Existing Dynamic Capabilities in a new M&A Change Process

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im Masterstudium
General Management
EIDESSTATTLICHE ERKLÄRUNG

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Linz, 08/02/2018

Claudia Preslmaier, BSc
Abstract

The aim of this research is to study the development and activation of existing dynamic capabilities in a new situation in form of a merger & acquisition change process. There already exists research about the development or activation of dynamic capabilities. However, more attention on the development of existing dynamic capabilities is needed. The research will address the research gap of the development of existing dynamic capabilities with the goal to answer this research question: “How are existing dynamic capabilities activated or developed in a new merger & acquisition change process?”

In answering this question, the research methodology is built on a case study of the company WLA who has recently managed a change process, because the organization had partly acquired by the company RODAS. This qualitative research method includes 20 conducted interviews and additionally secondary data was used to provide fully valid outcomes. The collected data was analysed using the qualitative content analysis developed by Mayring and additionally categorized according to the Gioia Research Methodology.

The research findings show that in this new situation of a merger & acquisition change process the organization WLA had a change in its organizational strategy and its corporate culture. The mechanisms for developing and activating existing dynamic capabilities to handle this change are on the one hand continuous learning, which includes learning from others, learning from own mistakes and learning from previous change processes and on the other hand pressure. However, the research findings also show that the organization WLA shows stability in its main processes including the HR and the sales and the mechanism for this stability are experience of the organization and knowing the company’s limitations. In doing so, the organization WLA was able to overcome the new situation with which it had to deal with through the merger and acquisition change process. Afterwards several theoretical and managerial implications are discussed and also limitations and research gaps for further studies are given.
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Abbreviations

DC – Dynamic Capabilities
HR – Human Resource
M&A – Merger & Acquisition
RBV – Resource-based view
WACC - weighted average cost of capital
1. Introduction

“It is not the strongest or most intelligent who will survive, but those who can best imagine change “

Charles Darwin

1.1. Background

Due to the rapidly changing conditions, companies have to react and be flexible to adapt their organisations. How organizations are able to survive the threat of complex change is an essential question in academic literature. This was discussed by many researchers from different disciplines such as strategy, management, psychology and economics. (e.g. Christensen, 1997; Porter, 1980; Hannan & Freeman, 1984) Organizations often show and demonstrate stability in unsecure times by the adaption of the changing conditions. (Güttel et al., 2012: 630) In this context, resources are frequently described as source for competitive advantages and an essential part of allowing change in an organization in the literature. (e.g. Barney, 1991; Eisenhardt & Martin, 2000; Teece et al., 1997)

Since the concept of dynamic capabilities emerged in the 1990s, it has been common that organisational change is analysed based on this concept. Dynamic capabilities were defined as “the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments.” (Teece et al., 1997: 516) The dynamic capability concept is established on the resourced based view (RBV). The resourced based view states that resources gain competitive advantages, if they are rare, valuable, imperfectly imitable, and sustainable. (Barney, 1991: 115) Yet, dynamic capabilities are there to impact upon the resource base of a company and transform it in a way that the company will achieve competitive advantages. (Ambrosini & Bowman, 2009: 35) Many different scholars have defined the term dynamic capability. (e.g. Teece et al., 1997: 516; Eisenhardt & Martin, 2000: 1107; Zollo & Winter, 2002: 340; Wang & Ahmed, 2007: 35) However, to understand dynamic capabilities it is necessary to clarify that “a dynamic capability is not a resource. A dynamic capability is a process that impacts upon resources.” (Ambrosini & Bowman, 2009: 34) The dynamic capabilities concept is related to change, because “dynamic capabilities are conceived as a source of sustainable advantage in Schumpeterian regimes of rapid change.” (Lee et al., 2002: 734)
Since the rising globalization and competition mergers & acquisitions have become common mechanisms through which companies might gain additionally growth and stability. (Cartwright & Schoenberg, 2006: 4) In 2016 the worldwide merger & acquisition activities were about US$ 3.7 trillion, which was the third highest annual period since the start of the records in 1980, although a decrease of about 16 percent compared to 2015. (Thomson Reuters, 2016: 1) The term merger & acquisition is often used as a collective in the academic literature. Ghauri and Buckley (2003: 207) define a merger as a combination of two separate organizations into a new single legal entity, while an acquisition or takeover is defined as purchasing a firm’s assets or stocks. Yet, in most cases it is not easy to distinguish between a merger and an acquisition. Although a merger & acquisition process leads to growth and competitive advantages, (Cartwright & Schoenberg, 2006: 4) also complex organizational challenges (Ranft & Lord, 2000: 296), especially for the top management and the employees, might arise. How to handle the organizational and human resource issues which come up in such a process are essential questions, which managers have to deal with. However, it has been shown that many managers are not aware of those complex organizational issues. (Schweiger & Weber, 1989: 85)

The attention given to the dynamic capability approach has increased in the M&A literature. According to the literature a M&A process is also identified as a dynamic capability, in which the company is able to reconfigure the mix of its resources and modify them in order to conquer failure and capture environmental opportunities within the organization. (Karim & Mitchell, 2000: 1079) In addition, different researchers have empirically studied acquisition based routines. (e.g. Zollo & Singh, 1998: 31; Zollo & Winter, 2002: 340; Vassolo & Anand, 2008: 47) While Zollo & Winter (2002: 340) describe the ability of integrating routines from the acquiring and acquired company as dynamic capability, Vassolo & Anand (2008: 47) studied the integration of new routines from an acquisition which might create business and market opportunities.

A various number of scholars have studied the evolution, development and creation of dynamic capabilities. (Zollo & Winter, 2002: 348; Eisenhardt & Martin, 2000: 1106; Zahra et al., 2006: 917; Wang & Ahmed, 2007: 40, Cepeda & Vera, 2007: 434) In this context dynamic capabilities are generated and improved through experience. Zollo & Winter (2002: 348) found tactic accumulation of past experience, knowledge articulation, and knowledge codification processes as mechanism for dynamic capability development. Also Eisenhardt and Martin (2000: 1114) argued that dynamic capabilities develop through repetitive use.
1.2. Research Gap & Research Question

The concept of dynamic capabilities is gaining more and more attention in the literature and many researchers have based their studies on this concept (e.g. Eisenhard & Martin, 2000; O’Reilly & Tushman, 2008; Wang et al., 2012; Sune & Gibb, 2015; Di Stefano et al., 2014) However, there are also some questions which have not been clarified in the existing academic literature so far. Eisenhardt & Martin (2000: 1116) stated that companies can develop dynamic capabilities from different starting points; however, how dynamic capabilities are created in a specific situation is still an open question. (Ambrosini & Bowman, 2009: 45) According to Ambrosini & Bowman (2009: 45) it is important to understand how dynamic capabilities are created in the practice for implications given to the managers in regard of their ability for developing dynamic capabilities in their organizations. This also includes the targeted activation of dynamic capabilities from the top-management. (Güttel et al. 2012: 648) Sune & Gibb (2015: 228) regard four different dynamic capabilities, which are adding, transferring, integrating, and shedding as necessary for organizational change based on a case study. Yet, the authors investigate in just one industry and to verify this model more organizations in different industries have to be analysed. (Sune & Gibb, 2015: 228)

Also the research about dynamic capabilities in merger & acquisition is still not complete. Therefore, Karim (2006: 821) called for research papers which should observe the use of organizational routines in an acquisition process. Also Vogel & Güttel (2012: 440) identified a research gap in micro-foundations and acquisitions by saying that this cluster is at an early stage of development and that there needs to be more research in order to better understand the micro-foundations of dynamic capabilities.

Therefore qualitative studies which examine the operating conditions and the impact of dynamic capabilities are needed to understand strategic decision-making in an organizational change management. (Ambrosini & Bowman, 2009: 45) According to Teece (2012: 1400) the research paradigm of the dynamic capability concept is still new and case studies are needed to provide interesting empirical findings. Also Vogel & Güttel (2012: 441) identified the primary research gap of the existing dynamic capabilities literature in the missing qualitative research and case analysis to fully understand dynamic capabilities in change management. Moreover, Ambrosini & Bowmann (2009: 46) recognised that case studies of companies who have sustained advantage over time are needed to fully understand the dynamic capability framework.
In particular, the research of dynamic capability development or creation is still incomplete. According to Güttel et al. (2012: 64) studies about the development of dynamic capabilities only focus on the development of operative aspects and do not consider the strategic decision making of dynamic capabilities development. Also Ambrosini & Bowman (2009: 45) identify a research gap in the creation of dynamic capabilities. More precisely, the development of existing dynamic capabilities like the improvement or adaption of existing dynamic capabilities can be identified as research gap. For example, Zollo and Winter (2002: 350) questioned to what extent it is necessary to produce adaptive adjustments in existing routines as research gap for further studies and identified further potential research in studying the adaption of already existing routines.

This thesis will start to close this research gap by addressing existing dynamic capabilities in a specific situation (Ambrosini & Bowman, 2009: 45), namely the situation in which the organization WLA was acquired by the organization RODAS. The whole empirical research is built on a case analysis, because researchers have argued that more case studies which examine the dynamic capability concept are needed. (Teece, 2012: 1400; Vogel & Güttel, 2012: 441) Therefore, this thesis will analyse the case of a small and medium sized organization, located in upper Austria, which has to deal with managing a change process due to a cross-border takeover by another organization which is located in Spain. Thereby, the concept of dynamic capabilities in a takeover change management will be better understood in the practice, will provide interesting and relevant information, and also insights for research and practice. Based on the identified research gap in this field, the main research question of the master thesis is defined as following:

How are existing dynamic capabilities activated or developed in a new merger & acquisition change process?

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1 In the whole thesis synonyms are used for both companies. The Austrian Company which was acquired is called WLA and the Spanish Company which acquired the Austrian Company with 49% is named RODAS. Both companies describe their association as merger, because of the fact that through the cooperation of these two organizations a group was established. Yet, the focus in this master thesis will be on the Austrian Company WLA and how the Austrian company WLA was dealing with the change process through the influence of the Spanish Company RODAS. So the exact terminology is that the Austrian Company WLA was partly taken over by the Spanish company RODAS. WLA Website, 2015, [dl: 27.04.2017]; RODAS Website, 2014, [dl: 16.04.17]).
1.3. Research Methodology

The research questions will be answered by a case analysis of the company WLA which had and still has to manage a change process, because of the acquisition by the organization RODAS. This master thesis contains a qualitative research approach. First of all, a qualitative literature review is made with the focus on dynamic capabilities, dynamic capabilities development and merger and acquisition processes. According to Fink (1998: 3) a literature review symbolises a method for the identification, evaluation, and interpretation of already existing work by different researchers and scholars. Therefore, different literature was sourced mainly from journals and books from databases like EBSCO, Science Direct, Wiley Online library and the online library of JKU. Secondly, which also is the main research part is the qualitative case study analysis and, in order to provide an appropriate qualitative research approach, 20 in-depth interviews with the managers and employees of the company of the case study were conducted. Additionally, this data was complemented with secondary data from available internal and public information and documents. In doing so, this research is built on the literature review of dynamic capabilities and M&A and should bring light to how existing dynamic capabilities are activated and developed in a new M&A process. A detailed description of the research methodology will be presented in Chapter 3.

1.1. Aim & Objective of this Thesis

The aim of this thesis is to answer the identified and formulated research question. The objective of this thesis is to construct the process of the role of existing dynamic capabilities in a new situation, namely the M&A process of the company of the case study WLA. The goal is to develop a model from the case analysis which shows how existing dynamic capabilities are developed and activated regarding the recent challenge of managing the merger & acquisition change process. Therefore, it is necessary to identify the already existing dynamic capabilities of the company of the case study to demonstrate the mechanism which helps to activate and develop them. The developed model from the case analysis should contribute to close the previous identified research gap.
1.2. Structure of the Thesis

The structure of this master thesis is grouped into the following five different chapters. First of all, chapter one started with an introduction into the topic, which includes the background information from existing literature, the research gap, the main research question, the aim, and the objective. Moreover, the selected research methodology had been clarified and described.

Chapter two will deal with the literature review of the theoretical concepts of dynamic capabilities, dynamic capabilities development and merger & acquisition. Then the dynamic capability approach is discussed regarding the merger & acquisition literature. Thus, the theoretical framework for the empirical research can be developed.

Chapter three examines the applied research method, including the case study research design with the description of the case of this thesis. This is followed by the selected research sources of data collection of semi-structured interviews and secondary data to provide validate results. Moreover, this chapter shows how the data is analysed in order to prove the quality of the research.

Chapter four shows the findings of the qualitative research to answer the research question. In doing so, this chapter will show the micro-foundation of dynamic capabilities of each identified change process of the company WLA. Then the mechanism for activating and developing existing dynamic capabilities will be shown in order to answer the research question.

The thesis will finish with chapter five including the discussion and conclusion. The discussion will start with presenting the main findings and how they can be linked into a theoretical model which helps to manage a change process through a merger & acquisition. Thereafter, this chapter provides a summary of the main results related to the research question and will conclude with the limitations of this work and possible approaches for potential further research in this research field.
2. Literature Review

The literature review has the goal to present the theoretical framework of this thesis and therefore the literature about the *dynamic capability approach*, the *dynamic capability development* and *mergers & acquisitions* will be reviewed. In doing so, a theoretical framework is built on which the empirical part is established.

2.1. Dynamic Capabilities

The existing literature states that organizational routines, capabilities, and also dynamic capabilities are considered as the resources of a company or organization. However, a differentiation can be made, because organizational routines and capabilities are there to represent the organizational process and functional activities of a company. Whereas, dynamic capabilities are performed through the firm’s management that helps the company to develop the firm’s resources, like for example the routines and capabilities of the company. (Teece, 2012: 1396) Particularly, the dynamic capability approach has the focus on the impact and transformation of the resource base of a company in order to gain competitive advantages. (Ambrosini & Bowman, 2009: 35) The strategy of a company is built on the unique dynamic capabilities of a company which include capabilities and routines and may significantly increase the performance of a company. (Salvato & Rerup, 2011: 471) Therefore, there has to be a differentiation between resources and dynamic capabilities, because dynamic capabilities are seen as the process to transform resources. (Ambrosini & Bowman, 2009: 24) However, the dynamic capability approach has its origin in the resource base view and dynamic capabilities show a deep connection to resources. (Teece et al., 1990: 11)

The dynamic capability approach is not a static approach, in contrast dynamic capabilities imply change. Moreover, dynamic capabilities do not only impact its already existing resource base, dynamic capabilities also cover how to renew and realign these capabilities and resources. (Eisenhardt & Martin, 2000; 1107) In doing so, the dynamic capability approach address the question why certain organizations are able to build competitive advantages in a rapid changing environment. (Teece et al, 1997: 509) Therefore, the concept of dynamic capabilities has recently become a relevant and common approach in studying organizational change. (Lee et al., 2002: 734; Eisenhardt & Martin, 2000; 1107; Helfat et al., 2007: 2)
2.1.1. Origin of Dynamic Capabilities - Resource Based View

The resource based view is a strategic management perspective of how companies can gain competitive advantages. Resources are defined as the “stocks of available factors that are owned or controlled by the firm.” (Amit & Schoemaker, 1993: 35) According to the literature, the resource based view states that resources gain competitive advantages, if they are rare, valuable, imperfectly imitable, and sustainable. (Barney, 1991: 115) Resources can be grouped into three different categories: physical capital resources, human capital resources and organizational capital resources. (Barney, 1991: 101) However the literature also states that the lack of this theoretical concept is that the resource based view does not explain how to create valuable resources or how resources can be recreated in a changing environment. Furthermore, the resource based view is also described as being static and therefore not an applicable model in a changing environment. (Ambrosini & Bowman, 2009: 29) Instead, these questions are addressed in the dynamic capability perspective which is closely connected to the resource based view. (Barney, 2001b: 649; Teece et al., 1990: 11) Through the similar assumptions of the resource based view and the dynamic capability approach the concept of dynamic capabilities can be considered as extension of the resource based view. (Ambrosini & Bowman, 2009: 31)

2.1.2. Definitions of Dynamic Capabilities

Capabilities are defined as “the firm's capacity to deploy resources for a desired end result.” (Helfat & Lieberman, 2002: 725) The dynamic capabilities perspective as an extension of the resource based view is an appropriate concept to show how the resources of a firm might develop over time to achieve competitive advantage. Teece et al.’s (1990: 11) paper was the first who developed the notion of dynamic capabilities with the argument that “our view of the firm is somewhat richer than the standard resource-based view [...] it is not only the bundle of resources that matter, but the mechanism by which firms learn and accumulate new skills and capabilities, and the forces that limit the rate and direction of this process.” Moreover, Teece & Pisano (1994: 537) argued that it is necessary to consider the rapid changing environment and therefore the role of strategic management. The previous work of Teece et al. (1990: 11) and Teece & Pisano (1994: 537) lead to Teece et al. (1997) final explanation of how dynamic capabilities overbear the boundaries of the resource based view. Many other authors followed and modified their own definition of the dynamic capabilities view. The following Table 1 shows a few examples of different authors who provide their individual definition of dynamic capabilities.
<table>
<thead>
<tr>
<th>Source</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teece et al., 1997: 516</td>
<td>“the firm’s ability to integrate, build, and reconfigure internal and external competences to address rapidly changing environments”</td>
</tr>
<tr>
<td>Eisenhardt &amp; Martin, 2000: 1107</td>
<td>“the firm’s process that use resources – specially the processes to integrate, reconfigure, gain and release resources – to match or even create market change”</td>
</tr>
<tr>
<td>Zollo &amp; Winter, 2002: 340</td>
<td>“a learned and stable pattern of collective activity through which the organization systematically generates and modifies its operating routines in pursuit of improved effectiveness”</td>
</tr>
<tr>
<td>Helfat et al., 2007, 1</td>
<td>“the capacity of an organization to purposefully create, extend or modify its resource base”</td>
</tr>
<tr>
<td>Wang &amp; Ahmed, 2007: 35</td>
<td>“a firm’s behavioural orientation constantly to integrate, reconfigure, renew and recreate its resources and capabilities, and, most importantly, upgrade and reconstruct its core capabilities in response to the changing environment to attain and sustain competitive advantage”</td>
</tr>
<tr>
<td>Ambrosini &amp; Bowman, 2009: 33</td>
<td>“dynamic capabilities describe intentional efforts to change the firm’s resource base”</td>
</tr>
</tbody>
</table>

Source: own illustration
2.1.3. Classification of Dynamic Capabilities

The selected definitions of dynamic capabilities from Table 1 show that there is a different understanding of dynamic capabilities, which is described as ‘black box’ understanding of dynamic capabilities. (Ambrosini et al., 2009: 31) Moreover, in the literature dynamic capabilities are classified according to the function perspective and according to the effect among each other.

Regarding to the function perspective of dynamic capabilities Eisenhardt and Martin (2000: 1107) identified three types of dynamic capabilities: those that integrate resources, those that reconfigure resources, and those that gain and release resources. Similar to this, Ambrosini & Bowman (2009: 35) propose that there are those dynamic capabilities that integrate resources, those that reconfigure resources, those that might create new resources, and finally also those dynamic capabilities that shed resources. Also Sune & Gibb (2015: 228) studied which dynamic capabilities are necessary for change in an organization and identified four different dynamic capabilities, which are adding capabilities, transferring capabilities, integrating capabilities, and shedding capabilities. Another research done of Wang and Ahmed (2007: 26) stated that there are three factors of which dynamic capabilities consist of. Those are adaptive capability, absorptive capability and innovative capability. Adaptive capability means the ability of the identification of market opportunities, while absorptive capability stands for the ability of the identification, the acquisition and the application of external knowledge. Innovative capability typified the ability of the development of new products and market which implies a strategic orientation with innovation. Furthermore, Wang et al. (2015: 40) support this classification of dynamic capabilities by providing research that suggests that absorptive and transformative capabilities are two key dynamic capabilities that managers need to develop for achieving performance.

According to the effect among each other Collis (1994: 145) argued that dynamic capabilities can be grouped into four categories. Firstly, the recourse of a firm (Ambrosini & Bowman, 2009: 33), which has the ability to realise the company’s activities. Secondly, there are those dynamic capabilities which apply dynamic improvements according to the activities of the firm. The third group is similar to the second one, because it also deals with dynamic improvement, but with the focus on recognising or identifying the value of recourses before the competitors do. (Collis, 1994: 145) Collis second and third categories are dynamic capabilities according to the original definition of Teece et al.’s (1997: 516), because of the modification and expansion of the firm’s resource base. The last group is named as “higher order” and is similar to learning-to-learn capabilities. (Collis, 1994: 148)
2.1.4. Dynamic Capabilities as repeated performances or routines

Scholars have argued that dynamic capabilities represent intentional efforts. For example, Zollo & Winter (2002: 430) suggested that dynamic capabilities might generate and modify the routines of a firm. (Zollo & Winter, 2002: 340) In the literature organizational routines are defined as “repetitive, recognizable patterns of interdependent actions, carried out by multiple actors.” (Feldman & Pentland, 2003: 93) Routines are recognizable when one step lead to the next step of the performance and repetitive if the recognizable model is the same at every performance. This implies that for organizational routines actions are necessary. (Pentland et al., 2012: 1485)

Based on the work of Zollo & Winter (2002: 340) a dynamic capability is “a learned and stable pattern of collective activities through which the organization systematically generated and modifies its operating routines in pursuit of improving effectiveness.” Since it has been shown that routines might help companies to survive change within the organization, routines have been identified as dynamic capabilities. (Salvato & Rerup, 2011: 470) Feldman (2000: 611) defined routines as “repeated patterns of behaviour that are bound by rules and customs and that do not change very much from one iteration to another” Teece (2012: 1400) stated that routines and actions of the top management are indicators for implementing change in the organizations and therefore highly important with regards to the framework of dynamic capabilities.

Moreover, Parmigiani & Howard-Grenville (2011: 417) define organizational routines as “repetitive patterns of interdependent organizational action”. Parmigiani & Howard-Grenville (2011: 417) argued that organizational routines can be clustered in two different perspectives. Firstly, there is the capability perspective which has its origin in the organizational economic theory and emphasizes topics that address “what and why” questions. Secondly, there is the practical perspective, which is rooted in the organizational theory and addresses topics with “how” questions.

The organizational economic theory treat routines as “black box” with the focus on the motivation of the routines and the impact on the firm’s performance. In contrast, the organizational theoretic has the interest on the operation or reproduction of routines and link routines to the performance of the firm. In particular, the capabilities perspectives focus on what routines do, while the practical perspective focus on how routines operate. (Parmigiani & Howard-Grenville, 2012: 418) Routines are known as important abilities of organization of adapting the changing environments. (Feldman, 2003: 727)

Moreover, according to Zott (2003: 98) dynamic capabilities might change the operational routines of a company which has an impact and effect on the performance of a firm. This means that there is also a link between dynamic capabilities and the performance of a company. Regarding to Teece (2007: 1320) the dynamic capabilities framework is there to explain the firm’s sources of competitive advantages. In this context, Wang et al. (2015: 39) provide empirical evidence from a data set of 113 UK high-technology firms with the suggestion that there exists a positive relationship between dynamic capabilities and the performance of the firm. However, research also shows how complex the relationship between dynamic capabilities and the performance of the company is. For example, Helfat et al. (2007: 14) argued that it is not necessary that dynamic capabilities lead to competitive advantage, but there are situations in which dynamic capabilities renew the recourse base of the company that is not relevant regarding to the market.
2.1.5. Micro-foundations of Dynamic Capabilities

According to Teece et al. (1997: 516) the core elements of dynamic capabilities consist of coordination/integration, learning and reconfiguration. Pavlou and EI Sawy (2011: 251) built the research on the sensing, learning, integrating and coordinating capabilities as those dynamic capabilities that reconfiguring the firms existing resource base. In addition, also Teece (2007: 1336) built on his previous work (Teece et al. 1997: 516) with clarifying that the processes of coordination/integration, learning and reconfiguration help managers to control and adapt the company in times of change. In particular, the author continued with the separation of dynamic capabilities into capabilities to sense and shape opportunities and threats, namely sensing, into capabilities which seize opportunities known as the seizing and into capabilities that manage threats and reconfiguration, namely the transforming. (Teece, 2007: 1342) This micro-foundation of dynamic capabilities is well known in the dynamic capabilities literature and many researches have built their study on this concept. The following Table 2 shows the model of Teece (2007: 1342) and will form the main part regarding the dynamic capability literature on which the empirical research of this thesis is built on.

Table 2 Sensing, Seizing, and Reconfiguration

<table>
<thead>
<tr>
<th>Sensing opportunities &amp; threats</th>
<th>Seizing opportunities</th>
<th>Reconfiguration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identification of Developments in Technology and Exogenous Science</td>
<td>Selection of Firms Boundaries</td>
<td>Co-specialization</td>
</tr>
<tr>
<td>Identification of Innovation</td>
<td>Building of Loyalty and Commitment</td>
<td>Governance</td>
</tr>
<tr>
<td>Selection of New Technologies</td>
<td>Delineating of Customer Solution and Business Model</td>
<td>Decentralization and Near Decomposability</td>
</tr>
</tbody>
</table>

Source: Based on Teece (2007: 1342)
1) Sensing and shaping opportunities and threats

The first step is to sense the rising opportunities and threats. In doing so, the activities need to be scanned, created, learned and interpreted. In particular, the company needs to do some research in customer needs, and technological possibilities, and scan the local and foreign markets. Sensing should help to understand the demand and the evolution of market and industries, which lead to new opportunities for the company. (Teece, 2007: 1322) Also Nelson and Winter (1982: 48) have previously highlighted the importance of organizations to scan, search, and explore local and distant technologies and markets for the identification and shaping of opportunities. To be precise, not only activities in research and understanding the customer needs are required, but also the comprehension of latent demand and market evolution is necessary. (Teece, 2007: 1322) Sensing and shaping opportunity and threats also implies to actively search for new products or processes. (Teece, 2007: 1324) Furthermore, the selection of internal research & development processes and new technologies is included. (Teece, 2007: 1326)

2) Seizing opportunities

After the new market or technological opportunity is sensed, the next step is to address it through new products, processes or services which need investments in development and commercialization activities. In order to seize opportunities it is necessary to maintain and improve the technological competences and if such an opportunity arises to invest in the technologies and designs which also includes the mobilisation of resources. (Teece, 2007: 1326) Therefore, it is important that the organization selects or creates a business model in order to define the commercialization strategy and to clarify the investment strategy. (Teece, 2007: 1327) The business model helps the organization to identify the selection of the technologies, features and the market segments. (Chesbrough & Rosenbloom, 2002: 533-534) In this case, the selection and identification of the boundaries of an organization should also be considered. (Teece, 2007: 1331) Moreover, to build loyalty and commitment, in particular to communicate effectively, to recognise values and the corporate culture or to demonstrate leadership, are important topics which are relevant in order to seize opportunities. (Teece, 2007: 1334) Furthermore, the selection of decision-making protocols is required in order to avoid decision errors and to recognise inflexion points and complementarities. (Teece, 2007: 1333) In other words, to seize opportunities means to develop and design strategies and structures in order to the previous identified opportunities and threats.
3) **Reconfiguration**

The third step is the reconfiguration or transformation. Reconfiguration is described as a process that renews or realigns the firm resources, the firm infrastructure and the firm strategies in order to reduce internal conflicts and achieve growth. This is important in situations in which the success of the process creates routines. (Teece, 2007: 1336) The ability to combine and co-specialize assets is an important dynamic capability to enhance the value of an organization. In this case also knowledge management, in particular the combination of know-how within and between the enterprises is highly important. (Teece, 2007: 1339) Moreover, governance issues are relevant, for example to minimize agency issues. (Teece, 2007: 1340) Decentralization and near decomposability also play a relevant role in the reconfiguration. There, in particular the development of integrating and coordinating skills is required. How to embrace open innovation and how to adapt loosely coupled structures are also questions which managers have to deal with in the reconfiguration process. (Teece, 2007: 1340)

The need to sense and seize opportunities and reconfigure when change happens, requires the allocation, reallocation, combination, and recombination of resources and assets. (Teece, 2007: 1342) The enterprise will need sensing, seizing, and reconfiguring capabilities to develop and apply for it to build and maintain competitive advantage. According to the research work of Teece (2007: 1347) enterprises have to simultaneously develop those three categories of dynamic capabilities in order to gain competitive advantage in a dynamic environment.
2.1.6. Creation and Development of Dynamic Capabilities

Teece (2012: 1396) stated that “capabilities change over time.” In dynamic markets companies should develop, improve, or change their capabilities to gain competitive advantages and be flexible in a changing environment. Capabilities might arise from learning, from organizational resources and from organizational histories. (Teece, 2014: 329) Therefore, also different scholars have studied the evolution, development and creation of dynamic capabilities. (Zollo & Winter, 2002: 348; Eisenhardt & Martin, 2000: 1106; Zahra et al., 2006: 917; Wang & Ahmed, 2007: 40, Cepeda & Vera, 2007: 434)

For example, according to Zollo & Winter (2002: 348) the development of dynamic capabilities can be clustered into three different mechanisms: tactic accumulation of past experience, knowledge articulation, and knowledge codification processes. The authors explained their findings with the argument that dynamic capabilities are formed and developed by the coevolution of those three learning mechanisms. Through experience accumulation companies can better develop effective routines. (Eisenhardt & Martin, 2000: 1114) Also Eisenhardt and Martin (2000: 1106) explained that path-dependent learning mechanisms shape the creation and development of dynamic capabilities. Those learning mechanisms are, for example, practice, codification, mistakes, and pacing. (Eisenhardt and Martin, 2000: 1111) Moreover, Zahra et al. (2006: 917) highlighted the development of dynamic capabilities as a process of learning, where capabilities in form of resources and persons are developed into dynamic capabilities through a specific pattern. Also learning from others has to be considered in the framework of dynamic capabilities development. In this context Easterby-Smith and Prieto (2008: 245) highlighted the process of learning with the consideration of a moderate relationship between exploration and exploitation as essential for building dynamic capabilities and knowledge management.

Eisenhardt and Martin (2000: 1114) recognize that dynamic capabilities are developed through repetitive use. Wang and Ahmed (2007: 40) differentiated between capability development and capability building, because capability development is the outcome of the capabilities over time while capability building is recognized as the process of dynamic capabilities. Furthermore, Wang and Ahmed (2007: 41) propose that the higher the dynamic capability, the higher the possibility of building particular capabilities over time and that companies tend to develop dynamic capabilities related to their strategy. In relation to acquisitions and acquisition based capabilities, Zollo and Singh (2004: 1237) stated that dynamic capabilities are developed because the firms are able to learn how to manage an acquisition if they repeat the same process.
Other authors have linked knowledge management with the creation of dynamic capabilities. Cepeda and Vera (2007: 434) for example, carried out a study of 102 firms and found a positive relationship between a company’s knowledge management infrastructure, including people, processes and technology, manage organisational learning, and the dynamic capabilities building. Furthermore, Chien and Tsai (2012: 441) tested 132 store managers in a leading fast-food restaurant chain in Taiwan and found a positive relationship between knowledge resources and learning mechanisms of dynamic capabilities.

A different approach has been made by Ambrosini & Bowman (2009: 40). The authors stated that dynamic capabilities can “sleep” and only be activated or seen in a concrete change process. Güttel et al. (2012: 639) tried to provide arguments to prove this statement by saying the use of dynamic capabilities is relevant to a point of time instead of a permanent process and therefore it could be possible that some dynamic capabilities are only visible in concrete change processes. This means that dynamic capabilities are not actively developed, but dynamic capabilities arise or “wake up” if they are needed in a certain time when the organization changes.

This means that dynamic capabilities can be created and developed through learning processes. (Zollo & Winter, 2002: 348; Eisenhardt and Martin, 2000: 1106) Moreover, the use of the past experience is an important indicator for the evolution of dynamic capabilities. (Eisenhardt and Martin, 2000: 1114; Wang and Ahmed, 2007: 40) The link between knowledge management and the development of dynamic capabilities was also discussed in the literature. (Cepeda and Vera, 2007: 434; Chien and Tsai, 2012: 441) Ambrosini & Bowman (2009: 40) and Güttel et al. (2012: 639) provide arguments that dynamic capabilities might only be activated in terms of change and not continuously and actively developed or created.
2.2. Merger & Acquisition

This chapter will review and discuss the *merger & acquisition* literature. There is a growing use of companies to engage into merger & acquisition processes to achieve growth and strengthen their market place position. The worldwide merger & acquisition activities were about US$ 3.7 trillion in the year 2016. (Thomas Reuters, 2016: 1) With regards to the dynamic capability approach scholars have identified a merger & acquisition process as dynamic capability, where the firm reconfigure its mix of recourses to capture opportunities. (Karim & Mitchell, 2000: 1079)

2.2.1. Definition of Merger & Acquisition

The terminology merger & acquisition is a collective term and in most cases it is not easy to make a clear decision, if a transaction is a merger or an acquisition. A merger takes place if two companies decide to continue as a new company. (Gomes et al., 2011: 5) Ghauri & Buckley (2003: 207) stated that a merger is an association of two companies into a new one, while an acquisition or takeover happens when a company purchases the assets or stocks of another company. According to Peng (2006: 273) a merger is “the combination of assets, operations, and management of two firms to establish a new legal entity”, while an acquisition is “the transfer of control of assets, operations, and management from one firm to another.” In this thesis the terminology “merger & acquisition” is used as identification of an acquisition or takeover process. This use goes align with the publication of the World Investment Report by the United Nation that stated that the “number of real merger is so low that, for practical purpose, M&A basically means acquisitions.” (United Nations, 2000: 99)

2.2.2. Types of Merger & Acquisition

According to Gaughan (2007: 13) three different types of merger & acquisition exists. Those types are the horizontal, the vertical and the conglomerate merger & acquisition. A horizontal merger or acquisition takes place, if the acquired or merged companies are within the same industry, while a vertical merger or acquisition happens when the companies have a customer relationship. In a conglomerate merger or acquisition the companies are neither competitors, nor buyers or sellers and also the products show no relation. The classification of M&A types into horizontal, vertical and conglomerate merger & acquisition is based on the American Federal Trade Commission (FTC) scheme and many scholars have built their work on this categorization.
In addition, another classification of merger & acquisition types distinguished between the friendly and the hostile merger & acquisition. A merger & acquisition is defined as friendly M&A if the transaction is agreed upon and accepted by the target company. A hostile merger & acquisition happens against the wish of the target company. Peng (2006: 273) found out that seen from an internationally perspective hostile merger & acquisition processes are rare with only less than 0.2% of all M&A deals. Furthermore, there can be made a differentiation between a domestic merger & acquisition or a cross-border merger & acquisition. Domestic mergers & acquisitions happen when the acquirer and the target firm operate in the same home country. Cross-border mergers & acquisitions take place if the acquire and the target firm are in different countries. (UNCTAD, 2000: 99)

2.2.3. Motives for Merger & Acquisition

In the academic literature different researchers have studied the motives and reasons for merger & acquisition activities. First of all, an organization is able to grow through organic growth or through merger & acquisition. Organic growth is not ideal for a company who is growing within its own industry, because organic growth is not fast enough to act on new opportunities. (Gaughan, 2007: 117) Secondly, acquisitions may be a helpful way to expand into new markets faster than the competitors and therefore gain market shares. (Gaughan, 2007: 117) According to Koller et al. (2005: 437-461) mergers & acquisitions may change the value of an organization, if the value of a firm is determined by profit margin, the growth of revenue, and the cost of capital. At least one of these factors has to be positive to achieve growth through M&A activities. Moreover, Peng (2006: 274) stated that it is necessary that companies grow to be able to compete in a global environment and therefore merger & acquisition activities are identified as common technics to gain growth. If the corporation of the acquired companies are more valuable than each of the company separate it is called synergy. In the literature there exist two different kinds of synergies, namely the operating and the financial synergy. While the operating synergy stands for either the improvement of revenue or the reduction of cost, the financial synergy stands for the reduction of the weighted average cost of capital (WACC). (Gaughan, 2007: 117)
Additionally, Gaughan (2007: 177) pointed out that there are advantages regarding management topics resulting from merger & acquisition activities. First of all, the management may be able to improve through M&A, because of the belief that the management of the acquiring firm will better manage the company’s resources. Secondly, the research and development and also the different distribution channels might improve through merger & acquisition activities because of additionally acquired resources and skills. (Gaughan 2007: 177-180)

Additionally, Peng (2006: 275) highlighted synergistic, hubris and managerial motives as the most common drivers for merger & acquisitions. Synergistic motives definitely add value through the M&A, because of the increasing market power, the access to new resources or the advantages that go along with globalization. However, the hubris and the managerial motives are non-value-maximizing motivators. Through hubris motives the managers unknowingly overpay for the target company, and through managerial motives individuals know that they overpay acquisition premiums for the purchase of the target company. (Peng, 2006: 275) Malmendier & Tate (2008: 21) stated that many CEOs pay too much for the target company, because the overestimate their capability in generating high returns. As a result the acquisition is not a value-maximizing one, but it destroys the value.
2.3. Dynamic Capabilities in M&A

The aim of this research is to explore the roles of the development of dynamic capabilities in the merger & acquisition process. More precisely, the goal is to explain the role of existing dynamic capabilities in a new situation, namely in a merger & acquisition process. In doing so, this chapter will integrate the dynamic capability approach and the merger & acquisition literature. Vogel & Güttel (2012: 436) clustered the dynamic capability concept in different approaches and therefore identified the ‘microfondations and acquisition’ cluster which is built on routines, practises and managerial cognition to gain organizational change in the company. So researchers have studied dynamic capabilities in the merger and acquisition literature. (Karim & Mitchell, 2000: 1079) However, the research in establishing a link between dynamic capabilities and merger & acquisition need to be improved. (Zollo & Winter, 2002: 350; Karim, 2006: 821)

The research adopts the micro-foundation of dynamic capabilities: sensing, seizing, and reconfiguring in the context of a merger & acquisition process. Sensing opportunities and threats involve scanning, creating, learning, and interpreting activities. (Teece, 2007: 1322) In the context of merger & acquisition sensing and planning means to identify and collect all relevant information and data that are required for a successful merger & acquisition process. The identification and exploitation of markets is also highlighted in the M&A literature as an important and necessary indicator for a successful merger & acquisition process. (Chatterjee, 2009: 157) The M&A literature stated that financial or operating synergies are motives for acquisition. (Gaughan, 2007: 117) If the opportunities and threats are scanned precisely (Teece, 2007: 1322), it implies the changes for an acquisition to gain the desired success.

Seizing opportunities are required to address new products, processes, or services, if a new market or technology is sensed. This is made with investment decisions, investment development and also with the mobilization of appropriate resources. (Teece, 2007: 1326) Moliterno and Wiersema (2007: 1081) support in their research the decision making process as important dynamic capability in the acquisition process. Furthermore, seizing capabilities are also relevant when the coordination of newly acquired units is needed. (Teece, 2007: 1326) Zollo & Singh (2004: 1251) studied post-acquisition decisions with the link of building capabilities and came to the conclusion that organizations need to select the right mixture of integration decisions and there they also have to develop the organizational capabilities for implementing it. Furthermore, the research verified that, although the integration process costs, companies will profit through cost efficiencies as a result from the higher levels of integration. (Zollo & Singh, 2004: 1251)
This conforms to previous research by Zollo & Singh (1998: 30) which stated that high levels of integration have a positive effect on the acquisition.

Reconfiguration is a process which realigns or renews the resource base of a company. (Teece, 2007: 1336) Concerning the merger & acquisition literature Karim and Mitchell (2000: 1076) identified the acquisition as a process to reconfigure the company’s resource base. Through the modification of the resource base, the company is able to overcome failure and take market or technological opportunities. Zollo & Singh (2004: 1233) build their research on the acquisitions as process to reconfigure capabilities. Karim (2006: 800) found that acquisitions provide key resources for organizations with the opportunity of value creation through reconfiguring targets together. Reconfiguration capabilities can be seen in organizational restructuring, where business units are added, deleted, or recombined as a result of an acquisition. (Karim, 2006: 803)

The existing literature has identified routines, that can be recognizes for providing micro-foundations for dynamic capabilities. (Teece, 2007: 1322) The link of dynamic capabilities and routines was also studied by Eisenhardt & Martin (2000: 1107) with the identification of the process that builds routines, integrates routines, and reconfigures routines. This research is built on Teece (2000: 1322) model of the sensing, seizing, and reconfiguration. There also Teece (2007: 1336) has highlighted that reconfiguration involves the refurbishing of routines. In particular, this means that it is possible to plan routines like to sense them, to make special actions which could be used as synonym for seizing routines and the outcome and ideals can be seen as reconfiguring routines according to the organizations need to gain the desired output. (Teece, 2000: 1322; Feldman 2000: 623)

Routines have to be planned to gain actions and outcome (Feldman 2000: 623), which means that routines have to be sensed and shaped in order to identify opportunities and threats. (Teece, 2007: 1322) Mergers & Acquisitions consider a detail planning and sensing of opportunities and threats to be successful and able to gain the desired outcome of the M&A, like growth, synergies and advantages for the management. (Gaughan, 2007: 117) According to Feldman (2000: 623) it is necessary to transfer plans into precise actions. Also Pentland et al. (2012: 1485) stated that for organizational routines actions are necessary. Integrating this to merger & acquisition Zollo and Winter (2002: 340) highlighted the ability of integrating routines from the acquired and acquiring company as dynamic capability. This means that through acquisitions new routines might be developed by integrating routines which is also identified as dynamic capability in the literature and can also be seen as seizing routines. (Teece, 2007: 1322)
Feldman (2000: 623) continued with saying that routines help to gain the desired outcome, if the plans and actions are done according to the ideals. In relation to dynamic capabilities Eisenhardt and Martin (2000: 1108) stated that new product development routines, quality control routines, technology transfer and knowledge transfer routines are important elements of dynamic capabilities. Reasons for merger & acquisitions might be as mentioned before in the literature review, the advantages of the management and growth opportunities Gaughan (2007: 177) as result of M&A. Through M&A processes the company might be able to develop and improve its routines to gain the desired outcome. Therefore the company reconfigure its capabilities (Teece (2007: 1322) and is able to gain the desired outcome. (Feldman, 2000: 623)

Pentland et al. (2012: 1488) identified the formation of routines, which might be possible if the opportunities and threats are sensed carefully. (Teece, 2007: 1322) According to Pentland et al. (2012: 1488) routines might form, because they are continuously repeated. This leads to automatization; however, research has confirmed the possibility that very frequent and automatic routines block the role of dynamic capabilities and therefore the routines end in inertia. (Barrales-Molina et al. 2015: 1402) Barrales-Molina et al. (2015: 1493) highlighted the negative aspects of frequent routines which might lead to an automatic repetition of processes. Therefore in order to avoid the negative aspect of frequent and automatic routines, merger & acquisitions might be seen as an opportunity or chance to change routines and profit through management advantages, growth and synergies. (Gaughan, 2007: 177)

If the external conditions are changing, routines might be stable and if the external conditions are stable, routines might change. (Pentland et al., 2012: 1488) The literature highlighted that routines are helpful until there is a shift within the economy. The change of routines is costly, so change will not be embraced instantaneously. If innovation is incremental, routines and structures may be adapted gradually. When innovation is radical, it is necessary to mandate to the organization. (Teece, 2007: 1335) Therefore, the sensing of opportunities should be taken into consideration (Teece, 2007: 1322) to identify and distinguish between routines that show endogenous stability or endogenous change. (Pentland et al., 2012: 1488) This can be done through investment in development, commercialization activities and the mobilisation of resources. (Teece, 2007: 1326) Routines have the ability to enhance organizational learning, through the change of routines. (Pentland et al. 2012: 1488) This can be seen as reconfiguration process of routines to learn continuously and overcome failure. (Teece, 2007: 1336)
According to the research by Vassolo & Anand (2008: 47) there is the possibility that new routines from an acquisition might create market and business opportunities. In particular, routines which change through acquisitions might lead to organizational learning and economic opportunities. Also Teece (2012: 1398) underlined the importance of the renewal and redesign of routines in order to maximize internal and external complementarities. Similar to this, Collis (1994: 148) has also identified higher order or also known as learning-to-learn capabilities. Wang & Ahmed (2007: 26) highlighted absorptive dynamic capabilities which are able to identify, acquire and apply external knowledge which might also happen through organizational learning.
2.4. Literature Review Summary

The literature review presents the concept of dynamic capabilities and mergers & acquisition and forms the basis of the empirical research part. Dynamic capabilities are the abilities of a company to integrate, build and reconfigure competences of an organization in a changing environment. (Teece et. al. 1997: 516) The classification of dynamic capabilities plays an important role in the dynamic capabilities literature and different researchers have studied this topic. This thesis discusses the most important studies in this field and therefore Table 3 presents a summary of the main statements of different authors regarding the concept of dynamic capabilities.

Table 3 “Black Box” of Dynamic Capabilities

<table>
<thead>
<tr>
<th>Author</th>
<th>Research Type</th>
<th>Main Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Eisenhardt &amp; Martin (2000: 1007)</strong></td>
<td>conceptual research</td>
<td>dynamic capabilities that integrate, reconfigure, gain, release resources</td>
</tr>
<tr>
<td><strong>Ambrosini &amp; Bowman (2009: 35)</strong></td>
<td>literature review</td>
<td>dynamic capabilities that integrate resources, reconfigure resources, create new resources, shed resources</td>
</tr>
<tr>
<td><strong>Wang and Ahmed (2007: 26)</strong></td>
<td>literature review</td>
<td>adaptive, absorptive and innovative capabilities</td>
</tr>
<tr>
<td><strong>Collis (1994: 145)</strong></td>
<td>conceptual research</td>
<td>classification in resources, dynamic improvements, value of resources, learning-to-learning capabilities</td>
</tr>
<tr>
<td><strong>Zollo &amp; Winter (2002: 430)</strong></td>
<td>conceptual research</td>
<td>link between dynamic capabilities and resources of a firm</td>
</tr>
<tr>
<td><strong>Wang et al. (2015: 39)</strong></td>
<td>data set of 113 UK firms</td>
<td>positive relationship between dynamic capabilities and firm’s performance</td>
</tr>
<tr>
<td><strong>Teece (2007: 1342)</strong></td>
<td>conceptual research</td>
<td>micro-foundation of DC: sensing, seizing, reconfiguring</td>
</tr>
</tbody>
</table>

Source: own illustration (based on 2.1.3. Classification of Dynamic Capabilities, 2.1.4. Dynamic Capabilities as repeated performances or routines, 2.1.5. Micro-foundations of Dynamic Capabilities)
Moreover, the creation and development of dynamic capabilities receive more and more attention regarding both, the academic literature and the empirical research. Therefore, this thesis also provides some clarification of the already existing literature and Table 4 presents a summary of the main statements of different authors regarding the dynamic capability development.

<table>
<thead>
<tr>
<th>Author</th>
<th>Research Type</th>
<th>Main Findings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zollo &amp; Winter (2002: 348)</td>
<td>conceptual research</td>
<td>tactic accumulation of past experience, knowledge articulation, knowledge codification processes</td>
</tr>
<tr>
<td>Eisenhardt &amp; Martin (2000: 1106 - 1114)</td>
<td>conceptual research</td>
<td>experience accumulation, path-depending learning mechanism, repetitive use</td>
</tr>
<tr>
<td>Easterby-Smith &amp; Prieto (2008: 245)</td>
<td>literature review</td>
<td>learning processes and knowledge management, relationship between exploration and exploitation</td>
</tr>
<tr>
<td>Cepeda &amp; Vera (2007: 434)</td>
<td>study of 102 firms</td>
<td>DC Development: firm’s knowledge management, infrastructure, people, processes and technology</td>
</tr>
<tr>
<td>Zollo &amp; Singh (2004: 1247)</td>
<td>228 sample acquisitions in the U.S. banking industry</td>
<td>knowledge codification positively influences acquisition performance, experience accumulation does not</td>
</tr>
<tr>
<td>Chien &amp; Tsai, (2012: 441)</td>
<td>empirical data on 132 fast-food restaurant managers</td>
<td>knowledge resources and learning mechanisms</td>
</tr>
<tr>
<td>Ambrosini &amp; Bowman (2009: 40)</td>
<td>literature review</td>
<td>dynamic capabilities sleep &amp; therefore only activated or developed in a concrete change process</td>
</tr>
</tbody>
</table>

Source: own illustration (based on chapter 2.1.4. Creation and Development of Dynamic Capabilities)
A merger & acquisition might demonstrate a change process within the organization. In this context, mergers & acquisitions have been identified in the existing literature as dynamic capabilities. (Karim & Mitchell, 2000: 1079) As Table 4 Creation and Development of Dynamic Capabilities shows different scholars have studied the development of dynamic capabilities. Dynamic capabilities are mainly developed through learning processes, and repetitive use, and are connected with knowledge management. (Zollo & Winter, 2002: 348; Eisenhardt & Martin, 2000: 1106 – 1114; Zahra et al., 2006: 917, Zollo & Singh, 2004: 1247) However, the research about the development of dynamic capabilities is still incomplete and further empirical research is necessary to fully understand the development of dynamic capabilities in order to assess theoretical and practical implications. (Ambrosini & Bowman, 2009: 45; Zollo & Winter, 2002: 350; Güttel et al., 2012: 639) More precisely, the literature review cannot provide found empirical research about the development or activation of existing dynamic capabilities.

With regards to the identified research gap in this topic, the main research question is defined as:

**How are existing dynamic capabilities activated or developed in a new merger & acquisition change process?**

This research question addresses the theoretical concept of the dynamic capability approach, respectively the development of existing dynamic capabilities in terms of a merger & acquisition change process. The goal of this thesis is to provide interesting insights and practical implications about the role of existing dynamic capabilities in a new situation, the situation of a merger & acquisition process. The research is built on the literature review from chapter 2 and the research question will be answered based on the case of an organisation WLA that has to deal with a change process because of the acquisition by the organization RODAS. In doing so, the identified research gap will be closed. Therefore, the research methodology to address the research question will be discussed in the following chapter.
3. Research Methodology

3.1. Case Study Design

The research questions of the thesis will be answered by a case analysis of an Austrian company, in this thesis named as WLA, which had to manage a change in its organization through a takeover process by a Spain company, in this thesis named as RODAS. Theory building from cases is a relevant and popular research strategy, because cases are one of the best bridges from qualitative evidence and deductive research. (Eisenhardt & Graebner, 2007: 25) A case study represents “an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context.” (Yin, 2009: 18) A variety of data sources, including interviews, observations, survey data, ethnographies, and archival data can be used for analysing cases. (Eisenhardt & Graebner, 2007: 28) The advantage of case study research is the ability to deal with a variety of different data sources. (Yin, 2009: 11) Therefore, interviews and secondary data will be used as research methodologies to cover and analyse the case from more perspectives and provide appropriate answers to the research questions.

3.2. Case Description

The selected case in this master thesis is in the categorization of a small and medium sized enterprise, more precisely a medium sized organization, in this thesis named as WLA, which has its headquarter in Upper Austria. The company was founded in 1996 and is in the industry sector. In 2016, 49% of the organization WLA was acquired by a Spanish company, in this thesis named as RODAS. Through the cooperation of those two companies a group was established. The takeover process caused a change in the organizational strategy and the corporate culture of the company. With regards to the strategy it can be stated that RODAS restructured the original strategy of WLA to some extent. Before the acquisition WLA basically focused on the trade of bearings, but then RODAS decided that an own manufacture is necessary to be successful in this industry. Moreover, the whole corporate culture has changed or is still changing. There RODAS integrated clear guidelines, on how the company should be structured, how all involved participates should work together, and how to improve the communication system in the

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2 WLA Website, 2015, [dl: 27.04.2017].
3 RODAS Website, 2014, [dl: 16.04.17].

Both companies are anonymous in the thesis, therefore the names of the companies are not given in the whole research.
organization. So RODAS defined a clear goal and has the focus on how to reach this goal successfully. In doing so, RODAS practices a persistent target tracking and always forces all people in the organization WLA. Although WLA had goals and a strategy how to reach the goals, RODAS tries to still be flexible to react according to changing market or environmental conditions. There RODAS moves really fast and also takes decisions really quickly and the success can be described as lying in the speed of the organization. WLA used to have goals; however, it did not track those goals as persistent as they are now tracked under the influence of RODAS. Previous the goals of WLA were defined, but the managers were not so much behind it to control if the goals were actually reached. Furthermore, the acquisition also had effects on the employees. On the one hand the requirements of the employees are now much higher and they have to deal with more pressure than before the acquisition. Some of the employees of WLA have left the company, because they could not identify with the corporate culture of the partner. Although the higher pressure on the employees, RODAS tries to motivate them with fun and humour, and communicates with them the whole time. So the motivation also plays an important part in the corporate culture of the partner. On the other hand, the employees have more possibilities due to the acquisition, for example they can decide to work in another office of the Group for some time, like in Spain or China. Moreover, there RODAS offers trainings or educational programs to improve the skills and competences of the employees. Being an international group it is important for RODAS that all employees speak English, so RODAS offers English courses and teaching programs to those employees at WLA who are not familiar with English. For RODAS it is more important that the employees have the right attitude, because the skills and competences can be learned and trained, yet, the partner thinks that either an employee has the right attitude or commitment or he has not. The managers of WLA decided that RODAS is the right partner for the acquisition, because of the motivation of the people who work in the group hoping that this motivation will have a positive effect on the motivation of the employees at WLA. And this motivation can now already be seen in the workstyle of the employees and as a result a higher level of production and in the sales figures can be stated. Although the whole process is still going on, one of the managers of WLA already dares to say that:

“It was an extreme change for the whole organization and the employees, however the turnaround succeeded”
Comparing the companies with each other, the following conclusions can be drawn. Both companies operate in the same industry, namely the production and manufacturing industry sector. Yet, there are some main differences between those two companies. RODAS is 28 years older than WLA. Both are located in Europe; whereby, WLA is located in Austria, while RODAS is located in Spain. Furthermore, there is a huge difference in the yearly turnover, because the turnover of RODAS is more than twice than the turnover of WLA.

This case was selected as appropriate case for answering the identified research question, because it fulfils the required criteria. Firstly, it is required to have a new situation of a M&A which is given, because it was the first time that WLA was partly acquired by another organization. Secondly, the case represents a successful merger & acquisition based on the statement of the managers and therefore this case represents an excellent sample for examining which dynamic capabilities this company has developed to manage the M&A successfully.

In combining the merger & acquisition process of this case with the elaborated literature review, following conclusions can be drawn. This case deals with a horizontal merger & acquisition, because the companies are within the same industry. (Gaughan, 2007: 13) Moreover, it is a friendly merger & acquisition, because both parties agreed on the transactions (Peng, 2006: 273) and a cross-border merger & acquisition due to the different home locations of the companies. (UNCTAD, 2000: 99) To be precise, the case study represents a horizontal, cross-border, and friendly acquisition or takeover, where RODAS acquired 49% of WLA. In other words, WLA was partly taken over by RODAS and the research addresses the change process WLA had and still has to manage.
3.1. Data Collection

3.1.1. Interviews

Due to the fact that cases tend to deal with strategic phenomena, interviews are used as the primary data sources, because interviews provide rich, empirical data. (Eisenhardt & Graebner, 2007: 28) Although qualitative research in form of interviewing is very time consuming because of conducting, transcribing, and analysing the interviews, it is highly recommended and a common method for qualitative research. (Bryman & Bell, 2015: 479) Different types of conducting qualitative interviews used in the research are known: the structured and standardized interviews, the guided and semi-structured interviews, and the unstructured, open, informal and narrative interviews. (Eriksson & Kovalainen, 2008: 93) Semi-structured qualitative interviews tend to be flexible because the interviewees have the ability to lead the interviews in the direction which the interviewees see as most important or relevant. (Bryman & Bell, 2015: 480)

Moreover, in a semi-structured interview questions which are not in the schedule can be additionally asked by the interviewer. (Bryman & Bell, 2015: 481) In this master thesis the semi-structured interview style will be used, because there the interview questions are predesigned, however, it is still possible to vary the order and wording of the questions in the interviews. (Eriksson & Kovalainen, 2008, 94)

According to Marshall et al. (2013: 21) single case studies should contain about 15 to 30 different interviews. So in this master thesis 20 face-to-face qualitative semi-structured interviews with managers and employees of the company WLA were conducted. For the selection of the interviewees it is important to consider a group of employees which represent the organization in the most thoughtful way and to have a 360° feedback of the whole case. So the participants of the interviews represent a wide range in the age, the position in the company, the education, and sex. Each interview took about 30 to 60 minutes depending on the willingness of the participants to perform. Due to the fact that the company of the case WLA is based in Austria, the interviews were conducted in German (except from one Interview which was conducted in English, because the mother language of the participant was not German), because it might be uncomfortable for the participants to perform in English. All interviews were conducted in the conference rooms of WLA to make sure that the interviewees feel comfortable in a familiar atmosphere, but also to ensure a quiet surrounding. Only then the best outcome of the interviews and consequently for this master thesis can be guaranteed.
Besides from the suitable location, the behaviour of the interviewees might also have an impact on the outcome of the interviews. (Bryman & Bell, 2015: 491) Therefore, the interviewees were informed about the purpose of the interviews and the whole master thesis (see 1. Appendix E-mail) and that a non-disclosure agreement is signed to guarantee that all data will be threatened safely. There, the semi-structured interview guideline (see 2. Appendix Interview I and 3. Appendix Interview II) was not sent to the participants of the interview, because of avoiding a preparation of the participants which could have an influence on the validity of the interviews. The aim was that the interview questions were answered honest and immediate. Before each interview start the aim and purpose of the interview was personally explained and also the guarantee that all data are used anonymous was given. Then each participant was asked about the permission of audiotaping this interview to save all relevant data. Through permission of the participants all interviews were recorded with two different devices to make sure that all relevant data will be collected and to assure that none of the relevant and informative data get lost.

There were several question parts in each conducted interview. The literature about dynamic capabilities, dynamic capability development, mergers & acquisitions and change management was reviewed for developing questions for the semi-structured interviews (see 2. Appendix Interview I & 3. Appendix Interview II). Each interview started with introductory questions about the interviewees which include their position and their role in the company. Then the focus was on the role of the dynamic capabilities and the M&A process of WLA. Each interview ended with a short summary of the collected data of the interviewee. Of course the exact formulation of the interview questions depended if the interviewee is in a management or an employee position and also his or her role within the company of this case. All conducted interviews were immediately transcribed, to make sure that no important information gets lost. In doing so, all interviews were transcribed including rules as pauses, laughter and timing (see 6. Appendix Rules for Transkript). Due to the quality of the recorded sounds some of the sentences could not be included in the transcript because of the validity.

3.1.2. Secondary Data

During the stay at the company of the case, while the interviews were conducted, several documents, including internal power point presentation, excel files, strategy plans and internet sources were collected and also analysed. The secondary data was very useful for gaining background information to the collected interviews and to cover the case efficiently from all perspectives. (Eisenhardt & Graebner, 2007: 28)
3.2. Data Analysis

The collected data was analysed according to the qualitative content analysis by Mayring (see 7. Appendix Qualitative Context Analysis according to Mayring), which is a common approach to analyse communication material from interviews in a systematic way. There are three types of how the qualitative context analysis can be done, namely the “summary” type which means to reduce the data, the “explication” type where further material is given and the “structuring” type which filters the most important aspects from the data. For this master thesis the “summary” qualitative content analysis was chosen for the interviews and the “explication” qualitative content analysis was chosen for the secondary data, because it allows examining the single case study in-depth. In the summary qualitative context analysis the material will be reduced in a way that all important information is covered and a model is built by abstraction which demonstrates the important material. (Mayring, 2000: 193 qtd. in Mayring 1983)

After transcribing the interviews, the transcripts were read several times in order to build categories/codes. With this methodology the main categories or codes were defined: sensing capability, seizing capability, transforming capability, change 2006, change 2008, change 2016, learning from others, learning from own mistakes, learning from previous change processes, pressure, experience of the organization and knowing the limitation of the company. The qualitative context analysis contains six different steps to reduce the collected material. In this thesis Step 1 the paraphrasing, Step 2 the abstraction, Step 3 the reduction through selection and Step 4 the reduction through grouping is done by one step, because of the large amount of collected data. In Step 5 the reduced quotations will be collected in a new system of categories and in Step 6 the system of categories is proven regarding the collected material. (Mayring, 2000: 195)

After the qualitative context analysis the reduced and summarized material was grouped in the schema of the Gioia research method (see. 9. Appendix Example Gioia Research Methodology) to provide a model of how to address and answer the research questions adequate. (Gioia et al. 2012: 21) In doing so the research provides interesting and useful information for research and practice. Then the findings of the collected data are proven in order to guarantee the quality of research presented in the next chapter (3.5. Quality of research design).
3.3. Quality of Research design

In the literature, there exist some common and well known criteria for judging the quality of research designs. According to Yin (2009: 41) those criteria are the following: The construct validity happens in the phase of the data collection. There it is recommended to use multiple sources of evidence to establish a chain of evidence and to have key informants regarding the case study. In this master thesis, the construct validity is given by collecting data from two sources, namely interviews and also secondary data. Moreover, the validity of the interviews was improved by interviewing participants of different hierarchical levels. To be precise, the participants of the interview were managers and employees of different hierarchical levels and different organisational departments represent the whole case. Moreover, the chain of evidence is given by providing clear description of the whole research from the research questions to the data collection and analysis and the final research conclusion. The internal validity takes place in the data analysis. In particular, explanation building, logic models, addressing rival explanations and pattern matching are necessary to test the internal validity. Internal validity is proven by using pattern matching in the way that the case study research is built on Teece (2007: 1342) micro-foundation of dynamic capabilities. Moreover, the existing literature on the dynamic capability approach with the focus on developing or creating dynamic capabilities was reviewed to address logic models and to build explanations relevant to the case study. The external validity occurs in the research design and refers to how the research results can be generalised to boarder theory. In case studies this is an inherent issue as Yin (2009: 43) suggests giving detailed information on the context of the research. This is done by providing an in-depth description of the company of the case study. The reliability is also tested in the phase of data collection where a case study protocol and a case study database should be used. In order to improve the reliability in this research, a case study protocol (see 4. Appendix Case Study Protocol) was developed which includes the research question, the theoretical framework and a checklist for the interview. This case study protocol shows the research agenda in order to minimize errors and biases in the case study research. (Yin, 2009: 45) Furthermore, a case study database was developed to organize all collected data and to have organized the collected empirical data. (see 5. Appendix Case Study Database Directory) Due to the fact that the data analysis was done according to the qualitative context analysis by Mayring the quality of research is additionally proven by the two main criteria of validity and reliability. (Mayring, 2000: 207) The research findings of this thesis, which are proven through the quality of the research design, are presented in the next chapter.
4. Research Findings

The research goal of this master thesis was to identify the role of existing dynamic capabilities in a new situation of a merger and acquisition change process. Therefore, the research was built on a case study research design which includes a data set of qualitative semi-structures interviews with the managers and employees of the company of the case study WLA and secondary data of the case study’s company. In doing so, this chapter provides the main research findings of this qualitative research and is guided by this research question:

_How are existing dynamic capabilities activated or developed in a new merger & acquisition change process?_

In order to answer this research question appropriately this research analysis is divided into two steps. The first step includes the analysis of all change processes the company of this case WLA had in the past. This is helpful in order to identify the micro-foundation of dynamic capabilities the organization had already learned and developed from previous change processes in the company’s history which help to deal with the current change process of the merger and acquisition. In the second step the research identified all mechanism for activating and developing existing dynamic capabilities. In doing so, the research question can be answered suitably and appropriately. The company of the case study WLA has been in change since it was founded. Based on the collected data three major change processes where identified:

“The company had the first huge change when the organization grew rapidly and we had to define processes, a management team and to double our employees within two years. The dropdown of the turnover and the loss of one major industrial sector lead to another change of the company where we had to define other industrial sectors. Now, WLA is going through another change through the merger & acquisition process where the company was party acquired by the Spanish organization RODAS.” (Interview 8)

These changes have had an important influence on the history of the company WLA and on the future development of the company. All these changes were restructuring changes although, in different directions. First of all, WLA grew enormously, then the turnover dropped as a result of the consequences of the financial crisis and then recently WLA was partly acquired by the company RODAS. The following Table 6 Change Processes of the Organization shows those three changes in the history of WLA and will provide detailed information about the exact changes in each category.
### Table 6 Change Processes of the Organization

<table>
<thead>
<tr>
<th>Year</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>Growth:</td>
</tr>
<tr>
<td></td>
<td>• Change of the Strategy</td>
</tr>
<tr>
<td></td>
<td>• Definition of Processes</td>
</tr>
<tr>
<td>2008</td>
<td>Sales Collapse:</td>
</tr>
<tr>
<td></td>
<td>• Change of the Strategy</td>
</tr>
<tr>
<td></td>
<td>• Identifying new Industries</td>
</tr>
<tr>
<td>2016</td>
<td>Merger &amp; Acquisition:</td>
</tr>
<tr>
<td></td>
<td>• Change of the Strategy &amp; Change in Corporate Culture</td>
</tr>
<tr>
<td></td>
<td>• Stability of Main Processes (HR, Sales)</td>
</tr>
</tbody>
</table>

Source: own illustration

In the following sub chapters each of these change processes will be discussed and analysed according to the dynamic capabilities of each change process. For this purpose each change process is analysed according to the model of Teece (2007: 1342) along the micro-foundation of dynamic capabilities, namely sensing, seizing, and reconfiguring, which was previously explained in the literature review 2.1.5. Micro-foundations of Dynamic Capabilities. The first analysis step shows that during the first change process in the year 2006 the strategy of WLA had a change which includes that processes had to be defined and a management team had to be developed in order to handle the rapid growth. Detailed analysis of this change process will be presented in chapter 4.1. Change 2006. The next change process happened in the year 2008 when the sale collapse occurred in one major industrial sector of WLA. In order to handle this change process it was necessary to change the strategy of WLA which means to identify new industrial sectors where WLA can enter the market and be successful again. The detailed analysis of this change process is shown in chapter 4.2. Change 2008. The current change process and main part of this qualitative research is the change through the merger and acquisition. There the corporate culture and the strategy of the organization WLA changed, while the main processes which include the HR system und the sales demonstrate stability. This analysis is shown in-depth in the chapter 4.3. Change 2016.
After this first analysis of the development of dynamic capabilities in each change process, the second analysis takes place, which is based on the first analysis step identifies, which dynamic capabilities lead to the flexibility of the corporate culture and which dynamic capabilities lead to the stability of the main processes, which include the HR system and the sales in the company of this research WLA. The outcome is shown in the following Table 7 Model Research Finding sand the detailed information of each mechanism will be presented in the following subchapters.

<table>
<thead>
<tr>
<th>CHANGE VS. STABILITY</th>
<th>DC DEVELOPMENT VS. FACTORS FOR STABILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Corporate Culture</td>
<td>• Continuous learning</td>
</tr>
<tr>
<td>• Strategy of the organization</td>
<td>- Learning from others</td>
</tr>
<tr>
<td>• Pressure</td>
<td>• Experience of the organization</td>
</tr>
<tr>
<td></td>
<td>• Knowing the company’s limitations</td>
</tr>
<tr>
<td>Stability</td>
<td>Dynamic capability Development</td>
</tr>
<tr>
<td>• Main Processes</td>
<td>Factors for stability</td>
</tr>
<tr>
<td>- Human Resource</td>
<td></td>
</tr>
<tr>
<td>- Sales</td>
<td></td>
</tr>
</tbody>
</table>

Source: own illustration

Through the second analysis step this research identified continuous learning and pressure for developing dynamic capabilities and therefore having flexibility in the corporate culture and in the organizational strategy of the company of the case WLA. The mechanism continuous learning for developing dynamic capabilities can be split in three sub mechanisms, learning from others, learning from own mistakes, and learning from previous change processes. Moreover, the research identified that the main processes of the organization, which include the HR and the Sales, demonstrate stability in the M&A change process. The factors for the stability of those main processes are the experience of the organization and to know the company’s limitations. The detailed description and explanation of these research findings are shown in chapter 4.4. Flexibility of Existing Dynamic Capabilities and chapter 4.5. Stability of Existing Dynamic Capabilities.
4.1. Change 2006

The first major change the research has identified happened in the year 2006 when WLA was rapidly growing but, WLA was not prepared for this huge growth at this time. Then as a result the turnover grew and the employees had to be doubled within two years. This change can be analysed according to the model of Teece (2007: 1342) into the micro-foundation of dynamic capabilities, namely the sensing, the seizing, and reconfiguring, which was previously explained in the literature review 2.1.3. Classification of Dynamic Capabilities, in the context of rapid growth.

4.1.1. Sensing

WLA has had an enormous growth in this year which was challenging for the company and the employees, because the organization was not ready for such an extreme growth at that time. Thus, some adaption had to be done in order to deal with the rapid growth of WLA. One of this adaption is the new location of the company with its own manufacture. As one interviewee recognized:

"Due to the growth of the enterprise a huge challenge for the organization arose, because the location of the company was too small and therefore WLA was relocated." (Interview 1)

The growth of the company was also a reason for establishing the image of being a manufacturer. The organization had the clear goal to strengthen its brand by having a manufacture image. In this context one interviewee said:

“"The focus has been on the manufacture image in order to strengthen the brand and fulfill the requirements of the customer.” (Interview 16)

This implies that WLA had scanned the market opportunities and identified that it has to establish itself as a manufacturer to be successful and competitive against the big global market players. In doing so, the company has built a new building where it can manufacture in order to fulfil the needs of the customers. This new location with their own manufacture has strengthened the image and the brand name of the organization to become a manufacture. Due to this change, the customers see the organization WLA as a manufacturing company which can be successful in a global world and compete against the big market players.
4.1.2. Seizing

The research could also identify how WLA seized opportunities and threats to prepare the organization for this change process. First of all, the adaption of the business model of WLA could be seized. Therefore, one interviewee noticed:

"Through the image change from being a trader to becoming a manufacturer, there were different adjustments in the organisation, like for example the definition of the processes, the creation of the different departments, the building of a management team, the reporting, and also the establishment of an ERP System." (Interview 8)

The adaption of the business model can also be argued by the fact that “we concentrate on special orders and the standard orders were in the background, this was successful due to the not given standards and instructions.” (Interview 15) In doing so, WLA wanted to make sure that the organization fulfils the special orders and leave the standard orders in the background. This was also helpful to show the customers that the organization is able to produce special orders in a high quality and fulfil the customer needs of being a high-class producer. It was important for WLA to shape the business model in this direction to deal with the rapid growth of the company.

Secondly, during this phase WLA developed some important resources on which capabilities may be built on to deal with this rapid growth. The employees of the organization could be identified as one important resource, as one of the interviewee remarked:

“We handled the rapid growth with the help of the motivated employees, especially through the strong cohesion of the whole team and the willingness to do projects together.” (Interview 16)

Due to the changed conditions as a result of the rapid change the employees had to fulfil higher requirements. “The rapid growth requested a lot of engagement and flexibility on behalf of the employees, because the organization was not ready for this rapid growth in this time.” (Interview 17) Moreover, “the employees were redoubled within two years” (Interview 15) to deal with the additional work and expense. This also includes the ability, to identify that the company has to hire additional employees to successfully change the organization through the growth. “To manage the rapid growth new employees, also leasing employees were hired.” (Interview 20)
Another essential ability, which was identified, is that the company recognized that it is necessary for the organization to implement processes in order to deal with the rapid growth. It was necessary that WLA developed processes and operating instructions to coordinate everything and have standardisation in some actions. In this context different interviewees have highlighted this ability:

“Due to the rapid growth, we went in the direction to be process oriented with process descriptions and operating instructions.” (Interview 4)

“We started to define processes and therefore we also hired some employees for implementing these processes.” (Interview 17)

### 4.1.3. Reconfiguring

In the phase of the rapid growth a reconfiguring inside WLA could be identified based on this qualitative research. On the one hand the renewal of the strategy of the organization and on the other hand the implementation and definition of the processes (process orientation). This was necessary to handle and deal with the phase of the enormous growth and to survive the change process. Therefore, the strategy of the organization was renewed in order to change the image and to have the focus on becoming a manufacture. Moreover, processes were defined and standardised to handle and be prepared for the rapid growth the organization WLA had to deal within this phase.
4.2. Change 2008

The second major change the research identified happened in the year 2008 when the organization WLA was suffering from the sales collapse in its major industrial sector. This change can also be analysed according to the model of Teece (2007: 1342) into the micro-foundation of dynamic capabilities, namely sensing, seizing, and reconfiguring in the context of the sales collapse.

4.2.1. Sensing

Shortly after the rapid growth phase, the company suffered due to a sales collapse caused by the breakdown in the major industrial sector of WLA and the sales dropped. Concerning this change process the research could identify a sensing of the opportunities and threats. In doing so, WLA sensed the market in order to find new potential industries, in which the organization could grow and be successful again. In doing so, WLA identified five strategic industry sectors in which the organization could be successful and also able to compete with the big market players. This was mentioned by different interviewees:

“The financial crisis has led to a reduction of our turnover. Especially, due to the reduced turnover of the wind industrial sector our company had suffered. We then tried to enter new industrial sectors. Therefore, we selected five different industrial sectors where we focused on the goal to be profitable there.” (Interview 15)

“The selection for the strategic industrial sectors has been through an analysis of the market and an analysis of the strengths and weaknesses of the company WLA.” (Interview 16)

“Due to the sales collapse in one for the company’s most important industries, five different strategic industrial sectors were defined. In doing so, the strengths and weaknesses of the company were scanned; also the industrial sectors where there is a need for our products were identified. Then these industrial sectors were equilibrated in order to find out where the company is able to gain its strengths.” (Interview 15)
4.2.2. Seizing

The research also highlighted the seizing of opportunities and threats in this phase, in which resources were built and the business model was adapted in order to prepare WLA for the change process. The building of resources can be seen in the employees of the organization. Regarding the building of the employees as important resources it can be argued, that the organization on the one hand selects those employees which were ready for the changed conditions and make them stronger as a team to work together and to achieve team spirit. On the other hand those employees which could not deal or accept the changing conditions were lost, which lead to an even stronger team spirit for the rest of the employees. This was noticed from different interviewees:

„Due to the crisis with the sales collapse we lost some employees, because they did not see any perspectives for them in this company.” (Interview 16)

"Due to the sales collapse the employees were reduced and costs were cut. This was really frustrating for the team, but we always had a good spirit within the team." (Interview 20)

Moreover, resources and capabilities for the quality standards were built to guarantee a higher control of the product quality and to keep the customers in the tough times during the financial crisis. In addition to this it could also be argued, that the organization had to build or to improve the capability to react to the expectations of the customers and to change or improve the organization in a way that it suits the required expectations of the customers. With regards to this one interviewee noted that:

„Due to the financial crisis the quality standards were more important for the customers therefore, we implemented standards for the quality control and quality audit.” (Interview 15)

On the other hand the business model was adapted for implementing the changed conditions. In doing so, the strategic industrial sectors where WLA was going to deliver its products changed, because of the sales collapse in one major strategic industrial sector of the organization. One interviewee said:

“The five strategic industrial sectors were defined in a management meeting and there the company WLA was analysed according to its know-how and market opportunities. The analysis happened through a rating matrix which was sheltered with the gut feelings. For this analysis no extern consultant was included.” (Interview 17)
In doing so, the organization also implemented a risk analysis tool, to make sure that each order will fit to the decided strategic industrial sectors. “A risk analysis tool was implemented in order to see which industrial sectors should be taken under consideration regarding the risk.” (Interview 16) This tool is there to protect the organization from accepting orders which are too risky concerning the current market situation.

4.2.1. Reconfiguring

In terms of the reconfiguring in this phase, it can be said that the strategy of the organization WLA was renewed and second WLA identified five new strategic industrial sectors. This reconfiguration was necessary to deal with the sales collapse and to make sure that the organization can be successful and competitive again. In doing so, the company recognized that the organization had to change its strategy and to define new strategic industrial sectors in which the company has its strengths.
4.3. Change 2016

The current and main change process of this research is the change through the merger & acquisition process in the year 2016, where WLA was acquired with 49% of the Spanish organization RODAS. The findings of this qualitative study suggest making the clustering again according to the model of Teece (2007: 1342) into the micro-foundation of dynamic capabilities, namely sensing, seizing, and reconfiguring in the context of the merger and acquisition change process.

4.3.1. Sensing

In the change process of the merger & acquisition, the research could identify a sensing of opportunities and threats. First of all, the research identified that WLA sensed the current situation in which the company had been in the year 2016. There the company came to the conclusion that it cannot continue to be successful alone in a global competitive market and therefore decided for the merger & acquisition process. In doing so, the organization searched for a partner with whom the company of the case is able to grow again and to be competitive against the big global market player. This is based on the statements of different interviewees:

“Due to the fact that it is difficult to be competitive and successful we decided to search for a partner in the year 2016.” (Interview 1)

“The merger & acquisition process happened, because we want to be competitive in a global market and raise our synergies.” (Interview 4)

Secondly, WLA also used to sense the opportunities and threats in order to scan the market to find the right partner for the merger & acquisition process. In doing so, the organisation sensed the market in order to identify different companies who would like to acquire the organization. Interviewees stated that:

„For the decision of the right partner, different companies were examined till the partner RODAS was decided due to the spread spirit of RODAS and the fact that both companies have the same goal. “ (Interview 12)

“Therefore different conversations with different companies took place. Then the decision for the partner was made due to the same goals of both companies.” (Interview 4)
For the decision on the right partner the organization scanned different potential partners and decided for RODAS as a partner because of the same goal for the company. However, also the gut instinct lead to the final decision for this partner for the merger & acquisition process. This relies on the following statement of one interviewee:

“The decision for the merger & acquisition partner was based on feelings and the proceeds of the sale had been in the background”. (Interview 1)

The managers of WLA wanted to find the right partner who has the same goal for the organization as the previous founders and owners of the company. In order to identify the right partner, the organization WLA also involved an extern consultant for finding the right partner. However, “this was not really helpful.” (Interview 1) So in fact the organization WLA only used its intern abilities and capabilities for deciding on the right partner and relinquished on extern capabilities of different advisors for this decision making process.

4.3.2. Seizing

The research also identified a seizing of opportunities and threats which the organization WLA used or is still using for this merger & acquisition change process. First of all, WLA seized the organization in order for implementing the change resulting from the merger & acquisition which is the intern communication inside WLA. There the founders and owners of the organization communicate the merger & acquisition to the employees as a positive chance to rise and grow again, which was mentioned through this interviewee:

“The merger & acquisition was intern communicated as an opportunity and positive development for growing and being competitive.” (Interview 8)

In general people usually see a merger & acquisition process as something negative, because they feel uncertainty, they don’t know what to expect and they are not sure how to deal with this new unfamiliar situation. Therefore, it was necessary that WLA communicate this change process as a chance for growing and also as a chance for future success. This communication ability could be identified as an intern capability of the organization WLA with no influence of the partner RODAS.
Moreover, the research also identified a sensing of opportunities and threats which came from outside WLA, which means that the partner RODAS had an influence regarding those sensing. This is valid for the clarification of the boundaries of the employees and the organization. Regarding this it can be argued based on the interviewee statements that:

“We lost some employees who could not identify with the change in the organization due to the merger & acquisition process.” (Interview 1)

“Some employees were fired.” (Interview 8)

In order to prepare the organization WLA for the change from the merger & acquisition the boundaries of the employees and the organization were scanned. In doing so, the employees who could not identify with the changed situation left the company. The capability to identify the boundaries of the employees and the organization was partly done because of the requirements from RODAS, however also due to the developed capabilities of WLA though previous change processes where employees also had to laid off because of changing market conditions. This means that the organization has been flexible, because of the reaction to take personnel measures if the conditions are changing.

Furthermore, the research could also identify that RODAS seized the opportunities and threats in order to adapt the business model of WLA. In doing so, RODAS scanned the organizational structure of WLA and identified that there is the need for a change in the business model. The effect of developing this capability also came partly through the influence of RODAS, because RODAS wanted to have that WLA has its focus on the own manufacture. This research finding is based on the following interviewee argument:

“The original business model to mainly concentrate on trade does not work, instead an own production is necessary, because the partner has the view that manufacturing is success.” (Interview 1)

However, in the previous change processes WLA had also changed its business model. In doing so, the organization has developed flexibility to adapt and change its business model according to changing market or environment conditions. Therefore, it could be argued that RODAS had identified a need for change in the business model. However, there had been cases of change before, because WLA had already changed its business model at previous change processes.
4.3.3. Reconfiguring

In terms of the reconfiguring phase the research could identify that WLA renew on the one hand its corporate culture and this is the main change for WLA and its employees through the merger & acquisition. The “new corporate culture” has been described as a mixture between the corporate culture of the partner RODAS which consists of these eight points: Customers, Passion, Ambition, Connected, Curiosity, Ethical, Determined, and Enjoyment and the “old values” that the organization WLA had before. Now, the corporate culture has been formulated and includes these six points: Passion, Teamwork, Positive, Result orientated, Growth, and Joy. One of the interviewees stated that:

“The change of the corporate culture is a mixture of old values which have been part of the organization for many years and some parts which were new defined in cooperation with the partner RODAS.” (Interview 11)

However, it was the first time to define those values and also to implement and live them in the organization WLA. How the people and the organization are living this new corporate culture can be seen in different actions. First, the right attitude of the people is more important than before the merger & acquisition happened. This means that the change of the culture is visible through the employee’s attitude, the solution orientation, and the speed regarding arrangements if there are any deviations. The following interviewee statements provide validity for this research finding:

“The corporate culture has changed in a way that the attitude of the employees is now more important than the skills and the know-how. The change in the culture had happen through communication and motivation.” (Interview 1)

“Due to the merger & acquisition the attitude and the corporate culture has changed in the way that now the focus is on solution orientation instead of problem orientation.” (Interview 13)

“The change in the corporate culture through the merger & acquisition process was done by developing a spirit in the organization with conversations and presentations in order to change the attitude of the employees because now it is more important that the employees have the right attitude than the knowledge and skills.” (Interview 12)

"The attitude of the people has changed regarding the importance of numbers and factors, where the employees should have their focus on." (Interview 8)
In order to change the corporate culture of the organization RODAS also had an influence in how the corporate culture can be changed. Therefore, RODAS had a plan in order to accomplish this change. According to one interviewee the plan is:

“The plan how to change the culture is the following: First identify the people with the right attitude, commitment and passion. Second bring those people in the right position, and third identify a person with the right attitude, commitment and passion who can be seen as a sample whom the people will follow as a leader and accept the changing attitude and corporate culture. In an organization there is a spirit and the role of a leader should be to protect this spirit and to make the culture stronger. You can make faults however it is important that you learn from these faults.” (Interview 19)

The second reconfiguring is to renew the strategy of the WLA. In doing so there was a change in the business model regarding the focus on the own manufactory of WLA however, “the strategy should be flexible to be able to react according to market changes.” (Interview 1) This is done in different ways:

“Due to the matrix organization many ideas and approaches of the partner are coming inside the company. For example, the controlling, the reporting and the finance sector has undergone some changes to be able to make immediate adjustments if there are any deviations and the strategy is changing in the direction of having to focus on becoming a manufacturer.” (Interview 12)

“Through the change in the organigram and the matrix structure the division managers of RODAS bring new ideas and approaches inside the organization of WLA.” (Interview 1)

According to these arguments it can be stated that the change in the strategy is reflecting in the flexibility of the strategy of WLA and the more detailed finance, controlling, reporting, and analysis system. Due to the detailed analysis system the strategy of WLA can be more flexible and therefore be adapted in order to changing conditions.

Based on the identified major change processes of the organization, the research will show the development of dynamic capabilities which lead to the flexibility of the corporate culture and the organizational strategy in a new situation of a merger & acquisition and the factors which demonstrate stability of the main processes. The findings will be shown in the next chapters.
4.4. Dynamic Capabilities Development

First of all, the research identified that the corporate culture of the organization and the organizational strategy show flexibility in their structure and therefore a flexibility regarding the change processes which happens through the merger & acquisition. In this case, the research had identified that the dynamic capabilities development happened through continuous leaning and pressure which lead to the flexibility of the corporate culture and also the organizational strategy. Furthermore, continuous learning can divided into leaning from others, learning from own mistakes and learning from previous change processes. These research findings will be explained in-depth in these subchapters.

4.4.1. Continuous Learning - Learning from others

The first mechanism for developing dynamic capability the research had identified under the category continuous learning, which shows flexibility of the corporate culture of the organization and the organizational strategy is “learning from others.” More precisely the mechanism is to learn from the partner RODAS, who had partly acquired the organisation WLA, which can be seen in different ways. First of all one interviewee noted that the organization learned how to address the goals in a clearer way:

"We could learn from the partner RODAS how to work more proficiently and efficiently and how to be more confident in addressing big customers. This was done through a clear view of the goals." (Interview 3)

So the organization WLA is now more self-confident due to the influence of RODAS, because of the longer experience of RODAS with big customers and with handling and working strategically proficiently and efficiently. The organization WLA can learn a lot about how it can work more efficiently for example RODAS showed WLA how to communicate clear goals inside the company. Additionally, the goal and target orientation could also be improved and learned through RODAS. In doing this, the way in which RODAS communicates the goals is helpful for WLA to improve its capability, as it can be found in different interviewee statements:

"Due to the M&A the goals are communicated more clearly and the focus is on the solution orientation. Now the attitude of the employees is more important than the skills and the know-how. This happened through communication and close collaboration and also a continuous raising of this issue." (Interview 7)
“We could learn from RODAS about how to work more proficiently and efficiently and to be more confident in addressing big customers. This was done through a clear view of the goals.” (Interview 3)

In addition, WLA has also learned from RODAS how to deal with problems and how to manage and overcome them. "Now we are solution oriented instead of problem oriented." (Interview 2)

Before the merger & acquisition WLA had always expatiated upon problems which included talking about the problems instead of solving them. Through the merger & acquisition and the change of the corporate culture with its climate, WLA had learned from RODAS to implement a culture where the problems are solved immediately and where an employee who comes with a problem has to think about a possible solution of how the problem can be solved. This is on the one hand really motivating for the whole team and on the other hand contributes to the positive spirit within the whole organization.

Yet, not only soft skills like how to communicate goals or how to solve problems could be learned from the partner RODAS, also hard skills, like for example, tools and systems RODAS uses could be implemented in WLA. The controlling and reporting system could be improved by learning from the partner. WLA took the reporting and controlling system from RODAS and improved its financial system by learning from the system of the partner. Regarding the tools and systems there also the division managers of the partner RODAS are helpful concerning steady learning and improving. This means that through the learning of a better reporting and financial system the company WLA gets more international attention also the attractiveness for an employer has been increased. This research finding is based on the following different interviewee statements:

"Through the M&A we have learned a lot in the reporting and controlling system from RODAS. It is important to accept that in some areas others are better." (Interview 1)

"Due to the matrix organisation and the coaching of the division manager, the gaps in the reporting and analysis could be closed, because we now work with the right tools on which the decisions are based. The change happened step per step. There were clear goals communicated but, there was time for handling and adapting them. It is really helpful for the implementation of changing tools to have a helpful partner like RODAS." (Interview 8)
“Due to the M&A the reporting and analysis is more precise because we learned from the partner. Therefore we have internationally more opportunities and are more attractive as international company for talented employees.” (Interview 11)

Furthermore, WLA has now the focus on the young skilled employees and searches for opportunities to help those employees to get into a management position. This is also partly a learning effect from RODAS, because RODAS uses some tools and techniques to support young skilled employees to reach a higher position for example through a mentor program. Through this mentor program it is easier for the young employees to be prepared for their future management position. This research finding is supported by the following different statements of the interviewees:

"Due to the M&A young employees have the opportunity to take a leading position with the help of a mentor" (Interview 7)

"We have learned from the partner RODAS, for example, we have started a mentor program for young talented employees." (Interview 12)
4.4.2. Continuous Learning - Learning from own mistakes

The second mechanism for dynamic capability development concerning the flexibility of the corporate culture of the organization and the organizational strategy the research has identified under the category continuous learning is “learning from own mistakes.” In doing so, the organization WLA reflected on past incidents and learned from its mistakes, which is shown in several ways. First of all, previously WLA did not take actions immediately, if the actions were necessary. By reflecting on the past events, WLA learned that it would be helpful to set immediate actions, if they are required. This research finding is based on the following interview statements:

“We made the mistake that we did not make arrangements, if there were deviations.” (Interview 1)

"We did not make adjustments, if there were deviations. Now we make immediate arrangements if there is a deviation." (Interview 7)

Secondly, WLA also reflects its organizational routines and recognized that there is a need for improvements. One of this routines is the decision making process, where WLA reflected on and learned from the past that a small number of members in meetings will improve the efficiency. Therefore, WLA changed this routine and reduced the number of employees in the meetings. As one interviewee said:

"The change of the decision making process was partly done through a reflexion on the old situation where we decided to reduce the amount of participants at a meeting to work more efficiently." (Interview 9)

In addition to that, WLA could also improve another organizational routine, namely the communication inside the company through the influence of the partner RODAS. This can be seen in the following interviewee statement:

"Due to the merger and acquisition the goals are communicated more clearly and the focus is on the solution orientation. Now the attitude is more important than the skills and know-how. This happened through communication and close collaboration and a continuous raising of this issue." (Interview 7)
The change of the corporate culture was made possible by an improved communication inside the company WLA with the partner RODAS as influencer. Moreover, another important topic this research highlighted is that "now we are solution oriented instead of problem oriented." (Interview 2) The solution orientation can also be linked to the improved communication inside the company, because it shows that now the employees inside the company talk about possible solutions instead of addressing problems without having any solution for them.

Thirdly, the financial systems have also changed as a result of the merger & acquisition process. In this context, WLA could learn a lot from RODAS and implemented the financial systems of RODAS in the organization of WLA. In doing so, an important learning process was that the organization accepts that others might be better in some areas and that it is fine if the organization gets help in areas where it needs to improve. With regard to this research finding one interviewee stated that:

"Through the M&A we have learned much in the reporting and controlling system from RODAS. It is important to accept that in some areas others are better." (Interview 1)

It can be argued that WLA has learned from previous mistakes that it is fine to learn from others and to accept that it is possible that others have better systems or tools from which the organization can profit. Therefore, the organization accepts this and was open for other systems or tools which could be implemented in the company.
4.4.3. Continuous Learning - Learning from previous change processes

The third mechanism for dynamic capability development which this qualitative research has identified under the category continues learning is named “learning from previous change processes.” More precisely, the change processes from the years before helped the organization WLA to deal with the current change process through the merger and acquisition in a better way. The following statements provide evidence that the mechanism “learning from previous change processes” can also be identified in order to successfully handle the change of this new merger and acquisition process. Different interview statements have proven that the organization WLA and the employees could learn from the previous change processes (Change 2006 and Change 2008), because WLA has learned to better deal with the current change process through the merger and acquisition.

First of all, WLA and the employees of WLA have learned from the previous change processes that details are important and therefore better standards were implemented within the organization. In this context to this one interviewee stated that:

"Due to the rapid growth and the collapse of the sales we have learned that details which were often neglected are important. Thus the company has now better standards." (Interview 15)

With regards to the current change resulting from the merger and acquisition it could be argued that it was easier now for the organization WLA and its employees to put the focus on detailed figures and facts as it was favoured by the partner RODAS. It could be reflected that before the organization and the employees had not considered details so precisely which was an indicator for the sales collapse. Therefore, WLA has learned that it is important to have standards where documentation and controlling can take place.

In addition to that, WLA could also reflect that it would have been profitable, if the organization had invested earlier in its own manufacture, instead of investing in inventory. By reflecting these past events, the organization found it easier to change the strategy of the organization regarding the wish of the partner RODAS to have the focus its building an own manufacture. This research finding represented in this interviewee statement:

"We should have invested earlier in our own manufacturing, instead of investing in inventory." (Interview 17)
Moreover, WLA could also learn from the past change processes that it is important to grow, but to control the growth and not to rush like it was done before. This is proven by the following interviewee statement:

"Previously we wanted to grow at all costs and therefore we positioned ourselves as being a manufacturer, before the organization was ready for having a manufacturer image. Due to this incident, the learning process is that now we still try to grow but we want to grow in a controlled way to work more efficiently." (Interview 16)

In addition to that, the topic of improving the efficiency in the qualitative research is an important learning factor from the previous change processes. As mentioned by one interviewee:

"We have learned to work efficiently and to deliver the best possible service in order to stay attractive for the customer in times of crisis." (Interview 20)

Furthermore, it can be stated that the organization WLA has learned that it is a risky strategy to only rely on one industry and therefore the five strategic industrial sectors were defined. This also reflects that the organization has learned to have flexibility in its strategy to react quickly according to changing market conditions. This learning process might help WLA to be open that to the wishes of RODAS to change some parts of the strategy. In this context one interviewee stated:

"In the past we only relied on one industry, which caused the sales collapse. Thus we defined the five strategic industrial sectors to have a stronger position. We also learned from the reflection of this collapse how to work efficiently and how to deal with change processes." (Interview 15)

To sum up, it can be generally argued that the previous change processes the organization WLA had, helped to deal with the current change process through the merger and acquisition process more easily, because of the learning effects and the reflexion of the past change processes. With regards to this one interviewee mentioned:

"Due to the change the organization is now more able to deal with a crisis, because the experience and the organization is now broader and more stable whereas it is able to deliver in more industrial sectors." (Interview 17)
4.4.4. **Pressure**

Furthermore, the research has identified another mechanism for developing dynamic capability, which lead to the flexibility of corporate culture of the organization and the organizational strategy and is defined as “pressure” in this research. Due to the interview findings it is indicated that pressure as mechanism for a change in the corporate culture and the organizational strategy is shown in different ways. One the one hand the pressure for flexibility comes from inside the company WLA to change their strategy and engage in a merger & acquisition process in order to achieve growth and be successful in a global market perspective. This ability to change the strategy in order to search for market opportunities and the decision for the acquisition can be identified as sensing opportunities and threats. This means that the research identified that the organization feels the extern market pressure in competing alone against the big global market players. Due to the market pressure the managers of WLA decided to engage in the merger & acquisition process, as stated by one interviewee:

"Due to the fact that it is difficult to be competitive and successful we decided to search for a partner in the year 2016." (Interview 1)

On the other hand the pressure for flexibility in the culture and strategy comes from outside the company WLA. There pressure which comes from the partner RODAS because of the acquisition. There RODAS has the goal to change the culture and the strategy of the company and therefore RODAS used the mechanism pressure to receive the goal. The pressure which comes from RODAS can be seen in different ways. First of all, the employees feel the pressure to accept the changing corporate culture in form of the required speed which is now given within the organization. The required speed within the organization can be seen in the decision making, project realization and solution orientation and this change of the corporate culture was partly received through the pressure the employees felt. These research findings are based on the following different interview statements:

"Due to the required speed and the goal to be successful the employees feel the pressure." (Interview 1)

"The main change was the speed of decision making and the realization of projects this change enabled by setting the focus on the solution orientation instead of problem orientation. Therefore pressure of the partner RODAS was partly needed to succeed in the change." (Interview 11)
Furthermore, the pressure felt by the employees was also a mechanism to change the priorities to numbers. For RODAS it is important to have the priorities on figures and numbers, because this is of RODAS an indicator for having successfully reached the goals and targets. As different interviewees recognized:

"The company WLA can adapt itself to the higher speed by putting the priorities on figures and quicker decisions." (Interview 4)

"The challenge of the merger and acquisition process is to reach the goals and targets of the partner, which cause pressure." (Interview 7)

RODAS sets goals and targets which the organization WLA and the employees have to reach within the required time. There the employees also feel the pressure from the partner RODAS to reach these goals, because RODAS always has an eye on them and monitors, if the goals and targets are reached. "The high goals are traced by people who track the goals." (Interview 1)

Furthermore, through the merger & acquisition there is a kind of double decision making process, because both organizations have to accept and agree on several decisions. This is an additional work load for the employees and causes pressure. The employees feel the pressure regarding the need for of the approval of RODAS. This research finding is based on the following different interviewees statements:

"The decisions are made through the agreement with both organizations and therefore the decision process is much longer." (Interview 3)

"The merger & acquisition process lead to a double approval of the decisions."

(Interview 6)

Moreover, as already mentioned in the previous chapter, the change in the corporate culture is an important topic this research has identified. Regarding the change in the culture the employees feel the pressure of RODAS in having to meet the requirements of RODAS due to the change in the corporate culture:

"Due to the merger and acquisition we lost some employees because they could not identify with the change of the corporate culture." (Interview 4)

An employee who either did not want to or could not fulfil the requirements of the changed conditions could not work in the organization WLA anymore. Therefore, the employees feel the pressure in order to meet the requirements of RODAS.
The change of the corporate culture could be identified in several different interviewees’ statements:

"Both companies have a different corporate culture and therefore it is challenging to harmonize them and to adjust to the corporate culture of the partner RODAS because RODAS is more efficient in making decisions and it is challenging to adapt to this even through RODAS would like to." (Interview 14)

"The challenge of the M&A is to harmonise the corporate culture of both companies." (Interview 4)

"The challenge of a cross-country M&A process is to fulfil the demands of the new owner and to harmonize the cultural difference." (Interview 2)

"The challenge of this M&A is that the companies work in different sectors and that they have a different mentality. The mentality of RODAS is shown in the fact that the focus is on key data and analysis and that they are more target oriented. So it was challenging to harmonize the corporate culture of both organisations, because for RODAS the attitude is more important than the know-how of the employee and RODAS makes decisions much quicker than we used to do." (Interview 9)

The change of the corporate culture partly happens through the felt pressure of the employees. Therefore, the change of the culture is described as following:

“In an organization there is a climate and the role of a leader should be to protect this climate and to make the culture stronger. You can make faults however; you should learn from these faults. The main challenge in changing this culture is to concern people who are sceptical about it. Then you have to talk with those people separately and understand why they have this attitude and why they don't believe in it. Maybe they have better ideas or maybe they see things from different perspectives. Then you have to analyse what is wrong and what is right. With regards to the wrong things try to change his mind, if it is not changeable it is better for this person and the organization if he or she will leave the company." (Interview 19)
One indicator for changing the corporate culture is the language used inside the company. There RODAS has required a closer communication and a change to the English language as business language, which was described as a challenge. Moreover, more intern communication inside the organization WLA is another indicator in changing the corporate culture of the organization. The change in the communication was also partly described as pressure by different interviewee statements:

"To change the intern language was challenging, because it was required but not much promoted." (Interview 8)

"The partner RODAS wanted to have more communication, which was challenging for the organization." (Interview 7)

Another indicator for changing the corporate culture of the organization is to have the focus on the customer, this means to have a customer orientated culture. There also the partner RODAS was an enormous influence in the decision to change the culture in being more customer orientated, as it was noticed by one interviewee: "The partner RODAS had the wish to be more customer oriented" (Interview 7)

In general it can be argued that RODAS wanted some changes in the organization of WLA and partly tries to implement those changes with the pressure felt by the employees of the organization WLA. However, it was always a clear communication of RODAS which goals to achieve and how to achieve them. Therefore, RODAS also let WLA enough time to think about it and sometimes the goals of RODAS were rejected and after a time WLA tries to fulfil the goals and succeeded. Thus, it can be said that RODAS is willing to produce some pressure however, RODAS is also understandable and let the organization WLA enough time to think about it As mentioned by one interviewee:

"There were situations in which RODAS had goals which were rejected inside WLA, but after a successful adolescence the goals and ideas of the partner RODAS were implemented into our organization." (Interview 8)
4.5. Factors for Stability

Moreover, the case study research also identified a stability of the main processes in the organisation WLA as one interviewee argued: "The processes changed only minimal, mainly they were stable." (Interview 9) More precise, this can be seen in the processes of the Human Resource Management regarding following interview statement: "Due to the merger and acquisition there were no significant changes in the Human Resource Management system" (Interview 14). Also the processes regarding the Sales show stability according to this research, as one interviewee mentioned: “The processes concerning the Sales have not really changed through the merger & acquisition.” (Interview 13) In this case, this research identified the mechanism experience of the organization and knowing the company’s limitations as indicator for the stability of the main processes, especially in the human resource management and the sales. This is explained in-depth in the following subchapters.

4.5.1. Experience of the organization

The first mechanism as indicator for the stability of the main processes this research has identified is labelled as “experience of the organisation.” It can be argued that the company WLA has experience in its main processes like in the human resource management for years, so the organization and the employees know what to do and it is like an organizational routine for them to do it in that way. If the organization does not change its human resource management system, it implies that the organization can use the same human resource standards as they have done for years and the required experience in doing it in that way. In this context one interviewee noticed:

"Due to the merger and acquisition the human resource systems did not change, also the process descriptions are the same" (Interview 6),

The same can be said for the main processes concerning the sales of the organization WLA, because also there the organization did not change its main processes and so it can use the same processes as the organization WLA has done for years and build an organizational routine on it. The experience of the organization in doing the processes in the same way as before helps the organization to concentrate on other change processes. With regards to this one interviewee mentioned that:

"The main processes of the organisation, acquiring orders and fulfilling orders have not changed through the merger and acquisition.” (Interview 4)
4.5.2. Knowing the companies limitations

The second mechanism as indicator for the stability of the main processes in the human resource management and the sales is defined as “knowing the companies limitations” in this research. Due to the fact that the processes have not changed, but the technical standards have changed it could be argued that the company WLA knows its limitations on how changeable the organization WLA is and where the limitations of the organization are. As different interviewees noticed:

"The processes have not changed, however some technical standards have changed." (Interview 12)

"The main processes of the organisation WLA, acquiring orders and fulfilling orders have not changed through the merger and acquisition process.” (Interview 4)

Therefore, the company WLA changed or adapted technical standards however, left the main processes in the HR and the sales as they are. Maybe the processes also need to be changed but, the organization knew that at this time it was too time consuming and not affordable for the organization. Because of this the organization WLA decided that it is better to change the technical standards instead of the main process of the organization.

Based on these interview statements the mechanism ‘knowing the companies limitations’ could be identified in this qualitative research as indicator for the stability of the main processes of the organization WLA.
4.6. Research Findings Summary

This chapter presents the research findings of this thesis. Based on the research question: “How are existing dynamic capabilities activated or developed in a new merger & acquisition change process?” this chapter provides the findings of existing dynamic capabilities in a new situation of a merger and acquisition change process. In doing so, it can be stated that this research identified that a combination of these mechanisms lead to a change in the corporate culture and organizational strategy and stability in the main processes of the organization:

- Continuous learning
  - Learning from others
  - Learning from own mistakes
  - Learning from previous change processes

- Pressure

- Experience of the organization
- Knowing the company’s limitations

Basically the research divided between mechanisms for dynamic capabilities, which operates in term of changing the corporate culture and the strategy through continuous learning, including learning from others, learning from own mistakes and learning from previous change processes and pressure. The mechanism continuous learning cause an ongoing learning and reflection effect through which the organization WLA and its employees have gone. The continuous learning mechanism operates on the hand internal, including the sub-mechanism learning from own mistakes and learning from previous change processes and on the other hand also external, including the learning from others. Furthermore, the mechanism pressure is also partly responsible for the change in the corporate culture and the organizational strategy. This mechanism operates through the influence of the partner RODAS to fulfil certain requirements and goals. It can be argued that a combination of the mechanism continuous learning and pressure are in this case necessary for a change in the corporate culture and the organizational strategy.
Moreover, the factors for stability, experience of the organization and knowing the company’s limitations operate in terms of showing stability in the main processes of the HR and the sales. Those stabilise mechanisms help the organization WLA to overcome the change process and to change the corporate culture and the strategy. Through the stability of the main processes in the HR and the sales the organization WLA was able to concentrate on the priority changes which were partly required by the partner RODAS. In the following each mechanism is explained in-depth:

*Continuous Learning - Learning from others:* The organization WLA could learn and improve through the influence of the partner RODAS. This is shown in different ways and therefore identified in this research as mechanism for developing existing dynamic capabilities. More precisely, through the dynamic capability “learning from others” the organization WLA was able to change its corporate culture and organizational strategy.

*Learning from own mistakes:* This research also identified that “leaning from own mistakes” is an important indicator for developing existing dynamic capabilities which has led to the change in the corporate culture and the organizational strategy. This mechanism came from inside the organization WLA, which means that the organization reflected and evaluated its past and learned from previous mistakes the organization had made in its past.

*Learning from previous change processes:* It can be argued that the company WLA has also activated some mechanism for building dynamic capabilities as result from learning from previous change processes. Those capabilities were helpful for the current merger & acquisition change process and therefore activated.

*Pressure:* Another mechanism for dynamic capability development which had led to the change in the corporate culture and in the organizational strategy this research identified is defined as “pressure”. Precisely, through the pressure the partner RODAS has given to the organization WLA, the organization WLA was able to develop dynamic capabilities to change the organizational strategy and the corporate culture. This means that pressure as mechanism for developing dynamic capabilities came through the external influence of the partner RODAS.
Experience of the organization: This research identified two mechanisms as indicators for the stability of the main processes of the organisation, especially the human resource management and the sales. The first mechanism this research had identified as indicator for stability in those processes is defined as “experience of the organization”. This mechanism also came from inside the organization WLA. With regards to this, the company also evaluated its situation and drew the conclusion that it is better to leave those main processes as they are, because of the long experience the organization has had in these two fields.

Knowing the companies limitations: The other mechanism this research had identified for the stability of the main processes is defined as to “know the company’s limitations” and an indicator for developing internally within the organization WLA. In doing so, the organization WLA evaluated its situation and based on its limitation the organization decided that it is better for the whole company and the employees to have stability in the main processes.

These research findings of this master thesis will be discussed in the next chapter 5. Discussion & Conclusion. In this discussion the research findings will be connected to the already existing literature on dynamic capabilities and dynamic capabilities development. Afterwards a conclusion with the main results of the discussion and the whole qualitative research can be drawn.
5. Discussion & Conclusion

The aim of this research was to identify the development and the activation of existing dynamic capabilities in terms of a new situation, in this research case the new situation demonstrated a recent change process through a merger and acquisition activity. Therefore the research addressed the following research question:

*How are existing dynamic capabilities activated or developed in a new merger & acquisition change process?*

The research has the goal to answer this research question based on a case study analysis of the company WLA who had to manage a change process, because the organization WLA was partly taken over by another company RODAS. As research design a case analysis was used, because researchers have argued that case studies are needed to examine the dynamic capability approach. (Teece, 2012: 1400; Vogel & Güttel, 2012: 441) In doing so, data was collected from 20 in-depth semi-structured interviews with the managers and the employees of the company of the case WLA. Additionally secondary data, like internet sources, internal documents and newspaper articles were used to provide a better understanding of the case and to increase the validity of this qualitative research.

The collected data was analysed based on the qualitative context analysis, using the summary type, developed by Philipp Mayring. (Mayring, 2000: 195) Afterwards the data was also grouped and structured according to the research methodology of Gioia. (Gioia et al. 2012: 21) In doing so, the data could be clearly presented.

This final chapter will discuss the main findings of this qualitative research according to the clustered Gioia Research Methodology. In doing so, the theoretical and practical implications based on this case study research design can be drawn. Afterwards a short summary of the whole qualitative research will be given and the limitations and further research possibilities can be highlighted.
5.1. Existing Dynamic Capabilities Development in a M&A process

Based on the findings of this research a model was developed to contribute to the dynamic capabilities approach in merger & acquisition processes. The case study research shows that the company WLA had through the M&A change process a flexibility/change in the corporate culture and the organizational strategy. Moreover, the research shows that the company of the case WLA had also a stability concerning the main processes, which includes the human resource and the sales. This is shown in Table 8 Change vs. Stability.

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</table>

Source: own illustration

Furthermore, this research has also identified the mechanism of existing dynamic capability development. These are on the one hand continuous learning, which includes learning from others, learning from own mistakes and learning from previous change processes and on the other hand pressure. Through the dynamic capabilities development of continuous learning and pressure it lead to the flexibility and therefore for the change of the corporate culture and the strategy of the organization. Besides of the flexibility of some factors, the research also found stability in the main processes of the organization, which include the human resource management and the sales. There, this research could identify the experience of the organization and knowing the company’s limitations as mechanism for the stability of the main processes within the organization. This means that the existing dynamic capabilities development of continuous learning and pressure are indicator for the change in a new situation of a merger & acquisition change process and the mechanism of experience of the organization and knowing the company’s limitations are indicators for stability in these change process. The following Table 9 Existing Dynamic Capabilities Development presents the main findings of this qualitative research design.
Therefore, the research question of this thesis “How are existing dynamic capabilities activated or developed in a new merger & acquisition change process?” can be answered in the following way:

Existing dynamic capabilities are activated or developed in a new merger & acquisition change process through the mechanism continuous learning, which includes learning from others, leaning from own mistakes and learning from previous change processes and pressure. However, the research also highlighted the factors for stability which are experience of the organization and knowing the company's limitations. In doing so, existing dynamic capabilities help to overcome a new situation. The following figure (Figure 1 Research Findings - Existing Capability Development) shows the research findings in a detailed and summarized way.
Figure 1 Research Findings - Existing Dynamic Capability Development vs. Stability

Source: own illustration according to Gioia Research Methodology (Gioia et al. 2012: 21)

- Improve efficacy and proficiency
- Clearer communication
- Solution orientation
- Improve controlling and reporting
- Focus on young employees

Continuous Learning – Learning from others

- Adjustment concerning deviations
- Improve organizational routines
- Accepting that others are good

Continuous Learning – Learning from own mistakes

- Details and standards are important
- Control the growth
- Flexibility in the strategy
- Act fast on changing conditions

Continuous Learning – learning from previous change processes

- Required speed in decision making
- Priorities of numbers and figures
- Required goals and targets to reach
- Loss of some employees
- English as business language

Pressure

- Organizational routine over years
- Use of the same standards and descriptions

STABILITY OF PROCESSES
- HR
- Sales

- Change technical standards instead of processes
- Knowledge how of changeable the organization is

experience of organization

knowing company's limitations
5.2. Theoretical Implications

The findings of this research contribute to the dynamic capability literature. The research addresses the identified research gap in the development, creation and activation of dynamic capabilities (Ambrosini & Bowman, 2009: 45; Zollo and Winter, 2002: 350; Güttel et al., 2012: 64) and the research gap of dynamic capabilities in mergers & acquisitions. (Karim, 2006: 821; Vogel & Güttel, 2012: 440) The theoretical implications of this qualitative research contribute to the dynamic capabilities framework in different ways.

First of all, this research added value to the dynamic capability development. Capabilities might arise from learning, from organizational resources and from organizational histories. (Teece, 2014: 329) According to this research existing dynamic capabilities are also developed through learning which includes, on the one hand learning from the own mistakes and from the reflection on previous change processes and on the other hand learning from others. Moreover, this qualitative research shows that existing dynamic capabilities can also be developed through the organizational history of a company like Teece (2014: 329) had identified. The findings suggest that existing dynamic capabilities are activated and developed through learning from others and learning from experience. This is in line with Zollo & Winter (2002: 348) who stated that dynamic capabilities develop through the mechanism of knowledge and tactic accumulation of past experience. Moreover, the research shows that experience is another mechanism for the activation and development of existing dynamic capabilities. According to Eisenhardt & Martin (2000: 1111) the mechanisms for the development of dynamic capabilities are practice, mistakes and learning. However, other identified mechanisms for developing dynamic capabilities like pressure are not explicitly mentioned in the existing dynamic capability literature. So this research contributes to the theory by confirming the mechanism learning and practice for developing dynamic capability. (Zollo & Winter, 2002: 348; Eisenhardt & Martin, 2000: 1111) Yet, this research also contributes to the literature by identifying pressure as another mechanism for developing dynamic capabilities.

Secondly, the research has found that some mechanisms for developing and activating existing dynamic capabilities have an internal source, while others have an external origin. This was not explicitly mentioned in the existing dynamic capability literature and is therefore highlighted in contributing to the dynamic capability approach. This research has identified that the mechanism learning can come from inside, when the company decided to learn from its own mistakes or to learn from previous change processes, but it can also come from outside, when the company is learning from others as in this case the company had learned from the partner.
Thirdly, the research brought some light to dynamic capabilities in the context of mergers and acquisitions. In doing so, the research suggests that the development of existing dynamic capabilities is important for managing the merger & acquisition process. It shows the high value of transferring the dynamic capability approach in the merger & acquisition context and therefore enable a higher understanding of dynamic capabilities in a merger & acquisition. (Karim, 2006: 821; Vogel & Güttel, 2012: 440)

Furthermore, this research also brought some light into the topic of organizational routines. According to Parmigiani & Howard-Grenville (2012: 419) organizational routines show both, stability and change. This research also showed that in this merger & acquisition change process the organization demonstrates both, on the one hand stability and on the other hand change or flexibility. Therefore, it can be highlighted that this research has identified the mechanism for having a right balance between flexibility/change and stability in a new situation of a M&A change process.

5.3. Practical Implications

Due to the findings of this research some practical implications can be provided. First of all, managers who have to deal with a change process through mergers and acquisitions should be aware of the importance of developing their existing dynamic capabilities and recognize that the mechanisms for developing existing dynamic capabilities can be those identified in this research, continuous learning and pressure. This means that managers have to be open in order to develop their existing dynamic capabilities.

Secondly, according to the findings of the research managers should consider that the culture and the strategy should be flexible in their organization to modify them according possible change processes. Therefore, it is important that managers are aware of that and open to change the corporate culture and the organizational strategy through a merger & acquisition activity. This research highlighted the openness and willingness to change and adapt the corporate culture in a merger & acquisition as one indicator for a successful merger & acquisition. The difference in the corporate culture can be a reason for an ineffective merger & acquisition as it happened in the famous example of the merger of Daimler and Chrysler.
Thirdly, the communication inside the organization is another indicator for a successful merger & acquisition activity which managers should consider. In this context this research highlighted the importance of communicating a merger & acquisition process as a positive chance to grow and be successful. For the employees this has an enormous influence on their whole attitude towards the merger & acquisition, if communication of the managers of the organization happens in a positive way.

5.4. Summary of the Thesis

This research had the aim to study the development and activation of existing dynamic capabilities in a new situation. There already exists research about the development or activation of dynamic capabilities, however the attention on the development of existing dynamic capabilities is needed. The research addressed the development of existing dynamic capabilities. In doing so, the research methodology was built on a case study of the company WLA which had recently managed a change process. Interviews were conducted and additionally secondary data was used to provide fully valid outcomes. The collected data was analysed using the qualitative content analysis by Maying and afterwards also categorized according to the Gioia research methodology.

The research findings show that in this new situation of a merger & acquisition change process the organization had a change in its organizational strategy and its corporate culture. The mechanisms for developing dynamic capabilities to handle this change are on the one hand continuous learning, which includes learning from others, learning from own mistakes and learning from previous change processes and on the other hand pressure. However, the research findings also show that the organization shows stability in its main processes, precisely the processes of the HR and the sales and the mechanism for this stability are experience of the organization and knowing the company’s limitations. In doing so, the organization was able to overcome the new situation with which it had to deal with through the merger and acquisition change process.
5.5. Limitations and Further Research

There are several limitations to this research which provide opportunity for further research. First of all, this research addresses a single case study of one company in Austria. Even if the research provides rich data, it is acknowledged that there is a limitation to the generalization of this research. Therefore, further research can be done with other case studies in other organizations or geographical locations in order to verify the findings of this research.

Secondly, this is a qualitative research and to fully understand existing dynamic capabilities in a new situation the findings of this research have to be tested according to a quantitative approach. In order to verify this research the model with the findings of this research can be tested in a quantitative approach.

Thirdly, the research brought light into the development and activation of already existing dynamic capabilities in a new merger and acquisition change process and therefore identified the mechanism for dynamic capabilities development. However, the targeted activation of dynamic capabilities from the top-management (Güttel et al. 2012: 648) in this new change process of a merger and acquisition is still a research gap. Therefore, it is recommended that further research will address this topic and will study how the top-management can explicitly activate those existing dynamic capabilities in a new change process.

Another research gap this thesis had identified is the stability factor in a change process. There it would be interesting if future research would answer the question how the factor stability contributes to develop dynamic capabilities. This would help to fully understand the concept of developing dynamic capabilities.
Literature List

Books and Journals:


**Internet sources:**

WLA Website, 2015, [dl: 27.04.2017].

RODAS Website, 2014, [dl: 16.04.17].


Appendix

1. Appendix E-mail

_Betreff: Interviews für Masterarbeit Fallstudie_

Sehr geehrte Damen und Herren,


Aus diesem Grund würde ich mich sehr freuen, wenn Sie sich bereiterklären an diesem Interview teilzunehmen und Ihre Erfahrungen und Wissen über den Veränderungsprozess mit mir teilen. Das Interview dauert ca. 30-60 Minuten und natürlich wird alles anonym und streng vertraulich behandelt.

Vielen Dank im Voraus!

Mit freundlichen Grüßen,

Claudia Preslmaier, BSc.

Mail: claudia@preslmaier.at
Telefonnummer: 0664/3650244
2. Appendix  Interview I

Einleitende Fragen

- In welcher Abteilung arbeiten Sie und was ist Ihre Rolle in der Fima?
- Wie lange arbeiten Sie in Summe schon hier und seit wann sind Sie in dieser Position?

Fragen zum Merger & Akquisition

- Wie ist der Verkaufsprozess im Jahr 2016 abgelaufen?
- Wie wurde diese Firma ausgewählt?
- Wie erfolgte die interne Kommunikation?
- Was hat sich seit der Beteiligung verändert?

Fragen zur Veränderung

- Wo hat es die interessanteste Veränderung gegeben?
- Welche organisationalen Herausforderungen sind aufgetreten?

Organisationale Routinen

- Welche organisationalen Routinen/Prozesse/Verhaltensmuster haben sich verändert?
- Welche Schritte waren für die Veränderung notwendig?
- Wo gab es Herausforderungen/Schwierigkeiten?

Abschließende Fragen

- Können Sie mir kurz zusammenfassen, wo Ihrer Meinung nach die größte Veränderung war?
- Gibt es Ihrer Meinung noch etwas Wichtiges zu diesem Thema?
3. Appendix Interview II

1) Change 2006 (Wachstum)
   - Wie war das wie die Organisation so ein enormes Wachstum gehabt hat? Wie ist man damit umgegangen? Was wurde gemacht?
   - Wie war damals die Organisation aufgestellt? Welche Auswirkungen hatte das auf die Organisation? Was war hilfreich in dieser Situation?
   - Wie hat sich das starke Wachstum auf die Organisationsstruktur verändert?
   - Bei dem Imagewechsel von Handel auf Hersteller, wie oder warum hat man hier entschieden dass man das macht? (Gefühlsentscheidung)? Wurden externe Berater herangezogen? Wie ist die Umstellung erfolgt?
   - Wie hat man die Strategie dann verändert wie dieser Imagewechsel erfolgt ist? Flexibel/Stabil?
   - Was hat man dadurch gelernt? Was würde man anders machen?

2) Change 2008 (Finanzkrise/Umsatzeinbruch)
   - Wie war das als aufgrund der Finanzkrise der Umsatzeinbruch erfolgte? Wie wurden die neuen Branchen definiert, warum hat man sich für diese entschieden? Externe Berater? Wie erfolgte dann die Umstellung?
   - Hat sich aufgrund der neuen Branchen die Strategie verändert? Flexible oder stabil?
   - Wie hat sich bei dem Personalabbau aufgrund der Finanzkrise die Organisationsstruktur verändert? Was war hilfreich für die Umstellung?
   - Was hat man durch diesen Prozess Finanzkrise und Umsatzeinbruch gelernt? Was würde man anders machen?

3) Change 2016 (M&A)
   - Was wurde aus den Veränderungen Wachstum und Umsatzeinbruch für die jetzige Veränderung M&A gelernt bzw. was wurde mitgenommen um die M&A Veränderung leichter zu bewältigen?
   - Individuell Nachfragen über was beim Interview I noch nicht genug gesprochen wurde
4. Appendix Case Study Protocol

Based on Yin (2009)

1. Research Question:

   *How are dynamic capabilities activated or developed in a new merger & acquisition change process?*

2. Theoretical Framework

   **Dynamic capabilities:**

   The capabilities that enable firms to modify and alter their resource base over some time to sustain competitive advantage.

   - Sensing, Seizing & Reconfiguring Capabilities (Teece, 2007: 1342)

   **Dynamic capability development:**

   - Tactic accumulation of past experience, knowledge articulation, knowledge codification processes (Zollo & Winter, 2002: 348)
   - Experience accumulation, pathdepending learning mechanism, repetitive use (Eisenhardt & Martin, 2000: 1106 - 1114)
   - Learning processes and knowledge management, relationship between exploration and exploitation (Easterby-Smith & Prieto, 2008: 245)
   - DC Development: firm’s knowledge management, infrastructure, people, processes and technology (Cepeda & Vera, 2007: 434)
   - Knowledge resources and learning mechanisms (Chien & Tsai, 2012: 441)
5. Appendix Case Study Database Directory

- Case Study Protocol
- Email to participants
- Interviews
  - Guideline for Interviews
  - Interview recordings
  - Interview transcripts
- Secondary Data
  - Online internet sources
  - Internal documents
  - News and press articles

6. Appendix Rules for Transkript

(3) – Pause von mindestens 3 Sekunden

((laughing)) – Lachen

[] – Bei Unterbrechungen

[…] – Bei nicht verstehen in der Audioaufnahme

** - Aufgrund Anonymitätsschutz weggelassen
7. Appendix Qualitative Context Analysis according to Mayring

1) Bestimmung des Ausgangsmaterials Analyse des Ausgangsmaterials in drei Schritten:


2) Fragestellung der Analyse - Bestimmung der spezifischen Fragestellung in zwei Schritten:

1. Richtung der Analyse: Die Daten werden hinsichtlich der Forschungsfrage „How existing dynamic capabilities are developed and activated in a new situation?“ untersucht. Das gesamte Material wird auf diese Fragestellung untersucht und das Thema der Interviews ist zentraler Bestandteil der Analyse.

2. Theoriegeleitete Differenzierung der Fragestellung: Die Forschungsfrage formuliert die Fragestellung an das Material.

3) Ablaufmodell der Analyse – Durch die Zerlegung in einzelne Interpretationsschritte wird die Nachvollziehbarkeit und Überprüfbarkeit garantiert

2. **Definition der Analyseeinheiten Kodiereinheit, Kontexteinheit, Auswertungseinheit**

Durch mehrmaliges induktives und deduktives Lesen der transkribierten Interviews wurden folgende Kategorien/Codes entwickelt:

- Sensing Capability, Seizing Capability, Transforming Capability
- Learning from others, Pressure, Learning from own mistakes, Learning from previous change processes
- Knowing the limitation of the company, Experience of the organization

3. **Anwendung der gewählten Technik - Analyseschritte mittels entwickelten Kategoriensystems**

   1. Schritt – Bestimmung der Analyseeinheiten - Zusammenfassende Inhaltsanalyse
   2. Schritt – Paraphrasierung der inhaltstragenden Textstellen
   3. Schritt – Generalisierung der Paraphrasen
   4. Schritt – Reduktion durch Selektion
   5. Schritt – Reduktion durch Bündelung, Konstruktion und Integration von Paraphrasen
   6. Schritt – Zusammenstellung der neuen Aussagen als Kategoriensystem

4. **Rücküberprüfung des Kategoriensystems an Theorie und Material**

5. **Interpretation der Ergebnisse in Richtung der Hauptfragestellung**

6. **Anwendung der Inhaltsanalytischen Gütekriterien**
8. Appendix Qualitative Example Context Analysis (Mayring)

<table>
<thead>
<tr>
<th>Zeile</th>
<th>Nr</th>
<th>Paraphrase, Generalisierung, Reduktion</th>
<th>Kategorie /Codes</th>
</tr>
</thead>
<tbody>
<tr>
<td>9,10,11</td>
<td>1</td>
<td>Zu Beginn der Unternehmensgründung erfolgte 100% Outsourcing, danach wurde das Unternehmen nicht nur im Handel sondern auch im ORM aufgebaut.</td>
<td>Change 2006</td>
</tr>
<tr>
<td>12,13,14</td>
<td>2</td>
<td>Aufgrund enormen Wachstums trat für die Organisation eine wahnsinnige Belastung auf, dadurch war der Standort zu klein und das Unternehmen übersiedelte.</td>
<td>Change 2006</td>
</tr>
<tr>
<td>16,17,18,19,23,24</td>
<td>3</td>
<td>Ein Umsatzeinbruch aufgrund der Finanzkrise führte zu einem Einbruch einer Branche, die damals 50% des Umsatzes generierte. Nun beträgt diese Branche 3 % des Umsatzes</td>
<td>Learning from own mistakes</td>
</tr>
<tr>
<td>24, 25, 26, 27</td>
<td>4</td>
<td>Aufgrund des Brancheneinbruches wurden 5 neue Branchen ausgewählt und definiert, um diese aufzubauen.</td>
<td>Seizing Capability</td>
</tr>
<tr>
<td>27, 28, 29, 30</td>
<td>5</td>
<td>Schwierigkeiten traten aufgrund des Umsatzeinbruches und des Personalabbaus, wodurch die Stimmung im Unternehmen litt.</td>
<td>Sensing Capability</td>
</tr>
<tr>
<td>30, 31, 32</td>
<td>6</td>
<td>Da es schwierig ist als kleiner Player am Weltmarkt konkurrenzfähig und erfolgreich zu sein, wurde 2016 entschieden, einen Partner zu suchen.</td>
<td>pressure</td>
</tr>
<tr>
<td>43, 44, 45, 46</td>
<td>7</td>
<td>Durch den vorgegeben Speed wird Druck bei den Mitarbeitern erzeugt, da eindeutig auf Erfolg abgezielt wird.</td>
<td>pressure</td>
</tr>
<tr>
<td>53, 54, 55, 56</td>
<td>8</td>
<td>Die Entscheidung des richtigen Partners war eine Gefühlentscheidung. Obwohl bei den anderen Partnern mehr Erlös für das Unternehmen hätte generiert werden könnte, wurde jener Partner ausgewählt der das Unternehmen sinnvoll weiterführt.</td>
<td>Seizing Capability</td>
</tr>
<tr>
<td>66, 68</td>
<td>9</td>
<td>Für die Auswahl des richtigen Partners wurden externe Berater herangezogen, was jedoch nicht hilfreich war.</td>
<td>Seizing Capability</td>
</tr>
<tr>
<td>76, 77, 78, 82</td>
<td>10</td>
<td>Das Konzept funktioniert nicht, da reiner Handel zu wenig ist und eine eigene Fertigung notwendig ist.</td>
<td>Learning from others</td>
</tr>
<tr>
<td>83, 84, 92, 93, 94, 95</td>
<td>11</td>
<td>Die Kultur hat sich verändert, indem motiviert und kommuniziert wird.</td>
<td>Change 2016</td>
</tr>
<tr>
<td>100, 101, 102, 103</td>
<td>12</td>
<td>Das Organigramm hat sich verändert, da es jetzt eine Matrixorganisation mit Division Manager gibt.</td>
<td>Change 2016</td>
</tr>
</tbody>
</table>
Mitarbeiter, die sich nicht mit der geänderten Unternehmenskultur identifizieren konnten, hat man verloren.

Im Berichtswesen, Controlling und in der Herangehensweise von Themen konnte sehr viel von dem Partner gelernt werden.

Es ist wichtig, anzuerkennen, dass der Partner in vielen Bereichen besser ist.

Die Umstellung macht der Partner in folgendem Weg: Zuerst müssen alle Leute ins Boot geholt werden und dann wird Stück für Stück an das Ziel hingearbeitet.

Die Ziele werden sehr hoch gesetzt, durch Personen, die die Leute vorantreiben und die Ziele nachverfolgen sowie verbessert, um den Output zu erreichen.

Der Fehler früher war, dass zwar Ziele diese jedoch keine konkreten Maßnahmen bei Abweichungen gesetzt wurden.

Die Organisation ist zurzeit ausgelastet, aufgrund der hohen vorgegeben Geschwindigkeit und des früheren erfolgten Personalabbaus.

Die Strategie wird jetzt grob gemacht, jedoch muss sie flexibel und beweglich sein, um sich auf Marktveränderung anzupassen. Die Lernerfahrung war, die Strategie weicher zu formulieren.

Früher hat man Kompetenzen aufgebaut im Bereich Nachwuchs Personal und Logistik.

Im Bereich Qualitätsprozesse, Planungsprozess und Organisationsentwicklung konnte vom Partner viel gelernt werden.
9. Appendix Example Gioia Research Methodology

<table>
<thead>
<tr>
<th>1st Order Concepts</th>
<th>2nd Order Themes</th>
<th>3rd Order Aggregate Dimension</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;Due to the fact that it is difficult to be competitive &amp; successful we decided to search for a partner in the year 2016.&quot; (Interview 1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Due to the required speed &amp; the goal to be successful the employees feel pressure.&quot; (Interview 1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The high goals are traced through people who track the goals.&quot; (Interview 1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The decisions are made through the agreement with both organizations and therefore the decision process is much longer.&quot; (Interview 3) &quot;The M&amp;A lead to a double approval of the decisions.&quot; (Interview 6)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The challenge of an M&amp;A is to harmonise the corporate culture of both parties.&quot; (Interview 4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;Due to the M&amp;A we lost some employees because they could not identify with the change of the corporate culture.&quot; (Interview 4)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The company can adapt itself to the higher speed by giving to of the priorities to numbers and quicker decisions.&quot; (Interview 4) &quot;The challenge of the M&amp;A is to reach the goals which cause pressure.&quot; (Interview 7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The partner had the wish to be more customer oriented&quot; (Interview 7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The partner wanted to have more communication, which was challenging for the organization.&quot; (Interview 7)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;To change the internal language was a challenge, because it was required but not much promoted.&quot; (Interview 8)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&quot;The challenge of a cross-country M&amp;A process is to achieve the demand of the new owner and to harmonize the cultural difference.&quot; (Interview 2) &quot;The attitude has changed regarding the focus on the importance of numbers &amp; factors.&quot; (Interview 8) &quot;There were situations in which the partner had goals which were rejected inside the company, however, after a successful adolescence they were implemented.&quot; (Interview 8) &quot;The challenge of this M&amp;A is that the companies wok in different sectors and that they have a different mentality. This mentality is shown by the fact that the focus is on key data and analysis and that they are more target oriented. So it was challenging to harmonize the corporate culture of both organisations, because for the partner the attitude is more important than the know-how of the employee and the partner makes decision much quicker than we used to do.&quot; (Interview 9)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
"Both companies have a different corporate culture & therefore it is challenging to harmonize it and to adjust the corporate culture of the partner because they are more efficient in making decisions and it is challenging to adapt it even through the partner would like to." (Interview 14)

"The main change was the speed of decision making & the realization of projects this change was able through seeing the focus on the solution orientation instead of problem orientation. Therefore, pressure of the partner was partly needed to succeed the change." (Interview 11)

"In an organization there is a climate & the role of a leader should be to protect this climate & makes the culture stronger. You can make failures however, you should learn from these failures."

"The plan how to change the culture is the following: First identify the people with the right attitude, commitment & passion, bring those people in the right position, identify a person with the right attitude, commitment & passion who can be seen as sample whom people will follow as a leader."

"The main challenge to change this culture were people who are sceptical about it. Then you have to talk with this people separate & understand why they have this attitude & why they don’t believe in it. Maybe they have better ideas or maybe they see the things from different perspectives. Then you have to analysis what is wrong and what is right. In order to the wrong things try to change his mind if it is not changeable it is better for this person and the organization if he will leave the company."

"We made the mistake that we did not set arrangements, if there were deviations." (Interview 1)

"We did not make adjustments if there were deviations. Now we make immediate arrangements if there is a deviation." (Interview 7)

"The change of the decision making process was partly done through a reflexion of the old situation where we decided to reduce the amount of participants of a meeting to work more efficiently." (Interview 9)

"Through the M&A we have learned much in the reporting & controlling system from the partner. It is important to accept that in some areas others are better." (Interview 1)

"We could learn from the partner how to work more proficient & efficient & to be more confident in addressing a big customer. This was done through a clear view of the goals. " (Interview 3)

"Now we are solution oriented instead of problem oriented." (Interview 2)

"Due to the M&A the goals are clearer communicated & the focus is on the solution orientation. Now the attitude is more important than the skills and know-how. This happened through communication & a continuous raising of this issue." (Interview 7)

"Due to the M&A young employees have the opportunity to take a leading position with the help of a mentor." (Interview 7)
"Due to the matrix organisation & the coaching of the Division Manager, the gaps in the reporting & analysis could be closed, because we now work with the right tools on which the decisions are based on. The change happens step per step, there were clear goals, however there was time for handling and converting them. It is really helpful for the implementation of changing tools to have a helpful partner." (Interview 8)

"Due to the M&A the reporting & analysis is more precise through learning from the partner therefore we have internationally more opportunities & are more attractive as international company for talented employees." (Interview 11)

"We have learned from the partner for example we have started a mentor program for young talented employees." (Interview 12)

"Due to the rapid growth & the collapse of the sales we have learned that details which were many times neglected are important. Thus the company has now better standards." (Interview 15)

"In the past we have relied on one industry, which had caused the sales collapse. Thus we defined the five strategic industries to have a stronger position. We also learned from the reflection of this collapse about how to work efficient & how to deal with change processes." (Interview 15)

"We wanted to grow at all costs & positioned ourselves as being a manufacturer before the organization was ready for it. Thus the learning process is that we now try to grow but to grow controlled way to work more efficiently." (Interview 16)

"We should have invested earlier in an own manufacturing, instead of investing in inventory." (Interview 17)

"Due to the change the organization is now more able to deal with crisis, because of the experience and the organization is now broader and more stable whereas it can deliver in more industries." (Interview 17)

"Due to the rapid growth we have learned not to take all the orders if the risk is too high." (Interview 20)

"We have learned to work efficiently and to deliver the best possible service in order to stay attractive for the customer in times of crisis." (Interview 20)

"The processes changed only minimal, mainly they are stable." (Interview 9)

"The processes have not changed, however some technical standards have changed." (Interview 12)

"The main processes of the organisation, acquire orders and fulfill orders have not changed through the M&A." (Interview 4)

"Due to the M&A the HR Systems has not changed, also the process descriptions are the same." (Interview 6)

"Due to the M&A there were no changes in the HR process." (Interview 14)