UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Master Degree Project in International Business and Trade

From Captivity to Emancipation

A case study of the effects on the acquired firm's strategic core competence from different post-acquisition integration approaches

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II Abstract

The phenomenon of emerging market firms acquiring Western firms is an ever-increasing one in the World economy of today, often stemming from a desire to acquire knowledge, expertise, and technology, in order to spur the global competitiveness. Compared to Western firms however, which focus on synergy realization, emerging market firms seem to apply a somewhat different approach to the imperative post-acquisition phase. Still, the knowledge considering how they differ and how the acquired firm's strategic core competence is affected by different post-acquisition approaches is scarce.

To study how the integration approaches practiced by Western and emerging market firms differ in the post-acquisition phase and how they affect the acquired firm's strategic core competence, Volvo Car Corporation and its New Product Development department is studied through a series of 10 interviews, held with senior management at the headquarters in Gothenburg, Sweden. Thereafter, the empirical findings are analyzed with extant theories on post-acquisition integration, new theories on emerging market firms, as well as the implications for New Product Development.

The main findings suggest that Western firms practice a tight and swift approach to post-acquisition integration, which hampers the acquired firm's strategic core competence, as the focus of the acquired firm shifts towards realizing synergy effects, rather than leveraging on its strategic core competence. On the other hand, emerging market firms practice a more loose and slow moving approach to post-acquisition integration, which instead spurs the strategic core competence, as the acquired firm is given the opportunity to fully focus on its own strategy and development.

Keywords: *Mergers and Acquisitions, Post-Acquisition Integration, Strategic Core Competence, New Product Development, Western Firms, Emerging Market Firms, Automotive Industry.*

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IV Abbreviations

CEO - Chief Executive Officer

CEVT - China Euro Vehicle Technologies

GPDS - Global Product Development System

HQ - Headquarters

M&A - Mergers and Acquisitions

NPCA - New Product Competitive Advantage

NPD - New Product Development

PAG - Premier Automotive Group

R&D - Research and Development

SUV - Sport Utility Vehicle

VCC - Volvo Car Corporation

VPDS - Volvo Product Development System

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1. Introduction

This chapter introduces the study, first providing a background to the subject, thereafter discussing extant research on the area and problematizing caveats in the academia. Further, the chapter presents the purpose of the study and states the research question. Lastly, the delimitations that have been made are mentioned and the distribution of the study report is outlined.

1.1. Background

The importance of Mergers and Acquisitions (hereinafter referred to as M&As) as a method of expansion and development has picked up pace again after the downturn during the financial crisis. In 2014, the value of M&A deals totaled 3.5 trillion USD, once again reaching levels comparable to those in 2007, prior to the financial crisis. In comparison to 2013, the level of M&A deals increased by 47 percent. Of these 3.5 trillion USD, cross-border M&As accounted for 1.3 trillion USD, an increase of 78 percent since 2013 (McDermid, 2015). As of today, the trend of investment flows among Western countries, as a way to expand to new markets, is still dominating the M&A figures (McDermid, 2015; Zhang & Stening, 2014). On the other hand, the investments destined towards emerging markets have increased substantially, for instance investment flows into Asia increased by 59 percent in 2014 (McDermid, 2015). Moreover, emerging market firms have substantially increased their cross-border M&A activities in latter years. Today, emerging market firms are acquiring Western firms more than ever before (Rothenbuecher & von Hoyningen-Huene, 2008; Zhang & Stening, 2014; Deng, 2004).

As argued by Vermeulen and Barkema (2001), a firm can perform a cross-border M&A in order to access new knowledge, thus renewing itself and secure a more long-term competitiveness. This is a strategy and underlying motive that has been widely used and can explain the emergence of cross-border M&As by emerging market firms (Kumar, 2009; Rothenbuecher & von Hoyningen-Huene, 2008; Deng, 2009). By acquiring firms from Western countries, emerging market firms gain access to knowledge, capabilities, technology, and brands, giving them the chance to become globally competitive. One of the main investors today is China, experiencing increasing numbers of cross-border M&As, this thanks to numerous factors such as a more liberalized market and government policies aimed at promoting internationalization (Kumar, 2009; Deng, 2004, 2007, 2009, 2010, 2012; Boateng, Qian, & Tianle, 2008; Child & Rodrigues, 2005; Rui & Yip, 2008; Luo & Tung, 2007).

The increased number of M&A activities has been widely noticed in several industries, the automotive industry being one of the prime examples (Zhang & Stening, 2014). In 2013, M&A deals totaled 22 billion USD, a slight decrease from the numbers in 2012 (Elie, Gruits, & Becker, 2014). During the last decades, major M&A deals have been announced in the automotive industry - both by Western firms as well as by emerging market firms. The joint forces of Daimler and Chrysler as well as acquisitions performed by Ford Motor Company and GM are examples of Western firm activities, whereas Tata's acquisition of Jaguar and Land Rover as well as Zhejiang Geely Holding Group's acquisition of Volvo Car Corporation are prime examples of emerging market firm M&As (Zhang & Stening, 2014). The dominant share of deals is still performed in Europe, accounting for 40 percent of the overall deals in 2013. In terms of value however, Asia is the leading region, both as an M&A destination and source, showing the increasing importance of the region in the world economy (Elie, Gruits, & Becker, 2014).

1.2. Problem Discussion

The goal with an M&A activity, as noted by Haspeslagh and Jemison (1991), is to attain value creation. In order for the M&A to be deemed a success, the acquiring firm must make sure that the post-acquisition integration phase is well planned and correctly executed (Haspeslagh & Jemison, 1991). Nonetheless, acquisitions often fail to achieve their goals due to an inefficient post-acquisition integration approach (Haspeslagh & Jemison, 1991; Shrivastava, 1986). Despite its importance, research on M&As has mainly focused on motives and strategies (Bower, 2001), and only a limited number of studies center on how to effectively balance integration and autonomy, in order to capture synergies during the post-acquisition integration phase (Haspeslagh & Jemison, 1991; Ranft & Lord, 2002; Graebner, 2004; Zaheer, Castaner, & Suder, 2013; Angwin & Meadows, 2014). This research gap is well recognized and several studies have highlighted the importance of a larger focus on post-acquisition integration approaches in the literature (Haspeslagh & Jemison, 1991; Angwin & Meadows, 2014), especially in relation to cross-border acquisitions (Quah & Young, 2005).

Despite this call for more research on the post-acquisition phase in cross-border M&As, extant literature identifies differences in the post-acquisition integration approaches practiced depending on the origin of the acquirer. Traditionally, studies based on Western firms have introduced a triad of integration approaches practiced in order to realize synergy effects (Cogman & Tan, 2010; Haspeslagh & Jemison, 1991). On the other hand, new studies on emerging market firms seem to discern a somewhat different approach practiced in the integration phase where the focus instead is on attaining learning over a longer period of time (Liu & Woywode, 2013; Kumar, 2009; Cogman & Tan, 2010; Deng, 2004, 2007, 2009; Kale, Singh, & Raman, 2009). Hence, there seems to be a difference in the way firms from Western and emerging markets arrange and approach the post-acquisition integration phase, however the knowledge on this matter is rather limited. In particular, being a relatively recent phenomena, research has not yet attained a satisfactory knowledge on the post-acquisition integration approaches practiced by firms from emerging markets, despite the increasing magnitude of deals performed by firms from these markets. More specifically, studies thus far have focused on the underlying motives behind cross-border M&As from emerging market firms, however there is a paucity of studies that look at the effects seen from the post-acquisition integration approaches employed (Kumar, 2009; Deng, 2004, 2007, 2009, 2010, 2012; Boateng et al., 2008; Child & Rodrigues, 2005; Rui & Yip, 2008; Luo & Tung, 2007; Liu & Woywode, 2013).

Most importantly however, prior research on post-acquisition integration has predominantly taken the perspective of the acquiring firm (Pablo, 1994), treating the acquired firm as a passive unit (Nahavandi & Malekzadeh, 1988; Angwin & Meadows, 2014). Hence, few studies have assessed how the acquired firm is affected by the post-acquisition phase. Regardless of the acquirer's origin, the post-acquisition integration approach affects the acquired firm in several ways. According to the literature, some level of integration is necessary in order to capture synergies in the acquisition (Haspeslagh & Jemison, 1991; Pablo, 1994), but might at the same time limit the organizational autonomy in the acquired firm, resulting in a disruption of the acquired firm's organizational routines and processes, hence weakening the firm's strategic core competence (Graebner, 2004; Ranft & Lord, 2002; Haspeslagh & Jemison, 1991; Pablo, 1994). The strategic core competence enables the firm access to a wide array of markets, makes a substantial contribution in attracting customers and is hard to copy, thus a weakened core competence will lead to a hampering of the firm's future competitiveness (Prahalad & Hamel, 1990; Graebner, 2004; Ranft & Lord, 2002; Haspeslagh & Jemison, 1991; Pablo, 1994). Examples of a strategic core competence that might be negatively affected by a post-acquisition integration is new product development (Brown & Eisenhardt, 1995; Puranam & Srikanth, 2007).

Against this background, there is need for a study that contributes to fill the mentioned gaps in the literature and provides a deeper understanding of how post-acquisition approaches applied by Western and emerging market firms differ and how they affect the strategic core competence of the acquired firm.

1.3. Purpose and Research Question

Taking the above background and problematization into consideration, also noticing the caveats in extant research on post-acquisition integration and its effect on the acquired firm, the purpose of this thesis is: *to compare how the post-acquisition integration approaches applied by Western versus emerging market firms differ and how they affect the acquired firm's strategic core competence.* In order for us to fulfill this purpose we pose the following research question:

How do the post-acquisition integration approaches applied by Western and emerging market firms differ and how do they affect the acquired firm's strategic core competence?

In order to answer the research question, we aim to assess extant literature in the field of post-acquisition integration. Also, new research on M&As from emerging market firms will be taken into consideration. Further, by conducting a case study of Ford Motor Company's (hereinafter referred to as Ford) and later Zhejiang Geely Holding Group's (hereinafter referred to as Geely) acquisition of Volvo Car Corporation (hereinafter referred to as VCC), we will be able to contribute to the M&A literature by presenting a comparison of the effects on the acquired firm seen from different integration approaches. In addition, this study project will contribute to the rather new field of studies focusing on M&As from emerging market firms, showing how these firms approach the post-acquisition phase.

1.4. Delimitations

In order for our study and the findings to be as succinct as possible, some delimitations have been made during the research process. *Firstly*, this case study is limited to the automotive industry, thus it is possible that studies on other industries might render differing results. *Second*, we have chosen to look specifically at a certain department instead of focusing on the acquisition as a whole. This means that other departments or activities within the acquired firm might have seen somewhat differing effects from the acquisition. Nevertheless, as we have focused on the strategic core competence of the firm, which forms a firm's competitiveness, the effects seen on the department will affect the firm as a whole. *Third*, the study looks at the operations on a strategic level, thus we have not targeted the details in all processes, but rather focused on the operations and results overall.

1.5. Disposition

The structure of this research project is outlined below in Figure 1. First off, chapter 1 gives an introduction to the area in focus, moreover stating the purpose of the project as well as the research question. Second, in chapter 2 we will explain the methodological approach applied in order to conduct the study. Further, in chapter 3 we bring forth the theoretical framework, which will be used in order to analyze the empirical findings, presented in chapter 4. Moreover, in chapter 5 we use the theoretical framework in order to analyze the empirical findings. Lastly, in chapter 6 we discuss our findings, answer the stated research question, and present suggestions for future research.

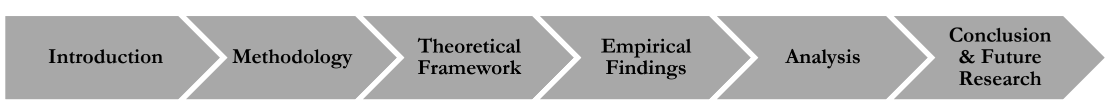

Figure 1. *"Thesis Disposition Model."*

2. Methodology

This chapter describes the research methodology used in the study. It outlines and motivates the choice of research approach and design, and provides a description of our adopted analytical process. Finally, it presents the measures we have taken in order to ensure quality and objectivity throughout the research process.

2.1. Research Approach

This study aims to compare how the post-acquisition integration approaches applied by Western versus emerging market firms differ and how they affect the acquired firm's strategic core competence. As described in section 1.2., this topic is widely under-researched, and the few existing studies predominantly take the perspective of the acquiring firm.

As presented in section 1.3., we posed a research question that has guided our research process and motivated our choice of a qualitative study. Since this question seeks a deep understanding and an insider perspective from the acquired firm how different approaches to post-acquisition integration affect the strategic core competence, a qualitative study is the most suitable choice (cf. Yin, 2009; Merriam, 2009). Adding to this, Ghauri and Gronhaug (2005) argue that a qualitative research approach is to prefer when conducting exploratory studies. Moreover, as outlined by Jacobsen, Sandin and Hellström (2002), a qualitative approach is recommended when research on a topic is limited, as in our case. Despite a lack of new theory development in the heterogeneous and multidisciplinary field of International Business, quantitative research has been the dominant approach thus far (Doz, 2011: 583-588). Also, Jacobsen et al. (2002) further argue that a qualitative approach provides a more nuanced and thorough understanding of a topic, or *rich descriptions* as Geertz (1973) puts it, compared with a quantitative approach. This is especially relevant in our study, considering the complex process of post-acquisition integration and its effect on the acquired firm's strategic core competence. Lastly, a qualitative approach is more flexible than quantitative research, allowing modification of the theory to empirical findings (Jacobsen et al., 2002). In line with this, Doz (2011: 584) argues that this flexibility protects the researcher against *"seeing what you are already believing"*.

In this study project, our research design has developed over time, based on our research question. In the initial phase of our project, a review of the literature on post-acquisition integration approaches and its effect on the acquired firm provided us with a good general understanding of our topic and formed a platform from which we developed our interview guide. However, the lack of earlier research on the topic as presented in section 1.2., together with unexpected empirical findings from our interviews, made it necessary to go back and modify our research question, and in turn, the theoretical framework. More specifically, through our interviews, we noticed that culture had a large impact on the acquired firm in the post-acquisition phase and, accordingly, added literature on national and corporate culture as an important mediating factor in our theoretical framework. We are well aware of the extensive attention culture has previously received in the M&A literature, however our initial ambition was to limit this focus. Nonetheless, we realized that culture played a central role in our case and thus added studies on culture. In addition, during the research process, we realized that a number of post-acquisition integration theories were not relevant to our case, thus they were omitted from our framework.

This process of going back and forth between theory, empirical findings and research question is referred to as an abductive approach (Dubois & Gadde, 2002). Accordingly, this iterative process (Bryman & Bell, 2011), that is influenced by both the inductive and the deductive method, facilitates a deep understanding of a research problem, and is especially relevant when the goal is to develop and combine existing theoretical models, as in our case, rather than to generate new models (Dubois & Gadde, 2002). Our use of the abductive method is illustrated in Figure 2 below.

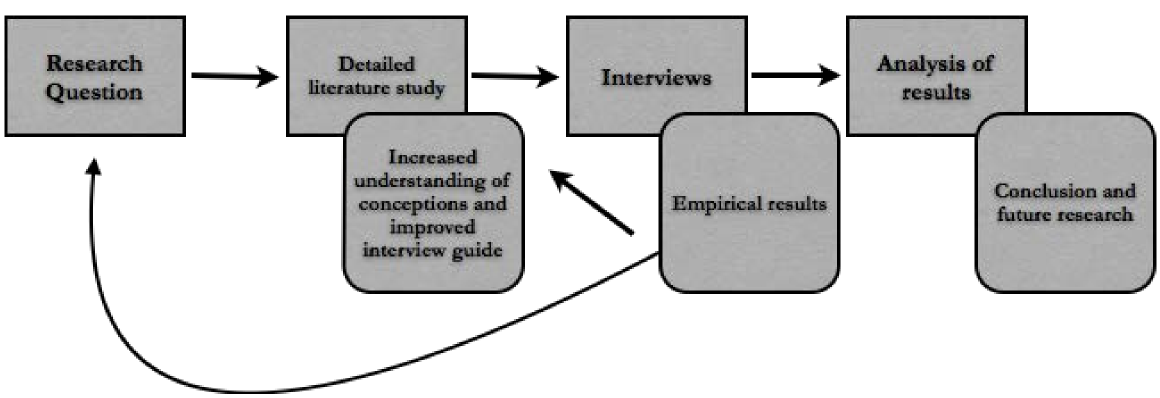

Figure 2. *"Illustration of an Abductive Research Process."*

2.2. Research Design

According to Merriam (2009), the main purpose of a research design is to facilitate the answering of the research question and involves methods of planning and organizing a study in a suitable way that reduces bias and increases transparency.

2.2.1. Case Study

Aiming to compare how the post-acquisition integration approaches applied by Western versus emerging market firms differ and how they affect the acquired firm's strategic core competence, a single case study has been conducted for several reasons. Firstly, the use of a case study is appropriate when the researched field is relatively unknown and the goal is to develop and combine existing theories (Eisenhardt, 1989; Ghauri, 2004). Secondly, a case study approach allows the researcher to use a variety of evidence including interviews and documents (Yin, 2009). According to Yin (2009: 18), *"a case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident."*

Merriam (2009: 40) outlines a similar definition when describing a case study as *"an in-depth description and analysis of a bounded system"*. In our study, this bounded system is represented by VCC and its New Product Development (hereinafter referred to as NPD) division during the Ford and Geely eras. Moreover, as described by Yin (2009), a case study is useful when it is difficult to separate a phenomenon from its context. We argue that focal points in our study, such as the level of integration and strategy, are difficult to discern without a case study.

Thirdly, a case study offers the possibility of presenting complex business topics in an accessible and easy-to-grasp format (Eriksson & Kovalainen, 2008). We find this especially relevant since we believe that the post-acquisition integration approach and its effect on the acquired firm's strategic core competence qualifies as highly complex matters. Fourth, a case study also enables access to subjective factors, such as feelings and thoughts (Bromley, 1986).

The motivations behind our choice of conducting a single case study, instead of a multiple case study, are twofold. First of all, in the trade off between depth and breadth, as outlined by Dyer and Wilkins (1991), we chose the former. As argued by Dyer and Wilkins (1991: 615), a single case study provides the researcher with *"the tacit and less obvious aspects of the setting under investigation."* Secondly, confined by access to other companies than VCC, we argue that a multiple case study would have been negative in terms of the depth and quality of our study.

2.2.2. Research Unit - Company Selection

We find the case of VCC and its NPD division a unique and suitable research unit for several reasons. First of all, the firm offers an exclusive opportunity to investigate how different integration approaches have affected strategic core competence within the same firm over time. The firm's history of being acquired, starting with the acquisition by Ford in 1999, a Western firm, and then followed by the acquisition by Geely in 2010, a Chinese firm, allowed us to compare two distinct types of post-acquisition approaches, experienced by one single firm. To our knowledge, no similar studies have been conducted so far, thus underlining the uniqueness of this study. Adding to this, the relatively high degree of retention of key personnel within VCC during this period of review provided us with several potential interviewees with experiences from both the Ford and the current Geely era.

Secondly, being the foundation for firm's a competitive advantage (Chen & Lin, 2011; Tessarolo, 2007; Brown & Eisenhardt, 1995), sound NPD is one of the factors determining whether a firm will be successful in its industry or not (Hagedoorn & Duysters. 2002; Brown & Eisenhardt, 1995). Considering the high focus on NPD in the automotive industry in general (Schultze, Brojerdi, & von Krogh, 2014), and within VCC in particular, we argue that VCC and its NPD division is a relevant context and unit of research, as the NPD activities will determine the overall competitiveness of the firm. With this in mind, we have exclusively focused on VCC's strategic core competence within NPD and how it has changed during two different post-acquisition phases.

Finally, the high level of access to VCC has been facilitated through established connections with managers working with product development on a strategic level and with employees within the human resources department, thus contributing to the choice of VCC and its

NPD department as the research unit.

2.3. Data Collection

In this research project, data have primarily been collected through 10 semi-structured interviews with key personnel at VCC. In qualitative research, data consists of *"direct quotations from people about their experiences, opinions, feelings, and knowledge"* (Patton, 2002: 4). Data for qualitative studies can be collected through numerous methods. As mentioned by Merriam (2009), qualitative data can be gathered through interviews, observations, and documents as well as through archival records and physical artifacts (Yin, 2009). Furthermore, in order to triangulate the primary data, information from secondary sources such as databases and company homepages has been accumulated (Yin, 2009).

2.3.1. Interviews

The main collection of data has been conducted through 10 interviews with managers at VCC. According to Patton (2002) "*The main purpose of an interview is to obtain a special kind of information. The researcher wants to find out what is 'in and on someone else's mind'*" (Patton, 2002: 341). As we studied the change at VCC concerning strategic core competence within NPD, interviews have been the premier data collection method applied.

Before conducting the interviews, an interview guide was developed, based on the research question and relevant theories. Nonetheless, the interviews were semi-structured; as it provided us with more flexibility and the chance to ask follow up questions. As posited by Merriam (2009) "*Less structured formats assume that individual respondents define the world in unique ways […]"* (Merriam, 2009: 90). This in turn "[…] *allows the researcher to respond to the situation at hand, to the emerging worldview of the respondent, and to new ideas in the topic*" (Merriam, 2009: 90). Thus, a less structured format has been more applicable to our study, as we have studied the subjective thoughts, feelings, and opinions from our respondents.

All interviews have been performed face-to-face with managers at the corporate headquarters of VCC in Gothenburg, Sweden. According to Jacobsen et al. (2002), face-to-face interviews are preferable as they enable the researcher to observe the interviewee and establish an informal, more personal contact with the respondent.

2.3.1.1. Interviewee Selection

The interviewees were collected through a snowball sampling (Bryman & Bell, 2011). Initial contact was taken with human resources employees responsible for student questions, who thereafter connected us with three relevant managers at VCC. These managers later supplied us with further senior managers who possessed the knowledge and experience relevant to our study. All in all, 10 members of senior management at VCC were interviewed for the study. The managers stemmed from various parts of the VCC organization, however all had a focus on NPD and R&D, deemed pertinent to our research project. Moreover, as the study focused on the difference in strategic core competence over time, we were confined to interview managers with responsibilities over the strategic direction. Also, as the study assessed changes over a number of years, managers had to have been within the organization for a considerable period of time. Following is a table of the interviews performed and more information about the interviewees.

Position	Location	Date	Length of Interview
Vice President Vehicle Line Management	Gothenburg	February 16, 2015	50 min
Director R&D	Gothenburg	February 17, 2015	45 min
Vice President	Gothenburg	February 17, 2015	52 min
Director 1	Gothenburg	February 17, 2015	70 min
Director 2	Gothenburg	February 17, 2015	54 min
Software Project Lead	Gothenburg	February 19, 2015	45 min
Car Line Product Manager	Gothenburg	February 24, 2015	55 min

Senior Vice President	Gothenburg	February 25, 2015	55 min
Program Leader	Gothenburg	March 2, 2015	60 min
Technical Project Leader	Gothenburg	March 10, 2015	51 min

Table 1. *"Table of Interviews."*

2.3.2. Secondary Data

Apart from comparing the 10 interviews with each other, secondary data were gathered from newspaper articles, company homepages and journal articles discussing the particular cases, in order for us to triangulate the primary data (Yin, 2009). In total, 40 pages of secondary data have been accumulated. According to Merriam (2009), the usage of documents as a source of information is a cost effective and convenient method, as information is often easily accessible. Nevertheless, before using the data for a qualitative study Merriam (2009) posits that the researcher must first assess "[…] *whether it contains information or insights relevant to the research question and whether it can be acquired in a reasonably practical yet systematic manner*" (Merriam, 2009: 153).

For our research project, data could be easily accessed through various databases as well as the homepages of VCC, Geely, and Ford. The data accessed gave us a good pre-understanding of the case prior to the interviews.

2.4. Analysis

For our case, data have been collected through 10 interviews with senior management at VCC's NPD division, alongside secondary sources. The data were thereafter coded and organized into categories based on themes in our theoretical framework, something Merriam (2009) argues will help the researcher in the analytical process. For instance, interviewee responses regarding corporate culture were categorized in a group labeled "corporate culture." The authors performed this clustering, thus no electronic data analysis tools were used. Moreover, these categories of data were compared with corresponding theories on the post-acquisition integration process. As the case of VCC presents aspects not previously studied, we emphasize that extant theories are not able to fully explain the case. Nevertheless, the fact that our empirical findings are aligned with, and presented in the same order as the theoretical framework helped us to identify several patterns in the analytical process. What is more, the empirical findings are presented in chronological order, as it provides the reader with the greatest overview of the two integration processes. We want to emphasize that the empirical findings are based on the authors' interpretation of the respondents' answers. For instance, when referring to "managers" we present the overall opinions and perceptions stated by the 10 interviewees. Nonetheless, we realize that it is hard, if not impossible, to capture the true reality - even though nine respondents out of 10 say one thing whereas one respondent disagrees, this will not automatically mean that what the lone respondent states is less true.

Lastly, we commenced our analytical process as soon as the first interview had been concluded, which corresponds with the reasoning of Merriam (2009). This approach enabled us to discern patterns in the data more easily, as we could compare and match findings from every new interview with the previously accumulated data. Our analytical process was divided in two stages. In the first stage we adopted a more descriptive approach when identifying findings, whereas in the second stage, we aimed for more explanatory arguments.

2.5. Quality of Research: Validity and Reliability

As a way to assess the quality of a study, scholars such as Merriam (2009), Bryman and Bell (2011), and Yin (2009) posit that the researcher should mind the validity and reliability of a study. Nonetheless, others (Lincoln & Guba, 1985) argue that the concepts of validity and reliability are not fit for qualitative studies, as the concepts imply that there is an absolute true reality to study. Instead, they hold that unique concepts should be used when assessing qualitative studies (Lincoln & Guba, 1985).

2.5.1. Validity

Merriam (2009) argues that two levels of validity exist: internal validity and external validity. Moreover, Lincoln and Guba (1985) present corresponding concepts, namely credibility and transferability. First off, the internal validity, or credibility, measures to what extent the data really depicts reality (Merriam, 2009; Lincoln & Guba, 1985). As recognized by Merriam

(2009) as well as by Lincoln and Guba (1985), qualitative studies aim to investigate people's constructions of reality and their view on an event, thus what is true and real will probably differ from person to person. In line with this, a true reality is hard to grasp. Instead, internal validity or credibility aims to assess whether the study comes to credible and believable results, given the data collected. In order to secure the internal validity or credibility, we have taken a number of measures, corresponding with the reasoning of Merriam (2009). First, all data in our study have been triangulated through the usage of multiple data sources and different research methods (interviews, secondary data collection). Also, both authors have been present and active during the whole research process.

In addition, we have let respondents review and validate abstracts of statements from the interviews, thus minimizing the empirical errors. Third, by performing 10 interviews, alongside the collection of secondary data, we have gained extensive knowledge about the case and reached a saturation of our data. Our interviewees also confirmed this saturation. Moreover, it is important to note that we as researchers are biased and programmed in a specific way. Being from Sweden and studying a Swedish firm that is acquired by an American and later Chinese firm, it will be easier for us to understand and sympathize with the cultural traits of the Swedish firm. Nonetheless, by being aware of and critically discuss the position of a researcher in a study, internal validity can be secured (Merriam 2009).

The second level of validity concerns the external validity or transferability (Merriam, 2009; Lincoln & Guba, 1985). This concept considers the generalizability of a study and its findings – can the results of a study be transferred to other social settings (Merriam, 2009)? As qualitative studies often aim to investigate a certain case and specific social settings, it might be hard to generalize the findings to other cases. Nevertheless, by carefully describing all steps taken in the research process, we have enabled others to follow our process. Moreover, as noted by Geertz (1973), we focused on creating *thick descriptions*, which implies that we have carefully described the settings and the context in which our research took place, thus making it easier for other researchers to transfer the study findings to other social settings (Geertz, 1973; Merriam, 2009).

2.5.2. Reliability

The concept of reliability measures whether a study, if performed again, would yield the same results. Basically, it assesses if the study can be replicated with the same conclusions as a result (Merriam, 2009). Despite difficulties of replicating a qualitative study with the exact same findings as a result (Merriam, 2009; Lincoln & Guba, 1985) we have practiced triangulation, peer reviews, and discussed our position as investigators, thus securing the reliability. Moreover, we have established an audit trail, which describes the research process and lets other, independent readers, follow the line of research (Merriam, 2009). During our research project, all steps have been registered in a journal, thus making our study more reliable.

3. Theoretical Framework

In this chapter, our theoretical framework, which has functioned as a lens when collecting, interpreting and analyzing our empirical data, is presented. Firstly, relevant theories on post-acquisition integration approaches are outlined; first presenting traditional studies based on Western firms, thereafter introducing studies focusing on emerging market firms. Throughout the process, theories on the role of culture were added to our theoretical framework, as it was identified, through our interviews, as an important mediating factor in the post-acquisition phase. Secondly, considering our chosen unit of research, the strategic core competence within VCC's NPD division, theories on post-acquisition integration and the implications for NPD are described.

3.1. Post-Acquisition Integration Approaches

The post-acquisition integration approach adopted in an acquisition is critical to value creation and merger success (Haspeslagh & Jemison, 1991; Angwin & Meadows, 2014). According to Pablo (1994) several criteria are used when deciding on the level of integration in an acquisition, including strategic needs, organizational needs, political factors and cultural factors. The primary dilemma when choosing a post-acquisition approach is the level of integration, adopted to realize synergies, and the need for autonomy in the acquired firm, since a high level of integration may disrupt organizational routines, dismantle capabilities and result in high levels of employee turnover in the acquired firm (Puranam & Srikanth, 2007; Ranft & Lord, 2002; Haspeslagh & Jemison, 1991; Graebner, 2004; Angwin & Meadows, 2014). Zaheer et al. (2013) argue that the similarity between the acquired firm and the acquirer, whether the two firms are related or complementary, affect the level of autonomy required. Accordingly, similar and related firms require high levels of integration and low levels of autonomy whereas complementary firms require low levels of integration and high levels of autonomy.

Perhaps the most prominent study on post-acquisition integration is Haspeslagh and Jemison's (1991) typology that aims, through a process perspective, to answer how synergies between merging firms can be realized. The typology combines the strategic need for merging firms with post-acquisition organizational fit and centers around two dimensions, *strategic interdependence* and *organizational autonomy*. The former key concept refers to the need for interdependence in terms of sharing strategic competence and resources to create synergies. Accordingly, the acquirer either captures value through a one-time transaction, referred to as *value capture*, or the acquirer can adopt a more long-term oriented approach where capabilities are shared through resource-sharing mechanisms, managerial action and transfer of skills between the firms, referred to as *value creation*. Thus, the underlying reasoning in this typology is the resource-based view of firms, implying that the transfer of strategic competence between the acquired firm and the acquirer is paramount for value creation. *Organizational autonomy*, on the other hand, refers to the degree of which an acquired firm's organizational context and culture is preserved or ceased, where a loss of autonomy might be negative for the transfer of key capabilities to the acquirer (Haspeslagh & Jemison, 1991) and has a negative impact on the acquired firm's organizational culture (Nahavandi & Malekzadeh, 1988). Adding to this, in post-acquisition approaches characterized by high levels of integration, the time and effort used for coordination may also distract top management in the acquired firm (Vermeulen & Barkema, 2001). A relatively high degree of autonomy, on the other hand, facilitates the co-existence of different cultures in an acquisition (Nahavandi & Malekzadeh, 1988), however it limits effective coordination in the post-acquisition phase (Ranft & Lord, 2002) and hampers the realization of synergies (Haspeslagh & Jemison, 1991).

Together these two dimensions comprise a 2 by 2 framework, seen in Figure 3 below, where the authors empirically identify three specific post-acquisition integration approaches, including a *preservation* approach (need for high levels of autonomy and low levels of strategic interdependence for the acquired firm), an *absorption* approach (need for low levels of autonomy and high levels of strategic interdependence for the acquired firm), and a *symbiosis* approach (need for high levels of autonomy and high levels of strategic interdependence for the acquired firm). As outlined by the authors, the *absorption* approach involves a full unification of the acquiring and the acquired firm, where boundaries are dissolved and the acquired firm's operations and culture becomes fully integrated in the acquiring firm. Adding to this, a *symbiosis* approach involves extensive interaction between the acquiring and the acquired firm, on an increasing number of areas, and a gradual dissolve of firm boundaries. Haspeslagh and Jemison (1991) find empirical evidence for all three strategies. However, a fourth approach, *holding,* is also conceptualized but not confirmed empirically.

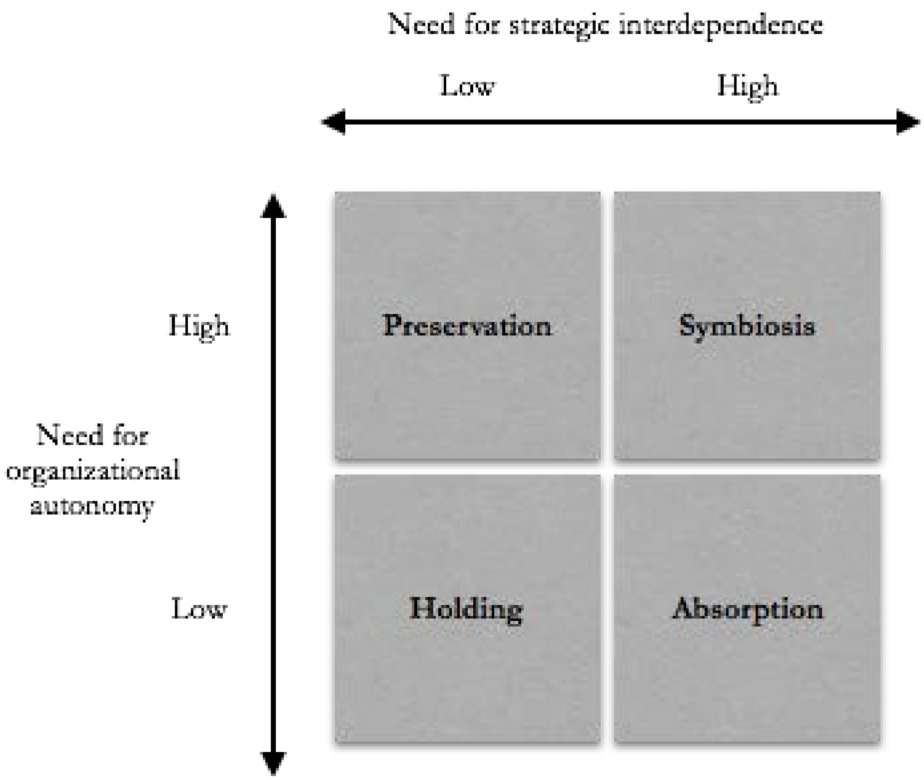

Figure 3. *"Post-acquisition integration approaches."* (Prepared by the authors on the basis of Haspeslagh & Jemison, 1991: 145).

Despite its prominent status and influence on post-acquisition research, Haspeslagh and Jemison's (1991) study has received criticism from other scholars. Much of this critique centers on the resource-based view of the firm embedded in the typology. With a focus on value creating acquisitions, Angwin and Meadows (2014) argue that Haspeslagh and Jemison's study neglects other types of acquisitions than those that are driven by a value creating strategy by the acquirer. Haspeslagh and Jemison (1991) acknowledge that integration mechanisms between an acquired firm and the acquirer may facilitate resource sharing and knowledge transfer between the firms but at the same time damage organizational processes and routines in the acquired firm due to a loss of autonomy, thus implying a negative correlation between autonomy and integration. Despite this, Haspeslagh and Jemison's (1991) typology does not offer any fruitful suggestions for how to combine integration and autonomy in an acquisition (Angwin & Meadows, 2014).

Other studies, adopting a sub-organizational perspective, show that different parts of an organization can be integrated to varying degrees, thus providing evidence for the fact that autonomy and interdependence can exist simultaneously (Ranft & Lord, 2002; Graebner, 2004; Schweizer, 2005; Angwin & Meadows, 2014). In terms of Haspeslagh and Jemison's typology, Graebner (2004) suggests that an acquisition may have elements of both *absorption, symbiosis* and *preservation* approaches, depending on the acquirer's familiarity with different work practices, functions, departments and cultural differences at the acquired firm (Graebner, 2004). According to Ranft and Lord (2002), a higher level of autonomy preserves technology, innovativeness, and capabilities in an acquired firm, however limits effective coordination between the acquirer and the acquired firm, making it difficult for the acquirer to leverage these assets. According to Graebner (2004), competent managers in the acquired firm have the ability to help firms balance autonomy and integration in the post-acquisition phase by interacting with the buyer, help employees cope with the occurring change, exploit the acquired firm's technology, and at the same time realize expected synergies.

3.1.1. Post-Acquisition Integration Approaches among Emerging Market Firms

In contrast to the traditional post-acquisition approaches, discussed above and based on studies of Western firms, which aim to capture synergies, emerging market firms take a different path, often focusing on acquiring knowledge and capabilities in order to become globally competitive (Cogman & Tan, 2010; Liu & Woywode, 2013; Knoerich, 2010; Deng, 2009). Kumar (2009) presents proof of the contrasting integration approach practiced by emerging market firms in his study of the Indian firm Hindalco. From being a firm predominantly focused on its domestic market, Hindalco implements a gradual expansion approach, first acquiring domestic firms in order to gain knowledge about the post-acquisitions phase as well as the different parts of its industry. Thus, Hindalco becomes gradually more and more capable to acquire the American firm Novelis, a firm twice its size (Kumar, 2009).

In the post-acquisition phase, Hindalco practices a loose integration approach, not interfering with the operations at Novelis. For instance, top management at Novelis is retained; only two Indian experts are deployed to the U.S. subsidiary. Moreover, no personnel at the Novelis plants are laid off, however Hindalco seizes the recruitment of consultants to the American firm. Instead of forcing its corporate culture on Novelis, Hindalco rather cherry picks certain processes and practices used at Novelis and implement them in its Indian operations (Kumar, 2009).

Turning to studies on firms from China, scholars (Cogman & Tan, 2010; Liu & Woywode, 2013; Knoerich, 2010) show that Chinese firms make use of an integration approach that deviates from the standards practiced by firms from the Western world. From a Western firm point of view this approach is illogical, as synergies become harder to capture the longer an acquirer waits. However, Chinese firms, often inexperienced acquirers and accustomed to organic growth, have different priorities and seem to prefer to minimize short-term risks and become familiar with the new technology and markets, aiming for long-term benefits instead of maximizing short-term revenue (Cogman & Tan, 2010).

Another contributing factor to this seemingly more loose, slow moving approach to integration is that Chinese firms face much less pressure from capital markets, compared to firms from the United States and Europe. As a result, acquisitions by Chinese firms tend to follow a similar pattern where the Chinese firm keeps integration at a minimum and the operations and organization of the acquired firm intact (Cogman & Tan, 2010). For instance, a study by Liu and Woywode (2013), looking at Chinese acquisitions in Germany, recognizes that the Chinese firms practice what is termed light touch integration. This meaning that the level of integration is kept to a minimum. The German management teams are retained and the acquired firm is given autonomy to take both operational and strategic decisions. In addition, the German identity is preserved, and brand names are kept unchanged (Liu & Woywode, 2013).

This picture is confirmed by Knoerich (2010), who studies the post-acquisition process from the seller's perspective. In the study, Knoerich (2010) describes the conditions during the post-acquisition process that ensures a German firm to allow an emerging market firm to acquire its business, despite initially being reluctant to the deal. The German firm is given a high level of autonomy and independence. For example, all operational decisions are taken at the German firm, however strategic decisions have to be confirmed with the Chinese owner. Moreover, managers at the German firm are given the right to veto any decision to transfer knowledge and know-how to the Chinese owner. Furthermore, the Chinese acquirer is obligated to pay for any information transferred from its German subsidiary, also investing and giving financial support to the German firm in order to develop and spur further innovative capabilities (Knoerich, 2010).

Furthermore, instead of taking full control of its target firm, the Chinese owner functions as an adviser. In line with this, the Chinese acquirer typically aims to accomplish an effective overview of the acquired firm, for instance by appointing a board or a supervisory committee, instead of replacing line management with personnel from the own firm (Cogman & Tan, 2010). Also, apart from overseeing the strategic decisions made in the acquired firm and requiring periodic financial reports, the Chinese owner leaves its subsidiary to act as an independent firm (Knoerich, 2010).

Knoerich (2010) moreover argues that the loose integration practiced by Chinese firms leads to trust building, minimized resistance from the acquired firm's employees, and a high level of self-confidence among the acquired firm's managers. For instance, managers perceive the relationship with their Chinese owner as one between equals, also feeling confident enough to say no to certain demands from the owner (Knoerich, 2010). On the other hand, Knoerich (2010) as well as Liu and Woywode (2013) and Cogman and Tan (2010) posit that the Chinese firms have no other choice, as they lack management capabilities, language skills, and international experience. Pursuant to this, Liu and Woywode (2013) and Deng (2010) emphasize the role of absorptive capacity as a mediating factor in the post-acquisition process. Liu and Woywode (2013) argue that the insufficient level of absorptive capacity, for instance that the Chinese firms experience issues understanding more advanced technologies present in their target firms, leads them to keeping integration at a minimum. This since they simply are not able to understand the knowledge and capabilities acquired (Liu & Woywode, 2013). Thus, if the firm has a too low absorptive capacity to begin with, synergy effects that otherwise could have been attained through knowledge transfer are harder to realize, and hence integration is avoided (Deng, 2010).

Despite the seemingly low level of integration practiced by Chinese firms, Cogman and Tan (2010) believe that this loose approach is only temporary, hence a more comprehensive integration approach will probably be practiced in the future by the Chinese acquirers, a process that will become extra challenging due to the postponement of integration. Liu and Woywode (2013) posit that Chinese firms have a long-term orientation, thus the firms aim to attain learning over a longer period of time, maybe leading them to a more soft integration approach initially.

3.1.2. The Role of Culture in Post-Acquisition Integration Approaches

Regardless of the origin of the acquirer, the post-acquisition phase will be far more complex in an international context, due to cultural differences (Quah & Young, 2005). One significant aspect of the lack of flexibility in Haspeslagh and Jemison's (1991) typology is its focus on post-acquisition integration in a domestic setting, not considering cross-border M&As and the associated problems of managing cultural differences in the post-acquisition phase. According to Quah and Young's (2005) study, focusing on acquisitions in the automotive industry, the post-acquisition integration phase becomes more difficult in cross-border acquisitions since it often entails the combination of contrasting corporate cultures, national cultures, management systems and languages. These problems are especially crucial during the post-acquisition integration phase and may cause acculturative stress if two widely different organizations are forced together (Nahavandi & Malekzadeh, 1988). In this context, the need for autonomy, as outlined in Haspeslagh and Jemison's (1991) typology, is a direct reflection of the desire of the acquired firm to preserve its own organizational culture and practices (Nahavandi & Malekzadeh, 1988). By the same token, Slangen (2006) argues that culture is a mediating factor, moderating to what extent firms are able to integrate and learn from each other. On the other hand, Larsson and Risberg (1998) show that firms with different corporate cultures that perform cross-border M&As reach a higher level of acculturation, compared to domestic M&As.

However, results from previous studies are somewhat ambiguous, some stating that cultural differences will be hinders to knowledge transfer and synergy effects (Olie, 1990); whereas others argue that cultural differences instead present increased chances for synergy realization (Slangen, 2006; Stahl & Voigt, 2008; Morosini, Shane, & Singh, 1998). Thus, previous studies are not able to present a causal relationship between cultural differences and post-acquisition performance.

First, Morosini et al. (1998) find a positive correlation between cultural distance between the acquiring firm and the target and the post-acquisition performance. More specifically, they argue that specific routines and repertoires that form the way in which firms act and behave, based on the national culture, have the most substantial effect on post-acquisition performance. This is due to the fact that these routines, developed in a specific cultural context, form the competitive advantage of the firm, thus they are very difficult to replicate by another actor. For instance, certain traits are more common in some cultures, whereas they are more difficult to develop in other cultures. By combining the two different sets of routines, based on certain national cultures, the firms are able to access knowledge and routines complementary to their own, hence they gain from national cultural differences (Morosini et al., 1998). In line with Morosini et al. (1998), Slangen (2006) and Stahl and Voigt (2008) argue that cultural distance, in a low integration approach, presents a chance for synergy effect realization due to complementary assets and knowledge.

On the other hand, other studies recognize that many cross-border M&As fail in the post-acquisition process, often due to a phenomenon called the *post-merger syndrome,* in which firms are reluctant to change, often leading to conflicts between the parties (Olie, 1990) and acculturative stress (Slangen, 2006; Nahavandi & Malekzadeh, 1988). This syndrome often stems from cultural differences between the two merging firms: the more integration to be done, the worse the syndrome (Olie, 1990; Slangen, 2006; Stahl & Voigt, 2008). However, as argued by Bjorkman, Stahl and Vaara (2007), social integration and interaction might function as a mediating factor and offset cultural differences during the post-acquisition integration phase. Further, other studies show that cultural clashes are less prevalent when the level of integration is kept low (Olie, 1990). Moreover, when performing an international M&A, the integration process must take significantly more time, sometime several years, as the process is more complex (Olie, 1990).

3.2. Post-Acquisition Integration and the Implications for New Product Development

Several scholars have noted the importance of NPD. For instance, Brown and Eisenhardt (1995) state that sound NPD is one of the areas securing and building a competitive advantage for a firm. Moreover, the importance of having well functioning NPD is underlined by the fact that organizations that can create products wanted by customers will be winners in their respective industries (Brown & Eisenhardt, 1995). Nonetheless, the link between post-acquisition integration and its effect on R&D and NPD is an area that has received limited attention by scholars. Still, some studies that illustrate the effects on the innovative activities from being involved in the post-acquisition integration phase have been performed.

3.2.1. Strategic/Organizational Fit and the Integration Approach

Trott (2012: 418) describes the NPD process as the *"process of transforming business opportunities into tangible products"*, thus beginning with conceptual development, followed by technical development, and ending with commercial exploitation. To that end, the NPD process encompasses a spectrum of functions from manufacturing to marketing, where the R&D function is responsible for the conceptualization and the technical development of the product (Trott, 2012).

Assessing the effects on the NPD process from being involved in a post-acquisition phase, Hagedoorn and Duysters (2002) perform a study on the computer industry. More specifically, the authors aim to examine the effects on innovation experienced in the post-acquisition phase, taking the strategic and organizational fit between firms into account. The strategic fit between firms is assessed on the basis of whether the M&A is classified as being related or unrelated, if the technological depth of the firms is related, and if the R&D intensity is higher or lower in the target company. Furthermore, the organizational fit is examined on the basis of firm size; if firms are more similarly sized, they are more prone to see positive effects in the post-acquisition process regarding technological development (Hagedoorn & Duysters, 2002).

The results suggest that firms acting in related fields are more prone to see positive results in the innovative activities after an M&A activity. By teaming up with a firm in a related field, the two partners have a common ground to stand on, which gives them the opportunity to attain economies of scale. Moreover, firms are more successful if they perform an M&A activity with a partner that has a comparatively higher level of R&D intensity.

Also, the positive effects on innovative activities are proposed to be even stronger when the activities are complementary (Hagedoorn & Duysters, 2002). This view is confirmed by Cassiman, Colombo, Garrone and Veugelers (2005), who show that firms with complementary R&D capabilities see positive results from joining forces. This is explained by the fact that firms with complementary resources have the chance to create some economies of scale and scope, while also realizing synergistic effects from merging their specific sets of resources (Cassiman et al., 2005).

On the other hand, as explained by Hagedoorn and Duysters (2002), technologically substitutive firms are argued to not see any significant effects in their post-acquisition activities, as they simply acquire a duplicate set of their own technology. This is confirmed in the study by Cassiman et al. (2005), which shows that firms with substitutive capabilities decrease their R&D efforts after an M&A. Considering the organizational fit between M&A partners, a similarity in size is posited to have a positive effect on innovative activities, as difference in size might indicate cultural differences on a company level, which in turn might complicate the integration process (Hagedoorn & Duysters, 2002).

Turning to the importance of a well-structured post-acquisition integration process, research has shown that post-acquisition integration may hamper the ongoing innovation in the acquired firm (Puranam & Srikanth, 2007), contract investments in R&D and decrease innovative output in terms of NPD (Hitt, Hoskisson, Ireland, & Harrison, 1991). If well managed, on the other hand, an effective post-acquisition integration may create competitive advantages in NPD and an improved NPD performance (Chen & Lin, 2011). Therefore, the integration of two firms' R&D units in the post-acquisition phase, being crucial for the NPD process (Shrivastava, 1986), becomes of paramount importance in order to secure future innovativeness and competitive advantage (Grimpe, 2007; Shrivastava, 1986). Grimpe (2007) involves the integration approaches introduced by Haspeslagh and Jemison (1991) in order to assess how firms should integrate their R&D capabilities in order to attain a positive innovation process (and thus NPD) in the post-acquisition phase. As earlier presented, Haspeslagh and Jemison (1991) introduce a quartet of integration approaches in the post-acquisition phase. Firms can, depending on the level of organizational autonomy and strategic interdependence needed, make use of an *absorption*, *symbiosis*, *preservation*, or *holding* integration approach.

Through a study of 35 deals completed between 1998 and 2001, the integration approach and its effect on the NPD process is studied from an economic, technological, and integration quality perspective. The results show that firms will obtain the best innovative results in the post-acquisition phase when practicing a *symbiosis* or *absorption* approach to integration. In detail, the development of common structures, processes, and routines are pertinent in order for firms to be successful in the post-acquisition process. In addition, the standardization of systems seems highly relevant as a way to create comparability and clarity in the often chaotic post-acquisition environment, thus management can secure that innovative activities are not disrupted due to insecurity or cross-firm conflicts (Grimpe, 2007).

3.2.2. The Role of Product Vision

Some studies have assessed the different factors that contribute to successful NPD in the post-acquisition phase. Both Tessarolo (2007) and Chen and Lin (2011) study the effects on NPD experienced during the post-acquisition phase. Chen and Lin (2011) take the mediating factors of internal/external integration, product vision and New Product Competitive Advantage (hereinafter referred to as NPCA) into account to look at the efficiency and effectiveness of NPD in the post-acquisition phase (Chen & Lin, 2011). Tessarolo (2007) instead focuses on the difference between internal/external integration and its effect on cycle times. The time needed for a firm to develop a new product is seen as a vital part of its competitiveness on the market, as too long cycle times will lead to delayed product launches and thus outdated, less competitive products (Tessarolo, 2007).

In the words of Chen and Lin (2011), efficiency in the NPD process depicts the short-term effects seen on speed, cost and quality, whereas effectiveness in the NPD process covers long-term aspects such as corporate image, customer satisfaction and market shares. Moreover, internal integration is described as the unification of business units such as engineering, manufacturing etc. while external integration involves the integration of supplier and customer relationships.

Most importantly however, product vision is theorized to be the prime mediating factor in the post-acquisition NPD, representing the way in which the firm will continue to create value for its customers in the future and outcompete other firms on the market (Chen & Lin, 2011). By having a clear product vision, the NPD process in the post-acquisition phase will be more sound, leading to the development of products that have features making them desirable over other products on the market, thus raising the NPCA (Chen & Lin, 2011; Tessarolo, 2007). This is due to the fact that with a well-developed product vision, previously distinctly separated corporate entities will be able to function together, as they work and strive towards the same goal. On the contrary, if firms lack a product vision in the post-acquisition process, the integration level will be insignificant, as the firms do not have a clear motive for the NPD process (Chen & Lin, 2011). Moreover, Tessarolo (2007) proves that the success of a firm's NPD in the post-acquisition phase is highly contingent upon a clear product vision, as cycle times will increase, leading to lowered competitiveness of the NPD, if no clear product vision has been stated.

3.3. Summary of the Theoretical Framework

From the theoretical framework presented and discussed above, a number of key facts seem to emerge. Firstly, traditional post-acquisition studies, based on Western firms, seem to focus on synergy realization in the post-acquisition phase (Haspeslagh & Jemison, 1991). In line with the framework by Haspeslagh and Jemison (1991), four distinctive integration approaches can be practiced in the post-acquisition phase, determined by the strategic interdependence needed and the organizational autonomy wanted. However, the framework has been criticized for one-sidedly focusing on how to attain synergy effects in the post-acquisition phase, which might lead to a disruption of the acquired firm's organizational processes (Angwin & Meadows, 2014). Also, the level of integration might differ across departments in the firm (Graebner, 2004). Nevertheless, this focus on synergy realization seems to lead to a promotion of a tighter and swifter integration approach.

On the other hand, studies explicitly focusing on emerging market firms depicts a contrasting approach to the post-acquisition phase, where the emphasis is on attaining learning over a longer period of time. The acquirer hence focuses on transferring selected pieces of knowledge from the acquiree. In addition, the knowledge transfer is conducted through a businesslike process where the acquired firm approves all transactions. Due to this, the acquired firm is granted a high level of autonomy, leading to a boosted self-confidence and trust building towards the acquirer (Cogman & Tan, 2010; Liu & Woywode, 2013; Knoerich, 2010; Deng, 2009). In line with this focus on knowledge transfer and a businesslike relationship, emerging market firms seem to practice a looser and slower integration approach in the post-acquisition phase. Nonetheless, this low level has been argued to be due to a lack of competence in the emerging market firm (Cogman & Tan, 2010; Liu & Woywode, 2013; Knoerich, 2010).

Regardless of the origin of the acquirer, an M&A and the subsequent post-acquisition integration phase is theorized to be more complex when taking place in an international context (Quah & Young, 2005). This is due to the fact that a post-acquisition phase involving two firms from differing cultures might cause acculturative stress, leading to a focus on culture protection in the acquired firm, thus hindering a sound integration process (Nahavandi & Malekzadeh, 1988). With this in mind, culture seems to be a mediating factor, determining to what extent firms can be integrated (Slangen, 2006). Nonetheless, some positive outcomes from national cultural differences have been discerned, providing ample opportunities for synergy realization (Morosini et al., 1998). These effects are however more easily attained in post-acquisition approaches characterized by a low level of integration (Slangen, 2006; Stahl & Voigt, 2008). On the other hand, post-acquisition approaches promoting a high level of integration seem more troublesome in an international context, as the cultural differences might give rise to the post-merger syndrome (Olie, 1990; Slangen, 2006; Stahl & Voigt, 2008). Hence, it seems as though post-acquisition integration in an international context is more likely to be successful when the level of integration is low.

Being the foundation for a firm's competitive advantage, a sound NPD is imperative in the post-acquisition phase (Brown & Eisenhardt, 1995). Nevertheless, post-acquisition integration might have a negative effect on NPD, as the organizational routines and processes are disturbed (Puranam & Srikanth, 2007; Hitt et al., 1991). Still, firms with complementary yet related NPD activities are theorized to see the most positive results, whereas substitutive firms are posited to be negatively affected by the post-acquisition integration (Hagedoorn & Duysters, 2002; Cassiman et al., 2005). Moreover, the size of the two firms is a relevant factor, as a difference in size indicates a contrast in culture, affecting the work processes (Hagedoorn & Duysters, 2002). Moreover, in relation to the typology presented by Haspeslagh and Jemison (1991), firms practicing a symbiosis or absorption approach are more likely to see positive implication for the NPD, as common structures and routines are imperative (Grimpe, 2007). Most importantly however, the level of integration is insignificant if the firms do not share a common and clearly stated product vision, leading to impaired effectiveness and efficiency (Tessarolo, 2007; Chen & Lin, 2011). Thus, it seems as though the NPD activities are more likely to see positive results in the post-acquisition phase when the two firms are complementary, similarly sized, have common structures, and share a common product vision.

4. Empirical Findings

In this chapter our empirical findings are presented, based on interviews with managers from VCC and secondary data from journal articles, company home pages and newspaper articles. First off, the three actors (VCC, Ford, and Geely) are introduced. Second, the case is presented in chronological order, as described in section 2.4., starting with the acquisition by Ford, thereafter covering the Geely era. Moreover, as further outlined in section 2.4., the empirical findings are linked to the theoretical themes presented in chapter 3.

4.1. The Actors

4.1.1. Volvo Car Corporation

Established in 1927, VCC is today a multinational car brand, with sales estimating 465,866 cars in 2014, in approximately 100 countries. Until 1999, VCC belonged to the Swedish Volvo Group, but was then sold to the American Ford Motor Company. In 2010, the current owner, the Chinese Zhejiang Geely Holding Group acquired VCC from Ford. In December 2014, VCC employed approximately 25,000 people, mainly in Sweden, China and Belgium. The company's headquarters and NPD functions, as well as its central administrative and marketing functions are located in Gothenburg, Sweden. The company's car production takes place in Gothenburg, Ghent (Belgium) and Chengdu (China), whereas engines are manufactured in Skövde (Sweden) and Zhangjiakou (China), and body components are made in Olofström (Sweden). VCC's Chinese head office is located in Shanghai (Volvo Car Corporation, 2015).

4.1.2. Ford Motor Company

Founded by Henry Ford in 1903, and incorporated in 1919, the automotive manufacturer Ford, including its car brands Ford and Lincoln, has manufacturing and distribution covering six continents (Reuters, 2015). The company is the second largest automotive manufacturer in the U.S., behind General Motors, and is ranked as the fifth largest automotive manufacturer in the world in terms of car sales (Muller, 2013). The firm is headquartered in Dearborn, Michigan and employed over 181,000 people and manufactured cars in 65 plants worldwide in 2013. The same year the company sold over 6 million vehicles

(Ford Motor Company, 2014). Ford acquired VCC from Volvo Group in 1999, but sold the firm to Zhejiang Geely Holding Group in 2010 (Bradsher, 2010).

4.1.3. Zhejiang Geely Holding Group and Geely Automobile

Zhejiang Geely Holding Group, being the owner of the car brand Geely Automobile, added VCC to its portfolio in 2010. By acquiring VCC from Ford for 1.8 billion USD, Geely completed the largest overseas acquisition by a Chinese automotive company thus far (Li, 2010). Founded in 1986, the privately owned Geely is today ranked among the top 10 automotive manufacturers in China and, as of today, employs over 18,000 people. Geely is headquartered in Hangzhou, China and has several manufacturing plants in different Chinese cities. Two R&D centers are located in Hangzhou and Linhai and the company also has a production plant and an R&D center in Australia (Geely, 2014).

4.2. The Ford Era

In February 1999, Ford acquired VCC for 6.45 billion USD, granting Ford strategic power over the VCC brand (Bradsher, 2010).

4.2.1. The Post-Acquisition Integration Phase

As described by the managers, the initial reactions when the deal was announced were mixed, but a majority was more positive than negative. Ford was perceived as a big, profitable and global company with huge economic assets that could help VCC grow, both in terms of NPD but also financially. As put by the Director for R&D: *"[...] what ever people think about Ford they actually did supply us with huge amounts of money during 10 years. People never talk about this, only about all the troubles. Huge amounts of money came into Volvo, we would not have been alive today without Ford."*

At the time, VCC struggled with poor financial performance and its previous owner, AB Volvo, did not see the value in VCC and wanted to sell the division. Correspondingly, this had resulted in negative feelings among VCC managers towards AB Volvo, which in turn nurtured more positive feelings towards the buyer, Ford. Moreover, these managers felt that Ford had a clear motive for VCC, since it wanted VCC to be a premium car brand within

Ford, together with the previously acquired premium brands of Jaguar, Land Rover, and Aston Martin.

On the negative side, managers were worried that the VCC brand would get watered down, and eventually turn into a copy of Ford. The more controlled and hierarchical structure at Ford was also experienced directly from the start, for instance the Vice President states: *"Initially, it felt dazing, different. Then came the wave of 'you are to report to me now' - someone from Detroit calling us saying that 'I want a report from you now, I am global...' - 'What?!'"*

The integration approach practiced by Ford towards VCC was perceived as swift and tight. As soon as the deal was settled, Ford deployed a number of managers to key positions at VCC in order to gain control over the VCC operations. Moreover, the relatively high level of integration also took the form of shared platforms, beginning with the C1 platform, which debuted in 2003, for compact class cars, where VCC's 40 and 50 series were produced, as well as Ford Focus and Mazda 3, and later also in the EUCD platform, which debuted in 2007, for European D-class cars, where VCC's 60, 70 and S80 series were made. The Vice President describes this development: *"In the C platform, a separate organization was established in Europe. A total of 60 percent of the value of the car was common. So it was very tightly integrated and then, with the EUCD platform, we became even more integrated."*

The feelings towards Ford's swift and tight integration of VCC, as described by the quote from the Vice President, were mixed, but in total more negative than positive. On the negative side, a majority of managers describe how Ford implemented large enterprise systems on VCC, systems that were ill fitted for a small company like VCC. Adding to this, VCC not only became a small player in a group of many brands with the risk of losing its uniqueness, but the company also became part of Ford's financial control system, something that was not experienced as positive. On the positive side, the shared platforms offered the possibility of economies of scale, as described by the Vice President for Vehicle Line Management: *"It is clear that we were just a cog in the wheel of a larger machine but that's not only negative, it also gives you advantages [...] It's some kind of compromise. You get economies of scale. When Ford calls and says "we want to buy this", then you will get a good price. So you will get a good price, maybe not exactly what you wanted, but on the other hand it is a compromise."*

With the high level of integration and the shared platforms followed a high level of cooperation and interaction between R&D managers from Ford and VCC. Daily meetings were accompanied by weekly recurring trips to Ford's HQ and plants in Europe. According to VCC managers, this cooperation was by and large positive, especially on the R&D-side, and Ford was perceived as a professional organization with very competent and result-oriented colleagues. Nevertheless, as stated by the Vice President, it was clear that Ford was the dominant partner in this relationship: *"I usually say that, in the C platform, 'if Ford had eight votes, we and Mazda had one each'. That applied to everything. So that was really the volume distribution, 80 percent was Ford, 10 percent was VCC and 10 percent was Mazda."*

Due to this fact, in order to go through with their ideas, R&D managers from VCC had to argue for and put a lot of effort into convincing Ford management about their ideas with technical solutions. As put by the Director for R&D: *"We had a very good cooperation with Ford. They were very dominant initially, but when they saw that we were competent they were not late to listen to us and use our expertise. Oftentimes, our ideas were accepted in the end. Often we came from two directions, when we insisted on a solution, often safety-related, they said it was too expensive. So we had to feed them with technical details until they were satisfied."*

Despite the perceived positive cooperation, conflicts between VCC and Ford people appeared, but were often countered by VCC managers who again, through technical solutions, convinced managers from Ford, as stated by the Vice President: *"If clashes between us arose, and they did, we just fed them with technical solutions on all their problems. We had a good team that made Ford change their whole platform strategy. On all cars actually. We lifted their safety philosophy eight levels. It was not that our experts were better or their experts worse, it was just that we were able to convince their management and explain how little they needed to change."*

Moreover a sense of mutual respect between R&D managers from Ford and VCC was perceived, which granted R&D managers at VCC some degree of autonomy and a "give-and-take" relationship with Ford. However, in other areas, especially in finance, where Ford was stronger and tougher, conflicts between VCC and Ford were more common, as stated by the Director for R&D: *"On the R&D side they were very responsive, but I felt that they were tough on the financial side. There we learned a lot, but to come from Volvo that was ... We came from a culture* *that has not always had finance in focus, and then you come to Ford where it means everything. It was difficult, a cultural clash in some ways."*

4.2.1.1. The Role of Culture

"Ford had a visible hierarchical structure and clear career paths. We have never seen that in Volvo. If you have been here a few years and you recognize people, you just knock on their door and say 'howdy', but that doesn't work in a global organization, there are too many doors you have to knock on to get ahead. That was a huge but understandable difference, you need order in such a global organization." (Director 2). As described in the quote by Director 2, cultural differences between VCC and Ford became evident throughout the post-acquisition phase. In the context of corporate culture, VCC is described as a small, flat and dynamic automotive company with a clear competitive advantage in technology, marked by its long history in the Swedish engineering industry, and its heritage from SKF, which had the idea of making long-lasting and high quality ball-bearings. Together with safety, quality and durability still characterize everything VCC does. The strong cultural influence from its owner is well described by the Senior Vice President: *"[...] it builds on a fundamentally strong legacy from our founders, one that I find is very grounded in traditional Swedish corporate culture, with a strong focus on people, business ethics, the community, participative decision-making, low prestige and a will to protect both employees, customers and the community […]"*

Moreover, VCC's ability to perform and conduct very large projects, despite its small size, is based on a culture characterized by trust, caring, loyalty, and an ability among the employees to take on a greater responsibility than what is expected of them. According to the Director for R&D: *"You are not expected to deliver in a specific way. Everyone takes on a lot of responsibility to deliver in his or her respective field and very seldom things fall between the cracks. I believe this is one of our strengths, to take on more responsibility than what is expected."*

Along the same line, managers describe that VCC believes in autonomous cross-functional units that work independently towards pre-determined goals. These units are encouraged to take initiatives and "get things done". In contrast, the corporate culture at Ford was perceived as very hierarchical and heavily influenced by financial control, as outlined by the Vice President for Vehicle Line Management: *"The essence of Ford, starting during World War II* *and until they bought us... I think it was McCarthy who brought what they called The Whiz Kids into Ford, who built a huge controller machine. And they made it into an art, which means that at Ford a CFO or a Controller has huge power and the final say in every decision."*

Another distinct cultural difference perceived by VCC managers, related to the strong financial control, was that Ford relied heavily on facts, as recognized by the Director for R&D: *"Ford was very fact-driven, so if you had the facts and proper documentation, there was no prestige in the decisions. In this regard, they were more skilled than us, much better with facts. We talk more."*

Managers describe how VCC's corporate culture changed during 10 years of Ford ownership. Accordingly, the global player Ford transferred several aspects of its corporate culture into VCC and its work-related processes. This transformation was perceived as positive by some managers and negative by others. On the positive side, the Senior Vice President describes: *"In a sense, we went from being a small provincial company, into a big corporate world, if you really polarize it, where much of the financial management became more structured and more professional."*

On the contrary, other managers perceived these large company influences as negative, as outlined by the Director for R&D: *"I believe that the corporate culture changed during Ford. They implemented these bureaucratic large enterprise systems on a small company like us. It was too much management in detail, everyone had their specific field and the rest wasn't interesting, but we are starting to move away from this and that's a good thing."* The Technical Project Leader confirms this picture: *"Progressively, processes that we were to adopt were introduced, and it faced a lot of resistance from us, the small company that was to become part of a large hierarchical company. So it was almost some sort of guerilla movement during periods because people thought it was so stupid - 'why are we to do this now?'"* Moreover, no formal cultural awareness exercises between Ford and VCC were held in order to build trust and understanding, as noted by Holland and Salama (2010).

Related to these bureaucratic large enterprise systems, the Software Project Lead describes how Ford has influenced VCC's corporate culture. Even though VCC describes itself as a flat organization, workers still ask their bosses if a decision needs to be taken, which can, as argued by the Software Project Lead, be traced back to the hierarchical system of Ford.

Also, the goal orientation at Ford and VCC deviated quite substantially. For instance, Ford workers had a more individual focus, aiming at achieving a quick career development and a substantial end-year bonus. On the other hand, the managers at VCC had a more collectivistic focus, prioritizing the development of the group and reaching collective goals. The Program Leader illustrates the deviating goal orientation: *"I especially remember one time, when I had written down my personal goals, and at that time we were supposed to do that together with our colleagues as well. So I had done this with some colleagues and then I went up to my American boss and he just said 'what the heck is this?'. 'Well, I have tried to write down my personal goals'. 'But they stink' he said. 'Well, that's sad to hear, but it's at least something that will contribute'. 'Yes, but I asked you what YOU want to achieve'. Then I told him about what we were about to do during the year and what we aimed to deliver. 'I don't give a damn about what you all are about to do - what are YOU going to do?' So he looked at it from the perspective of how I was to get to the next manager level and how I was to get a larger bonus the next year. He just wanted goals that would spur my career."*

4.2.2. Implications for VCC's New Product Development

As described by managers, the motive behind Ford's acquisition of VCC seemed fairly clear. Being a well-known car manufacturer, with previous acquisitions of brands such as Jaguar and Land Rover, Ford aimed at building a world-dominating group of car brands, the Premier Automotive Group (hereinafter referred to as PAG). Moreover, the intention from Ford was not to abolish VCC as a brand, but to integrate VCC into the Ford portfolio and help the company grow through economies of scale. As stated by Director 1, Ford had a clear understanding and intention not to fully integrate VCC into Ford: *"[...] we listened to Bill Ford, he was here, he had a sort of insight that said that 'the intention is not for you to become a part of Ford, because that is not going to work, you are to be yourselves' and I believe that all managers on the upper levels at Ford had the attitude that 'we need to find a way to work in which you never become fully integrated.'"*

Moreover, by giving VCC the right precondition such as stability and chances to gain economies of scale, Ford aimed to create a more confident VCC. This in turn was supposed to speed up the development of VCC and turn it into a major global car manufacturer. Becoming part of Ford, VCC was involved in extensive joint development projects. Most importantly, Ford, VCC and the other brands within the Ford sphere initiated a project that aimed at developing a joint platform. As put by the Program Leader: *"As a part of the integration, we used common platforms. Today's V40, V40 cross country and even the old cars, if you remember the S40, V40, C30, C70 - they are all built on Ford platforms. If you take an old Ford Focus and an old Volvo C30, 60-65 percent of the car, it's the same car! It's only what you can feel and see that is different, but brakes, rear axles, springs and electricity are the same. We switched engines. We made engines that Ford stuffed into their high performance cars and we bought engines from Ford that we stuffed into our cars. So there was an awful lot of integration, in order to get economies of scale that is."*

Managers describe this sharing of platforms with Ford as positive, especially the cooperation on the C1 platform. The S40 and V50 achieved high sales and became very competitive. Even the engines that were shared with Ford were competitive in that segment. During that time, VCC and Ford shared a diesel engine that was very fuel-efficient and competitive, and that is still used in some models. However, the cooperation on the EUCD platform, where VCC produced, and still produces the S60, V60, V70 XC70, and S80 models was less successful. The motive behind the EUCD platform was to become even more integrated, and share more parts and components, in order to achieve economies of scale.

The far-reaching cooperation on the EUCD platform forced R&D managers at VCC to constantly compromise and adapt their technical solutions to fit in a Ford car, and adapt Ford solutions to fit in a Volvo. Although the managers still felt that they were allowed to have their own agenda, all the components that could be shared, were required to be shared. Despite obvious advantages of economies of scale, managers felt that these compromises led to a development where VCC had to lower some of its standards, especially regarding functionality. Since VCC's proportions were not adapted to large-scale production, they had to be adapted to fit Ford components, at the expense of functionality.

As an example, VCC had higher requirements regarding back seat comfort and higher standards of maximum noise levels inside the coupé, compared to Ford's simpler and more cost-effective solutions developed for large-scale production. As mentioned above, engines and front axles were also shared between Ford and VCC. However, since these parts were developed with different techniques, Ford made standing engines whereas VCC's were hanging, engineers from VCC had to make compromises that lowered the functionality on VCC components. These compromises on the shared EUCD platform resulted in a failure of delivering large, more premium cars with high technology, as described by the Senior Vice President: *"The cooperation on the EUCD platform was not that successful and we dropped against the competition. I think it was quite simple - we tried to make an S80 in a segment that could compete with the BMW 5 Series or Audi A6 or Mercedes E-Class. However, on that platform we were stuck with Ford technology, making us less competitive."*

Apart from the failure with the S80 model, VCC's large SUV, the XC90 that was originally produced on a Volvo platform, was never upgraded throughout Ford's ownership, since all attention and resources were targeted towards the common EUCD platform, as expressed by the Senior Vice President: *"During the Ford era, one can more or less say that it was their platforms or the highway."*

The constant focus on compromising and adapting existing parts and components had several implications for VCC's NPD process. First of all, as described by the Senior Vice President, it had negative implications for creativity: *"The process became less creative you could say. Instead of developing our own stuff the engineering task was to adapt an existing Ford gadget."*

Nevertheless, the limited room for creativity did not always result in inferior final products. Ford's components were often of similar standards and the sharing of components, as mentioned, opened up possibilities for economies of scale. However, the lower standard of some Ford components had a negative effect on VCC, as explained by the Senior Vice President: *"Instead of inventing a small wheel, one were to take a small wheel and adapt it. So there is a great difference on that level. Then again, on many occasions it had no negative impact on the final product because the adapted Ford components were, in the end, as good as our own, sometimes better. Pretty often as good as our components, oftentimes cheaper due to the economies of scale, thus it was reasonable. Sometime it was worse than our own, and on those occasions it injured us. However, on all occasions you lose some of the engineering creativity and knowledge about developing something yourself."*

What is more, the joint projects on the EUCD platform, together with Ford's hierarchical structure, created a very time-consuming NPD process, where decisions had to go through a specific EUCD office, as declared by the Car Line Product Manager: *"Everything took much more time due to the fact that you always...our platform is called EUCD, and at that time we had an EUCD office and if we wanted to make any alterations it had to be passed through the EUCD office so that they could negotiate with the people in Germany, talking and talking until they reached consensus. It took more time."*

Adding to this, NPD during Ford was heavily influenced by financial control. Instead of focusing on developing cars, VCC managers became more occupied with the financial side during Ford ownership. Cost was the core value at Ford, and the company's main target was to sell products as cheaply as possible and solve it by saving money. In contrast, VCC prior to the Ford era focused more on the products itself and was more investment and future driven. Although VCC personnel perceived their Ford colleagues as highly competent, this strategic difference was not a perfect fit in the context of NPD, as underlined by the quote by Director 2: *"It is the same with the entire U.S. auto industry. It's the most boring you can find, the only thing that is exciting is to start from scratch as we do. But they had very savvy car people at Ford."*

One striking example of Ford's strive for economies of scale and how it negatively affected VCC's NPD was the case of shared engines, presented by the Senior Vice President: *"[...] we were forced to scale down both when it came to depth and breadth; knowledge-wise and in total number of people, competences in our own engine development that is, due to the fact that we were forced to put all money on adapting Ford engines to our cars instead. So we basically became world leading in the field of creating the small consoles that keep the engine in place and make their control system and electricity and software communicate with our car. And we spent 1.2 billion SEK annually on that, instead of spending 1.2 billion SEK on developing our own engine. We spend the same money on adapting eight bad engines to our car instead of developing one good one."*

Other areas of VCC's NPD were also affected by Ford's cost cutting and removal of duplicative capabilities. Richard Parry-Jones, who was the Chief Technical Officer of Ford during that time, was a strong advocate for handling, the ability to steer and turn cars, and held Ford very high in that area. This meant that chassis engineering became partly dismantled at VCC. On the contrast, other areas where VCC was world leading, such as collision safety, became centers of excellence.

4.2.2.1. Strategic and Organizational Fit
Comparing the R&D units and NPD activities at Ford and VCC, the Vice President acknowledges that the two partners had duplicative development activities: *"They were copies of each other. Then again, the activities might have been 10 times larger at Ford. Maybe we were not as sophisticated when it came to the truly preparatory development. Ford had more people on those activities. They did more fundamental research. We were quite weak in that area when we were sold to Ford."*

Then again, there were areas where VCC could learn from Ford, as well as knowledge that Ford could reap from VCC. For instance, the Vice President for Vehicle Line Management mentions that Ford had extensive experience and expertise within the area of chassis and powertrain development. Nonetheless, within the area of powertrain development, conflicts did arise, as VCC workers perceived themselves as having world-class engines. In addition, VCC was able to profit from Ford's comprehensive dealer network around the globe. Moreover, as stated by the Vice President for Vehicle Line Management, Ford was leading in the area of noise vibration harshness, as well as experts on handling and drivability. Furthermore, the Vice President for Vehicle Line Management argues that Ford increased the business acumen at VCC, something that previously had been lacking in the engineering centered culture at VCC.

Most importantly however, all managers recognize that Ford was able to teach VCC more about financial control and improve VCC's financial calculation. For instance, the Vice President states that Ford aimed to create more structure within the VCC organization, as the R&D processes were, in the words of the Vice President, extremely "fat and lazy". This picture is also confirmed by the Senior Vice President: *"Generally, I believe that they taught us a lot, especially they taught us a lot on financial control, everything from how to run and control a project in the small scale – how do we do with this project, what financial tools and financial templates do we use and how do we make calculations - to the large overview on the company level, where things were put into order during this period. Since I mainly worked within the project world, I saw how things started to get better. We have, as a legacy today, really well functioning projects, financial control that is, thanks to Ford."*

Lastly, by working together with Ford and other Ford owned brands such as Mazda, and by benchmarking the various strategies at the different brands, VCC developed a comprehensive and sound NPD process called Global Product Development System (GPDS), as described by the Vice President for Vehicle Line Management: *"If you look back historically when we made model 240 and then 740 or 760 and then the 850, every project took 10 years. This meant that every car project was like a lab exercise, where we started from scratch. But, when we entered this larger context, we became better at making new cars. We created a culture and skills, and a more repetitive iterative process, which we constantly try to refine and optimize. Ford taught us to embrace all this, and helped us building standardized procedures. Sometimes it feels like we almost hold on to these harder than Ford did."*

On the other hand, VCC did also contribute to improving the operations at Ford, mainly within the area of safety, being the most distinguished and prioritized core value at VCC.

4.2.2.2. The Role of Product Vision

All in all, the vision and the ideal VCC product did not notably change during the Ford era. On the other hand, the tighter cost control and focus on commonality restrained VCC from fully developing the product it wanted. The Director for R&D mentions that the core values of safety and environment were not altered during the Ford period, however VCC had to battle the tighter cost control. Furthermore, the Senior Vice President mentions that the vision for VCC was not clear during the Ford period: *"It hesitated, it was not confident on the word 'premium'. We have always been confident on the word 'safety', and quite confident on the word 'environment'. But it hesitated on the word 'premium' in many different shapes and forms during these 10 years, that is the big difference compared to the situation today."* The Senior Vice President continues: *"We can say that during the whole period before it was always called, this is even stated in documents, that we were to be 'near premium' and that we were to move towards premium, but by the 'Volvo way'. There was always some little word that distinguished us somewhat from the Germans, we were ourselves, which basically meant that we weren't as good as them."*

Then again, as stated by the Vice President for Vehicle Line Management, VCC was to play the part of a mid-premium brand in the PAG. Despite the hesitation on the vision for VCC, managers perceived that the overall vision and ideal VCC product did not alter significantly during the Ford era. Moreover, apart from having to adapt to the joint platforms and components that were shared with Ford, VCC had the liberty to create its own vision and agenda for the products. This liberty and consistency, in turn, is believed to be one of the reasons why VCC has been able to sustain and survive through ownership changes, as put by Director 1: *"I have been at the company for 30 years and the main ingredients of the vision were introduced as early as in the 80s, that we were to move, during that time it was called towards the Northwest. We were to become, well, during 30 years we have basically said that we want to move closer to BMW and Mercedes. Then again, one can discuss our ability to get there, which has varied throughout the years. But if we try to look at it from above, I posit that we basically had the same vision back then."*

4.3. The New Era – Geely and Volvo

In the years prior to 2010, Ford's PAG, including VCC, struggled with poor financial results, especially during the financial crisis. Eventually, these factors led Ford to the decision of dismantling the PAG. After first selling Aston Martin in 2007, and Jaguar Land Rover the following year, it became VCC's turn in 2010. On March 28, a deal worth 1.8 billion USD was signed with the fast growing, Chinese Geely. Due to initial concerns from Ford of letting advanced technology and intellectual property fall into the hands of a Chinese rival, several safeguards were made in relation to the deal (The Economist, 2010). Adding to this, Geely promised to keep VCC as a separate entity, with retained management and board of directors at the headquarters in Sweden (Bradsher, 2010). In line with this, Li Shufu, the founder and chairman of Geely, stated: *"I see Volvo as a tiger. It belongs to the forest and shouldn't be contained in the zoo. The heart of the tiger is in Sweden and Belgium"* (Li, 2010). In another interview, Chairman Li stated: *"I want to emphasize that Volvo is Volvo and Geely is Geely – Volvo will be run by Volvo management"* (Bradsher, 2010).

In contrast to Ford's approach for VCC, Geely sees VCC as positioned in the core of its global strategy, striving to develop the high-end brand in emerging markets, with a main focus on Geely's home market China. Geely believes that VCC can become a strong competitor in the Chinese luxury car market, competing with brands such as BMW, Audi and Mercedes. (Russo, Ke, & Tse, 2009). According to Chairman Li, Geely focuses on the mass-market, whereas VCC is a high-end luxury brand (Perkowski, 2013).

4.3.1. The Post-Acquisition Integration Phase

In the beginning, when the deal was announced, a majority of managers from VCC were skeptical towards their new Chinese owner. However, as admitted by several interviewees, this skepticism was mainly based on an over-simplistic view of China, and an associated fear of losing VCC's car production to China, as part of a larger political agenda initiated by the Chinese government, as well as a fear of losing core competences through technology transfer. In comparison to the perceived feelings when Ford acquired VCC, these managers felt that Geely's motives were less clear compared to Ford's, who wanted VCC to become a key player in its group of premium cars. As put by Director 1: *"The purpose of acquiring Volvo felt like, and still feels like, a way for them to transfer really high competence to China. And that is what makes it more emotionally troublesome, that it is not guaranteed that we will remain in Sweden."*

Other managers felt discouraged by the fact that VCC was bought by what they regarded as the "B-Team", and were instead hoping to become part of a more modern and successful car manufacturer, such as BMW or Volkswagen. In contrast, other managers, who were more positive to the deal, saw the potential of extended freedom under a smaller and less experienced owner, supported financially by the Chinese government. Instead of becoming part of a large car company such as BMW, where VCC had to go through the same process as with Ford with joint production, compromises and dismantled R&D functions, Geely did not have the necessary knowledge or manpower to take over VCC, as noted by the Program Leader: *"[…] they simply can't fly in seven jumbo jets with financial controllers and take over this. They neither have the knowledge nor the possibility. At that point you realize that they have acquired Volvo because Volvo has a value, they want this value in order to learn. They want to develop Volvo, and they want to develop Geely as a company. Then you realized that we would participate in creating our own future – and Volvo Cars is a Swedish owned company where Geely happens to be in possession of 100 percent of the shares. So today I actually feel that I work for a Swedish company, Volvo Cars in Sweden. It's just that our investors are located somewhere else."*

Along the same line, the involvement of Chinese provinces, which provided Geely with financial funding for the deal in exchange for job creation, was also perceived as positive, securing a long-term perspective on the deal, as Geely simply could not divest that easily. As of today, much of the perceived initial skepticism has faded and is being replaced by a sense of respect towards Geely, which has invested heavily in VCC and granted the firm a high degree of freedom. Against this background, Geely is nowadays perceived as a much more long-term oriented owner. One factor contributing to this positive view and at the same time dispelling the over-simplistic view of Chinese companies, was the occurrence of several lectures on China and formal cultural awareness exercises on Chinese culture, offered to VCC employees, as mentioned by Director 2: *"We had a lot of lectures about what the Chinese people stand for; people came here to tell us. Eventually, it was even exciting and fun. Then again, the Chinese 'boom' is coming to the Western world; it is exciting to be a part of that journey. Actually, it is really exciting."*

Thus far, the level of integration between Geely and VCC is described as very low, especially compared to the Ford era. The only explicit sign of integration is the joint project, China Euro Vehicle Technologies (hereinafter referred to as CEVT) at Lindholmen, Gothenburg, where a mix of mainly Swedish engineers, the majority from VCC, work on developing a common platform for small cars, which will be used by both VCC and Geely in the future. According to VCC managers, the low level of integration is a product of a deliberate strategy of not mixing the two brands, since they operate in different segments. Accordingly, Geely is considered a budget car in China, whereas VCC targets the premium segment. To that end, Geely and VCC are treated as two separate companies under Zhejiang Geely Holding Group, with businesslike transactions between the two companies, something that is perceived as very positive by VCC managers. For instance, the Vice President for Vehicle Line Management states: *"No one in Geely can command us to do something if we don't have business in it."*

In the context of integration and NPD, there is no evidence of integration in products, although the integration will increase as the CEVT project develops. In comparison to the Ford era, the level of integration between Geely and VCC is not the only difference, but also the nature of the integration process, as described by the Vice President for Vehicle Line Management: *"It's in a different way than with Ford. Ford was more structurally, with article numbers, logically and technically. Now we talk about osmosis, a word that Geely used early, and describes how Volvo and Geely can learn from each other - yes it is through osmosis, through socialization, how we mold each other."*

Cooperation and joint activities concerning NPD between VCC and Geely are still limited. As of today, all interaction is done through CEVT. As put by the Software Project Lead, workers at VCC are even discouraged from interacting with colleagues at Geely: *"No, no interaction at all, it has even been explicitly stated that we are not allowed to have any contact with them."*

Due to legal complications regarding intellectual property rights, VCC and Geely have chosen to restrict interaction in general, instead focusing all joint activities to CEVT. As described by the Vice President, one of the reasons for creating CEVT is: *"It is established so that we can transfer knowledge if I may say so. So that we can produce a platform together. There are firewalls between us, we can only communicate via SharePoint, so all information and the whole flow is registered and monitored, it is very formal. We have transferred a lot of our best engineers to the company, who are either on a loan or who have been recruited."*

On a more strategic level, interaction between senior management at VCC and Geely takes place more often. The cooperation is described as a relationship between two brothers, as stated by the Senior Vice President. For instance, instead of using advanced financial calculation in order to settle how much VCC and Geely respectively are to pay for a new project, the cost is simply split in equal parts by the two. Nonetheless, Director 1 recognizes the fact that VCC and Geely are targeted towards two highly different segments of the automotive market, thus restricting the number of project in which they can cooperate. Overall however, the level of interaction is much lower compared to the cooperation during the Ford era. The following quote by the Senior Vice President summarizes the situation today: "*Thus far it is so low that we, product development-wise as a company, is totally stand alone today. We make our own platform, our own engines, and then we have a platform with a partner for our smallest cars, Geely, and that's basically the only place where we notice the integration today."*

4.3.1.1. The Role of Culture

Managers from VCC describe Geely as a relatively inexperienced car company that has a history of copying other car manufacturers instead of developing its own cars. As described, the corporate culture is characterized by entrepreneurship, pragmatism, and a long-term orientation, all in all a corporate culture that contrasts widely against Ford's, but which is positively perceived by VCC managers. Director 2 for example states: *"We learned a lot from Ford but it's much more fun under Geely's ownership. They are a business, they are entrepreneurs, they are wild brains. We have suddenly become the conservatives. They have a lot of ideas and believe that everything goes. They have not been burned-out as we did under Ford. They are future-oriented, so it's much more fun with Geely."*

According to the Director for R&D, the company is moreover influenced by Chinese politics, since top management consists of a matched pair with one Geely senior manager and one Chinese party member, and is described as the Chinese government's super entrepreneur. As a result, the business model contrasts widely with that of VCC. Instead of starting by developing a car and then building platforms and plants, Geely focuses on first building plants and creating jobs, thereafter starting to develop a car. As explained by managers, Geely employees are very career driven and not loyal to their company, something that has created problems for VCC managers when transferring knowledge.

On the positive side, Geely is described as extremely patient in letting VCC build up its capabilities after the turbulent Ford era and also humble to the fact that VCC has superior knowledge in developing new cars. According to all managers, this granted freedom has lifted the spirit of VCC employees and boosted the corporate culture at VCC. The Director for R&D describes how the once so strong "Volvo Spirit" is beginning to bounce back, after being subdued during years of Ford ownership: *"It was very much micromanagement, but we are beginning to work our way back. I think we're going back where we started. You can see it on the cars coming now. We are moving away from what was Ford."*

Another contributing factor to the improved "Volvo Spirit" and boosted self-confidence is the influence of international top managers that were hired by Geely after acquiring VCC. The effect of the larger independence, described above, and the hiring of international managers on VCCs corporate culture is well summarized by the Senior Vice President: *"After Ford two things happened. First of all, we are ourselves again and need to be a car company, make our own decisions and take responsibility for our own decisions. This has injected a new dimension in the culture. At the same time, when Geely acquired us, we got a lot of top international executives, who were recruited externally, which has increased, I think, the edge of our culture. We still have our legacy as a foundation, but* *we have become more motivated to deliver on a higher level, one might say. We have become stronger, more competitive, more confident, and added a better product and customer focus into our culture."*

4.3.2. Implications for VCC's New Product Development

The new, liberal and less controlling owner, granting VCC a high level of autonomy, has led to a more independent NPD strategy and process. Compared to the work on NPD during the Ford era, when cost control and the development of common components was prioritized, the agenda today is more focused on the product itself. Moreover, instead of being a huge, bureaucratic apparatus in which all decisions had to be confirmed at certain hierarchical levels before being implemented, the NPD process at VCC today is characterized by short lead times and flexibility. As put by the Program Leader: *"As soon as you wanted to change something, for example if you wanted to alter something with the pressure sensors, they were shared, and then you had to talk to Ford first. So the change is that we are quicker from decision to execution. We are quicker on the area of working with presenting solutions, because we don't have to ask someone who gets back to us in 14 days, so the work is much more efficient."*

On the other hand, the independence comes with the need to make responsible decisions and make sure that the operations are profitable enough to finance future NPD projects. During the previous eras of ownership, the Vice President for Vehicle Line Management argues that VCC was merely a cost center that was granted funds by its owners. Today, VCC is a complete and real company that has to take responsibility for its actions, no one else will save the business if it is not profitable. Moreover, as the cooperation with Geely on NPD is rather limited, VCC needs to have activities on all areas of NPD, thus having complete operations, compared to the more divided NPD during the Ford era, when VCC was in charge of some parts of the NPD. Due to this, VCC decided to initiate NPD programs in order to develop a completely new platform and a new family of engines, leading to the introduction of the SPA platform and the VEA engines.

Today, the NPD process is centered around competition and benchmarking against the main competitors from Germany. For instance, the Software Project Lead mentions that VCC engineers rent or purchase the competitors' products in order to compare and outcompete the features of the German cars. This new focus on outcompeting the German competitors, alongside the increased responsibility, has created a more enthusiastic, powerful and energetic organization, where people feel more proud about and confident in the work they are conducting, as put by the Car Line Product Manager.

Nevertheless, the processes introduced during the Ford era are still widely used in the organization. The NPD process created together with Ford and Mazda, GPDS, has been tweaked for the VCC operations and is today called Volvo Product Development System (VPDS). Then again, the all too bureaucratic and cost focused organization, leading VCC to lose focus on its products, has been replaced by a product centered NPD strategy, aiming at creating a premium product. The following quote by the Senior Vice President summarizes the main differences: *"Yes, the largest differences, I think we have mentioned them, but let's summarize them anyway. Well, the one singular largest difference, it is that we are autonomous in the sense that we make our own product decisions. And that might sound like something insignificant, but it is actually a big deal. We don't go to someone else and ask for permission, but we must take responsibility and make sure that we can afford it and that it is the right thing to invest in. The second thing is that today we have our own platforms and engines. During Ford, we didn't have this, so those are the largest differences."*

4.3.2.1. Strategic and Organizational Fit

Described as the Chinese government's super entrepreneur and backed up financially by the Chinese Development Bank and Chinese provinces, Geely's underlying motive of acquiring VCC was to gain knowledge and technology from VCC. As a result of Geely's almost non-existent R&D and its high confidence in VCC's advanced technology and knowledge, VCC now operates under a much higher degree of freedom. In contrast to the management in detail experienced under Ford, VCC managers now operate within a broad framework outlined by Chairman Li and Geely.

In comparison to Ford, who possessed (and still possesses) a high level of technology and was at the forefront on several NPD matters, VCC managers do not identify any NPD-related areas from which they can learn from Geely, as illustrated by the Director: *"In terms of technology or methodology, how to develop a car, I don't know what they could teach us. They are not even close. If you've never worked with vehicle development you can compete with them."* This lack of experience also applies to processes, how to work with NPD, as expressed by the Director for R&D: *"We have moved from an owner, Ford, which had more advanced processes than us, to an owner that does not have any process at all. They come all the time and ask 'how do we do this', and we constantly feed them."*

As described above, this has resulted in a one-way-flow of knowledge and technology, from VCC to Geely. Since some of this technology still belongs to Ford and is protected by IP rights, managers describe how this transfer has to be very selective and provided through certain SharePoint portals in order to avoid legal action from Ford. Moreover, VCC managers do not see the issue of knowledge and technology transfer as an immediate threat to losing core competence, due to the fact that Geely and VCC target widely different segments. As explained by Director 2, the support provided to Geely is not limited to specific technical matters but also centers on guidance and how to build up R&D processes: *"Even if they've hired people from other countries that have advanced car development, and pick them from other companies, they stumble on each other. They have to find a structure. If you want to develop cars you need a map to navigate. You can't just put 1000 engineers in a room and say 'build a car'. Who does what? You need a map that has been built up over many years, but they don't have a map. That's what we teach them, how to build a map."*

Nonetheless, one area where managers identify learning potential is sourcing, an area that has become relatively closely integrated between the two companies. Geely's sourcing department is perceived as extremely competent in the area of price negotiating and cost-efficient purchasing of production input, especially within China that has a different business climate. In line with this, the Vice President states that: *"They're damn good at price negotiation, extremely good at negotiating prices."* The Vice President continues: *"It's like walking at a Swedish market or a Chinese market, how much you can deal and wheel, it's crazy. It's a difference in the business acumen."*

Related to this, together with the fact that China has become VCC's second "home market", Geely has a widespread experience of doing business in China and has established connections with important players on the Chinese market. This stepping stone into China is regarded as very positive for VCC's continued expansion in the country, as stated by the Senior Vice President: *"We are currently increasing our footprint in China, we have factories in China* *and are sourcing suppliers in China. And Geely has, for obvious reasons, a larger experience of doing business in China. It's better to be a local expert and make a Chinese negotiating with Chinese suppliers. Business wise I feel that they can help us very much. With partners, suppliers, the government, public authorities. It's a large country with a unique business culture and unique rules and laws."*

With help and guidance from Geely, VCC has also adapted its product offerings to become more attractive on the Chinese market. Although VCC aims at developing cars that can be offered globally, some minor adjustments have been made to become more attractive in China, for instance by adding some "bling-bling" to the cars.

4.3.2.2. The Role of Product Vision

Moving from the tight control of Ford to the loose integration practiced by Geely, VCC managers experience more liberty to develop and form the product vision for a VCC car. Nevertheless, the overall vision and core values of a VCC product have not changed significantly, however certain key words have been added and are emphasized more than before. For instance, VCC managers state that the NPD work has moved from creating the car that people need to the one they want, thus creating a more emotional tie to the VCC brand and its products. In addition, the areas of Design and Human Machine Interface have been added to the product vision, alongside old key words such as Safety and Environment. Also, as stated by the Senior Vice President, the product vision today is crystal clear about the fact that VCC is to create and offer a premium car to its customers.

This vision, as explained by several managers, can be attributed to the fact that VCC has been given the chance to focus more on the product itself, instead of constantly chasing cost cutting and compromising in order to reach commonality. This is thanks to Geely's patience and intention to keep VCC as it was, not interfering more than needed with the VCC operations. As put by the Vice President for Vehicle Line Management: *"Geely wanted us to deliver the cycle plan that was on the table when we were sold to them."*

Then again, several managers believe that VCC's move towards becoming a pure premium car can be attributed to a vision from Geely in general, and Chairman Li in particular. Nevertheless, apart from presenting a fussy vision about what VCC is to stand for, Chairman

Li has given VCC the autonomy to develop and fine-tune its own product strategy.

4.3.3. Outlook for the Future

Overall, the outlook for the future seems bright in the view of managers. The newly instated autonomy and liberty to formulate a product vision, alongside the independence and complete focus on the VCC products, has rebuilt the self-confidence within the VCC organization. Nonetheless, with liberty comes responsibility, as outlined by the Vice President for Vehicle Line Management: *"I am very positive to it, but I believe that it will be, it's crucial that we succeed in getting the XC90 to the market in a good way and then follow it up with the other cars."*

Moreover, managers feel confident that the coming VCC products will complete the transition from Ford to the present Geely era, cementing VCC as a premium brand. Also, the fact that VCC successfully developed a competitive platform and a new engine family on its own, further spurred the confidence and the positive outlook for the future. This, paired with the new factories in China, will make sure that VCC can supply the domestic market in China with products for years to come.

On the other hand, managers seem worried about the fact that the underlying motives behind Geely's acquisition are still somewhat unclear. Also, who really controls Geely is still fuzzy. Even though Geely seems committed to keeping VCC's operations in Gothenburg, managers are concerned that Geely simply aims to extract as much knowledge and competence from VCC as possible, thereafter moving the operations to China. In addition, some believe that the whole operations are in fact controlled by the Chinese state. The Director for R&D summarizes the doubts: *"I believe the Geely acquisition is a part of a long-term plan to acquire knowledge, how to build cars and how to manufacture a car in an efficient way in order to develop a leading automotive car industry in China."*

Then again, managers argue that they believe that VCC will continue to be a Chinese owned company, this being due to the fact that the Chinese state looks at VCC as a prestige acquisition, thus it is "too big to fail". Furthermore, the Program Leader does not believe that the technology transfer is of any concern, as VCC and Geely act in widely separated segments of the auto industry. Also, Director 1 posits that if VCC is to remain successful, its base must remain in Gothenburg, otherwise the brand strength and the Swedish profile will be lost. Nevertheless, the marriage is still at an early stage, and what is to come in the future might be hard to foresee, as stated by the Director for R&D: *"The journey we have had the chance to participate in is not something that many will experience. Then again, what happens in 10-15 years is very hard to say and it's very much up to ourselves."*

5. Analysis

In this chapter, the theoretical framework, presented in chapter 3, is used in order to analyze the empirical findings. Firstly, the era of Ford ownership is analyzed, followed by an analysis of the current years of Geely ownership.

5.1. The Old Era - Ford and VCC

5.1.1. The Post-Acquisition Integration Phase

In the light of Haspeslagh and Jemison's (1991) typology, Ford adopted a tight and swift version of a *symbiosis* approach in order to capture synergies when integrating VCC's NPD operations. The shared platforms and the increasingly intensive cooperation, beginning with the C1 platform and later with the EUCD platform, as well as the tight integration of VCC into Ford's financial control and large enterprise systems, underline Ford's utilization of resource-sharing mechanisms and, consequently, the high level of strategic interdependence between Ford and VCC. In terms of organizational autonomy, VCC was still treated as a separate organization within the PAG. Nonetheless, the implementation of bureaucratic systems and the high financial control led, according to managers, to a somewhat loss of autonomy and had a negative impact on VCC's corporate culture, a consequence described by Nahavandi and Malekzadeh (1988). This finding suggests that Western firms practice a swift and tight post-acquisition integration approach, aimed at realizing synergy effects and economies of scale. In the post-acquisition phase, the acquired firm is thus tightly integrated and the acquirer's work processes and management systems are introduced in order to reach conformity, as this will enhance the resource sharing and thus the chances for synergy realization.

In line with Graebner's (2004) critique of the lack of flexibility in Haspeslagh and Jemison's (1991) typology, arguing that acquisitions can show elements of both *preservation*, *symbiosis* and *absorptive* approaches, some areas of VCC, where Ford was regarded competent, became fully absorbed into Ford and dismantled at VCC, such as powertrain development. In contrast, other areas within VCC became centers of excellence during the post-acquisition phase, such as collision safety. As explained by the Vice President, the two firms' NPD functions were almost copies of each other with numerous substitutive activities, accentuating similarities between the firms and motivating a relatively high level of post-acquisition integration (Zaheer et al., 2013) and strive for synergies. This finding suggests that, despite a high prevalence of substitutive capabilities in an acquisition, there are always areas where one of the two firms is more competent. Since the goal of high integration approaches is to create synergies, the more competent firm will be more responsive for this area, which leads to a higher level of strategic autonomy. In contrast, the firm will become dependent on the partner firm's capabilities in other areas. With this in mind, this finding confirms studies showing that parts of organizations can be integrated to varying degrees (Ranft & Lord, 2002; Graebner, 2004; Schweizer, 2005; Angwin & Meadows, 2014) and contrasts the less flexible typology by Haspeslagh and Jemison (1991). This finding also corresponds to Zaheer et al. (2013), who show that similar firms often practice a high level of post-acquisition integration.

As described by managers, and in correspondence with Vermeulen and Barkema (2001), this extensive integration evidently distracted VCC management from NPD and innovative activities. As an illustration, managers describe how cost and counting became more important, and the time between decision and implementation became longer. Adding to this, VCC's weak decision-making mandate during Ford ownership created a situation where managers constantly had to work hard for motivating their ideas, instead of developing new ones, due to the constant strive for economies of scale and cost minimization. This finding implies that the acquired firm's strategic core competence will be offset in high-level integration, if the firm is not granted a certain degree of autonomy. Nevertheless, the fact that the cooperation was well-functioning also underlines the importance of competent managers in the acquired firm. Managers describe how they, despite a weak decision-making mandate, were able to motivate their ideas and go through with some of their technical solutions. Therefore, competent managers may offset the negative effects seen on the acquired firm as a result of tight integration and to some extent preserve the acquired firm's strategic core competence. This finding adds to the findings by Graebner (2004) who stresses the importance of competent managers in the acquired firm in balancing autonomy and integration in the acquisition.

Pursuant to Nahavandi and Malekzadeh (1988), the joining of firms with distinctly different cultures complicates the post-acquisition phase, as the acquired firm experiences acculturative stress, trying to retain its corporate culture. As described by several managers, the cultural traits of Ford and VCC deviated on numerous levels. The culture at VCC was characterized by a flat organization where trust, care for the colleagues, and autonomy was emphasized. In contrast, Ford was a hierarchical, highly bureaucratic system where financial control was dominant. Due to these differences, some conflicts did arise, when VCC workers were unwilling to take on the more bureaucratic Ford culture. This finding suggests that differences in corporate culture in the post-acquisition integration phase have a substantial effect on the acquired firm when integration is tight, as this will give rise to acculturative stress. As described by managers, problems and conflicts arose mainly due to differences in corporate culture.

On the other hand, many managers mention that VCC was able to gain a lot of knowledge within the area of financial control and cost management from Ford, which corresponds with the reasoning of Morosini et al. (1998), who argue that firms from different cultures can learn from the specific traits embedded in the respective culture. Moreover, Ford could reap benefits from the knowledge on security at VCC, a feature that pervaded the VCC culture.

Then again, as theorized by Slangen (2006) and Stahl and Voigt (2008), these effects are easier to attain when the level of integration is kept relatively low. Instead, integration was rather tight, which gave rise to the post-merger syndrome, as presented by Olie (1990). The following quote by the Technical Project Leader illustrates the resistance and cultural clashes that arose between VCC and Ford: *"Progressively, processes that we were to adopt were introduced, and it faced a lot of resistance from us, the small company that was to become part of a large hierarchical company. So it was almost some sort of guerilla movement during periods because people thought it was so stupid - 'why are we to do this now?'"* These findings imply that there is a discrepancy between the strategic fit, described by Haspeslagh and Jemison (1991), and individuals own will to fit. Just because there is fit and synergy potential does not mean that the acquired firm will behave as planned, since the firm consists of people with own perceptions and wills. This suggests that the acquired firm needs time in order to create a positive atmosphere in the post-acquisition phase before sharing any resources and realizing synergies. This seems to be especially relevant when integrating two firms with contrasting corporate cultures and management styles, as Ford and VCC. As described by managers, and confirmed by Holland and Salama (2010), no formal cultural awareness exercises were held between Ford and VCC, something that might have mitigated the negative perceptions among VCC managers and resulted in a higher level of acculturation in the acquisition (Larsson & Risberg, 1998).

On the other hand, as the initial attitude and the feelings towards the acquisition by Ford were mainly positive, the acculturative stress and the post-merger syndrome seemed to be somewhat toned down. This might also be ascribed to the high reliance on facts within the Ford culture, which meant that VCC managers perceived the cooperation as being built on mutual respect and understanding.

5.1.2. Post-Acquisition Integration and the Implications for New Product Development

"They were copies of each other. Then again, the activities might have been 10 times larger at Ford." (Vice President) The quote by the Vice President gives a good indication of the strategic and organizational fit between Ford's and VCC's NPD activities. As stated, the two companies can be described as related, both in terms of technological depth and R&D intensity. In terms of organizational fit, on the other hand, Ford was a much larger company with a much more hierarchical and bureaucratic culture, something that according to managers complicated the integration process. In correspondence with Hagedoorn and Duysters (2002), who argue that strategic and organizational fit between merging firms is positive for NPD and facilitates economies of scale, Ford and VCC were indeed able to attain economies of scale, mainly through the cooperation on the shared platforms. Apart from economies of scale however, VCC managers experienced negative outcomes on their own NPD capabilities during the Ford era.

During Ford ownership, VCC managers describe how they became more focused on developing and adapting solutions suitable for commonality and sharing, on the one hand, and more occupied with finance and control, on the other, instead of focusing on the products themselves. Accordingly, this created difficulties for VCC since the Ford brand aimed at volume production for the masses whereas VCC viewed itself as a brand aiming for the premium segment. This clash became evident when working with the EUCD platform where managers describe how VCC's products suffered from having to share components and technology with Ford, making the strive for premium hard to fulfill. The Senior Vice President for instance states that: *"[...] on that platform we were stuck with Ford technology, making us less competitive."*

This meant that the innovative and autonomous work at VCC was exchanged for more focus on hierarchy, bureaucracy and financial control, leading VCC to lose some of its innovative spirit. The loss of innovation in the NPD activities at VCC can be explained by the contrast in size between Ford and VCC, indicating differences in corporate culture, which in turn makes adoption in the post-acquisition phase harder (Hagedoorn & Duysters, 2002). This loss of innovation can also be ascribed to the usage of a relatively tight *symbiosis* approach, leading VCC to focus more on coordination than innovation (Haspeslagh & Jemison, 1991; Ranft & Lord, 2002). Although managers at VCC perceived the advantages of economies of scale as positive, they experienced how the standards had to be lowered on some products, as put by the Senior Vice President: *"We spent the same money on adapting eight bad engines to our car instead of developing one good one."* One contributing factor creating this situation was the high prevalence of substitutive capabilities that, according to Hagedoorn and Duysters (2002) and Cassiman et al. (2005), have a negative effect on innovation in the post-acquisition phase. This finding suggests that a high level of integration between two firms with substitutive capabilities and activities will have a negative effect on the acquired firm's strategic core competence. This is due to the fact that when the two firms have substitutive capabilities and the integration approach emphasizes the capturing of synergies and attaining economies of scale, the focus of the work will shift from innovation to coordination, altering the strategic work processes and hence the strategic core competence in the acquired firm.

Despite this fact, the R&D activities at the two companies also showed elements of complementarity. As described by managers, Ford was at the forefront in chassis development, noise vibration harshness, handling, drivability and applied highly developed R&D processes and financial calculation methods, whereas VCC was world-leading in safety and powertrain development. As a result, VCC managers learned a lot from Ford, especially regarding financial control and R&D processes.

Turning to the importance of a suitable integration approach, Ford's *symbiosis* approach to integration of VCC's NPD functions, and its standardization of systems and processes, is supported in the literature as the most positive approach for successful innovation (Grimpe, 2007). Nevertheless, as mentioned, these large enterprise systems were perceived as ill-fitted for VCC by managers and the constant compromises on the shared platforms were perceived as negative for NPD, thus supporting the argument by Hagedoorn and Duysters (2002) that differences in size, often leading to a difference in corporate culture, might be negative for NPD in the post-acquisition phase. This finding proposes that a difference in size between the acquirer and the acquiree, indicating contrasting corporate cultures, has a large impact on the acquired firm's strategic core competence, especially when integration is tight. A much larger acquirer, imposing large enterprise systems and a higher level of control, will significantly alter the strategic work processes at the acquiree and thus undermine the acquired firm's strategic core competence.

Nonetheless, the product vision of VCC during the Ford era, compared to the product vision before the acquisition, did not change substantially. Still, the NPD activities at VCC and Ford were firmly integrated, which meant that VCC's ability to develop products that reflected the product vision was somewhat restrained. This can be explained by the deviating focus of Ford and VCC - Ford acting in the mid segment, whereas VCC strived to be a premium brand. As commonality and the development of components that could be used by all brands within the Ford sphere was prioritized, VCC had to constantly compromise in its NPD process. Due to this, the VCC vision became somewhat hesitant and unclear during this period, for instance VCC was not able to fully brand itself as a premium car.

Chen and Lin (2011), as well as Tessarolo (2007) stress the importance of a shared and clear product vision in order for the NPD to be successful in the post-acquisition phase. As stated by several managers, and as theorized by Chen and Lin (2011), the efficiency of the NPD during the Ford era was improved, thanks to the increased cost control and the realization of economies of scale. On the other hand, the effectiveness of the NPD was impaired, mainly due to the compromises and the constant strive towards commonality, leading VCC to focus more on cost than on the actual products. In addition, the fact that some products were delayed can be linked to Tessarolo (2007), who argues that firms that integrate their operations without having a clear product vision will experience longer cycle times and become less competitive. This is confirmed by Chen and Lin (2011), who argue that when firms practice tight integration, as done by Ford and VCC, the competitiveness is downgraded if there is no clear product vision guiding the two partners. This finding further underlines the difficulties of practicing a tight integration approach and the negative effects it has on the acquired firm's strategic core competence. When being firmly integrated with a larger acquirer, the strategic work processes are altered and thus the strategic core competence of the acquired firm is undermined, hence it will be harder for the acquired firm to uphold and fulfill its product vision. This becomes extra difficult when the acquiring firm has a clear motive for the acquisition that deviates from the acquired firm's.

The integration approach practiced by Western firms and the effects seen on the acquired firm's strategic core competence is illustrated in Figure 4. When the motive and focus is on realizing synergy effects, a tight integration approach is practiced in order to capture and combine the core competence present in the acquired with the acquiring firm, which in turn will lead to the realization of economies of scale through commonality. Nonetheless, this focus on economies of scale leads to tighter control and coordination, which will alter the strategic work processes within the acquired firm, thus leading to a loss of the strategic core competence.

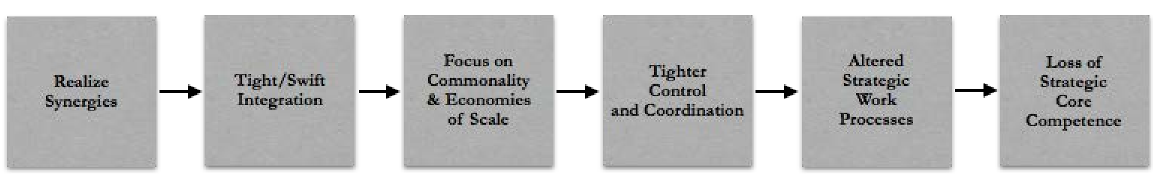

Figure 4. *"Western Firm Integration Approach and the Effects on the Acquired Firm."*

5.2. The New Era - Geely and VCC

5.2.1. The Post-Acquisition Integration Phase

Geely's integration of VCC can, in the context of Haspeslagh and Jemison's (1991) typology, be identified as a *preservation* approach. In terms of strategic interdependence, the only significant resource sharing mechanism, according to managers, is the joint project CEVT. This low level of strategic interdependence is accompanied by a high level of organizational autonomy. As presented by managers, they regard VCC as a stand-alone company, operating under freedom with responsibility. The low level of integration between VCC and Geely is typical for unrelated firms (Zaheer et al., 2013) and is perceived as very positive in terms of innovativeness by VCC managers, thus supporting the view of Ranft and Lord (2002).

Moreover, Geely's approach corresponds with the loose approach described by Cogman and Tan (2010), Liu and Woywode (2013), Knoerich (2010), and Kumar (2009) used by emerging market firms when acquiring Western firms, focusing on attaining learning, and in clear contrast to Ford's approach, typical for a Western firm (Cogman & Tan, 2010). As outlined by Kumar (2009), the case of Geely clearly resembles that of Hindalco, since both firms did not interfere with the operations of the acquired Western firm and both firms retained the acquired firm's managers. Furthermore, as with the case of Hindalco, Geely did not impose its culture on VCC, but instead aims at selective accumulation of VCC's know-how and technology, through CEVT. These similarities are well summarized by the Program Leader: *"The integration is very low so far. In product terms I view us as completely stand-alone today. We develop our own platform, our own engines and then we have started to develop this common platform with Geely for small cars. That's the only mark of integration so far."* This finding suggests that emerging market firms practice a loose and slow moving approach where the focus is on attaining learning over a longer time, rather than striving towards swift synergy effect realization. In the post-acquisition phase, the acquired firm is thus granted a high degree of operational autonomy, as the motive is not to attain synergy effects or economies of scale, but to access certain sets of knowledge.

Conforming to the study by Knoerich (2010), where a Chinese firm acquired a German firm, VCC managers were initially reluctant to the deal, but the skepticism faded when these managers recognized the long-term orientation, inherent in the Chinese culture, and that they were granted a high degree of operational freedom and act in a businesslike relationship with Geely, as described by the Vice President for Vehicle Line Management: *"No one in Geely can command us to do something if we don't have business in it."* This finding suggests that after learning more about the acquiring firm's culture and strategic intentions, the acquired firm becomes more willing to accept the acquiring firm. In line with the reasoning of scholars (cf. Holland & Salama, 2010), formal cultural awareness exercises contribute in creating a positive perception of the acquirer, as in the case of VCC and Geely. In turn, this facilitates mutual learning and might also lead to future synergy realization in the post-acquisition phase.

Against this background, VCC managers now perceive Geely as a long-term oriented owner and are very positive towards the granted freedom. As stated by the Technical Project Leader, this positive view was reinforced when Geely started to invest in VCC's R&D facilities, a common strategy among Chinese firms, aiming to create trust and spur innovative activities at the acquired firm (Knoerich, 2010). In line with the reasoning of other scholars (cf. Knoerich, 2010), Geely's loose integration approach created trust and minimized resistance from VCC employees and, at the same time, boosted VCC's self-confidence. As described in the literature, this type of integration creates a sense of equality towards the owner among managers in the acquired firm (cf. Knoerich, 2010), a picture that is confirmed by the Senior Vice President, who describes the relationship between VCC and Geely as a relationship between two brothers. Another similarity with studies by other scholars (cf. Knoerich, 2010) was the fact that Geely, in order to accomplish an effective overview of VCC, appointed a new board of directors but, at the same time, did not interfere with the operations of VCC by replacing line management (cf. Cogman & Tan, 2010). This finding shows that, in contrast to a tight and swift integration approach and an instant strive for synergies, an acquiree that is granted time and patience will create a positive atmosphere towards the acquirer in the post-acquisition phase. This results in trust and understanding towards the acquirer, which facilitates a smoother transfer of capabilities. This finding once again confirms the importance of creating a mutual understanding between the two firms early in the post-acquisition integration phase.

However, as argued by Knoerich (2010) as well as Liu and Woywode (2013), and Cogman and Tan (2010), emerging market firms rarely have any alternatives to a loose integration approach since they lack the knowledge and international experience necessary for a tight integration approach. In accordance with Liu and Woywode (2013) and Deng (2010), who emphasize the importance of absorptive capacity, Geely's R&D is described as almost non-existent by VCC managers and the company has historically focused more on copying than NPD. With this in mind, Geely does not have the capability to directly assimilate the advanced technology at VCC, thus forcing Geely to keep the integration at a minimum, as confirmed by the Program Leader: *"[…] they simply can't fly in seven jumbo jets with financial controllers and take over this. They neither have the knowledge nor the possibility. At that point you realize that they have acquired Volvo because Volvo has a value, they want this value in order to learn. They want to develop Volvo, and they want to develop Geely as a company."* This finding confirms the view of Knoerich (2010) as well as Liu and Woywode (2013), and Cogman and Tan (2010), stating that emerging market firms hold integration to a minimum due to a lack of absorptive capacity and competence.

However, in correspondence with Liu and Woywode (2013), Geely's long-term approach of acquiring knowledge and technology, something that the joint activities at CEVT aim at, might result in a higher level of integration with VCC in the future, as posited by Director 1: *"The purpose of acquiring Volvo felt like, and still feels like, a way for them to transfer really high competence to China. And that is what makes it more emotionally troublesome, that it is not guaranteed that we will remain in Sweden."* Nevertheless, since Geely and VCC operate in different segments, a tighter integration and more extensive product cooperation might result in a mix-up of two widely different brands, making such cooperation less probable. Additionally, such cooperation is directly incompatible with the assurances by Chairman Li to keep the brands separated.

As presented by several managers, the corporate culture at Geely contrasts the previous stringent control centered culture at Ford. Instead, Geely is characterized by entrepreneurship, pragmatism, and a long-term focus. The risk of acculturative stress, presented by Nahavandi and Malekzadeh (1988), as well as the occurrence of a post-merger syndrome (Olie, 1990), was avoided in the post-acquisition phase, as the integration was kept at a very low level. This resulted in a chance for VCC to rebuild its strategic work processes, strategic core competence and find stability within its organization, which in turn has increased the self-confidence and enthusiasm. The Senior Vice President describes how this shift has affected the work at VCC: *"We still have our legacy as a foundation, but we have become more motivated to deliver on a higher level, one might say. We have become stronger, more competitive, more* *confident, and added a better product and customer focus into our culture."* This fact underlines that the loose integration approach adopted by emerging market firms minimizes acculturative stress. This is due to the fact that when integration is kept on a low level, the acquired firm will be able to retain its own culture and thus feel more secure in the post-acquisition phase. In addition, the perceived stability will provide the acquired firm with the chance to focus on maintaining and even strengthening the strategic work processes, thus leading to positive effects on the strategic core competence.

Even though the interaction and integration level is quite low, VCC has been able to reap some benefits from the specific cultural traits of Geely and its Chinese origin (Morosini et al., 1998; Slangen, 2006; Stahl & Voigt, 2008). For instance, managers mention that Geely's culture has more focus on and knowledge in the areas of purchasing and sourcing, thus VCC can take advantage of the tougher negotiation techniques at Geely when sourcing components for its cars. As stated by the Vice President: *"It's like walking at a Swedish market or a Chinese market, how much you can deal and wheel, it's crazy. It's a difference in the business acumen."* This finding implies that when two firms from widely different cultures are involved in a post-acquisition phase, a low level of integration is more beneficial to the acquired firm, as it will be able to reap some benefits from this integration approach. First off, the low level of integration will minimize the acculturative stress, giving the acquired firm the chance to solely focus on its own strategic work processes and strategic core competence. Second, even though the level of integration is low, some capability exchange is performed, giving the acquired firm the opportunity to gain access to and take advantage of some specific capabilities in the acquiring firm.

Nevertheless, the slower and lower level of integration can be explained by the cultural differences, as argued by Slangen (2006) and Olie (1990). When the cultural traits of two firms are distinctly different, the integration must be kept at a low level (Slangen, 2006), alternatively the integration phase must take significantly more time (Olie, 1990).

5.2.2. Post-Acquisition Integration and the Implications for New Product Development

The loose and slow moving integration between VCC and Geely has restricted the chances for realization of synergy effects in the post-acquisition phase. On the other hand, as stated by several managers, Geely lacks any proper R&D activities, thus limiting the synergies that could have been realized. Hagedoorn and Duysters (2002) as well as Cassiman et al. (2005) argue that firms with complementary assets and knowledge are prone to see more positive results in the post-acquisition phase compared to substitutive firms. As the operations at VCC and Geely are kept separate, and as Geely's level of technology is still low, the theorized synergies are hard to attain. The following quote by Director 2 illustrates the situation: *"In terms of technology or methodology, how to develop a car, I don't know what they could teach us. They are not even close. If you've never worked with vehicle development you can compete with them."*

This low level of integration, coupled with the insignificant R&D activities at Geely, has forced VCC to take responsibility for its own operations and make sure that it stays profitable. The Vice President for Vehicle Line Management stated that VCC has moved from being a cost center during previous eras to now being a proper firm, having activities on all areas of NPD and needing to develop a new platform and new engines, all on its own. This finding proposes that a low integration approach safeguards the acquired firm's strategic work processes, and is positive for the strategic core competence in the acquired firm, however the chances for synergy realization are minimal.

Nevertheless, some interaction and cooperation has been performed within the area of purchasing, where VCC has been able to gain from Geely's sophisticated negotiation techniques. Moreover, as VCC has shifted more of its focus towards China, making it the second home market, Geely's knowledge and experience from conducting business in China has served VCC well. As put by the Senior Vice President: *"We are currently increasing our footprint in China, we have factories in China and are sourcing suppliers in China. And Geely has, for obvious reasons, a larger experience of doing business in China. It's better to be a local expert and make a Chinese negotiating with Chinese suppliers. Business wise I feel that they can help us very much. With partners, suppliers, the government, public authorities. It's a large country with a unique business culture and unique rules and laws."* Apart from the assistance with purchasing and entry into China, Geely and VCC do not have any explicit cooperation or interaction. Instead, all shared NPD activities have been allocated to CEVT, thus providing VCC engineers and managers with the chance to solely focus on developing VCC products, not having to strive for commonality or compromises in the NPD process.

This loose approach to integration and yet successful results in the post-acquisition NPD contrasts the view of Grimpe (2007), who states that an *absorption* or *symbiosis* approach, focusing on common structures and routines, will be most likely to render successful results. Then again, the focus thus far seems to not be on realizing any synergy effects, but to provide Geely with knowledge and technology, while VCC is given the autonomy and stability to develop its own products. The implemented integration approach has led to a shifted focus from cost control to benchmarking and outcompeting rivals, something that so far seems to have been a successful recipe for reviving VCC. This finding once again highlights that a slow and loose integration approach has a positive effect on the acquired firm's strategic core competence. This is due to the fact that a loose integration approach, focused on knowledge transfer, gives the acquired firm the chance to protect its strategic work processes, thus sustaining the strategic core competence. Moreover, as some interaction with the acquirer takes place, and as the relationship is between two equals, the acquired firm will be able to take advantage of some of the acquirer's specific capabilities.

As opposed to the somewhat unclear and hesitant product vision during the Ford era, the lower level of integration and the autonomy granted by Geely has presented VCC with the opportunity to totally form its own vision and thereafter make sure that the developed products are in line with this vision, compared to the previous strive for commonality. In line with this, the effectiveness of the NPD has substantially increased during the Geely era, as VCC managers now feel that they can envision and thereafter create the products they aim for and become more competitive (cf. Chen & Lin, 2011). The Senior Vice President describes the shift: *"Today, thanks to the journey I just described, we have a crystal clear vision that we are to deliver a premium car, and we are to beat one of the Germans."*

On the other hand, the efficiency of the NPD process has decreased somewhat, mainly due to the shift away from financial control (cf. Chen & Lin, 2011). Instead, the focus is solely on the products. For instance, VCC managers today are more prone to invest heavily in certain parts of the car; this in order to make sure that the product is competitive in the premium segments, however rendering a more costly development process. Then again, VCC inherited numerous processes and knowledge about financial control from Ford, thus the cost consciousness is always apparent in the process. Moreover, the less hierarchical climate, coupled with the widely accepted and clearly stated product vision, has led to shorter lead times (cf. Tessarolo, 2007). Still, the Vice President states that the R&D activities at VCC are "fat and lazy", and VCC strives towards shortening its cycle times even further. This finding can be explained by the loose integration approach, resulting in maintained strategic core competence, which in turn enables the acquired firm to uphold a clear product vision.

The integration approach practiced by emerging market firms and the effects seen on the acquired firm's strategic core competence is illustrated in Figure 5. When the motive behind an acquisition is to attain learning over time, the integration approach practiced will be loose and slow moving. Compared with the strive for economies of scale, common for Western firms, the focus is rather on transferring certain sets of knowledge to the acquiring emerging market firm, which will grant the acquired firm a high level of autonomy. This autonomy will thus allow the acquired firm to maintain its strategic work processes, which in turn will make sure that the strategic core competence is maintained within the acquired firm.

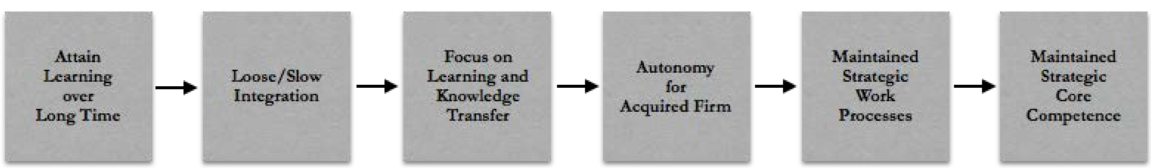

Figure 5. *"Emerging Market Firm Integration Approach and the Effects on the Acquired Firm."*

5.3. Western and Emerging Market Firm Integration Approaches – A Comparison

When comparing the seemingly contrasting approaches applied by Western and emerging market firms, the effects seen on the acquired firm differ on numerous levels. On the one hand, when being acquired by a Western firm, the level of integration is high in order to capture synergy effects and attain economies of scale. This grants the acquired firm a low level of autonomy, which in turn negatively affects the strategic work processes. This in the end has a negative effect on the strategic core competence of the acquired firm.

On the other hand, emerging market firms keep the level of integration on a low level, this as the underlying motive is to attain learning over time. Moreover, the low level of competence in emerging market firms also contributes to the low level of integration. This low level of integration grants the acquired firm a high level of autonomy, which minimizes the realization of synergies and the chances for economies of scale. Nonetheless, the high level of autonomy has a positive effect on the strategic work processes, which in turn has a positive effect on the acquired firm's strategic core competence. The effects seen on the acquired firm and its strategic core competence are illustrated in table 2:

	Western Firm	**Emerging Market Firm**
Level of integration	High	Low
Autonomy	Low	High
Focus on synergy realization	High	Low
Focus on Economies of scale	High	Low
Effect on strategic work processes	Negative	Positive
Effect on strategic core competence	Negative	Positive

Table 2. *"Comparison of the Effects Seen on the Acquired Firm from a Western and Emerging Market Firm Integration Approach."*

6. Conclusion and Future Research

This chapter revisits the research question and summarizes the findings of the study. Moreover, the main contributions to the academia are discussed alongside the limitations of our study. Lastly, areas needing more research in the future are introduced.

6.1. Research Question Revisited

The purpose of this study is to compare how the post-acquisition integration approaches applied by Western versus emerging market firms differ and how they affect the acquired firm's strategic core competence. Through a case study of VCC during two periods of ownership, the difference between a Western firm integration approach, and an emerging market firm approach, are outlined. The study renders some key findings, which will be presented below.

In relation to Western firms, this case study shows that this group of firms practices a relatively tight and swift post-acquisition integration approach, focused on realizing synergies. Firstly, the study reveals that this tight and swift approach has a detrimental effect on the acquired firm's strategic core competence, especially when there are differences in work processes and culture between the acquirer and acquiree. An acquirer with disparate work processes and a contrasting culture, practicing a tight integration approach, significantly alters the strategic work processes at the acquired firm and undermines its strategic core competence. One determinant factor for the deviation in work processes and culture, mentioned by Hagedoorn and Duysters (2002), is difference in size between the two firms; a larger firm is for instance more prone to employ more stringent control systems.

Secondly, and related, the findings suggest that the acquired firm's strategic core competence is undermined if the firm is not granted a certain degree of autonomy in the post-acquisition phase. To that end, the findings emphasize the importance of competent managers in the acquired firm, since these individuals have the ability to argue for and hinder a too high level of integration, thus preventing a loss of the acquired firm's strategic core competence.

Thirdly, the findings underline the impact of differences in corporate culture in the post-acquisition integration phase when integration is tight, as acculturative stress and resistance from the acquiree becomes more common. Even though there might be extensive potential for synergy realization, organizations consist of individuals with their own attitudes and wills. Therefore, if the differences in corporate culture are not given attention and if the acquired firm is not given time to create a positive atmosphere and confidence in the post-acquisition phase, the acquired firm may develop a negative attitude towards the integration phase, resulting in deterred synergy effect realization opportunities.

Fourthly, even if there is a high prevalence of substitutive capabilities in the acquisition, the degree of competence between the acquirer and acquiree will always differ. Thus, since the goal of high integration approaches is to realize synergies, the acquired firm will be granted a higher degree of strategic autonomy in areas where it is regarded more competent than the acquirer.

In relation to emerging market firms, the study shows that this group of firms practices a loose and slow moving integration approach when acquiring Western firms, focused on attaining learning over a longer period of time. Moreover, the study reveals that this approach maintains and spurs the strategic core competence within the acquired firm. Firstly, a low integration approach safeguards the acquired firm's strategic work processes and enables the firm to maintain and uphold its strategic core competence, but on the other hand minimizes chances for synergy realization in the post-acquisition phase.

Secondly, this study shows that the loose integration approach typically adopted by emerging market firms can mainly be explained by a lack of competence, which requires them to keep integration at a minimum.

Thirdly, a looser integration approach where the acquired firm is granted a higher level of autonomy spurs the self-confidence, minimizes acculturative stress, facilitates trust building, understanding and creates a positive attitude towards the acquisition. After learning more about the acquirer's culture and strategic intentions, for instance via formal cultural awareness exercises, the acquired firm becomes more prone to accepting the acquiring firm, which in turn facilitates the exchange of knowledge, mutual learning and hence future synergy realization.

6.2. Contributions, Limitations and Future Research

In line with the purpose of this study, we have been able to show how the post-acquisition integration approaches applied by Western versus emerging market firms differ and how they affect the acquired firm's strategic core competence. As mentioned in section 1.2., there is a dearth of knowledge considering the difference in post-acquisition approaches practiced by Western and emerging market firms. In addition, literature on post-acquisition integration has been criticized for being one-sided, with an almost exclusive focus on the acquiring firm. Hence, our ambition with this study has been to compare how the post-acquisition integration approaches applied by Western versus emerging market firms differ and how they affect the acquired firm's strategic core competence. Our findings have yielded several theoretical contributions.

Firstly, not many previous scholars have made the connection between post-acquisition integration and its effect on strategic core competence, especially not from the acquired firm's point of view, hence our study contributes to filling this gap in the M&A literature.

Secondly, a key contribution of this study is the finding that differences in work processes and culture between the acquirer and the acquired firm in a post-acquisition phase, characterized by a high level of integration, significantly alters the acquired firm's strategic core competence. This finding can be connected to Hagedoorn and Duyster's (2002) study on the IT-industry, which stresses differences in size as a mediating factor, but extends this theory and shows that it is also applicable to an automotive context.

Thirdly, the findings confirm studies showing that different functions and areas of the acquired firm can be integrated to varying degrees (Ranft & Lord, 2002; Graebner, 2004; Schweizer, 2005; Angwin & Meadows, 2014) and extends these studies by emphasizing the relative competence as a determining factor for the level of integration of these functions. Accordingly, competent areas in the acquired firm will be granted a higher level of strategic autonomy.

Fourthly, this study reveals that competent managers in the acquired firm have the ability to balance autonomy and integration when being tightly integrated by an acquirer. By interacting with the acquirer and arguing for solutions, these managers can preserve the acquired firm's strategic core competence and at the same time contribute with realizing synergies in the acquisition. With some exceptions (Graebner, 2004), many studies do not acknowledge the influence of the acquired firm's managers in the post-acquisition integration phase.

Fifthly, this study highlights the fact that Haspeslagh and Jemison's (1991) seminal typology mainly centers on strategic issues, and does not take into account how the acquired firm, and especially managers in the acquired firm, feel and experience the post-acquisition integration phase. Therefore, the results of this study argue for an extension of theory by not only including strategic and organizational fit, but also including individuals' own will to fit.

Sixthly, although many studies emphasize the influence of national culture on post-acquisition integration performance (Morosini et al., 1998; Slangen, 2006; Stahl & Voigt, 2008) this study points toward a higher importance of corporate culture in this phase, even in cross-border deals.

Finally, the knowledge on the post-acquisition integration approaches practiced by emerging market firms is still rather limited, as mentioned by Liu and Woywode (2013) and Deng (2012), thus there is a constant need for more research on the area – especially regarding the effects seen from these activities. Taking this into consideration, this study confirms the view of Cogman and Tan (2010), Liu and Woywode (2013), Knoerich (2010), and Kumar (2009) that emerging market firms make use of a loose, slow moving integration approach. Nonetheless, this study extends extant theories by identifying the effects seen on the acquired firm's strategic core competence in the post-acquisition phase.

On the other hand, certain limitations can be identified with our study. Firstly, the study centers on the acquired firm's perspective, hence not taking the acquiring firm's experiences into consideration. Second, in our ambition to study the effects seen on the strategic core competence in the acquired firm, we choose to focus on how one area, NPD, within the firm has been affected by the chosen integration approach, thus not being able to fully assess the integration approach and its effect on the firm as a whole or on other functions. Nevertheless, being essential for the competitiveness of a firm, we believe that the strategic core competence within NPD is a suitable focal point. Third, as this is a single case study on a Swedish firm, the effects seen can be due to the specific firm's cultural traits, for instance a firm from Germany might have experienced widely different effects from the two integration approaches. Fourth, as argued by Cogman and Tan (2010) as well as Liu and Woywode (2013), Chinese culture has a long-term perspective, and Chinese firms seem to aim towards attaining learning over a longer period of time. With this in mind, this study might not capture the whole integration process. Lastly, it must be mentioned that legal aspects regarding IP rights between Geely and VCC might have had an impact on integration, limiting all interaction and cooperation to CEVT. Nonetheless, none of the respondents have indicated this throughout the study.

Taking the contributions and limitations into consideration, some areas where more research is needed can be discerned. First off, as mentioned earlier, Cogman and Tan (2010) as well as Liu and Woywode (2013) believe that the long-term orientation of emerging market firms might indicate a longer integration period. Considering this, we believe that emerging market firms might tighten the integration when they have reached a higher level of knowledge; hence a study that covers a longer period of time would be relevant. Nevertheless, as emerging market cross-border M&As is a recent phenomenon, this study might not be feasible until a certain amount of time has passed from the point of acquisition. Still, we believe that a study that examines the exchange of knowledge and expertise as well as whether the level of integration remains low is desirable.

Second, and in connection with the previous suggestion, more knowledge in general is needed on M&As from emerging market firms. As put by Liu and Woywode (2013), there is a paucity of knowledge in this area. By focusing more on M&As from firms stemming from countries such as China, India, and Brazil, we will be able to gain a deeper knowledge of the thinking and reasoning of the firms that are believed to rule the World economy in the coming century.

Lastly, the knowledge on how the acquired firm is affected by different integration approaches is still rather scarce. To be specific, there is a dearth of studies that look at how the strategic core competence changes when the firm is acquired, and when integration approaches are imposed on the acquired firm. Previous studies seldom take the perspective of the acquired firm. Moreover, we argue that more knowledge is needed regarding the difference between being acquired by a Western firm and an emerging market firm.

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Appendix

Interview Guide
<u>Introduction and general questions</u>

- Please describe your background
- Briefly describe your current job
- Briefly describe the corporate culture at VCC
- Describe what characterizes product development at VCC
    - -How would you describe VCC's product vision?

<u>Post-acquisition integration and the role of culture</u>

The Ford Era

- How did you feel when Ford acquired VCC?
    - -How did you perceive the corporate culture at Ford?
- How much interaction and cooperation did you have with colleagues from Ford?
    - -How well did you communicate and cooperate with colleagues from Ford?
    - -Did managers from Ford and VCC visit each other on a frequent basis?
    - -What was the main objective of these visits?
- How would you assess the level of integration between VCC and Ford?
    - -How did you perceive the integration process?
    - -Did any clashes arise between the two partners?
    - -How did the integration phase affect you and your colleagues?

The Geely Era

- How did you feel when Geely acquired VCC?
    - -How do you perceive the corporate culture at Geely?
- How much interaction and cooperation do you have with colleagues from Geely?
    - -How well do you communicate and cooperate with colleagues from Geely?
    - -Do managers from Geely and VCC visit each other on a frequent basis?
    - -What is the main objective of these visits?
- How would you assess the level of integration between VCC and Geely?
    - -How did you perceive the integration process?

-Did any clashes arise between the two partners?

-How did the integration phase affect you and your colleagues?

How would you assess the difference in the level of integration between Ford and Geely?

<u>Strategy and Product Development under different ownership</u>

The Ford Era

- What was your product vision under Ford's ownership?
- Please describe the product development strategy under Ford's ownership
- Please describe the product development process under Ford's ownership
- How much did you cooperate with colleagues at Ford on activities concerning product development?
- How would you describe the match between VCC' and Ford's product development processes?

The Geely Era

- Has your product vision changed under Geely's ownership? If so, please elaborate.
- Please describe the product development strategy under Geely's ownership
- Please describe the product development process under Geely's ownership
- How much do you cooperate with colleagues at Geely on activities concerning product development?
- How would you describe the match between VCC' and Geely's product development processes?

Comparison

- What are the largest differences regarding product development between the Ford and the Geely era (vision, strategy, processes, etc.)?
    - -Why do you think this has changed/not changed?
    - -Who has been the main driving force in these changes (Ford, Geely, VCC)?
    - -How do you perceive these changes (what is positive and what is negative)?

- Are there any differences in employee turnover, as experienced by VCC, under Geely's ownership compared to the Ford-era?

- All in all, how do perceive that the switch from Ford to Geely has affected the strategy and the way you work with product development?
- What are your projections for the future regarding product development at VCC?