



UiO : University of Oslo

The Faculty of Mathematics and Natural Sciences
Department of Informatics

Anand Dev

Master Thesis

“Acquihire”: A Journey for Startup?

Entrepreneurship and Innovation Management

May 2021

© Anand Dev

2021

Acquihire- A Journey for startup?

Author: Anand Dev

<http://www.duo.uio.no/>

University of Oslo

Acknowledgement

I would first like to thank my main supervisor Yangyang Zhao from the Department of Informatics, the Faculty of Mathematics and Natural Sciences, at University of Oslo (UiO) for her untiring guidance and suggestions during the research. She also supported me when I was demotivated and was not able understand where to begin from.

I would also like to acknowledge Agnes Dyvik from the Department of Informatics at UiO as the co-supervisor, and I am gratefully indebted to her valuable comments on this thesis. Similarly, I would like to thank the faculty and department for providing comprehensive and useful curriculum under Entrepreneurship and Innovation Management.

Also, I must be thankful to the all participants from different stratups who provided me their valuable time for interview and helped me accomplished my task on this thesis with genuine and original data.

Finally, I would like to thank my loved ones, who have supported me throughout the entire process, both by keeping me harmonious and helping me in every possible way. I will be grateful forever for their love. Thank you.

Anand Dev

Table of Contents

ABSTRACT.....	6
1. INTRODUCTION	7
1.1 BACKGROUND	7
1.2 RATIONALE OF THE STUDY	10
1.3 RESEARCH QUESTION/AIM OF THE STUDY	10
1.3.1 <i>Aim: How startups view the acquire?</i>	11
1.3.2 <i>Limitations</i>	11
2. LITERATURE REVIEW	12
2.1 ADVANTAGE OF ACQUIRE	14
2.2 DISADVANTAGE OF ACQUIRE	14
2.3 BUSINESS STRUCTURE FOR ACQUIRE.....	15
2.4 HOW DOES ACQUIRE PURCHASE WORK FOR EMPLOYEES?	16
2.5 SOFT LANDING IN ACQUIRE	16
2.6 DIFFERENCE BETWEEN ACQUISITION AND ACQUIRE	16
2.6.1 <i>Acquisition</i>	16
2.6.2 <i>Acquire</i>	17
2.7 WHY DO ACQUIRE HAPPENS?	17
2.8 WHAT CAUSES AN ACQUIRE?	18
3. RESEARCH METHODOLOGY	19
3.1 RESEARCH DESIGN.....	19
3.2 LITERATURE REVIEW	19
3.3 DATA COLLECTION	20
3.3.1 <i>Primary data source</i>	20
3.3.2 <i>Secondary data source</i>	21

3.3.3	<i>Interview guide</i>	21
4.	CASE DESCRIPTIONS	22
5.	CASE ANALYSIS, FINDINGS AND DISCUSSION	25
5.1	COMPANY 1 (C1)	26
5.2	COMPANY 2 (C2)	28
5.3	COMPANY 3 (C3)	30
5.3.1	<i>Co-founder A</i>	30
5.3.2	<i>Co-founder B</i>	32
5.4	COMPANY 4 (C4)	34
5.5	COMPANY 5 (C5)	36
5.6	COMPANY 6 (C6)	37
5.7	COMPANY 7 (C7)	39
5.8	COMPANY 8 (C8)	40
5.9	COMPANY 9 (C9)	41
5.10	COMPANY 10 (C10)	42
6.	CONCLUSION	45
	REFERENCES	46
	APPENDIX	47
6.1	APPENDIX A (INTERVIEW GUIDE)	47

Abstract

After bachelors and graduates, the next thing that comes into mind is job. There are recruiters and candidates. Individual hiring process is conventional and is common. It is also generally seen that bigger companies, do buy small smart companies usually startups for their products and services. However, there is new trend getting popular these days especially in tech industries. Giant tech companies or sometimes medium sized successful companies hire entire startup(s) for skilled and experienced people and not for products and services of bought startups. This concept is called acquihire. Primary data were collected via interviews and secondary data were collected via articles and other online sources. The result was then analysed and discussed.

The purpose of this business thesis is to investigate the concept behind the “acqui hire” from the perspective of startups mostly in tech companies. For this 10 companies were sought with 11 candidates. This report consists of 8 interviews from 7 small companies from Norway and obtained written answers for the questionnaires from rest 3 companies (2 from Norway and 1 from Denmark). This report found that, out of 11 interviewees, 6 candidates had heard the term acquihire and also knew concept behind it. 5 candidates had not heard the term however 3 out of these 5 knew that, big companies buy small companies in search of human capital. Again, 5 interviewees said that, they like this concept and 6 interviewees gave mixed reaction (yes and no both, depends upon the situation, etc.). Similarly, 5 interviewees agreed to get acquihired for their respective startups and rest 6 interviewees didn't.

The study finally suggests that, the concept is new in Norway. Whether startups like to get acquihired or not, it depends upon the integrity of founders and co-founders, vision of the startups and situation of the startups on that particular period of time. However, all were agreed that acquihire is better option than going bankrupt and, in that case, all interviewees were agreed get acquihired their respective startups. Few interviewees also put acquisition as their preference over acquihire.

1. Introduction

1.1 Background

Almost everyone once in a life seek job. Some gets easily and some takes time to get through into. On opposite side, there are employers who offer jobs. This is how conventional job receiver and job provider work and is relate. Time passes and according to time, also process changes. These days, especially in tech world, where there is full of competence and tough time, hiring process has been changed. From last 10-15 years there has been arose of new concept called “acquihire”. It has been seen articles from the world and media, some preferred to spell it as *acquihire*, *acq-hire*, *acqui-hire*, and *acqui-hire*. To omit any kind of confusion, I have chosen to write it as “acquihire” throughout this paper. It is combination of two words “acquire” and “hire”. This is the neologism and first coined by blogger; Rex Hammock in 2005 on rexblog.com (Selby & Mayer, 2013). Acqui-hire; refers to an act of buying out a company primarily for the skills and experience of its staff, rather than for the products or service its supplies. This is common in tech world these days. In fact, Apple company buys an startup roughly every single month (Selby & Mayer, 2013). Simply, acquihire is a talent acquisition, acquiring another smart small company for the value of their human capital.

These days, huge tech companies such as Facebook, Google and Zynga are very much hungry for talent people and therefore they are busy acquiring start-ups and other small companies at brisk pace (Polsky & Coyle, 2013; Selby & Mayer, 2013). Mark Zuckerberg in 2010 had said, “we buy companies to get excellent people” (Makinen, Haber, & Raymundo, 2012). According to (Selby & Mayer, 2013), superpowers such as Facebook, Google, Twitter, etc. are willing to invest on smart startups to get their founders and software engineers. Also, acquihire has been adopted as defence strategy to squash and absorb potential rising competitors. In 2012, a company named “Lightbox” was working on android development and HTML5 fitting perfectly into Facebook’s goal of that time and as a result, Facebook acquihired Lightbox o strengthen their own mobile performance. This was the example of goal driven development and acquihire is used here as well.

Firms are increasingly engaging in acquisitions of startups with goal of acquiring talented employees that can help solve problems that need innovation solutions. These days, startup firms’ acquisitions has become human resource strategy and is mostly seen in high tech

environments. Talent human resources is directly proportional to need for innovation as it enhances company's competitive positions. Big players often buy startups these days. (Selby & Mayer, 2013) write in their article, in just past few years Facebook has purchased more than 30 startups and have successfully used new human talents. This is the importance of acquihire. Apple says that, it buys on an average of 1 startup company per month. Similarly, in 1990s Cisco System Inc. had made more than 12+ acquihires of small software companies just to use their product team. These days acquihire has become necessary and integral part of tech firms as human resource acquisition strategy. This concept has gain so much importance that it has able to shift attention from technological assets such as patents and has increased traction for acquiring particularly upper-level engineers with proven experience. Besides this, perk such as stock options, signing bonuses, unusual incentivises (free haircuts, iPads, offices with views), free food are being used to lure human talent.

Acquihire (ways to acquire human capital) can be done by 4 different ways alliances, mergers & acquisition, and traditional hiring (Selby & Mayer, 2013).

	External	Internal
Contract with a Firm	Alliance	Mergers & Acquisitions
Contract with/for an Individual	Procurement of Independent Contractors	Traditional Hiring of Individual Employees

Figure 1: Ways to acquire human capital. In the matrix above, there are 4 ways. There are 2 ways to internal and external.... Retrieved from (Selby & Mayer, 2013).

Answer to this question; “why do acquihires ever occur?” is stated in (Polsky & Coyle, 2013). The power of social norms to control the behaviour of members of the Silicon Valley technology community, we argue, is central to the solution to this puzzle. Even though California law provides for easy employee mobility, our interviews show that software engineers would choose an acquihire over a simple defection in many situations because they do not want to face informal sanctions. In addition, an acquihire allows the engineers to claim that their venture resulted in a successful exit, which has significant cultural cachet in Silicon Valley. An acquihire may also generate modest reputational benefits for the buyer or its

representatives and make it easier for the buyer to differentiate the pay packages of similarly situated engineers. Finally, acqhiring is supported by the no adversarial culture of Silicon Valley and its legal community. We argue, in short, that the explanation for the acqhiring phenomenon is based on the unique social structure and community norms of Silicon Valley, resulting in a triumph of social norms over legal rights and duties. In an acquihire transaction, by contrast, the acquiring company places little or no value on the assets owned by the target company.

In another master thesis by (Bhargava & Venugopalan, 2013) found that 83% of the companies who acquihire stop operating the target products or services and 50% sell it off. They also found that, acquihire is connecting link between conventional acquisitions and conventional hiring. Their study also says that, acquihires are being focus in certain market segment (i.e. tech industries).

When comparing the originally hired employee and acquihired employee, (Ng & Stuart, 2019) found acquihired employees turnover at a much higher rate than originally hired employees. This was seen because of job ranks and education background. Comparison was made carefully and within well-matched samples. Facebook, Amazon, Microsoft, Google, and Apple have collectively made some 750 acquisitions in the past three decades (Ng & Stuart, 2019).

Also according to (Fantasia, 2016), acquihire is the process of buying startup not just for its assets or patents, but above all for its human capital and this process is being emerging in technology companies aiming for innovation and a stronger competitive position. In this way, big companies can have well established team and it saves time as well. (Fantasia, 2016) main aim for his paper was to provide an academic contribution to a better comprehension of this strategy's success (i.e. acquihire) for organizations, in fostering innovation and consolidating a competitive position.

From the article of (Aaron & Arun, 2014), one can also explain about acquihire. As earlier, writers also say; acquihiring is the acquisition of small companies primarily to gain access to their employees and has been proliferating these days providing evidences as publicly available data. Writer also write that although practitioners have paid close attention to this pattern, academics have yet to systematically investigate these acquisitions or clarify how they fit into the acquirers' corporate strategies, which are mainly Silicon Valley-based technology firms. We present two case studies to provide insights into how acquihiring works

in practice, using a hand-collected dataset to record recent developments in acquihiring. We then use previous research in strategic management on dynamic skills to clarify how acquihiring fits into the larger range of tactics companies use to maintain competitive advantage. We show acquihiring as an example of asset orchestration, which is a key dynamic skill embodied in top management and applied to human capital management. Finally, we suggest some possible research directions for a more detailed and systematic agenda on acquihiring.

There is an expectation that when two companies merge and acquire, the combined value will be greater than the value of the two companies operating separately, i.e., synergy. Due to increased competition among corporations in both the domestic and global markets, mergers and acquisitions are gaining traction. This paper addresses mergers and acquisitions, as well as the motivations behind them. Due to issues such as financial, marketing, and operational issues, some mergers and acquisitions fail. Mergers and acquisitions have also failed due to human resource issues in the merged businesses. As a result, this article proposes to address HR issues at each stage of merger and acquisition, as well as methods for resolving the issues (Soundarya, Lavanya, & Hemalatha, 2018).

1.2 Rationale of the study

This study will aim to investigate to know how the journey of startups will end as an acquihire process. How the founders or co-founders will see this? Will they be accepting acquihire as an opportunity or they will not see as an opportunity? This research is designed to understand what the conditions are behind acquihire process and why this happen. How success is the acquihire process and where does it lie among acquisition, mergers and hiring process. The outcome of this thesis will benefit the startups, entrepreneurs, investors, policy makers, etc.

Tough this is topic which is not exploit much till date, so it will also help other investigators or researchers by providing sound knowledge about the situation of acquihire.

1.3 Research question/Aim of the study

The aim of this master thesis report is to know the perspectives of acquihire from startups point of view. How is this being practice in Norway in tech industries? Till date, there

is lack of research paper from startups perspective. To fill this gap, this short master thesis has been written.

1.3.1 Aim: How startups view the acquihire?

To achieve this aim following objectives are chosen to go through.

- i. Under what conditions the acquihire is likely to happen for those startups (being acquired for their human capital).

1.3.2 Limitations

- i. Time constrain (18 weeks)
- ii. Only 11 interviewees and most of them are still in early phases of their startups
- iii. Only 1 interviewee that has real acquihire experience
- iv. More research articles need to go through deeply from perspective of startups

2. Literature Review

One of the articles from Duke Law Journal (Polsky & Coyle, 2013) states leading technologies such as Facebook, Google, etc. have been buying startup companies at rapid pace in Silicon Valley. It has been seen, in most of these transactions, buyers show little interest in acquiring startups' projects (i.e. products or services). Buyers only look for human talent acquisition especially software engineers and founders of the startups. This action/transaction/concept is called "acquihire". This is a novel and increasing concept which has been embraced by the largest and most successful technology companies in the world satisfy their intense demand for engineering talent. This article written by (Polsky & Coyle, 2013) has also tried to fill the gap of acquihire concept in the academic or professional legal literature. Interviews with Silicon Valley entrepreneurs, venture capitalists, buyer representatives, and transactional lawyers, made possible for them to offer the first formal description of acquihire. Taking this into consideration, this master thesis will also have interviews with Norwegian entrepreneurs and 1 possible transactional lawyer to validate the finding from the experiments.

Authors (Soundarya et al., 2018) have written; owing to the increased rivalry between companies in the domestic and global markets, mergers and acquisitions between companies are gaining traction. Companies have numerous reasons for joining M&A. Some of them are shareholder benefits, management gains, economies of scale, cost reduction, tax exemption, diversification, enhancing research and development, and human acquisition, etc. Here, writers have discussed about the conventional approach of M&A however it has shown the benefits of M&A as human acquisition.

Table 1: Differentiation of Merger and acquisition (Soundarya et al., 2018).

Basis	Merger	Acquisition
Meaning	Voluntary fusion of companies to form a new company	One firm purchases the business of another firm
New company formation	Yes	No
Nature of decision	Mutual decision	Friendly and hostile decision
Minimum number of companies	3	2
Purpose	To increase operational efficiency and to decrease competition	Immediate growth

Business size	More or less same	Bigger than the size of the acquired company
Legal formalities	More	Less

When a corporation chooses to merge and acquire a company, it analyses its technological and financial viability but fails to give priority to the company's human capital. This leads to most of the mergers and acquisitions unsuccessful (Soundarya et al., 2018). This is how human capital is important. Research regarding this can be achieved before, after and after merger and acquisition by evaluating the rate of employee turnover, performance assessment, work satisfaction, their level of productivity and their level of emotional intelligence, etc. These are the criteria which is most probably analysed by the big companies before acquiring.

(Mawson & Brown, 2017) have written about the dynamics of entrepreneurial acquisitions undertaken by UK high growth small and medium enterprises (SMEs). Although SMEs are rapidly deploying entrepreneurial acquisitions, little is known about their histories, motivating drivers, and organizational performance. The main factor found to be driving these acquisitions was the need to increase and leverage technical complementarities between the acquiring and acquired firms, based on comprehensive case study evidence from Scotland. They have taken this acquisition process as an advanced stage of the outside-in 'open innovation' strategies. Usually, businesses implementing this policy have an extreme risk propensity, a preference for close consumer interaction, productive market strategies and strong external focus. The work suggests that the dynamics of these forms of smaller-scale entrepreneurial acquisitions should be given greater attention within M&A theory. M&As have become an important source of external growth and corporate development, in conjunction with strategic alliances, joint ventures and informal partnerships, a trend that has created a huge volume of literature over the last 30 years.

Every year, thousands of acquisitions of young, technology-based enterprises take place, resulting in the acquisition of countless individuals (Ng & Stuart, 2019). While many of these mergers are driven by the urge of an acquirer to attract new talent, we find that employee turnover at a much higher rate is acquired compared to a carefully selected and well-matched sample of organically recruited employees. There were more than 5,000 mergers and acquisitions focused on technology in 2016, which surpassed \$350 billion in deal value. In most years over the past decade, an aggregate number in this dollar-value range has

occurred, and many market analysts predict an increase in the speed of technology-related acquisitions as value continues to move to this segment of the economy.

The rate for the acquihire is increasing day by day. According to (UpCounsel, 2021), the ongoing rate in Silicon Valley is \$1 million per quality engineer. The rate increases according to the experience of the candidates however this 1 million is still considered to be small amount. Companies such as Twitter and Dropbox have performed acquihires to improve their worker base. HubSpot has done at least five acquihires. Alphabet, one of the most valuable companies in the world, has quietly performed dozens of acquihires. Acquihires have benefited them (large tech companies) thus they are hiring entire team of employees to stay in the market.

2.1 Advantage of acquihire

Acquiring top talent is being easy through acquihire process. The top companies mostly try to hire the top employee failing for it they can opt for acquihire. Some of the large corporates lack qualified workers. But if they get a team of highly skilled professionals who have strong working relationship as the corporates need then it will be easy task for the corporates and on the other hand the workers who have been doing the same work for number of years will also get a chance of great exposure and they can start a job with the new company.

The company have the profit that they may enter the market and stay there, the new worker may come up with a new ideas suggestion which may be very beneficial for the companies. A company can either have the entire group or also they can have some top employee according to their requirement. An acquihire can also invest in a company and increase its production and turnover. Most acquihires aren't expensive purchases for large businesses.

2.2 Disadvantage of acquihire

The team from a broke or failed startup are hired in the new companies at the top position with a handsome payment and the very good contracts with them. This generally is a setback for the existing employee of that company. The existing employee generally works hard for their company but due to acquihire their moral goes down as they don't get what a failed company employee gets due to acquihire. So, acquihire can bring negative effect to

organically hired employees. The cost also plays a vital role for some huge companies. It may be easier to invest in buying the startup, but some companies fail to do so. For example mentioned in (UpCounsel, 2021), Yahoo was facing a huge financial problem though also it came with an idea of buying many small companies as acquihire process and this decision of Yahoo made its condition even worse because they couldn't align the new team to justify with the cost Yahoo bought them.

Many founders leave the company that had bought them. They generally get the knowledge and experience from the hired companies and once their contract is over, they exit their company and establish the new company with this smart strategy. The owner generally makes millions of dollars. The disadvantage comes to the employees as they need to relocate. The employee who usually enjoy the benefit of working in a relaxed environment needs to gear up as the big companies have their own guidelines to be followed. Most of the employees in startup are their own bosses, they set their office hour and goal according to them but in the big companies, this thing won't work. They need to follow the schedule as the company's rules. Besides, this an acquihire also doesn't guarantee employment for the workers at the startups (UpCounsel, 2021).

2.3 Business structure for acquihire

There is not any certain rule for an acquihire. The stocks or shares are interchanged within one another. The focus for acquihire isn't the company that they are buying but the employees or founders of that company. So, the direct benefit of the purchased money goes to the employee of that very company (acquired). Buyer company generally fix the cost of the employee on per-head basis. There are few points that should be taken under consideration for the buyer company (acquirer) (UpCounsel, 2021).

- i. The company should buy the entire startup rather than buying employees and assets of the acquihire company. This will help buyer company save time.
- ii. Effect on the company's body like director, HR, and other various posts.
- iii. Managing the higher team as well as the stockholders.
- iv. Managing the payment, compensation, wavier, etc.

2.4 How does acquihire purchase work for employees?

Acquihire does not guarantee a job for each employee of the acquired company. Every employee needs to face the interview as the new employee even the founder needs to give the interview. Each and every employee should crack all the stages of the interview. If an employee fails to crack the interview, then the purchase of the company does not make sense. Because the failed employees are not hired and without the whole team the team would not perform well. Every failed interview is a setback for the acquihire. If acquihire happens then every employee will get a payment although he or she doesn't join the company (UpCounsel, 2021).

2.5 Soft landing in acquihire

When a company do not really care about the funding as they know that their company can be bought by the big companies, then they use the term “soft landing” to describe the acquihire (UpCounsel, 2021). It happens generally when the startup fails to bring the investor for their companies and without the money the business starts to die gradually. The workers in the company start to seek a better job in the giant company. Many owners of the startups generally discover that the job in the big company as an employee is better and running a business is hard. Eventually they feel relaxed by acquihire with a big company. Also, they can add to their resume that they have run a startup which was later got acquired. This note helps the recruiters to make up their mind that the startup was a success (UpCounsel, 2021).

2.6 Difference between acquisition and acquihire

2.6.1 Acquisition

Acquisition or acquire is to purchase most of the stakes (more than 50%) of that very company. The payment is done either buy Cash or Stocks or both (Mahapatro, 2020).

Acquisition structures

Share transaction- Buyers buy the whole company their assets, their future liabilities everything.

Asset purchases- Buyers buys only limited assets which is beneficial for their company.

Merger model- Both acquirer and acquired company gets merged into a single company and the payment is done to the target company shareholders.

2.6.2 Acquire

Acquire is the process where the talented employees are being hired without any interest in the target companies' product. It generally buys the failed or failing startups to get talented employees or the employees who have certain skills which are beneficial for the buyer company. With acquire, it's been so easy and stress free to buy a group of talented and skilled person to run their business. It's been a great strategy for mass talent acquisition with good employee brand, goodwill, and expertise. Generally, this transaction deals with the whole team of the target company and thus the company gets shut down. The payment is done either in cash, stocks or in incentives scheme (Mahapatro, 2020; Venkatesh, 2019).

Acquire structures

Asset purchase- It's been categorised in two tiers. (i) Payment is made to get fund and then it is further distributed between investors and shareholders. (ii) Most of the funds are distributed to employee packages and their retention plan. Incentives are also given, and these are generally done on employee per head basis which have certain ranges according to their skills, qualities, and performances (Mahapatro, 2020).

Release agreement- When the buyer is interested only in team then the payment is done to release the employee who is being hired. In this case the company assets, liabilities are not bought (Mahapatro, 2020).

2.7 Why do acquire happens?

Many failed startups do this to mitigate huge loss and also to make the story look like success. The owner of the failed startup shows that their companies did not failed instead they got huge buyer (i.e. acquirer). To save the taxes, the employee shows the bonus as the capital gains instead of salary. By this way they generally save a lot of money in taxes. Buying companies also mention the helpful way of tax in the service agreement. The awkwardness of the big companies to hire a talented employee at a more salary then its existing employee makes choose acquire strategy. This acquire makes things look easy and more compatible (UpCounsel, 2021; Venkatesh, 2019).

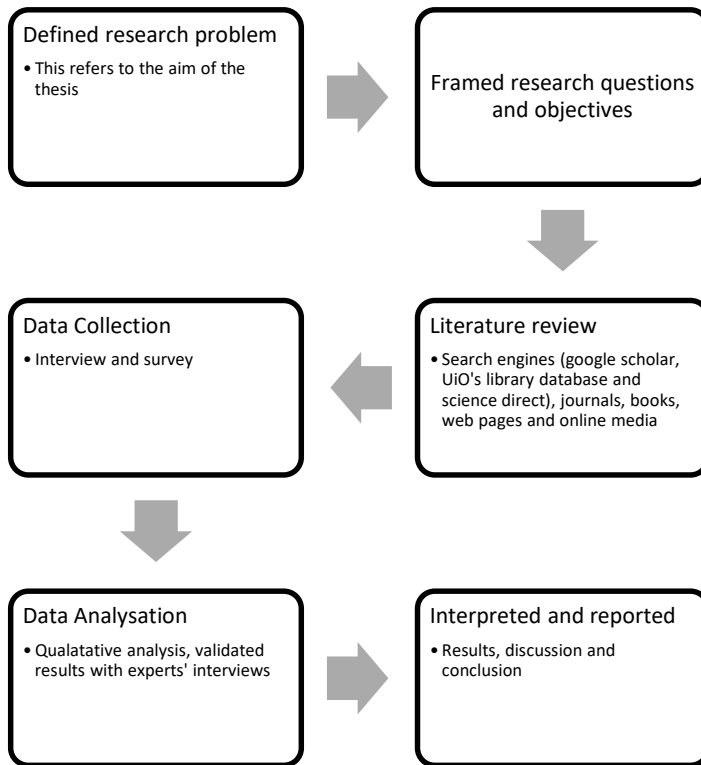
2.8 What causes an acquire?

Many companies die out in early or two years. Working for a startup is generally a big risk, usually employees face the risk in order to work with their friends or family member. Most of the startups lack the experienced employees. Generally, the startups struggle with the money. Founders fail to bring the investors for their companies since every employee needs their salary the startup gets broke. As startups do not have experienced employees they fail to manage the capital. The investor in beginning invests in the startup but then they wait for the outcome in order to invest more money in it. Startup which fails to manage more money from investors faces money shortage and without the money it becomes impossible for a company to stay in business and generally they go bankrupt. This is where the big companies enter in a play, they search for a good startup with most of the talented employees and then they offer an acquire to that company (Venkatesh, 2019).

Acquire allows the larger companies to avail the services of the small firm or startups in one go and also it allows to hire a talented and well-functioning team which has a great knowledge and understanding on the respective fields who will continue to work as a team. This also helps the company to enter into the new spaces with a new team (Venkatesh, 2019).

3. Research Methodology

3.1 Research Design



*Flowchart 1: **Research Design.** This is simple flow chart stating the procedures obtained during this thesis.*

3.2 Literature Review

Primary articles, books, and other online sources (web pages, dictionaries, etc.) were used to write the background and theory section of this thesis and all references were put using “Endnote X9” in “AMJ” format. Along with this, interviews and survey were performed to get answers for research questions and objectives.

3.3 Data Collection

3.3.1 Primary data source

There were altogether 10 companies which were contacted to receive data. 8 interviews were taken from 7 companies (6 are startups and 1 company ages more than 7 years). 3 written answers were received via LinkedIn message box. The primary data were collected via interviews and surveys from startups founders.

Table 2: This table shows the type of startups companies which were interviewed. It also tells about the type of the company. However, there is one company which is more than startup company (C5), considering its age. Date of interview and duration has also been mentioned. 7 companies with 8 interviews.

Code for company	Company type	Company age	Interviewee	Mode of interview	Date and duration
C1	Digital technology management	1 year 2 months	Co-founder	ZOOM and recorded	23 rd March, 34 minutes
C2	Online media technology	INACTIVE on July 2020	Co-founder	ZOOM and recorded	24 th March, 22 minutes
C3	Online clothing technology	1 year 8 months	Co-founder	ZOOM and recorded	24 th March, 30 minutes and 29 th March, 29 minutes
C4	Food tasting software based	1 year 3 months	2 Co-founders	ZOOM and recorded	26 th March, 33 minutes
C5	Digital health technology	7 years 10 months	Co-founder	Telephonic and NOT recorded but written	29 th March, 23 minutes
C6	AI digital strategy	5 months	Co-founder	ZOOM and recorded	6 th April, 33 minutes
C7	Information technology and services	1 year 11 months	Co-founder	ZOOM and recorded	15 th April, 29 minutes

Table 3: Answers from co-founders who opted to write their views on questionnaires via attachment on word document on LinkedIn.

Code of company	Company type	Company age	Interviewee	Mode of received answers	Date and duration
C8	Real estate industry	1 year	Co-founder	LinkedIn	26 th March
C9	Film distributor	1 year 2 months	CEO	LinkedIn	20 th March
C10	Sustainable food technology	1 year	Co-founder	LinkedIn	8 th April

3.3.2 Secondary data source

Secondary data were gathered from the research articles available on google scholar, the database of the library of Oslo University or other online sources.

3.3.3 Interview guide

The result derived from these interviews and surveys through qualitative analysis has been further validated from the available literature review and the experts' evaluations in this field. Experts point of views on acquihire has been derived from interviews. Most of the interviewees were co-founders and CEOs. It was semi structured interview guide and interviews were conducted via ZOOM (7 interviews), recorded and 1 interview via telephone and was not recorded. Answers to the questionnaires were also obtained via LinkedIn message box.

4. Case Descriptions

Altogether there were 10 companies which were interviewed. Among them, 9 are from Norway and 1 (C9) is from Denmark. Short description about them are given below.

Company 1 (C1): This company is from Norway and has 2 employees. This is a management, technology and analytics company which offers data driven digital related products and services to industries and businesses. In addition, C1 provide related management assistance to accelerate small medium size enterprises (SME) digital transformation journey. C1's offers include business intelligence, change management service, end-to-end data pipeline and data management setup, data driven modelling and analytics, dashboard design and development, and computer vision applications.

Before co-founder (interviewee) finishes her degree, problems were identified and were asked by her colleague at university about the solution to such problem; providing digital solution to assist accelerators, management and technology company or other small medium size enterprises (SMEs). This company runs as digital helping platform and has broad spectrum and has customers from health care, engineering, and energy sectors.

Company 2 (C2): This company is from Norway. The co-founder of the company once tried to sell her startup though she ended up not selling but she gained the experience going through acquihire process. The story had started 6 years ago when she was at her master program at Norges Teknisk Naturvitenskapelige Universitet (NTNU), Trondheim. Idea came into mind of aggregating journalism into 1 application, that would be easy to access, called it Netflix of journalism. The app is a product with very good user experience and interface. However, this company has been shut down and is inactive.

Company 3 (C3): This company is from Norway and has 3 employees. This company deals with the men fashion. C3 combines stylists and algorithms to give users recommendations so they don't have to look around the jungle of clothing and fashion tips.

Interviewee found a good team that can work together and got an idea that set internationally, and no one has done in Scandinavian. So, they started it here in Norway. Co-founders have not tried to sell their company yet however all 3 co-founders of C3 have joined new company and are happy being employees and having stable salary every month. CEO of the acquihirer company, noticed that C3 is facing difficulty raising money so he contacted one of the co-

founders of C3 and as a result, they have joined this company and are happily working here. Acquirer company had marketing people and was searching for technical guys, and they need money, so in this way all 3 co-founders of C3 landed on acquirer company as employees.

Company 4 (C4): This company is from Norway and has 3 employees. This company is software-based company which connects businesses with the right consumers to test their products (i.e. food) in more efficient and effective way.

Idea came from as product developer from ice-cream company. His role in the company was to develop ice-cream and manage consumer tasting. Interviewee found that it was difficult to recruit people for this. Interviewee was depended upon his family members and friends and they were not so representative every time. It was difficult for him to select random people. Then in August 2019, he talked about this with one of the programmers and they just decided to make this platform. His company regulates person who wants to taste food, taste the food gets rewards and give feedback. Sample can also be sent to home in this COVID time. So, this is what C4 does and was established by 2 co-founders and has 1 employee.

Company 5 (C5): This company is from Norway and has 20 employees. This is digital health tech company actively working in healthcare sector. It has a unique combined understanding of healthcare, modern technologies, and clinical user experience design. This company is marker of Nimble; a mobile clinical solution designed for hospital doctors and nurses treating patients which helps them save time.

Company 6 (C6): This company is from Norway and has 4 employees. This is tech-based company that focuses on humans and their impact in the workplace. In simple words, this company helps organizations hire and promote the right people and is powered by AI. It applies high technology and scientific research evidence to do so. The company's vision is to build a future workplace with a fair, unbiased, and inclusive process of hiring, developing, and promoting talents across organizations. C6's interviewee was very energetic during interview as the topic of research was interested to her.

Company 7 (C7): This company is from Norway. This company develops software for utilities of tomorrow and was established in Jan 2018 and was acquired by Heimdall Power AS in September 2019. There were 6 members, and all were hired by Heimdall Power AS.

Now, this company (C7) has shut down. During the time of acquire process, C7 was developing software solutions for monitoring and analysing energy systems.

Company 8 (C8): This company is from Norway and has 5 employees. C8 behaves as a natural partner in hiring and human development, aimed exclusively at companies in the real estate industry. The vision of the company is to contribute and to strengthening the level of expertise in the real estate industry.

Company 9 (C9): This company is from Denmark. C9 is a new distribution company in the Nordic feature film industry, headed by some of the most experienced film people in the business. This company has an ambition is to offer Nordic feature film producers a strong and modern alternative to what they have today. This company is backed by a group of private investors and have secure the operations till April 2028. C9 takes the films into market.

Company 10 (C10): This company is from Norway and has 9 employees. This company targets to empower the food industry to build more sustainable businesses. This is basically a food-tech company. C10 translates large volumes of data into concrete bite-sized actions which bakery and café owners can utilize to improve their bottom line every day. C10 claims that by doing so, it helps food businesses make the right decisions for optimizing their operations and increasing profitability while reducing waste at its source.

5. Case Analysis, Findings and Discussion

Table 4: This table shows the brief result of the perspectives of interviewees on acquire. Please look into the (appendix A) for full questions and read each company's result for dept analysis. C3 (A) and C3 (B) represents two interviewees (co-founders) of same company, C3.

Questions' phrase	C1	C2	C3 (A)	C3 (B)	C4
Heard the term "acquire" before	Yes	No but familiar with the concept	No but familiar with the concept	Yes	No but knew the concept
How come you know about acquire?	Books and articles	During selling C2	Articles, synergies, and colleagues	Social media	Articles, news
Local/international examples of acquire	Didn't mention name but from US and Taiwan	Mingle (acquired) from Norway	Microsoft and Apple (acquirer)	Didn't mention	Anticimex (acquirer) in Norway
Like this concept	In general, yes but no to C1	Yes and no both	Yes	Yes	In general, yes but no to C4
Would you like to get acquired?	No	No	Yes	Yes	No
Second thought for not selling your company	Yes	Yes	Yes	Yes	Yes
Acquire; a proper exit?	May be yes for others but not for C1	Depends	Yes	Yes	May be

Table 5: This table shows the brief result of the perspectives of interviewees on acquihire. Please look into the (appendix A) for full questions and read each company's result for dept analysis. C9 and C10 are explained separately.

Questions' phrase	C5	C6	C7	C8
Heard the term "acqui-hire" before	Yes	No	Yes	Yes
How come you know about acquihire?	Business articles	Not applicable	Business literature	Social media
Local/international examples of acquihire	Didn't mention	Didn't mention	Microsoft and Apple (acqui-hirer)	Didn't mention
Like this concept	In general, yes but no to C5	Yes	Yes	Yes
Would you like to get acquihired?	No	Yes, and it depends	Yes	Yes
Second thought for not selling your company	Yes	Yes	Yes	Yes
Acqui-hire; a proper exit?	No	Yes	Yes	Yes

5.1 Company 1 (C1)

Yes, the founder of the company has heard the term acquihire. She also knows what this means. As per today's scenario, many giants or say tech companies, they usually like or try to steal experts from competitors and sometimes it is difficult for them to do so. However, recruiting knowledgeable people and enthusiasm people through the process of acquihire is comparatively easier process. Interviewee has come to know about the concept behind this from the book and from the articles, and as a founder it is also important for her to know about these things. May be potential exit, she added.

Founder has seen some giants acquihiring startups and later those startups got vanished, so she came to know that those were acquihired. Founders of small companies liked it or not,

interviewee doesn't know but those startups were shut down. May be 3 years ago, like silicon startups (though she didn't mention the name of actual companies) was acquired by the US and Taiwan giants, she added and then startups get shutdown. She said that some big companies not only like to acquire technology, but they also worried for future, whether startups become threat to them. This is one of the reasons, why big companies acquire small companies. Interviewee also knew that some companies in Scandinavian region undergo acquire process and then startups get closed though she didn't recall the name of the those startups.

When asked about the concept, interviewee answered that for her company, she didn't like this concept. Every founder when they start their venture project, they have their own motives behind it. Because, she would like to fight for the failure and help other companies, she won't be selling her company to other big companies under acquire process. In this company, her work is to look for talented people and once done with this, "I do not like some other companies to take advantage of my effort and buy my company", she added. Later on, she added, it also depends upon the founders and their startups. May be in some cases, founders may take acquire as an opportunity and in some cases, they have same concept as founder of C1. Founders who are money oriented, they will probably think acquire is a good opportunity for exit and those who are authority biased, for them acquire won't be a good solution as an exit process.

In the hypothetical world, a question was asked to her (after 5 years of successful work), would you like to sell your company under acquire process. She replied, it depends upon how they negotiate, if interviewee values get concerned, fine for the company C1 else, C1 team won't be involved in acquire process. Value matters for C1. Team will not sell the company just to make other big company profit.

The C1 team will give second thought not to sell the company. Between two, wealth and power, she chose power. Power means how you want to imply your value to the company. C1 has also thought about its employee. They are not set to sell the company without proper concern with employees. According to her, it will be unethical. Though this comes under negotiation deal but will never do this kind of unfair thing to our employee. They will consider the value which we have towards them.

If C1 values are carried to big company, then founders of C1 will have no problem working under big company after acquire process. According to interviewee, sometimes some points in the deals of the acquire process are hidden. In the deal, there should be also leverage if founders from small company want to work in new company or not later on. It depends upon the how they will be treated in the big company. Personally, for the founder of C1, she will be able to fit in the new environment after acquiring and also it depends upon the working culture of the company who will acquire C1. Of course, after agreement, founders of startups will be treated as employee and interviewee is mentally prepared for this as well.

Acquire could be proper exit for the startups but for C1 it is not proper exit. C1 was established with the aim to sell services and not to sell human skills, she added. Every big companies have technology development plan for next 10 years. They are looking for fresh graduates. Fresh graduates are very innovative and energetic. Big companies have big pockets, but they are usually slow on implementation process, so this could be one of the reasons why they acquire startups or other smart small companies. Just to seek guidance.

According to her understanding, some small companies may have no problem for getting acquired, and some have. In Norwegian culture, it is no problem, they are more into wealth. There are lot of innovative companies, growing and sell it to big companies later in all sectors. The only thing is money, she added.

5.2 Company 2 (C2)

She had not heard this term before, but she is familiar with the concept. She came to know this concept during the time of selling or negotiation process of her company. The interviewee recalled an example but was not sure whether it was an example of acquire or acquire. Mingle was the name of company, which was bought by a bigger company, but she was implicit whether it was because of its product or human and was an example from Norway.

The owner of C2 company gave both yes and no as an answer about the acceptance of this concept after some pause. Interviewee further added it all depends upon how frank is big company with small company. Sometimes, small companies get exited in a positive way, thinking that their company is getting acquired because of their work or product but later

realises that it because of human skills and not because of product. In general, she liked this acquihire concept but with certain conditions such as negotiation ability, money, etc.

Yes, interviewee had tried to sell the company but didn't get success. She was interested because she took it as an exit opportunity. But when she realised that, her company is getting bought because of human skills and not because of product, so she took step back. If that would not have been the case, she would have sold her company and would have started working with new company as a pure employee. Interviewee was so passionate about the product that she gave second chance not selling her company as an acquihire process. Another reason for not selling the company is that she was not interested working in corporate company. She enjoys working in small or startup companies. But of course, it is very good option not to go bankruptcy. Always better to sell the company before going bankrupt, she added. However, is sold, she would enjoy working in bigger company if bigger company would be creative about her role and see her role better than normal hire employee. They should be creative about the role in the company and tempted to that special measurements. If they give special treatment for me, then yes else no. It depends upon their creativity for my roles.

If C2 had no other choice than acquihire, then we would have gone through this acquihire process else we would have not and also if views are not listened by your new seniors from the company which have acquihired C2, then also she would say no to acquihire. She was explicit to this.

Acquihire can be considered as one of the exit options. It's better than nothing but is not an ideal exit. Also, it depends upon founders to founders. Why they have established startups, what they want to create from it, whether they are for money purpose or they seek authority. Answers to these questions will determine the fate of small companies on acquihire. But personally, for C2, it is no for acquihire however ready for acquire.

Big companies always seek skilled employee, so they target startups or other small smart companies. Mainly, these corporates know the importance of founders and co-founders or someone who running the startups. It is difficult to hire such people, but acquihiring is relatively easier as founders do have chance to work within same peer group. Else, many founders they feel easy and satisfied working in their startups. However, acquired is considered as high standard than acquihired as acquired gives liberty to work on same product

or services to founders. However, small companies may go for acquihire process if before bankruptcy. Also, if big companies frame it as acquire rather than acquihire (as small companies don't want to let others know), then also they may ready for acquihire process, she added.

5.3 Company 3 (C3)

5.3.1 Co-founder A

The interviewee had not heard the exact word “acquihire” before however he was familiar with the concept behind it. He only got to hear the term after getting interview guide from me. Interviewee had known about this concept from articles and synergies and also from the colleague. The interviewee is now working in another company. C3 still exists but in order to earn money, he and other co-founder have joined a Norwegian based company which is consumer-driven marketplace for group purchases.

Interviewee gave examples from Microsoft and Apple as they are involved in acquihire process frequently. According to him, huge companies do this to overcome future competition or to hire skilled people from the startups as sometimes recruiting becomes tedious process. Yes, interviewee also liked the concept. He explained from his experience; when he and his team were trying to raise capital for the second time, the boss of another company approached him and wanted all of co-founders to work in his company. This was whole package for the interviewee and took it as complement. So, he believes that acquihire is wonderful concept and since it also gives opportunity, acquihire should not be neglected. Still interviewee is taking care of his startup and is working in another company (full time) as well. Currently in C3, there is no much of developing happening.

Interviewee really wanted to see the developing phase of his startup but again at another hand, he knows that raising fund is difficult process. Regarding acquihire process, he said is an opportunity for us. It depends upon the aim of the cofounder; whether founder have opened the company to become the boss (authority oriented) or financially oriented. If tew oner of the company is towards finance oriented, the he probably sees acquihire as a successful exit. Interviewee is also fine with acquihire process.

Interviewee explained, “we were running out of money and COVID hit us badly. I wanted to work in C3 with our team, but time was difficult, so we were acquihired by new

Norwegian company and we are happy now. We all 3 members have stable salary and life is smooth at least on financial background. Of course, if time would have different, we would have probably together in C3. In a way yes, we were acquired but the only different is that we have not sold our company. Money matters, we need salary to run our biology system and also our partners denied working with us in COVID time. Time is everything. These are the reasons we joined new company as employees”.

If they buy your company to develop their company, they often say that you must work for the company for certain timeline; 1, 2, 3 or so on. It depends upon the package they buy small company. So, after acquire process, founders and co-founders will have to behave as employee.

This is another part for the consideration, and it depends upon environment. All 3 of us working in same company now and we are fine with this new environment. This has to do with conditions before making the deal. How will they behave with you, how the working environment will be, it depends on these things? If these things hold good, then for the interviewee will have no problem working in the new company and he also thinks same for other founders and co-founders as well. As an employee, interviewee will do best for the acquirer company.

Yes, sure. Interviewee had discussion at C3 with other co-founders as well. They expressed their views and not every time, you need to win, and he believes that, healthy discussion will also be in the company which acquires. Problem arises if situation goes wrong in toxic environment. If it is healthy discussion, interviewee will have no problem working in acquirer company else there will be a problem. So, dealing session before selling the company is must. One should make wise decision.

Proper exit, yes. Interviewee think that acquire is an opportunity for proper exit. It makes a lot of sense to him. He adds, most company struggles to get technical people. This company, where interviewee is working currently contacted us and offered us a job as for them acquiring is an easier process than hiring individually. One gets a whole package; you get a team which wants to work together. It makes a lot of sense. Our role was to join the company and work in tech department and was fulfilled. According to him, acquire happens because of this. To get the people, acquirer company need to do their stuff by their own effort. Big

companies have to pay lot. To get the good employees. So, making this huge effort and process short, bigger company they do go for acquihire process.

Yes, small companies want to get acquihired according to interviewee. Those founders and co-founders shut down the original companies after getting acquihired. These founders also know that 9 out of 10 startups fails, so they think it is better to get acquihired than to bankrupt. And of course, it depends upon the timing, if they are doing good, they will wait for few months and won't sell their company. If they are not doing well, then startups want to sell their company.

5.3.2 Co-founder B

Co-founder B had heard this term before, but he was not sure how he had heard this term. He further added, he might have added somewhere in social media. He is active in different startups communities, he follows different startups founders and other entrepreneurs on twitters or other social platforms, he might have read some thing on articles, but was not entirely sure where. He was not able to recall examples about acquihire process however he is aware of popularity of acquihire process. He gave an example of merger; Tieto- Finnish company and EVRY-Norwegian company, they got merge in 2019 and all human resources was valued precisely.

Interviewee have not anything bad image about the concept of acquihire. He further added, it depends upon what kind of company you are in. He guesses, for lot of founders, acquihire won't be ideal concept as bigger companies buy smaller companies for human resource not for the product. Bigger companies think people in the company is the biggest value. According to interviewee, founders of consultancy-based companies are more likely go for acquihire process than the founders of software or product-based companies.

C3 is software-based company and makes algorithm-based software. "When we must sell the company, it means we are not doing better at product level", he added. In other way round, C3 as a company is not successful company, people are successful, and the software is not good. "Let's say, if we get lot of traction in the market, then we won't be selling our company but if we don't get any traction, then its better to sell even if they (big companies) are looking for us than the product itself", he mentioned in the interview.

Yes, he will give second thought not selling company. Again, it depends. If you have software company which gives lot of traction, then there is no point selling it and if not, then

yes, we can sell. Working in big corporates after getting acquired is itself a challenge. It's very complicated process. In startups, it is unstructured but in bigger company, it will be very much structured so maybe it will be difficult for him to work. So, for him and for other entrepreneurs or founders according to him will depend upon the nature of the acquirer company. Interviewee himself has been working for bigger company before, and his experiences say that some of them have very rigid working structure. If C3 was sold to Telenor (for example), it will be problem on working environment as Telenor working environment is rigid. So, it depends upon the company whom you are sold, he added.

Also, he said, it will be damaging for startups and their products that get acquired. Yes, he does agree that, bigger company has upper hand in many things, they do have more money, more network, more human capital, much trust in the market but the one thing which startup has is speed and speed matters. For example, in our company C3 or other startups, one can iterate, one can change the structure fast comparing bigger companies. So, if startups want to make a complete pivot of idea as per market need, then it can be done within single day. Later, one can do some code and after 1-week startups are in the market. And for bigger company for example Telenor, decision might take 3 years, or some time doesn't come into play because of bureaucracy or some rigid work structure. And, he will work as a sincere employee after acquire process even if views are not listened regularly. It will be no longer his company so can not stick into his decision. He must cope with such situation however he also added that, this is not the ideal solution and very much likely to damage to the innovation. It depends upon the situation. What kind of company you are in and which company hired you? As an employee, interviewee would like to iterate thing in best possible way. "It's not that a good founder is always a good employee", he added.

According to him, acquire can be consider as one of the exit options but not the ideal one. It also depends upon the nature of the small company, whether it is software based or consultancy based. And also, it depends upon price. If small companies are getting good price, it is always good. For example, if C3 gets 10 M Kroner then its big deal for us, so we can go for acquire process.

Lack of motivation at the later phase in the startups could be one of the reasons why acquire is happening. Interviewee and his team are working so hard in C3, but nothing much progressive happened. C3's product didn't work properly. Another company from Norway came to know about this during second round of capital raising and ask us if we could work

for that company and we said yes. We (all 3 co-founders) are again working in same team. And at the end of the day, salary (money) matters. Job opportunity, lack of motivation in startups and opportunity working in the company in same team as previous are the reasons why acquihire happens. Also, small companies they do have different prospective regarding acquihire. He guesses, founders from product-based companies would not like to sell their companies as in acquihire process however, founders from consultancy-based companies would like acquihire process.

5.4 Company 4 (C4)

No, interviewee had never this word before however he has seen companies buying other small companies because of the competency. So, he knew there is such concept that exist in the market but has not heard this term. Interview was not able to recall recent examples of acquihire. However, he was able to provide one example from 2003-2004. He said, in his hometown in Norway, a big company bought a small contractor company with 1 employee (founder himself) though interviewee didn't remember the name of company. The founder was working as a consultant in the company. He was working alone then he joined Anticimex AS. Anticimex AS bought his company only because of his skills. This means, practice of acquihire is been carried in Norway from last decade even in small scale though the term itself was not famous.

Interviewee liked the concept however for C4, he will probably say no to acquihire process. He added, that C4 is trying build a product; and would like to sell the product. For an example, if C4 were consultancy company, then founder would have probably said yes. But, at this time, interviewee on behalf of his company said no to it. However, interviewee could see acquihire being attractive for some other companies. And, he also thinks this concept is interesting. So, currently for us, if they (big companies) say we would like to buy your company as an acquihire process, then we would say no but if they would say that we would like to buy your company as an acquire or acquisition process, then we would may say yes. Besides this, dealing conditions and offered price matters during the time of acquihire.

Though, he believed that this concept is interesting, but he would not like to sell his company now as an acquihire process. He wants to continue being co-founder in C4. "If someone wants to buy us, I will still want be the part of the team who build it", he added. "In case, after 5 years or so, and also it depends upon the situation, if C4 will not perform well

then most probably, we can get into the process of acquisition. At least we have good team its ok if our product gets fail, he further added". After acquisition process, founders and co-founders will have to work as employee. And in his case, he will at least try to make sure on which position he would get in the new company. He doesn't want to sit in the random position that he doesn't like.

He also made a valid point. He said, "from employee point of view, they have joined mine small company and they have done this because they like to work in startup company and suddenly if I say that now you have to work in big company after acquisition process then in a way I am doing unethical to them". This should also be addressed during recruiting process and also during negotiation process of acquisition. "Its interesting process but at the same time very complicated as well. I can see as a big change, he added".

Interviewee likes working in startups. According to him, "it's fun, you are free, and founder can take his company in the direction of his will. "While moving in the big company the scenario will be different. There will be comparatively strict rules and regulations than startups companies. There will be late decision making but at the same time, it will be steadier, you know what to do, build report every month and how to do work", he added. Your work will be more in routine way. They may also suddenly fire you. You never know. Anyhow, right now interviewee is not thinking about it. So, currently interviewee is fine with his company.

Regarding new environment after getting acquisition, interviewee would most likely fit in the new environment. He also added, "if I had chosen to be get acquired, it should be ok with me to fit into new environment". May be there will be little restriction, "we used to have fun and in corporate maybe we will miss it. He said, "in small company, we could create TikTok videos, YouTube videos as marketing tool but in bigger companies we need to take care of brand as well". Of course, after acquisition process, "I have to listen someone else, so may be little bit different". He added, "when I was working in previous company as a product developer, sometimes I realise the speed of making decision is slow and I get angry. May be sometimes, we create good product but were not in the market since it doesn't fit the profile of the company". This would be challenge in the big company but in the startups we have leverage. So, it depends upon the situation if the situation is extreme, then maybe it will be difficult for us to cope with else, there should not be any problem.

Interviewee is agreeable as a person, so he would not have any problem. He added as an employee, your job is to follow the rules and regulations of the company. If they have bought us, probably, we have also liked them, and we would be listening to them and as per deal they should also listen to us. If problem exist, then I would raise questions but that will be rare as company will follow all conditions as per dealing time. For some companies it may be a proper exit and for some companies it may not be proper exit. It depends upon the nature of the company and founders but for C4, it's not a proper exit. He explained, "as we are creating a product, we would like to work on it. But in acquire process, big company will make us to work on their product or service but not on our initial product. So, for us not proper exit but for many it is can be proper exit. However, for those founders who have been working in small which they don't love or have lost the enjoy doing their job, or companies is not doing good, for them, acquire will be a positive exit solution." For example, he and co-founder get tired with this company and idea, then yes to acquire. Then yes, good solution. He also mentioned that, there are few companies who hired talent people on artificial intelligent and work as consultant and helps other companies, for such company, acquire could also be positive solution.

According to interviewee, acquire happens because of these reasons: (i) failure of the products or services of small companies. If you have built great team which the aim of being acquire then this could be also the reason why acquire happens and may be if you have amazing talent. Your team is better than your product. If huge amount is given to startups, then small companies will be ready to go under acquire process. Money matters always. Startups are ready to get acquired if startups are focused from the beginning to get acquired, then yes. But again, for us, not at least this time. However, I will take it as a compliment if someone try to buy our company under acquire process. It means that we are a very good team.

5.5 Company 5 (C5)

This interviewee has heard the term acquire before. He has read about it in business articles and according to him, acquire can be considered as one of the exit options. He also added that acquisition and acquire can be studied parallelly. However, he was unable to give recent examples of acquire. Interviewee's perception: It depends upon the situation and types of companies on both sides. If cash out happens in the company, then acquire can be one of

the solutions but not the ideal one. On hierarchy, acquisition comes first and acquire comes second. But if the company grows well, one should not sell his/her company on acquire basis. However, one can give second thought for acquisition process because products/services matters a lot to many founders. Acquire is least favourable outcome however big companies are always ready to pay higher amount for human capital according to him. So, this might be one of the reasons why founders from startups get ready to sell their companies. But particularly for C5, he won't sell his company under acquire process currently.

It depends upon the company how you are welcomed. There will be certain changes in the administration. We then will become employee and will have to work according to it. I see this as a natural process. So, I think I will be able to fit well in the new environment. According to interviewee, most of the founders will be able to fit in the new environment. Yes, we can cope with new environment after acquire process. We work on health care department and if someone from same industry come to us for acquire, and we get good amount then we will think about acquire else no. After being acquired, we will be treated as employee and I believe that, in today's world, all bosses listen to their employee so in my guess, it should not be a problem unless and until the acquires company is conventional one. No, I don't think that this is a proper exit. Most of the founders in my opinion say that this is least likely to happen but of course it is better than bankrupt. If someone has started a company for a wrong reason or without doing proper research, then he will end his company for selling. This is one of the reasons why acquire occurs these days according to him.

5.6 Company 6 (C6)

Interviewee' prospective: (where "I" represents interviewee)

No, I have not heard about acquire. I have heard it from you (interviewer) however I have read about certain big companies buy smart companies because of competency. Like the founder of C5, she also said acquisition is better than acquire. If the company has got acquired it means it has achieved some things or they are in scale up position. I mean they have got certain traction, or they have proved themselves and their concepts. Acquire is not so popular in my opinion however they get acquired after they have proved themselves. We are in early phase (C6); our team is potential, so investors are ready to invest but they won't invest unless and until we prove our concept. Same applies in the acquire process as well.

Yes, I do like the concept of acquihire. As a startup founder, innovation and technology keep on changes but people remain same however their mentality also get changes and comes with new solution, so, lot of company wants to retain people. If one has mentality to change according to time, if one has mentality to try for new solutions, then one must come up with new ways to solve problems. Acquihire should be promoted more and venture capitalist should look towards the people or say search skills people and trust them rather than just solution. It is people who can manipulate the things according to the situation. Company investor investigate the people and not only the solution. Question about the team comes usually at last but business angles they do first ask about the people.

Acquihire process can be promoted in following ways. She (interviewee) is ideologist person. She believes that, people should come first than the idea or concept of the company. Some say you need to take risk but then I think new people bring the new way to do things. The way to promote is to just take action. You say, hey this is the program we hate it, so we need new people on board because we need your mind. We need you. Give them importance. So, valid story line should be passed to get attraction. It really depends. From my own story line, I want to build new company and want to exit it and so on and also want to be business angels. So, for C6, I am looking forward for acquihire process. I think if I have ever had a second thought, I would like to sell my company who will respect my integrity. If they go against my integrity, I won't be selling my company to them. They should respect nature, no harm to the natural resources and the acquihirer company should be environment friendly and should also respect their employee. If they won't do these things, then I won't be selling my company to them.

If the working environment in acquihirer company meets my integrity, the it is green signal for me. Founders and co-founders will become employee after acquihire process. personally, I am very adaptative, I have been working in corporate for 7 years, I have learnt many things and many adaptive measures. Then I start working on startups for 4 years. So, for me, I have no problem in adaptive. I will be working happily anywhere startups or in corporate sectors. Some of the founders have ego problem. They think they are the right person to listen. I hate politics in office, they challenge and demotivate, then I will have problem. I will raise hands against it and will knock to the senior doors. I don't want to work in toxic environment rather I would like to leave the company. If there is no toxic environment, then I will love to work under such place. So, it all depends upon the environment of the acquihired company.

It depends on case by case. It is difficult to pick one answer whether stating that acquire is proper exit or not. I think acquire is ideologist. If yes, then yes and if not then no. However, if company is not doing well then it is better to sell it. Something is better than nothing. There are 3 main values in startups, these are value chain (manufacturing companies), value network (airlines, networks, FB, etc.) and value sharpe. Value sharpe means solving problems e.g. doctors, managements, lawyers, and other problem solvers. These are main people because they are problem solvers. So, acquire is something related to value Sharpe in a way, I guess. Large companies are more towards bureaucracy, they do have deep pocket and tries to destroy startups or small companies whereas in other hand startups are fresh, energetic, and disruptive. So, these are the reasons why big companies want to acquire small companies, because they are problem solvers in innovative way. She community is doing well in this field. So yes, sometimes few founders want to sell their companies to get acquire. So, I would say yes to acquire under certain conditions.

5.7 Company 7 (C7)

Yes, interviewee has heard this term and he has himself involved in the acquire process for C7. Business literature, in a book called Chaos Monkeys; book based on real example. In this example, writer sold his company to Facebook. Besides this, he told that acquire examples can be found even in Twitter platform.

About concept: For small startup, we (interviewee and other co-founder of C7) didn't take acquire as an exact exit process, we took it as an opportunity. Everything was normal. We got everything in stock options. We wanted to continue with our own concept. We didn't bother about the term itself. We were respected and so we do have soft land on this new company. Acquire was meaningful for us, the terms and condition by acquiring company was good for us and we went on. We had no plan for acquire, as a team we had very long-term plans, but opportunity came as surprise and we were on for that. Before we had internal discussion what to do and what not to do. After a while opportunity excited us and we went for it. The process of acquire was started in April 2019 and the final contract was signed on September 2019. It took almost 5 months. We also saw that, after being acquire, we can work more faster and we can go further in the business area, in a way we will grow our skills and get more success. These were the reasons, why we agreed to sell our company.

Working environment: Yes, we have managed working in new environment. We were 6 members in C7 and all of us now working in acquirer company; Heimdall Power AS. Adopting in new company was not problem for us. May be also because, the company which acquired us is not also a huge company. Here, working environment is not rigid, it is open and entire company is full of open-minded people. It operates like startup company. In our case lot more opportunities to shape our roles but in Chaos Monkey, FB was huge company. So, it depends how big the acquire company is. In lot of cases, there will be a problem between acquirer company and the company which is being acquired. It depends how big are these companies on both side and types of companies on both sides. Heimdall Power AS (HPAS) is small company, we are even part of decision making and we are handling product department. We have full autocracy on this, and we are happy with our position. I (interviewee) didn't feel any difficulties.

Acquire as exit: Yes, it can be proper exit. We didn't categorise acquire and acquire differently. We took it as opportunity, and we are successful in our decision when we see it today. No matter on what conditions you are selling your company, there are some terms and conditions where employee must have opportunity to work for binding periods or so on. The terms on the deal was structured in the same way as some other exit processor would be. There were 6 people. 6 full time shareholders and interviewee was one of the co-founders.

Reasons for acquiring: It was like a really very good interview process. We were 6 people and we got opportunity to work as team and in new company: HPAS as well. We were working on software solution and Heimdall AS was working in hardware side, we met each other need and acquired happened. Currently, 30 people are working in HPAS. C7 is now closed, only few legal things are there which needs to fix soon. Fortunately, in our case, we didn't have external investors on board so there was no problem else there could have problem for selling C7.

5.8 Company 8 (C8)

Interviewee had not heard the term acquire before neither she knew the concept. Therefore, she was unable to provide examples for acquire.

About concept: Yes, she liked the concept behind acquire process. A company's employees are its greatest asset, so acquiring a company to get a hold of their employees

expertise sounds to me like a very smart move, but there is always the risk that the employees doesn't want to work for a bigger company and leaves, she added.

Working environment: According to interviewee, “working environment depends on the company we're selling to. It would be important for me that the company acquiring us would have the same set of values as us and big ambitions. It would also depend on my degree of faith in our own small company. I do not think I would sell if I felt that we still had a lot of potential. Also like to give second thought so that will stick not selling the C8 but again, it will depend on the situation and the company, and not to mention the price. And also, “if I like the big company and feel that they are aligned with my values and goals, I will have no problem working there”, she added. Interview also think that acquihire is a proper exit. When asked why do acquihire happens, she told “as a way for big companies to recruit the best people without having to make them quit a job they love and wouldn't otherwise leave”. She also added that acquihire depends on founders of the startups. “If it is a company that I as a leader would think might benefit my employees, then yes to acquihire”.

5.9 Company 9 (C9)

Table 6: Table showing the results for first 5 questions that was obtained via LinkedIn message box.

Heard the term “acquihire”?	Local/international examples	Do you like this concept?	Would you like to sell your company?	Will you give 2nd thought for not selling company?
No	No	Not sure as I'm familiar with concept	Don't know	Probably yes

Working environment: Big companies seldom have the capacity to include a small start-up (culture, process, product and first of all – the old organisation. feels threatened by the newcomer). He is able to fit in new environment of acquihirer company however his company is not ready for this acquihire process at the moment. When question was asked, “what if your

views are not listened by your new seniors from the company which have acquired your company”, his answer was “well – depending on why the company was acquired - money, expansion etc. Difficult to say”. He also added that, acquire can be considered as proper exit for some companies and for some companies acquire can be considered alternative to proper exit strategy. According to him, acquire happens, in order to keep talent and able to grow. He also believed that most start-up have certain skills but not necessarily the muscle, ability or strength to stay on top for a long time (depending on the product) and this could be the one of the reasons why small companies or startups like to see their companies being acquired.

5.10 Company 10 (C10)

Table 7: This tables shows the result obtained from C10 company via LinkedIn message box.

Questions	Result given by interviewee
Have you heard the term “acquire” before?	Yes
Only if yes, how come you know about acquire?	I heard about it when watching the Korean drama “Startup”.
Do you know any recent local/international examples of acquire that you have read/seen about?	No
Do you like this concept?	It is okay to perform this as long as the agreement is mutually beneficial to both parties. It may be the case that the products/services have not gain sufficient traction or has not gained product-market-fit therefore acquire is considered a good way out to develop new concepts.
Being in startup or small company, would you like to sell your company to bigger company as an acquire process?	Not at the moment. This is because we are still very early in developing the product and still see the demand in the market for the mission that we are working towards.

Will you give second thought for your services/products so that you will stick not selling your company?	Yes, if such offer to sell the company comes now, it is a good way to reevaluate the current product/service we are providing.
Founder and co-founders and sometimes technical people will have to work under big company after acquihire process? How do you see this?	This might be okay as long as the agreement still in favour to the former founder's flexibility / autonomy. It will depend on the terms and conditions that are being offered.
Will you be able to fit within new environment? How?	Bringing the current company culture into the new one would be a prerequisite for accepting the offer. If the company is too big and does not support autonomy, it might not be worth accepting the offer.
Are you guys able to cope with this?	at the early stage that we are in, this is not preferred, especially if it's toward the slower bureaucracy process. Startups is about iterations and trial and errors, not waiting for a green light to execute.
What if your views are not listened by your new seniors from the company which have acquired your company?	It is therefore important to look into the terms and conditions when the first agreement was made, what kind of company culture is it, how will the decision-making process be. If all the autonomy is lost, then it is not worth it.
Do you think this is proper exit of the startups or small companies which have very skilled human resource? (Why & How?)	No, because this means that the company who acquired the startup does not believe in the product or services therefore it will likely that there will not be any continuity of the product development toward the next step. This exit might be favourable for a "dying" startup that doesn't gain enough traction and runs out of cash but has stellar people, but definitely not preferable.
Why do acquihire happens according to your understanding?	Big companies wanting to build new/ancillary products that require a small team, instead of assembling a team (which takes lots of resources), they look for an already-existing team that works well together / have the competence they need.

	Startups who agree to this are interested in the achievement of being bought by a bigger company, which means “validation” from whatever perspective (products or team).
Do small companies or startups like to see their companies being acquired?	No. It sounds like a big defeat that the product they are building is not valuable enough. There is also no guarantee that the team will stay the same because the new company might do restructuring and only keep the “valuable” people.

6. Conclusion

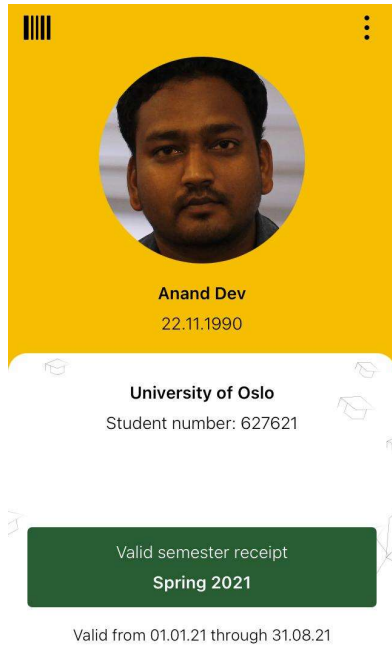
The study finally suggests that, the concept is new in Norway. Whether startups like to get acquired or not, it depends upon the integrity of founders and co-founders, vision of the startups and situation of the startups on that particular period of time. However, all were agreed that acquire is better option than going bankrupt and, in that case, all interviewees were agreed get acquired their respective startups. Few interviewees also put acquisition as their preference over acquire.

References

- Aaron, C. & Arun, P. 2014. DYNAMIC CAPABILITIES AND MANAGING HUMAN CAPITAL. *Academy of Management perspectives*, 28(4): 395-408.
- Bhargava, N. & Venugopalan, V. 2013. Acqui-Hires: Revolutionizing Strategy & Transforming Organizational Structures.
- Fantasia, R. 2016. Acquihiring: A new process for innovation and organizational learning, *Information and Communication Technologies in Organizations and Society*: 205-214: Springer.
- Mahapatro, S.; Acquire Vs Acquihire; https://www.linkedin.com/pulse/acquire-vs-acquihire-shailesh-mahapatro/?trk=public_profile_article_view.
- Makinen, M., Haber, D., & Raymundo, A. J. V. C. R. 2012. Acqui-hires for growth: planning for success. 28: 31-42.
- Mawson, S. & Brown, R. 2017. Entrepreneurial acquisitions, open innovation and UK high growth SMEs. *Industry and innovation*, 24(4): 382-402.
- Ng, W. & Stuart, T. J. A. a. S. 2019. Acquihired: Retained or Turned Over?
- Polsky, G. D. & Coyle, J. F. 2013. Acqui-Hiring.
- Selby, J. & Mayer, K. J. 2013. Startup Firm Acquisitions as a Human Resource Strategy for Innovation: The Acquire Phenomenon. 2013(1): 17109.
- Soundarya, M. B., Lavanya, S. M., & Hemalatha, S. 2018. Merger and acquisition of business organization and its impact on human resources. *Journal of Business Strategy, Finance Management*, 1(1): 69-72.
- UpCounsel; Acquihire: Everything You Need to Know; <https://www.upcounsel.com/acquihire#what-are-the-advantages-of-an-acqui-hire>.
- Venkatesh, B.; Novice Understanding to Acquihiring <https://www.linkedin.com/pulse/elements-acqui-hire-balaji-venkatesh/>.

Appendix

6.1 Appendix A (Interview Guide)



The intention to put my student identity card here is to promise you that the conversation/answers from you will be only and only use in my thesis for schoolwork. I am also ready to share my work at the end of the session, once done with my thesis (if you ask for the same). And, it also acts as an evidence stating that I am a genuine student at University of Oslo (UiO).

Interview Guide

Brief Description about the topic of the thesis:

Acquihire- It refers to an act of buying out a company primarily for the skills and experience of its staff, rather than for the products or service its supplies. Simply, acquihire is a talent acquisition, acquiring another smart small company for the value of their human capital.

Please answer the following questions.

Theme	Questions
Hear/listen/understand/read/familiar with the concept of the acquihire	<ul style="list-style-type: none">• Have you heard the term “acquihire” before?• Only if yes, how come you know about acquihire?• Do you know any recent local/international examples of acquihire that you have read/seen about?
How startups view acquihire?	<ul style="list-style-type: none">• Do you like this concept?• Being in startup or small company, would you like to sell your company to bigger company as an acquihire process?• Will you give second thought for your services/products so that you will stick not selling your company?• Founder and co-founders and sometimes technical people will have to work under big company after acquihire process? How do you see this?• Will you be able to fit within new environment? How?

<p>The speed of decision making may vary (slower/fast) and certainly won't be under you and your original company as your small company will get acquired by big company.</p>	<ul style="list-style-type: none">• Are you guys able to cope with this?• What if your views are not listened by your new seniors from the company which have acquired your company?
<p>Conditions under which the acquire is likely to happen for startups (which are being acquired for their human capital)?</p>	<ul style="list-style-type: none">• Do you think this is proper exit of the startups or small companies which have very skilled human resource? (Why & How?)• Why do acquire happens according to your understanding?• Do small companies or startups like to see their companies being acquired?