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Acquisition reconfiguration capability

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Abstract

Purpose – Acquiring knowledge-intensive firms in order to gain access to their knowledge to innovate is not a strategy to achieve easily. Knowledge acquisitions demand that organizations integrate various dispersed knowledge-based resources and thus share knowledge to innovate. However, despite the growing number of knowledge acquisitions an understanding regarding these knowledge sharing processes has remained absent. This paper argues that having an acquisition reconfiguration capability can be seen as a distinctive knowledge sharing ability of successful firms. The purpose of this paper is therefore to reveal the building blocks of such an acquisition reconfiguration capability in order to understand how to manage more successful knowledge acquisitions.

Design/methodology/approach – The approach of the research is to the review relevant literature while addressing two questions: "Which mechanisms, practices, and functions enable post-acquisition knowledge sharing?", and "How can these mechanisms, practices, and functions enable the creation of an acquisition reconfiguration capability in order to enable more successful knowledge acquisition?".

Findings – Several propositions regarding the building blocks of an acquisition reconfiguration capability are given. First, it is argued that having prior acquisition experience will positively affect post-acquisition knowledge sharing. Second, various acquisition-specific tools and functions affect post-acquisition knowledge sharing and mediate the effect of acquisition experience. Finally, knowledge management tools and practices enhance post-acquisition knowledge sharing.

Originality/value – This study is, to the authors' knowledge, one of the first to focus on the underlying mechanisms and practices that affect post-acquisition knowledge sharing and thus the building blocks of an acquisition reconfiguration capability.

Keywords Knowledge-based view, Knowledge acquisition, Knowledge sharing, Micro-foundations, Dynamic capabilities, High-tech industry, Acquisitions and mergers, Knowledge management

Paper type Conceptual paper

1. Introduction

Powerful determinants of firm's actions and outcomes are unique firm-level capabilities (Eisenhardt and Schoonhoven, 1996). This view, which emphasizes firm-level heterogeneity, characterizes broadly the resource-based view of the firm (Eisenhardt and Schoonhoven, 1996). According to the resource-based view, firms are compositions of resources which could create a competitive advantage (Wernerfelt, 1984). In order to create such competitive advantage these resources must be scarce, valuable, and reasonably durable (Spender, 1996). These resources, tangible or intangible (Wernerfelt, 1984) such as technical know-how and capital, can be defined as the strengths, advantages, or assets of the firm (Eisenhardt and Schoonhoven, 1996).

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The degree to which a firm sustains its competitive advantage depends on other firms' ability to acquire the resources needed to set off an offensive strategy (Grant, 1996). Sustaining competitive advantage, therefore, requires idiosyncratic and not easily transferable resources (Grant, 1996). Growing competition among high-tech[1] firms has shifted the source of competitive advantage from market power and tangible assets to intangible resources such as knowledge and know-how (Collins and Smith, 2006). Therefore, knowledge acquisition, defined by Huber (1991) as the process of obtaining knowledge, has become an increasingly important way for technology-based companies to gain access to new knowledge and capabilities.

It is particularly in the high-tech[2] industries that companies buy other, often smaller, companies in order to gain new knowledge and capabilities and thus participate in knowledge acquisitions. This is because of the technological complexity, the importance of specialized skills and expertise, and fast-paced technological change, which trigger firms to engage in knowledge acquisitions with the primary objective of knowledge transfer; the acquisition and utilization of new sets of knowledge-based resources (Ranft and Lord, 2002). This need for knowledge, has made knowledge, especially tacit[3], being idiosyncratic and not easily transferable, the most strategically-important resource which firms possess (Grant, 1996; Bresman *et al.*, 2010). This critical role of knowledge has been emphasized by the knowledge-based view of the firm, an outgrowth of the resource-based view of the firm (Grant, 1996).

Since knowledge is the most strategically-important resource residing among organizational members, the integration of individuals' specialized knowledge becomes the essence of a firm's capability (Grant, 1996). This integration takes place through the use of certain mechanisms, practices, and functions aimed at sharing knowledge. Within the context of knowledge acquisitions this integration of knowledge, therefore, is one of the main objectives. However, regardless of the contributions made until now, an understanding of the actual knowledge sharing processes and their salient features has remained absent in the literature (Foss, 2007).

This paper argues that in the context of knowledge acquisitions, an acquisition reconfiguration capability is the needed ability that helps organizations to reach successful knowledge acquisitions i.e. knowledge acquisitions in which the firms involved have been able to share knowledge in order to innovate. Therefore, the purpose of this paper is to reveal the building blocks of such acquisition reconfiguration capability that successful firms have. Specifically, this paper aims to understand how firms can build such acquisition reconfiguration capability and thus manage more successful knowledge acquisitions. Through reviewing the literature two questions are addressed: "which mechanisms, practices, and functions enable post-acquisition knowledge sharing?" and "how can these mechanisms, practices, and functions enable the creation of an acquisition reconfiguration capability in order to enable more successful knowledge acquisitions?".

Insight regarding the development of such an acquisition reconfiguration capability is useful given that most acquisitions fail to meet expectations (Barkema and Schijven, 2008; Hayward, 2002). For example, Puranam *et al.* (2003) have demonstrated that failure rates in high-tech acquisitions may reach between 60 to 80 percent. Thus, acquiring a firm does not guarantee that valuable knowledge will be successfully shared (e.g. Bresman *et al.*, 2010). Hence, value creation through acquisitions is difficult (Inkpen *et al.*, 2000) or does not take place at all (Meschi and Metais, 2006). Given that

acquisitions usually have implementation and post-acquisition performance problems (Vermeulen and Barkema, 2001), creating an understanding regarding the building blocks of post-acquisition knowledge sharing processes and thus acquisition reconfiguration capability is therefore vital. Furthermore, by revealing the building blocks of such acquisition reconfiguration capability, this paper aims to make a contribution to the literature within the field of strategic management and more specifically the literature of the knowledge-based view of the firm by helping to understand how the process of post-acquisition knowledge sharing within knowledge acquisitions takes place.

In the next sections, first, dynamic capabilities will be discussed. Second, an explanation of organizational knowledge will be given and different ways of managing organizational knowledge will be discussed along with their epistemological perspectives. After that, most appropriate mechanisms, practices, and functions for knowledge sharing in order to create an acquisition reconfiguration capability will be given together with a number of propositions. Finally, some concluding remarks are mentioned.

2. Dynamic capabilities

According to Teece *et al.* (1997), "dynamic capabilities" refers to two aspects of a firm's ability to generate knowledge. The term "dynamic" refers to the renewing capacity of firms regarding their competences in order to deal with dynamically-competitive environments. "Capabilities" refers to the key role of strategic management in properly adapting, integrating, and reconfiguring internal and external competences to react on dynamically-competitive environments. Dynamic capabilities are defined by Teece *et al.* (1997) as "the firm's ability to integrate, build, and reconfigure internal and external competences[4] to address rapidly changing environments". Capron and Anand (2007) define dynamic capabilities as "the capacity of an organization to purposefully create, extend, or modify its resource base". Dynamic capabilities could be seen as a meta-competence which goes beyond operational competences enabling firms to, not just inventing, but also innovating profitably (Teece, 2007). Since maintaining competitive advantage has been seen as unlikely in dynamically-competitive environments (Eisenhardt and Martin, 2000), having dynamic capabilities could help firms to sustain their competitive advantage by continuously reconfiguring their resources (e.g. Grant, 1996). According to Teece *et al.* (1997), successful firms have been those in possession of dynamic capabilities.

When paying attention to the dynamic aspect of high-tech industries' environment, having only static, unique, and valuable resources as proposed by the resource-based view and the knowledge-based view is not enough since sustaining competitive advantage requires being able to adjust to the environment and thus having dynamic capabilities.

One important type of dynamic capabilities which enhances firm's potential for growth is an acquisition-based dynamic capability (Capron and Anand, 2007). Acquisition-based dynamic capability is "the capacity of the firm to purposefully create, extend, or modify the firm's augmented resource base, which includes the resources of partners" (Capron and Anand, 2007, p. 79). This capability includes the ability to identify targets, negotiate deals, and manage the integration and is comprised by the knowledge, skills, systems, structures, and processes that an organization can use when engaged in knowledge acquisitions (Laamanen and Keil, 2008). According to Capron and Anand

(2007), acquisition-based dynamic capability consists of three main capabilities which are selection, identification, and reconfiguration (Capron and Anand, 2007). Selection is the capacity to recognize when an acquisition would be the most suitable strategic move for gaining new resources. Identification is the capacity to find and negotiate with, the most suitable targets. Acquisition reconfiguration capability is "the capacity to reshape resources within the target and acquiring firms" (Capron and Anand, 2007, p. 82) and involves the capacity for combining resources from the acquired and the acquiring firm in order to create new resources (Capron and Anand, 2007).

In the context of knowledge acquisitions, transferring and integrating the acquired knowledge base into that of the acquiring company is one of the main objectives to enhance innovation (Cloodt, 2005). Therefore, having such acquisition reconfiguration capability is of utmost importance in order to be able to have successful knowledge acquisitions. In the post-acquisition phase of such knowledge acquisitions, managing the integration involves, especially, enhancing the integration of knowledge-based resources and thus the sharing of knowledge. Hence, enhancing post-acquisition knowledge sharing is one of the main roles of such acquisition reconfiguration capability when involved in knowledge acquisitions. This is in line with Teece (2007) mentioning that knowledge integration is the source of micro-foundations of dynamic capabilities and an important aspect affecting business performance. However, transferring and integrating the acquired knowledge is a complex process. Knowledge transfer and integration takes place through knowledge sharing among the employees of the firms involved. Therefore, post-acquisition knowledge sharing processes could be seen as the building blocks of an acquisition reconfiguration capability since these processes enable the actual integration of knowledge. Post-acquisition knowledge sharing processes, however, differ from many other business processes since these processes have a number of salient features (Foss, 2007). An understanding of what these salient features are, however, is still missing in the literature (Foss, 2007).

Understanding which mechanisms, practices, and functions firms apply for sharing knowledge in the post-acquisition phase in order to integrate different specialized knowledge, could help understand what the building blocks of an acquisition reconfiguration capability are. However, identifying the building blocks of such dynamic capabilities will be inherently incomplete or their implementation must be difficult because otherwise firms' dynamic capabilities would not create the expected competitive advantage that they do (Teece, 2007). Thus, dynamic capabilities create competitive advantage for firms because they are not easy to imitate. However, even though dynamic capabilities are idiosyncratic and path-dependent in emergence, they also have certain commonalities across firms, since there are more and less effective ways of dealing with certain generic organizational challenges (Eisenhardt and Martin, 2000). Thus, best-practice regarding dynamic capabilities exists (Eisenhardt and Martin, 2000). Before being able to detect such best-practices, however, a better understanding of organizational knowledge and knowledge management is needed in order to be able to understand the knowledge sharing processes and the way that these processes could be affected. The next section focuses on these aspects.

3. Organizational knowledge and its management

In order to be able to enhance post-acquisition knowledge sharing, a better understanding of the nature of knowledge and the way that organizations can manage knowledge is needed. A fundamental classification of organizational knowledge is made

by Polanyi (1966), which is a distinction between tacit and explicit knowledge (Easterby-Smith and Prieto, 2008). According to Polanyi "explicit" knowledge can be codified and thus transmitted in formal and systematic language (Nonaka, 1994). Explicit knowledge is similar to "knowledge about" (Spender, 1996). Tacit knowledge, however, is personally held, rooted in action, commitment and involvement in a certain context (Nonaka, 1994). Tacit knowledge is related with "experience" (Spender, 1996). Articulating, capturing, and distributing explicit knowledge is easy, while tacit knowledge is more difficult to articulate and distribute (Easterby-Smith and Prieto, 2008).

According to Nonaka (1994) knowledge can only exist at the individual level. However, many other writers argue that knowledge also exists in social groups (Hislop, 2005). Based on this two views a different dichotomy of knowledge has occurred, which is that of individual vs group knowledge (Hislop, 2005). On the one hand, documented systems of rules, operating procedures, and formalized routines are examples of "objectified knowledge" which can be seen as explicit group knowledge at the organizational level (Hislop, 2009). On the other hand, informal routines, narratives, and shared understanding are examples of "collective knowledge" which is the tacit knowledge of the group (Hislop, 2009). This classification, however, is also based on the distinction of tacit and explicit knowledge, while being socially constructed.

In order to make use of its knowledge, organizations deal with many knowledge management related issues (McKinlay, 2005). Knowledge management, based on the tacit and explicit distinction of knowledge, has applied two different approaches in order to identify, develop, and leverage knowledge in organizations. The tacit and explicit distinction of knowledge has enabled scholars to consider various adaptation mechanisms with diverse characteristics for different types of knowledge (Spender, 1996). Knowledge management, comparable with organizational knowledge, is divided in two camps, those concerned with the technology of knowledge management and those who find human processes the primary task of knowledge management to pay attention to (Easterby-Smith and Prieto, 2008). The technology side is interested in managing knowledge and the mechanisms that help in doing so such as IT-infrastructures, data warehouses, and virtual centers of expertise (Easterby-Smith and Prieto, 2008). The human side focuses more on social relations, cultural factors and sense-making (Easterby-Smith and Prieto, 2008). Thus, the knowledge embedded in routines, practices and norms (Alvesson and Kärreman, 2001).

In a similar vein, Brown and Duguid (2000) make a distinction between process and practice. On the one hand, the process approach focuses on the way tasks are formally organized while being concerned with the structured coordination of people and explicit knowledge. On the other hand, the practice approach is concerned with the way tasks are actually performed. According to Brown and Duguid (2000), tasks which seem highly independent according to formal processes, could be remarkably social in reality. For enhancing best practices, therefore, organizations should pay attention to the way such practices occur in reality in order to capture the tacit knowledge created through improvisation, narratives and communities that form such activities (Brown and Duguid, 2000). This does not mean that processes are not needed, but in order to be effective they must be based on practice. These contradictions in knowledge management all suggest that technology is not the only aspect in order to facilitate knowledge sharing (e.g. Agterberg *et al.*, 2010; Brown and Duguid, 2000; van den Hooff and Huysman, 2009). Knowledge management is not seen only as a matter of building

a large knowledge repository, "but by connecting people so they can think together" (Alvesson and Kärreman, 2001).

These two approaches of knowledge management are derived from two different epistemological perspectives of knowledge (Easterby-Smith and Prieto, 2008). These are the objectivist and the practice-based perspective (Hislop, 2009). The objectivist epistemology sees knowledge as an entity that is possessed by people, but that can exist autonomously in a codified form (Hislop, 2009). Such knowledge can exist in a number of forms including documents, diagrams, computer systems, or be embedded in physical artefacts such as machinery or tools (Hislop, 2009). According to this perspective, even tacit knowledge can be converted, to a certain degree, into explicit knowledge. This perspective acknowledges the fact that much organizational knowledge is tacit while being optimistic about the ability of the organization to convert this knowledge into an explicit form (Hislop, 2005). However, there are enormous difficulties in doing so (Hislop, 2009). The practice-based perspective, on the other hand, emphasizes the fact that knowledge is embedded within practice and thus not codifiable (Hislop, 2005). This perspective sees tacit and explicit knowledge as inseparable while being embodied in people and socially constructed (Hislop, 2005). The way social practices are conducted cannot be made explicit, therefore, some tacit component will remain unknown (Schatzki *et al.*, 2001). As Polanyi (1966) states "explicit knowledge must rely on being tacitly understood" (Gourlay, 2006), which means that there is always some tacit aspect that remains unknown. Thus, as Hassell (2007) mentions, knowledge can only be possessed by people, trying to codify knowledge would only result in creating information. This is an important notice since it is important not to confuse information management with knowledge management (e.g. Spender, 2008). Thus, the need for the practice-based approach is especially because of the limits of codifying knowledge (Hislop, 2009).

Many scholars argue that organizations evolve by the process of acclimating their members' knowledge, which is done mostly on a tacit level (Gourlay, 2006). The practice-based epistemology has its roots in a number of philosophical perspectives such as interpretive philosophy (Hislop, 2005) which emphasizes the role of individuals in articulating knowledge and shaping and interpreting the organizational context (Empson, 2001), and social constructionism (Easterby-Smith and Prieto, 2008) which views knowledge as being constructed from and through social relationships and interactions (Swan *et al.*, 1999). Thus, this view of knowledge as being socially constructed, through social interaction processes and embedded in communities of practice, emphasizes the importance of social coordination and (formal and informal) networking while trying to manage organizational knowledge (Swan *et al.*, 1999). In the context of knowledge acquisitions, this is an important aspect to pay attention to since future innovation requires interaction and cooperation between the experts of the firms involved. Thus, in order to enhance post-acquisition knowledge sharing within knowledge acquisitions the importance of the practice-based view and more specifically social constructionism should be taken into account.

4. The building blocks of acquisition reconfiguration capability

4.1 Acquisition experience

Only a few studies have focused on the effect of acquisition experience (Laamanen and Keil, 2008). On the one hand, it is questionable whether acquisition experience would

enhance performance since acquisitions are heterogeneous, irregular, and vary in their outcomes (Hayward, 2002). On the other hand, according to Vermeulen and Barkema (2001), firms might learn from their acquisitions if such acquisitions are related to their own business. Hayward (2002) mentions that acquisition experience alone is not sufficient to have superior performance, better performing firms are those that acquire companies with similar businesses. In the same vein, Haleblian and Finkelstein (1999) mention that acquisition experience has an inverted U-shaped effect on acquisition performance, which is positive when firms acquire organizations that are similar to their prior acquisitions. Meschi and Metais (2006) state that acquisition experience does affect acquisition performance. This effect, however, has a curvilinair distribution around the acquisition's announcement date. Thus, it could be argued that firms with more acquisition experience differ substantially from other firms in their acquisitions' performance and therefore perform better (e.g. Laamanen and Keil, 2008).

One could say that having acquisition experience can be seen as a principal mechanism to have the skills needed to manage acquisitions in the right way (Hayward, 2002). The literature, however, is quite contradictory regarding this. One thing that is clear is that, to the best of our knowledge, no attention has been paid to the effect of acquisition experience on post-acquisition knowledge sharing. Previous research (Laamanen and Keil, 2008; Haleblian and Finkelstein, 1999; Hayward, 2002; Zollo and Singh, 2004; Meschi and Metais, 2006) has only analyzed the effect of acquisition experience on acquisition performance while paying attention to, e.g. return on assets or shareholder value. Focusing on post-acquisition knowledge sharing within knowledge acquisitions, therefore, could reveal some other interesting findings regarding the effect of acquisition experience. This leads to the following proposition:

P1. Having prior acquisition experience has a positive impact on post-acquisition knowledge sharing.

4.2 Acquisition-specific tools and functions

For improving acquisitions' performance firms must develop an organizational capability which helps implement acquisitions (e.g. Zollo and Singh, 2004). In the context of knowledge acquisitions, acquisition performance can be improved through enhancing post-acquisition knowledge sharing. Thus, in order to enhance knowledge sharing so that acquisitions' performance is improved an organizational implementation capability is needed. Such organizational capability can be built through codification of past experience and creation of mechanisms and procedures to share explicit knowledge. Hence, organizations can learn from their past acquisition experiences through articulation and codification of their lessons learned (Zollo and Winter, 2002) and the use of this knowledge in subsequent acquisitions. This is quite in line with Laamanen and Keil (2008) stating that serial acquirers accumulate their experience through the development of acquisition programs which enhance their subsequent acquisition performance. This, for example, can be achieved through the creation of standard mechanisms and procedures which will enhance post-acquisition knowledge sharing. Codifying experience into technology and creating formal procedures enables the application of experience and enhances the creation of routines which help develop dynamic capabilities (Eisenhardt and Martin, 2000; Laamanen and Keil, 2008).

In their research Laamanen and Keil (2008) found that serial acquirers through accumulating their experiences and developing acquisition programs tend to outperform other acquirers. In doing this, the frequency pattern with which the acquisitions are carried out matters since a stable frequency pattern ensures the accumulation of experience. The findings of Laamanen and Keil (2008), however, are quite contrary to that of Zollo and Singh (2004) who found that experience accumulation was non-significant while the degree of codification had a strong impact on acquisition performance. On the one hand, the non-significant effect of experience accumulation could be due to firms' heterogeneity and the occurrence of negative transfer. Negative transfer occurs "when one's search for an analogous condition from the past leads to a reliance on a situation that is superficially but not structurally similar to the current situation". It is especially difficult for less experienced acquirers to judge the similarity of the target firm with previous ones and thus to make sure that no negative transfer occurs. On the other hand, the positive effect of the degree of codification and articulation of acquisition experience mentioned by Zollo and Singh (2004) and thus the use of IT-based mechanisms and procedures in order to share knowledge in the post-acquisition phase, could be due to the existence of acquisition implementation knowledge within the firm.

Zollo and Singh (2004) state that the acquirer can learn to manage post-acquisition integration through experience accumulation and codification of explicit knowledge in manuals, systems, and other tools. Such activities aimed at knowledge codification and articulation may become superior mechanisms in order to accumulate expertise when tasks' frequency and homogeneity are reduced (Zollo and Winter, 2002). Thus, acquiring a firm may not be a daily task of the organization, but this does not necessarily mean that no learning benefits will occur in the codification process. This is because codification efforts force employees to draw explicit conclusions regarding their experience (Zollo and Winter, 2002). Through codifying past experience and creating certain IT-based mechanisms and procedures to share codified knowledge, the acquirer might be able to enhance knowledge sharing and thus improve acquisition performance. Such learning mechanisms for knowledge articulation and codification are catalyzed by knowledge management and could enable the creation of dynamic capabilities (Easterby-Smith and Prieto, 2008). Therefore, such tools could be seen as the building blocks of an acquisition reconfiguration capability.

The previously mentioned tools regarding the management of acquisitions are created and used by specific functions introduced to manage acquisitions, such as an integration manager or a M&A team (e.g. Zollo and Winter, 2002, Inkpen *et al.*, 2000). The importance of such functions has already been noticed in the context of alliances. For example, Heimeriks (2008) mentions that the existence of alliance managers, alliance specialist, and alliance departments could be vital aspects for the alliance management process. It could be expected that such acquisition functions analogous to the alliance functions have a positive effect on acquisitions' performance as well, since such functions influence which mechanisms and practices will be used for post-acquisition knowledge sharing (Capron and Anand, 2007). Furthermore, as firms' acquisition experiences are partly embedded within such functions, they also have an important role in the organizational acquisition memory.

These arguments lead to the following propositions:

P2a. Acquisition-specific tools and functions mediate between experience and post-acquisition knowledge sharing.

P2b. Acquisition-specific tools and functions have a positive effect on post-acquisition knowledge sharing.

4.3 Knowledge management tools and practices

Knowledge management tools and practices have been mentioned by many scholars as being the building blocks of dynamic capabilities (Easterby-Smith and Prieto, 2008). On the one hand, the use of knowledge management tools has been mentioned to be important for enhancing knowledge sharing and thus for the development of dynamic capabilities (e.g. Zollo and Winter, 2002; Hislop, 2005). Some examples of such tools are intranets, groupware technology, searchable electronic database, manuals, blueprints, spreadsheets, and project management software (e.g. Zollo and Winter, 2002; Hislop, 2005). However, such tools are used to enhance the sharing of explicit knowledge. On the other hand, according to Grant (1996), tacit knowledge can be shared through the use of two mechanisms: direction and routines. Direction involves converting tacit knowledge into explicit knowledge through the use of rules, directives, formulae and expert systems. However, this transformation of tacit knowledge means inherently a loss of knowledge since not all tacit knowledge can be converted. Thus, the use of such tools covers only partly the knowledge that is meant to be shared. Given that knowledge that is meant to be shared is usually of a highly ambiguous nature and thus tacit, personal interactions are extremely important in the post-acquisition phase (Ranft, 1997). Therefore, organizational routines, the second type of mechanisms mentioned by Grant (1996), solve this problem of a loss of tacit knowledge. By using routines there is no need to transform knowledge into an explicit form since knowledge integration through the use of routines takes place in coordinated work arrangements based on informal procedures and commonly understood roles and interactions among specialists.

Lawson and Samson (2001) and Verona and Ravasi (2003) have mentioned physical, technical, structural, managerial systems, and cultural norms and values as important aspects for the development of dynamic capabilities (Easterby-Smith and Prieto, 2008). This is, however, quite a broad description. More specifically, skill development and mentoring have been mentioned as practices enabling the development of capabilities (Easterby-Smith and Prieto, 2008). Team-based work design and job rotation have been mentioned to be important for enhancing knowledge sharing too since such activities facilitate the creation of social capital (Collins and Smith, 2006). Eisenhardt and Martin (2000) mention knowledge management practices such as cross-functional teams, the creation of social bonds among managers, experiential activities, routine use of brainstorming sessions, and solving problems together as being important for the development of certain dynamic capabilities. Zollo and Winter (2002) mention that discussions, debriefing sessions, workshops, seminars, and performance evaluation processes could act as mechanisms which help articulate tacit knowledge in order to enhance the organizational capability development process. However, also with regard to knowledge management tools and practices, acquisition-specific functions give directions and make decisions regarding which tools and practices to use and how to use them to enhance post-acquisition knowledge sharing. Therefore, such functions also affect the impact that knowledge management tools and practices have on post-acquisition knowledge sharing.

As mentioned in section 3, social interactions are fundamental for knowledge acquisitions in order to share tacit knowledge. This is in line with Prieto and

Easterby-Smith (2006) who state that generating dynamic capabilities requires knowledge management to focus on people and social processes. Consequently, compared to technological aspects social aspects are probably more important for creating an acquisition reconfiguration capability to enhance post-acquisition knowledge sharing. Therefore, for firms involved in a knowledge acquisition, practice-based approaches such as site visit tours, job rotation, sharing of best practices, mentoring, project teams, trainings, workshops, and cross-functional committees will probably lead to sharing more relevant (tacit) knowledge than tools. These arguments lead to the following propositions:

P3a. Knowledge management practices have a greater positive impact on post-acquisition knowledge sharing than tools.

P3b. Acquisition-specific functions affect the choice and use of knowledge management tools and practices, and therefore, also the impact of such tools and practices on post-acquisition knowledge sharing.

4.4 Research model

Taken together, the previously mentioned propositions result in the following research model which is depicted in Figure 1.

The previous depicted model primarily illustrates how the three main independent variables (i.e. acquisition experience, acquisition-specific tools and functions, and knowledge management tools and practices) affect the dependent variable post-acquisition knowledge sharing. The model also recognizes that acquisition-specific tools and functions mediate the effect of acquisition experience on post-acquisition knowledge sharing and affect the choice and use of knowledge management tools and practices.

The central reasoning is that, first, the existence of acquisition experience within the firm enhances post-acquisition knowledge sharing. Second, tools and functions such as acquisition repository and retrieval systems, and an M&A team affect post-acquisition knowledge sharing through respectively, codification of acquisition knowledge and post-acquisition decision making. Acquisition-specific functions also affect the choice and use of knowledge management tools and practices, and therefore, also the impact of such tools and practices on post-acquisition knowledge sharing. Finally, knowledge

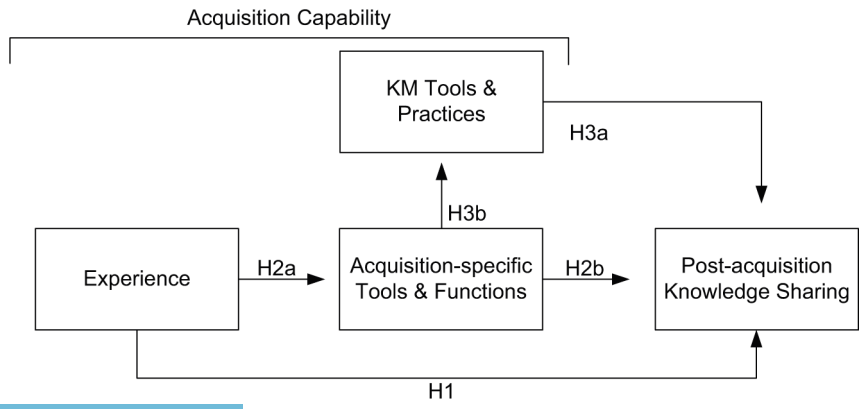

Figure 1.
Building blocks of acquisition reconfiguration capability

management tools and practices have a direct effect on post-acquisition knowledge sharing too. However, the assumption is that when involved in knowledge acquisitions, the effect of knowledge management practices is greater than tools since interaction between experts is needed in order to be able to share relevant (tacit) knowledge. The relationships proposed in this model, however, should be tested empirically.

5. Concluding remarks

The success of knowledge acquisitions depends on being able to share knowledge to innovate. Despite of the growing number of knowledge acquisitions, however, an understanding of how successful firms carry out their post-acquisition knowledge sharing activities remains missing in the literature. This indicates that there is a need for more research on knowledge sharing through knowledge acquisition. This paper argues that the existence of an acquisition reconfiguration capability can be seen as a unique knowledge sharing ability of successful firms involved in knowledge acquisitions. Therefore, creating more understanding regarding the building blocks of such acquisition reconfiguration capability would help understand how to manage knowledge acquisitions more successfully. This present paper has set a foundation for future empirical research by creating a conceptual model which indicates acquisition experience, acquisition-specific tools and functions, and knowledge management tools and practices as the building blocks of such acquisition reconfiguration capability.

Enhancing post-acquisition knowledge sharing is not always an easy task since organizations should combine various knowledge-based resources. Specifically, it is proposed that having acquisition experience would affect post-acquisition knowledge sharing positively. The effect of this experience, however, is also mediated by the acquisition-specific tools and functions in use. On the one hand, acquisition-specific tools codify firms' acquisition experience in order to use this experience in subsequent acquisitions. Thus, such tools function as the explicit organizational acquisition memory. On the other hand, acquisition-specific functions accumulate firm's acquisition experience and thus merely act as the firm's tacit acquisition memory

Since merely having acquisition experience and using acquisition-specific tools and functions is not enough to enhance post-acquisition knowledge sharing optimally, organizations should take into account the importance of knowledge management tools and practices. Knowledge management tools can be used to enhance sharing of explicit knowledge among the employees of the firms' involved in a knowledge acquisition. However, given that the knowledge that is of interest within knowledge acquisitions is usually of highly ambiguous and thus tacit nature, only using tools is not enough since social interaction among the experts of the firms involved in the acquisition is needed. Therefore, the assumption is that using knowledge management practices would have a greater positive effect on post-acquisition knowledge sharing, than tools. Additionally, this paper argues that since acquisition-specific functions decide which knowledge management tools and practices to use and how to use them, such functions also affect the impact of knowledge management tools and practices. The value of this conceptual model, however, should be tested by future empirical research.

Knowledge sharing processes cannot be understood only by conducting quantitative research since it is the micro-processes that are embedded in these knowledge sharing processes that scholars are still puzzling with. Therefore, combining both quantitative research and qualitative ethnographic research is

advisable. For example, it is possible to both set out a survey among practitioners (e.g. M&A managers and R&D employees) in order to reach a large amount of respondents and conduct a case study to gain in-depth and rich data. The richness of the case study data could reinforce the survey data and enhance our understanding regarding the micro-processes of knowledge sharing and thus the creation of an acquisition reconfiguration capability.

At last but not least, even though best practice could exit regarding an acquisition reconfiguration capability, it might be that knowledge acquisitions themselves are too idiosyncratic and situation-specific to provide a general causal explanation that could guide us when searching for means to enhance post-acquisition knowledge sharing. Therefore, scholars conducting future research should take into account the existence of organizational idiosyncrasies, in this field of research.

Notes

1. In line with Collins and Smith (2006) who use the definition of high-technology firms given by Milkovich (1987), high-technology firms are identified as companies that "emphasize invention and innovation in their business strategy, deploy a significant percentage of their financial resources to R&D, employ a relatively high percentage of scientists and engineers in their workforce, and compete in worldwide, short-life-cycle product markets" (p. 80).
2. According to Ranft and Lord (2002), these industries include biotechnology, computer equipment, computer software, computer services, electronics, and telecommunication.
3. In the following section an explanation regarding different types of knowledge will be given.
4. Teece *et al.* (1997) mention that, "when firm-specific assets are assembled in integrated clusters spanning individuals and groups so that they enable distinctive activities to be performed, these activities constitute organizational routines and processes. Examples include quality, miniaturization, and systems integration. Such competences are typically viable across multiple product lines, and may extend outside the firm to embrace alliance partners."

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