis, SPSS analysis, and results. Also, the existence of a reflexive journal might foster reliability if it is used to learn from past experiences (lessons learned).

3.12.3. Ethical considerations

This research follows the ethic requirements of the *Comité d'Éthique de la Recherche* (CER) of HEC Montreal. The personal information gathered is confidential and the informants' identity and their company remains anonymous. Researchers have the right to quote some extracts of the interviews with the participants' consent and respecting as we said before their anonymity. We reserve ourselves the right to disclose the participant's industrial sector but not in relation to the quotations we might use.

In the case of qualitative approach, the information collected corresponds to acquisitions that happened between 2000 and 2014 and it is related to people and organizations' interactions, not to business strategies, that is why the interview's consent to participate was asked at the individual level. In the case of quantitative approach, the consent was also at individual level. In this case we targeted transactions that happened between 2009 and 2014. This research was approved by *Comité d'Éthique de la Recherche* (CER) of HEC Montreal (Certificate under project number 1393).

Chapter 4
Middle Managers' Interactions Dynamics – The Process

In the second chapter we developed our preliminary model based on our exploratory work. The goal of this chapter is to describe the interactions dynamics of middle managers from the acquiring and acquired organization along the acquisition process. As we have said before, we argue that the interactions dynamics of middle managers from acquiring and acquired firms are led by middle managers' sensemaking process. Therefore, to analyse our data we took a practice approach and we have explored the sensemaking practices, i.e. the explicit or tacit knowledge middle managers use or believe they have used (Rouleau 2013; Vaara & Whittington, 2012) in the form of more or less routinized flux of activities that are combined and deployed to integrate the two firms (Jarzabkowski, Balogun, & Seidl, 2007). In other words, when analyzing managers' accounts we focused on the practices (e.g. what they said and what they did) through which middle managers constructed and understood their interpretations (Gioia, *et al*. 2013). These sensemaking practices underpin the middle managers' strategic roles during the ambiguous acquisition process and allow us, at the same time, to differentiate the perspectives of middle managers from both groups. As Rouleau (2013: 551) expresses, this practice approach "looks for the ordinary practical reasoning by which practices are interconnected with one another and reproduce social life in organizations."

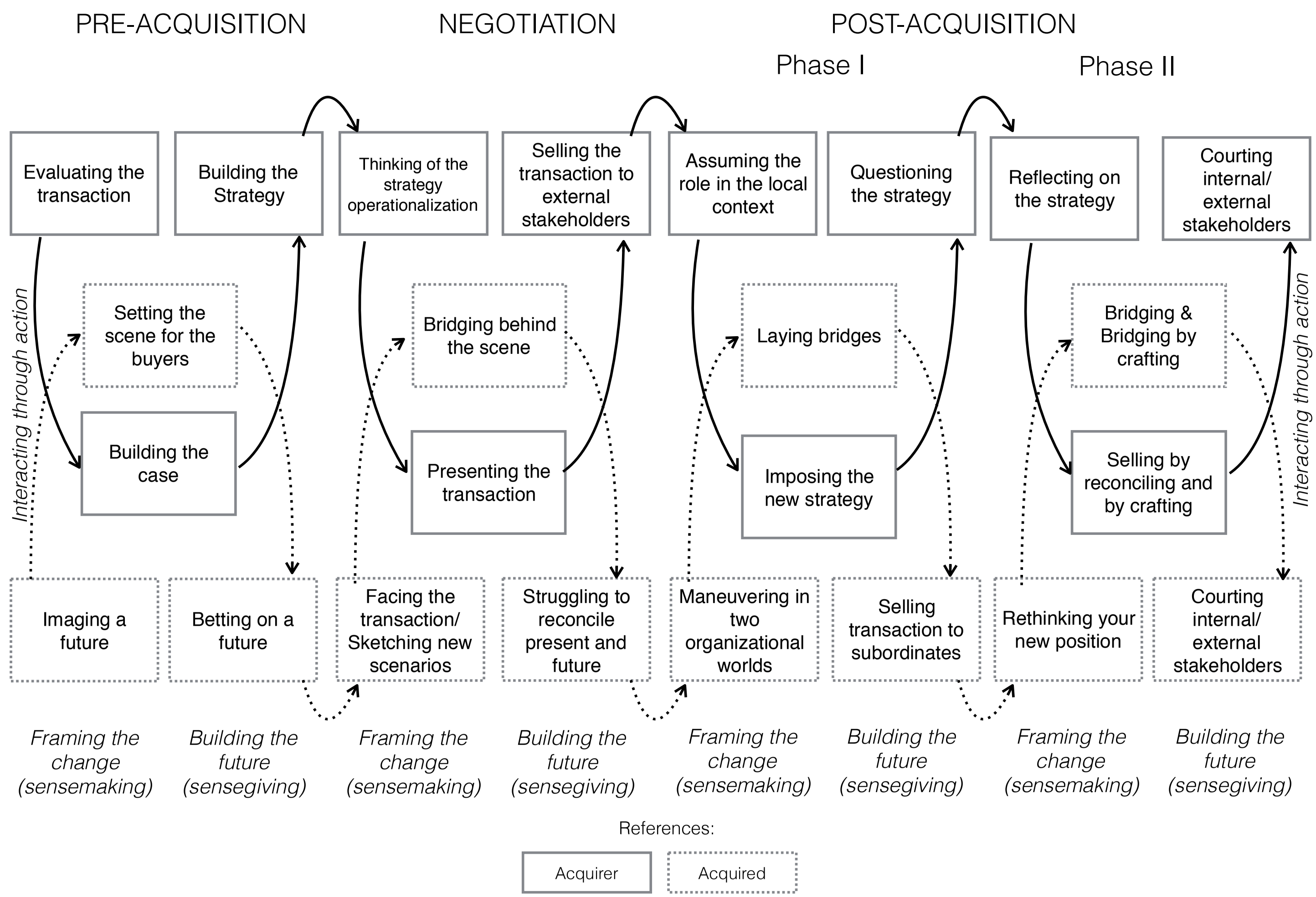
This analysis is drawn from 52 retrospective interviews from acquired and acquiring middle managers involved in 24 cross-border acquisitions. All the transactions from our sample have a relatively high level of integration and we kept the acquisition characteristic constant (relatedness, size, and deal type) setting up a common context in which middle managers from the acquiring company, in charge of running the takeover projects, were facing a completely unfamiliar context. While those from the acquired company were becoming part of a new organization and interested in maintaining or improving the performance of their firm.

For the analysis, we have divided the data into the three stages of the acquisition process proposed by Weber (2012): pre-acquisition, negotiation, and post-acquisition. The pre-acquisition stage starts with the rumours about the acquisition of the acquired company or the press announcement of the transaction. The negotiation stage begins with the signing of the purchase agreement and finishes when the acquiring company takes control of the acquired operation. This stage is normally overlooked by M&As literature. However, it is an important stage for middle managers' sensemaking process, as we will discuss further. The last stage, post-acquisition, commences with the takeover of the acquired firm and it is here when both groups of middle managers officially start interacting. There is no defined limit for this stage (Birkinshaw, *et al*., 2000).

The data reveals the existence of three sets of sensemaking practices accomplished by middle managers during the acquisition process: *framing the change, building the future* and *interacting through action*. These sets of sensemaking practices are made up of distinctive and ongoing sensemaking practices accomplished during different stages of the acquisition process (see Figure IX). *Framing the change* denotes middle managers' attempt to understand and position themselves towards the events brought by the acquisition. *Interacting through action* reflects the multiple efforts made during day-to-day activities that bring both groups of middle managers to interact. And, finally, *building the future* represents middle managers' practices through which they share their interpretations with other stakeholders.

Furthermore, we present for each stage of the acquisition process these sets of sensemaking practices accomplished by middle managers from acquiring and acquired firms in their effort to integrate the two firms. Figure IX provides an integrative view of the middle managers' sensemaking practices as it is accomplished either by acquiring or acquired managers during the acquisition process (in italic throughout the text). Complementary quotations can be found in Appendix VI: Data structure with illustrative quotes.

Figure IX: Acquired and acquiring middle managers' sensemaking practices along the acquisition process



4.1. Pre-acquisition: “We don’t speak to each other; we dance away”

Pre-acquisition stage covers the period from the announcement of the transaction until the signing of the purchase agreement. According to Maitlis and Christianson (2014: 70) “sensemaking occurs when the discrepancy between what one expects and one experience is great enough, and important enough to cause individuals or groups to ask what is going on, and what they should do next.” In the context of acquisitions, the sensemaking process of middle managers is initially triggered by the announcement of the acquisition which means a threat to taken-for-granted ways of working for the middle managers involved in the transaction, and in a more important manner for those of the target organization. Therefore, we consider important to describe this initial period, i.e. how middle managers were informed about the transactions and which were their initial feelings and expectations.

Initial trigger

> *One day we were reading the newspaper on the way to work. And it said that [our subsidiary] was put on sale, and I think it was on the front page. That was a pretty big shock because it was a company that have been over 100 years in [our country] and they had never said that was going to be on sale. (acquired middle manager)*

This quotation shows how **target middle managers** from a subsidiary of an important multinational learnt through the news that their subsidiary was going to be sold. Moreover, this divestment was announced five years before the actual transaction. The period that followed the newspaper announcement was plagued by rumours and expectations about the type of deal, the prospect new owners, and the fate of these managers. Over time, they realized that the company was investing only the necessary to keep the company running.

> *It's like that when you're selling the car, you don’t change the oil, well, maybe the tires can last a bit more… and all these things were evident. Same with the benefits for the personnel… Working for this company was like being on the top, and in the last years we had lost that shine. We were at the same level as any other company, there wasn’t any difference. (acquired middle manager)*

Even if this case seems an outliner, most of the acquired managers we interviewed learnt about the transaction from rumours[35], external or internal. Middle managers often play at the interface of the organization and the environment, so they are able to retrieve information from outside the formal internal circles, as for example from competitors or suppliers. These rumours, often denied by the head of the organization, always lead to feelings of apprehensiveness and incertitude. Other managers knew about the possible transaction because they were asked to give information for the due-diligence, and only in a few cases managers knew about the transaction by means of a formal announcement.

The announcement, formal or informal, of the acquisition provokes mixed feelings in middle managers from the target. On the one hand, they see the acquisition as an opportunity for the growth of their company, which is reinforced in some cases since the acquirer is a company from the same industry. They recognize opportunities for new investments, and the possibility of personal challenges, finding the acquirer a source of knowledge. For example, they assume that the new organization is going to bring more technical and managerial knowledge. Also, some managers see the acquirer as a source of money to palliate their financial problems, sometimes dreaming on the continuity of the independence of their company.

On the other hand, there are always feelings of anxiety and apprehensiveness because they know little about the new owner and they wonder how their business would fit into the new organization. Moreover, in many transactions, they understand that the different language may pose a barrier in communication. They express their concern for their professional careers, the people that work for them, and the place in the world that they have built:

> *At first, I would tell you I had negative feelings… many years working in a company ... it was a kind of sense of betrayal… They were selling a bunch of equipment and me with it. However, for a company that makes the strategic decision to sell, they invest nothing and they incur the least possible expense. Then, all of that creates a discouraging work environment. [...] But, in*

[35] 65% of the cases learnt from external rumours.

this case, almost at the same time of the purchase rumours, appeared some rumours of expansion. So that brought a strong motivation ... (acquired middle manager)

Sometimes, from the managers' narratives it is difficult to discern feelings from expectations. For example, one of the managers that had gone through three acquisitions in less than five years said: "uncertainty was such that any change at that time was welcome." Nevertheless, through their accounts we can see that personal history in the acquired organization plays a big part at the moment of reflecting on their expectations. For example, on the following quote we can see the managers' reaction after the first unsuccessful attempt to sell the company. Managers learnt how they would be treated by their company at the moment of the transaction and this positions themselves to reflect from another perspective:

Well, you would expect that after so many years of loyal work and being valuable resources we were going to be transferred [inside the group]. And at that time we found out that no, that the subsidiary was sold with their managers… And that was quite disappointing for me, I may say. And it was, as we say, as when someone betrays you, even if after that he comes back, the relation is not the same. Then, years later when I knew about the second round [of acquisition], I think it was less painful, because the disappointment had happened before. (acquired middle manager)

Then this second time, these managers were less resistant to leaving the previous organization. Consequently, it is not only the situation of the acquired organization but also the initial conditions of the managers working for that organization that are going to impact the acquisition process.

Conversely, the global picture for the **acquiring middle managers** that would be involved in the integration of the newcomer is completely different. Most of them knew about the transaction because they were involved in the due-diligence and a few of them also participated in the target selection. All the work of the due diligence is kept secret until the closing day. Other managers knew about the transaction formally from an internal press release, and a few of them through internal rumours.

For these acquiring managers the initial feelings are more related to curiosity and to trying to read between the lines the reason for the transaction.

> *Well, because [when I knew about the acquisition] I started to find out about what they were producing or what type of business they had, and I realized that it was quite a large plant, it was going to double the size of our operation in the United States, then it was quite a large undertaking. (acquiring middle manager)*

Nevertheless, for most of them, the acquisition represents a challenge, a new challenge that is opening the door to a new organization, to a new culture, to communicate with people that might speak a different language. For those that knew at that moment that they were going to be involved in the integration, they start to think how to "insert a new piece in the gear and see how to get benefits."

> *Certainly, for me I still see it as a great opportunity ... It really becomes a big business ... I saw it more as a challenge in my career ... I saw it as an extremely rewarding opportunity ... a personal challenge... with all the international aspect, with different cultures. Definitely, it was a personal challenge. (acquiring middle manager)*

In spite of that, doubts about the supremacy of the acquiring firm are scarce but not absent for some of them. Mainly when they see that the acquired structure or influence in the market might impact the acquiring top management's decisions. In those cases, they are cautious, they foresee that they might face a process of adaptation, and see it mostly as a challenge in survival. It is interesting to see that even if the transaction is a genuine acquisition, these managers are discussing mergers. Maybe this is a way of starting to doubt the relative power of the acquirer in the transaction.

> *Of course it always raises some questions. If, the acquisition goes forward there is always the question of how this is going to affect me and the rest of the organization. Those questions, naturally, come very quickly. (...) The two companies were located about 200 km from each other and they very, very much were operating in the same market, throughout Europe primarily, as the main market. Well, it is always the question of where you will end up in the new merged organization, which sort of expectation would they have? What would the new management look like? Which sort of ideas would they be bringing? (acquiring middle manager)*

Framing the change: Beyond their feelings and expectations, after the news of the transaction, **acquired middle managers** start collecting information to make sense of the transaction. They try to foresee how these two businesses are going to complement each other and they start *imaging a future*. As we said, for the majority of these managers the transaction is an opportunity for growth, then after knowing their prospect partners they start conceiving the ways in which the new owners could help them to develop their business.

> *It was a very good symbiosis! From our side we have strong technical knowledge, we have an active sales team, and we have very interesting products. We are really strong in equipment production. What was always missing was a way to reach the international market, how to know which international projects were important for us, and also we were missing the part of ... let's say customer service. These two factors come with [the acquirer]. (acquired middle manager)*

Nonetheless, they know that they had ahead a process of integration that in some cases they compared it to a "tsunami." Meanwhile, **acquiring middle managers** performed the practice of *evaluating the transaction* that is more emotionally detached than that of their future colleagues. We can see it in the following quote:

> *I thought that was something good, but I didn't think that was great... For the risk perspective it was OK. What we paid versus our return expectation was OK, it was a relatively small acquisition price. So from a risk perspective it certainly didn't look as something that could take the company down, there was not much exposure (...). But I didn't think that with an acquisition price like that it would make a bigger monetary difference one way or the other... (acquiring middle manager)*

Their frames are anchored in the present and understand the transaction by assessing different characteristics such as: intellectual property (IP), country market share, return on investment, international market coverage, financial stability of the target country, and company growth. They also anticipate the impact that culture difference with the target company might have on the integration.

In North America we basically manage two countries, the US and Canada, which are quite similar in their way of working. But when it comes to Europe, if we talk about France, the UK, Spain, Portugal, the Scandinavian countries, they have many cultures, many ways of doing things, and that adds complexity to what we want to do as a company. (acquiring middle manager)

For those working actively on the due diligence this period of pre-acquisition is charged with stress. They have to collect information normally via intermediaries (investment banks, brokers, lawyers), make sense of it, and generate the strategy for the transaction. These managers work in small groups, trying to keep everything out of reach from the media, and against the clock.

The stress comes from the fact that you have many things to manage, a lot of information to process and report in no time. Because the last thing you want is that the news comes out to the market before we made a disclosure of the transaction. So we work quickly, precisely to avoid that information leakage and also to keep the momentum. Because there is nothing that is more disappointing than to stretch the negotiation and realize that the other is abandoning the transaction when you have invested millions of dollars with your consultants in terms of professional fees, time, and energy. (acquiring middle manager)

It is important to note that in the case of the managers that we interviewed, they were not full-time dedicated to these due-diligence tasks, which renders the situation more stressful. These managers, even if the communication is done more than often via intermediaries, they also consider soft factors, at least at large.

Each transaction, it's different. You are acquiring from a cooperative, from an investing bank, from a family that made the company grow and now they do not have succession. Often, those [family company] are really close to the operation, they want to assure the sustainability of their business, they want their family to stay working for the company, they stress the loyalty of their employees… then each transaction is different. It always depends on who is the owner, who is on the other side… (acquiring middle managers)

Interacting through action: During this period, normally, acquired middle managers just give information to intermediaries and they do not get the gist of the other side. They might have the opportunity to show the facility to managers from the prospect owner, and this practice reassures the target's managers about the reality of the transaction. In some other transactions, not many of the managers from the acquired are asked to participate in meetings where they expose facts that can impact the negotiation. These meetings are set up also to give the acquiring managers the possibility of appraising the acquired managing team.

> *We were part of the negotiation, mmm, not really… rather than being part of the negotiation we were part of the exhibition of some critical points to [the acquirer]. Over time, we realized that our presence there was also a way for the senior management of the [acquirer] to know us. Indeed, this was the main reason. (acquired middle manager)*

Therefore, in some way acquired managers are *setting the scene for the buyers*. On the other hand, the acquiring middle managers that interact with the other side during this stage are those that have to gather information to *build the case*. However, most of the time, as one of the acquiring managers recounts: "on ne se parle pas, on danse de loin" (we don't speak to each other, we dance away). Therefore, they have to establish a relationship with their intermediaries and put trust in their judgments. The acquirer sees this pre-acquisition stage as a quite expensive project with a fail or success result: the deal. When they deem it necessary, they ask internal people to visit the target facilities, in total confidentiality, to appraise the installations and confirm the information received. One of the acquiring middle managers describes this stage as a game of cards, where no one shows all the cards from the beginning, which renders the process quite distressing.

> *Often people are not going to play all the cards, not us, nor the seller. Then the cards come out according to the moves in the negotiation, then the strategy changes accordingly. So... yes, it's quite stressful. (acquiring middle manager)*

In certain special cases, the target company allows the acquirer to run an audit as part of the due diligence. So, managers from both organizations get to work side by side. In this particular case, the acquirer was a European multinational firm, and the target a small North American firm that had the supremacy of its market and was a strong competitor of the acquirer in that market. The following quotation expresses the feelings of one of the acquiring managers during this audit:

So, it was a little weird, but they were, they were actually, quite accommodative to it. It didn't create too many conflicts. Of course, there were some discussions sometimes where they felt that we were asking unnecessary things. Or things that they didn't necessarily feel comfortable with sharing. But, for the most part, it was... It went quite well. I think it had a lot to do, it is about keeping a smile on your face and say: look, we both have a role in this, we both know what it is, so let's go through this, and then find out how we will come out on the other side. (acquiring middle manager)

In turn, the next excerpt shows the same situation from the point of view of an acquired manager:

I sort of started interacting when they started doing the financial due diligence. Because there were questions, you know, about, obviously, orders in the book, if they were orders or not, of course. (...). At that time, they were friendly… I think they were trying to be sensitive, but it didn't come out that way because... hum... it was, you know, it was always touchy… (acquired middle manager)

Therefore, in this first contact, still not as owners, managers from the acquiring firm show that they are invested with the power of judgment. This fact puzzles these target managers because, despite being on sale, they are the stars in their market, and they have won several orders to this prospect proprietor. Then, in this first stage we denote the detachment of acquiring managers while they are playing with the future of the target organization. Evidently, all these encounters are shaping the sensemaking process of these managers.

<u>Building the future:</u> During this stage **acquired middle managers** forge the resolution of *betting or not on a future* in the new organization. They are conscious that the changes that the acquisition can bring might impact not only their careers but also their families. Then, here is when they start pondering their decision to stay or not.

And I was there, debating between whether or not to bet... [...] And this decision also concerned about my family [...] Finally, we ended up deciding to bet on this prospect, that I thought it was opening doors that were not there before. (acquired middle manager)

Therefore, they sell the change to their families and colleagues. Nevertheless, for others it is the beginning of their departure, after the first interactions or because of their perception of the new owner, they realize that their future is not there. Their commitment to the organization that they contributed to their growth is not there anymore.

For **acquiring middle managers** the situation is completely different. Those that are involved in the target selection and now running the due diligence are at the same time *building the strategy* for the transaction.

> *The CFO is going to come to see me and he will say: 'look, we want to take a look at this transaction, see from the legal point where we are, how you can make the money circulate, we may borrow so much, develop a strategy asap at large' So I have to think about that, and I will make proposals. That is my part. (acquiring middle manager)*

And this building of the transaction strategy is an iterative process that is triggered by the top management that goes down towards some middle managers that analyze and generate proposals and goes back again to the top for further modifications. This iterative work finalizes when everyone agrees with the strategy for the acquisition, and the top management accepts the proposal.

> *In brief, it is the work of a team. I always look at the tax side and the legal side, financing, those things, because it affects my work. But you have also the strategy at the level of human resources, operations, every department is going to be involved in a certain way. So… it is like dancing all together, and I will tell you, [the strategy] goes up and goes down all the time. (acquiring middle manager)*

Then, while the acquired middle managers are betting on a future embedded in mixed feelings of opportunities, and apprehensiveness, the acquiring middle managers are rationally designing the future of the transaction but with their feet on the current stressful work.

4.2. Negotiation: "It is like a trapeze jump, you're on a trapeze, you let go and are waiting for the other trapeze to arrive, we are up in the air"

The signing of the purchase agreement triggers the start of the negotiation stage that finish when the acquirer takes control of the acquired organization. This is supposed to be a short period, normally not more than four months. However, in some transactions due to governmental regulations or negotiation problems after the deal, this stage can extend to up to one year.

<u>Framing the change</u>: During this period, the leitmotif of ***acquired middle managers*** is business as usual and almost the only certainty that these managers are given is the name of the buyer. They are *facing the transaction*; they are preparing themselves for the actual acquisition. When this period takes longer than expected, middle ranks start losing confidence, which reinforces the climate of uncertainty as one of them told us: “it is like a trapeze jump, you're on a trapeze, you let go and are waiting for the other trapeze to arrive. We are up in the air.” Acquired managers make an effort to understand their present situation. While up in the air, they claim that nothing happens: there are no projects, no investments. Business as usual for them has the taste of an inertial movement. At the same time these managers start perceiving that they move away from their previous organization as their ties start to loosen.

> *I feel that they are not being as involved as before. They have a speech: ‘it’s a shame that you are going through this.’ But it is more an expression of condolences than a willingness to help you or encouragement. (acquired middle manager)*

By losing those ties they also feel they lose the control from the organization, they are abandoned to their own devices. They do not get to be evaluated; they do not get any feedback. As one informant said:

> *While we are not in red, no one is interested in our results; that is the reality! This gives you an idea that everything is vague, or how grey everything is, because if we do not even know who is evaluating us everything turns uncertain and gets worse over time. (acquired middle manager)*

Nevertheless, inside the acquired organization, at the level of each manager there are changes that affect the relationship with their peers. For some of them it is difficult to remain loyal to the procedures of the current owner, and they start looking to the other side trying to see what would be that the new proprietor would expect from them.

> *Then we continued working looking to both sides, we were looking to the [current owner] but also trying to understand what the new owner was aiming for. And that is where the division among us started. There are some that are looking to the new boat that is arriving and others that do not want to leave the old boat. (acquired middle manager)*

And at this moment they start *sketching new scenarios*. Those scenarios diverge according to the different managers. Some of them struggle to portray themselves working for the new company, even if they think that it is the best decision for their organization. They remain attached to the procedures of the actual owner and they show no flexibility to any request from the acquiring side. Some others like the idea of change, not only for their organization but also for their careers.

> *[Our previous owner] is a large corporation with procedures where everything is written, and the [the acquirer] is totally different. There, it is more important your intuition and your sense of business than anything else. (...) Being honest, less than half of the managers understand that. There is a group of managers that do not understand this, and it has nothing to do with the generation. (acquired middle manager)*

So, these managers start reasoning ways to approach the new proprietor, for example by showing more flexibility in some information requests. On the other side, ***acquiring middle managers*** that have been asked to participate in the integration activities are plagued by interrogations about how they will implement the intended strategy. They have the information they collected from the due diligence and then all the rumours that have appeared after the signature of the purchase agreement. However, those that are proactive start *thinking of the strategy operationalization* and designing a plan to collect all the information they need as soon as they get the green light from the authorities.

> *The way I prepared myself, I wrote a questionnaire thinking: what we want to know from them ... and the minute that we will have the right to talk to them, I would send them the questionnaires to know about their systems, their volume of operations, their operation's process. (acquiring middle manager)*

<u>Interacting through action</u>: Even if interaction during this period is not allowed, in some cases, the two organizations agree to choose a reduced group of managers from the two sides to meet and share operational information. In the case of divestments, the owner of the divested company sets the rules for this transfer of information.

> *The issue of sharing information was quite complex because somehow the transition team from [the previous owner] was restraining what you could say or communicate to [the acquirer]. I mean that if there was a complex issue, somehow they were immediately telling you what to do or to say. (acquired middle manager)*

Notwithstanding, when the negotiation period is longer than expected, the managers of the acquired firm perceive these rules as too strict. They understand that these rules may jeopardize the future operation. Therefore, some of them start *bridging behind the scene*s with the other side. For them, "smuggling" information upon "border-line" requests from the new owners can be a proof of alignment to the acquiring side and to what these acquired managers perceive as the new strategy. These middle managers may even initiate encounters outside the workplace to meet with their new counterparts and exchange information to better make sense for themselves and others of the new picture:

> *[The management of the acquirer] is attentive to the flexibility that each of us has. For example, we have established a kind of meeting place in a traditional café […]. We meet there clandestinely […]. Then, that is our meeting point. (acquired middle manager)*

Moreover, over time, even managers that are not part of the selected group start interacting with acquiring managers, as we can see on the following quotation:

> *Even if the transaction was not approved, the new company wanted to know more about the cost structure of the operation. That is why my current boss was going sometimes to meetings to our facility. At that moment there was a reduced group of people that were allowed to speak with the acquirer's people. The rest of us, supposedly, we could not speak to them. But one day, I was in a corridor with a colleague and he was looking for people from planning. And I told him we were from planning! So we started talking and then we started meeting without too much permission. But later on, we found a way for him to ask to meet us but in a more formal way. (acquired middle manager)*

All these informal meetings, allowed or not, are the ways that managers from the acquired find in order to proactively start delineating a future with the acquirer, or in their words "start working for the future". The point of these managers is that their flexibility allows them to start building trust with the future management. It is important to remark that the decision to collaborate or not with the acquirer rests at individual level. And, as we said before those decisions may impact not only the relationship with the future owner but also the internal division among the managers.

More than anything it is a personal decision, how far you go, what you do say, and what you don't say, how flexible you are. And I tell you; this has created a gap among us. We are not on the verge of quarrelling, but we are having very strong differences. And unfortunately, the [acquirer]'s people are taking note, who is flexible and who is not, and that can have repercussions for the future. (acquired middle manager)

During the negotiation stage, important operational problems could arise and their solution involves both sides. Then middle managers from the acquired, masters in their own context, have to arbitrate to solve the problem embedded in the negotiation period.

And I was bridging both sides, thinking of what you could and could not say, of what you could and could not show, etc… And pondering what you knew you had to do. So you had like three legs, [the acquirer], [the current owner] and what you knew you had to do. (acquired middle manager)

Therefore, they have to make decisions that will affect the future of the organization and even potentially the course of the negotiation. In situations where they don't have the whole information about the transaction, they draw on their own experience to solve the day-to-day operational problems. The following comment from an acquired middle manager illustrates this kind of reasoning.

What the operational-technical awareness was telling me to do. I have always done what I was convinced I had to do from a professional standpoint, in other words, the technical-operational [world]. […]. The management of the political side was very complex and you knew that you could make a wrong decision that you would regret later. So, that's how we did it, and [during the negotiation period] we did many things that maybe some people liked and some others did not, but I have no doubt that they were the right things to do. (acquired middle manager)

This middle manager's solution was to draw from his experience and professional background to overwrite the two contradictory demands. To put it differently, when their day-to-day operations are concerned, middle managers try to overcome the conflictive clash between the two worlds by staying close to their professional function. Even when the negotiation period is over, middle managers' experience remains strongly relevant even though it is sometimes undermined by the acquirer's "way of doing things".

During this period, just before the takeover, acquiring middle managers can formally start *presenting the transaction* to their acquired colleagues.

> *We presented what our plans were and you can say an introduction to [our company] and why we were interested in this company trying to put the positive notes to it. We were not here to close down the company, or get their competition out of the way, we wanted to grow and we wanted to invest in the company. (acquiring middle manager)*

Sometimes, these presentations are based on promises without much support, which can become a problem when they cannot be transformed to delivered action in the months following the takeover.

> *Managers from [the acquirer] that approach us before the change of control were really empathetic. At that moment they were speaking about all the good stuff they were going to do… Over time [after the takeover], it became quite disappointing, because they took almost six or seven months to start implementing anything. Then we were saying, hello?!, You told us that everything was ready, but even six months after the takeover there was not even a clear policy for travelling. (acquired middle manager)*

Acquired middle managers are attentive to any piece of information they can get from the acquiring managers at this stage, and they use it not only to frame their understanding but also to sell the change to their subordinates. Therefore, promises made during this period that are not accomplished later highly impact their sensemaking processes.

Building the future: Long negotiation periods bring a mood of tiredness to the acquired organization. Everything is reduced to the operation and the today; there is no more thinking in medium or long term. ***Acquired middle managers*** are left to their own devices, and they have lost all upward connection. Therefore, they *struggle to reconcile present and future*. Nevertheless, they resist to this mood:

> *With the people who work for me, I was telling them: boys, we have two paths: either we do nothing till our heads explode, or we put the hands in the dough and we keep ourselves occupied working, solving problems for our customers… (acquired middle manager)*

They try to continue working on their goals, trying to keep their troops on board. As one of them said: "this was really a complex and hard year because we had to confront our incertitude and that of our people." However, as acquired middle managers do not have enough or valid information to bring to their subordinates, they fill those gaps with their own understandings and expectations: "I was adding my flowers." Nonetheless, they understand that they should be careful about what they say; otherwise they could fall in the trap of their own words.

During this period, acquired middle managers consider that an important part of their job is listening to their people and trying to palliate their fears in order to keep them on board:

> *At the same time, I was trying to listen [to the people and saying]: Yes, it is a big company, there are 10,000 employees, but they are divided into divisions, and afterward in teams, and then in smaller teams. It is like when you go on a cruise, and they say there are 4,000 passengers. But you do not see the 4,000 at the same time, you can see some of them, the ones you have seen in passing and that's all. [...] I think ultimately managers have a role to understand the people who need to express their fears, and at the same time it is to temper, to encourage people, minimize their fears, concerns and say: we will be in a period of discovery and perhaps you will discover things that will nicely surprise you. (acquired middle manager)*

Acquired middle managers are in the interface with customers and suppliers. So, they have to inform these important stakeholders about the changes to come. However, we saw through our informants that, during this period, customers are not concerned yet about the changes. For customers, it is true the status of business as usual.

Conversely, ***acquiring middle managers*** during this period are devoted to *selling the transaction to external stakeholders*, for example, some of them mentioned that they were portraying advantages of the transaction for customers when it allows them to influence their buying behaviours. But the emphasis during this period was on starting negotiations with unions in order to be ready for the takeover. This constitutes one of the major preoccupations of the acquiring middle managers during this stage.

4.3. Post-acquisition (Phase I): "They knew in their hearts that it was wrong, but we asked them to do it, and they struggled through it with us"

The negotiation period finishes when the acquirer takes control of the acquired operation starting the stage called post-acquisition that we have divided into two phases. In this first phase, the fence is torn down and the two groups start interacting at the acquired facility.

Framing the change: During this first phase, ***acquired middle managers*** are embedded in a continuous confrontation of past and present. For example, those that have encountered finally an owner from the same industry are relieved to share the same reasoning: "problems are easier to explain because they understand their causes, and they can distinguish if there is a failure in the process itself, if there is a human error or deficiency due to ignorance." These managers are *maneuvering in two organizational worlds*. By "world," we mean the broad set of cultural norms and beliefs that structure the firms' practices (Lüscher and Lewis, 2008). Indeed, to start working within the new organization is not an easy practice because these managers have to learn from scratch how they should operate, and more than often they have to do it by trial and error.

> *And if you ask me why I was not comfortable? Well, maybe because the way you were approaching things was not the way that the new company expected. On top of that, the way of working they wanted was not clearly defined. Then, it was like if you had to go guessing, making sense of it, by trial and error, you had to wait for the slap in the face (or not) and move forward… I was coming from a very rigid structure where everything was defined, everything was clear… (acquired middle manager)*

Moreover, managers find important changes at the control level that impact the way they interact with the new organization. Many of the acquired organizations from our sample had an operational mindset, and managers coming from those areas are puzzled when they see that their decisions are confronted with those of other departments as for example human resources, legal, finance, etc. These changes in the control structure greatly impact the day-to-day work, and these changes are pervaded with frustration because they imply much more administrative work without necessarily improving the efficiency of the acquired organization.

> *One thing I learned is that the new company is a company focused on the legal side, the legal department is wielding the baton, let's say. For example, before a contract was defined at operational level; legal was arriving at the end reviewing the legal clauses and the likes. On this company, it is just the opposite, legal handles the contracts, they define what goes and what doesn't go and you are just a support for them. (acquired middle manager)*

Notwithstanding, managers continue to see that the arrival of the new proprietor is offering a ray of hope. This hope can be related to higher international exposure, financial stability, the arrival of new technology, or even related to professional opportunities.

> *Getting involved and making decisions for the business is something that really attracts me. And that was precisely something that I was not going to do in the previous organization. Once you got to an important position your task was mainly the implementation of programs where you didn't have much power of decision, because they were global programs that were implemented, for example, in 20 countries… and you were thinking why do I have to spend all this money here when I have much more interesting projects that I could implement and make more money for the company. So from that point of view, the fact of working in a more autonomous environment is much more motivating right now. (acquired middle manager)*

Another crucial point that managers confront is how the new owner expects them to relate to the external stakeholders. The rules about how to deal with competitors, suppliers, customers, or managers from other subsidiaries have also changed. For example, the way they have to integrate the professional network of the acquirer and the games that they have to play to belong to it.

> *My impression was that everyone at [the acquirer] was fighting for his next position. Look good, look good internationally, they wanted to show off ... But in our company, you were working closely with senior management, they knew what you were doing, how good you were. But now, here, you have to get the attention of someone working in the UK or an important group that works in Australia, then how do you get them to see your work? ... So there are lots*

of emails coming and going, and congratulations from here and from there, and you know that the project they are speaking about is awful… So, it is like becoming a politician… (acquired middle manager)

These changes considerably impact the way managers frame the buy-in of the acquiring organization. The darkest aspect for middle managers working in the interface with the environment is the perceived changes on how to deal with customers. For these managers modifying the level of priority given to customers is something non-negotiable.

I think that the general consensus [from the acquiring management] was that you couldn't run a business that way... (laughs). We had really good products. Well, I guess... working we had a lot latitude to do what we saw that was necessary, you know, new product development, new customer needs... we had to secure business for the company, and not serve the customer after the fact. But we didn't have in place a lot of good processes internally. I mean, we basically run the company out of excel. So, I mean we have really simple processes that were effective, and that was fine for a company of 35 people (…) However, now it was apparent that the first priority of [the acquirer] was to make sure that their internal system and policies were carried out. That was a priority number one. Customers came in second. And I… that it didn't suit me well, at all… (acquired middle manager)

For these managers, to build relationships with customers took years of effort and they know that just one wrong message could destroy overnight all those years of work. Therefore, acquired middle managers may find black holes, or areas that do not fit with their values and beliefs.

Conversely, ***acquiring middle managers*** lead the integration projects, and they are *assuming their role in the local context,* a context that it is totally alien to them. These managers working on cross-border acquisitions start travelling to places far from home, far from their families, even in quite different time zones. Therefore, at a personal level there is already an important change to manage.

You spend more time at the [acquired facility], with your colleagues than with your wife. You're going to spend two days with your wife and five days abroad. And often a colleague, who works with you, would become your confidant despite yourself. You know more about his life than what you can know about the life of your wife ... (acquired middle manager)

These managers know their mandate, but they are left to their own devices to accomplish their task. And as one of them said, you are going to make mistakes and you "adjust, you adjust your shot while you are running." These managers, once in the new context, are confronting past or their experience, with future or what they have to accomplish. And the nexus between these two temporal frames is the present or what they see at the acquired organization that at times could be frustrating for them.

The challenging... the most challenging thing for me was to try to stay kind of neutral and not blame. I mean, they have been my competitors for 14 years. And certainly I have to welcome them into the group as my pairs. That took a little bit of work on myself to be honest. But... so that was a bit challenging. People that work on acquisitions they have to have quite an open mind because otherwise it is very, very easy to fall in the trap of being judgmental of people doing things differently than that you are used to. And that is probably the worst trap that you can fall in, I think (acquiring middle manager)

At first they do not see the present as something that they have to build on but mainly as something that they have to judge and change. Nevertheless, it is not only the organizational aspect that they find difficult to conciliate; on a personal level facing people from other cultures can also be unsettling at first:

Then we have the challenge of making ourselves known. And on top of that, we arrived as corporate people from a foreign country, speaking another language, to this [central country], and we arrive there and say: in fact what you are doing it's good but not good enough. (...) And of course, we arrive there with a spirit of collaboration and discussion, but in fact we know perfectly well where we are going and the business model we want these people to adopt (acquiring middle manager)

As we can see for acquiring middle managers the fact of facing the new organization is an important disruptive event for their sensemaking process. It is at this moment when they more importantly start wondering "what is going on, what they should do next" (Maitlis and Christianson, 2014: 70). Nevertheless, they know what they have to implement and they think they know how to do it. For these managers there is no time for consensus or to pay attention to the context. Understanding the context takes time, and the common characteristic for these managers is that "they are in a hurry".

The biggest difference we found compared to North America was just relationships, it was all the discussions, that was also frustrating for me because I knew where I was going to end up, that was already decided. (...) They were maybe trying to get their opinions across and they were not really familiar with the way we work but we were also in a hurry. (acquiring middle manager)

Acquiring managers that have experienced previous acquisitions as acquired are going to position themselves differently because they understand the anxiety of their local colleagues. In spite of that they are surprised when their own pattern does not repeat in the acquisition they are now living. Managers that have participated in other acquisitions recognize that the relationship with the acquired organization is not easy. Therefore, some of them give a lot of importance to the empathy factor; however, this varies from manager to manager, more than from company to company.

You know, most of the time it's fun, because most of the time they are nice. I would tell you that they are also curious. But there is always a phase when you are evaluating ... even me ... you are politically correct ... and then when you start knowing the people, that is, when you say OK and you start developing a more human relationship, I tell you, the start is never easy, because we bought them, they were sold, they do not know if they will have the same salary, they do not know if you ... There is always the frustration of being bought, of not being part of the acquirer. (...) You know, you have to be correct with the people ... but I'll tell you ... there is always a sort of tension. (acquiring middle manager)

External stakeholders from the local context are assessed in the same way; they are compared to their previous experience without much understanding of the local way of doing things or context. For example, during the first period acquiring managers are even conserving the ties with suppliers abroad to run the projects on the local field. As we said, understanding the context takes time and these managers are "in a hurry."

Interacting through action: During this first phase managers start working together to implement the integration projects. The first encounter is described as respectful, amiable, and cordial; however, there are always signs from the acquiring team that show who is now driving the boat.

Their debarkation went quite smoothly, they were coming in several cars, and I remember that they were occupying the most important parking spots, those with real roof. We had two types of parking spots some underneath a large roof and others without roofs. Well, they were using the ones with the roof… Normally, those were left for our senior management… (acquired middle manager)

The following excerpt corresponds to the impression of the acquiring manager at the moment that the acquiring group presented the strategy to the acquired middle management of the new facility:

There was a very large room full of people. And all of the people that were part of this management team were extremely intense and wanted to know what our plans were. [...]. 'This is what we want to do and we are going to rely on the current team to help us implement it and make improvements and the communication needs to be open.' (acquiring middle manager)

A middle manager from the acquired facility attended this meeting, and this is his brief summary:

They have explained to us: here is the direction we are going, we would love to have you guys on board and you are welcome to stay, as long as you would like to stay, but here are the directions. (acquired middle manager)

Even if the message sent and received is the same, there is a subtle difference in the way the acquired manager makes sense of it and ponders over his "alignment" with the new "directions"; therefore, he sees the acquiring group *imposing the new strategy*. However, they are eager to collaborate giving their advice by *laying bridges* to the acquiring managers, bridges that, at first, acquiring managers are not willing to accept. For example, the following statement is the view of an acquiring manager from another transaction regarding the level of understanding of the implementation plan and the path to follow:

Sometimes it took a few times before they understood what we wanted... the direction we wanted to go... and sometimes, it was just a matter of 'getting lost in translations', where we would suggest something and they'd say we cannot do that... But in the end what they understood was not what we wanted to say... (acquiring middle manager)

It is worth quoting the view that the acquired informant has on this point:

> *At that time, they were not really open for dialogue. It was like they had brought their idea, and it had to be done that way because they had always done so. No questions. [...]. At times there was 'no room for discussion or for exchange of ideas.' (acquired middle manager)*

From both statements we can see the attachment to the plan of the acquiring manager and the willingness of acquired managers to add their contextual knowledge. From one side the misunderstanding is due to a lack of dialogue and from the other side because a problem of language ("translations"). Middle managers from the acquired company try to share their local knowledge and experience with the corporate group in order to influence the course of the post-acquisition process. Acquiring middle managers are instead focused on the projects they have to implement and they are not very interested in discussing issues that are already decided.

> *Generally, when we asked for something to be done, within reason, it was done. If it was not, then there was probably a pretty sound explanation for that... but I didn't come across a situation where they didn't do a thing because they didn't want to... normally if they didn't do something they called back and tell you, and they certainly did things that they knew in their hearts that were wrong, but we asked them to do it, and they struggled through it with us... (acquiring middle manager)*

Therefore, despite the effort of acquired managers, acquiring managers implement projects without including the local context and they struggle together in the journey. Nevertheless, those managers that have bet on the transaction remain committed to solve the gap between strategy content and context and to show acquiring managers the importance of including their knowledge.

Acquirer managers on their quest for control may reach the point of overwhelming the acquired organization. Immediately after the takeover, they embrace the project of integrating the administrative systems.

> *In my opinion, we didn't invest enough time in understanding the company. Well, it was... that was not a question... This is how we have to do it from now on. Uhm... I am not sure that we spent the necessary time explaining the whys… (…) we implemented the procedures that we*

have been using, and we implemented them quite quickly. And that created... that was a very, very different way of working. And that definitely created some frustration in the organization. (acquiring middle manager)

Middle managers, from the acquired, are puzzled because this situation impedes them doing their work. This is the view of an acquired manager from the same transaction as the previous quote:

So, that was something, after the acquisition was made, it was, you know, don't worry about doing your job but we will be integrating you, we are going to do it in the quickest fashion possible but we never saw a plan. (acquired middle manager)

Therefore, in this particular transaction, managers from the acquired were not only unable to introduce their knowledge but also they were overwhelmed in their daily activities to the point that they started having problems with their customers. Consequently, the senior management decided to change the strategy. The integration, which was run by the local country subsidiary, was from this point being managed by headquarters' managers. In the following quotation one of these later arrived managers recounts an anecdote that happened when he had just arrived:

I was [on the acquired facility]. Suddenly, a big truck arrived to the parking lot, then a car, and a bunch of people got off. Then they went to the reception, and they asked the receptionist basically to go away from the reception because they had to paint the reception in the [acquirer] colours, you know those [orange], [yellow] colours, and apply [the acquirer] logos everywhere. And everyone [at the acquirer facility] was asking themselves what the hell is going on here; why nobody had informed us about this at least to know what is going on. (...) Nobody informed them, so, of course, locals got frustrated and upset about people occupying their reception and starting to paint without any request or explanation. Even, the [acquired general manager] didn't know. My question is how would you act if you were him in that situation? (acquiring middle manager)

The inflection point in the relation between both groups of managers is when acquiring managers understand that they need to incorporate local knowledge not to struggle in their implementation projects and when they also realize that suffocating the new acquired organization with integration projects highly impacts its operation, its valuable human capital, and consequently customers. At the same time acquired managers had gained experience working with the new organization and start seeing tangible benefits from the projects implemented by the acquiring managers.

Notwithstanding, this turning point is not reached in all acquisitions, and managers failed to build this connection. The failure to achieve this connection leaves acquiring managers with the impossibility of gaining contextual knowledge for the strategy implementation and acquired managers in the dark without knowing the strategy content. The following quote shows the view of an acquiring manager that struggles to interact with the acquired organization:

> *During certain acquisitions there are people that think that they were acquired because they think they were stellar that, let's say, [the acquirer] wanted to buy them because they were good already, and the truth is, [the acquirer] wanted to buy them because they were underperforming, but the people in the factory have that perception, that they know everything, that they are good, that they were a "jewel" when they were purchased. So, it has to do with different people, and different styles, and different approaches, there are some people that you just have difficulty reaching. You can try very hard to build up a relationship with someone, but if they do not want to work with you or to converse with you, there is not much you can do. (acquiring middle manager)*

It could also happen that the transaction was not prepared for interaction further than reporting or project assessments. This lack of dialogue leaves a bitter taste in the mouths of the managers of the acquired firm, because it leaves them outside the sphere of strategy formation and also it deprives them of the possibility of receiving knowledge from the acquiring firm, which they foresaw as one of the main benefits of the transaction.

> *[The relationship] was cordial, but there was not a back and forth channel. There was only a hierarchical relationship, I mean not in the way they communicated or anything like that, but in the sense that we were just reporting. Overall, we were asking for money and they were answering by asking for reports and sometimes they were doing sort of operational audits. Maybe it was our fault; we didn't insist on them being more involved. Maybe we didn't have the opportunity to ask for that… (acquired middle manager)*

<u>Building the future</u>: Despite their frustration concerning the implementation of the integration projects, ***acquired middle managers*** believe that *selling the transaction to their subordinates* is one important role they have to accomplish. They consider themselves bridges between the acquired operational lines and the acquiring organization.

> *If you ask me, what was my main function in a process like this, and I think the top management has to see that clearly, my function was being a bridge, a translator. You have to reassure the people, because they still identify you as the authority, and you have to reassure them now more than ever because they feel insecure. It's like you are now their father, and they ask you, is it true this and that? And everything is uncertain. Then you become a bridge, and if you act as a positive bridge, everything is OK, but if you act as a negative bridge… (acquired middle manager)*

These managers find that they are also generating trust in the acquiring colleagues and upper levels by passing the message to their subordinates. Managers recognize the importance of accomplishing old requests thanks to the intervention of the acquirer, such as small investments, that can improve and facilitate the operation in the lower ranks. For them, these small victories are the best instrument to reassure their subordinates.

> *And that is giving confidence that what they were saying is being accomplished, and your people see that. Hey! Do you remember that two years ago we were looking for an electric forklift, well now we have it, we asked for it and in 15 days it was here. (acquired middle manager)*

Another important point to reassure the local people is to balance the importance given to integration projects and to running the operation. As we said before, organizations may become overwhelmed by the implementation of integration projects and it is the duty of acquired middle managers to avoid the interference of these projects in the acquired operations.

> *And we had to convince them: 'Well, now leave the integration projects aside and focus on your project. Don't worry; we will work on that later on'. And we handled it on a daily basis. So there were a couple of cases that were actually on the border, overloaded with work, but we had to calm them down… Because there were people who took to heart all of this and they couldn't see the end of the tunnel. They felt overwhelmed. (acquired middle manager)*

Acquiring middle managers, on their side, start *questioning the strategy* they have applied up to this moment according to the results obtained. Then as a group handling the integration in different areas of the acquired organization they essay to give sense to the lessons learned.

> *We would have gone in a reverse way, let's understand their business, they have assets, they have a business, let's see firstly what the value is in that and then try to see how our plan fits in or not and how we can integrate to it. But we would have taken quite a bit more time examining their business first, that is what we do know now. From a dictatorial perspective, we wouldn't be that dictatorial, we would have tried to explain a bit more but ultimately make them a bit more responsible from the beginning. When you are dictatorial you execute but also you have to take responsibility. We would now try to explain a bit more, try to get them on board. (acquiring middle manager)*

Then acquiring managers realize the importance of understanding, and not only assessing the local business, and the importance of working side-by-side with their colleagues from the acquired organization, sharing responsibilities. Moreover, they also understand that they have to protect the acquired organization from corporate demands. They even influence the senior management with this change of mind to gain their support. The following quote corresponds to an acquiring manager that took control of the operational projects after six months of struggling:

> *I have to admit that I saw very quickly after a few days on the site that one of my biggest tasks while dealing with this acquisition was actually, believe it or not, to protect this company against us [the acquirer], meaning that if I was not perhaps there at that time, then a lot of people would have been present without a plan, for example from HR, from operations, from purchasing, etc. So I have to stop that and ensure that when people actually show up on site they had a specific and justified agenda and that the right people were available to talk to and inform of their matters (...) And actually when I had my first "reporting" meeting with the board in [headquarters], one of my first comments was that it has been my task actually to protect [the acquired] against [the corporate people of the acquirer]. (acquiring middle manager).*

Therefore, by the end of this first phase of the post-acquisition acquiring managers working on the transaction send the message of questioning the actual strategy to their people on the field, to their corporate colleagues and to the top management.

4.4. Post-acquisition (Phase II): "The understanding of the word is based on shared experience"

This second phase of the post-deal stage commences when both acquired and acquiring managers take a step towards rapprochement with each other. Acquired managers recognize that the new strategy might have potential for growth while acquiring managers realize that overwhelming the acquired organization with integration projects highly impacts relations with customers, therefore in its profitability. This inflection point in the relation between both groups of managers might arrive before the second year of integration; however, this depends on the transaction. Or conversely, as we said before, it might never arrive.

Framing the change: Over time, ***acquired middle managers*** start disconnecting from the past as they understand better the acquirer organization and the new rules of the game.

> *I don't know, at first I couldn't understand why if we were planning, we were so disorganized. Are we the planning group or not? (laughs). Now, we are taking care of all the economic part of the projects, and I really like that. It is like at the end I am doing something for what I've been preparing myself during my whole career. (acquired middle manager)*

They understand better how they fit within the acquiring organization; they may even realize that their new position is where they always wanted to be. At this stage, acquired managers have more contact with the top management so, they start analyzing their ways to communicate, their flexibility, their capacity to listening, and they start delineating strategies to reach them. For example, they learn which kind of knowledge, technical or managerial, they have to deploy during their encounters and how they should prepare and manage their presentations.

> *Then you have to be technically strong, even stronger than you were before. Because before, you were following a procedure that was given by the corporation. Now, you have to defend what you are saying, and you have to do it having a business approach. And you have to say it*

in a very diplomatic way, because you never know if you are going against the interests of someone in the audience. You don't want to collect an impolite answer… (laughs). (acquired middle manager)

Therefore, these managers embark on a process of proactive adaptation; they are *rethinking their new position*. Notwithstanding, it is during this period where some managers find that they are not able to adapt to the new organization.

At first it's like that you blame yourself, because at the end of the day, the week, or the month you end up frustrated… that is the feeling: frustration. You can't do your job well. You are not adapting to this new organization; you can't reach your sales target. And you blame yourself. But then you take some distance, and you start questioning and you say, but boys, this way we can't sell because it takes six to ten months to make a proposal. (acquired middle manager)

It is noteworthy that in our sample the managers that had more troubles adapting to the new organization where those that were in the interface with customers. These managers find it difficult to conciliate the changes proposed by the new organization and the premise of continuing being trustful and reliable to their customers.

As we said, after a period of struggling with their projects, ***acquiring middle managers*** understand that they have to include the local factor and they start *reflecting on the strategy* for the integration. They devote themselves to a better comprehension of the acquired operation and also of the local market. As they say they have to "back off" and think better how to "not kill the differences" that make the strengths of the acquired organization. And on this exercise, they also reflect on the necessity of inclusion of the local knowledge in their projects, and in the way they should approach their acquired colleagues.

If I have to do it over, I will try to understand firstly their whole process, what they are currently doing, how they manage their inventory, the movements, logistically and financially. I think once you understand what they are currently doing it would be easier to make the changes you are supposed to do. If you start just giving changes: this is what we are going to do, but you don't have reference to how that was being done before, you can build uncertainties on both *sides, because you are not sure if they are understanding what you are asking and they might struggle to make the link with what they are currently doing... (acquiring middle manager)*

Due to the acquisition, these managers are not all the time at headquarters anymore, therefore, the communication with the top management is more restraint. Moreover, sometimes they have trouble communicating their view of the acquired situation or to convince them of changes in the strategy. Then, these managers have to review also their upward links and at times they regret being far from the corporate core. Many of them see all the efforts, and time advocated to the acquisition as a threat to the development of their own departments.

What I find problematic with an integration like this one, it's that it is so huge, consumes the time of so many people that we have to leave aside the projects we already had. For example, in purchasing, all the development that was planned had to be put on hold to work on the integration. So, during this time we are not necessarily improving our operation. (...) But meanwhile we are integrating, our competitors are continuously improving. I find that problematic ... (acquiring middle manager)

<u>Interacting through action</u>: In this second phase, acquiring middle managers start recognizing the interdependency of their relationship with their acquired colleagues, and the monologue turns into a dialogue. As one of them said citing Borges: "The understanding of the word is based on the shared experience." Therefore, the experience of struggling over the first projects set the pace for a new relationship.

It is like any relationship, when you meet someone in the beginning, you will have your reservations, meaning that how much you should trust this person. Over time, after that group of people or that person has given you good answers or accomplished the objectives, that gives you the confidence to listen and say: Hey! Look! Listen to what this person is recommending because he has done well in the past and he has the experience to do so. [...]. I think it's natural that trust is built on with the day-to-day work. (acquired middle manager)

The following quote corresponds to a colleague of this manager, but from the acquiring side:

We did two projects... the first project we listen a lot less... the second project we listen to quite a bit more, we were more comfortable with their opinions, they were more comfortable with us, and the general frame was that we were going to make it work... (acquiring middle manager)

Therefore, during this phase, middle managers from the acquired firm enhanced their *bridging* towards the acquirer, while acquiring middle managers start selling their ideas by *reconciling* both organizations. Acquiring managers welcome the introduction of local knowledge but at the same time acquired managers remain attentive to the knowledge that the acquirer can bring.

On some issues we presented a different position, but if they could prove that their solution was better, then we ended up going with that. And in the cases that we were able to demonstrate that we could have problems, especially because we were talking about products not very common for plants in the North (basically products for the domestic market), they accepted what we were proposing (acquired middle manager)

It is interesting to see that there are cases where acquiring managers accepted ideas that were refused by the previous owner as a way to show that they trust their new managers, maybe more than their predecessor.

We have a lot of ideas, lots of projects that we had to keep in the desk drawer because we did not have the support of the North. Well, now, we say, look here we have some projects that represent money that can be made very quickly if we execute them… I called them quick hits. Well, look, I have a project here that was presented seven years ago, and this is money, we can get benefit from it (acquired middle manager)

Also acquiring managers may ask their acquired colleagues for help with the coordination of some integration projects, and even to be with them during the implementation of these projects in other facilities.

For example, [acquired managers] created a document for the process of communicating the changes to everyone in their organization, and it was really well done, really easy to understand. Then we took it and reused it for other countries… It also happened in the Netherlands, I took its team because they were so good that I used them to integrate Belgium.

So they took care of Belgium ... so, I had nice surprises in several countries. (acquiring middle manager)

Acquiring middle managers also have the task of reconciling the two ways of working. Coming from different countries and contexts the task may appear difficult but they learn from the practice and from the understanding of the new context.

For example, in the context of the integration of information systems ... the people were excellent, really organized, they were looking at every detail. And we had a timeline to integrate the information system that involved the translation, programming, and lots of things because the way of doing business in Argentina is complicated and there was always someone that was finding the exception among the exceptions (...) Then it was difficult to close or to find consensus, then we have to say, let's forget about that, let's continue (...) It has to be something practical. And I think that it was a way to find a balance between the more bureaucratic philosophy of the [acquired] and our own philosophy that is more entrepreneurial. (acquiring middle manager)

Integrating the acquired company to the standards of the acquirer can become an overwhelming project, and acquiring managers realize that balancing day-to-day work with integration work is a crucial and difficult practice.

There are lots of things that are difficult... I think it is about prioritizing what is the most important for [the acquired] to do (…) You can very easily overwhelm them if you put in all the risk assessment you need to do: all the different checks, all the export control, you need two signatures on every invoice and so on and so on. So, which are the things that if you have them in place they will make common sense? But the transition to go from having nothing to have it fully implemented is quite a long way and it takes time and a lot of energy to get it in place. So, it's about prioritizing what to do, without hurting the ongoing business performance (acquiring middle manager)

These managers understand that this prioritization allows them to keep afloat the acquired operation, and at the same time allows them to gain the trust of the acquired managers. By doing so, acquired managers feel that the other side understands their business and in a few cases they even perceive acquiring managers as part of them. This following quotation is the perspective of an acquired manager from the same transaction on this subject:

> *Yes, we are having integration pains... And sometimes you said [concerning documentation] ... it's more important to have the pump running or to have pump's documents? Right now, you might think that the documents are almost more important than the pump. Then you say let's just send the papers (laughs)… But, no! You also have to send the pump for the unit to work. So that's a bit the issue, to be sure of using common sense and see how far we can go to supply all the documentation or whatever is required by the [acquirer] standards. But the priority, and that is good, and [the acquiring manager] is very clear on that and he says it to everyone, here the priority are our customers; that is an important point. (acquired middle manager)*

For some of the acquiring managers, protecting the acquired organization is paramount; they know that "it is easy to destroy a performance but it is very cumbersome to build it up." And more importantly they understand their dependence on people.

> *In our case we are really dependent on people and the capabilities of the company, because I mean we are basically an engineering company... and if you lose the focus on the business and delivery you can't improve the performance. Now, if we speak of the performance of [the acquired], we are actually performing better than the rest of [the acquirer]. Then, obviously, if we want to implement everything they have in [the acquirer] then the risk is that we are going to be lowering our performance to the [acquirer's] level. So... that is why we would like to take it a bit carefully, so we rather say that we take a little bit longer time until we reach the 100% integration but we keep the business performance during that period. (acquiring middle manager)*

In this case the acquired counterpart that work side-by-side with his corporate colleague, he is thankful for this approach and recognizes the effort made.

> *That was done step by step, he has done a very good job and continues to do a really good job, he has been introducing the [acquirer's] working procedures slowly to our system (…) I have heard that integrations were like tsunamis. But in our case was, as I always say, not a tsunami, but a Hawaiian wave of more or less 10 metres (laughs) (acquired middle manager)*

An important meeting point for middle managers from both companies is the exercise of their *métier*. They work together implementing new procedures, for example, those coming from the acquiring organization. On the following quote we can see this practice, and at the same time we are able to denote something that repeats in the acquired accounts. Even if they reach the point of working together, of dialoguing, there is always that backstage idea of power unbalance.

> *I don't know if they were flexible, they were less flexible than us… but well, they were the new owners, then they were coming from the company that was supposed to have been most successful, because it is the one that bought the other. In reality, we have good products, good brands, but the other with its style, I don't know, it had bought you... We, in quality management, were simply saying… OK, I understand that this is the new policy, I think that in this case for our process it is a bit excessive, don't you think? Yes, maybe yes… but well it's the policy… Then, this is the requirement, well let's implement this, even if it may seem somewhat excessive and it is adding costs and not much value. (acquired middle manager)*

However, as it is expressed here, even if they accept the change, they achieve the goal that their counterpart understands and accepts that the change proposed is not worth it in their context. Therefore, by *crafting* their profession they interact while developing new customers, coordinating some integration projects, reverting the situation of some local businesses, developing human resources, introducing new technology, etc. With this practice they enhance and catalyze their mutual understanding. By working together they can better explain the whys of the changes and are able to create better solutions and render more comprehensible the content of the intended strategy for the local managers and the context where it has to be applied for the acquiring managers.

> *Of course, we explained to them how we did projects and what I tried to explain to them were the reasons behind them... but again... mmm... was it explained well enough, was it explained in terms that they would fully understand? When we go out, and we said something like that we run these projects because a big part of our business is after sales services. Well, that is easy to say, now if the listener comes to the point of... coming from a company who never looked in the direction of having technical support and service then it requires more than just a statement like that to make them understand the importance of it. Why they would have to do that going forward? So it is just one of those things where, like I said, if you don't understand the*

[necessity to do something], you would not simply have the possibility to understand what you are being told. (acquiring middle manager)

Acquiring managers have also recounted the use of global projects to accelerate the introduction of the acquired organization to the acquirer network.

Simultaneously with the acquisition we were starting to implement a new methodology that we call supply-chain, it concerned logistics, purchasing and planning that were placed now under my supervision. Then this methodology was new not only for the acquired but also for all the plants of the region. We all have to adapt to this and in some way that allowed me to dilute a bit the acquired stress due to the integration. Everybody had to do something to adapt to this new methodology that was coming from [headquarters] in Chile (…) Taking advantage of this, I even asked [to the acquired managers] to develop some of the tools. For example, now we are going to do the planning of raw materials, and other inputs together, then they were the ones that developed the procedures and tools for the entire region, I told them, you are free to do it as you wish, I want to see results, I mean the projections under this and this condition. (acquiring middle manager)

Moreover, the use of conjoint projects can serve to show and highlight some important aspects of the acquirer's processes or from a new proposed way of working. As one of the acquiring manager said, projects are the best context to "talk and show, comment and explain."

An important fact that we have seen in those acquisitions that arrived to this second phase is that the acquiring managers do not only build relationships with their acquired colleagues but also with their subordinates.

Actually, I have a lot of chats with lots of other people. With some of the people that report to [the plant manager] as well: People in the workshop, commissioning people, IT people, purchasing people. I was all over. (acquiring middle manager)

This is the view of an acquired manager from another transaction about this practice.

I think it came from the initial group, during the takeover, going to the floor, talking to the people, talking at their level. (…) They went out to the floor, they talk to the hourly operators, *they talk to the supervisors, talk to the management and they built those relationships. (acquired middle manager)*

On many cross-border acquisitions, acquiring managers are the only visible face of the new organization, they are something real that the acquired personnel can confront, which is why both managers give importance to the fact of acquiring managers reaching the floor people. As one of the acquiring managers described himself: we are "the first line of defence, or the first line of attack," giving the idea of real "boundaries spanning" agents (Balogun *et al.*, 2005).

Building the future: At this stage, ***acquired middle managers*** already involved in the development of the integration projects start making sense of the transaction to external stakeholders. They are going to be *courting internal and external stakeholders* that the acquisition brought to the scene. For example, the opening of new markets relates these managers to international regulatory and audit agencies and with potential customers:

The relationship with customers and international agencies are run by the plant manager with quality. We are the ones that receive them at the plant. We are the visible face. We are showing them the installations, we explain to them what we are doing, what we are going to do, we answer to their problems or complaints (acquired middle manager)

Also changes to their organizational structure lead them to rethink their insertion into the industrial environment which creates the necessity to connect to different research and development networks. As an example, the acquisition of a divested unit from one corporation left that unit without a corporate service or a professional network that the acquiring corporation could not offset. Professional networks allow middle managers to share information related to their tasks (new developments, engineering tools, troubleshooting, etc.). Losing this possibility represents an important loss that middle managers need to counterbalance by connecting to a different network. This is what an acquired middle manager explains in the next quote:

Now, we are an independent [unit] and we need to be connected to the world and to try to look for technological advances (...). We participate in international conferences, forums and we *seek to be part of different business chambers, then we have to be more active to be up to date with these technological advances (acquired middle manager)*

These managers not only have to sell their business to the external environment but also they have to sell it to their new internal network. This internal network can represent an important source of knowledge and experience. But it is also in this network where managers have to present their proposals for investments and where they also find their competitors for these funds. In many cases this network can open the doors to international markets then, it is up to them to locate the important nodes that can bring more businesses for their units. In the following quote a manager from an acquired unit explains the importance and the effort made to earn the confidence of a sales corporate manager for important multinational customers and how that can change their business.

Being in Argentina, at first we didn't activate that network, and we didn't gain their trust. We were not an important part for their invoicing, and we didn't have much strategic support from the board. And, of course, they put their focus on the main components with higher revenue. I have no doubt; they are judged by their sales. Then it is crucial to gain their trust and demonstrate that we are reliable, that we are integrated to the group, that we are following all the group standards, that means that we have the expertise and the people to satisfy the market demand. And to achieve that it was hard, it was not easy, it took time, lots of time. But once they understood, we start gaining advantage over that (acquired middle manager)

Many ***acquiring middle managers*** consider as part of their task to introduce the newcomers to the internal network. At first they play the role of intermediaries for concrete problems, but over time they are also spreading the virtues of the acquired firm on that network. And as one of them said, "it is not only moving people, but also moving knowledge." The following quote expresses the importance of sharing this knowledge but also the importance of connecting people from different levels and units within the organization.

I was bringing them to Europe, we ran projects with the technology that they did have and that we didn't have, in order to promote it and really used the IP that we got from the acquisition. Bringing some of them to Europe, participating in customer meetings, meeting the engineers and portfolio managers. To get them introduced, to start sharing some ideas and at least to *have some communication up and going between people. And specifically, people that were not managers or somebody's boss...but among peers. (acquiring middle manager)*

Moreover, acquiring middle managers have to reshape the new entity's connection to its environment by activating new networks with the external constituencies of the new organization. For example, they have to establish links with local suppliers, with local regulatory and governmental agencies, and in some cases even with unions. As they represent the tangible face of the corporation in this new environment, acquiring middle managers have to enhance a set of new connections with strategic stakeholders to sustain the perceived intent strategy. By establishing new channels of communication provides both groups of managers with cues to better understand their changed or new environment and make sense of the change for their superiors and subordinates.

Chapter 5
Middle Managers' Interactions Dynamics – The Insight

The main purpose of this study is to better understand the processual mechanisms underpinning the interactions dynamics of acquired and acquiring middle managers for which we have chosen a sensemaking perspective. In the previous chapter we have described how sensemaking practices accomplished by acquired and acquiring middle managers evolve along the acquisition stages. So, in this chapter we propose to delve into these findings to answer our first three research questions: Which are the processual mechanisms underpinning the interactions dynamics of acquiring and acquired middle managers? What situational factors constrain and enable these interactions? And, how do these interactions dynamics affect the intended strategy implementation?

5.1. Processual interactions dynamics

We find that, during the acquisition process, interactions between acquired and acquiring managers play an important role in the evolution of middle managers' sensemaking processes, which in the context of acquisitions could make the difference between success and failure (Floyd and Wooldridge, 1994; Marmenout, 2010; Vaara, 2003). Throughout the acquisition process we identify four phases for middle managers' sensemaking processes where we distinguish three sets of sensemaking practices (see Figure IX in previous chapter): *framing the change*, *interacting through action*, and *building the future*. Framing the change represents middle managers' attempt to understand and position themselves in the events brought by the acquisition, in Balogun's (2003) terms "undertaking personal change" or *sensemaking* from Gioia and Chittipeddi's (1991) framework. Building the future refers to middle managers' work of sharing their interpretations with other stakeholders to "gain their support" in order to influence the possible outcomes (Rouleau 2005:1415), called *sensegiving* by Gioia and Chittipeddi (1991). In between, *interacting through action* confronts middle managers from both organizations while they perform their tasks related to the acquisition. These interactions allow them to retrieve more cues for their framing efforts (Maitlis and Christianson, 2014) and at the same time act as a "sieve" in their search for plausible interpretations as they can observe the consequences of their own actions and the actions of their counterpart colleagues.

These three sets of sensemaking practices are far from being unrelated; they reinforce one another as the acquisition unfolds. Moreover, as we said before these sensemaking practices underpin the upward and downward roles delineated by Floyd and Wooldridge (1994) and also the two emergent roles of *selling corporate projects* and *bridging two organizations* proposed by this work. We have defined *bridging two organizations* as the effort to connect with the individuals of the other organization with the aim of dialoguing and to get the ideas acknowledged, and *selling corporate projects* as the work of presenting and explaining the projects designed for the integration strategy with the aim of convincing the interlocutor. In the following paragraphs we describe how, along the four phases of the acquisition process, these three sets of sensemaking practices are knitted together and how they influence the evolution of these emergent roles.

The news of the acquisition initiates the pre-acquisition stage and at the same time triggers acquired middle managers' framing of the expected changes. They pose their view of the future while embedded in mixed feelings of apprehensiveness and presumed opportunities. Here it is important to note that past experience influences this framing because this experience's baggage provides context for the new episode that they have to confront (Balogun and Johnson, 2005). For example, the fact that the acquired organization had performed acquisitions in the past, had lived other acquisitions episodes, or had been a known acquisition target for a long period of time might condition the way middle managers assume this new endeavour and also might give them the possibility to reduce the level of uncertainty by drawing from their tacit knowledge from past acquisitions. Even if we have stated as contextual assumptions that we focus on acquisitions where the local managers might see the acquirer as an opportunity rather than as a threat, still we should not forget that it is their organization the one that is at stake. Nevertheless, there are several factors contained in their organizational past that still can mould the acquired managers' position towards the acquisition. As we claimed before, history encompasses the cognitive logic that managers use to make sense of new episodes and shape the tacit knowledge required to confront the future (Balogun and Johnson, 2005; Isabella, 1990; Langley *et al.*, 2012; Mantere *et al.*, 2012).

During this pre-acquisition period, interactions between the two organizations are done via intermediaries (investment banks, brokers, lawyers, etc.) and actual interactions of middle managers ranks are scarce. Nevertheless, when these interactions occur, they are always tinted with power unbalance: acquiring managers are judging meanwhile acquired managers are informing. These encounters allow acquired middle managers to refine or redefined their frames to construct the message, start rethinking their future and selling the change inside their organization. It is noteworthy that Teerikangas (2012: 635) found that a positive alignment of this selling message with the acquisition leads to positive employee reactions after the deal. During this stage, they perform their *bridging two organizations* role cautiously: they are not going to play all their cards, they are not certain about the transaction and they might still mistrust the other side. Conversely, acquiring middle managers are totally detached from their acquired colleagues' journey. They work on the stressful present; they "dance away." During this stage all information or cues retrieved from interactions are considered as data to frame, construct and sell the acquisition strategy internally. Acquiring middle managers are not assuming their role of *selling corporate projects* towards their prospect acquired colleagues. They feel endorsed with the power of the buyer; they are in a position of assessment.

The signature of the purchase agreement starts the negotiation stage, a conflictive stage for acquired middle managers. They frame this stage as having "three legs": the current owner, the acquirer, and their professional knowledge. They face their present by contrasting an imagined future and a lost past. Even if interactions are supposedly banned, formal and informal interactions with acquiring managers are the only way they have to bring meaning to the possible scenarios they have sketched and in this way, for example, alleviate the inquietude of their subordinates or better understand the divergences of the interpretations that they find with their local colleagues. They feel the necessity to start assuming the *bridging two organizations* role in order to begin "building their future" in the new organization. These interactions also allow them to gauge the consequences of their own professional or political decisions, and reframe their interpretations and actions.

In their corner, acquiring middle managers in this stage are still emotionally detached from the transaction; they continue collecting information to be able to operationalize the acquisition strategy once the takeover starts. By the end of this period they assume the *selling corporate projects* role, however, as a role detached from their consequences sometimes even offering "mirrors and beads." This overpromising impacts the development of the next stage, post-acquisition, and the lack of alignment between these promises and realized practices mitigates the creation of value in the acquired organization (Cording *et al.*, 2014).

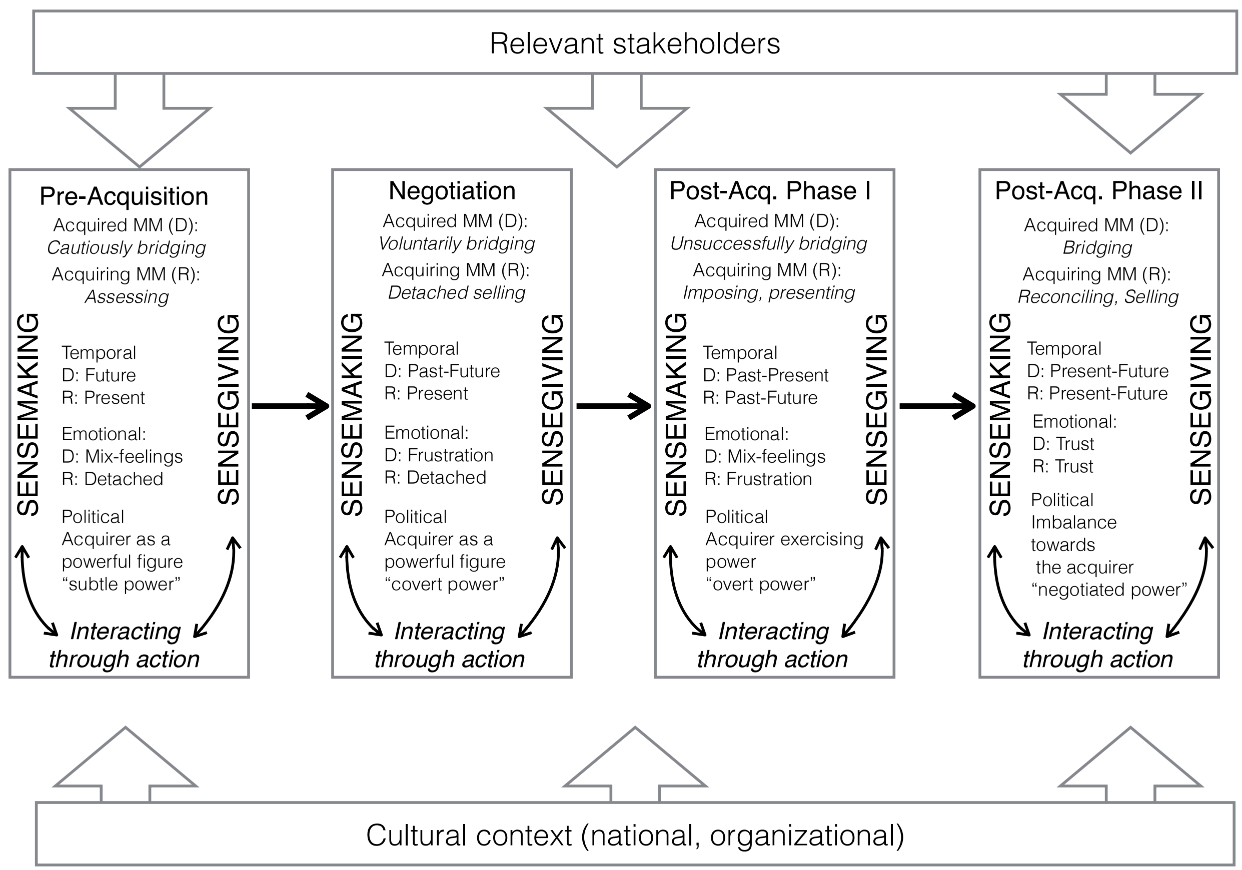
Taking over control of the acquired operation initiates the post-acquisition stage, where now acquiring middle managers are responsible for the implementation of the acquisition strategy. We find two distinct phases occurring during this stage: in the first phase, acquiring and acquired middle managers struggle together in the integration projects, and in a second phase, they start valorizing the importance of their differences. In the first phase, acquired middle managers confront the new organization and their idea of the future becomes overwhelmed by the present that they continuously benchmark with the past. They have to learn to work in a new organization, and the closest references they have are the acquiring managers running the integration projects, that is why, they emphasize their role of *bridging two organizations*, however, without much success. Meanwhile, acquiring middle managers are facing a totally alien context. Nevertheless, they look to the future, what they have to accomplish, and they draw their tools from the past, or their experience, without allowing space for the present or the actual context. The interaction during this phase resembles a monologue performed by the acquiring management without listening to any interventions from the acquired managers, who are eager to include their contextual knowledge. Opposed to the *bridging* efforts from their acquired colleagues, acquiring managers' *selling corporate projects* can be described more as imposing during this first phase. They pretend *selling* their integration projects by focusing on presenting them rather than on convincing their colleagues. Nevertheless, over time, from these interactions, from their struggling together, i.e. by seeing the consequences of their actions, acquiring middle managers reframe their sensemaking process and start questioning previous interpretations. At the same time, acquired managers start acknowledging the strategy intent conceived for their operation. Therefore, they restore sense as a consequence of their interactions in the space of operational problems confronted. As a result of this phase, acquiring middle managers may influence the top management on the reformulation of the strategy with the inclusion of contextual factors where the acquired management can help to solve the gap between strategy content and context.

Acquiring managers' understanding of the importance of the context and acquired managers' better comprehension of the strategy content trigger the second phase of the post-acquisition process. During this phase, both groups of managers set their temporal frame in the present but looking to the future. Now, acquired middle managers understand better their place in the acquirer organization and acquiring middle managers understand that they have to build the future with what they presently have. Acquired managers' *bridging two organizations* role starts giving fruits, acquiring middle managers introduce the convincing portion of their *selling corporate projects* role, and the monologue becomes a dialogue. In this phase, their interactions through the exercise of their *métier* become crucial. Working together allows them to create and apply conjoint solutions, and this exercise renders more intelligible the context for acquiring managers and the intended strategy's content for the acquired middle managers. As Ambrosini (2007: 85) argues, this common understanding ensures that "the 'right' knowledge is in the 'right' place at the 'right' time." This working together allows them to reduce the number of potential meanings and better frame the intended changes, and these meaningful interpretations translate into sense given to external and internal stakeholders.

Notwithstanding, this last phase of the middle managers' sensemaking process is not always attained in all the transactions which could be one of the reasons that erodes the possibility of success of the acquisition process. On these transactions either or both of the emergent roles were not enacted. Interactions were avoided from one or the other side which mitigates the possibility of interlocking the strategy content with the context of the acquired firm. As we can infer the strategy adaptation is an inductive and exploratory work (Regnér, 2003) where both groups of middle managers play equally important roles.

Middle managers' sensemaking process in the context of cross-border acquisitions is thus embedded in their operational activities and it emerges through tensions and problems they have to deal with throughout the acquisition process. Interactions with their counterparts enable middle managers to see the consequences of their actions, which allows them to retrieve new cues, select and appropriate the most meaningful and plausible interpretations, and make sense of their situation. Through this, *interacting through action* mediates sensemaking and sensegiving, and at the same time this refined and restored sense allows middle managers to start new sensemaking phases. As Weick (1995: 49) argues, "sensemaking is ongoing and neither starts fresh nor stops cleanly." Moreover, these sensemaking practices are embedded in a context and, as we have described, are influenced by factors intrinsic to middle managers' interactions (temporal, emotional, and political) and by external factors such as cultural context and the presence of relevant stakeholders. Figure X summarizes the evolution of the two emergent roles embedded in the sensemaking process of middle managers throughout the different stages of the acquisition.

Figure X: Evolution of the two emergent roles along the different stages of the acquisition



5.2. Extended framework

Along the previous point, we have seen how the two emergent roles of *bridging two organizations* and *selling corporate projects* evolve during the acquisition process, sustained by middle managers' sensemaking process, and achieve their maximum expression in the second phase of the post-acquisition stage (see Table VII).

Table VII: Emergent roles' evolution throughout the acquisition process

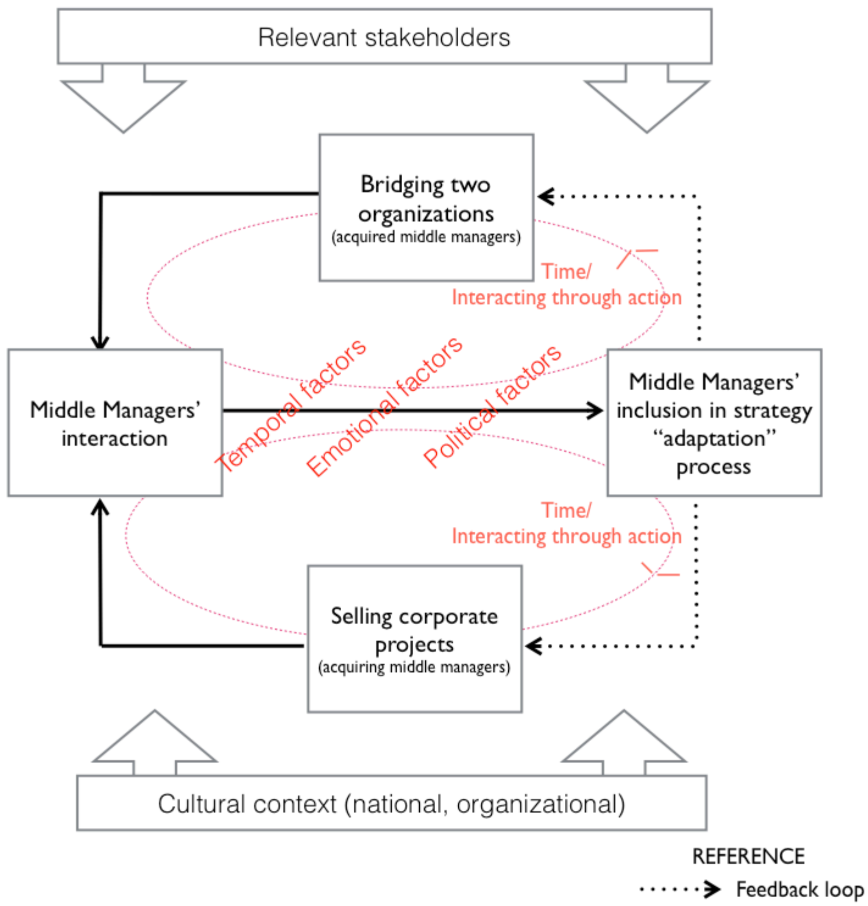
	Pre-Acquisition	Negotiation	Post-Acquisition	
			Phase I	Phase II
Acquiring middle managers	- Assessing	- Detached selling (no consequences)	- Imposing (project presentations rather than convincing)	- Selling (project presentations and convincing)
Acquired middle managers	- Cautiously bridging	- Voluntarily bridging	- Bridging (unsuccessfully)	- Bridging

While acquired managers assume their *bridging two organizations* role with different degrees of success already from the pre-acquisition stage, acquiring managers perform their *selling corporate projects* role remaining detached from its consequences during the first two stages, privileging the presentation (communication) component in the first phase of the post-acquisition, and incorporating the convincing efforts after acknowledging the importance of the contextual knowledge that their colleagues can bring into the integration projects. As we have seen, the evolution of these two roles is strongly influenced by the set of sensemaking practices of *interacting through action*. Middle managers' enactment of these two roles intensifies the interaction between both groups of managers, as we have stated on our first proposition in Chapter 2. At the same time this interaction rooted in the operational work of the integration projects affects the evolution of these roles acquiring their maximum expression in the second phase of the post-acquisition stage, if this phase is attained. Parallel and consequently to the evolution of these two emergent roles, there is the recovery of acquired middle managers' upward roles and acquiring middle managers' downward roles. The progressive recovery of these roles allows managers to be part of the strategy adaptation process. Moreover, we can say that the feedback loops proposed in our preliminary framework (Figure V in Chapter 2) are driven, obviously, by time, but also by the *interacting through action* sensemaking practices performed by middle managers along the acquisition process. As Mantere (2005: 161) argues, "adaptive practices place their emphasis on a dynamic understanding of the strategy built on individual interpretations of strategy," and these individuals' interpretations are importantly shaped and sustained by the interactions of middle managers as a consequence of the craft of their *métier* during the implementation of the integration projects.

Based on the concepts developed above, we present the extended framework in Figure XI. The core of our framework is made up of the emergent roles of *bridging two organizations* performed by acquired middle managers and by *selling corporate projects* performed by acquiring middle managers. All throughout the acquisition process, the enactment of these two roles intensifies the interaction of middle managers with the purpose of regaining the upward roles or their influence on the strategy formation (strategy content) by the side of acquired middle managers and with the goal of restoring the downward roles or their capacity to successfully implement their projects (strategy contextualization) by the side of acquiring middle managers in order to foster their inclusion in the process of strategy adaptation. The recovery of these roles, as we have seen on the previous points and in the previous chapter, is embedded in a sensemaking process strongly moulded by the set of sensemaking practices that we have called *interacting through action*. As we have said, these interactions allow them to retrieve more cues for their framing efforts and at the same time search for plausible interpretations as they observe the consequences of their own actions and the actions of their colleagues. The performance of this set of practices conditions their willingness to reinforce or not the enactment of the emergent roles.

As we have seen, the impossibility to reach the other side lessens the commitment towards the emergent roles mitigating their possibility of recovering their strategic roles, impeding their strategizing work on the adaptation of the intended strategy to the context. So, the feedback loops do not reinforce the enactment of the emergent roles. In these cases, the acquisition process does not reach the second phase of the post-acquisition stage eroding the possibility of value creation at the focal unit. This finding resonates with Regner (2015: 306) when he argues, "strategy is something immanent in purposive action that draws on broader tendencies and predispositions, rather than strategy as individual (top management) purposeful action only."

Figure XI: Extended framework – Middle managers' interactions and strategy formation dynamics



Conversely, reaching the second phase of the post-acquisition stage means that the feedback loops driven by *interacting through action* practices have reinforced the willingness to perform the emergent roles, increasing the possibility of recovering middle managers' strategic roles and the consequent adaptation of the strategy intent. As Langley *et al*. (2012: 163) assert interaction allows individuals to recognize and value similarities and differences and in this way retain valuable competencies that can help to adapt the strategy that otherwise would be lost and would mitigate the success of the possible outcomes. Therefore, as we state in our second proposition, the interaction between both groups of managers catalyzes the inclusion of both groups of middle managers in the strategy adaptation process. As Wittington (2006: 627) highlights "strategy is more than just a property of organizations, it is something that people do" and this fact acquires crucial relevance in the context of cross-border acquisitions where strategy content has to be adapted to a new organizational context drawing from different organizational capabilities and influenced by unfamiliar external organizational factors.

5.3. Role evolution and situational factors

Sensemaking practices are situated. They are always influenced by situational factors involved in the sensemaking episode (Sandberg and Tsoukas, 2015) that enables or constrain their "presence and performance" (Ambrosini, Bowman, and Burton-Taylor, 2007: 86). In the context of cross-border acquisitions we find two sets of these situational factors that are crucial for middle managers' sensemaking process and their interactions dynamics. One set of situational factors is inherent to the interactions of both groups of managers (internal), and the other is external to these interactions (see Table VIII).

5.3.1. Internal situational factors

The first internal factor is temporal frame. According to Hydle (2015) "temporality is understood through the dimensions of past, present, and future that coexist when a person acts" (Hydle, 2015: 645). The inclusion of these temporal frames in the study of the acquisition process is almost absent in M&As literature (Das, 2006; Steigenberger, 2016). From our study, it is interesting to see the contrast of acquired and acquiring managers' temporal view at each stage. In the first two stages, while acquiring managers are anchored to the present of their demanding work, acquired managers are imaging a better future within the new organization. Moreover, the negotiation stage increases acquired managers' anxiety for the envisioned future while they start acknowledging their departure from their organization as they see their ties to their organizational past vanishing.

Nevertheless, in the first phase of the post-acquisition stage, the situation changes: acquired middle managers abandon their quest for a future as they are confronted with the new organization. To make sense of that present, they are always comparing it with the past. Conversely, acquiring middle managers that were tied to the present, they now set their sight on the accomplishment of their projects (future) drawing tools from their experience (past), totally ignoring the present. Isabella (1991: 35) asserts that "history contains the cognitive logic" to better understand and adjust to change; however, in both cases their history belongs to the wrong context (wrong organization for acquired middle managers, wrong context for acquiring middle managers) which renders harder and ambiguous the exercise of restoring sense. Mantere (2008: 305) argues that middle managers use past experience to evaluate their inclusion in strategy formation. However, in the case of cross-border acquisition they have lost this anchor point and they need to build a new "common" experience that conciliates the new organization with the acquired context. So, the convergence of the temporal frames is reached in the second phase of the post-acquisition where both groups understand that they have to draw on each other's knowledge and experience and they start working on the present thinking of their future project implementations.

Emotions, the second factor, are intimately linked to middle managers' sensemaking process (Maitlis and Sonenshein, 2010; Sandberg and Tsoukas, 2015) and therefore to their interactions dynamics. According to Huy *et al*. (2014, 1655) individuals "experience emotional reactions as they evaluate the significance of an event in relation to their goals and concerns." On the sensemaking process, emotions are not only crucial during the selection of plausible interpretations (Maitlis and Christianson, 2014; Maitlis and Sonenshein, 2010), but also emotions are interlaced with judgments which can influence action (Huy, Corley, and Kraatz, 2014). For example, Liu and Maitlis (2014) argues that emotional dynamics during team meetings might "increase or diminish the relational distance between people" influencing the process of strategy adaptation (Liu and Maitlis, 2014: 229). Therefore, emotions play an important role in enabling or constraining middle managers' interactions dynamics as they build two-way relationships throughout the acquisition process. Scholars have already acknowledged the importance of emotions during the acquisition process (Balogun *et al.*, 2005; Chreim and Tafaghod, 2012;

Clayton, 2010; Marmenout, 2010; Moilanen, 2016; Sinkovics *et al.*, 2011). However, they do not pay attention to middle managers' interactions dynamics.

Table VIII: Role evolution and situational factors influencing the interactions dynamics

		Pre-Acquisition	Negotiation	Post-Acquisition Phase I	Post-Acquisition Phase II
		Internal factors			
Temporal	Acquired	Future	Past-future	Past-Present	Present-Future
	Acquiring	Present	Present	Past-Future	Present-Future
Emotional	Acquired	Mix-feelings	Frustration	Mix-feelings	Trust
	Acquiring	Detached	Detached	Frustration	Trust
Political		*Subtle power* Acquirer as a powerful figure	*Covert power* Acquirer as a powerful figure	*Overt power* Acquirer exercising power	*Negotiated power* Power unbalance in favour of the acquirer
		External factors			
Relevant stakeholders		Intermediaries (investment banks, brokers, lawyers, etc.), unions, families (for acquired managers)		Managers from other subsidiaries, customers, suppliers, unions, professional, R&D networks, families (for acquiring managers)	
Cultural context	National	*Present on managers' accounts*			
	Organizational	*Preeminent influence (mainly during the first phase of post-acquisition), but present in all the stages.*			

From our study, we see that middle managers' interactions are embedded in contrasting emotions. In the first two stages, the detachment of acquiring managers contrasts with the extreme mixed feelings of their acquired colleagues during the pre-acquisition or frustration when the negotiation period gets extended. Later, in the first phase of the post-acquisition, acquired middle managers are eager to collaborate but they feel lost in the new organization; as Risberg (2001) describes it, local managers might even doubt their own experience. This emotional ambiguity opposes the frustration felt by the acquiring middle managers when they face the acquired context (e.g. national culture, their way of working, their way of communicating) and their inability to implement the integration projects. This image differs from that of Chreim and Tafaghod (2012) that shows, on their work, acquiring managers detached throughout the entire acquisition process. Also differs from Moilanen (2016) that found acquired managers to be more emotional toward their vis-à-vis and acquiring managers to follow a more rational frame during the whole acquisition process. Therefore, this work brings forward the importance of considering the emotions of *both* groups when judging the influence of emotions over the acquisition process. Huy *et al*. (2014: 1674) argues that "emotional reactions can serve not only as a source of information, but also as facilitators and amplifiers of change." Therefore, in the case of cross-border acquisition middle managers' emotions might act as an important trigger to evolve or not to the second phase of post-acquisition.

The last internal factor is power unbalance. According to Weick *et al*. (2005: 418) "power is expressed in acts that shape what people accept, or take for granted." Brown *et al*. (2015: 269) argue that the sensemaking process is embedded in relations of power where it is difficult to untangle the direction of the cause-effect relationship between the enacted sensemaking and this power relations (Brown, Colville, and Pye, 2015). Therefore, middle managers' interactions dynamics are embedded in a relation of power that more than often generates a power unbalance that favours the acquirer. During the first two stages this power unbalanced is clear: the *right* to judge is conceded to the acquirer, while falling on the acquired the *duty* of informing.

In the first phase of the post-acquisition period acquiring managers assume the right to impose, which is described by the M&A literature as "conquering army" (Datta, 1991) or SWAT team (Jemison and Sitkin, 1986). However, the enactment of this power is challenged by the reality of the acquired firm's context. Notwithstanding, we have seen the willingness of acquired middle managers to introduce their contextual knowledge and solve the gap between strategy content and context. Therefore, it is difficult to establish in this context a control/resistance dynamic (Balogun *et al.*, 2005; Gertsen *et al.*, 1998; Risberg, 2001; Vickers and Fox, 2010). Acquired and acquiring middle managers during the post-acquisition stage of cross-border acquisitions are at the same time recipients and agents of change (Harding *et al.*, 2014) and the escape door to deal with this ambiguity is to work together to add the collaboration of different stakeholders. In this context, change or more specifically the resistance to the change should not be seen as an "predictable obstacle" but as an "emerging situational phenomenon" (Huy *et al.*, 2014: 1673). Therefore, the struggle over operational problems and the experience gained by working together reframe this power unbalance and generate a relation of "interdependence" among these managers. It is noteworthy that even if this power unbalance is solved in the second phase of the post-acquisition by means of continuous explicit and implicit negotiations, a latent power unbalance toward the acquirer always remains, as almost all the acquired managers expressed: "the other [company], with its style, it had bought you."

5.3.2. External situational factors

The second set of situational factors is external to middle managers interactions. However, they exert important influence over the interactions dynamics. The first factor is cultural and organizational context, i.e. culture difference encompasses different beliefs, values, assumptions, and practices (Björkman *et al.*, 2007; Teerikangas, 2012). This subject, as we have seen in the literature review, has been largely studied by M&As literature (Dauber, 2012; Stahl and Voigt, 2008; Teerikangas and Very, 2006; Vaara, 1999). As to Stahl and Voight (2008), our work reveals that differences in organizational culture have a higher impact on middle managers' interaction than national culture differences. National culture, in general, was not perceived as a challenge but rather seen as an opportunity for personal development. Problems of communications were rather endorsed to a lack of willingness for dialogue than to a problem of language. National culture differences are more present on middle managers' accounts when they describe the first three stages (pre-, negotiation, and the first phase of post-acquisition); however, they disappeared when they understand the meaning of these differences and learn how to handle them. Conversely, differences in organizational culture are present along the whole process. Nevertheless, we denote an important impact during the first phase of the post-acquisition stage as they affect the interactions dynamics between the two organizations' managers (Björkman *et al.*, 2007). Managers' accounts reflect on differences in the practised values (Teerikangas and Irrmann, 2016) embedded in the day-to-day working interactions. Acquirers' espoused values are only present in acquired managers' accounts when there is a discrepancy with practised values, always with a negative effect on the interactions dynamics (see also Cording *et al.*, 2014; Teerikangas and Irrmann, 2016). In their recent work, Teerikangas and Irrmann (2016) assert that cultural changes in the acquired organization are more influenced by the interactions dynamics than by the intentional (discursive) efforts to shape the acquired organization culture. Notwithstanding, it is important to highlight that we found that interpretations of these organizational differences vary among the members of the same organization (Risberg, 2001), and what could be an enabling factor for one manager, could be a constraining factor for another.

Second, during middle managers' sensemaking process, several relevant groups or stakeholders play an important role. Throughout the process, subordinates (see Huy, 2002) and top managers (see Raes *et al.*, 2011) are omnipresent as they are constituents of middle managers' operational activities. However, not only close relationships but also distant ones influence middle managers' sensemaking processes (Balogun *et al.*, 2015) and their interactions. Intermediaries (investment banks, brokers, lawyers, etc.) play an important role during the first two stages, gathering information from the acquired middle managers, and giving this information to acquiring managers for their assessment and construction of the acquisition strategy. Other stakeholders such as unions and even their families are also present in their accounts during these first two stages. Once the deal is sealed, and more importantly during the post-acquisition stage, several actors join the scene: managers from other subsidiaries, customers, suppliers, unions, professional and R&D networks, competitors, etc. The acquisition process is dependent on the development of strong relationships with customers and suppliers as well as with their socio-cultural environment (Anderson *et al.*, 2001; Cartwright *et al.*, 2012).

Since the initiation of the post-acquisition stage, customers highly impact the sensemaking process of managers that are in the interface with the environment. These managers frame the change based on cues retrieved from their interactions dynamics inside the new organization and from their interactions with customers. For example, Oberg (2012) found that business partners interconnected with acquired and acquiring managers influence their decisions, which in turn impacts the acquisition outcomes. However, in our data we found that often these managers struggle to conciliate the new way of working with the strong engagement with customers they had in the past. Many of them fail to adapt to the acquirer's decisions prompting them to reduce costs or to change the business model as they understand it might cause the diminishing of customers' loyalty and consequently of the revenue (Kato and Schoenberg, 2014). It is noteworthy that most of the managers in this situation left the merged organization after the first year of post-acquisition. Though, in these cases the sensemaking processes of managers at the interface end up generating a discontinuity in the relationship with customers that will be difficult to overcome by the new organization.

In the second post-acquisition phase, interactions with colleagues from other subsidiaries become important, and we saw the emergence of *inter-acquisition brokers* (Mirc, 2012) or managers that interlace both organizations in their search for synergies and knowledge transfer. It is important to remark that families in both cases are an important stakeholder. For acquired middle managers during the first two stages when they have to decide if they would bet or not on the new enterprise and for acquiring managers along the post-acquisition stage because most of them are far from home.

5.4. Interacting through action, mediating between sensemaking and sensegiving

In this last point, we want to return to the literature to shed light on the mediating power of *interacting through action* in middle managers' sensemaking processes. Moreover, we want to highlight our view that the acquisition process itself emerges through the sensemaking practices of its participants (Weick, Sutcliffe, and Obstfeld, 2005: 410) where middle managers perform a crucial role. Brown *et al*. (2015: 266) underscore that the sensemaking perspective seeks "to comprehend and to theorize how people enact and appropriate their realities," which they interrelate with the practice turn as they argue that this perspective focuses on analyzing "the practical activities of real people engaged in concrete situations of social action[36]" (Brown *et al.*, 2015: 266). As we have argued, sensemaking is triggered by ambiguous events (Maitlis and Christianson, 2014; Sandberg and Tsoukas, 2015) and , in this context, Weick (1988: 305) asserts that "people think by acting." Maitlis and Christianson (2014: 84) explain that "action and cognition are recursively linked: action serves as fodder for new sensemaking, while simultaneously providing feedback about the sense that has already been made." In other words, to sort out an ambiguous event "requires action which simultaneously generates the raw material that is used for sensemaking" and at the same time has repercussions on the development of the event itself (Weick, 1988: 305). This gives to sensemaking its retrospective character, as the individual "cannot know what he is facing until he faces it, and then looks back over the episode to sort out what happened" (Weick, 1988: 306). These arguments lead us to understand that the three sensemaking practices proposed by Maitlis and Christianson (2014) consisting in: noticing or perceiving cues, creating interpretations, and taking actions are completely interrelated and difficult to disentangle. Again, these steps are tightly interlocked as individuals "understand the [event] only after they have faced it and only after their actions have become inextricably wound into it" (Weick, 1988: 306). Nevertheless, sensemaking starts with immediate contextualized actions based on concrete extracted cues (Weick *et al.*, 2005: 412). It is important to highlight that action in the sensemaking research is intimately linked to talk, as talk is understood as a way to render action meaningful.

Sensemaking's scholars interested in middle managers have followed Gioia and Chittipeddi's framework (e.g. Balogun, 2003; Rouleau, 2005) where sensemaking is seen as two interrelated concepts: sensemaking and sensegiving. Their concept of sensemaking is linked to interpretation and sensegiving is related to action (see Table IX). As we have said in Gioia and Chittipeddi's framework sensemaking is related to meaning construction and reconstruction to develop a "meaningful framework" and to understand the nature of the event (Gioia and Chittipeddi, 1991: 442). Meanwhile, sensegiving is related to the process of influencing the meaning construction of others (Gioia and Chittipeddi, 1991: 442). However, Weick *et al*. (2005, 416) warn that sensegiving might not only affect the

[36] Citing Boden 1994 page 10

target audience but also the sensemaker, recalling the hallmark sensemaking sentence: "how can I know what I think until I see what I say?"

Following Gioia and Chittipeddi's framework, in this research of middle managers in the context of cross-border acquisition, we have clearly identified three phases in middle managers' sensemaking process: sensemaking, sensegiving and *interacting through action*. We have found that *interacting through action* is exerting a mediation function between sensemaking and sensegiving. Most works on sensemaking recognize the existence of only two steps in the sensemaking process (Sandberg and Tsoukas, 2015). However, some works describe the sensemaking process in three steps (e.g. Sandberg and Tsoukas, 2015; Weick *et al.*, 2005) (see Table IX). On the one hand, Sandberg and Tsoukas (2015) follow the most intuitive order to establish the process as: *creation-interpretation-enactment*. Creation is the acquisition of the environmental cues with the consequent creation of an initial sense. Interpretation is the development of a refined understanding. These two stages correspond to the sensemaking stage of Gioia and Chittipeddi (1991) and Rouleau (2005), and to the undertaking personal change of Balogun (2003). Also, in these two stages we can see the practices of noticing and perceiving cues and creating interpretations from Maitlis and Christianson (2014). Enactment can be seen as sensegiving (Balogun, 2003; Gioia and Chittipeddi, 1991; Rouleau, 2005) as it refers to the consequent action taken to restore sense.

Table IX: Steps of Sensemaking Process explained by different scholars

	1st Step	2nd Step	3rd Step
Gioia and Chittipeddi (1991)	Sensemaking "Construction and reconstruction by involved parties as they attempted to develop a meaningful framework for understanding the nature of the intended strategic change" (442)		Sensegiving "Concerned with the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality" (442)
Balogun (2003)	Undertaking personal change "process individuals undertake as they try to understand what is going on around them, as they try to make sense of events and experiences" (74)		Helping others through change "Sensegiving", "managers themselves became role models", "help their staff through their transitions, by handling resistance, and providing coaching, training, and support" (76)
Rouleau (2005)	Sensemaking "has to do with the way managers understand, interpret, and create sense for themselves based on the information surrounding the strategic change" (1415)		Sensegiving "is concerned with their attempts to influence the outcome, to communicate their thoughts about the change to others, and to gain their support" (1415)
Weick, Sutcliffe and Obstfeld (2005)	Enactment "sensing anomalies, enacting order into flux, and being shaped by externalities", "noticing and bracketing" (414)	Selection "retrospective attention", "reduction of the bracketed material and generate a locally plausible story," that is tentative and provisional (414)	Retention "the plausible story is retained, it tends to become more substantial because it is related to past experience" and it "used as a source of guidance for further action and interpretation" (414)
Sandberg and Tsoukas (2015)	Creation "involves bracketing, noticing, and extracting cues from our lived experience, (…) creating an initial sense" (S14)	Interpretation "fleshing out the initial sense generated in the creation process and developing it into a more complete and narratively organized sense of the interrupted situation" (S14)	Enactment "acting on the more complete sense made of the interrupted situation, in order to see to what extend it restores the interrupted activity" (S14)

On the other hand, Weick *et al*. (2005) enhance the fact that sensemaking starts with immediate actions based on concrete cues withdrawn from the context underlining the retrospective characteristic of sensemaking. Then their cycle is made up of: *enactment-selection-retention* based on the evolutionary process of ecological change. For them individuals retrieve cues from the environment reacting to them, therefore giving sense to their peers (sensegiving). The intermediate step, selection, is "retrospective attention" for the construction of plausible interpretations that will be affected by the already taken action. Retention is the culmination of interpretation by retaining the most plausible story. This interpretation is in turn used for "further action" starting the cycle anew. In this framework, noticing and perceiving cues are diffused along enactment and selection. Because sensemaking is an ongoing process (Weick, 1995), as the following cycle unfolds we can conciliate both frameworks if we see the latter as: *selection-retention-enactment*. It is interesting to see that in this framework creating interpretations is present at selection and retention but also at some level of reflection during enactment (recall that "people think by acting"). Taking action is conferred only to enactment.

Figure XII – Sensemaking practices along sensemaking cycle's steps

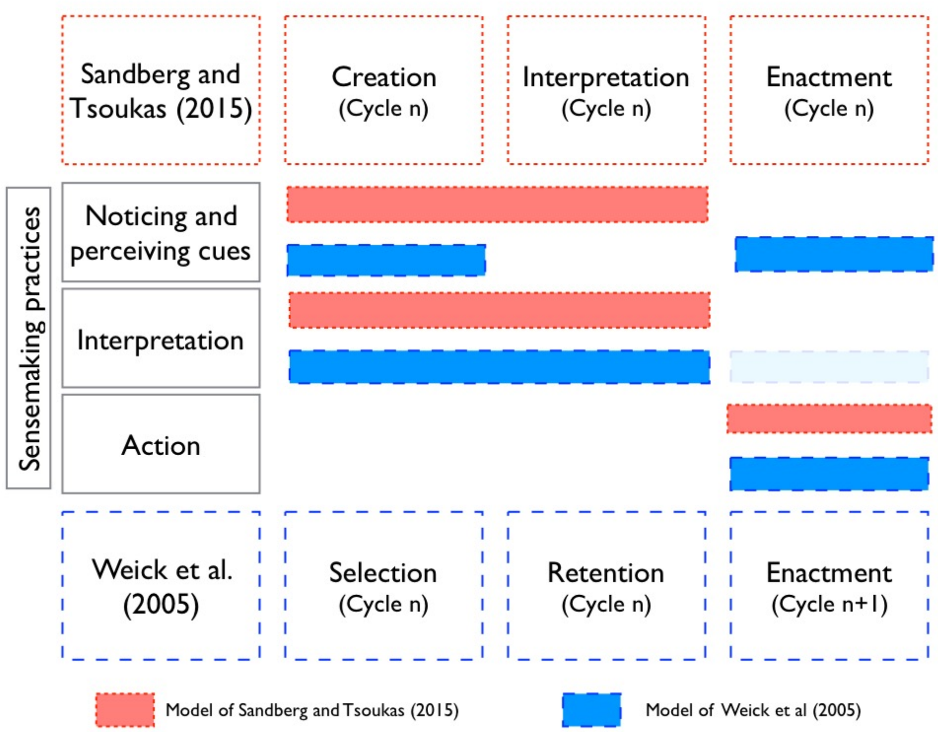


Figure XII describes which of the three sensemaking practices of noticing or perceiving cues, creating interpretation, and taking actions are performed at each step of the two three-step frameworks. If we combine both frameworks, we can see that noticing or perceiving cues is performed throughout the entire process. This fact informs on the importance of *interacting through action* along the sensemaking process as we have shown that it is a crucial source of cues extraction for middle managers during the acquisition process. As we have said, these interactions allow middle managers to retrieve cues for framing their sensemaking effort and to "flesh out" initial interpretations (Sandberg and Tsoukas, 2015) in the space of the acquisition operational problems that acquired and acquiring managers confront during the acquisition process. *Interaction through action* enhances the importance of middle managers' lateral interactions (Balogun, 2003), that in the case of cross-border acquisition adds up to the particularity that this lateral interaction is also inter-organizational. Nevertheless, the importance of *interaction through action* as cues-extraction source brings forth the question of *how, in practice, these middle managers notice or perceive their cues for their sensemaking cycles*.

Gephart *et al*. (2012) define sensemaking as "an ongoing process that creates an inter-subjective sense of shared meanings through conversation and non-verbal behaviour in face-to-face settings where people seek to produce, negotiate, and maintain a shared sense of meaning" (Gephart, Topal, and Zhang, 2012: 285). These authors highlight the concept that cue extraction is made up of "conversation and non-verbal behaviour in face-to-face settings" (Gephart *et al.*, 2012: 285). Conversation, so-called discursive dimension, is central for sensemaking scholars (see Brown *et al.*, 2015). For example, in the case of the context of an organizational change Balogun and Johnson (2005) underscore the importance of informal interactions such as stories shared, gossip, jokes, conversations and discussions during the managers' everyday activities. As we have seen in this research, many of middle managers' interactions are based on the discursive components. For example: clandestine meetings in a traditional café during the pre-acquisition, formal and informal conversations with employees and floor people, meetings with top management team, etc.

Interactions can also lead to non-verbal type of cues extraction[37]. Smith, Plowman and Duchon (2010), in their work on plant managers' sensemaking, argue the importance of the symbolic dimension of these interactions. For them this dimension is the meaning that managers convey beyond their functional roles, such as sitting in the cafeteria with the floor people or gestures as mundane as making eye contact with operators. Sometimes middle managers' small gestures have an important impact on the sensemaking of their counterparts, and counterpart's interpretations transcend the gesture itself. As Weick and colleagues (2015: 410) argue, "smallness does not equate with insignificance." As we have seen during the process description (Chapter 4), the early acquirer's investment on an "electric forklift" (quite insignificant expense) for the acquired facility is interpreted by the acquired people as a victory. Moreover, this small victory might set the pace of collaboration towards the integration in the lower ranks. We have seen many examples of this type of cue extraction throughout the acquisition process. For example, when acquired managers show flexibility during the negotiation stage, when acquiring managers occupy important parking spots or order to paint the reception without permission from the acquired organization or when acquiring managers accept to go ahead with projects that were neglected by the former owner, etc.

However, in this research we have seen another non-verbal dimension that occupies an important place as a source of cue extraction throughout the entire acquisition process. This dimension is embedded in the managers' crafting of their profession while they confront, in their daily activities, the operational problems that the acquisition process brings forward. Rouleau and Balogun (2011: 956) argue that middle managers formulate their messages building on a "complex mosaic of underlying knowledge" to align them to the context. We thus argue that their counterparts do not only sense this knowledge by the mindfulness of the message (talk) but also by the mindfulness of their actual actions. These actual actions, when they confront operational problems, are linked to the craft of their professions. Hence, in other words, we argue that by exerting their professions in joint integration projects, managers from both sides extract cues from their vis-à-vis and

[37] Stigliani and Ravasi (2012) describe also how physical artifacts (drawing prototypes) play an important role as cues mediators (materiality). However, we are interested in individuals' direct interactions.

that allows them to reconstruct sense generating plausible interpretations. Moreover, this cue extraction component might help middle managers confirm or refute previous interpretations based on discursive or symbolic dimensions. This resonates with the concept of "on-the-job" learning activities expressed by Amirayani & Ross (2014) and Risberg's (2001) claim that having mixed teams working together might help participants to mitigate the ambiguity of the acquisition context.

These *métier*-based cues go beyond the verbal or symbolic component as they are framed by middle managers' professions (engineers, accountants, lawyers, etc.). This form of cue extraction is more related to the way managers perform their tasks or execute their *métier*. For example, when during the pre-acquisition stage acquirer's senior managers were observing the way that target managers were presenting the operational critical points during formal meetings. As target managers later understood, these acquirer's senior managers were not only retrieving operational information but they were also "sensing" the way of working of their prospect new management. This 'reading' between the lines of practice is also an influential source of cues during the later stages. The acquiring managers' way of implementing projects, the way that the acquired runs the operation are, among others, signs that the counter-side extract from the lived situation to create an initial sense. Furthermore, later, on the second phase of post-acquisition, we find that the fact of working together has a tremendous impact on middle managers' sensemaking process. For example, in spaces such as project implementation, developing new customers, adapting corporate procedures to the acquired facility, etc. While working together, they can render more intelligible the content and context of the intended strategy. As one of the acquiring managers said "if you don't understand the [necessity to do something], you would not simply have the possibility to understand what you are being told," so the understanding of the meaningfulness of the practice might precede or be a necessary condition for the understanding of the discourse.

Language in the sensemaking perspective has the paramount function of bracketing action to give it "some meaning" (Weick *et al.*, 2005: 412). However, do we always need language to give meaning to actions? Do we always use language as a carrier for sensegiving? Moreover, when we scan our environment in the search for sensemaking cues do we observe the walk? Or do we just listen to the talk? The analysis of *interacting through action* as mediating step between sensemaking and sensegiving brings forward all these questions. Questions that are important because they are rescuing the value of the day-to-day concrete actions, consequent of middle managers' *métier*, over their discursive abilities for essential sensemaking exercises such as "co-construction of meanings" (Thomas and Hardy, 2011: 325). This questioning has important managerial implications as this revalorization of the actual middle managers' *métier* might have an important impact on the way that managers face strategy implementation processes and also on the design of middle managers' training where current trends, in general, enhance the importance of the discursive skills. These findings are in tune with later works in M&As that advice practitioners to "walk the talk" (Cording *et al.*, 2014; Gomes *et al.*, 2013; Teerikangas and Irrmann, 2016).

Chapter 6
The Impact of Interactions on Acquired Middle Managers' Strategy Roles

In the previous chapters we have described the impact of the sensemaking practices named *interacting through action* on the successful enactment of middle managers' strategic roles and we have proposed a model of how middle managers' interactions dynamics affect the implementation process of the acquisition's intended strategy. Now we aim to analyze how these managers operationalize the interactions during the post-acquisition process and at the same time delve into the relation of interaction intensity and enactment of their strategy roles (proposition 2 in Chapter 2). More precisely, in this chapter we focus on ***acquired middle managers*** aiming to understand how different possibilities of interactions among the managers from both organizations and their frequency might influence the acquired managers' enactment of the strategy roles proposed by Floyd and Wooldridge (1992, 1994). To formulate a richer answer to these questions we have used a mix methods approach that allows us to iterate between qualitative and quantitative data (Kaplan, 2016).

6.1. Interactions and middle managers' strategy roles

We have defined *middle managers' interaction* as the engagement of *interpersonal* dialogue between acquired and acquiring middle managers in order to discuss the strategy implementation where acquiring managers are the masters of the strategy's content and acquired managers are masters of the context. From our literature review, we know that middle managers' interaction may vary in terms of frequency according to the type of integration approach selected (Haspeslagh and Jemison, 1991), the relatedness of two organizations (King *et al.*, 2004; Puranam *et al.*, 2009), and the task integration attempt (Birkinshaw *et al.*, 2000). That is why, to conduct this study, we aimed to keep these variables constant by focussing on related cross-border acquisitions where the acquired organization might see the transaction as an opportunity rather than as a threat (Teerikangas, 2012) as we have discussed in our contextual assumptions (Chapter 2).

Rouzies and Colman (2012) in their study of post-acquisition employees' identification argue that this *interpersonal* dialogue can be seen as "face-to-face or distant contacts" (145) between members from both organizations involved in the acquisition process. Looking through our qualitative data we can easily realize that there are formal and informal interactions. Formal interactions can be face-to-face in the form of pre-scheduled meetings or distant as for example conference calls. These formal interactions can be related to project presentations, debriefing meetings, budgeting preparations, etc. As well, informal interactions can be informal in-person conversations or distant using technological tools as telephone, emails, chat, etc. As we have seen, in the context of organizational change, Balogun and Johnson (2005) underscore the importance of these informal interactions in middle managers' everyday activities. From our interview accounts we have seen that these informal interactions are at the heart of middle managers sensemaking processes and consequently of their strategy roles.

In the field of M&As research, interactions are often linked to employees' identification processes (Langley *et al.*, 2012; Rouzies, 2011; Rouzies and Colman, 2012). For example, Langley *et al*. (2012) argue that interactions allow middle rank managers the recognition of the sameness and differences between the two organizations. Rouzies and Colman (2012), in their study in the context of a French-Norwegian acquisition, argue that the interactions among the employees from both organizations permit them to better gauge what it means to belong to the acquiring organization and in this way to construct the identification towards the acquirer. However, at the same time, according to these authors, it allows both groups to discern between their differences increasing their own identity as a working unit.

Nevertheless, as to our knowledge, we still need to shed light on the relation between acquiring and acquired middle managers' interactions dynamics and the reconstruction of acquired middle managers' strategy roles during the post-acquisition stage as it can highly impact the acquisition outcomes. We have seen that acquired middle managers enact the emergent role of *bridging two organizations* as a recourse to recover their upward roles that they have lost during the transaction and that *interacting through action* is at the core of their sensemaking process. Upward roles have been classified by Floyd and

Wooldridge (1994: 50) as "championing strategic alternatives" and "synthesizing information." On the one hand, championing means presenting ideas or projects to the upper management for their evaluation. For example, the "quick hits," described by one of our informants or "projects that represent money that can be made very quickly if we execute them." On the other hand, synthesizing is transmitting information upward about internal or external events, and it is seen by Floyd and Wooldridge (1994) as a way to influence upper management's perceptions. For example, when acquired middle managers warn about the flaws that a project can have if it is implemented as it is in their context: "we were able to demonstrate that we could have problems, especially because we were speaking about products not very common for plants in the North, they were basically products for the domestic market." The enactment of these two upward strategy roles is not complete if middle managers do not enact their downward roles (Bryant and Stensaker, 2011; Floyd and Wooldridge, 1992b; 1994; Mantere, 2008). As we have discussed, these downward roles are related to the implementation of the intended strategy. Moreover, some authors argue that it is impossible to separate strategy from implementation because implementation is actually strategy (Martin, 2010), and it is during the implementation that the intended strategy is adapted taking its final shape and reality. Interestingly, we have seen in the process description (Chapter 4), that strategy implementation is the middle managers' playground and as we have said the *raison d'être* for middle managers' interactions.

Therefore, as *interaction through action* is at the heart of the sensemaking processes that support acquired middle managers' recovery of their strategy roles, we expect that a higher frequency of formal and informal interactions, between acquired and acquiring middle managers, will enable acquired middle managers to perform in higher degree their strategy roles granting them their inclusion in the adaptation process of the intended strategy.

Hypothesis 1: Higher frequency of informal and formal interactions between acquiring and acquired middle managers will foster acquired middle managers' enactment of the strategy roles, allowing them to participate in the process of strategy adaptation.

Throughout the process description we have seen that an important tool to foster understanding among middle managers from both organizations is the conjoint execution of projects as it is a privileged arena to work *together*. Working together is an important component of the interaction of individuals from both organizations (Risberg, 2001; Rouzies, 2011; Rouzies and Colman, 2012). Conjoint projects are an excellent example of Amiryani and Ross (2014) "on-the-job" learning activities. For them these "on-the-job" activities booster the acquisition performance and knowledge transfer. They stress the importance of the face-to-face interaction of middle managers if both companies want to benefit from their expertise and experience. This face-to-face work on conjoint projects allows acquired managers to better understand important aspects of the acquirer's processes and at the same time exert upward roles by including ideas or changes that can account for the context. In the following quotation we can see the utilization of a conjoint-project, in this case, to introduce a new methodology of work at the acquired facility:

> *In [the acquirer] when we manufacture the units, we go through quite a lot of engineering and we do quite detailed engineering. We produce the 3D drawings for the complete module before we start actually cutting and welding in the workshop, and for that we use a [special software] that at the same time generates a detailed list of components, fittings and gaskets. At the acquired they were using 3D simulation of the plant, but it was basically a dead model. (…) However, they didn't want to use our system because they said it would take a lot longer because they would have to do more engineering. (…) So we decided to run both ways of doing in parallel up to a point of manufacturing... (…) So, in terms of delivery time we cut 3 weeks off of the actual manufacturing time. That was pretty clear at that point and they saw the benefits of using this tool (acquiring middle manager)*

From our qualitative data we can distinguish two types of projects: projects that acquired managers execute under the supervision of the acquiring managers and projects co-managed between acquired and acquiring middle managers. On the one hand, in supervised projects, acquired managers participate only in the execution and closing of the project. As the example shown in the last quote where the acquiring manager has designed and planned the project and acquired managers have only to execute it. On the other hand, co-managed projects allow acquired managers to participate in all phases of the project life cycle: design, planning, execution, and closing. For example, we have seen the case of the acquired managers' development of tools for the implementation of the supply-chain concept that was part of a corporate project (see Chapter 4 – Post-acquisition -Phase II-). Consequently, we expect that acquired middle managers' participation in supervised or co-managed projects will foster their enactment of the strategy roles.

Hypothesis 2-a: Acquired middle managers' possibility of running projects under the supervision of acquiring middle managers will foster acquired middle managers' enactment of the strategy roles, allowing them to participate in the process of strategy adaptation.

Hypothesis 2-b: Acquired middle managers' possibility of co-managing projects with acquiring middle managers will foster acquired middle managers' enactment of the strategy roles, allowing them to participate in the process of strategy adaptation.

6.2. Empirical investigation

To test these hypotheses we performed a survey among 65 acquired middle managers involved in the integration process of 26 different cross-border transactions distributed across Oceania, Europe, North America and South America. The research protocol is described in the methodology chapter (Chapter 3). These middle managers were experiencing at least the second year of the post-acquisition stage and were part of cross-border transactions with the following characteristics: acquired and acquirer were related firms, the acquirer was bigger in size than the acquired, and they were not hostile acquisitions.

In the survey we have focused on four types of interactions: formal meetings, formal conference calls, informal face-to-face encounters, informal telephone, email or chat interactions. We have used a five points Likert-type scale (Rouzies and Colman, 2012). We can see the results in Table X.

We divided the dependent variable, *level of strategy roles' enactment,* into three measurements following the typology of Floyd and Wooldridge (1992, 1994). Two of the measurements correspond to the upward roles of *championing* and *synthesizing* (Floyd and Wooldridge, 1992b), and one to the downward roles of implementation measured as *implementation success* (Noble and Mokwa, 1999; Turner Parish *et al.*, 2008). Noble and Mokwa (1999: 60) define implementation success as "the extent to which an implementation effort is considered successful" by the members of the organization, in this case by acquired middle managers. In Table XI we list these three constructs (measured on five-point Likert-type scales), the values Cronbach's α, and their items with their loading factors (we estimated a multifactor measurement model and retained only the items with factor loadings greater than 0.40).

Table X: Frequency of different types of acquiring and acquired middle managers' interactions during the post-acquisition stage (n = 65)

Type of Interaction		Almost never	Monthly	Weekly	Daily	Several times a day
Formal	Meetings	21	24	16	4	0
	Conference calls	14	17	27	6	1
Informal	Face-to-face	26	21	5	10	3
	Telephone, email, chats	12	11	16	15	11

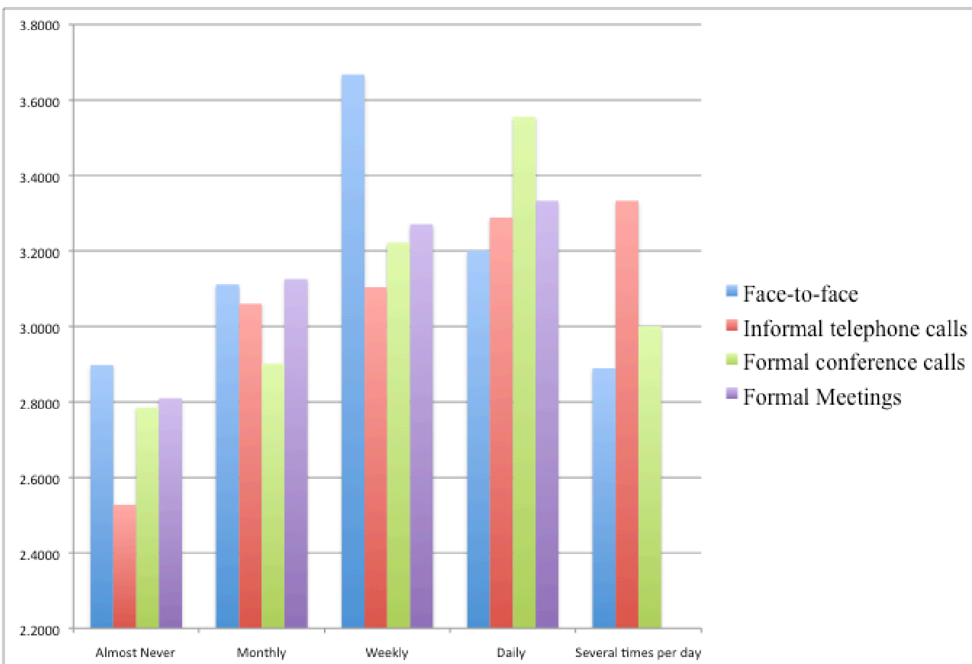
Table XI: Constructs and measurement variables (Cronbach's α)

	Cronbach's α	Factor loading
Championing	0.716	
- Evaluating the merits of new proposals		0.933
- Searching for new opportunities		0.867
- Gathering internal and external information on the feasibility of new projects		0.446
Synthesizing	0.846	
- Letting superiors know about possible business opportunities		0.571
- Proposing improvements concerning business opportunities		0.787
- Transmitting information gathered from competitors, suppliers and/or customers		0.952
- Expressing concerns about contextual situations that might jeopardize or benefit your operation		0.853
Implementation success	0.877	
- The implementation of this change was effective		0.936
- Our implementation effort on this strategy was effective		0.798
- I personally think the implementation of the strategy was a success		0.939

6.3. Formal and informal interactions *(Hypothesis 1)*

As the scale of measurement for each type of interaction is ordinal we created four dichotomous variables[38] to evaluate the influence of these interactions over the three dependent variables of the strategy role's enactment. We have run multiple linear regressions for these independent variables to see their influence over championing, synthesizing and implementation success. However, not one of the proposed models[39,40] were statistically significant when observing the global F-test. Therefore, and maybe due to the size of our sample, we cannot conclude that a higher frequency of formal and informal interactions leads to higher level of acquired middle managers' strategy role enactment. Nevertheless, as follows, we present the graphics of the influence of the independent variables over each dependent one.

Figure XIII: Impact of the different types of interactions on championing



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[38] Almost no interactions, monthly interactions, weekly interactions, and daily interactions. Several daily interactions was chosen as reference category.
[39] We tested the relationships of all the independent variables against each one of the dependent variables. Also we have checked the relationships of each group of dichotomous variables (i.e. separately for each type of interaction) against each one of the independent variables.
[40] Following Rouzies (2011) we have also created two dichotomous variables for each type of interaction, namely no-low interaction (almost never), and high interaction (weekly, daily, and several times per day). Monthly interactions were used as reference category. We have also run the relationships described in the previous note.

Figure XIV: Impact of the different types of interactions on synthesizing

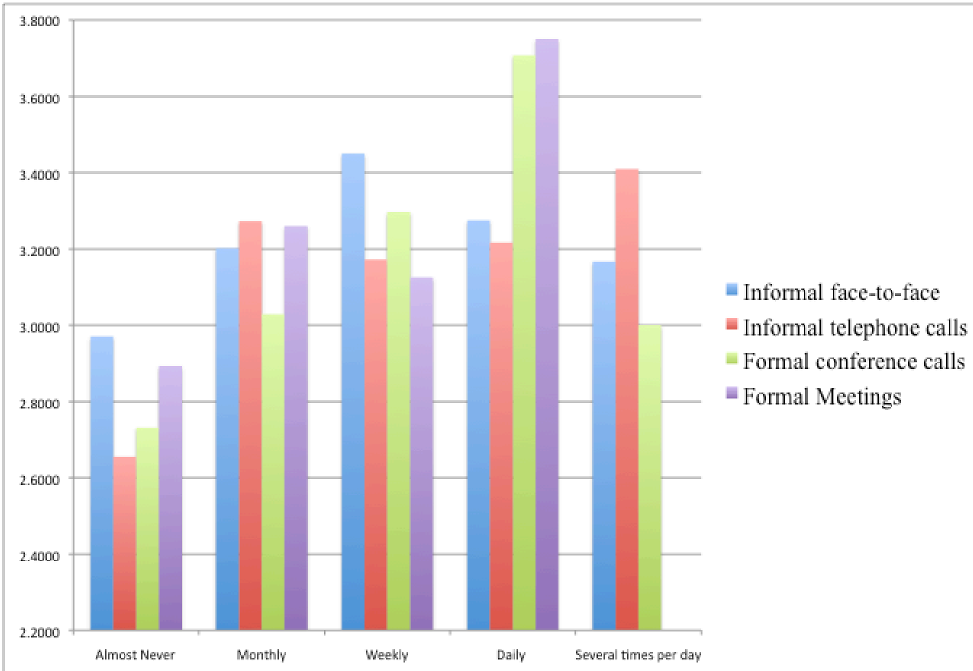
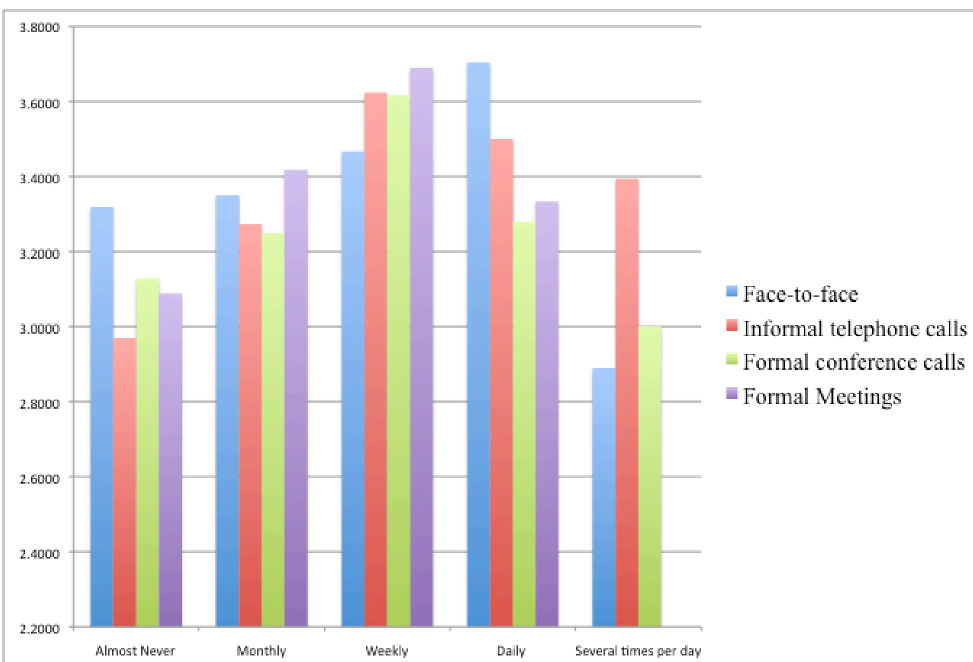


Figure XV: Impact of the different types of interactions on implementation success



In Figures XIII, XIV and XV we can see the impact of the different types of interactions on championing, synthesizing and implementation success. It is worth noting that the shape of almost all the types of interactions follows an inverted U type of relationship. This means that the strategy roles' enactment increases with the interaction frequency up to a peak and then start decreasing. The position of these peaks varies but they are mostly positioned at weekly or daily interactions (see Table XII).

Table XII: Impact of middle managers' interactions on strategy role enactment

	Informal Interactions		Formal Interactions	
	Face-to-face	Telephone calls	Meetings	Conference calls
Championing	Inverted U shape (peak: weekly)	Linear Trend (peak: daily and several times per day)	Linear Trend (peak: weekly and daily)	Inverted U shape (peak: daily)
Synthesizing	Inverted U shape (peak: weekly)	- (two peaks: monthly and several times per day)	- (two peaks: monthly and daily)	Inverted U shape (peak: daily)
Implementation success	Inverted U shape (peak: daily)	Inverted U shape (peak: weekly)	Inverted U shape (peak: weekly)	Inverted U shape (peak: weekly)

In general, we observe that interactions which are more frequent than weekly (in some cases daily) mitigate the strategy roles' enactment. This might imply a strong presence of the acquiring management in the acquired facility, and might be related to transactions that have not left the first phase of post-acquisition. The following quote belongs to an acquired manager, finance controller at the acquired unit, transitioning the last part of the first year of integration.

And yesterday he (a colleague from acquiring headquarters) called me to say that it has been a long time (less than a week) that we have not spoken… (she hits the table) But we have nothing to say! I did not need his help! But he told me that he was worried about me and all the work we had to do, that I shouldn't worry that we were going to finish in time…. (acquired middle manager)

This telephone call was interpreted by this acquired manager as over controlling on the part of the acquiring manager. Even if the tone was friendly, the acquired manager that used to work independently inside the former corporation now finds herself being professionally harassed by a colleague from headquarters. Therefore, the acquiring management intensifying the frequency of interactions can overwhelm the acquired management. We can see this happen when there is an overlap of responsibilities between corporate and local managers. This might lead to poor co-operation, impacting the inclusion of acquired managers to strategy adaptation.

At the other extreme, the lack of interaction does not favour either acquired managers' strategy roles' enactment. The absence of interactions or monthly interactions does not show important enactment of strategic roles. This may be representing transactions where the acquiring organization judges as non-important to approach the acquired organization and does not allow acquired managers to become part of the new organization's strategy adaptation process. Importantly, this lack of inclusion of the contextual knowledge might lead to "unrealistic objectives" (Mantere, 2005: 175) also impacting the acquisition outcomes.

Therefore, there is a compromise point in between these two extremes where the interaction frequency favours the recovery of acquired middle managers' strategy roles. In our sample this point seems to be at weekly or daily interactions depending on the type of interaction. However, we can see that for less intrusive ways of interactions (informal non face-to-face) this peak can be at several times per day. Therefore, there is a delicate compromise point on the frequency of interactions to foster the enactment of acquired managers' strategy roles. This inflection-point might depend on the transaction context and on the personality and function of the managers involved. Moreover, as interactions change during the integration process (Steigenberger, 2015) this point might move along the post-acquisition stage.

There is another interesting point that we can raise when analyzing these charts. We can see that there is not an important difference in the impact on strategy roles' enactment (x axis) between formal and informal interactions. For example, as for championing, we can see that weekly face-to-face informal interactions have a high impact as well as daily formal conference calls. Something similar happens when comes to implementation success. Conversely, the interactions that highly impact synthesizing are formal conference calls and meetings.

Normally, strategy-as-practice research privileges informal type of interactions (Balogun *et al.*, 2005; Balogun and Johnson, 2005; Rouleau and Balogun, 2011). M&As scholars also underline the importance of the creation of networks to support these informal interactions (Steigenberger, 2015; Teerikangas and Irrmann, 2016). In our interviewees' accounts we have also found a major weight placed on these types of interactions. Maybe because these are the ones that have a higher impact on the managers' own lived experience. As we can see in the following quote informal interactions are possible when there is already a link of trust created between the managers.

> *But, at the very beginning (more than six months after the takeover), the global HR wanted to install [the acquirer's HR program] in the acquired facility, and during that time [the acquired general manager] came to me and told me [John] we cannot do this right now because people will not understand it and it is going to kill us with all our projects. OK, let's close the door; we need to discuss this. (acquiring middle manager)*

We can also see that there is complicity between the managers because the acquired manager is requesting his counterpart to support him withdrawing a decision that came from headquarters. So these kinds of interactions are clearly the carriers of acquired managers' influence on strategy.

However, as we just said, from the charts we can see that in the context of cross-border acquisitions both types of interactions are important for the involvement of acquired middle managers in the strategy adaptation process. Mantere (2005: 172) argues that formal channels provide managers a certain and established space to present their ideas. The next two quotes represent examples of these spaces.

> *We did a gap analysis and we told them (acquired middle managers) we were going to explain a new process and we want you to tell us every time you are thinking: "Oh my God," that is not*

how we do it. Then whenever you say in your head: "Oh my God" I want you to tell me and I'll write it down. And those are the gaps that we have to solve. (acquiring middle manager)

With my new corporate boss, we used to have a conference call every Monday, where each country manager had to explain all the current projects and the evolution of the sales in each market. They were very long conversations, we had to listen to the rapport of each country, we analyzed project by project. That was the methodology. (acquired middle manager)

The first one is a gap analysis made at the beginning of the post-acquisition stage. Here the acquiring manager is asking their local colleagues to verbalize any contextual discrepancy that they may see when implementing a corporate procedure. The second case is a routine conference call where each country representative has the possibility to raise their points. The existence of these channels is important and it is true that they give a voice to acquired managers. Nevertheless, we have also seen that this voice is more than often not listened to during the first stage of the acquisition.

Therefore, the creation of these formal channels is as important as the willingness of the acquiring side to acknowledge the acquired managers' message. Notwithstanding, formal channels are important in cross-border acquisitions as true and established spaces to enact strategy roles. Informal channels might be more effective but they are more difficult to create in this context as we have seen throughout our qualitative analysis.

6.4. Supervised and co-managed projects *(Hypothesis 2)*

To test the influence of supervised and co-managed projects we have also run multiple linear regressions using SPSS software. We used as control variables: manager's experience in previous transactions as acquirer, manager's experience in previous transactions as acquired, previous contact with the acquiring firm, years from the beginning of the takeover, culture distance (Kogut and Singh, 1988) and three of its Hoftstede's components treated as distances: individualism index (IDV), masculinity index (MAS) and uncertainty avoidance index (UAI) (Hofstede *et al.*, 2010). In Table XIII, we present the means, standard deviations and correlation matrix for the studied variables. The assumptions of multivariate analysis were respected (i.e. linearity,

Table XIII: Correlation Matrix and descriptive statistics - Interactions

	1	2	3	4	5	6	7	8	9	10	11	12	13
1. Championing	1												
2. Synthesizing	0.646**	1											
3. Implementation success	0.398**	0.033	1										
4. Co-managed projects	0.388**	0.449**	0.377**	1									
5. Supervised projects	0.280*	0.255*	0.169	0.427**	1								
6. Experience as acquirer	0.046**	-0.093	0.054	-0.103	0.138	1							
7. Experience as acquired	-0.159	-0.108**	-0.282**	-0.140	-0.081*	0.331	1						
8. Previous contact	0.247**	0.282	0.078	0.318**	0.314*	-0.110	-0.130	1					
9. Years since takeover	0.049**	0.080**	-0.265**	-0.167	-0.024**	0.241	0.240	-0.011**	1				
10. Culture distance	-0.213*	0.033*	-0.150	-0.030**	-0.362	-0.289	-0.055	-0.084*	-0.076	1			
11. IDV	0.267**	0.365	-0.095	0.180**	0.198	-0.148	-0.063*	0.150	-0.098*	0.210	1		
12. MAS	-0.216	-0.027**	-0.149**	-0.019**	-0.415*	-0.181	-0.019	-0.123*	0.134	0.808	-0.245*	1	
13. UAI	-0.070**	0.047	0.028	0.087**	-0.130*	-0.256	-006	-0.049	-0.349	0.496	0.277**	0.039	
n	65	65	62	65	65	65	65	65	65	65	65	65	65
Mean	3.072	3.139	3.376	0.600	0.492	0.400	0.4154	0.292	2.97	1.316	1.064	2.367	1.223
Standard deviation	0.778	0.800	0.833	0.494	0.504	0.494	0.497	0.458	1.287	1.042	1.279	3.660	1.360
Maximum	4.33	4.50	5.00						5	5.118	4.381	12.306	7.696
Minimum	1.00	1.00	1.67						1	0.000	0.000	0.000	0.000

$p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, + $p < 0{,}10$

Note: Experience as acquirer, experience as acquired, and previous contact are dichotomous variables (0 = no, 1 = yes) normality, constant-variance, and independence of observations) and we have also verify the absence of multi-colinearity (Norušis, 2011).

Below, Table XIV shows the results of the multiple linear regression analysis for championing, Table XV for synthesizing, and Table XVI for implementation success. For the three dependent variables, Model 1 includes co-managed projects, Model 2 adds supervised projects and the transaction related control variables, and Model 3 adds culture distance variables.

In Model 1 we can see that the implication of acquired middle managers in co-managed projects is positively related and statistically significant to the strategy role assumption of championing, synthesizing and implementation. These relationships remain significant, although weaker, when we add supervised projects and the control variables. Therefore, hypothesis 2b is supported. However, we can see in Model 2 that the involvement of acquired managers in projects supervised by their colleagues are not statistically significant for either of the three dependent variables. Thus, we find no support for hypothesis 2a.

Table XIV: Multiple regression analysis - Supervised and co-managed projects influence on championing

	Model 1	Model 2	Model 3
Constant	2.705*** (0.142)	2.468*** (0.278)	2.858*** (0.278)
Co-managed projects[a]	0,611*** (0.183)	0.514* (0.213)	0.411* (0.213)
Supervised projects[a]		0.128 (0.210)	-0.056 (0.212)
Experience as acquirer[a]		0.162 (0.204)	0.219 (0.194)
Experience as acquired[a]		-0.243 (0.199)	-0.299 (0.109)
Previous contact[a]		0.186 (0.216)	0.170 (0.198)
Years from de takeover		0.072 (0.075)	0.037 (0.075)
Culture Distance			-1.271** (0.398)
IDV Distance			0.463*** (0.129)
MAS Distance			0.285** (0.104)
UAI Distance			0.311* (0.132)
N	64	64	64
R^2	0.150	0.212	0.393

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, + $p < 0,10$.
Estimated regression coefficients with standard errors in parenthesis.
[a] dichotomous variables

Table XV: Multiple regression analysis - Supervised and co-managed projects influence on synthesizing

	Model 1		Model 2		Model 3	
Constant	2,702***	(0.141)	2.391***	(0.277)	2.468***	(0.325)
Co-managed projects[a]	0,728***	(0.183)	0.651**	(0.213)	0.472*	(0.207)
Supervised projects[a]			0.086	(0.210)	0.043	(0.215)
Experience as acquirer[a]			-0.117	(0.204)	-0.029	(0.196)
Experience as acquired[a]			-0.081	(0.199)	-0.137	(0.185)
Previous contact[a]			0.218	(0.216)	0.215	(0.200)
Years from de takeover			0.112	(0.075)	0.075	(0.076)
Culture Distance					-1.084**	(0.402)
IDV Distance					0.481***	(0.131)
MAS Distance					0.284**	(0.105)
UAI Distance					0.302*	(0.133)
N	64		64		64	
R^2	0.201		0.256		0.414	

* p < 0.05, ** p < 0.01, *** p < 0.001, + p < 0,10 .
Estimated regression coefficients with standard errors in parenthesis.
[a] dichotomous variables

Table XVI: Multiple regression analysis - Supervised and co-managed projects influence on implementation success

	Model 1		Model 2		Model 3	
Constant	2.971***	(0.162)	3.462***	(0.297)	3.646***	(0.374)
Co-managed projects[a]	0.644**	(0.205)	0.571*	(0.210)	0.644*	(0.243)
Supervised projects[a]			-0.019	(0.224)	-0.089	(0.253)
Experience as acquirer[a]			0.337	(0.220)	0.259	(0.230)
Experience as acquired[a]			-0.442*	(0.212)	-0.444*	(0.219)
Previous contact[a]			-0.061	(0.226)	-0.061	(0.226)
Years from de takeover			-0.122	(0.079)	-0.105	(0.087)
Culture Distance					-0,024	(0.533)
IDV Distance					-0.120	(0.170)
MAS Distance					-0.031	(0.139)
UAI Distance					0,018	(0.166)
N	61		61		61	
R^2	0.142		0.257		0.300	

* p < 0.05, ** p < 0.01, *** p < 0.001, + p < 0,10 .
Estimated regression coefficients with standard errors in parenthesis.
[a] dichotomous variables

These findings resonate with the insights we got from our qualitative research where we highlighted the importance of projects as a means to connect acquired managers' local mastery and acquiring managers' strategy content knowledge. However, this quantitative analysis allows us to uncover an important nuance, co-managed projects impact more than supervised projects on the recovery of strategy roles for acquired middle managers. In other words, co-managed projects might place at the same level of importance strategy content and context, whereas in supervised projects context might still remain subordinated to strategy content. Supervised projects leave acquired managers attached to the implementation of the strategy where they might or might not succeed to adapt it to their context. Repeating what an acquiring manager said: "They knew in their heart that was wrong but, we asked them to do it, and they struggled through it with us."

Conversely, co-managed projects put to work *tête-à-tête* managers from both organizations in all the phases of the project's life cycle: design, planning, execution, and closing. It is in the first two phases, design and planning, where acquired managers can exert their upward roles of championing and synthesizing by introducing their local mastery. As one of the acquired managers said: "you start sharing situations when running projects together, then when you talk and it is easier to understand". By working together on the design and planning of the integration projects, acquired managers have to reflect on and better understand the intended strategy conceived for their operation. So, they are able to provide their knowledge to improve the strategy adaptation to the local context. For example, in the following quote, an acquired manager explains his involvement in an expansion project:

> *In the project of expanding the UHT line, we (acquired and acquiring managers) were discussing: we must enlarge the room to do this, we must do that, we set the overall blue-print for the project, investment estimates, new production capacity… we have also involved commercials: expectations of expansion, prices, etc. I was in charge of putting all together and to present the project. And after that, another round of discussions, for example consultations linked to marketing: are you sure that you can sell that amount? What would be the product branding? Would you work with supermarkets at that price? Are you sure? Can you validate that? All those kinds of questions, after that, operational facts, for example: the boiler would be big enough? (acquired middle manager)*

Therefore, co-managing projects enable knowledge transfer between both groups of managers by opening an overt space of dialogue among the managers from both organizations. It allows managers to bring multiple perspectives and views of the task to be performed (Meglio *et al.*, 2015). In these spaces, they can more easily enact their strategy roles. Also, these types of interactions open the door for acquired managers to feel that they belong to the acquirer, they enable managers to explore "what it means to be part of the acquirer" (Rouzies and Colman, 2012: 146). Moreover, Teerikangas and Irrmann (2016) assert that running joint projects also catalyzes the cultural integration. The following quote shows an acquiring manager's reflection on using this tool to enhance the acquired management's feeling of belonging.

> *They like to know more, they are really curious. You know, they would like not to just be a subsidiary, they would like to be part of us ... to participate with us… and if you give them more responsibility, they will be happier. You know, like us. And there was a small company in Brazil [where I was running the integration projects], and I thought that could be a good idea to co-managed the integration projects with Argentina (previous acquisition)... and they are happy, and they have the impression of being part of the group, if you isolated them on the corner, they will always feel that they still an acquired company. (acquiring middle manager)*

It is true that this responsibility was given to the acquired management after four years of belonging to the new owner; however we can see the rationale behind the idea: they want them to have responsibility, *"you know, like us."* Responsibility in the voice of this manager has the meaning of inclusion, inclusion in the strategy matters of the company.

In terms of the control variables, there are some results that merit our attention. We observe that experience as acquired has an inverse and statistically significant effect on implementation success. That means that acquired managers' perception of implementation success was lower for those managers that have experienced previous acquisitions. In other words, their experience in previous acquisitions did not help them to channel their effort towards a successful implementation. Hébert and colleagues (2005) studied acquiring managers in cross-border acquisitions and they argue that previous experience in acquisition was inversely related to acquisition survival, they justify this result saying that knowledge is context based. Our results show the other side of the same coin, acquired managers are masters of the context; however what they have learnt in previous acquisitions seems to undermine their performance as implementers. Therefore, for strategy implementation, the contextual knowledge is as important as the strategy content knowledge given by the different organizational situations embedded in each transaction.

Furthermore, we remark that national culture distance has inverse and statistically significant effect on middle managers' enactment of championing and synthesizing; however no statistically significant effect on implementation success. This means that transactions where the acquired and acquiring firms belong to countries with similar composite cultural index (lower culture distance) better enable acquired middle managers to enact these strategy roles. Nevertheless, here it is interesting to see the impact of each index distance individually as all of them are statistically significant. Huang *et al*. (2016) argue that it is important to analyze the influence of each cultural dimension to better understand the studied phenomena.

Power distance is the only index that has an inverse influence on the strategy roles enactment and the one that has more impact on the construct of culture distance (Kogut and Singh, 1988) as it is forcing all the construct to become inversely related[41]. This index is related to the power differential between the different stratus of the organizational hierarchy (Hofstede *et al.*, 2010). So, the enactment of the strategy roles seems to be facilitated by a similar conception of hierarchy in the countries involved (lower power differential distance), higher differences may lead to conflictive interactions (Huang, Zhu, and Brass, 2016).

Conversely, for individualism (individualism-collectivism, IDV), masculinity (masculinity-feminity, MAS) and uncertainty avoidance (UAI), a higher difference of these indices between the involved countries favours the enactment of championing and

[41] For each upward role, we have run a regression with the four indices and effectively, in both cases, PDI (power distance index) has the highest beta, is negative, and statistically significant ($p < 0.01$).

synthesizing. These indices represent individuals' self-conception and the way they deal with conflicts (Ailon, 2008; Hofstede *et al.*, 2010). These individual's traits are finer than authority relation and also have a crucial impact on the way managers interact. Therefore, this means that in more distant countries managers might be more attentive to accommodate these differences and face the interactions with their counterparts in a more cautious matter. So, they may be forced to put more effort on the construction of relationships in order to succeed in their projects. As Inkpen *et al*. (2000) and Weber *et al.* (1996) advise: not to neglect the national context is an important rule. As we have said in Chapter 5, managers perceive these differences as an opportunity for personal development. Hébert *et al*. (2005) use the concept of "psychic distance paradox" to explain that managers' perception of similarity; in transactions between psychically close countries, it might prevent them from recognizing and addressing critical differences that might impact the outcomes which does not happen in transactions between psychically (and culturally) distant countries.

In a nutshell, acquiring and acquired managers are more attentive in the way they interact even of subtle particularities when their organizations belong to more distant countries, which might foster the generation of a better atmosphere for acquired managers' enactment of the strategy roles of synthesizing and championing. However, a frontier seems to be drawn in which there is a concern for the understanding of the power relationship among the different levels of the organization. The following quotation shows a really simple example embedded in different conceptions of power equality. It shows the existence of a threshold that acquiring managers are not willing to cross.

> *When we bought the company, we had to set up a new central office. And there was a "to do" list and one of the points that surprised me was the question of who was going to make coffee. Well, I answered, if you want a coffee you go and you prepare yourself a coffee… The point was that before there was a person in charge of doing that or, if not, it was the secretary who prepared the coffee for example for the directors (…) Even if I was managing by consensus that was outside the limits… Therefore, if you stay inside the limits you can be open for trade-offs, but if not, you bring them inside those limits, and you have to explain why. (acquiring middle manager)*

These limits are normally at organizational level, but clearly in this case as in many others, they were more leaning to national cultural limits brought by the acquiring managers to the acquired organization. And these limits can generate frictions in the interactions dynamics.

Chapter 7
Strategy Roles and Cross-border Acquisitions' Value Creation

7.1. Strategy roles and value creation

The goal of this chapter is to delve into the relation between middle managers' strategy inclusion consequent of their interactions dynamics and the value creation in the focal cross-border acquisition to answer the last research question. Therefore, we attempt to connect the day-to-day activities that support middle managers' strategy roles with value creation for the focal acquisition. As per some other works (e.g. Ambrosini *et al.*, 2007; Regnér, 2003), we aim to draw a connection between the micro (activities) and the macro (value creation), but in this case using a mixed methods approach. In the previous chapters we have seen how the enactment of the emergent roles *bridging two organizations* by acquired middle managers and *selling corporate projects* by acquiring middle managers enables the recovery of middle managers' strategy roles proposed by Floyd and Wooldridge (1992, 1994). These roles of championing, synthesizing and implementing reinforce one another promoting middle managers' strategy involvement (Floyd and Wooldridge, 1992). As we have already analyzed these roles are the means middle managers possess to develop, adapt and execute strategy (Regnér, 2016). In other words, it is as a result of middle managers' enactment of these roles that strategy "emerges differently than originally conceived" since they are able to mediate between internal and external constituencies (Floyd and Wooldridge, 1997: 467). For example, as we have seen when transiting from the first to the second of the post-acquisition stage, middle managers are the ones that recognize the need for a divergence from the intended strategy and the initiators of the change of that strategy (Burgelman, 1983b).

Floyd and Wooldridge (1997: 470) argue that "in championing and synthesizing roles, middle managers draw on their unique knowledge of customers, operating capabilities, and top management intent"; however, in cross-border acquisitions this knowledge is shared among the two groups of managers. Contextual knowledge (i.e. customers and operating capabilities) is the territory of acquired managers, while top management intent is the domain of acquiring managers. The conjunction of these two kinds of knowledge is only attained when managers recognized the interdependency of their strategy efforts, that we have seen happening in the second phase of the post-acquisition phase. The influencing work of middle managers is critical for the alignment of the strategy with the internal and external environment (Burgelman, 1983b; Floyd and Lane, 2000; Floyd and Wooldridge, 1997; Regnér, 2003). However, again, in the context of cross-border acquisitions the knowledge required to exert this influence is distributed between both groups of managers. In this context there are two sets of different organizational environments, both internal and external, and acquired and acquiring middle managers involved in the transactions are in charge of converging these two organizational environments for the success of the strategy and for the success of the transaction.

For example, in one of the studied transactions, it was important to change their strategy intent due to modifications in both external environments. This company was acquired to strengthen the international business presence of the acquirer. So, the acquired firm was foreseen as a production subunit to export to the international market. However, regulatory export constraints in the local environment and the instability of the international market induced a change to the intended strategy. In the following excerpt we can see the involvement of both groups of managers in the formulation of the change of direction.

> *The reality in [the acquired country] is very different from what we were imaging from headquarters. Then there were adjustments to the plan, for example there were times when it was difficult to export due to export duties. When we just arrived, there were discussions about continuing to work for the internal market: do we want to stay in the domestic market? Do we need an internal distribution network? As I said, the goal to come here was to boost the international market. And we had our doubts, but input from the local people was always: the local market has constantly been good. And there were many reasons to think about the instability of the international market… then we opted to be present in the internal market. You know 40% and another 40% for international and the remaining 20% for different opportunities. So, that was very good feedback from the local team. And maybe the strength of the domestic market was one of the best surprises from this acquisition (…) Thanks to that we have locally developed products that now are leaders in their niche, we had a lot of success in*

the domestic market. So that was something ... the original plan was adjusted by the feedback of the local people (acquiring middle manager)

In this example we can see how the knowledge of the corporate strategy (acquiring managers) amalgamated with the operational and local market knowledge (acquired managers) adapted the intended strategy to overcome the environmental constraints enabling the success of the transaction. The interactions of these two groups of managers, with different contextual and strategy backgrounds, impacted the outcomes influencing the organizational capabilities and consequently the competitive advantage (Regnér, 2016: 310).

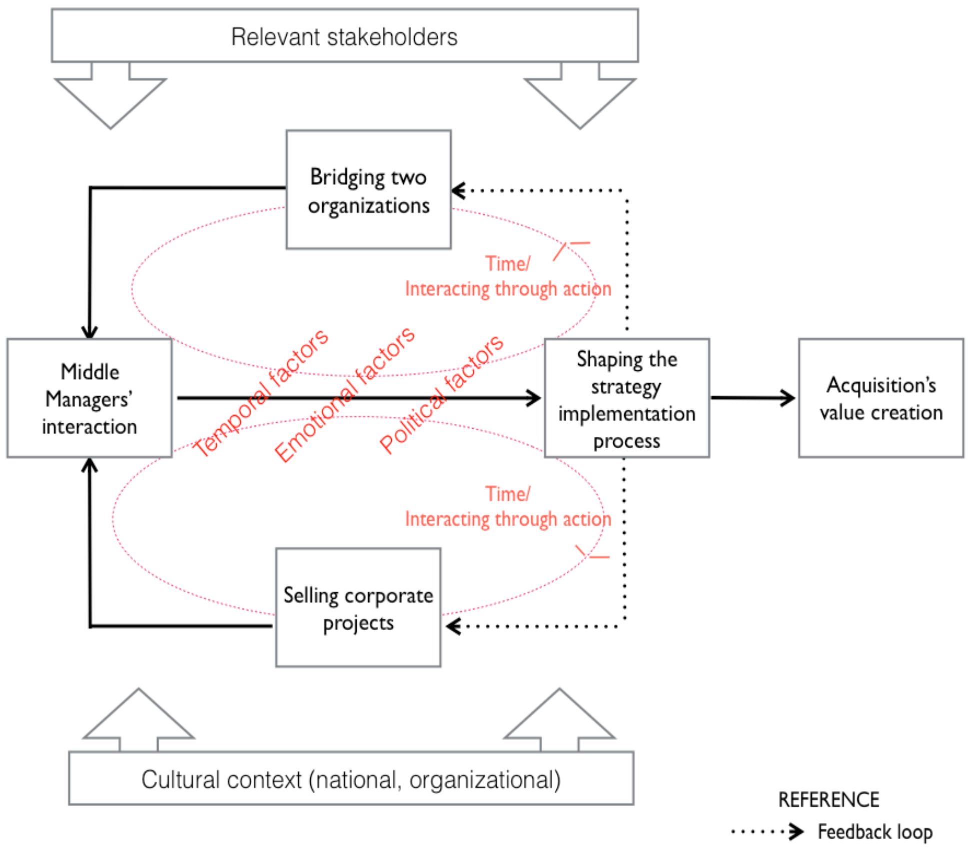
Floyd and Wooldridge (1997), studying a sample of 264 middle managers from 25 different industries, found that organizations that have middle managers exerting upward and downward roles are likely to have a higher degree of organizational performance. In the context of cross-border acquisitions, the enactment of the emergent roles leads to middle managers interacting with their counterpart and embarking on a difficult sensemaking process to recover their upward (acquired managers) and downward (acquiring managers) roles. So, the recovery and enactment of these roles by *both* groups of managers might positively influence the organizational performance of the acquired entity. In Figure XVI we thus show the final framework of middle managers' interactions and strategy formation dynamics in the context of cross-border acquisitions.

Following this rationale, we recall the third proposition introduced in Chapter 2:

Proposition 3: Acquired AND acquiring middle managers' enactment of the emergent roles foster their interaction which enables the recovery of their strategy roles allowing them to be part of the strategy adaptation process. These strategizing activities are positively related to the value creation in the focal acquisition.

From our qualitative analysis we saw that transactions that were likely to create value in the focal acquisition were those that could arrive to the second phase of post-acquisition. This is when both groups of managers have fully assumed their emergent roles and completely understood their interdependent relation.

Figure XVI: Final framework – Middle managers' interactions and strategy formation dynamics



The evolution of these two emergent roles as reinforcing loops aims to the recovery of the strategy lost roles, although differently for both groups in the cross-border transaction. The effort made unilaterally by just one of the groups would make the transaction remain in the first phase of post-acquisition as we have explained in Chapter 5. For example, acquired managers would still not influence the intended strategy through their upward roles. Therefore, if we focus only on acquired middle managers we can say that their enactment of upward roles might positively influence value creation in the focal acquisition. Formally, we can introduce hypothesis three, as a subset of proposition three:

Hypothesis 3a: Acquired middle managers' enactment of their strategy role of championing is positively related to the value creation in the focal acquisition.

Hypothesis 3b: Acquired middle managers' enactment of their strategy role of synthesizing is positively related to the value creation in the focal acquisition.

However, middle managers downward and upward roles are interwoven in the strategy process (Floyd and Lane, 2000; Mantere, 2008). Floyd and Wooldridge (1997:471) assert that downward roles are complementary as they serve to "clarify and advance" the efforts of strategy adaptation. We can thus posit the following:

Hypothesis 3c: Acquired middle managers' enactment of their downward strategy roles is positively related to the value creation in the focal acquisition.

7.2. Empirical investigation

This study used data collected from a survey among 65 acquired middle managers that were presently going through the integration process of 26 different cross-border transactions held in Europe, the Americas, and Oceania. The research protocol is described in Chapter 3, Methodology. As we said in the previous chapter, respondents were living at least the second year of the post-acquisition stage and were part of cross-border transactions with the following characteristics: acquired and acquirer were related firms, the acquirer was bigger in size than the acquired, and they were not hostile acquisitions.

The dependent variable is "acquisition's value creation" (performance) for the focal acquisition. Following Cannela and Hambrick (1993) we have used a perceptual measure of value creation by asking: how would you rate the performance of [the acquired firm] in relation to the acquiring organization at the time of the deal and at present (Cannella and Hambrick, 1993: 144). We have used a 5 point Likert-type scale (1: very poor, 5: very good). Due to accessibility and confidentiality reasons we have only been able to evaluate this dependent variable from the point of view of acquired middle managers. M&As is a sensitive field with difficult access to respondents from different hierarchical stratus in the same organization. This is related to the difficulty to negotiate and gain access to key respondents from both organizations when the acquisition is still of the integration period (Cartwright *et al.*, 2012; Meglio and Risberg, 2010; 2011). We understand that this may pose important limitations to the results of this study; however, the voice of middle managers can still give us an important insight about this crucial relation between the focal value creation and their strategy involvement.

Therefore, our primary dependent variable is *perceived performance change* calculated as the difference between the respondent evaluation when the deal was closed and at the moment of the survey. This means that the dependent variable will take positive values when there is a perceived improvement which means value creation and negative values when there is a perceived decline in the focal acquisition performance or value destruction. To palliate in some way the limitation of assessing this variable with each acquired manager's perspective, we have created an arithmetical mean between the individual assessment and the composite assessment of the transaction[42] (in 60% of the transactions, we have more than one respondent per transaction).

The independent variables are *championing*, *synthesizing* (Floyd and Wooldridge, 1992, 1994) and *implementation success* (Noble and Mokwa, 1999; Turner Parish *et al.*, 2008) as the indicators of the downward roles (see values of Cronbach's α and loading factors in Chapter 6 – Table XI).

We used multiple linear regressions as statistical method to test our hypothesis using SPSS software. Prior to the regression, we verified that the assumptions of multivariate analysis were respected (i.e. linearity, normality, constant-variance and independence of observations) and we verified the absence of multi-colinearity (Norušis, 2011). The values for the multi-colinearity test are in Appendix VIII.

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[42] This transaction's composite assessment is calculated as the geometric mean of the *performance perceived change* values of the managers from the concerned transaction. Geometric mean is used when the measurement scale is not linear as in Likert-type scales.

Table XVII: Correlation Matrix and descriptive statistics – Strategy roles' enactment

	1	2	3	4	5	6	7	8	9	10	11	12
1.Performance change	1											
2. Championing	0.248*	1										
3. Synthesizing	-0.131	0.646***	1									
4. Implementation success	0.526***	0.398***	0.033	1								
5. Experience as acquirer	0.043	0.046	-0.093	0.054	1							
6. Experience as acquired	-0.072	-0.159	-0.108	-0.282*	0.331**	1						
7. Previous contact	-0.031	0.247*	-0.282*	0.078	-0.110	-0.130	1					
8. Years since takeover	-0.252*	0.049	0.080	-0.265*	0.241^{+}	0.240^{+}	-0.011	1				
9. Culture distance	-0.300*	-0.213^{+}	0.033	-0.150	-0.289*	-0.055	-0.084	-0.076	1			
10. IDV distance	-0.064	0.267*	0.365**	-0.095	-0.148	-0.063	0.150	-0.098	0.210^{+}	1		
11. MAS distance	-0.388**	-0.216^{+}	-0.027	-0.149	-0.181	-0.019	-0.123	0.134	0.808***	-0.245*	1	
12. UAI distance	0.218^{+}	-0.070	0.047	0.028	-0.256*	-0.006	-0.049	-0.349**	0.496***	0.277*	0.039	1
n	64	65	62	62	65	65	65	65	65	65	65	65
Mean	0.024	3.072	3.139	3.376	0.400	0.4154	0.292	2.970	1.316	1.064	2.367	1.223
Standard deviation	1,116	0.778	0.800	0.833	0.494	0.497	0.458	1.287	1.042	1.279	3.660	1.360
Maximum	2.630	4.33	4.50	5				5	5.118	4.381	12.306	7.696
Minimum	-2.360	1	1	1.67				1	0.000	0.000	0.000	0.000

p < 0.05, ** p < 0.01, *** p < 0.001, + p < 0,10

Note: Experience as acquirer, experience as acquired, and previous contact are dichotomous variables (0 = no, 1 = yes)

As in the previous chapter, we used as control variables: manager's experience in previous transactions as acquirer, manager's experience in previous transactions as acquired, previous contact with the acquiring firm, number of years passed since the beginning of the takeover, culture distance (Kogut and Singh, 1988) and three of its dimensions: individualism index (IDV), masculinity index (MAS) and uncertainty avoidance index (UAI) (Hofstede *et al.*, 2010). Table XVII present the means, standard deviations and correlation matrix for the studied variables.

7.3. Acquired managers' strategy roles and value creation *(Hypothesis3)*

Table XVIII shows the outputs of the multiple linear regression analysis of perceived performance change as dependent variable. Model 1 includes the influence of the three studied independent variables: championing, synthesizing and implementation success. Model 2 adds all the controls related to the transaction itself, and Model 3 also incorporates culture distance variables.

Before discussing these findings, it is important to note some limitations of this study. First, the small simple size demands us to be cautious when interpreting these results. Second, correlations do not unquestionably imply causation (Floyd and Wooldridge, 1990). As Floyd and Wooldridge (1990: 239) argues of a similar research problematic "performance may indeed influence middle management involvement in strategy-making." Finally, and as we said before, the measurement of the performance using the same respondents may not truly reflect the variable of interest. Therefore, no definitive conclusions can be drawn from this single study. Notwithstanding these limitations, the findings are interesting because they allow us to pose a second regard in our qualitative analysis as we discuss further.

Concerning controls, we do not observe in Model 2 or 3 significant effects on the studied dependent variable. It is interesting to note that managers' acquisition experience as acquirer or acquired does not seem to affect the perception of performance change. This is aligned with Hébert *et al*. (2005)'s results that found that for expatriate managers (acquiring middle manages), their previous acquisitions' experience was detrimental to acquisition value creation. We also found in Model 3 that uncertainty avoidance index (UAI) distance is statistically significant ($p < 0.1$) and directly related to the perception of performance change. This means that transactions that involved countries that were distant in their perception of uncertainty avoidance might perform better. This could be explained by the "psychic distance paradox" already discussed in Chapter 6.

Table XVIII: Multiple regression analysis - Strategy roles enactment and perceived performance change

	Model 1	Model 2	Model 3
Constant	-1.710^{*}	-1.449^{+}	-1.247
	(0.704)	(0.841)	(0.834)
Championing	0.443^{+}	0.490^{*}	0.393^{+}
	(0.229)	(0.237)	(0.230)
Synthesizing	-0.494^{*}	-0.483^{*}	-0.443^{*}
	(0.208)	(0.251)	(0.205)
Implementation	0.572^{***}	0.545^{**}	0.501^{**}
success	(0.164)	(0.179)	(0.167)
Experience as acquirer		-0.042	-0.042
		(0.279)	(0.265)
Experience as acquired		0.237	0.075
		(0.278)	(0.259)
Previous contact		-0.107	-0.128
		(0.276)	(0.254)
Years from de takeover		-0.134	-0.018
		(0.102)	(0.101)
Culture Distance			-0.477
			(0.641)
IDV Distance			-0.006
			(0.214)
MAS Distance			0.015
			(0.163)
UAI Distance			0.372^{+}
			(0.061)
N	61	61	61
R^2	0.344	0.372	0.522

* $p < 0.05$, ** $p < 0.01$, *** $p < 0.001$, + $p < 0,10$.
Estimated regression coefficients with standard errors in parenthesis.

In the three models, we can see that the influence of the three acquired managers' strategy roles is statistically significant, even when adding the control variables. However, we can see that championing and implementing are positively related to perceived performance change, while synthesizing is negatively related, which is an unexpected direction. Therefore, the analysis of the data supports hypothesis 3a and c, but not hypothesis 3b.

Acquired middle managers' involvement in strategy implementation measured as implementation success is positively related to perceived performance change. Implementation is middle managers' flagship and positively related to organization performance when it is consistently assumed (Floyd and Wooldridge, 1997). Consequently, the relation implementation-value creation for acquired middle managers in the context of a cross-border acquisition is not an exception.

The case of championing and synthesizing is different. On the one hand, championing means searching and presenting new ideas or projects. It represents the efforts of individuals to influence the direction of strategic issues (Mantere, 2005). Championing in terms of the selected questions is related to gathering information, generating ideas for new opportunities and evaluating their feasibility. On the other hand, synthesizing is related to the communication of the analysis of the contextual conditions with the aim to influence the upper management (Floyd and Wooldridge, 1994). In the questionnaire: letting superiors know about possible business opportunities, proposing improvements concerning business opportunities, transmitting information gathered from competitors, suppliers and/or customers, expressing concerns about contextual situations that might jeopardize or benefit your operation. Therefore, in the context of cross-border acquisitions, the perceived decline of performance change (value destruction) is associated with higher acquired middle managers' communication of their strategic analysis of the actual directions. Conversely, the perceived improvement in performance change (value creation) is linked with higher acquired middle managers' germination of ideas to influence the strategy direction. We can see in table XIX a summary of these findings.

Table XIX: Impact of acquired middle managers' roles on perceived performance change

Acquired middle managers' strategy activities		
Synthesizing	High	Low
Championing	Low	High
Implementing	Low	High
	Declining performance transactions	Improving performance transactions

7.4. The influence of synthesizing and championing in value creation

Acquired managers' synthesizing is about transmitting analyzed information of the local context to their acquiring colleagues or, if possible, to upper management, in the form of "threats" or "opportunities" (Floyd and Wooldridge, 1992). In the survey this was posed in the form of action (e.g. expressing concerns, proposing improvements, transmitting information, letting know superiors).

Mantere (2008) after studying organizations in the professional service sector concluded that synthesizing activity is the instrument middle managers have to root the intended strategy in past experience. For him, synthesizing "creates a sense of continuity in work and a sense of involvement in strategizing" (304), because it aims to adapt the strategy to the day-to-day activities. We have described acquired middle managers during the first phase of the post-acquisition as continually benchmarking their current situation with their past experience in a quest to make sense of the cues they can retrieve about the proposed strategy. We have also seen their eagerness to bridge toward their acquiring colleagues by synthesizing their contextual knowledge. However, their past experience is foreign to the new organization, so there is a discontinuity that upsets their synthesizing effort. For instance, first, it could be just not being listened to by the acquiring management; second, it could have as a goal to keep the status quo of the acquired firm; and/or third, it could be totally decoupled from the acquirer's intended strategy. In all these cases acquired managers' synthesizing activity is not acknowledged by the acquiring management. Therefore, this intense synthesizing action might not collaborate to achieve the goal of adapting the intended strategy to the context of the acquired firm provoking a negative effect on its performance. Following, we analyze each one of these points.

First, we saw that during the first phase of the post-acquisition stage acquired managers were unsuccessfully bridging, they were willing to transmit their contextual knowledge; however, with a low degree of achievement. We can observe this in the following quote:

> *It is very difficult to continue [giving your opinion] when you see that the willingness is not there. The first time they say 'I hear you, it's fine but not', the second time is 'not because it is not,' the third time 'do not ask me anymore', and the fourth time you directly do not speak because you know it's been already decided. Then, 'a word to the wise is sufficient': no need to speak.* (acquired middle manager)

Therefore, during this first phase they exert their synthesizing role but they are not or barely listened to. Their feedback is not considered legitimate and sometimes it is even seen as a threat by the acquiring managers (Meyer and Lieb Dóczy, 2003). Nevertheless, as they see the decisions of the new owner as a threat to their organization they continue expressing their concerns. Thus, in this situation this strategy role loses its effectiveness also generating frustration in the acquired ranks. Moreover, the absence of introduction of the acquired contextual knowledge might lead to the performance erosion. In some transactions the second phase or the acknowledgment of the interdependency of both groups of managers is never attained despite acquired managers' effort of exerting their synthesizing role.

Second, acquired middle managers' synthesizing activity can have as a goal keeping the status quo in the acquired organization mitigating or delaying the possible success of the acquirer's plans. In the following quote we see one manager providing a context that totally refuses the plan proposed by the new organization:

They had presented some ideas for new working benefits, and the only thing that came to my mind was to tell them, are we really going to go back to the past and provide cars to our managers? We would have to assume the full administration, full monitoring, and all the useless work that come with it… right now, everything is going really smoothly without that. It's all those small businesses that I don't find useful (acquired middle manager)

These kinds of actions also correspond to the first phase of integration or when acquired managers do not understand the big picture of the intended strategy, though they do not see the benefits of some of the acquirer's decisions. They look for a sense of continuity as the only path to their progress (Mantere and Vaara, 2008). Nevertheless, this effort of communicating threats of already decided plans generates frustrations on both sides because it is an attempt on acquiring middle managers' implementation role and on the effectiveness of acquired middle managers' synthesizing roles. This synthesizing activity is seen by the acquiring management as resistance; however, more often than not it only expresses acquired managers' necessity of continuity and their way to contribute to the reconstitution of the disrupted meaning (Thomas and Hardy, 2011). The reconciliation of meanings might emerge from the "interstices" of these "power-resistance relations" among acquiring and acquired managers (Thomas *et al.*, 2011: 36) to open the door to the second phase of post-acquisition.

Third, acquired managers' synthesizing activity can be at times totally decoupled from the acquirer's intended strategy, usually due to its ignorance or misinterpretation (Meyer, 2006). This consumes time and resources of the acquired organization eroding again the possibility of success. In the following quote we can see the lack of connection between the acquiring manager's (unclear) demands and the acquired manager proposal:

As we spoke I prepared the plans for a new call centre. I went to headquarters and met with my corporate report. I brought all the blueprints, renting space possibilities, etc.… I brought everything. I don't know if you understand, turnkey… She took a look to it... and told me: but maybe it is better just to do it for level 1 support and bring here level 2. And I was astonished! All this work! And she pulls that rabbit of a hat! But, [Cristina], you don't have the know-how here for level 2… Why do you want to do that? (acquired middle manager)

Therefore, even if we can see the beginning of a dialogue between both managers, there is still no common understanding. These kinds of situations may generate more synthesizing activity from the acquired management in order to defend what they understood was the intended strategy. This consequently delays the acquirer's strategy and possibly erodes the value creation.

Hence, these three cases of acquired managers' synthesizing activity are characteristic of transactions that have remained in the first phase of the post-acquisition. In this phase, we find that the frequency of acquired managers' synthesizing activity is high and more often than not takes the form of warning signals because, as they do not understand the proposed strategy, they see acquirer's decisions as threats to their organization. Moreover, acquired managers' synthesizing activity might increase in frequency when the local performance is perceived on the decline. In other words, acquired middle managers in cross-border acquisitions with declining performance are loose "linking pins" failing to connect an almost unknown strategy content with its context.

Conversely, in more mature transactions, for those that have arrived to the second phase of post-acquisition, synthesizing activity is still present. In this phase, acquired managers understand and have made the "buy-in" of the proposed strategy and acquiring managers have realized the importance of incorporating the contextual knowledge held by their local colleagues. Acquired managers' synthesizing activity is still present, but not anymore as warning signals of not being listened to, but as a part of a dialogue established with the new upper management. Floyd and Lane (2000) argue that synthesizing becomes an important role for middle managers in organizations where there is a change in the strategy that might question the organization's competencies as it could be in the case of cross-border acquisitions where the old competencies have to be renewed to face the strategy brought by the new owner. According to these authors this change requires middle managers' role of "synthesizing relevant information for top management" (161). However, it also implies a profound understanding of the strategy and the conjoint work of acquired and acquiring managers.

According to our results, performance improving transactions are linked to higher championing activity. Championing, in the case of acquired managers, means influencing the acquiring organization to adapt or adjust the intended strategy (Floyd and Wooldridge, 1992b; Mantere, 2005). However, the crucial condition for these adaptive practices is the "ability to make sense of strategy" by interpreting what strategy means in your own context (Mantere, 2005: 176). Mantere (2005) explains that the potential influence of middle managers' championing covers not only the implementation of the strategy but also the process of strategy formation. For acquired managers to exert this championing activity, they must have an established channel of open dialogue with the acquirer's management and they must have an understanding of the proposed intended strategy for their organization. Both factors are descriptors of the second phase of the post-acquisition stage. The enactment of acquired middle managers' championing means inclusion (Mantere and Vaara, 2008; Westley, 1990), and this inclusion enables these managers to "gain more control over the future" (Mantere and Vaara, 2008: 308).

Championing allows acquired middle managers to propose new paths to converge the internal and external environments. Environments that now have changed, and that acquired middle managers should see each of them as the merger of two different worlds. Championing activity is sustained by sensegiving practices (Mantere and Vaara, 2008; Rouleau, 2005). We saw, when describing the acquisition process, that sensegiving practices (*building the future*) in the second phase of the post-acquisition process were directed toward internal and external stakeholders. Acquired managers were courting internal and external stakeholders by, for example, reaching out to corporate sales managers to improve their local business or expand their insertion in the industrial environment to regenerate the R&D network lost in the transaction. Among others, championing permits middle managers to facilitate collaboration between different areas of the acquired organization and corporate business people in the search for new business opportunities (Burgelman, 1983b; 1983a).

For acquiring and acquired middle managers, championing also allows them to bring opportunities delineated at operational levels of the organization (Burgelman, 1983b: 229). Despite the obvious connection between acquired managers and their operational level, we saw the efforts of acquiring middle managers to connect to lower operational levels linking the acquired organization but also collecting ideas that could be used to improve the operation. Regnér (2003) underlines this inductive approach of exploring the context because it is crucial for the progress of the strategy. Both groups of managers have to "bridge the discontinuity" between corporate strategy and local ideas (Burgelman, 1983b: 239).

Table XX: Impact of acquired middle managers' roles on value creation

		Declining performance transactions	Improving performance transactions
Acquired middle managers' strategy activities (Quantitative informed)	Synthesizing	High	Low
	Championing	Low	High
	Implementing	Low	High
Acquired-acquiring middle managers' interactions (Qualitative informed)	Type of interaction	Acquiring managers' monologue	Dialogue (interdependency)
	Acquired middle managers' synthesising activity	- Not listened warning signals - Looking for continuity - Decoupled from the strategy content	- Aligned with the acquisition strategy
	Acquired middle managers' championing activity	- Non established channel - Devoted to sell the transaction downwards	- Established channel of open dialogue - Thorough understanding of the strategy content - Devoted to the convergence of internal and external environments
		Post-acquisition Phase I	Post-acquisition Phase II

Summarizing, the insight gained from our quantitative study is consistent with the qualitative analysis. We present a synopsis in Table XX. This combined analysis enables us to close the final link of our extended framework (Figure XVI in this chapter) between middle managers' inclusion in the strategy adaptation process and acquisition value creation. It also answers our last research question: How do the interactions dynamics impact on the acquisition value creation?

As we have said, interactions dynamics lead to the recovery of middle managers' strategy roles which in turn allows them to be part of the strategy adaptation process. On the one hand, we conclude that acquired middle managers' recovery of the upward roles of championing and synthesizing are related to focal value creation if they are embedded in an interdependent relationship with acquiring managers, i.e. if they are able to reach the second phase of the post-acquisition process. On the other hand, this quantitative study shows a nuance in our understanding of the role of acquired middle managers' synthesizing activity. It shows higher synthesizing activity bond with declining performance transactions or value destruction. Acquired managers' synthesizing role, contrary to championing, can be performed without established and strong ties with the corporate world and serve as a way to bridge but it might also be interpreted as unrequested and disturbing signs of warning. These signs of warning, whether listened to or not, are characteristic of transactions that did not arrive to the maturity of the second phase of post-acquisition.

Conclusion

"Happy families are all alike; every unhappy family is unhappy in its own way", this is the first phrase from Tolstoy's *Anna Karenina*, and we can certainly rephrase it and say that: every acquisition process is different, and it is different in its own way. However, we argue that the interactions dynamics between acquired and acquiring managers are always at the core of this process. Therefore, in this actor-based study we bring forward the lead role of middle managers, often not recognized in the M&As literature, and we explore further their managerial dynamism shedding light underneath the "broad umbrella" of culture (Angwin and Vaara, 2005; Vaara, 1999). We took strategy as practice approach and we delved into the sensemaking process of acquired and acquiring middle managers during the whole acquisition process from the first moment that rumors about the transaction are heard.

The context of cross-border acquisitions alters significantly middle managers' strategy roles. Acquired middle managers find themselves without a proper channel to exert the upward roles and acquiring middle managers face an alien environment with totally different rules to implement their integration projects. Consequent to these facts, we found that acquired and acquiring middle managers enact the emergent roles of *selling corporate projects* and *bridging two organizations* to start interlacing this two different worlds of "unique personalities and experiences" (Barney, 1986: 660).

The enactment of these roles is immersed in a sensemaking process in which we find the set of practices of *interaction through action* or the interaction through the operational activities typical of the acquisition process. These interactional practices allow middle managers to act, see the consequences of their own actions and those of their counterpart. Hence, *interaction through action* entwines sensemaking and sensegiving by providing cues to construct plausible meaning to reframe their interpretations and pursue with the consequent actions. These interactions dynamics often lead to the understanding of the necessity of an interdependent relationship between acquired and acquiring managers where the former contributes to the strategy context knowledge and the latter with the strategy content knowledge. The genesis of this middle managers' interdependent relation comes along with the recovery of middle managers' strategy roles. This recovery allows the inclusion of acquiring and acquired middle managers in the strategy adaptation process and the creation of value at the focal acquisition. This finding resonates with the seminal work of Floyd and Wooldridge (1997) that links performance with middle managers' strategy roles.

Therefore, throughout this work we have answered the research questions posed. Leaning on our qualitative research, we have described the processual mechanisms underpinning the interactions dynamics of acquiring and acquiring middle managers (Q1) and uncover the factors that constrain and enact these dynamics (Q2) in Chapter 4 and 5. In this way we have enriched the framework proposed in Chapter 2 theorizing about how these interactions dynamics affect the strategy implementation process through the recovery of middle managers' strategy roles (Q3). Moreover, introducing our quantitative methodology and iterating with qualitative data, we have seen how the different types of interactions influence acquired middle managers' strategy roles recovery. Indeed, we found that co-managing projects is an important booster for their participation in the strategy adaptation process. In Chapter 7, recurring once more to mix methods, we have answered our last question establishing the link between these interactions dynamics and focal acquisition value creation (Q4).

In the following points of this concluding chapter, we examine the contributions, the managerial implications, the study's limitations and the possible research avenues.

8.1. Contributions

This research offers five theoretical contributions: two to mergers and acquisitions literature, one to the literature of middle managers' strategy role, and two to the literature of middle managers' strategic sensemaking role. Also, this work provides one methodological contribution.

First, by looking at "what do middle managers do," this research advances our understanding of the under-examined role of middle managers in the complex dynamics of the cross-border acquisition process (Meyer, 2006; Moilanen, 2016; Vaara, 2003;

Vickers and Fox, 2010). This research introduces doubts about considering managers coming from the acquiring firm as the distant and unquestionable process drivers (Chreim and Tafaghod, 2012; Moilanen, 2016; Teerikangas *et al.*, 2011) and managers from the acquired firm as hesitant followers immersed in a conflictive context with eroded positions (Chreim and Tafaghod, 2012; Schriber, 2012). Our findings allow us to say that regardless of their respective position, both middle manager groups engage in a similar set of sensemaking practices. In fact, the complex dynamic of the cross-border acquisition process enhances what Sillince and Mueller (2007) call the "strategic ambivalence" where strategy is provided by the top management "excluding details" about "both strategy content and implementation" (Sillince and Mueller, 2007: 167). In turn, this context increases middle managers' difficulty in dealing with their "in-between" position (Harding *et al.*, 2014; Wooldridge *et al.*, 2008). So, this position leads them to deal with numerous paradoxes and competing rationality regarding the change (Bryant and Stensaker, 2011; Lüscher and Lewis, 2008).

Second, this research advances the understanding of middle managers' interactions dynamics in cross-border acquisitions taking a practice approach and proposing a processual framework that is explained along a four-phase process: pre-acquisition, negotiation and two post-acquisition phases. Like Teerikangas (2012) who found that, during the pre-acquisition stage of cross-border acquisitions, most employees seem to consider the acquisition as an opportunity rather than a threat, we observe a similar positive outlook specifically among acquired middle managers. Moreover, our study invites researchers to pay closer attention to the negotiation stage, which has rarely been examined despite the fact that it is key to the whole integration process. Even though middle managers are not formally involved in the negotiation process, we now know that they are informally working in the integration process as soon as they hear about the transaction. Following this argument, the research also shows the importance of looking at variables other than contextual ones to understand better what is going on during the pre-acquisition and the negotiation phases. By delving into middle managers' sensemaking practices we propose the existence of two post-acquisition phases. In the first phase, acquiring managers resist embracing acquired managers' contextual knowledge struggling with their implementation projects. In the second phase, by means of their interactions, both groups conciliate strategy content with its context and start to valorize the importance of their differences. Therefore, middle managers' sensemaking practices might be one of the "unidentified variables" that could explain the low rate of success of mergers and acquisitions (King *et al*., 2004; Teerikangas, 2012).

Third, we have seen that implementation (downward roles) and championing and synthesizing (upward roles) are the tools that middle managers use to adapt the intended strategy, i.e. to participate in the strategy formation process. Through their agency, their knowledge of the context, their knowledge of the firm capabilities, their knowledge of the environment (customers, suppliers, regulatory offices, etc.), and their knowledge of the values and norms of their firm, they purposely adapt the intended strategy to the changing environment (Burgelman, 1983a; Regnér, 2003; 2015). However, the predominant view of strategy is one that is static and proprietary. It is proprietary because it is the domain of the top management team. It is static because it is a plan that has to be accomplished. A good example is the following expression: "poor fit between [strategy] formulation and implementation" might lead to value destruction (Raes *et al*., 2011: 103). Conversely, with this work we support a processual and dynamic view of the strategy formation, where middle managers are not only influencers and/or implementers but also architects of that strategy in their day-to-day decisions as we have shown in the case of cross-border acquisitions.

Fourth, this work advances the research on middle managers' strategic sensemaking role by studying the evolution of their sensemaking process along the different stages of cross-border acquisition and by providing an integrative view of how middle managers make sense of change (Chreim and Tafaghod, 2012; Clark and Geppert, 2011; Das and Kumar, 2010; Rovio-Johansson, 2007; Vaara, 2000; 2003). Specifically, this work offers a model of middle managers' sensemaking that encompasses the whole acquisition process and places the interaction of the two groups of middle managers, who build the day-to-day of the acquisition process, at the centre of the explanation. Research on this topic usually deals either with how middle managers interpret change (Balogun and Johnson, 2004; Rouleau, 2005; Thomas *et al*., 2011), or how they sell it (Rouleau and Balogun, 2011; Smith, Ashmos Plowman, and Duchon, 2010; Vickers and Fox, 2010). Our model connects these two dimensions bringing forward middle managers' operational activities and struggles as the link between these two sensemaking dimensions. Through the interactions with their counterparts during their day-to-day work they are able to appropriate the most meaningful interpretations, i.e. middle managers enact change and retrospectively make sense of it. Seeing the consequences of their enactment of change permits middle managers to refine their interpretations and be able to share their sense. Our research reveals different factors that influence middle managers' sensemaking process (Maitlis and Christianson, 2014; Sandberg and Tsoukas, 2015). On the one hand, internal factors of their interactions (temporal frame, emotions, and power) remain divergent along the first three phases of the process, converging only in the fourth phase when middle managers realize the interdependency of their relations. On the other hand, external factors of their interactions such as cultural context and stakeholder relationships influence middle managers' sensemaking throughout the entire cross-border acquisition process.

Fifth, this work also introduces *interacting through action* as the mediating process between sensemaking and sensegiving, including the real nature of middle managers' work during change. Middle managers' sensemaking process is intimately related to their enactment of change, to action, action that involves other actors during the strategy formation (Bryant and Stensaker, 2011; Lüscher and Lewis, 2008). Middle managers' involvement in change is immersed in the continuous confrontation with operational problems provoked by the change itself but also by the struggles of their day-to-day work and by the challenges that arise due to the changing environment. Therefore, their interpretations are intermingled with action and it is through the consequences seen from those actions that middle managers make sense retrospectively searching for more plausible interpretations. In the context of cross-border acquisitions, sensemaking (*framing the change*) and sensegiving (*building the future*) are linked by *interaction through action* where they can see the actions of their counterparts and their own actions, seize the consequences and hence reframe their interpretations. It is through these interactions that they fill the gap of all the unknowns brought by the acquisition process. Moreover, as we have argued, these interactional sensemaking processes in the middle managers' literature are linked almost exclusively to a discursive approach. In this work, by looking into managers' practices, we have rescued the value of the day-to-day concrete actions, consequent of middle managers' *métier*, over their discursive abilities for the essential sensemaking activity of "co-construction of meanings" (Thomas and Hardy, 2011: 325). Therefore, we also asked researchers to question the pre-eminence of language as a carrier for sensegiving and to delve into the concrete day-to-day actions as other sources of cues for the sensemaking process.

Last, this research also provides a methodological contribution. This work is centred in a qualitative methodology, yet complemented (Small, 2011) and informed (Rouzies, 2013) by a quantitative research. The quantitative research was brought into play to answer, from an enlarged population, questions generated from the first analysis of the qualitative data. In turn, qualitative data has served to iterate trying to extract explanations from the new insights gained from the quantitative results. This iteration between "that which can be counted and that which cannot" has opened the door to the generation of richer explanations about the focal phenomena (Kaplan, 2016: 15). Throughout this work we found that quantitative results have shed light on the nuances of the strategy roles of middle managers and their interactions dynamics that we have not uncovered in the qualitative data analysis, yet the evidence was at hand. Moreover, both methodologies keep the premise of practice framed from the conceptual assumptions about viewing the organization as "sites of human action" at heart (Tsoukas and Chia, 2002: 580). Even if this is not the only work on M&As using mix methods (Lupina-Wegener *et al.*, 2011; Rouzies, 2011; Rouzies and Colman, 2012), to our knowledge it is the first work using a practice and processual approach that utilizes such methodology. Therefore, this work might serve as an example for researchers interested in using mix-methods in processual approaches of strategy-as-practice. Mix methods research takes advantage of the combination of engaging a larger population with the strength of the qualitative-quantitative iterative process providing for richer insights to generate a theory that has Weick's features: "explains, predicts, and delights" (Sutton and Staw, 1995: 378).

8.2. Managerial implications

This research has several implications for practice on M&As domain. Its processual perspective resonates with Birkinshaw, Bresman and Hakason (2000)'s work. They suggest that acquisition integration is the result of human integration and task integration, where, in successful integrations, the stress on human integration should come first. We found that successful acquisitions are those that arrive to the second phase of the post-acquisition, i.e. when there is consciousness at middle managers' level about the interdependency of their work which could be seen as a literal human integration at middle ranks. Interdependency among acquiring managers as masters of the strategy content and acquired ones as masters of their context. We underline that acquired managers are an important source of knowledge of the new operations and the new environment, which is crucial in the case of international acquisitions.

Therefore, top management should favour dialogue between managers from both organizations to reduce the length of the first phase of the post-acquisition. Critically, top managers should avoid the generation of double discourses (Vaara, 2003) or promotion of internal divisions as they will erode all possibility of dialogue and positive interactions. As we have seen, trust is only built on "shared experiences"; so these shared experiences should be encouraged in order to accelerate the process and move onto the second post-acquisition phase. It is evident that the isolation of the local middle management group does not help to build a common history. Nevertheless, acquiring representatives should avoid suffocating the new organization with integration projects. Far from generating dialogue, these ends up overwhelming the acquired organization, losing its operational focus, and disabling middle ranks' strategizing action.

Therefore, "shared experiences" are the result of a delicate balance in the interactions dynamics of acquiring and acquired middle managers. It is crucial the establishment of formal channels through which middle managers can present their contributions to the acquisition strategy. In cross-border acquisitions, these formal channels also provide spaces for the creation of informal channels that facilitate further the interactions. An important tool that boosters the dialogue between the middle manager ranks and the generation of the feeling of inclusion of acquired managers in the new organization is co-managed projects. These co-managed projects allow middle managers to have conversations since the project's inception and give acquired middle managers the opportunity to put on the table all their contextual and operational knowledge and also the possibility to be in the eye of the strategy formation process.

Nevertheless, in cross-border acquisitions, acquiring managers are left to their own devices. As one acquiring middle manager said: "we are the first line of defence or the first line of attack." Acquiring middle managers are the face of the new organization in the acquired firm's land. So, it is up to them to make sense of this new environment and be able to search for new opportunities and to refine flawed strategies. However, making sense does not mean to assess but to truly understand the context, and to do so they need to become the first line of dialogue with the masters of that knowledge which are the acquired middle managers. The denial of the importance of the acquired managers' contribution may erode any possibility to reach the second phase of post-acquisition and to successful acquisition outcomes. Moreover, acquiring middle managers should understand the importance of their interventions not only during the post-acquisition but also during the pre-acquisition and negotiation stages as these interventions highly impact the sensemaking process of their counterparts. Acquired managers are attentive to any signal coming from the acquiring organization, any written or spoken word, but also any gesture, or professional behaviour. So, acquiring managers should be careful and walk their talk.

This work shows acquiring middle managers emotionally attached to the acquisition process. Their feeling of power and detachment abruptly changes when they actually confront the new environment. They are alone in a context that is alien to them and more often than not frustration is their common place. The integration work takes important amount of effort and might represent long periods far from home. Moreover, it can represent a disruption in their careers as they are far from the political node of headquarters. Therefore, organizations must keep tabs on these managers that might also start doubting about pursuing their careers at the acquiring firm.

8.3. Limitations and future research avenues

One of the limitations of this study is the fact that it is based on cross-border transactions between companies where the knowledge base is common. Even if this context is quite frequent, our discussion might not be generalizable to all transactions. Nevertheless, recently Reynolds and Teerikangas (2015) have argued that domestic and cross-border acquisitions have similar characteristics. They found that, nowadays, domestic transactions are "equally affected by the international" (Reynolds and Teerikangas, 2015: 7). Therefore, we think that if we relax our contextual assumptions we can argue that the interactions between the two groups of middle managers are the ones that build the day-to-day process of acquisition and they are an important variable to consider when evaluating the performance of acquisition processes for either domestic or cross-border-related-knowledge acquisitions.

Despite the inductive nature of this study, there are methodological limitations that need to be mentioned. First, the use of retrospective interviews might appear at first glance as a limitation to the conclusions of this research. However, it allowed us to access the real-life acquisition knowledge of middle managers, which is a prerequisite for better understanding the sensemaking work (Balogun, Huff, and Johnson, 2003). Furthermore, as we interviewed middle managers who were in different stages of the acquisition process, this allowed us to incorporate both real-time and retrospective data (Graebner, 2009). As Graebner (2009: 437) suggested following Leonard-Barton (1990): "retrospective data allow for efficiency in data collection, and real-time data improve depth of understanding of how events evolve over time".

Second, we opted for maximum heterogeneity (52 middle managers from 24 cross-border transactions) in our research design, thus reducing the opportunities generally offered by qualitative studies to grasp the contextual and even the local specificities of such transactions. However, we were rather concerned with common patterns in the production of middle managers' role in cross-border acquisitions. Moreover, the purpose of a stable interview outline for all middle managers was to increase "possibilities of cross-examination and comparison" (Mantere, 2005: 160), despite the highly contextual variation.

Third, the quantitative portion of this research (survey) has only given voice to the acquired group. This choice was made to facilitate the accessibility to the population, as it is much easier to segregate and target acquired middle managers than acquiring middle managers. Moreover, the evaluation of performance was made relying on acquired middle managers' perceptions. This was due to the difficulty in reaching representatives of the top management team in the acquiring organization to request their input. This might be caused by the difficulty in accessing organizational members when the acquisition is still going through the integration period (Cartwright *et al.*, 2012; Meglio and Risberg, 2010; 2011). Notwithstanding, we believe that middle managers' voice can still be a reliable source for value creation information as this variable is part of their day-to-day work.

This work brings forward middle managers' interactions dynamics as one of the missing variables that can explain the failure or success of cross-border transactions (King *et al.*, 2004). However, during this work, we have set our sight on middle managers' voice. Future research should add other internal voices such as top managers and subordinates to shed light on the influence of these internal stakeholders in the interaction dynamic that has middle managers as its node. Future research projects embracing a processual strategy-as-practice perspective may pursue the combination of ethnography and survey. Once the problem of accessibility is solved, this combination may give us the possibility to better understand the different factors at play during the acquisition process.

This research provides insights into factors influencing middle managers' sensemaking throughout the cross-border acquisition process, which may have an important impact on the acquisition outcomes. First, future research should further explore the influence of important external stakeholders, as for example customers, suppliers and/or competitors, on middle managers' sensemaking processes and overall on the development of the acquisition process. Second, we have seen that power unbalance is always in the backstage of middle managers' relationships; however, we could not find an evident control/resistance dynamic. So, more research is needed to shed light on the role of power during this sensemaking process. Third, we have seen that emotions are constantly present on acquired and acquiring middle managers' accounts, which contradicts the detachment found for acquiring middle managers expressed in the literature (Chreim and Tafaghod, 2012; Moilanen, 2016). Therefore, more research needs to be developed on the role of emotions and their impact on sensemaking processes during the acquisition process.

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Appendix

Appendix I: Reviews from M&As Literature

Review ***Journal***	**Main Subject**	**Literature Reviewed**	**Type of research methodology targeted**
Vaara (1999) *Nordic Organization Studies*	Cultural differences (Critical perspective)	Previous 20 years	Mainly qualitative
King, Dalton, Daily & Covin (2004) *Strategic Management Journal*	Performance's antecedents (Meta-analysis)	1920-2002	Only quantitative
Angwin & Vaara (2005) *Organization Studies*	Beyond cultural differences (Editorial)	Previous 20 years	Quali & quantitative
Cartwright & Schoenberg (2006) *British Journal of Management*	Performance's antecedents	Previous 30 years	Quali & Quantitative
Teerikangas & Very (2006) *British Journal of Management*	Cultural differences	Previous 30 years	Quali & Quantitative
Barkema & Schijven (2008) *Journal of Management*	How do firm learn to make acquisitions	Previous 30 years	Only quantitative
Stahl & Voigt (2008) *Organization Science*	Cultural Differences (Meta-analysis)	Previous 30 years	Only quantitative
Vasilaki & O'Reagan (2008) *Team Performance Management*	Top management team role and M&A performance	Previous 20 years	Quali & Quantitative
Haleblian, Devers, McNamara, Carpenter & Davison (2009) *Journal of Management*	Performance antecedents	1992 – 2008	Only quantitative
Meglio & Risberg (2010) *Scandinavian Journal of Management*	Methodology	1970-2008	Quali & Quantitative
Meglio & Risberg (2011) *Scandinavian Journal of Management*	Performance measurement	1970-2008	Mainly quantitative
Marks & Mirvis (2011) *Journal of Business Psychology*	The human factor	Previous 20 years	Mainly qualitative
Angwin (2012) *Book Chapter*	M&A Typologies	Previous 30 years	Typologies
Faulkner, Teerikangas & Joseph(2012) *Book Chapter*	Reasons to perform M&A	Previous 30 years	Quali & Quantitative

Review ***Journal***	**Main Subject**	**Literature Reviewed**	**Type of research methodology targeted**
Hitt, King, Krishan, Makri, Schijven, Shimizu & Shu (2012) *Book chapter*	Creating Value	1983-2008	Mainly quantitative
Cartwright, Teerikangas, Rouzies & Wilson (2012) *Scandinavian Journal of Management*	Themes and methods on M&A Literature	1963-2009	Quali & Quantitative
Dauber (2012) *Cross Cultural Management*	Cultural difference and performance	1999-2009	Quali & Quantitative
Shi, Sun & Prescott (2012) *Journal of Management*	Temporal perspective	1983 to date	Mainly quantitative
Meglio & Risberg (2012) *Advances in mergers and acquisitions*	Meaning of the M&A context on performance related studies	1970-2010	Quantitative
Gomes, Angwin, Weber, Tarba (2013) *Thunderbird International Business Review*	Antecedents for performance (Pre and post-acquisition)	Previous 30 years	Quali & Quantitative
Stahl, Angwin, Very, Gomes, Weber, Tarba, *et al*. (2013) *Thunderbird International Business Review*	Socio-cultural integration and performance	Previous 30 years	Quali & Quantitative
Junni & Sarala *Advances in Mergers in Acquisitions*	Leadership in M&As	2000-2013	Quali & Quantitative
Steigenberger (2016) *International Journal of Management Reviews*	Framework for the integration phase	Previous 30 years	Quali & Quantitative

Appendix II: M&A Literature's View of Middle Managers' Role

Article	Research Focus	Theoretical Lenses	Methodology *Level of analysis*	View of Middle Management's Role in acquisition integration process *Measure of Performance*
		PRE-ACQUISITION PROCESS		
Marmenout (2010)	Understanding how the employees' perception of particular characteristics of the deal during the merger announcement affects their attitudes and reactions towards the acquisition.	Sensemaking	Quantitative Experimental Design – 81 participants (pre-grade students) – Survey and discussion group. *Individual Level*	This paper does not specify any specific role for middle managers. However it warns about assuming that individuals in a better power position (acquirers) would experience lower uncertainty facing the announcement.
Ghorbal-Blal (2011)	Role of middle managers in the selection of the targets for expansion contributing to the strategy of the corporation	Transaction Cost Theory Agency Theory	Qualitative Case Study – 4 Interviews 12 – Middle Managers (two levels) Hotel Corporations *Individual level*	Importance of their role in the selection of targets for expansion (pre-M&A stage) Middle management's relevance in the shaping of the expansion strategy
Teerikangas (2012)	Understanding the reaction of target employees when facing the fact of their acquisition.	Strategy and organizational fit	Qualitative Interviews (161), Internal documents, press documents. European and US related cross-border acquisitions. *Organization level*	Acquired managers during the pre-acquisition stage might exert an important influence on the employees' perception of the future. Perceive the acquisition as opportunity is related to middle management's involvement in the transaction and in the attitudes of the buying firm.
		POST-ACQUISITION PROCESS		
Cannella & Hambrick (1993)	Analyze the consequences of the departure of target middle and top managers in the performance of the acquired organ	Agency Theory Strategy Executive succession perspectives	Quantitative 96 transactions (from initially 200). Executives: from CEO to directors levels (comprising VPs). *Organizational level*	Middle managers' continuity in their positions (or higher ones) assures not only the organization internally but also externally. Middle managers are important carriers of skill and experience for the acquired organization.

Article	Research Focus	Theoretical Lenses	Methodology *Level of analysis*	View of Middle Management's Role in acquisition integration process *Measure of Performance*
Greenwood, Hinings & Brown (1994)	Understanding the role given to organizational fit during the pre-merger period and its consequences on the post-merger one. Unveiling the factors that influence and shape the merger process in general.	Organizational and Strategic Fit	Qualitative Longitudinal case study (merge of two large accounting xxii Canadian firms) – Interviews (219 over 4 years), Internal Documents *Organizational Level*	Middle managers are the planers of the implementation tasks. Also, they are the one that set the pace and content of the dynamics of the integration process. In professional organizations these managers are largely sensitive to the accommodation of their **individual commitment and discretion**.
Doz (1996)	Evolution of the firms' cooperation in the context of International Joint Ventures	Organizational learning	Qualitative Project, alliance, and corporate level *Organization level*	"power to make things happen concretely" (78) Link agents between different levels and subunits inside the organization Link agents towards other organizations
Leung, Smith, Wang & Sun (1996)	Study of the possible conflict caused by having expatriates under more advantageous conditions than local employees	Distributive, procedural, and interactional justice	Quantitative Survey Hotels joint venture in China (42 hotels – 137 participants, 45% middle managers) *Individual level*	Middle managers, especially expatriates ones, are key to enhance procedural justice generating an atmosphere open and responsive to local suggestions. Interestingly, they did not find cultural differences to be a factor affecting job satisfaction.
Gersten & Soderberg (1998)[43]	Understand how different groups of employees experienced and managed the cultural differences in cross-border M&A.	Social constructivist approach of culture	Qualitative Interviews of managers and employees, news releases, internal documents, always at the acquired organization) – Three points on time – Electronic Sector Denmark – 7 transactions (period 1990-1994) *Organizational level*	Integration process is seen as a communication process between the two companies, where middle managers might help to create and maintain a relationship between both companies. Relationship that might be the foundation for at the base for the construction of a platform for action leading to common goals.

43 Chapter 6: "Foreign acquisitions in Denmark: Cultural and communicative dimensions"

Article	Research Focus	Theoretical Lenses	Methodology *Level of analysis*	View of Middle Management's Role in acquisition integration process *Measure of Performance*
Côté, Langley, and Pasquero (1999)	Understand the dynamics between strategic management and performance using as a frame the acquisition strategy of a firm.	Contextualist approach – Dominant logic framework	Qualitative Longitudinal Study (14 years long) Engineering firm, serial acquirer – Internal and Press documents, interviews (20 – senior and middle managers) *Organization level*	Middle managers' role is implementation. They are considered to be a cause of de-phasing between strategic intentions (from top management) and implementations because the conceptualization dimension of the dominant logic is more flexible than the organizing and management principles dimension.
Anderson, Havila & Salni (2001)	How acquisition affects the external business relationships of the firms	Resource-dependence view Inter-organizational theory	Qualitative Conceptual paper illustrated by a case (18 interviews) *Organizational level*	Given the interactive and subjective nature of customer and supplier relationship, middle managers should be actively involved to keep these relationships in the interest of the business because they are directly related to the final outcome of the acquisition.
Bower (2001)	Examines the relationship between strategy intent and the result of the implementation.	Resources-processes-values framework	Qualitative Case Studies – Year long research program – Harvard Business School *Organization level*	Acquired managers are directly linked with acquired organization customers. In knowledge target acquisitions, acquired managers are the valuable assets, not the acquired technology itself. In these cases the integration team is what makes the difference between failure and success.
Risberg (2001)	Understands how employees' experience and interpret the post-acquisition process	Ambiguity approach	Qualitative 2 Case Studies (31 interviews – top and middle managers and staff) Cross-border acquisitions *Individual level*	Interpretations of the post-acquisition process are heterogeneous between both companies and among acquired employees. People (middle managers) from both firms working together might reduce some of these ambiguities.

Article	**Research Focus**	**Theoretical Lenses**	**Methodology** ***Level of analysis***	**View of Middle Management's Role in acquisition integration process** ***Measure of Performance***
Vaara (2002)	Understands the discursive construction of success and failure of acquisitions among the superior rank employees	Study of narratives	Qualitative Interviews (144 interviews, top and middle managers) – 8 cases of Finnish-Swedish mergers and acquisitions. *Individual level*	Middle managers are part together with top managers of the construction of the integration process. However, top managers' actions are more related to successful accounts while middle managers actions are viewed as more deterministic and leading to failure.
Vaara (2003)	Analysis of irrationalities that hinders the success of the process of acquisition integration	Sensemaking	Qualitative Local firm, and corporate level *Organizational level*	Especially affected by the integration process Source of commitment and engagement Political actors – Importance of "issue selling"
Meyer & Lieb-Doczy (2003)	Understand the reconfiguration and restructuring of resources and capabilities during the post-acquisition integration process in a transition from socialist to capitalist market context.	RBV – Evolutionary perspective	Qualitative Case Studies (18 acquisitions – East Germany and Hungary) – Interviews (managers and union representatives), Internal documents (annual reports, employees newsletters, press releases, marketing materials) *Organization level*	Acquired middle managers are important source of knowledge, experience and what is more important of interpretation of the local context. *Accomplishment of the strategic plan*
Graebner (2004)	Understand how the leaders of the acquired firm might shape value creation during the implementation process	Strategy – KBV	Qualitative Interviews (60 managers, internal documents, press releases) – 8 acquisitions of small enterprises (mix of local and cross-border) *Organization level*	Acquired middle managers should lead the interactions towards the acquiring firm. They set the pace of the integration and the tone in their relationship with their subordinates.

Article	Research Focus	Theoretical Lenses	Methodology *Level of analysis*	View of Middle Management's Role in acquisition integration process *Measure of Performance*
Hébert, Very & Beamish (2005)	Analyze the relevance of expatriates in cross-border acquisitions as vectors of knowledge transfer and value-seeking connectors	KBV	Quantitative Analysis of acquisitions of Japanese MNCs over a 10 years period, 216 acquisitions distributed in Asia, Europe and USA. Data base *Organizational level*	*Expatriates* Carriers of experience "Value-seeking connectors"(1455) "Curiosity, openness to other cultures, and desire of learning" (1471) as important characteristics
Seo & Hill (2005)	Developing an integrative framework showing the problems of the M&As' integration problems aiming to find effective solutions	Anxiety theory, Social identity theory, Acculturation theory, Role conflict theory, Job characteristics theory, Organizational justice theory	Conceptual Paper *Organizational level*	Importance of the implementation phase (operational combination stage) Importance of identity struggles OB oriented
Balogun, *et al.* (2005)	Examine the internal boundary-spanning practices as agents attempt to engage with others to enroll them in their cause	Micro-political perspective	Qualitative 3 cases (mainly middle managers – interviews, individual diaries, focus group) *Individual level*	As boundary-spanning agents they act as conscious manipulators of their contexts and those they work with. Their knowledge of others and of the organization is paramount for their success.
Nordblom (2006)	Analysis of strategy formation, involvement and communication among the four first hierarchical levels of the organization	Strategy formation	Quantitative Intra-company survey Volvo Group *Organizational level*	Crucial role in strategy communication process. Important agents in the development (proximity with customers and understanding of operational tools) and implementation of strategy.

Article	**Research Focus**	**Theoretical Lenses**	**Methodology** ***Level of analysis***	**View of Middle Management's Role in acquisition integration process** ***Measure of Performance***
Burgelman & McKinney (2006)	Analysis of the integration process of HP-Compact using the idea of co-evolving sequential process	Strategy	Qualitative Interviews (30 senior executives) and internal documents *Organizational level*	The importance of the integration team (middle managers) for the overall operational integration in defining processes, milestones, and timelines. Also for the widening vision span of top management in the strategic integration allowing a better feedback of the suitability of the strategy to the internal and external environment.
Meyer (2006)	Analyzes the causes of an unsuccessful merger integration that was left in the hands of middle managers	Strategy	Qualitative Local firm, and corporate level *Organizational level*	Strategy interpretation and content elaboration, Information leverage Lower rank's emotional contention Agency on the strategy operationalization
Paruchuri, Nerkar & Hambrick (2006)	Analysis of the influence of the acquisition integration process in scientific productivity	Strategy-KBV	Quantitative 62 acquisitions in the Pharmaceutical industry (period 1979-1994), 3933 inventors Data base. *Organizational level*	*Inventors* Especially affected by the integration process Source of value creation
Rovio-Johansson (2007)	Investigates the role of managers' rhetorical strategies and sensemaking frames during a post-acquisition meeting.	Sensemaking and discourse analysis	Qualitative Case Study – Meeting observations, semi-structured interviews at different levels in both organizations. *Group level*	Middle managers are in charge of the operationalization of the strategy. Middle managers are the provider of solutions for operational problems.
Oberg, Hennenberg and Mouzas (2007)	Understand managerial sensemaking processes vis-à-vis the business network altered by the acquisition	Sensemaking, network pictures	Qualitative Case Study (3 cases) – 51 interviews (dyad acquiring/acquired firms-customers) (top/middle managers) *Organizational level*	Middle managers are important bridges to customers ("inter-personal trust relationships)

Article	**Research Focus**	**Theoretical Lenses**	**Methodology** ***Level of analysis***	**View of Middle Management's Role in acquisition integration process** ***Measure of Performance***
Meyer (2008)	Problem of leakage of shareholder value during the post-M&A period providing possible solutions, trade-offs.	Resource-based view Agency Theory Organizational Change	Qualitative Case Study – 6 Interviews 135 – Top & middle Managers, employees – Internal and external documentation *Organizational level*	Crucial for post-M&A success. TM should ensure their support of the strategy and what would lead to create enthusiasm among employees. They should be allowed to participate but also to influence the process.
Balle (2008)	Analysis of communication during the post-acquisition stage as one of the most important tools for success	Communication/Identity	Qualitative Case Study – Interviews *Organizational level*	Change agents in charge of the communication of the integration process and goals for the lower ranks.
Vaara & Monin (2010)	Analysis of the legitimation discourses and their influence on the actions taken during the process of integration	Discourse analysis Sensemaking	Qualitative Corporate level *Organizational level*	Concrete knowledge of the organization Important tools to assess organizational opportunities and threats
Vickers & Fox (2010)	Micro-political dynamics during a post-acquisition integration, how middle managers intervention can shape the intended strategy	Actor-Network Theory and CoPs	Qualitative 18 month insider ethnographic study UK chemical plant bought by US MNC *Group level*	Middle managers are strategy implementers. However, as a group they are able to shape this strategy proposing an alternative strategy that is pursued informally through the implementation work.
Clayton (2010)	Identifies and explores the variables that drive individuals' behaviors during the integration	Complexity Theory	Qualitative 23 Semi-structured interviews (CEOs, middle-managers, line-managers, consultants) – More than 15 firms analyzed *Individual level*	Involvement in the generation of participative, reflexive and positive communications which are important tools to resolve operational problems and build strong working relationships between the two organizations and engage employees to commit to change.

Article	Research Focus	Theoretical Lenses	Methodology *Level of analysis*	View of Middle Management's Role in acquisition integration process *Measure of Performance*
Teram (2010)	Analysis of parallel discourses around an integration project during the merger of three human service organizations. Description of the managerial and employees confronted identities and views.	Organizational Identity	Qualitative Observation (board meetings, union meetings, etc), 32 semi-structured interviews, documents. *Group Level*	Middle managers are trapped between external and internal demands. They have to confront the operationalization of the intended strategy (practicality) with workers' aspirations of organizational identity.
Lupina-Wegener, Schneider & van Dick (2011)	Understand how the different groups of employees experience the process of socio-cultural integration during a "merger of equals"	Social Identity Theory	Mix-Methods Semi-structured interviews (37 – executives, middle managers, support staff) and standardized employee surveys (890 respondents). *Group level*	Middle managers and employees in general offer an interpretation of the transaction, different than the official discourse. Pre-merger identity and perception of how the other organization influences the way each group of managers experienced the integration.
Vaara & Tienari (2011)	Analysis of the internationalization construction in a cross-border merger integration process	Discourse analysis Ante-narratives	Qualitative Firm and corporate level *Organizational level*	Ability to exert antagonistic perspective when facing changes Ability to construct and support dialogue
Sinkovics *et al*.(2011)	The role of emotions in the performance of M&A. Communication, Management behavior are the independent variables that trigger subjective perceptions and therefore emotions that will affect the employees position.	Cognitive appraisal theory Affective events theory Merger Syndrome	Qualitative 4 International M&A – Top-Middle- Employee Level – 18 interviews *Organization level*	Importance of recognizing the relevance of emotions (their own and their top-down and lateral influence) "clear correspondence between communication and behavior" Language can be a threat for both acquired and acquirer
Teerikangas, Véry & Pisano (2011)	Role of integration managers in acquisition performance	Actor-based perspective	Qualitative Case Studies – 8 transactions – 166 interviews (1 to 8 years after the deal) Top-Middle-Low level Both companies *Organizational level*	Involvement in the pre-acquisition phase. Need for information. Importance of empowering and allowing middle management's participation during the integration phase.

Article	Research Focus	Theoretical Lenses	Methodology *Level of analysis*	View of Middle Management's Role in acquisition integration process *Measure of Performance*
Mantere, Schildt & Sillince (2012)	Analysis of the problematic to undo a widely accepted pre-merger strategy	Sensemaking	Qualitative Longitudinal case study of a Finish governmental organization merger that was cancelled after the preparation for the integration (Period 1995-2005) *Organizational level*	Shapers of the organizational sensemaking history Because of their sensegiving actions they might be limiting future strategy options.
Bouchikhi & Kimberly (2012)	Psychological synergy as variable for acquisition or merger success.	Identity	Qualitative Case Studies, Consulting work involving three acquisition with the same acquirer, Focus groups *Organizational level*	Agents that provide substantive actions to support the management of the symbolic identity led by top executives.
Lnagley, *et al*. (2012)	Dynamics of group's identity construction after a merger through the understanding of sameness and difference provoke by merging	Identity	Two case studies – Quebec (merger of two units of teaching hospital) & Alberta (merger of 5 health care organizations) – Personal interviews at different levels (39 in total), meeting observations, feedback meeting notes. *Group Level*	Agents that can perceive the group's identity struggles help to accommodate them by managing the pressures for sameness leaving space for the maintenance of differences to facilitate the integration process.
Schriber (2012)	Explores how managers involved directly in the integration perceive the unfolding of the post-acquisition process	Anxiety theory, Social identity theory, Acculturation theory, Role conflict theory, Job characteristics theory, Organizational justice theory	Qualitative In depth case Study – Food Industry – Sweden – 32 interviews (CEO, MM, supervisors) *Individual level*	Middle managers exert the implementation role, crucial for the integration process. However, the uncertainty and ambiguity of the process provoke a self-reinforcing dynamism in middle managers' actions: poor integration management, poor integration decisions, and weaker middle management integration efforts.

Article	**Research Focus**	**Theoretical Lenses**	**Methodology** ***Level of analysis***	**View of Middle Management's Role in acquisition integration process** ***Measure of Performance***
Chreim & Tafaghod (2012)	Understand how acquiring managers experience their involvement in the integration process, how acquired middle managers understand their new position based on their past role and how their experience with the new management might influence their adaptation to the new roles.	Sensemaking – Newcomer theory	Qualitative Three case studies – Three acquisitions of small entrepreneurial firms by one MNC (professional firm) – Interviews (46), internal communications, press releases. *Individual Level*	The most important role of middle managers (acquirer and acquired) is implementation with an important dose of discretion. Acquirer middle managers are viewed as detached and powerful. Acquiring managers' involvement and generation of a good relationship with acquirer ones have a positive effect on the formers' feeling of empowerment.
Gundolf, Meier & Missioner (2012)	Explore the reasons for failure of the implementation of technological innovation during an acquisition.	Capabilities & KBV	Qualitative Case Study – IT Industry (participant observation, interviews, internal documents) Acquisition of a small company by a medium size one. *Organization level*	The choice of method of integration might change throughout time. In the paper, that decision is presented as a learning process (going from absorption to symbiosis) where middle managers have the lead.
Monin, Noorderhaven, Vaara & Kroon (2013)	Understand the dynamics of how distributive justice affects the sensemaking process of the actors that build up the post-acquisition process.	Distributive Justice	Qualitative Longitudinal 5-year study, one transaction with several subsidiaries, 682 interviews (top management, middle management, lower management, and employees, internal documents and press releases) *Organizational level*	Middle managers are forced to interpret top managers' directions that were generally ambiguous. This purposed ambiguity might assure top management latitude by not determining directions precisely. Middle managers have to specify these directions in order to act upon the concrete development of the integration process. Middle managers are considered as important "boundary spanners".

Article	Research Focus	Theoretical Lenses	Methodology *Level of analysis*	View of Middle Management's Role in acquisition integration process *Measure of Performance*
Amiryany & Ross (2014)	Knowledge transfer on knowledge-based acquisitions	Knowledge Transfer	Mix Methods Survey (102 R&D managers –Biotechnology and Pharmaceutical Sectors) – Interviews (IT Sector) *Group level*	Important agents to foster "on-the-job" learning activities, boundary spanners to develop social communities for knowledge transfer
Vieru and Rivard (2014)	How team members' organizational identities affect the integration of information system during the merger of three teaching health Centers.	Organizational identity, sensemaking	Qualitative Case Study - 15 semi-structured interviews (middle and low rank managers), internal documentation, informal conversations. *Group level*	Managers should lead the integration process by firstly acknowledging the differences of the way of working on the merging units and their reasons. This understanding might facilitate the future integration process.
Moilanen (2016)	How the alignment of management and accounting systems correlates with managers' sensemaking processes embedded in their assumptions and emotions. (processual view starting from pre-acquisition)	Sensemaking	Qualitative 13 semi-structured interviews (Top and middle management, 6 at the acquirer firm and 7 at the acquired one) – Informal conversations, external documents. *Individual level*	Important agents for lateral interactions acquirer-acquired. Acquiring middle managers are embedded in more rational sensemaking frames while acquired managers utilize more emotional and interpretative frames.

Appendix III: Qualitative Research: Interview Guide

Information Known before the interview:

Acquisition business segment
Acquisition related countries
Interviewee's position during the process of integration

Interview Guide

Introduction[44]

This interview is part of the research I am conducting on the role of middle-management in the process of acquisitions. This research aims to get a better understanding of the organizational dynamics of the process of integration that have been mostly analyzed from the perspective of the top management. That is why your experience is more than valuable to my research and I hope you can share your thoughts with me.

Nothing you say will ever be identified with you personally or with the company you work for. Please if you have any questions during the interview do not hesitate to interrupt me, and if there are any questions you do not feel comfortable answering, just let me know. Remember that the interview is anonymous and confidential, and that it is going to be recorded. Any questions before we start?

Our interview will be based on your experience regarding the acquisition of the company D (acquire**d**) by the company R (acquire**r**) in YYYY. At the time you worked for D/R. Then, as we have framed our interview, we can start.

Announcement: Let's start at the time when the deal was closed and when you received the news.

I-1- What was your position at the time of the acquisition?

[44] based on Patton 2006, p.407

I-2- How did you apprise that your company was being acquired (was going to acquirer company D)?

I-3- What can you tell me about your expectations as to how the acquisition was going to affect your work?

I-4- What were the most important changes to the company that you foresaw at that time?

Post-acquisition process: Now, let's move on to the period when the two companies start interacting, that is the integration process.

II-1- Which was your involvement during the process of integration?

II-2- We know that during the process of integration you have to start interacting with different people. Then, what were your impressions when you started interacting with your new colleagues? Can you give me some examples?

II-3- Some time after the deal the organization released a plan establishing goals and a schedule for different types of integration tasks. What were your thoughts about the clarity and the possibility of success of that plan?

II-3-a- How flexible was the plan?

II-4- What were the more challenging situations in dealing with these new situations? Examples?

II-5- What were the main problems that you faced during that process? Examples?

II-6- How would you describe the level of understanding between the people from both companies? Examples?

II-7- How would you qualify the receptivity of your suggestions or requests? Examples?

Before the acquisition**:** Now, I would like you to travel back a bit further to the time before the acquisition.

III-1- *What can you tell me about the way of working before the acquisition?*

III-2- What are the more remarkable changes in the way of working that you can see between that time and after the integration process?

III-3- What experiences did you have concerning acquisitions previous to this one?

Closing

IV- To close: Before finishing our interview, I would like to formulate one more important question that touched you also as a person, not just as a manager:

IV-1- How would you evaluate the experience of working with people that have different way of working and may be coming from other cultures?

IV-2- Is there any observation you would like to add that you consider important? [45]

Post interview [46]

Date and time:
Interview Total Time:
Interview language (Spanish, English, French):
Type of interview (Skype, In person, etc):
Conditions (was it interrupted, etc):
Interviewee reaction to questions:
Rapport interviewee-interviewer:
Observations:

[45] Based on Patton (2009) p. 379
[46] Based on Patton (2009) p. 384

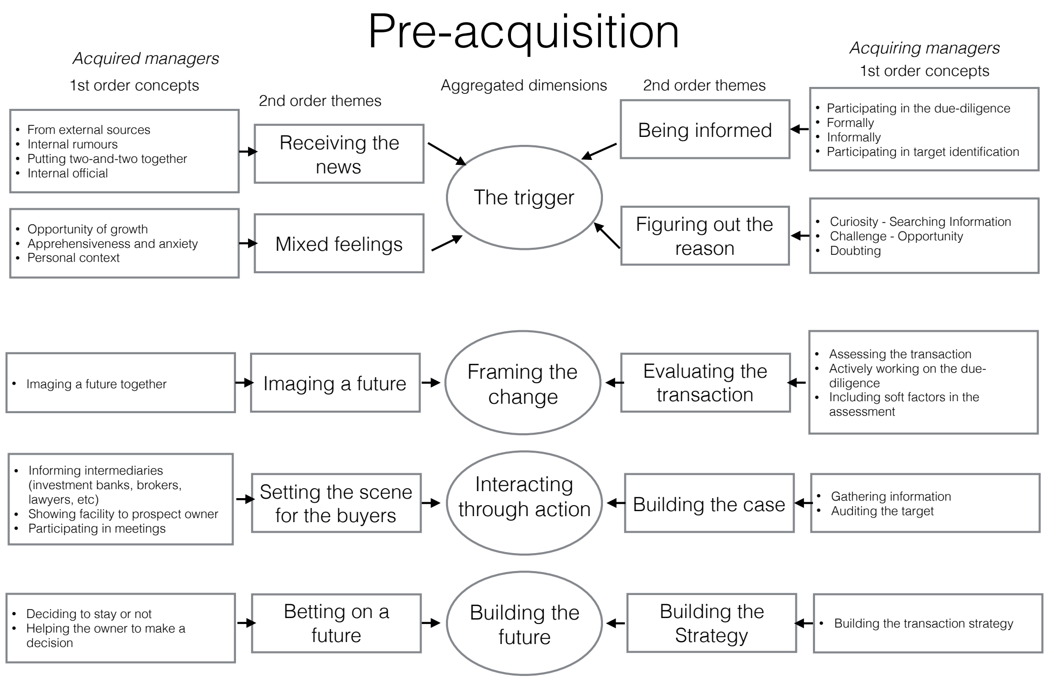
Appendix IV: Qualitative Research: Transaction's Background Characteristics

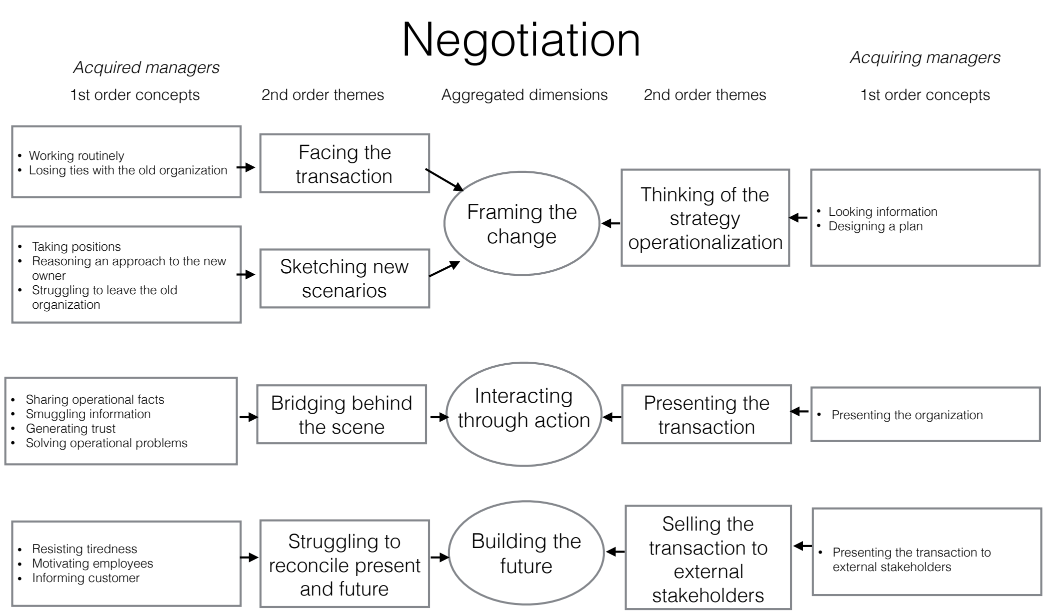
	Interviews (Documents)	**Sector**	**Regions involved** Acquirer/Acquired	**Acquirer** Motive - Relevant characteristics - Management in charge of the integration	**Acquired** Employees - Relative size - Previous ownership - Financial Performance - Transaction Value
1	Acquirer: 6 Acquired: 2 (10)	Food Industry	North America/South America	Market and operation expansion - First acquisition outside North America - Acquisition of a relatively important operation – Integration managed from head office	< 900 employees - Smaller - Divestment from a local non-related corporation - Poor financial performance – < 100m USD
2	Acquired: 7 (15)	Petrochemical	South America/South America	Operational growth - Presence in the target country but not in the acquisition related segment - Not much experience on acquisitions – Integration managed from head office	< 2,000 employees - Divestment from a multinational related corporation – Good financial performance – < 700m USD
3	Acquirer: 3 Acquired: 1 (10)	Eng. & equipment	Europe/North America	Market expansion for one of their segments – Presence in the target country but not in the acquisition related segment – Integration managed from head office	<50 employees - Much smaller size - Privately owned local firm - Good financial performance - (unknown)
4	Acquirer: 2 Acquired: 1 (7)	Food Industry	North America/North America	Operation expansion - Transaction almost duplicate the production in the target country operation - Integration managed from head office	< 600 employees – Smaller - Divestment from a local related corporation – Poor financial performance – < 250m USD
5	Acquirer: 2 Acquired: 1 (07)	Food Industry	North America/Europe	Market expansion - Acquisition of a related multinational - Presence in the studied site - Integration managed at local level subsidiary	(<500 employees at the studied site) - Smaller size - Poor financial performance - <19,000m USD
6	Acquired: 2 (10)	Automotive Industry	Europe/South America	Add a product to a business segment – Acquirer has extensive experience on acquisitions – No presence in the target country -Integration was managed from regional and head office	<600 employees – Much smaller size - Family owned local firm – Very good financial performance – <50m USD
7	Acquirer: 2 (13)	Food Industry	North America/North America	Market expansion to new related products - Increase market share in the target country - Integration managed from head office	< 2,000 employees - Smaller - Divestment from a local related corporation - Poor financial performance – < 1,500m USD
8	Acquirer: 1 Acquired: 1 (10)	Food Industry	North America/South America	Market expansion - First acquisition outside North America -Acquisition of a small operation – Integration managed from head office	< 200 employees - Smaller - Divestment from a local non-related corporation - Poor financial performance - <15m USD
9	Acquirer: 2 (06)	Brewery	South America/South America	Market expansion - Presence in the target country - Integration managed from local subsidiary	< 300 employees - Smaller - Divestment from a related multinational corporation - Good financial performance - < 100m USD
10	Acquired: 2 (13)	Food Industry	Europe/South America	Market expansion - Acquisition of a company larger than the local subsidiary - Integration managed from head office	<1000 employees - Much smaller - Local privately owned firm - Poor financial performance - <100 m USD

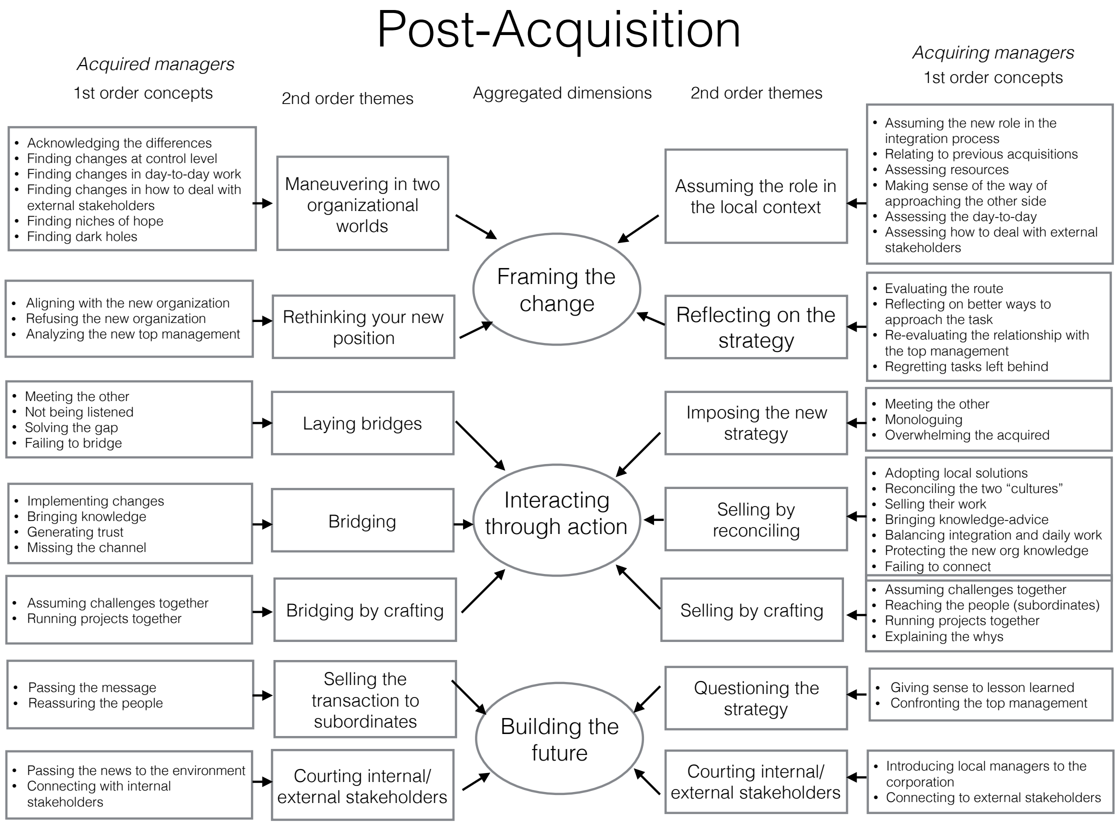
	Interviews (Documents)	**Sector**	**Regions involved** Acquirer/Acquired	**Acquirer** Motive - Relevant characteristics - Management in charge of the integration	**Acquired** Employees - Relative size - Previous ownership - Financial Performance - Transaction Value
11	Acquirer: 2 (19)	IT	North America/Europe	Market expansion - Acquisition of a multinational company – Scarce presence in the target region - Integration managed from the head office	<40,000 employees - Same Size - Public owned European multinational - Poor financial performance - <2,700m USD
12	Acquired: 2 (02)	IT	Europe/North America	Add a product to a business segment - Acquirer has extensive experience on acquisitions - Presence in the target country but not in the related segment - Integration managed from region subsidiary	<300 employees - Much smaller size - Privately owned local firm - Good financial performance - <70m USD
13	Acquirer: 1 Acquired: 1 (03)	Eng. & Equipment	Europe/Europe	Market expansion for one of their segments - Presence in the local country but not in the acquisition related segment - Integration managed from head office	<100 employees - Much smaller size - Family owned local firm - Very good financial performance - (unknown)
14	Acquirer: 1 (7)	Food Industry	North America/North America	Operational growth in particular market segment - Acquirer present in the target country - Integration managed from head office	< 500 employees - Smaller - Divestment from a local non-related corporation - Good Financial performance - < 300 m USD
15	Acquired: 1 (07)	Eng. & Equipment	North America/North America	Access to new technology and R&D - Acquirer has extensive experience on acquisitions – Integration managed from local subsidiary	< 2,500 employees (< 50 at the studied site) - Much smaller multinational corporation - Good financial performance - < 1,100m USD
16	Acquirer: 1 (09)	Banking	South America/South America	Market expansion - First acquisition outside the home country - Large experience on acquisition but at home country - Integration managed from head office	< 500 employees - Smaller - Local family owned firm - Poor financial performance - <600m USD
17	Acquired: 1 (06)	Chemical	Europe/South America	Expansion to a segment that is not covered in the target country by the existent subsidiary - Integration managed from region subsidiary	<100 employees - Much smaller than the local subsidiary - Divestment from a related multinational - Good financial performance - (unknown)
18	Acquirer: 1 (07)	Biotechnology	North America/North America	Market expansion for one of their segments - One of the divisions merged with the acquired - Integration managed from head office -Sales and operation remained responsibility of the acquired	<100 employees - About the same size of the division that covers that segment - Local privately owned firm - Good financial performance - (unknown)
19	Acquired: 1 (09)	Insurance	North America/North America	Expansion to a segment that is not covered in the target country by the existent subsidiary - Integration managed from head office	<200 employees - Much smaller - Divestment from a multinational related corporation - Good financial performance - <600m USD
20	Acquired: 1 (06)	IT	North America/North America	Add a product to a business segment - Acquirer has extensive experience on acquisitions - Integration managed from head office	<100 employees - Much smaller size - Public owned local firm - Poor financial performance - <15m USD
21	Acquired: 1 (07)	Consulting	North America/North America	Market expansion - Presence in the target country - Integration managed from region subsidiary	<1000 employees - Similar size of the acquirer's local subsidiary - Divestment of a multinational firm that went bankruptcy - (unknown)

	Interviews (Documents)	**Sector**	**Regions involved** Acquirer/Acquired	**Acquirer** Motive - Relevant characteristics - Management in charge of the integration	**Acquired** Employees - Relative size - Previous ownership - Financial Performance - Transaction Value
22	Acquired: 1 (08)	Food Industry	North America/North America	Market expansion - Presence in the local country - Integration managed from head office and local subsidiary	<700 employees - Much smaller size - Divestment from a non-related multinational - Good financial performance - <150m USD
23	Acquired: 1 (08)	IT	North America/North America	Market expansion to complementary segment - Acquisition of a related multinational - Integrations were managed at local level subsidiary	<30,000 employees (<500 at the studied site) - Smaller size - Public owned multinational - Good financial performance - <7,000m USD
24	Acquired: 1 (08)	Consulting	Europe/Europe	Market expansion - Acquisition of a related multinational - Integration managed from the head office (no presence at the studied site)	<15,000 employees (<100 at the studied site) - Relatively smaller than the acquirer - Public owned multinational - Good financial performance - <5,000m USD

Appendix V: Qualitative Research: Data Structure






Post-Acquisition
Acquired managers
1st order concepts
2nd order themes
Aggregated dimensions
2nd order themes
Acquiring managers
1st order concepts
• Acknowledging the differences • Finding changes at control level • Finding changes in day-to-day work • Finding changes in how to deal with external stakeholders • Finding niches of hope • Finding dark holes
Maneuvering in two organizational worlds
Framing the change
Assuming the role in the local context
• Assuming the new role in the integration process • Relating to previous acquisitions • Assessing resources • Making sense of the way of approaching the other side • Assessing the day-to-day • Assessing how to deal with external stakeholders
• Aligning with the new organization • Refusing the new organization • Analyzing the new top management
Rethinking your new position
Reflecting on the strategy
• Evaluating the route • Reflecting on better ways to approach the task • Re-evaluating the relationship with the top management • Regretting tasks left behind
• Meeting the other • Not being listened • Solving the gap • Failing to bridge
Laying bridges
Imposing the new strategy
• Meeting the other • Monologuing • Overwhelming the acquired
• Implementing changes • Bringing knowledge • Generating trust • Missing the channel
Bridging
Interacting through action
Selling by reconciling
• Adopting local solutions • Reconciling the two “cultures” • Selling their work • Bringing knowledge-advice • Balancing integration and daily work • Protecting the new org knowledge • Failing to connect
• Assuming challenges together • Running projects together
Bridging by crafting
Selling by crafting
• Assuming challenges together • Reaching the people (subordinates) • Running projects together • Explaining the whys
• Passing the message • Reassuring the people
Selling the transaction to subordinates
Building the future
Questioning the strategy
• Giving sense to lesson learned • Confronting the top management
• Passing the news to the environment • Connecting with internal stakeholders
Courting internal/ external stakeholders
Courting internal/ external stakeholders
• Introducing local managers to the corporation • Connecting to external stakeholders

Appendix VI: Qualitative Research: Data Structure with Illustrative Quotations

Stage 1: Pre-acquisition

<table>
<tr><td colspan="2">Stage 1: Pre-acquisition
Aggregated dimension: Framing the change</td></tr>
<tr><td>Acquired middle managers
2nd Order theme: Imaging a future</td><td>Acquiring middle managers
2nd Order theme: Evaluating the transaction</td></tr>
<tr><td>Imaging a future together
I think we had the right combination of a group that wanted to get rid of a business that didn’t understand and another that was interested in acquiring a unit to start developing their business internationally. The acquirer is strong in North America, but its major focus, I think, was in the domestic market, they didn’t have exporting experience. Then we were adding that international projection.

I think it was a good choice for us. Because we were not in the core business of [our previous owner]. And eventually [the divestment] was going to happen. It was clear that we were going to be sold. Then I think the acquisition was the possibility for us to grow, to belong to the core business of a company that can help us to grow.</td><td>Assessing the transaction (without participating in the due diligence)
I didn't know much about the plan but for the dollars we have paid for it, it certainly wouldn't be hugely detrimental if it didn't work out; and if it did work out how significantly could it be? Look, it was a small acquisition, or a relatively small acquisition... there were two plants, we have already had at that time 25-30 plants, so for me, it was an extra two plants. It didn't look significant if you were taking in account the dollar value.

The acquisition was making us increase our market share. Their brands have their customers and now they were going to be ours. And so, locally we were around 16-17% and we were increasing up to have 21%, I believe. (…) So it was interesting because it was positioning us in a better way facing our local competitor.

Actively working on the due diligence
We have to work fast. There are transactions that are quite complex. There is a lot of information to digest in a short time. And if I speak about my part, for example. I'll do the due diligence, but at the same time the CFO will ask me to work on the acquisition strategy. How will we buy it? Then, I will work on the due diligence but at the same time with finance people. And as we want to keep small teams, we are not many, there is a lot of work, really a lot of work, a lot of information to digest in a short time; it is non-stop.

I mean before the due-diligence and the whole negotiation there was a process that took almost two years, which started with the original discussions. I was a sort of business representative in the acquisition, so I was looking into their products, the solutions they had, how they were driving the projects, and all these kinds of things to evaluate risks and so on.

Including soft factors in the assessment
From the beginning, we also know if the seller is a coop or if the seller is even an investment banker. Then, we know that the acquisition is not going to happen in the same way. If they are farmers who want to sell their business, the strategy is really not the same. It's completely different.

We have handled small working groups in Europe before, and we knew that their way of working was quite different than our way of working here in North America.</td></tr>
</table>

Stage 1: Pre-acquisition **Aggregated dimension: Interacting through action**	
Acquired middle managers **2nd Order theme: Setting the scene for the buyers**	**Acquiring middle managers** **2nd Order theme: Building the case**
Informing intermediaries The general manager assigned me confidentially all that was related to providing information to what is called the data room, that is a database where the seller puts all the information under certain conditions, and those who want to buy may be accessing that information under confidentiality clauses. So, for operations, I was responsible for providing that information. We had a visit from a law firm. They spoke more than anything to the financial manager and to me (HR manager), they ask us to lead all the information gathering (...) and almost 20 days after we received a visit of an accounting firm. They did the analysis for the [acquirer] whether it was worth investing or not. **Showing facility to prospect owner** Particularly in my case, I had accompanied [the CEO of the acquirer] and other people during the visits they made before the acquisition. I showed them two of the three plants. So at that time we started to think about the idea of being acquired by these people. We knew that it was an important visit, there was the rumour that they could be potential buyers, but I did not know who they were ... I mean that until the last moment we didn't know who they were... **Participating in meetings** We had a conversation right before the acquisition. (…) In that meeting there were us, the people of M&A from the acquirer and the people from the division that supposedly were going to integrate us. I could help to guide some concerns ... as always in any purchase, there are always a number of concerns that arise after analyzing all the documentation, and after the visits and contact with people. But given my previous path (former director of the unit), I could be an additional source of information, more like some guidance on certain aspects.	**Gathering information** We have to handle in that country not two but now three plants. Then we have to start collecting all the information to see how to integrate this new plant into the operation of the other two. During due-diligence we were never at the company, we only reviewed information that was supplied to us by [the acquired]. Actually there was a kind of safe data bank. That bank was hosting all the different documents that we were asking for. **Auditing the target** But then you can always shake your head or you can look at it with open eyes, and approach it and say: well, these guys have been around, they have been a tough competitor for many years, and obviously they are making it work. And not because we are doing differently that means that it is the only procedure that would work.

Stage 1: Pre-acquisition **Aggregated dimension: Building the future**	
Acquired middle managers **2nd Order theme: Betting on a future**	**Acquiring middle managers** **2nd Order theme: Building the strategy**
Deciding to stay or not I knew that my future was not there. From the beginning I knew it. So it's like when one has that vision, I didn't want to change anything, I didn't want to make the effort to adapt myself to the new company. (…) The reasons? Well, the people I met from the acquirer, family reasons, maybe it was the possibility to change my career…	**Building the transaction strategy** The CFO is coming to see me and he will say: 'look we want to take a look to this transaction, see from the legal point of view where we are, how you can make circulate the money, we may borrow this much, develop a strategy at large. So I have to think about that, and I will make proposals. So, that is my part. You also have the people from operations that will be involved, but at high levels (directors), and they will

What was I thinking? Well, my case was particular; it may have been a little different from the rest of the group. At the time that the rumours started, we were under the orbit of the [previous owner] and there were no projects and I have started the search for a new job. In fact my family was returning to where I was from originally, because I have a house there. I had already some calls from head-hunters, but then we received a communication that we were being bought by [the acquirer]. At that moment, I didn't know anything about [the acquirer]. Then, I started to gather information about them… and it seemed interesting … so I said let's see what this is about, and here I am… **Helping the owner to make a decision** And I found out about the transaction a year before the purchase agreement... yes one year before. The owner told me about the interest of the [prospect owner] to acquire us and well… we were pondering the pros and cons together and really for me it was the best situation that could happen, because the owner was over 70 years old at that time and his family was not interested running our firm.	look, there is a fit between our operations and that of the seller. Will it be the kind of company we want to have? From the point of view of their products, is it that what we want? From the point of view of the equipment? Do they meet our standards from the point of view of safety? Because most of the time, the targets are well-known companies, then our group is really small in the beginning. But, if the process progresses the team becomes larger. So we will add people from other departments, human resources are involved from the beginning, but we will be adding accounting, we will be adding finance.

Stage 2: Negotiation

Stage 2: Negotiation **Aggregated dimension: Framing the change**	
Acquired middle managers **2nd Order theme: Facing the transaction**	**Acquiring middle managers** **2nd Order theme: Thinking on the strategy operationalization**
Working routinely The lack of projects, that's a major change. Today is the day-to-day routine. [From human resources], we are not able to develop any project for our people. As much as I try to come up with things, I can't… and there is also a budget cut for us, so if there is any change today... for example if a person leaves, there is not replacement. My role went down to the basic stuff. And on top of that the people are more concerned with the day-to-day, then there is not much to do. And the truth is, from my point of view, what can be done at that time was only to try to work as hard as you can. Focus on your work. Decisions will come later. **Losing ties with the old organization** With Brazil, I continue with my regional boss, I talked about these issues but I am really very independent, and she actually told me that the [news of the divestment] were really sad, and that whatever I need I could ask her. But she is not giving me more information than the one I have now. (...) Now, from [previous owner] the only thing we have it's the logo, nothing more. It was really weird because you as [still member of the previous organization], you had to report to the US. But for the people in the US you were already sold, and then they didn't pay much attention to you…	**Looking for information** We had no right to talk directly to them and to seek for information. Then we have to do our best to find that information... but the information we could get was mainly… mainly general business information. And I needed operational information. Then I didn't have much data in terms of operations ... financial transactions ... so we were in the unknown. And on top of that there were lots of rumours, rumours full of info... but we had not really concrete ideas ... **Designing a plan** The way I prepared myself was to write a questionnaire thinking what we want to know from them ... the minute we will have the right to talk to them, I would like to do that … to send questionnaires to know what's their system, their volume, how is their way of operation and all that. But then I didn't know how many operations units did they have, it was not clear… for example, to whom I have to send that questionnaire… that was the most complicated thing. And then everyone from our side wants to be involved, everyone wants to define their role, and it starts being confusing… Then you have to start to think how these people are going to contribute? And in this way you start delineating your group.

2nd Order theme: Sketching new scenarios	
Taking positions Then it was formed a mixed transition team with people from both sides. And there, those that were coming from the acquired took positions; let's call it this way. You have those who embarked quickly on the change process and others who were not really convinced about it. And this division is happening more than anything at the level of the management team (directors). The transition team had a certain power, and there were a lot of communication rules. You can imagine that the [previous owner] is quite rigid, amazingly rigid… Then everything was done under those rules. And my boss took that approach; he was too much linked to the past for my taste... I didn't like his position; I would have done it differently… I would have been more flexible, less attached to protocols that would have helped to face better what was coming. **Reasoning an approach to the new owner** The less rigid you're the best you're positioned with the buyer, then it is quite a delicate trade-off. And if you look at the management, not everyone handled it the same way. There were people who worked with more flexibility and there were people who were more rigid and stuck more to the protocol. I think basically what [the previous owner] wanted to do was sell us. How they handled the transition was absurd. They should have selected a group of managers for the transition team and then transferred them to the US. That way they would have remained loyal. But the reality is that all managers, except some [fundamentalists], most of the managers had already begun to talk with the new owner, because it is quite logical. You know who is going to be the new owner, if you don't give them the information they request as it was asked; you were playing with your future. Because, afterwards they were going to say you had been avoiding me for a year… And the reality is, I know that you are going to be my new boss, then I going to start being loyal to you and not to the other that doesn't want me anymore… It is quite a logical thing that occurred in most groups, it started before the take of control to speak with the new owner. **Struggling to leave the old organization** I was informed that I will be working on the expansion projects, which may be interesting… but really I don't think that it's what I want. Then, it's already confirmed what I thought from the beginning, at professional level [the acquisition] played against me. Because you say, we have done everything they have asked, we have given all, we have been loyal till the last moment. The only thing we want is that at the moment of the take of control, we want to talk to them and not to the new owner. But we are not getting any answer…	

<table>
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Aggregated dimension: Interacting through action</td></tr>
<tr><td>Acquired middle managers
2nd Order theme: Bridging behind the scene</td><td>Acquiring middle managers
2nd Order theme: Presenting the transaction</td></tr>
<tr><td>Sharing operational facts
Yes, there were previous meetings, before the take of control. However, not much contact was allowed because there was the possibility to withdraw the offer… Therefore, these meetings were confidential. We have established a working group of three or four people from each side that would manage the process. First, in order not to distract the rest of the organizations, because [the acquired] had to finish their commitments and the [acquirer] had to run their daily business.

Sharing information was quite complex because somehow the transition team [from the previous owner] was limiting what you could or could not say to the [acquired] group. I mean if there was a complex issue, for example, somehow they were informed and they were dictating how you had to handle it. I don't say that you have to lie, but you couldn't say the whole true... Or if for example the situation became too complex, it was going to be the transition group who was going to handle it.

Smuggling information
And… yes… there was some informal communication where some information was passing to the other side… That depended on the manager… Some of us did more than others to facilitate the process. To start working towards the future.

It is sure that [during the previous meetings] we went a little further than what we should have been gone. Because we know that at the level, how I could tell, not at ethical level… but there are some things that I think that the competitiveness office restraints about what you can share before the takeover. But there were discussions that went totally outside those limits. That it's certain.

Generating trust
I want to clarify that the change of control has not been done yet. And this is quite a problem because we have been for more than 15 months in this transition. And this delay produces a double command that is not good for us, in this double command confronts two totally different cultures and this is impacting on the decision-making. The new owners are relaying on the same management, but if the management doesn't make an effort to understand the culture of the new owner, we will have a huge problem. And you can see that that new owner is as receptive to your questions as you are flexible to attend to their requests.

We didn't want to work with them informally, then we guided them in our organization to request our help to prepare the plan for the next year, as if it was something that came from them. Because it was certain that we would be working together. Then we started working with my actual boss and with another person from [the acquirer]. And during that year we set up the first plan</td><td>Presenting the organization
What we did was that at the beginning of January, [one month before the take of control], we did a presentation for the whole company where we presented the transaction ... yeah...I mean the owner had told them a couple of days before that he was going to sell the company to [us] and then we came down and we presented what our plans were and you can say an introduction to [our company] and why we are interested in this company trying to put the positive notes to it. We were not here to close down the company, or get their competence out of the way, we wanted to grow and we wanted to invest in the company.</td></tr>
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for the new company, obviously with permission of [the previous owner], because [the previous owner] had asked us to help them (laughs).	

Stage 2: Negotiation **Aggregated dimension: Building the future**	
Acquired middle managers **2nd Order theme: Struggling to reconcile present and future**	**Acquiring middle managers** **2nd Order theme: Selling the transaction to external stakeholders**
Resisting tiredness So it was still a 4-month waiting period for all the employees, a period of uncertainty. We were saying, okay, it's business as usual, we have to continue doing our job, we need to maintain our customers, because we still have competitors. Then we had to work to ensure the value of the company… but, on the other hand, you had all that uncertainty… Because it is also a moment of an organization where you still have sales targets, right? But the truth is that you know that you have been bought by another company, then… How real are my goals? Should I continue working towards those targets or should I take it easy? What should I do? And you have those that say I do nothing and tell me when my new boss arrives and I will redefine my goals with him… which is my role now… But the waiting time got extended, and that uncertainty generated a lot of fears. My attitude in this situation was to work as hard as possible with my customers. So I kept myself very occupied working towards the goals I had already defined. **Motivating employees** Yes, we met with all, we had a general meeting. Being so few, it is easier to put together the whole company. So there we said that it would be a difficult year, the company was in the process of sale, and obviously we needed them to continue putting all the effort and all the commitment because as we were being sold they were going to be asking a lot of information and we were going to be assessed very closely. I was trying to see with them all the opportunities we can have with the new company. Trying to keep people in focus on the operation and transmitting optimism. Although, I did have some doubts. **Informing customer** Everything was the same; they have sent us an email with a speech to inform customers who asked us. Something very corporate, that said nothing, saying that [the acquirer] announced plans to buy [us], which is currently in the process of review of the anti-monopoly laws in the US and the EU. And that we were still independent companies (...) The truth is, we had it but nobody ever asked me. What was said in the announcement was already on the news. But in the day-to-day with our customer everything was the same. For them, it was like if nothing was happening.	**Presenting the transaction to external stakeholders** I had to do all the transfers of people from [our subsidiary] to their new roles in the new [organization]. The [acquired] had 3,000 employees and on the [subsidiary] there were 100 (…) I was on charge of handling all the negotiations with the unions.

Stage 3: Post-acquisition

Stage 3: Post-acquisition **Aggregated dimension: Framing the change**	
Acquired middle managers 2nd Order theme: Maneuvering in two organizational worlds	**Acquiring middle managers 2nd Order theme: Assuming the role in the local context**
Acknowledging the differences With the previous firm we had perfectly defined each one's obligations, and I had no business with someone else's work. Nowadays, there is lots of overlapping. It could be that a work that would have to be done by planning is requested to another work team, and that group does it to gain the management's trust. Therefore, there is a lot of internal competition. Before [with the previous owner] every time you asked something, right away you had the answer. Now, you ask something, and they start: oh sorry, I don't have the time now, I will call you tomorrow. But they do not call. And you have to make a follow up… **Finding changes at control level** This one is an important change. Before the function of human resources was that of support of operations, such as an advisor or an executor of requests from operations. Now, it seems to be all the opposite. Then, now everything is more bureaucratic and what before was easy, now it is extremely difficult. I thought that from the point of view of Quality it was going to be a step forward, because I knew that from the new owner Quality Assurance had a much important voice than that of the previous owner. Then, coming from quality, I was seeing that as a huge opportunity. **Findings changes in the day-to-day work** Now they [the acquirer] give more responsibility to the people, but to do so you have to give them the information they need. Therefore, each [project manager] has his own budget that before it used to be a secret. Now people know what the costs are and what the profit of the company is. The previous organization was a quite informal group of 80 to 100 people, and all of them were committed to developing the solution. You use to go [to your bosses] and say: I do have this problem, and they were telling you: well, let's find a solution for it, always with positive attitude. The new owner is huge, with thousands of processes that you have to follow to solve a problem, and many times you just get lost… then at the end of the day you say OK, let's leave it like this. **Finding changes in how to deal with external stakeholders** I think the major change was the primary focus in the execution of internal documents and procedures. That was the first priority. But for me the first priority should always be customers.	**Assuming the new role in the integration process** Every time you leave to a place more than 3 hours away from home, whether it is right south to the US, to Europe or to South America, you're not at home. I have always been willing to experience something like this. I have friends from other companies that have been expatriated; I really admire what they did. I have lots of respect for the people that accept to leave their comfort zone. Then, for me it was a great opportunity and I was interested to go ahead with it! **Relating to previous acquisitions** It is never easy. But the experience sometimes helps. When we were acquired 20 years ago, even if we were identified with our firm, the acquirer was received more openly. We knew that it was an organization better prepared to run the business and we adapted to that. So, there was not a resistance to change things. When you are acquired, as individuals, you have the incertitude about what is going to happen with your career. I had that feeling when my firm was bought by my current firm. Then, now that I am on the other side, I remember that feeling. And I try to easy their path, giving them more certitude and more time to adapt to us. **Assessing resources** For the plant people, I think that everybody that had a chance to work there had the same feeling that they were very happy and relieved to see that someone was putting money into their plant, so right away we worked together so at the plant everybody was working really hard and made sure it was a success. The people were great, at the plant, outside the plant, you know more social aspects. But I think that yes, because we were giving them job security for them and their families that was very well taken by the plant. When I first came in into [the acquired facility], the plant manager was very positive and I understand that he had spoken to all his staff and said: well this is what we are doing, moving forward, and it is going to be a positive change and I think it was... that was my sense when I first came in. **Making sense of the way to approach the other side** With the previous owner there was a strong corporate influence, indeed. So the culture was more one of: you manage your business, and we [corporate] tell you what to do in several aspects. Whereas, when we came in, our approach was to give them more autonomy, I guess we were more open to listen to what they had to say and they found that to be much better than the previous

But technically, if in Argentina you have a problem with a key equipment that avoids you to process the raw material, the first thing you do is to call your competitor for help, for example to receive and process your raw material while you solve the problem. That is something common here, and it does not have any political cost. But with the new owner just thinking of doing that was outrageous. **Finding niches of hope** Well, the new owner is an important multinational organization, and that always grant you access to new technology and knowledge that you don't have access when you are a relatively smaller operation. The relationship with the previous management was really bad. I don't know if these people (the acquiring management) realized that, but now we feel that we are really well treated. Then that change in the relationship makes a huge difference. We came from an organization where people were mistreated to another one where they seem to care. **Finding dark holes** At the top of the list was the execution of you know internal policies and procedures and [take care of customers] was the bottom line, the bottom line is important not matter where you are at but sometimes there has to be a give and take, and it didn't seem like they were going to be that flexible. [In the meetings] I was telling them: we need to coordinate; we cannot go to the same customer with different solutions from different divisions to solve the same problem. The customer is going to get tired of us, and they won't receive us anymore. I know this customer in particular; I've been working with them for more than 10 years. But their answer was: we are like that, that is our policy, and we are not going to change it.	approach, at least this was in my area... I cannot speak for other areas. The first thing I did was to go there with one of my assistants. We had issues with the sales taxes and we had to solve the problem. Then we stayed there one week with the sales people gathering information. We went through all the processes. They were quite collaborative. We came back, we did the analysis and we triggered the process to hire some people there to work on that. **Assessing the day-to-day** It was very much hands-on; I mean getting into the business. First of all, following the daily operations and business operations, trying to understand how they were working or the strong and weak points, trying to build a picture of the company, so I could learn from it. I also have 20 years of experience, so I have quite good knowledge of the business as such. So it is more about... see where are all the things that we should be doing and start focusing on them. They are really disorganized in their way of working. You have four people that are working on the same task, from different areas, but doing the same. Then, there is a lot of overlap. We as managers try to have all the people informed. When we are in a meeting everyone knows what we are speaking of. In this firm during a meeting nobody knows anything. They do not share the information and it seems that they do not want to know further than their task. **Assessing how to deal with external stakeholders** Now having said that, there are 40 millions of them (people in the host country) and you are not going to change them and they are not all going to deliver on time... that is just the reality of it... and the first project we did, we were very frustrated, because we didn't know... I didn't see it coming that these people were not going to respect the date that was put on paper... So, the second round we dealt with the problem and we understood that you have to follow up, and follow up and follow up and you understand that no matter what is on paper you have to make regulars follow ups … Well, let's say, in our case we have the [equipment] to be built down there so, we send the drawings, just like we would have done it here, and... they just were able to produce the equipment that we needed in good quality actually... so, at first we had our doubts about how it was down there, you know nervousness, but after you get used to the culture it's not a problem.
2nd Order theme: Rethinking your new position	**2nd Order theme: Reflecting on the strategy**
Aligning with the new organization No, they were not arrogant; we could have seen that in the beginning during the first meetings that were tenser. You could feel the arrogance of the person that arrives and wants to impose their way of doing things. But over time, you realize that they are colleagues and that they are like you, but that they were in another company	**Evaluating the route** We wanted to approach some opportunities, you know... there was also that we understood the local business more, we understood the international market more, we understood that to a regular review process that our plan would have to be tailored as the world market changes and our thoughts changed. (…) For example, we have by products that we have assumed

with different rules. So, it's your turn to adapt to those new rules… We have a direction that we have to go and it was explained to us that [the new owner] had acquired a plant because it was underperforming and that we needed to change the coop (cooperative mind) attitude, where we just need to process the raw material every day, to turn it into a proactive attitude where we will have to make money instead of just throwing raw material to the system every day. **Refusing the new organization** I don't know. If you are in a firm where all are gangsters and you are not, you are not going to stay long… You can stay, one, three, six months, but you will end up leaving. Or on the contrary, if you are a gangster and you are in a company that is more papist than the pope, you will say they are insane, they are too boring, I am leaving… The feeling was that they were thinking we got all this technology and… all these people. Well, let's see, this [person] can be useful, this one maybe not. So, that was the sensation. And during this selection they had the following speech: look, the train is like this, you adapt to this or you are outside. (…). And really, I didn't want that for me. **Analyzing the new top management** I understood why my boss wanted it in that way, just because the owner liked that way, period. For example, a stupid example (laughs), during the presentations the PowerPoint slides have to have a line in blue, the following one in red, and so on. It sounds like a silly thing, but the owner likes it like that. The first time I saw it, I said "carnival", but well, it is like that. The most challenging situation is not knowing the people that are coming in. You, kind of start from scratch, you try to build a relationship. You are trying to understand what they are really asking. They will come in and say this is where we are going and this the way we should go there, and you want to help, but you don't want to make a mistake, you don't want to look dumb in front of them. You don't want to make a mistake and you try to build a relationship, and you don't know if they like you, or don't like you, it is just kind of a starting over the process and that part was kind of difficult, to build up a new relationship with the new owners.	that as in North America we could sell them in the local market, but we quickly realized that was not going to happen so then we needed to address that and deal with those by products, so those things were in evolution... still, the main frame of the plan never changed, this is the tons we are going to produce, this is the category. But a lot of things around it, they were in evolution. So it was a huge mental exercise in regards to synergies and also differences between our central businesses and [the acquired]. So from that perspective, and to be honest I actually formalize that work during the integration, so from that perspective we try actually to understand the differences in order not to kill the differences because that was why [the acquired] was very strong in the US and South America as well. **Reflecting on better ways to approach the task** There are some aspects of the acquired that are better than ours; they are more advanced in certain specific areas. Then, that forces us to question our processes and to see how we can do better. I think everyone (acquiring managers) has its way of approaching the integration task, in my case I am almost obsessive and I pay attention to every detail. But the people that work with me know that if you do a good work you will have continuity, and that you can go far (…). Did I enjoy working on the integration? Yes (timidly), it's a good experience if you have the freedom that I had to apply my game rules. **Re-evaluating the relationship with the top management** During this particular integration, I was reporting to my boss at head office but the money for the projects was coming from the local subsidiary. Then, that was turning all my work in a real nightmare. Then my problems were not coming from the acquired operation but from the misalignment of the top management. If you are going to represent your firm, your boss (top management) has to back you up. That is the key-point of the success. If you work on the integration and you are always in doubt because you don't know what is happening behind your back, then you cannot do anything… **Regretting task left behind** During the time that we are working on the integration, at home we don't improve much. The integration occupies lot of resources that we cannot use to move forward, which might place our competitors in an advantageous position. Because while we are integrating, all our competitors are improving their operations. My people at home, during my integration involvement, I left them inside their "bubble", we don't change anything… there is no evolution in our system, before we always use to implement new things, now nothing happens… everything is still.

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Aggregated dimension: Interacting through action</td></tr>
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2nd Order theme: Laying bridges</td><td>Acquiring middle managers
2nd Order theme: Imposing the new strategy</td></tr>
<tr><td>Meeting the other
It was like passing an exam. I think that everybody was having that sensation. But [the acquiring management] knew that was happening, and they were trying to send the message: this is not an exam, we want to transmit our know-how, and we want to convert the plants to our way of working.
The initial group that came in for the plant takeover was very impressive. In fact, I have described them to some of the people at the plant as racehorses; we were running with racehorses. These people were an elite group, they knew their job, they understood what needed to be done. They were in a hurry to make it happen, to turn the plant around so the plant could reach profitability.

Not being listened to
I think they were receptive of our opinions but they have a kind of perception that, they've been there, they've done that, they knew what was going on, because multiple times suggestions were made and eventually the suggestions were taken but oh no... let's just do it our way, let's just do it our way.

At this moment the difficulty we are having is in the area of human resources, because we are losing lots of good people. And even if we pass a lot this message; we are not seeing any action from their part; [the acquiring managers] do not understand or perceive the urgency of this issue.

Solving the gap (between strategy content and context)
One important issue is to balance the priority between the integration tasks and the daily work. This point is really difficult and generally really tough. Because you have to accomplish both things. And not only at my level but also at the floor level and it is where we see the critical problems. Because you have to see how much you can impose the integration tasks onto people that are working on projects that are every day more difficult, and where customers every day demand more and pay less.

I think they considered our suggestions but a lot of times they already knew what they wanted to do. Unless our suggestion was either more profitable than what they thought and already decided. You can also point out that there could be a safety issue, or a quality issue. Generally, the decision of the end result was already made, the flexibility was on how you were going to get to that end result.

Failing to bridge

I would say it was, as you know, all of the procedures that were necessary to fulfill in terms of documentation on a daily basis. Like the quote process needed several reviews, you know purchase was no longer as simple as cutting a purchase order. And then, there were additional layers in the process that were added that you</td><td>Meeting the other
My impression walking into the facility, I notice that... I sense that they were people that were always smiling, and I was really surprised by that. Every time you were walking down the corridors people were smiling, people that work on the floor... because I particularly like working with people that work on the floor, because I think they know a lot of what is going on in the facility, much more, sometimes, than people sitting in the offices. Everybody seemed to be quite pleasant, very fast paced, and their enthusiasm. I thought I was very good.

When you arrive to an organization that was financially in good stand, you see that they are not really happy to see you arrive. In the beginning, there is a kind of atmosphere of aversion. Depending on the deal, there are some that are happy to see you arrive, and some others that are less happy. But, anyway, they do not have another choice. I have never felt something personal against me, nothing that it is going to prevent our integration work.

Monologuing
It is not that they were not having a long-term vested interest, they were not building a team, they were just executing. So, those individuals were quite dictatorial because there were sent out to execute in a certain fashion (…) So I was part of the dictatorial group, because certainly my boss had that attitude... (…) All the discussions around, that was also frustrating for me because I knew where I was going to end up, that was already decided.

The people from [the acquirer] that were responsible for the integration felt that [the acquiring managers] were providing the acquired managers with the information but they were simply talking a different language. They were talking a language that the management of [the acquired] didn't understand and therefore they didn't feel that they were giving clear signal on how to proceed.

Overwhelming the acquired organization
I think that they were not on board to work with us, but I think that there was a frustration for a while because we might not have supplied the appropriate support that we should have at the time of the integration at that particular area.

There was a lot of frustration in the [acquired] organization, following the acquisition because they felt that they were being overwhelmed. I think we went probably too fast paced in implementing certain things in terms of the processes and guidelines. Probably, forgetting the human factor just a little bit. The integration at the beginning was seen as very, very hard. And it made everyday life a little bit more difficult. Hum... it made it more difficult in the beginning because they were changing financial</td></tr>
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know make a lot of heavier the work to do the same stuff. I think that I have realized too late… I should have realized that before. The first year I have continued working as before, and it took me one year to realize that my counterparts did not have the expertise that I had after all my years of working here. I should have been more humble, taken more time, be more patient, and maybe start from the basic things…	systems, they were changing guidelines on how to buy things, how to do things, the whole IT infrastructure was changed and that didn't go... it didn't go smoothly, so very quickly there was a lot of frustration, both, among the management and among the people.
2nd Order theme: Bridging	**2nd Order theme: Selling by reconciling**
Implementing changes The factory kind of dragged its feet and wanted to go slow, to be cautious, to take time and learn as they go. But the people that have acquired the plant has faced multiple acquisitions, they knew what they wanted, they knew what the end result was going to be and they knew how to get there as quickly as possible, so there was this push from the new owner and this resistance from the people who were acquired. Eventually, what happen was that the new owners said you are going to go here and you are going to do it now. During a meeting I remember them saying what are you waiting for? Just do it. At the plant one plus one is not always two… but they do not understand that. Then, because of that we sometimes have our differences. But overall, all the implementations we did went quite well. They give you lots of know-how from the other locations, lessons learned; you can also make an internal benchmarking with the other plants (…) All this allowed us to evolve technologically, not only at quality control but also at the process level. **Bringing Knowledge** From my experience I was saying if we batch this in a certain way, if we blend this product to that product, we can get the same end result and I was told flat out, no, it won't work… and I did it three times… but then, they have second thoughts and it was like, oh... I guess it must work because you did it. So let's try it. There are certain cases where you said, well, this is an old issue and we are still with that. There were lots of things that they dismantled just after they arrived because they did not like the way it was done before. And now, one year after, they realize that their way did not work. Then, now we are coming back to the way it was done before. And all that took the effort to explain and explain. Now they understand the problem and they realize that the best solution was the one that was already in place, because it was the only solution, and we knew it because we mastered the problem… **Generating trust** At the end of the first year, they started giving us small projects; I think they wanted to test us. They wanted to see how good we were to design and manage those projects. And after that they said, OK, it did work, then here you have something a bit bigger. In some way, we have probed our professionalism despite the changing environment (local national crisis).	**Adopting local solutions** You've got some plants where you have good people, then the nice thing of acquisitions is that you get those people working for you, so you can also learn from them, learn from their business and make us better. And you learn at every acquisition, new things or how to deal with different things, because you have never been in that kind of market or in that part of the world, so. We adopted their preventive and predictive scheme for maintenance that was much better than ours; the management tool, not the operation itself because they were having some problems at the execution level. Then we made a mix, we took the management tool and we modified the execution. **Reconciling the two cultures** We have to rely on their expertise in some of the areas. Particularly thinking of the by-products standpoint, because we don't have any facility as big as this one. So we are going to be learning from them. But we brought important process technology and we will be working with their particular process making improvements toward profitability. Because their yields are not near as high as we expected. Well, first part they had done reasonably well and... we got to establish somewhat of a relation... when we got there they were just a face, with a name, and a title... you really didn't know if their opinion would be valid or not... they had their opinion but we were also in a hurry... By the time you get to know them, you get to understand the value of their opinions, we were already building. The second round, you know the individuals, you understand whose opinion is valuable and whose is not, and you just want to talk for a second opinion. (…) And we were more inclined in the second round to allow their input so that they were making (the new projects) their own and when we leave they would have something that they have tailored or at least in their mind, at least there have been involved, it was there... so second round we were more open... **Selling their work** You have to do a fine work of selling. For example, you know for the budget it is quite difficult… I do run the area of tax system there, I have people that work for me there (at the acquired), and I have expenses but the money comes from their budget. Then I always have to do a fine work of justifying why we are doing this and that. Which benefits I am adding to their operation…

We have shown professionalism and all the deviance we had were justified in detail. Then we ended up having a really good relationship even at a personal level. **Missing the channel** The fact of being under the umbrella of the new owner was the drive to develop new control tools, but they didn't help at all, they didn't give us the know-how to do it, they were just the carrot (the obligation). They said how the things should be, and now you figure out how to do it…	At the end of the day it's me who decides but I cannot impose it by hitting on the table… Basically it is a hard work explaining, showing, and convincing. Because we wanted to work with the same people that were already there. That is why one manager from each area went there: marketing, administration, sales, human resources and operations. We had to work with the acquired people… trying to bring them to see the business differently, closer to our vision. **Bringing knowledge-advice** You know we are a process-oriented company. And you can imagine that if you have never seen a process, if you have never been involved in a process, then you will be lost for the first time when you see it. And this was a big issue in the case of this acquisition, then the general manager also asked for my support. So what I did at that time, I actually consulted a Swedish guy and a Dutch guy that I was aware that they could explain the processes, how we used them, in a non-theoretical but in a very practical way. So, I invited them to travel to [the acquired facility] so they could give a brief introduction of that kind of stuff. And there are a lot of examples like that... At the end I was in the plant like an expert in automation. [The acquired plant manager] understood that I could bring value to their operations from that standpoint. Then I was involved in all the automation issues and they are still consulting me. **Balancing integration and day-to-day work** Over time we will go through the tools and the processes that we have in [the acquirer]. But we need to do it in a controlled manner and also to make sure that we see benefit in it. So, it is not only adding cost and time. I mean, I think for example, we are using 3D cad that works and in corporate they are using another (drawing tool), here they have an ERP system for everything that it's called [ABC] and we have SAP. They are basically doing the same thing, but they are not able to communicate and you have practical things like optical numbers that are different, but it could be that it is the same component, so how do you create a conversion list to the corporate system. So, what I try to do is saying OK, these are areas where we will be fully compliant to the way we work corporate and these are the exceptions, this is how we are going to handle the exception until we are 100% in corporate compliance in about 3 years. Everybody at [the acquirer] has a blue print basically describing your role and responsibility and also we have [an index] indicating what your status level is and that kind of stuff. But, in the very beginning, the global HR wanted to install that [at the acquired], and during that time [the plant manager] went to me and told me: we cannot do this right now because people wouldn't understand it and we will kill ourselves with all our projects. You have to close the door; we need to have a discussion. And actually we made some kind of agreement that we had to postpone that a year or two.

	That specifically case, yes, part of the discussion with the global HR, and we decided actually to implement it just for the management team and keep the rest out in order to take care and protect the company a little bit. **Protecting the new organization knowledge** But also I have to admit that I saw very quickly after few days on site that one of my biggest tasks in dealing with this acquisition was actually believe it or not to protect the company against corporate. Meaning that if I was not perhaps there at that time, then a lot of people would have been present without a plan from HR, from process, from purchasing, etc. So I have to stop that and ensure that when people actually show up on site, they had a specific and justified agenda. There were a couple of cases where you can say the functional leaders within corporate have been coming in and saying you must do this and this and this and said you need to follow the procedures but then... I said no, I am not doing that right now. (…) A lot of these different things... and also another thing, we have people that would like to come here and visit [the acquired facility] and they would like to see how we are working and so on. And I said no, you are not allowed to come here... so it has been to protect the people here. **Failing to connect** I think it was hard for everybody that has worked there, the attitude of the people was quite different compared to the two previous acquisitions and that, I think, starts at the top level of the plant and it's passed down by the boss, to the supervisors to the operators... because I think they have good operators, well, more or less good operators but, you know, at the supervisor's level if they don't know what is going on, then they will do whatever they want at the bottom... yes that one was difficult.
2nd order theme: Bridging by crafting	**2nd order theme: Selling by crafting**
Assuming challenges together They make the political decision to develop an important international market such as Japan from here. And it was really hard, lots of work, lots of patience. We have to develop the relationship with the customers from scratch. Yet, once we gained the trust from these customers we were granted the door to the Asiatic market. Normally, we meet every Monday. We have a meeting with all the directors involved (from both sides) in the integration and we discuss how we will go through each one of the integration tasks. We decide what we will be doing, how we will do it, when we will do it. They know what we should be doing, together we prioritize, and we help to see how we can do it. **Running projects together** At corporate level they have a boat that they use for customers' events and it came to Argentina. Then we have to plan with our corporate managers seven days of activities for Argentina and Uruguay. (…) They had the opportunity to meet our customers, we had worked a lot, we made the strategic analysis for our brands, and	**Assuming challenges together** I felt that we were together (with the acquired people) when I started acting on. For example, the purchase department at [the acquired] was not allowed to buy more licenses because every license was costing money. They were asked to use the system when the [local subsidiary] was not using it. So what I did in this specifically issue was to call [the local subsidiary] and ask the Finance person to approve some more money for licenses for [the acquirer]. So, the people [at the acquired] actually saw that we did something, they did get their licenses, and they didn't have to get up earlier in the morning to use the program. And people realized that I did not only talk for our top management. Actually even the people in the floor realized that I could support them. Then, I was all over. And I also realized that people, they were also supportive and it was very "touching" for me. There is always some kind of resistance, but we had a quite ambitious target, and we were all together there. I was clear, if you ask me 175,000 changes to implement the new process, then I can't do it, and you won't be part of us. Our deadline was really ambitious. Then you

we saw which was our position compared to our competitors, and we could work on the strategy plan for the next 3 years. The implementation of SAP for us was a nightmare. After three years we can say that we are seeing some advantages. We implemented the project with people from the subsidiary of Brazil and they have also trained their people. But the main problem was to change the old system without seeing clearly the advantages of the new one from the beginning.	give me a date when you are sure you are going to be able to do it, you form your group, I give you more resources, and we make it happen. **Reaching the people** I work with the floor people directly. I like to be where the action is. We are there to show them, to all of them, what the company wants. Not only in reports but actually on the daily work. You can have the best theory, which works on your report, but often it doesn't work in reality. So, I like to see that it is working. I know most of the personnel here. I met most of them. I think that with the structure we have and with the way we work things the people appreciate and believe in what we are doing. I also feel that I am part of [the acquired] now, and not a corporate person that is coming to hit them on the heads, sort to say... It's probably that I'm seen more as a [acquired] person than a corporate person. **Running projects together** So right away we worked together so that at the plant everybody was working really hard and to be sure it was a success. We were working closely with the local engineers. The local engineering manager was taking care of civil, services and we would take care of the process, automation and start-ups. As sales manager the acquired management asked me to participate in two big projects they have with some of their most important customers. We have to present all the range of our products (from both sides) to their most important customers in the US. Then we have to work a lot to coherently merge the two products' portfolios. **Explaining the whys** You want to try to get them on board, you want to explain them what you are doing and why you are doing it and hear them out... so at least you can try and communicate to them: this is what we are doing, what you don't like about it. And then take some ideas on board if you see value in them. I mean, I have to say that in the beginning it was a bit uphill because when you do something like this you break into people's lives, they actually have a lot of questions and they were in a "defensive" mode. Actually, nobody had taken the lead or the opportunity to keep people informed about why we have done it and what are we going to do in the short term, long term, and middle term. Basically, put a vision in place.

Stage 3: Post-acquisition **Aggregated dimension: Building the future**	
Acquired middle managers **2nd Order theme: Selling the transaction to subordinates**	**Acquiring middle managers** **2nd Order theme: Questioning the strategy**
Passing the message I do have to be certain that the message arrives to the lower level; the result is given by what is happening at the lowest level, always. And you can connect to them in several ways, direct or indirect ones. But you have to be sure that the message arrives. So I like to walk the plant, speak to the people. I always say, we (the acquired) have to bring benefits to the people that have bought us, because they are the ones that pay your salary, they are not an NGO. Then, now we are part of a bigger group and we have to work for them and be profitable. **Reassuring the people** We have to respect the cultures from one side and the other. And there could be certain issues that we are not going to like but we are here to conciliate them. There were people that were saying: now do I have to work for the customers' projects or for the integration projects? We did have some people that were overwhelmed with work. Then, we have to speak to them and balance the workload: well, now you just take care of this customer's project and don't worry about the rest. And we were managing all that day by day. (…) Now, for example, we have people that are working mainly on integration projects and others that only work 10-15% of their time on those projects, and that it is not fear, then we have to try to reach an equilibrium.	**Giving sense to lesson learned** Second [part of the integration] was much smoother, because we did react to it; we understood that what we learnt in the first part. We can do this differently, we can do this better... so proud of the job, yes, but proud of the way we executed specially part two after what we learnt in part one. Part one was a little bit different too because besides the fact we were dictatorial, we were also conscious of the political instability. So we didn't want to over capitalize, we were creating some savings (equipment) what made our lives a bit more miserable and certainly make their lives a bit more miserable but it was a risk that we took. The second time we were going to be more long-term, then we changed the way we approach it, we understood that and they understood us a bit better. When they were just acquired there was a rolled out of SAP implementation. Then suddenly they had to know everything about processes, they needed to be master data, otherwise you can't use the SAP. That was kind of stop ... there was a lot of friction and they were asking what value SAP was adding to their work... So, for sure in the very beginning when people did not understand the main reasons for this SAP implementation. One of the main reasons was to integrate them to the world; in fact people from the entire word will be able to order this specific spare part with this specific number. When people understood it, and perceived the benefit, then most of them did buy, but it was quite uphill in the very beginning... **Confronting the top management** The framework has to come from the CEO, but after that they basically need to stay out if they want the acquisition to succeed… because the worst thing that could happen is a top-down decision (during the integration works), they are not very welcome in those situations. You are more present during the integration process at the acquirer facility and you can realize how things work. However, when my boss was coming (a member of the top management team) everything was presented differently to him, and suddenly all the problems disappeared… Then, that was difficult. It was difficult to explain to this person, which was the reality of the situation. And it was completely different than the perception he was getting after being maybe just one day there…
2nd Order theme: Courting internal/external stakeholders	**2nd Order theme: Courting internal/external stakeholders**
Passing the news to the environment After the acquisition, as plant manager, I started having more interaction with customers. I did not have that chance before. Then I have travelled all over the word to demonstrate the functionalities of our products, its	**Introducing local managers to the corporation** He is the head of [the acquired] and many times he found that it was difficult to discuss with corporate people. So (at that time) he was putting the critical issues on the table and I could be diplomatic and try to

performance, how to use them. Also we have received many customers at our plant. Being a divestment of an important company, we have to work hard to reinsert our firm into the industrial environment. Then, I have been working with our industry association and we are participating actively on their working groups. There are always things to learn, and mainly if you are learning from another firm. **Connecting with internal stakeholders** I have met a lot of people from [the acquirer]. It is quite a culturally diverse organization, as you know. I met a lot of interesting people with diverse backgrounds and we have interchanged stories. That was something positive about the acquisition. We had already four meetings to present to the different worldwide subsidiaries our products. Each time, we have received one person from 15 different subsidiaries. Then I am working on my own network. But also the people that work for me at sales, project management, they are also building their own corporate networks.	guide him through the dialogue with these people and support him on the things that were unfair to him or his firm. So, it was the way it worked. Yeah, absolutely in different ways. We are just starting to introduce the acquired to the corporate world. People here they've started to participate in networks, in technology networks that we have, started to introduce products that are based on technology from here and so on... It is not only moving people, but also moving knowledge to the corporate world. So that it is happening. **Connecting to external stakeholders** Working on this integration allowed me to have more connection with customers. In a big company sometimes you lose that because you have all your processes and you have all your tools, and also people are moving around quite a lot and they never get to make a connection (to customers) as you can have here. And, of course, the challenge is to keep this, and at the same become more and more [the acquirer]. We had to establish relations with many contractors during the integration projects. We found that they were really good, even we had all our documentation in English, they understood without any problem.

Appendix VII: Quantitative Research: Survey

The following pages contain an anonymous questionnaire, which we invite you to complete. This questionnaire was developed as part of a doctoral thesis at HEC Montréal.

Since your first impressions best reflect your true opinions, we would ask that you please answer the questions included in this questionnaire without any hesitation. There is no time limit for completing the questionnaire, although we have estimated that it should take less than 15 minutes.

The information collected will be anonymous and will remain strictly confidential. It will be used solely for the advancement of knowledge and the dissemination of the overall results in academic or professional forums.

The online data collection provider agrees to refrain from disclosing any personal information (or any other information concerning participants in this study) to any other users or to any third party, unless the respondent expressly agrees to such disclosure or unless such disclosure is required by law.

You are free to refuse to participate in this project and you may decide to stop answering the questions at any time. By completing this questionnaire, you will be considered as having given your consent to participate in our research project and to the potential use of data collected from this questionnaire in future research.

If you have any questions about this research, please contact the principal investigator, Gustavo Birollo, at the telephone number or email address indicated below.

HEC Montréal's Research Ethics Board has determined that the data collection related to this study meets the ethics standards for research involving humans. If you have any questions related to ethics, please contact the REB secretariat at (514) 340-6051 or by email at cer@hec.ca. Thank you for your valuable cooperation!

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Thank you for taking the time to complete our survey. We really appreciate your help.

Some precisions to keep in mind when answering the questionnaire:

<u>Time frame:</u> When answering the questionnaire please consider your last year of work experience.

<u>Definitions</u>:

- <u>Local or local operation</u> refers to the firm that was acquired (also "acquiree")
- <u>Corporate</u> refers to the acquiring firm (also "acquirer")
- <u>Corporate managers</u> are managers that come from the acquiring firm. For example:
  - Managers from the acquiring firm that were relocated and work now at your facility,
  - Managers from the acquiring firm's head office that interact with you,
  - Managers from the acquiring firm's other divisional offices or market/business units that interact with you.
- <u>Integration projects</u>: projects that are initiated by the acquiring firm (corporate). These projects are often led by corporate managers or involve corporate managers in some aspects of the project.

How often do you find yourself...?

Note: local refers to the firm that was acquired (also "acquiree"), corporate refers to the acquiring firm (also "acquirer"), corporate managers are managers that come from the acquiring firm.

	Never	Rarely	Sometimes	Frequently	Very Frequently
1- working hard within the new structure to solve problems that only surfaced after the acquisition or problems that were easier to solve prior to the acquisition?	❍	❍	❍	❍	❍
2- trying to propose local solutions to the implementation of corporate projects?	❍	❍	❍	❍	❍
3- trying to convince your corporate colleagues about the advantages of local procedures?	❍	❍	❍	❍	❍
4- having to explain local solutions to your corporate colleagues?	❍	❍	❍	❍	❍
5- looking for better ways to get your message acknowledged by your corporate colleagues?	❍	❍	❍	❍	❍
6- trying to solve problems in order to facilitate the implementation of corporate projects?	❍	❍	❍	❍	❍

Think about the corporate colleague running integration projects that has developed a closer relationship with you. How often was this manager...?

Note: local refers to the firm that was acquired (also “acquiree”), corporate refers to the acquiring firm (also “acquirer”), corporate managers are managers that come from the acquiring firm.

	Never	Rarely	Sometimes	Frequently	Very Frequently
7- showing a genuine interest with regards to your local area? (local food, local history, local traditions, learning some of the local language, etc)	❍	❍	❍	❍	❍
8- explaining on their own initiative the new projects to your subordinates?	❍	❍	❍	❍	❍
9- speaking with operators or line people about the changes to be implemented?	❍	❍	❍	❍	❍
10 - giving clear information about scheduling expectations and the next steps to follow in the implementation of new projects?	❍	❍	❍	❍	❍
11- training the local people for the new procedures?	❍	❍	❍	❍	❍
12- asking your input before deciding to implement new procedures?	❍	❍	❍	❍	❍

13- How often do you interact with your corporate colleagues? Note: corporate refers to the acquiring firm (also “acquirer”), corporate managers are managers that come from the acquiring firm.

❍ Almost never
❍ Monthly
❍ Weekly
❍ Daily
❍ Several times per day

How often do you participate in the following activities with your corporate colleagues?

	Almost never	Monthly	Weekly	Daily	Several times per day
14 - …informal face-to-face meetings?	❍	❍	❍	❍	❍
15 - …formal meetings (less than 10 persons)?	❍	❍	❍	❍	❍
16 - …informal telephone conversations, email or chat (for example, using "office communicator")?	❍	❍	❍	❍	❍
17- …conference calls?	❍	❍	❍	❍	❍

18 - Do you co-manage projects with your corporate colleagues?
Note: corporate refers to the acquiring firm (also "acquirer"), corporate managers are managers that come from the acquiring firm.

- ❍ Yes
- ❍ No

Do you co-manage projects with your corporate colleagues?
18 - a - If yes - For how long?

- ❍ Less than 6 months
- ❍ From 6 months to a year
- ❍ More than a year

19 - Do you manage projects under the direct supervision of one of your corporate colleagues?

- ❍ Yes
- ❍ No

20- Do you manage projects under the direct supervision of one of your corporate colleagues?
19-a- If yes – for how long?

- ❍ Less than 6 months (1)
- ❍ From 6 months to a year (2)
- ❍ More than a year (3)

How often are you..?

Note: local refers to the firm that was acquired (also “acquiree”), corporate refers to the acquiring firm (also “acquirer”), corporate managers are managers that come from the acquiring firm.

	Never	Rarely	Sometimes	Frequently	Very Frequently
20- requested to evaluate the benefits that a new project might bring to your local operation?	❍	❍	❍	❍	❍
21- discussing with your superiors possible opportunities for local operational improvements?	❍	❍	❍	❍	❍
22- letting your superiors know about possible business opportunities for your local operation?	❍	❍	❍	❍	❍
23- proposing improvements to corporate managers concerning local operational opportunities?	❍	❍	❍	❍	❍

How often are you...?

	Never	Rarely	Sometimes	Frequently	Very Frequently
24- collecting internal and external information (*) to assess the feasibility of projects that affects your local operation?	❍	❍	❍	❍	❍
25- transmitting to your superiors information that is important for your local operation and that you gathered from your competitors, suppliers and/or customers?	❍	❍	❍	❍	❍
26- expressing to your superiors your concerns about contextual situations (**) that might jeopardize or benefit your operation?	❍	❍	❍	❍	❍

(*) Information such as machinery capacity, actual product recipes, actual production procedures, raw material availability, logistic possibilities, etc.
(**) For example possible problems with your competitors’ operations, possible problems with suppliers such as stock-out on important inputs, possible unexpected customers’ orders, possible innovations that can lead to important cost reductions and quality improvements, etc.

27- How would you rate the performance of your local operation in relation to the corporate operation?

Note: local or local operation refers to the firm that was acquired (also "acquiree"), corporate refers to the acquiring firm (also "acquirer").

	Poor	Fair	Average	Good	Very Good
a- At the time of the deal.	❍	❍	❍	❍	❍
b- At the present.	❍	❍	❍	❍	❍

How would you agree with the following statements:

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
28- The contribution of your local operation to the corporate operation is more than important.	❍	❍	❍	❍	❍
29-The overall implementation of the integration projects was effective.	❍	❍	❍	❍	❍
30- Your effort in these integration projects was effective.	❍	❍	❍	❍	❍
31- You personally think that overall the integration projects were successful.	❍	❍	❍	❍	❍

Integration projects: projects that are initiated by the acquiring firm (corporate). These projects are often led by corporate managers or involve corporate in some aspects of the project.

32 - Was there any contact with the acquirer prior to the acquisition (Joint Venture, past-subcontractor, etc)?

❍ Yes
❍ No

Was there any contact with the acquirer prior to the acquisition (joint Venture, past-subcontractor, etc.)?

32 - a - If yes, can you explain with a few words the type of contact:

33 - a - Do you remember when you first met a colleague from the acquiring firm in your facility?

❍ Yes
❍ No

Do you remember when you first met a colleague from the acquiring firm at your facility?

33-b- Date when you first met a colleague from the acquiring firm at your facility:

Month:
Year:

At each question, please state how many times

	Never	Once	Twice	Three times	Four or more than four times
34- For your acquired firm: number of previous acquisitions as acquirer.	❍	❍	❍	❍	❍
35- For your acquired firm: number of previous acquisitions as acquired	❍	❍	❍	❍	❍
36- For you: number of previous acquisitions that you have experienced and been involved in as acquirer.	❍	❍	❍	❍	❍
37- For you: number of previous acquisitions that you have experience on as acquired.	❍	❍	❍	❍	❍

38 - Please state your years of working experience
❍ Less than 5 years
❍ From 5 to less than 10 years
❍ From 10 to less than 15 years
❍ More than 15 years

39 - Please state the number of years that you have been working at the current company (acquired firm).
❍ Less than 1 year
❍ From 1 to less than 5 years
❍ From 5 to less than 10 years
❍ More than 10 years

40 - Number of reporting layers between you and the head of the local operation (acquired firm).

Example: If you are the head of the local operation then it is 0 layers. If you report to the head of the local operation it is 1 layer. If you have two reporting bosses before the head of your local operation then it is 3 layers.

- ❍ 0 layers
- ❍ 1 layer
- ❍ 2 layers
- ❍ 3 layers or more

41- Number of people that you supervise as part of your tasks

Number:

42- Level of formal education completed

- ❍ Secondary level
- ❍ Bachelor
- ❍ Master or advanced degree

43- Gender

- ❍ Male
- ❍ Female

44 - Age

- ❍ Less than 30
- ❍ From 30 to less than 40
- ❍ From 40 to less than 50
- ❍ More than 50

Appendix VIII: Quantitative Research: Statistics

General descriptive statistics – Demographic measures

		Number	Percentage
Gender (n = 62)	Male	48	77
	Female	14	23
Age (n = 62)	Less than 30	2	3
	From 30 to less than 40	12	19
	From 40 to less than 50	22	35
	More than 50	26	42
Level of formal Education completed (n = 62)	Secondary level	7	11
	Bachelor	22	35
	Master of advanced degree	33	53

Working facts

		Number	Percentage
Working experience (n = 62)	Less than 5 years	0	0
	From 5 to less than 10 years	3	5
	From 10 to less than 15 years	6	10
	More than 15 years	53	85
Tenure at present work (n = 61)	Less than 1 year	2	3
	From 1 to less than 5 years	19	31
	From 5 to less than 10 years	12	20
	More than 10 years	28	46
Position hierarchy* (n = 61)	0 layers	5	8
	1 layer	20	33
	2 layers	20	33
	3 layers and more	28	26
Number of supervised employees (n = 61)	Maximum	500	
	Minimum	0	
	Average	44	
	Standard deviation	102	

* Number of layers from the top position at the acquired organization

Previous contact with the acquiring firm

	Number	Percentage
Yes	19	31
No	43	69

(n = 62)

Examples: Discussions concerning the acquisition, previous competitor, subcontractor, work on cooperation projects.

Acquisition experience – Acquired firm

		Number	Percentage
Firm as acquirer	Never	29	48
	Once	16	26
	Twice	4	7
	Three times	4	7
	Four or more times	8	13
Firm as acquired	Never	41	67
	Once	14	23
	Twice	6	10
	Three times	0	0
	Four or more times	0	0
Manager as part of the firm that was acquiring	Never	39	64
	Once	15	25
	Twice	6	10
	Three times	1	2
	Four or more times	0	0
Manager as part of the firm that was acquired	Never	38	62
	Once	12	20
	Twice	6	10
	Three times	5	8
	Four or more times	0	0

Descriptive statistics – Interactions (Chapter 6)

Informal Interactions

Informal face-to-face		Synthesizing	Championing	Impl. Success
Almost Never	Mean	2.9712	2.8974	3.3194
	N	26	26	24
	Std. Deviation	0.72570	0.74696	0.85397
Monthly	Mean	3.2024	3.1111	3.3492
	N	21	21	21
	Std. Deviation	0.76083	0.77698	0.95729
Weekly	Mean	3.4500	3.6667	3.4667
	N	5	5	5
	Std. Deviation	1.00623	0.52705	0.69121
Daily	Mean	3.2750	3.2000	3.7037
	N	10	10	9
	Std. Deviation	1.06360	0.98382	0.65499
Several times per day	Mean	3.1667	2.8889	2.8889
	N	3	3	3
	Std. Deviation	0.52042	0.19245	0.19245
Total	Mean	3.1385	3.0718	3.3763
	N	65	65	62
	Std. Deviation	0.80043	0.77838	0.83302

Informal telephone, mails		Synthesizing	Championing	Impl. Success
Almost Never	Mean	2.6250	2.5278	2.9697
	N	12	12	11
	Std. Deviation	0.82228	0.85821	0.69048
Monthly	Mean	3.2727	3.0606	3.2727
	N	11	11	11
	Std. Deviation	0.46710	0.44267	0.89217
Weekly	Mean	3.1719	3.1042	3.6222
	N	16	16	15
	Std. Deviation	0.88374	0.84956	0.73319
Daily	Mean	3.2167	3.2889	3.5000
	N	15	15	14
	Std. Deviation	0.94428	0.89856	0.93141
Several times per day	Mean	3.4091	3.3333	3.3939
	N	11	11	11
	Std. Deviation	0.53936	0.39441	0.87962
Total	Mean	3.1385	3.0718	3.3763
	N	65	65	62
	Std. Deviation	0.80043	0.77838	0.83302

Formal Interactions

Formal conference calls		Synthesizing	Championing	Impl. Success
Almost Never	Mean	2.7321	2.7857	3.1282
	N	14	14	13
	Std. Deviation	0.75616	0.73505	0.84479
Monthly	Mean	3.0294	2.9020	3.2500
	N	17	17	16
	Std. Deviation	0.85185	0.80592	0.82999
Weekly	Mean	3.2963	3.2222	3.6154
	N	27	27	26
	Std. Deviation	0.74691	0.77900	0.85215
Daily	Mean	3.7083	3.5556	3.2778
	N	6	6	6
	Std. Deviation	0.67854	0.62063	0.71233
Several times per day	Mean	3.0000	3.0000	3.0000
	N	1	1	1
	Std. Deviation	-	-	-
Total	Mean	3.1385	3.0718	3.3763
	N	65	65	62
	Std. Deviation	0.80043	0.77838	0.83302

Formal Meetings		Synthesizing	Championing	Impl. Success
Almost Never	Mean	2.8929	2.8095	3.0877
	N	21	21	19
	Std. Deviation	0.78887	0.71158	0.91518
Monthly	Mean	3.2604	3.1250	3.4167
	N	24	24	24
	Std. Deviation	0.69344	0.73434	0.83550
Weekly	Mean	3.1250	3.2708	3.6889
	N	16	16	15
	Std. Deviation	0.92195	0.92070	0.63579
Daily	Mean	3.7500	3.3333	3.3333
	N	4	4	4
	Std. Deviation	0.73598	0.60858	0.90267
Total	Mean	3.1385	3.0718	3.3763
	N	65	65	62
	Std. Deviation	0.80043	0.77838	0.83302

Projects

Co-managed Projects		Synthesising	Championing	Impl. Success
Yes	Mean	3.4295	3.3162	3.6154
	N	39	39	39
	Std. Deviation	0.63853	0.63958	0.77436
No	Mean	2.7019	2.7051	2.9710
	N	26	26	23
	Std. Deviation	0.83072	0.83441	0.78440
Total	Mean	3.1385	3.0718	3.3763
	N	65	65	62
	Std. Deviation	0.80043	0.77838	0.83302

Supervised projects		Synthesizing	Championing	Impl. Success
Yes	Mean	3.3438	3.2917	3.5161
	N	32	32	31
	Std. Deviation	0.78481	0.75610	0.72948
No	Mean	2.9394	2.8586	3.2366
	N	33	33	31
	Std. Deviation	0.77568	0.75014	0.91568
Total	Mean	3.1385	3.0718	3.3763
	N	65	65	62
	Std. Deviation	0.80043	0.77838	0.83302

Multicolinearity test – Strategy roles enactment and perceived performance change - Model 3 (Chapter 7)

Variable	Colinearity Statistics	
	Tolerance	VIF
Championing	0.416	2.404
Synthesizing	0.513	1.948
Implementation success	0.636	1.573
Experience as acquirer	0.739	1.353
Experience as acquired	0.746	1.340
Previous contact	0.882	1,133
Years from the takeover	0.711	1,406

Note: Problems of multicolineary arise when the Tolerance is lower than 0.1 (it means VF > 5.26) (Norušis, 2011)