

DECISION SCIENCES INSTITUTE

Can corporate entrepreneurship attributes in acquired firms avoid their acquisition-turned-divestiture fate?

Santosh Nandi

College of Business & Entrepreneurship
University of Texas-Rio Grande Valley
Email: santosh.nandi@utrgv.edu

Dr. Sibin Wu

College of Business & Entrepreneurship
University of Texas-Rio Grande Valley
Email: sibin.wu@utrgv.edu

ABSTRACT

More than 50% acquisitions are divested within the first year of operation. Data shows that the divestitures lacked adequate level of corporate entrepreneurship, hence, faced significant hurdles in getting integrated. We argue that presence of corporate entrepreneurship attributes in acquired firms is vital for their successful integration with their acquirers. The acquirers are less likely to divest such acquisitions that continue to demonstrate the culture of corporate entrepreneurship even after getting acquired, more specifically, during their post-acquisition integration stages. While most studies have focused on the 'process' dimension of managing post-acquisition integration, we intend to explore this largely unattended dimension, namely, 'corporate entrepreneurship level' of acquired entrepreneurial firms. In this study, we used Stopford & Baden-Fuller's (1994) two of the five 'bundles' of attributes for creating corporate entrepreneurship to explore how these attributes impact the overall efficiency of integration, and therefore, predict the likely status during post-acquisition integration stages. Connecting corporate entrepreneurship literature with M&A literature will be our contribution toward developing practical implication for entrepreneurial firms who are in the process of preparing themselves for a successful continuity or exit through M&A route, and also, for acquirers who are on the lookout for complimentary targets.

KEYWORDS: Corporate entrepreneurship, Post acquisition integration, Divestiture

INTRODUCTION

In the start of this millennium, Marconi, a UK based telecom solution provider, was well regarded in the telecom business circle for its highly innovative telecom products. Marconi's optical networking equipment, broadband access products, soft-switch products and R&D operations were considered as one of the most innovative and efficient telecom solutions available. In 2005, when Marconi started struggling to execute the multi-billion dollar British Telecom network upgrade project, it found its strategic fit in Ericsson, a Swedish telecom network service major. Ericsson acquired Marconi for \$2.1 billion (Ericsson News Center, 2005). Subsequently, Ericsson renamed the acquired part as Tenet and extensively used it as a strategic tool to expand into North and Latin America. As a result, Tenet's capabilities helped Ericsson won several major telecom contracts with regional operators like AT&T (US), Vivo (Brazil), Ento (Chile) and similar others (Ericsson Publications, 2015). In a similar setting, Palm – the first generation smartphone makers got acquired by HP as a strategic-fit deal for \$1.2

billion in 2010, when it started losing ground to Blackberry, Apple, Samsung, HTC, Motorola and others (HP Press, 2010). HP assumed that the combination of its financial muscle and global reach with Palm's proprietary smartphone devices and unique webOS platform will enable HP to successfully enter into the fast-growing and highly profitable smartphone and connected mobile device markets. However, HP failed to find any strategic fit due to Palm's relatively poorer hardware and OS capabilities than the existing competition. HP took less than a year to, not even divest, but, close-down the entire Palm division (The Verge, 2012). Why did Ericsson succeed, and HP failed in integrating their respective acquired firms?

The tales of these two post-acquisition outcomes prompt to reason out the causes that allow one kind of target firms to get integrated successfully while the other kind to get divested. M&A literature (Kohers and Kohers, 2001) has shown that both acquirers and target firms have different expectations from each other, and therefore, face several challenges in the wake of a takeover. While acquirers' challenge is to successfully integrate the new asset in order to meet their expectations, the acquired firms' challenge lies in establishing their identity within their acquirers. Among several challenges, one of the most common challenges that acquirers and their respective targets face is about intense organization-culture clashes (Weber et al., 2009). Another pertinent challenge surfaces when acquirers' tend to control their targets while undermining their targets' innovative creations, which leads to potential shake-ups, conflicts and poor integration (Sudarsanam, 2003). We argue that some of these challenges are related to the existence and non-existence of corporate entrepreneurial culture within the target firms, which influences acquirers to commit superior attention and effort for successful integration. We found that M&A researchers have largely not attended such an important aspect of post-acquisition integration success. As such, corporate entrepreneurial activities help the acquisitions to add value to the corporations as a whole (Thomson & Mcnamara, 2002). We, further, argue that lack of corporate entrepreneurship in target firms' culture can also be a strong determinant that leads to acquisition-turned-divestiture when acquirers' initial expectations are not met or partially met. As a result, acquirers decide not to invest further time and cost in integration, and instead they choose for alternate strategic choices such as, divestiture, hold-up or close-down. Our study focuses on establishing linkage between lack of corporate entrepreneurship in the acquired firms and the acquisition-turned-divestiture outcome.

In this paper, we use Stopford & Baden-Fuller's (1994) five 'bundles' of attributes (namely, pro-activeness, aspirations beyond current capability, team orientation, capability to resolve dilemmas, and learning capability), responsible for demonstrating the influencing role corporate entrepreneurship (CE) capability. In doing so, we qualify our rationale to use only the two "team-level" attributes, namely learning capability and team orientation, over the other three arguably "strategic-level" attributes, namely, pro-activeness, aspirations beyond current capability, and capability to resolve dilemmas. Next, we illustrate how these two "team-level" CE attributes, namely different degrees of both learning capability and team orientation with the acquired firms, have a two-fold influence. First, how do these CE two attributes influence their acquirers to consider different strategic actions, such as integration, divestiture, hold-up, or close-down. Second, how do these two attributes also influence acquired firms' organizational behaviors in their structures. Thus, we attempt to establish the role of corporate entrepreneurship within acquired firms as a vital factor for successful integration of acquisitions. More specifically, our study is aimed at conceptualizing the significance of corporate entrepreneurship in target firms (acquired firms) during post-acquisition integration phase, rather than focusing upon broader understanding of corporate entrepreneurship.

To elaborate the scope of our research, first, we attempt to understand and elaborate upon determinants (or contingencies) that trigger divestiture decisions using past studies. Second, we explore the concept of corporate entrepreneurship by using appropriate past studies and explain our rationale to use two of five 'bundles' of attributes of corporate entrepreneurship, namely, learning capabilities and team orientation, proposed by Stopford & Baden-Fuller (1994). Third, we develop our set of eight propositions related to the strategic actions by acquirers and acquired firms' organizational behaviors towards their acquirers based on different levels of acquired firms' learning capabilities and team orientation attributes. At the end, we attempt to contribute by discussing upon its managerial implications, limitation and future research scope.

LITERATURE REVIEW

DETERMINANTS AND THEORETICAL PERSPECTIVES OF DIVESTITURE DECISION

Corporate strategy scholars have conducted extensive research on divestitures and shown that divestitures attempt to change the configuration of a firm's business portfolio and thus directly affect the question of "What businesses are we in?" (Andrews, 1971; Ansoff, 1965). Brauer's (2006) review on divestiture literature has classified it into three major streams: research on the antecedents, on the outcomes of divestitures, and on the actual process of divesting. In the context of our study, we are interested to understand the determinants (antecedents) of divestitures. Using and updating his well-conducted and systematically reviewed study, we identified that the determinants (contingencies triggering divestitures) of divestiture can be simplistically classified into two categories: inter-firm related determinants and intra-firm related determinants. Brauer's (2006) study refers inter-firm related determinants as 'industry-specific contingencies' and intra-firm determinants as 'firm-specific contingencies'.

Inter-firm related determinants of divestitures

In Appendix table A-1, we present the summary of extant research for last three decades (in chronological order) that focused on the inter-firm determinants of divestiture decisions. The major triggers for divestitures have been argued as industry growth, industry concentration, environmental uncertainty, technological change, and institutional policy changes. One strong observation is that most of the studies have consistently applied an industrial economics perspective to explain their theoretical concepts. (e.g., Harrigan, 1981; Ilmakunnas & Topi, 1999; Chang & Singh, 1999; Van Kranenburg et al., 2002) with one exception of using resource-dependence perspective to explain the mutual dependence and sub-unit power concepts between firms within an industry (Xia & L1, 2013).

Intra-firm related determinants of divestitures

In Appendix table A-2, we present the summary of extant research for last three decades (in chronological order) that focused on the intra-firm determinants of divestiture decisions. The major triggers for divestitures have been argued as poor performance, internal governance, excessive diversification, firm's business age and business size. Researchers have applied a wide variety of organizational theories to build their argument about inter-firm related determinants that triggers divestiture decisions. The most commonly applied theoretical perspectives include portfolio theory (Duhaime & Grant, 1984; Montgomery & Thomas, 1988; Mata & Portugal, 2000), agency theory (Hoskisson et al., 1994; Bergh, 1995; Zuckerman, 2000; Sanders, 2001; Chatterjee et al., 2003; Bergh & Sharp, 2015), efficiency theory (Bergh, 1997;

Bushnell & Wolfram, 2005), and resource based perspective (Hoskisson & Johnson, 1992; Bergh, 1995; Chang, 1996; Bergh, 1998).

Based on the summaries presented in Appendix tables A-1 and A-2, we present our theoretical perspective wise elaboration of studies that explain the influencing factors of divestiture decisions closely related to the overall context of our study.

Industrial economics perspective

IE is the most dominant industry-specific theory being applied by researchers to explain inter-firm determinants that trigger divestiture decisions. In general, acquired units are more likely to be sold off than internally developed units (Chang & Singh, 1999). However, during times of technological change in an industry, firms are found to increase their divestiture activities (Harrigan, 1982). During increased levels of environmental uncertainty, inside directors of intermediate and highly diversified firms holding higher stock ownership push their firms for increased divestiture activities (Chatterjee et al., 2003). During such times, larger firms opt to divest their smaller units with marginal activities or insignificant market share as a corporate strategy to focus on their core businesses (Sembenelli & Vannoni, 2003). This reveals the fact that the costs of managing diverse portfolios increases during uncertain times. Furthermore, Bergh (1998) found that firms pursuing refocusing strategy are more likely to divest than firms following portfolio management strategy during high uncertainty. In addition to it, changes in the institutional setting of the firm (i.e., changes in taxes, policies, de-regulation) are triggers for realignment of firms' portfolios (Hoskisson & Hitt, 1990). Given the choice between divestiture and closure, ownership and organizational structure plays the main role on the likelihood of divestitures but not closures (Mata & Portugal, 2000).

Contrasting IE theory, Ilmakunnas & Topi (1999) found that industry size doesn't affect divestiture rates whereas industry growth reduces the likelihood of divestiture. However, low industry concentrations do not trigger for divestiture activity (Hopkins, 1991). This suggests that acquired firms are more likely to get divested when the market slows down. Interestingly, Harrigan's (1981, 1982, 1985) studies collectively suggested that the degree of product differentiation, firms' strategic flexibility (such as internal transfers between units), and industry fragmentation act as barriers towards divestiture decisions.

Agency theory perspective

Agency theory is directed as the ubiquitous agency relationship, in which one party (the principal) delegates work to another party (the agent), who performs that work. It is concerned with resolving two problems that arises when (a) the desires or goals of the principal and agent conflict and (b) it is difficult or expensive for the principal to verify what the agent is actually doing (Eisenhardt, 1989). Accordingly, agency theory perspective suggests that weak internal governance and related agency problems lead to increased levels of divestiture decisions. For example, higher outside block-holder equity (e.g., investment banks) positively influences divestiture intensity, whereas higher outside-director equity negatively influences divestiture intensity (Hoskisson, Johnson, & Moesel, 1994; Bergh & Sharp, 2015). Other the other hand, high ratio of inside director stock ownership than that of outside director increase the likelihood of divestiture during higher business turbulence (Chatterjee, Harrison, & Bergh, 2003). Additionally, both relative debt and the degree of diversification have a positive influence on divestiture intensity. Bergh (1995) showed that companies are more likely to sell unrelated and small units when owner influence is high, and vice-versa. Zuckerman (2000) found that

divestitures are more likely to occur when a mismatch between the firm's corporate strategy and its identity occurs. For example, Google acquired Motorola in 2013 for \$12.5 billion, but, sold Motorola's hardware division to Lenovo for \$2.9 billion in less than 12 months when it realized that Motorola's hardware intense image was affecting its long-term strategy as Android OS player. Interestingly, Sanders (2001) found that firms are more likely to engage in divestitures when their CEOs are compensated with stock option pay, but less likely when their CEOs owned stock. Contrastingly, in times of high business turbulence, high levels of inside director stock ownership and relatively low levels of outside director stock ownership increase the likelihood of divestiture (Chatterjee, Harrison, & Bergh, 2003).

Efficiency and Portfolio theory perspective

The likelihood of divestiture of an acquired firm depends on motives, expectations, and initial conditions at the time of acquisition (Bergh, 1997). Perhaps, situations of weaker financial position of the divesting firm (acquirer), low competitive and financial strength of the acquired business unit relative to industry peers, and its higher interdependency with other units triggers the divestiture decisions (Duhaime & Grant, 1984). Additionally, Pashley & Philippatos (1990) argued that firms also divest for different motives, such as to reduce debt levels, to increase liquidity, and to earn higher profits, depending on their life-cycle stage. In essence, acquirers are more likely to divest their acquired units if they already have a high degree of diversification, declining performance, and/or an attractive core business in terms of profitability and size relative to industry counterparts (Montgomery & Thomas, 1988; Hoskisson & Johnson, 1992; Markides, 1992). Interestingly, Mata & Portugal (2000) argued that during business turbulence, large-firms are more inclined to divest their acquired firms which they purchased for the purpose of market entry than their green-field entries which are more likely to closures. In sum, unprofitability, focus on core activities, and need to meet corporate requirements are the three most common triggers of divestiture of acquired firms (Hamilton & Chow, 1993).

Resource-based-view and Transaction-cost-economy perspective

A substantial amount of studies have applied Resource-based-view and Transaction-cost-economy perspectives to explain various determinants of divestiture decision. Chang (1996) argued that the lines of business characteristics (such as market share, resource profiles, etc.) are strong predictors for de-selection (divestiture) of units. As such, large firms are likely to divest not as often as smaller firms when faced with the same performance gap or negative demand shock. Also, divestiture of units with dissimilar human resource profiles leads to increased profitability, as anticipated from a Resource-based perspective (Barney, 1991). Interestingly, when uncertainty increases, firms pursuing refocusing strategy (such as divestiture) outperform others following portfolio management strategy; and vice-versa applies when uncertainty decreases (Bergh, 1998). Bergh & Lawless (1998) applied transaction-cost-economics (TCE) to explain how changes in environmental uncertainty would affect divestiture intensity. They argued that highly diversified firms divest when environmental uncertainty increases, and they acquire when environmental uncertainty decreases. In contrary, firms with lower levels of diversification act oppositely.

The central argument of this study is to emphasize upon the role of corporate entrepreneurship (CE) attributes of target firms, which influences inter- and intra-firm divestiture triggers of their acquisition-turned-divestiture fate. Accordingly, the next section of this paper explores the concept, forms, and attributes of corporate entrepreneurship that target firms may possess. As such, these CE capabilities are likely to influence the acquirers' strategic actions during

integration phase. For instance, from an industrial organization (IO) economics perspective of divestiture, Bergh's (1998) study indicates that acquirer's corporate strategy (e.g., refocusing vs. portfolio management) is linked to higher rates of divestiture under conditions of high uncertainty. However, a deeper consideration of acquirer's corporate strategy might explain that the acquirer might intend to retain a portion of the target firm (such as, set of high-profile managers, key assets, etc.) and sell-off assets that hold lesser value. Correspondingly, the acquirer might consider an RBV or TCE based approach to retain and/or divest their target firm (in part or full) based on their overall perception of the target firm's prevailing corporate entrepreneurship capabilities. As a demonstrative example, when Google sold Motorola to Lenovo in 2014, it retained a vast majority of Motorola's promising patents (and key high-profile talented engineers) that were related to new technology innovations – wearable computing and home markets, and divested about 2,000 patents that were related to mobile phones and cable box industry, and Motorola brand and trademark portfolio (TechCrunch, 2014).

CONCEPT OF CORPORATE ENTREPRENEURSHIP

Corporate entrepreneurship has been widely used by corporations as a deliberate and intentional means to bring in different forms of newness (such as organizational renewal, innovation, and establishing new ventures) to promote and sustain their corporate competitiveness (Dess et al., 2003). Several studies have highlighted and empirically supported that corporate entrepreneurship can provide competitive advantage to corporations in their respective markets by nurturing value-creating innovations (Guth & Ginsberg, 1990; Naman & Slevin, 1993; Lumpkin & Dess, 1996). One of the most cited studies was conducted by Zahra & Covin (1995) which examined a longitudinal impact of corporate entrepreneurship on growth and profitability based financial performance index and found a strong positive linkage between corporate entrepreneurial behavior and subsequent financial performance.

Although the concept of corporate entrepreneurship may appear straightforward, it has been studied from different perspectives. For example, Schollhammer (1982) suggested corporate entrepreneurial activities as administrative, opportunistic, imitative, acquisitive, and incubative in nature. Vesper (1984) advocated corporate entrepreneurship can be one or any possible combination of the following three kinds, namely, (a) new strategic direction, (b) initiative from lower in hierarchy structures, and (c) self-governing business creation. Vesper's study shows that corporate entrepreneurship could be any of these individual types, as well as any or all-possible combinations. From a resource-based perspective, it is a source for accruing, translating, and leveraging resources for developing new products, processes, and administrative innovations to rejuvenate and redefine the firm and its markets or industries (Floyd & Wooldridge, 1999). A handful of studies have also suggested corporate entrepreneurship as a means to create different types of new knowledge (i.e., technical, integrative, and exploitative) formally or informally (Zahra, 1999; Kuratko et al., 2001; Hitt & Ireland, 2002); however, knowledge can be either explicit or tacit in nature. Despite multi-dimensional approach to corporate entrepreneurship, its centrality exists in forming competitive advantages for firms that helps them to outperform their rivals (Coff, 2002; Grant, 1996) by facilitating development and management of knowledge stocks and flows between people and organizational units (Ireland, Hitt, Camp & Sexton, 2001).

Forms of Corporate Entrepreneurship

Having conceptualized corporate entrepreneurship as deliberate and purposeful efforts of renewal of organizations, markets, or industries in order to create or sustain competitive

superiority, it may be possible to visualize the plausible forms of corporate entrepreneurship phenomenon. Our review of extant literature found that the Covin & Miles (1999) conceptualization of four forms of corporate entrepreneurship (namely, (a) sustained regeneration, (b) organizational rejuvenation, (c) strategic renewal, and (d) domain redefinition) is the most cited and consistently used typology on forms of corporate entrepreneurship. Each one of the forms is concerned with either rejuvenating or intentionally redefining the organization or establishing innovation. Largely complex firms (i.e., firms with diversified product portfolio or over-diversified firms) simultaneously apply one or more forms in different parts and processes within their structure.

Sustained regeneration

The first form, sustained regeneration, is the most commonly applied form as it is concerned primarily with continuous improvement. It enables firms to develop cultures, processes, and structures in order to support and encourage introduction of continuous stream of new products in their respective markets as well as venturing into new markets with existing products (Covin & Miles, 1999). By applying this form, firms, such as AT&T, have continuously been able to capitalize on emerging product-market opportunities unseen or underappreciated by competitors in their core industry segment.

Organizational rejuvenation

The second form, organizational rejuvenation, is concerned with the firm's internal processes, structures, and capabilities. It enables process and administrative innovations rather than product innovations. Since its primary focus is towards improving the firm's ability to execute strategies, it necessitates alteration in the value chain-map of the firm's several activities. Using organizational rejuvenation, firms are able to gain higher entrepreneurial levels by enriching its capabilities on varying the processes, structures and support activities (e.g., procurement and human resource management), apart from gaining abilities to introducing new product and/or entering new markets with existing products (Covin & Miles, 1999). Firms, such as GE, have demonstrated successful rejuvenation of one or several aspects of their firm's operations for past several years.

Strategic renewal

The third form, strategic renewal, is concerned with the "organization-environment" interface. It enables the firm to renew strategies to compete with its competitors by seeking better alignment with external environment, such as changing the nature of rivalry with competitors. In organizational rejuvenation, the organization itself sits in the center (Covin & Miles, 1999). Strategic renewal allows the firm to become more profitable by exploiting product-market opportunities through strategic moves such as strategic repositioning (i.e., reposition itself to exploit current competitive advantages and explore future advantages (Ireland et al., 2002). Firms, such as Harley-Davidson and Cisco Systems, have constantly attempted to strategic renewal by partially altering its competition strategies in their respective competitive environments and successfully demonstrated internal growth, instead of acquisition growths.

Domain redefinition

The fourth form, domain redefinition, is concerned with the firm's pro-activeness to create a new product market position against and ahead of their rivals (Covin & Miles, 1999). It focuses on

exploring for possibilities, instead of exploiting the currently available one. This re-energized move allows firms to redefine their domains with an intention to gain the first-mover advantages. Being the first firm to sell a new product in their respective domains requires high level of pro-activeness and demonstration of strong entrepreneurial orientation (Lumpkin & Dess, 1996). One of the closest examples of domain redefinition was Sony's illustrated first mover actions of introducing the innovative Walkman in the eighties.

The four forms can be further re-classified based on their corporate entrepreneurial actions. Sustained regeneration and organizational regeneration activities deals at within-the-organization levels, whereas, strategic renewal and domain redefinition deals at organization-environment levels.

Attributes of Corporate Entrepreneurship

The diverse literature on corporate entrepreneurship suggests that, at the least, entrepreneurial activities create capabilities within firms to offset their structural inertia. Moreover, Covin & Miles' (1999) each of the four forms of corporate entrepreneurship share the commonality of innovations. Entrepreneurial firms must be able to cope with changes in the pattern of resource deployment in order to create newer innovative capabilities (such as new product, new strategy, new market, new positioning). However, each form of corporate entrepreneurship (namely, regeneration, rejuvenation, renewal, and redefinition) has unique characteristics, and therefore, need separate consideration (Guth & Ginsberg, 1990). The next challenge, therefore, is to explore the processes by which each of the alternate forms of corporate entrepreneurship can linked together. We identified Stopford & Baden-Fuller (1994) study that successfully identified the linkage between different forms and different attributes of corporate entrepreneurship. According to their study, the diverse literature on entrepreneurship suggests that there are three established 'bundles' of attributes (namely, pro-activeness (freedom to conduct experiments), aspirations beyond current capability, and team-orientation) common to all types of entrepreneurship. They added another two attributes (namely, capability to resolve dilemmas and learning capability), which they derived from the literatures on innovation and change and from their own observations. Together, these five 'bundles' of attributes provide indicators of managerial orientations and organizational capabilities (Stopford & Baden-Fuller, 1994).

Pro-activeness

The first attribute, 'pro-activeness' (Miller & Friesen, 1978; Mintzberg, 1973), is a multi-dimensional concept. According to Stopford & Baden-Fuller (1994), pro-activeness does not necessarily imply to be the first in an industry to do something. As such, entrepreneurial firms pro-actively initiate multiple projects at the same time to establish their innovation capabilities, but also, to spread their financial risks (Stevenson & Gumpert, 1985). Therefore, to gain leverage (first mover advantages) over their rivals, entrepreneurial firms must demonstrate pro-activeness, although, such pro-activeness is notionally different from taking high risks.

Aspirations beyond current capability

The second attribute, 'aspirations beyond current capability' captures firms' progress and continuous improvement related attributes by encouraging firms to find superior combinations of resources. Both entrepreneurial individuals and firms organizations do not limit their beliefs about opportunities within the currently available resources (Stevenson & Jarillo, 1990). This attribute is extremely important for firms that aspire to become industry leaders and to bring

frame-breaking changes (Hamel & Prahalad, 1989). According to Stopford & Baden-Fuller (1994), aspirations must exceed resources to drive processes of entrepreneurship and to foster high energy levels.

Team orientation

The third attribute, 'team orientation' emphasizes upon the top and middle managers critical role in developing strong associations within team to nurture and sustain new innovative ideas as well as creative individuals (Bantel & Jackson, 1989). Social contracting is considered as an important factor for strong team orientation (Starr & MacMillan, 1990). By demonstrating strong team orientation even at lower levels, firms are maintain momentum for growth which assists managers to work across traditional organizational boundaries and keep adding value (Kanter, 1983). According to Stopford & Baden-Fuller (1994), firms must assess the conditions that encourage effective teamwork and the interaction between teams and individuals. As such, over-stress on teamwork can create group-behaviorism and that can suppress innovation (Janis, 1982). Contrastingly, bureaucracy can foster new product introduction rates (Sathe, 1985) and centralization can enable innovation (Burns & Stalker, 1962; Thompson, 1961).

Capability to resolve dilemmas

The fourth attribute, firms' 'capability to resolve dilemmas' (identified from Hampden-Turner, 1990) enables firms to overcome several challenges of organizational renewal. As observed by Stopford & Baden-Fuller (1994), it is viewed as firms' creative practice for resolving internal dilemmas and for converting the outcomes into new innovations in their respective markets.

Learning capability

The fifth and final attribute, 'learning capability' allows firms to innovate and make significant change in their domain (Schein, 1985). According to Stopford & Baden-Fuller (1994), this attribute enables firms to either formulate renewals or frame-breaking changes in their respective markets. It enables managers to call for new possibilities and create new options without worrying about the outcomes. Firms that practice corporate entrepreneurship continue to build sustained investments by facilitating suitable learning environments.

Linking CE Forms with CE Attributes

Covin & Miles (1999) conceptualization of each of the four forms of corporate entrepreneurship (namely, (a) sustained regeneration, (b) organizational rejuvenation, (c) strategic renewal, and (d) domain redefinition) is concerned with either rejuvenating or intentionally redefining the organization or establishing innovation. We argue that certain level of each of the five CE attributes is required for each of these four CE forms. However, not all CE attributes are required to be maintained at high levels for each of the four forms of corporate entrepreneurship. For example, pro-activeness levels are important for individuals, teams and managers, and therefore, it must be maintained at highest possible levels in each of the four forms. On the other hand, organizational rejuvenation deals with processes of the firms, and therefore, doesn't require high levels of learning capabilities for its associated individuals, teams and managers. Similarly, strategic renewal and domain redefinition are concerned with strategic choices and manager's decision such as positioning and competition, and therefore, firms' do not require high levels of team orientation to pursue this form of corporate entrepreneurship. In aggregating Stopford & Baden-Fuller's (1994) five CE attributes, three attributes, (namely, pro-activeness,

aspirations beyond current capability, and capability to resolve dilemmas) may be grouped as “strategic-level” concepts, whereas, remaining two attributes (namely, team orientation and learning capability) may be grouped as “team-level” concepts. Since our study deals with the perception of the available CE attributes in target firms in the eyes of the acquirer, we are primarily concerned with the “team-level” concepts in influencing the acquirer’s best interest. For example, if the acquirer is attempting to integrate its target that allows the acquirer to redefine its domain (such as HP-Palm acquisition, 2010), the target team must show medium to high levels of two team-level attributes (namely, team orientation and learning capability), whereas, the other CE attributes are expected to exist at higher levels with the acquirer. Likewise, if the acquirer is focusing to strategically integrate the target to achieve strategic renewal for better alignment with external environment (such as Google’s selective retention and divestment of Motorola assets to Lenovo, 2014), the target firm is expected to high levels of one of the “team-level” CE attributes (i.e., learning capability as that would allow acquirer to be contingent on the target firm to learn and formulate renewals in their respective markets. On the other hand, higher levels of team orientation within the target firm may not be a contingent condition due the substantial team re-organization needed in the wake of successful post-acquisition integration. In the table 1 below, we anticipate the required levels (high-medium-low) of CE attributes for each of the four CE forms and call for future research to establish the correlation between forms and attributes of corporate entrepreneurship.

	Sustained regeneration	Organizational rejuvenation	Strategic renewal	Domain redefinition
Pro-activeness	High	High	High	High
Aspirations beyond current capability	Low	Medium	High	High
Team orientation	High	High	Low	Medium
Capability to resolve dilemmas	Low	High	Medium	High
Learning capability	High	Low	High	High

THEORY DEVELOPMENT AND PROPOSITIONS

Our study attempts to measure the impact of variations of the attributes of corporate entrepreneurship on post-acquisition integration decisions. We argue that these attributes are broad, complex, and significantly interdependent. We do not challenge their applicability, but, argue that they have been understudied and can provide interesting insights about the concept of corporate entrepreneurship in the context of mergers and acquisitions, especially, during post-acquisition integration phases. Additionally, three of Stopford & Baden-Fuller’s (1994) five CE attributes, (namely, pro-activeness, aspirations beyond current capability, and capability to resolve dilemmas) may be grouped as strategic-level concepts, whereas, remaining two attributes (namely, team orientation and learning capability) may be grouped as “team-level” concepts. We argue that the “team-level” CE attributes of target are the key influential factors on acquirer’s post-acquisition strategic decision, whereas, the “strategic-level” CE attributes of target are unrelated to the acquirer’s post-acquisition strategic choices. Therefore, we analyzed

the characteristics of only two of the five CE attributes, namely, team orientation and learning capability, and their influence on post-acquisition integration outcomes.

Team orientation and Learning capability

Organizations are inorganic constructs and therefore, they do not learn themselves. Rather, knowledge creation is an individual activity (Grant, 1996; March, 1991). The key role of a firm in the process of knowledge creation is to act as a platform for the teams to nurture its creativity, and harness that creative energy in team activities. Teams experiment with newer ideas to create innovative processes and products that isolated individuals could rarely conceptualize single handedly.

Organizational learning capability is related to team orientation. (Nonaka et al., 2000) argued that the process of innovation (i.e., organization learning) by teams requires dialogue between team members and conversations across functional boundaries to facilitate productive exploitation of new product and process concepts. As such, entrepreneurial teams require a common language to communicate their ideas and mutual trust among individuals and the firm to share their insights without fear of alienation or personal loss, in order to operate successfully. For example, an indication that team orientation has broken down is when individuals within a team hoard important information and are unwilling to pool it with others in the team (Jones & George, 1998). Essentially, lack of team orientation implies that corporate entrepreneurial activities have failed.

Post-acquisition Integration outcomes

From past literature on mergers and acquisitions, we identified four possible outcomes of post-acquisition integration efforts, namely, successful integration, hold-up, divestment, and close-down. The acquirer considers each of the four outcomes based on the combination of one or more perceived triggers. The first construct of “Successful integration” of the target firm broadly reflects a constructive post-acquisition outcome which is in alignment with the acquirer’s strategic intent for acquiring the target firm. “Hold-up” reflects an unclear status of the target firm when the acquirer has asymmetric (insufficient) information about their target price prior to the sale (Schweizer, 2013). In this study, we have conceptualized the second construct of “Hold-up” as an unclear status of the target during post-acquisition integration stage due to asymmetric (insufficient) information related to the target firm or other strategic fit reasons. For example, the acquirer might put the target’s integration on-hold during abrupt market conditions. The third construct of “Divestment” reflects an interesting situation when the acquirer is interested to sell-off the target’s assets in full or part, instead of integrating, for strategic or liquidity reasons. The fourth construct of “Close-down” explains an extreme situation when the acquirer decides not to invest any further resource upon their target as it sees zero to little value in pursuing any further integration effort.

Having conceptualized about the four probable post-acquisition integration outcomes and the two related “team-level” CE attributes, we would elucidate the inter-relationship between these two concepts. First, we argue that corporate entrepreneurship activities within the acquired firms influence their team orientation and learning capability levels to pursue new initiatives (such as both new products and new geographies). Contrastingly, when acquirers observe lack of corporate entrepreneurship activities within the newly acquired firms, they tend to re-evaluate their acquisition logic (such as their initial motives, expectations, and initial market conditions) at the time of acquisition (Bergh, 1997). For example, acquirers may chose either to fully integrate

or not integrate (such as hold-up, divest, or close-down) the acquired firms when they observe that acquired firms can't demonstrate sufficient levels of required CE attributes to create new products on their behalf.

Second, we also argue that different degrees of team orientation and learning capability of target firms can explain their overall firm behavior, which becomes crucial towards their acquirers to consider actions to fully integrate or not integrate them. In table 2, we have summarized our understanding about (a) the acquired firms' observed behavior, and (b) their post-acquisition integration outcomes due to such behavior, by comparing high and low degrees of team orientation against high and low degrees of learning capability.

		LEARNING CAPABILITY	
		HIGH	LOW
TEAM ORIENTATION	HIGH	<p>INTEGRATION SUCCESS</p> <p><u>Firm's behavior</u></p> <ul style="list-style-type: none"> • Trust • Knowledge sharing • Innovation 	<p>HOLD-UP</p> <p><u>Firm's behavior</u></p> <ul style="list-style-type: none"> • Socialization • Group behavior • Resource wastefulness
	LOW	<p>DIVESTMENT</p> <p><u>Firm's behavior</u></p> <ul style="list-style-type: none"> • Staff turnover • Information hoarding • Resource stretch 	<p>CLOSE-DOWN</p> <p><u>Firm's behavior</u></p> <ul style="list-style-type: none"> • Inertia • Fear of alienation • Low staff motivation

Research shows that learning individuals in a team oriented environment tend to perform well is illustrated by their display of higher creativity and team coherence, which in turn enhances the overall team productivity (Hirst et al., 2009). When team members are learning individuals, they tend to participate more in decision making (Converse, 1993). Research has also indicated that individuals with high team orientations tend to trust each other and are willing to take more risks to achieve innovativeness. Acquired firms that show high levels of both team orientation and learning capability during their post-acquisition integration phases are likely to get successfully integrated with their acquirers. This is likely to occur despite negative business environment because the acquirers consider the future potential aspects of such innovativeness. Accordingly, we propose:

P1: Acquired firm that displays strong trust and loyalty, participatory decision making, knowledge sharing, and innovativeness behaviors is likely to display both high degrees of team orientation and high degrees of learning capabilities.

P2: High degrees of team orientation and high degrees of learning capabilities of acquired firm positively moderates the association between determinants of post-acquisition divestiture decision and post-acquisition integration success.

On the contrary, when individuals within coherent team do not focus on higher learning activities, instead they consider the coherence as a platform to socialize and show group behavior, it leads to considerable wastage of resources. Such behavior by the acquired firms' teams is likely to cause serious challenges for managers of acquiring firms on the rate of post-acquisition integration and increases the likeness of post-acquisition hold-up status. Accordingly, we propose:

P3: Acquired firm that displays behaviors of greater socialization, group behavior, and wastage of resources is likely to display high degrees of team orientation but low degrees of learning capabilities.

P4: High degrees of team orientation and low degrees of learning capabilities of acquired firm positively moderates the association between determinants of post-acquisition divestiture decision and post-acquisition hold-up outcome.

When acquired firms show low levels of team orientation, it reflects the lack of shared language. This results into internal turbulence because only few individuals are forced to overwork (resource stretch). As a result, individuals with high learning capability tend to act opportunistically by hoarding information and by acting upon self-benefiting tasks. Acquired firms whose individual show such opportunistic behavior are less likely to survive during their post-acquisition integration phases. This phenomenon increases their acquirers to sell-off the assets of the acquired firms in full or part. Accordingly, we propose:

P5: Acquired firm that displays behaviors of opportunism, high staff turnover, information hoarding by individuals, and resource stretch is likely to display low degrees of team orientation but high degrees of learning capabilities.

P6: Low degrees of team orientation and high degrees of learning capabilities of acquired firm positively moderates the association between determinants of post-acquisition divestiture decision and post-acquisition divestment outcome.

Team motivation is an important aspect of corporate entrepreneurship. During high environmental turbulence or unfavorable conditions, the acquirer firms tend to apply cost-cutting measures. As a result, this reflects upon the behaviors of individuals of acquired firms. As such, their individuals are way out to show lower levels of both team orientation and learning capability, which in turn shapes into behaviors of high structural inertia, fear of job-loss, and alienation. Such behaviors of acquired firms question their acquirers' initial motives for acquisition. Accordingly, we propose:

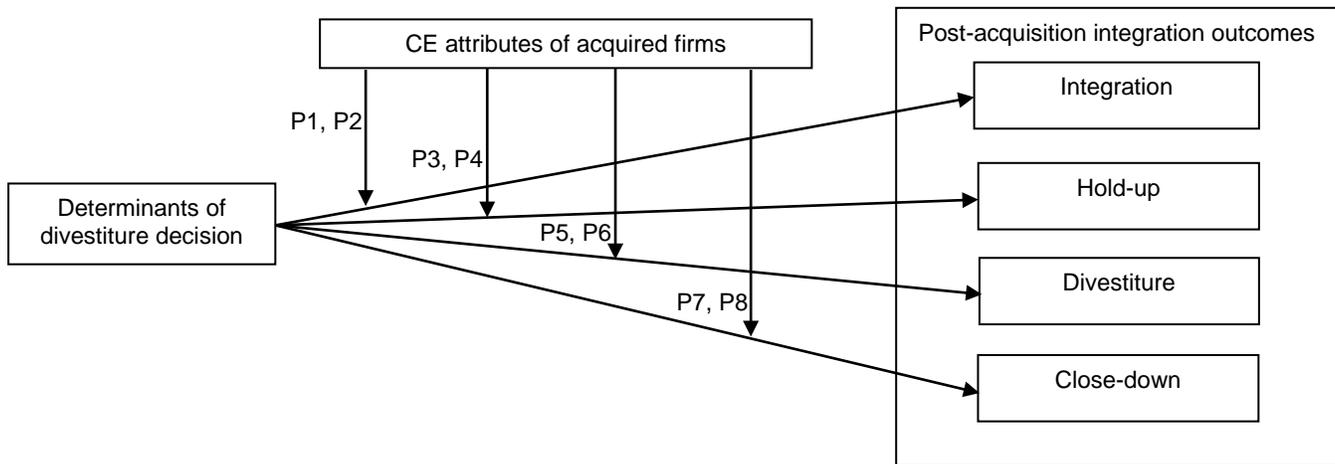
P7: Acquired firm that displays behaviors of greater structural inertia, fear of alienation, and low staff motivation is likely to display both low degrees of team orientation and low degrees of learning capabilities.

P8: Low degrees of team orientation and low degrees of learning capabilities of acquired firm positively moderates the association between determinants of post-acquisition divestiture decision and post-acquisition close-down outcome.

Additionally, we propose a research framework as shown in Figure 1 to suggest how corporate entrepreneurship attributes of acquired firms strengthens and/or weakens the relationship between acquirers' strategic (integration) intent and their likely actions (considerations) in favor

of their acquired firms during the post-acquisition integration stages. We propose that the constructs of this research model be operationalized and tested upon using appropriate data sample and statistical techniques.

Figure 1: Research model showing the Moderation effect of corporate entrepreneurship attributes on *associations between determinants of post-acquisition divestiture decision and post-acquisition integration outcomes.*



DISCUSSION, IMPLICATIONS, LIMITATIONS, & FUTURE RESEARCH DIRECTIONS

The objective of our study is to stress upon the importance of corporate entrepreneurial environment as it allows firms to develop a stream of innovations in terms of organizational capabilities (novel and effective organizational systems, processes, routines) and products over a period of time. Such innovations act as influencers to prove their value when those firms get acquired. As an extension, we suggest that the stronger the presence of the various attributes of corporate entrepreneurship inside a given firm, the more likely it is to be successful at the generation of new capabilities or products. However, it solely falls upon managers to identify the key attributes of corporate entrepreneurship in a new acquisition. It creates a stimulating opportunity to nurture those factors during the early post-acquisition stage. Once these attributes are identified and preserved, their importance can be determined after integration, managers can utilize those factors to a greater degree in creating innovation culture across the wider scope of their organizations. In this study, we restrict our discussion upon the strengths of two of five attributes (namely, learning capability and team orientation) adopted from Stopford & Baden-Fuller's (1994) work and extensively used in our study.

We observed that the Argyris & Schon (1995) concepts of organizational learning and knowledge management, gained popularity in the last two decades and started competing with concepts such as corporate entrepreneurship for management attention (Argyris & Schon, 1995). Therefore, theory suggests that the core concepts of knowledge creation and organization learning form the foundation for corporate entrepreneurship (Zahra et al., 1999). However, in our perspective, corporate entrepreneurship complements and co-exists with knowledge creation and organization learning. Therefore, we assume that modern day managers are more likely to be recognizable with the both knowledge creation and organization learning aspects as a default quality of their individual and collective performance, than

corporate entrepreneurship, per se. This makes our study to be highly useful for managers as it would compel them to understand the importance and practicality of corporate entrepreneurship. We believe that it is the managers who would be able to influence the two highlighted attributes of corporate entrepreneurship, which would make the management of mergers and acquisition lot easier to predict and perform.

Our study attempts for making three important contributions to literature. First, it attempted to link corporate entrepreneurship to post-acquisition success. Although, there are several studies about the relevance of corporate entrepreneurship on the renewal of mature organizations, and the creation of new, innovative businesses within large firms, the role of corporate entrepreneurship in post-acquisition integration and survival has been understudied. Through this study, we attempt to partially fill this gap. We argued that nurturing corporate entrepreneurship environments within firms play an important role in their long-term success before and after getting acquired.

Second, our study attempts to induce more scholarly works using longitudinal data sample and appropriate statistical techniques. Here, we attempt to make eight propositions that may happen to be inferentially useful for managers to make predictions about their acquisition targets based on their existence or non-existence of the two highlighted attributes of corporate entrepreneurship (team-orientation and learning capability).

Third, we restricted our study upon the two highlighted attributes of corporate entrepreneurship. This however may be a compelling reason for more scholarly work to find more useful attributes that may supersede the importance our suggested attributes. For example, we didn't study on the other three attributes (Pro-activeness, Aspirations, and Manager's dilemma) as suggested by Stopford & Baden-Fuller's (1994) work. Scholarly research must be attempted to understand its relation in the context of mergers and acquisitions, especially, how it influences strategic intents of acquirers during post-acquisition integration stage.

Like any study, our study also has certain limitations such, use of limited attributes and lack of dataset and statistical evidence on our propositions. However, we believe that these limitations are not erroneous considering the scope of our efforts to initiate the thought of linking two streams, namely, corporate entrepreneurship with merger and acquisition literature.

As a concluding note, we want scholars to follow up with an intriguing question. In the setting of post-acquisition stages, does corporate entrepreneurship attributes matter to the acquired firms only? Or, should the acquirers also attempt to initiate the corporate entrepreneurship culture within their acquisitions to bring out the value of their strategic acquisition intent? If so, under what external and internal structural situations, and at what cost and time-limits?

APPENDICES

Appendix table A-1: Overview of studies on “Inter-firm related determinants” of Divestiture decisions in chronological order (adapted from Brauer, 2006 and updated till 2015)

Studies (Year)	Applied Theory	Factors that trigger divestiture decisions (or, do not trigger)
Harrigan (1981); Harrigan (1982);	Industrial economics	<ul style="list-style-type: none"> Degree of product differentiation, firms' strategic flexibility (such as internal transfers)

Harrigan (1985)		between units), and industry fragmentation influence divestiture decisions
Hopkins (1991)	Industrial economics	<ul style="list-style-type: none"> • Low industry concentrations are not support as trigger for divestiture activity
Bergh & Lawless (1998)	Transaction cost economics	<ul style="list-style-type: none"> • Environmental uncertainty triggers divestiture • Firms with higher levels of diversification divest when environmental uncertainty increases and acquire when environmental uncertainty decreases. • However, firms with lower levels of diversification act in opposition
Ilmakunnas & Topi (1999)	Industrial economics; Population ecology	<ul style="list-style-type: none"> • Economies of scale are found to be weaker triggers for divestiture • Industry size is found not to affect divestiture rates • Industry growth is found to reduce the likelihood of divestiture
Chang & Singh (1999)	Industrial economics; Population ecology	<ul style="list-style-type: none"> • Acquired units are more likely to be sold off than internally developed units • Market share, business size, and industry attractiveness turned out as insignificant determinants for exit decisions • Having dissimilar market-specific resources in acquired business unit act as triggers for their divestiture • Having fewer firm-specific distinctive assets acts as trigger for divestiture of acquired units
Van Kranenburg, Palm, & Pfann (2002)	Macroeconomics	<ul style="list-style-type: none"> • Aggregate macroeconomic factors (real income) do not influence divestiture rates • Industry concentration is found to have a significant effect on divestiture rates
Brauer & Wiersema (2012)	Industrial economics	<ul style="list-style-type: none"> • Firm's position in an industry divestiture wave (i.e., imitating their industry peers) influence divestitures
Xia & L1 (2013)	Resource dependence theory	<ul style="list-style-type: none"> • Mutual dependence and increased subunit power reduce the likelihood of divestiture of inter-industry subunits of respective firms

Appendix table A-2: Overview of studies on “Intra-firm related determinants” of Divestiture decisions in chronological order (adapted from Brauer, 2006 and updated till 2015)

Studies (Year)	Applied Theory	Factors that trigger divestiture decisions (or, do not trigger)
Duhaime & Grant (1984)	Portfolio theory; Life-cycle theory	<ul style="list-style-type: none"> • Weak financial position of parent firm • Low competitive and financial strength of the target unit/firm against their industry peers • High interdependency of the target unit with

		<p>other units</p> <ul style="list-style-type: none"> • Low managerial attachment and the general economic cycle are not supported as trigger of divestiture decision
Montgomery & Thomas (1988)	Portfolio theory	<ul style="list-style-type: none"> • Low-performing firms • Parent firms may turn profitable after initial divestment but still under-perform when compared with similar non-divesting firms
Pashley & Philippatos (1990)	Life-cycle theory	<ul style="list-style-type: none"> • Strategic reasons depending on parent or target firm's life-cycle stage • Financial reasons different from divestitures (such as reduction in debt levels, increases in liquidity, and overall profitability)
Hoskisson & Johnson (1992)	Diversification perspective; resource-based view	<ul style="list-style-type: none"> • Restructuring (reduction of corporate scope) of mixed diversified firms (related-linked) leads to divestiture. After divestiture, firms adopt either a highly related (lean) or highly unrelated portfolio. R&D intensity and accounting performance increases as an after-effect
Markides (1992)	Portfolio theory	<ul style="list-style-type: none"> • High degree of diversification coupled with overall poor performance • An industry-wise attractive core business by profitability and size
Hamilton & Chow (1993)	Decision-making theory	<ul style="list-style-type: none"> • The triggers of divestiture (in priority order) are unprofitability, the focus on core activities, and the need to meet corporate requirements
Hoskisson, Johnson, & Moesel (1994)	Agency theory	<ul style="list-style-type: none"> • Higher block-holder equity supports divestiture intensity • Outside director equity do not support divestiture intensity • Both relative debt and the degree of diversification are found to be related triggers for divestiture intensity. • Higher accounting and market performance do not support (reduce) divestiture intensity
Bergh (1995)	Agency theory; Resource-based view	<ul style="list-style-type: none"> • Companies are more likely to sell unrelated and small units when owner influence is high. When ownership influence is lower, more related and larger units are sold. The post-sell-off performance of the parent is found to be negatively associated with the relatedness of the unit sold
Chang (1996)	Resource-based view; Evolutionary perspective	<ul style="list-style-type: none"> • Line of business characteristics (e.g., market share, resource profiles) are strong indicators for divestiture of business units. • Large firms are found not to divest not as often as smaller firms for similar performance parameters

		<ul style="list-style-type: none"> • Intent of higher profitability by divesting units with dissimilar human resource profiles
Bergh (1997)	Efficiency theory; Managerial perspective	<ul style="list-style-type: none"> • Motives, expectations, and initial conditions at the time of acquisition trigger acquisition-turned-divestiture • Business unit's relative smallness and unrelatedness (i.e., units that neither contribute significantly to cash flow nor reduce any variability in the acquirer's sales) are more likely to be divested • Unrelated acquired units that did not contribute significantly to the acquirer's financial synergies are more likely to be divested • Units (bought by an acquirer) with low diversity are most likely to be divested
Bergh (1998)	Information processing theory; Resource-based view	<ul style="list-style-type: none"> • Firms pursuing refocusing strategy coupled with increased environmental uncertainty trigger divestiture decisions • Firms following portfolio management strategy are less likely to divest
Chang & Singh (1999)	Industrial economics; Population ecology	<ul style="list-style-type: none"> • Acquired units are more likely to be sold off than internally developed units • Market share, business size, and industry attractiveness turned out as insignificant determinants for exit decisions • Having dissimilar market-specific resources in acquired business unit act as triggers for their divestiture • Having fewer firm-specific distinctive assets acts as trigger for divestiture of acquired units
Mata & Portugal (2000)	Portfolio theory	<ul style="list-style-type: none"> • Ownership and organizational structure are found to affect the likelihood of divestitures (but not closures) • Acquired firms for the purpose of market entry are more likely to be divested than green-field entries that are more likely to be closures
Zuckerman (2000)	Institutional theory; Agency theory	<ul style="list-style-type: none"> • Misalignment between the parent firm's corporate strategy and the acquired firm's attributed identity triggers divestiture • Inter-unit relatedness, past investments in a unit, and unit profitability holds up divestiture.
Sanders (2001)	Agency theory; Behavioral decision theory	<ul style="list-style-type: none"> • Firms with CEOs compensated with stock options (external CEOs) are more likely to consider divestitures than those with CEOs owning stock (internal CEOs)
Chatterjee, Harrison, & Bergh (2003)	Agency theory	<ul style="list-style-type: none"> • High ratio of inside director stock ownership than that of outside director increase the likelihood of divestiture

		<ul style="list-style-type: none"> • High business turbulence triggers divestitures
Sembenelli & Vannoni (2003)	Industrial economics; Population ecology	<ul style="list-style-type: none"> • Larger firms opt to divest their smaller units with marginal activities or insignificant market share as a corporate strategy to focus on their core businesses
Reuer & Shen (2004)	Transaction cost economics	<ul style="list-style-type: none"> • Geographically dispersed firms choose to sequentially divest (through IPO route) their units with significant intangible resources
Bushnell & Wolfram (2005)	Efficiency theory	<ul style="list-style-type: none"> • Ownership change triggers divestiture as new owners create different incentives and performance considerations
Hayward & Shimizu (2006)	Mental accounting theory (Behavioral finance)	<ul style="list-style-type: none"> • CEO's de-commit to poorly performing acquisitions trigger divestiture.
Lee & Madhavan (2010)	Meta-analysis	<ul style="list-style-type: none"> • Firm's performance measure, transaction format, transaction intent, and resource level are found to be the key indicators of divestiture decisions
Bergh & Sharp (2015)	Agency theory	<ul style="list-style-type: none"> • Outside block-holders pressure triggers divestiture decision • Spin-offs is preferred when divesting unit size is larger, while sell-offs is selected when divesting unit size is small or the outside block-holding percentage is less • Spin-offs allow block-holders to decide whether to hold or sell their interests in the divested firm based on their individual portfolio risks. On the other hand, sell-offs of small units is used to preserve organizational diversity and enhance liquidity to help the divesting firm's managers pursue their self-interests.

REFERENCES

Andrews, K. R. (1997). 5 The Concept of Corporate Strategy. *Resources, firms, and strategies: a reader in the resource-based perspective*, 52.

Ansoff, H. I. (1965). *Corporate strategy: business policy for growth and expansion*. McGraw-Hill Book

Argyris, C., & Schon, D. (1995). *Organizational learning: A theory of action perspective*, 1978. Massachusetts: Addison-Wesley Publishing Company.

Bantel, K. A., & Jackson, S. E. (1989). Top management and innovations in banking: Does the composition of the top team make a difference?. *Strategic Management Journal*, 10(S1), 107-124.

-
- Barney, J. (1991). Firm resources and sustained competitive advantage. *Journal of management*, 17(1), 99-120.
- Barrett, H., & Weinstein, A. (1998). The effect of market orientation and organizational flexibility on corporate entrepreneurship. *Entrepreneurship: Theory and Practice*, 23(1), 57-58.
- Bergh, D. 1995. Size and relatedness of units sold: An agency theory and resource-based perspective. *Strategic Management Journal*, 16: 221-239.
- Bergh, D. 1997. Predicting divestiture of unrelated acquisitions: An integrative model of ex ante conditions. *Strategic Management Journal*, 18(9): 715-731.
- Bergh, D. 1998. Product-market uncertainty, portfolio restructuring, and performance: An information-processing and resource-based view. *Journal of Management*, 24(2): 135-155.
- Bergh, D., & Lawless, M. 1998. Portfolio restructuring and limits to hierarchical governance: The effects of environmental uncertainty and diversification strategy. *Organization Science*, 9(1): 87-102.
- Burns, T., & Stalker, G. M. (1962). *The Management of Innovation* (London: Tavistock, 1961).
- Bushnell, J. B., & Wolfram, C. (2005). Ownership change, incentives and plant efficiency: The divestiture of US electric generation plants. *Center for the Study of Energy Markets*.
- Brauer, M. (2006). What have we acquired and what should we acquire in divestiture research? A review and research agenda. *Journal of Management*, 32(6), 751-785.
- Brauer, M. F., & Wiersema, M. F. (2012). Industry divestiture waves: How a firm's position influences investor returns. *Academy of Management Journal*, 55(6), 1472-1492.
- Chang, S. J. 1996. An evolutionary perspective on diversification and corporate restructuring: Entry, exit, and economic performance during 1981-1989. *Strategic Management Journal*, 17: 587-611.
- Chang, S. J., & Singh, H. (1999). The impact of modes of entry and resource fit on modes of exit by multibusiness firms. *Strategic Management Journal*, 20(11), 1019-1035.
- Chatterjee, S., Harrison, J. S., & Bergh, D. D. (2003). Failed takeover attempts, corporate governance and refocusing. *Strategic Management Journal*, 24(1), 87-96.
- Coff, R. W. (2002). Human capital, shared expertise, and the likelihood of impasse in corporate acquisitions. *Journal of Management*, 28(1), 107-128.
- Converse, S. (1993). Shared mental models in expert team decision making. *Individual and group decision making: Current*, (1993), 221.
- Covin, J. G., & Miles, M. P. (1999). Corporate entrepreneurship and the pursuit of competitive advantage. *Entrepreneurship: Theory and practice*, 23(3), 47-47.

Dess, G. G., Ireland, R. D., Zahra, S. A., Floyd, S. W., Janney, J. J., & Lane, P. J. (2003). Emerging issues in corporate entrepreneurship. *Journal of management*, 29(3), 351-378.

Duhaime, I. M., & Grant, J. H. (1984). Factors influencing divestment decision-making: Evidence from a field study. *Strategic Management Journal*, 5(4), 301-318.

Ericsson News Center (2005). <http://www.ericsson.com/news/1017515>

Ericsson Publications (2015). http://www.ericsson.com/thecompany/our_publications/reference-stories-a-z

Floyd, S. W., & Wooldridge, B. (1999). Knowledge creation and social networks in corporate entrepreneurship: The renewal of organizational capability. *Entrepreneurship: Theory and Practice*, 23(3), 123-123.

Grant, R. M. (1996). Toward a knowledge-based theory of the firm. *Strategic management journal*, 17(S2), 109-122.

Guth, W. D., & Ginsberg, A. (1990). Guest editors' introduction: Corporate entrepreneurship. *Strategic management journal*, 11(4), 5-15.

Hamel, G., Doz, Y. L., & Prahalad, C. K. (1989). Collaborate with your competitors and win. *Harvard business review*, 67(1), 133-139.

Hampden-Turner, C. (1990). *Charting the corporate mind: graphic solutions to business conflicts*. The Free Press.

Hamilton, R. T., & Chow, Y. K. (1993). Why managers divest-Evidence from New Zealand's largest companies. *Strategic Management Journal*, 14(6), 479.

Harrigan, K. R. 1981. Deterrents to divestiture. *Academy of Management Journal*, 24: 306-323.

Harrigan, K. R. 1982. Exit decisions in mature industries. *Academy of Management Journal*, 25(4): 707-732.

Harrigan, K. R. 1985. Exit barriers and vertical integration. *Academy of Management Journal*, 28: 686-697.

Hayward, M. L., & Shimizu, K. (2006). De-commitment to losing strategic action: evidence from the divestiture of poorly performing acquisitions. *Strategic Management Journal*, 27(6), 541-557.

Hoskisson, R., & Hitt, M. 1994. *Downscoping: How to tame the diversified firm*. New York: Oxford University Press.

Hopkins, D. 1991. Acquisition and divestiture as a response to competitive position and market structure. *Journal of Management Studies*, 28(6): 665-677.

Hoskisson, R. O., & Johnson, R. A. (1992). Research notes and communications corporate restructuring and strategic change: The effect on diversification strategy and R & D intensity. *Strategic Management Journal*, 13(8), 625-634.

Hoskisson, R. E., Johnson, R. A., & Moesel, D. D. (1994). Corporate divestiture intensity in restructuring firms: Effects of governance, strategy, and performance. *Academy of Management journal*, 37(5), 1207-1251.

Hoskisson, R. E., Johnson, R. A., Tihanyi, L., & White, R. E. (2005). Diversified business groups and corporate refocusing in emerging economies. *Journal of Management*, 31(6), 941-965.

HP Press (2010). <http://www8.hp.com/us/en/hp-news/press-release.html?id=416441#.VurnOeIrK70>

Huber, G. P. (1991). Organizational learning: The contributing processes and the literatures. *Organization science*, 2(1), 88-115.

Hirst, Giles, Daan Van Knippenberg, and Jing Zhou. "A cross-level perspective on employee creativity: Goal orientation, team learning behavior, and individual creativity." *Academy of Management Journal* 52.2 (2009): 280-293.

Hitt, M.A., & Ireland, R.D. (2002). The essence of strategic leadership: Managing human and social capital. *Journal of Leadership & Organizational Studies*, 9(1), 3-14.

Ilmakunnas, P., & Topi, J. (1999). Microeconomic and macroeconomic influences on entry and exit of firms. *Review of Industrial Organization*, 15(3), 283-301.

Ireland, R. D., Hitt, M. A., Camp, S. M., & Sexton, D. L. (2001). Integrating entrepreneurship and strategic management actions to create firm wealth. *The Academy of Management Executive*, 15(1), 49-63.

Ireland, R. D., Hitt, M. A., & Vaidyanath, D. (2002). Alliance management as a source of competitive advantage. *Journal of management*, 28(3), 413-446.

Janis, I. L. (1982). *Groupthink: Psychological studies of policy decisions and fiascoes* (Vol. 349). Boston: Houghton Mifflin.

Jones, G. R., & George, J. M. (1998). The experience and evolution of trust: Implications for cooperation and teamwork. *Academy of management review*, 23(3), 531-546.

Kohers, N., & Kohers, T. (2001). Takeovers of technology firms: Expectations vs. reality. *Financial management*, 35-54.

Kuratko, D. F., Ireland, R. D., & Hornsby, J. S. (2001). The power of entrepreneurial outcomes: Insights from Acordia. *Academy of Management Executive*, 15(4), 60-71.

Lee, D., & Madhavan, R. (2010). Divestiture and firm performance: A meta-analysis. *Journal of Management*, 36(6), 1345-1371.

Lumpkin, G. T., & Dess, G. G. (1996). Clarifying the entrepreneurial orientation construct and linking it to performance. *Academy of management Review*, 21(1), 135-172.

-
- March, J. G. (1991). Exploration and exploitation in organizational learning. *Organization science*, 2(1), 71-87.
- Markides, C. C. (1992). Consequences of corporate refocusing: Ex ante evidence. *Academy of Management Journal*, 35(2), 398-412.
- Mata, J., & Portugal, P. (2000). Closure and divestiture by foreign entrants: The impact of entry and post-entry strategies. *Strategic Management Journal*, 21(5), 549-562.
- Montgomery, C. A., & Thomas, A. R. (1988). Divestment: Motives and gains. *Strategic Management Journal*, 9(1), 93-97.
- Moss Kanter, R. (1983). The change masters. *New York [etc.]: Simon & Schuster Moss*.
- Miller, D., & Friesen, P. H. (1978). Archetypes of strategy formulation. *Management science*, 24(9), 921-933.
- Mintzberg, H. (1973). Strategy-making in three modes. *California management review*, 16(2), 44-53.
- Naman, J. L., & Slevin, D. P. (1993). Entrepreneurship and the concept of fit: A model and empirical tests. *Strategic management journal*, 14(2), 137-153.
- Nonaka, I., Toyama, R., & Konno, N. (2000). SECI, Ba and leadership: a unified model of dynamic knowledge creation. *Long range planning*, 33(1), 5-34.
- Pashley, M. M., & Philippatos, G. C. (1990). Voluntary divestitures and corporate life-cycle: some empirical evidence. *Applied Economics*, 22(9), 1181-1196.
- Reuer, J. J., & Shen, J. C. (2004). Sequential divestiture through initial public offerings. *Journal of Economic Behavior & Organization*, 54(2), 249-266.
- Sanders, W. G. (2001). Behavioral responses of CEOs to stock ownership and stock option pay. *Academy of Management journal*, 44(3), 477-492.
- Sathe, V. (1985). *Culture and related corporate realities: Text, cases, and readings on organizational entry, establishment, and change*. Richard D Irwin.
- Schein, E. H. (1985). Defining organizational culture. *Classics of organization theory*, 3, 490-502.
- Starr, J. A., & MacMillan, I. C. (1990). Resource cooptation via social contracting: Resource acquisition strategies for new ventures. *Strategic Management Journal*, 11(4), 79-92.
- Sembenelli, A., & Vannoni, D. 2003. Why do established firms enter some industries and exit others? Empirical evidence on Italian business groups. *Review of Industrial Organization*, 17: 441-456.
- Schollhammer, Hans (1982): "Internal Corporate Entrepreneurship", In C. Kent, D. Sexton and K. Vesper (eds.), *Encyclopaedia of Entrepreneurship*, Prentice Hall, Englewood Clipp, NJ.

Stevenson, H. H. and D. Gumpert (1985). 'The heart of entrepreneurship', *Harvard Business Review*, 85, pp. 85- 94

Stevenson, H. H. and J. C. Jarillo (1990). 'A paradigm of entrepreneurship: Entrepreneurial management', *Strategic Management Journal*, 11, pp. 17-27.

Stopford, J. M., & Baden-Fuller, C. W. (1994). Creating corporate entrepreneurship. *Strategic management journal*, 15(7), 521-536.

Sudarsanam, S. (2003). *Creating value from mergers and acquisitions: The challenges: An integrated and international perspective*. Pearson Education.

TechCrunch (2014). <https://techcrunch.com/2014/01/29/google-keeps-vast-majority-of-motorola-mobility-patents-in-sale-to-lenovo>

The Verge (2012). <http://www.theverge.com/2012/6/5/3062611/palm-webos-hp-inside-story-pre-postmortem>

Thompson, J. D. 1960 "Organizational management of conflict." *Administrative Science Quarterly*, 4: 389- 409.

Thomson, N., & McNamara, P. (2001). Achieving post-acquisition success: the role of corporate entrepreneurship. *Long Range Planning*, 34(6), 669-697.

Van Kranenburg, H. L., Palm, F. C., & Pfann, G. A. 2002. Exit and survival in a concentrating industry: The case of daily newspapers in the Netherlands. *Review of Industrial Organization*, 21: 283-303.

Vesper, K. H. (1984). *Entrepreneurship: A new direction, or just a new label?*. Division of Research, Harvard Business School.

Weber, Y., Tarba, S. Y., & Reichel, A. (2009). International mergers and acquisitions performance revisited—the role of cultural distance and post. *Advances in mergers and acquisitions*, 8, 1-17.

Xia, J., & Li, S. (2013). The divestiture of acquired subunits: a resource dependence approach. *Strategic Management Journal*, 34(2), 131-148.

Zahra, S. A., Nielsen, A. P., & Bogner, W. C. (1999). Corporate entrepreneurship, knowledge, and competence development. *Entrepreneurship: Theory and Practice*, 23(3), 169-169.

Zahra, S. A., & Covin, J. G. (1995). Contextual influences on the corporate entrepreneurship-performance relationship: A longitudinal analysis. *Journal of business venturing*, 10(1), 43-58.

Zahra, S. A., Nielsen, A. P., & Bogner, W. C. (1998). Corporate entrepreneurship, knowledge, and competence development. *AUBret*.

Zuckerman, E. W. (2000). Focusing the corporate product: Securities analysts and de-diversification. *Administrative Science Quarterly*, 45(3), 591-619.