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Master's thesis
Licentiate's thesis
Doctor's thesis

Subject	International Business	Date	23.4.2007
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		Number of pages	117
Title	ENHANCING CAPABILITIES SHARING IN ACQUISITIONS – The perspective of human resources management		
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Abstract

The main motive behind acquisitions tends to be to acquire new or enhanced skills and capabilities. Thus, the preferred outcome of the acquisition integration is capability sharing, that results in sharing of skills, knowledge, resources or management procedures between the two firms, which may lead to augmenting competitive advantage and thus to synergy. However, acquisitions have been found to create high rate of employee turnover that causes harmful drain of skills. As the main motive of acquisitions is to take advantage of these skills by combining them to existing capability base, the premature decamp of employees will lead to failure of acquisition.

The purpose of this research was to analyze how the organization is able to enhance the capabilities sharing in acquisitions. This problem was examined through following sub-objectives:

- To analyze the integration process from the HRM perspective.
- To examine how the organization can identify important capabilities.
- And to analyze what enhances capabilities sharing within organization.

This research was conducted as a case study for the HR department of an international organization. Three acquisitions were analyzed and altogether ten interviews were conducted of which six were theme interviews, one was a telephone interview and three were conducted via e-mail. The main result of this research is a framework that was compiled for enhancing the process of capabilities sharing in acquisitions. One of the main findings was that a new flow of communication ought to be established between the negotiators of the acquisition and the integration team. Also the need for organization to learn from its previous acquisitions was emphasized. Other findings are related to the timing of integration team assembly, increased management visibility, introducing the concept of workshops, the process of identifying capabilities through HR assessment, the increasing of communication both within the integration team and between the acquiring and target organizations.

Key words	Human integration, identifying capabilities, capabilities sharing
Further information	