Synergy realization in the cross-border post-acquisition integration of humans and tasks
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ABSTRACT

Emerging new trends have made it clear that companies need to react and adjust to ongoing changes in their industry while simultaneously sustaining their competitive advantage. As the race for strategic assets in today’s dynamic environments intensifies, mergers and acquisitions as corporate growth elements are rapidly gaining popularity. However, corporate transactions typically predispose to many challenges in the complex practical integration phase which may ultimately lead to value destruction of the given deal as discovered in the previous literature. Hence, this study examines how synergies are realized during international acquisition integration and aims to come up with an understanding what are the key elements behind it, taking into consideration the integration of both humans and tasks.

The literature review of this study consists of fundamental definition of merger and acquisition (M&A) integration by putting special focus on integration of people and tasks. The given phenomenon is being analyzed by assessing factors that either enable synergy realization or leakage. The empirical data is collected from a Finnish manufacturing company by using a qualitative semi-structured interview method. Both acquiring and target company’s experts are interviewed to increase the versatility of the research phenomenon.

The study findings indicate that synergies in human and task integration are most likely realized when the following determinants are acknowledged and implemented: strategy formulation together with professionals, transparent and consistent communication, collaborative course of action with the target company and integral departments, system and process training, choosing an integration leader, careful monitoring during and after integration and overall commitment to achievement of common goals. The key is to understand that effective task integration requires successful integration of people and vice versa.

KEYWORDS: mergers and acquisitions, cross-border acquisition, integration, human integration, task integration, synergy
1. INTRODUCTION

1.1. Motivation for the study

As business environments continue to change rapidly and become more innovation-focused, it will become increasingly important for companies to create successful strategies and respond to changes at shorter intervals in order to compete globally in a viable way. Constantly emerging new trends provide abundant opportunities for companies to develop their competencies and attain new markets. It is not surprising though that organic growth within an organization is becoming insufficient, especially when competing in global markets. Hence, mergers and acquisitions as strategic elements continue to increase their popularity remarkably. Every year, approximately two trillion dollars are spent on organizational acquisitions (Christensen, Alton, Rising & Waldeck 2011). The high number of acquisitions expresses that there are various company-specific motives identified to carry out mergers and acquisitions. For instance, organizations might wish to strengthen their competitive advantage, increase market share, diversify products, aim for economies of scale and generate synergies (Wijnhoven, Spil, Stegwee & Fa 2006).

Indeed, many companies find mergers and acquisitions rather alluring due to synergistic benefits that can increase shareholder value and build competitive advantage. After a deal is announced and in order to enable the realization of the desired deal-specific synergies, companies are faced with a challenge to successfully integrate many business operations, processes, people, cultures and information systems and follow the progress accordingly making the post-integration phase an inevitable part of the merger and acquisition process. Primarily, one could argue that revenue growth needs to be ensured and other business disruptions cannot be induced. However, previous literature and studies highlight the increasing challenges in merger and acquisition value creation (Bauer, Hautz & Matzler 2015; Christensen et al. 2011; Datta 1991; Epstein 2005).

Although mergers and acquisitions are popular elements of corporate growth strategies, they can be described as multifaceted and complex processes of organizational change (Almor, Shlomo & Benjamini 2009). Especially many M&A failure determinants address to the integration phase which has been recognized as a challenging phase filled with intrinsic problematics as there are many variables involved (Davis, Davis & Kummer 2012: 21) but
still the amount of academic studies is limited due to uniqueness of M&A characteristics. It can be argued that one crucial reason so many M&A’s fail to realize expected synergies is due to the lack of attention that is paid to the overall extent of the phenomenon and, therefore, not succeeding to achieve value that was anticipated. In fact, Robbins and Stylianou (1999) amplify that typically most of the discussions in pre-merger phase have a tendency to focus only on financial aspect while neglecting the importance of technical architecture and organizational integration of the two entities. This statement is in accordance with McKiernan’s and Merali’s (1995) argumentation that typically legal and financial perspectives dominate merger and acquisition negotiations.

In order to realize the expected synergies of the M&A integration and avoid leaking those synergies, there are various determinants and challenges that should be acknowledged both in people and process integration. Haspelagh and Jemison (1991: 103) claim that value is realized, and strategic capabilities are successfully transferred when the two firms are able to create an atmosphere where there exists a common understanding of each other’s organizational context despite of issues that potentially arise in the integration process. Their argument relies on the principle that in practice value is implemented after the acquisition. Birkinshaw, Bresman and Håkanson (2000) extend this view by combining process perspective and organizational behavior. The process perspective views value creation as the main objective in integration in terms of shared resources and capabilities while the organizational behavior view aims to build satisfaction and shared identity among the integrated people. Research shows that the usual pitfalls during the integration are, for example, loss of employee commitment, inability to start the process early or integrate on the given schedule, change resistance, unstandardized integration processes, technical incompatibilities in information systems, and lack of strategic planning. (Bauer et al. 2015; Tanriverdi & Uysal 2011.) Indeed, as the high failure rates and the inability to achieve given objectives of mergers and acquisitions in time indicate, there is a need for more managerial understanding how synergies are enabled in the post-M&A integration of specific processes and people.

1.2. Research gap

Prior literature of post-M&A integration has presented many success and failure factors that companies usually encounter in integration phase on a general level. However, Bower (2001)
claims that there currently exists a lack of robust common theoretical framework and empirical studies explaining how mergers and acquisition integration processes can be developed in practice to realize expected synergies and achieve more successful results. For example, Epstein (2004) claims that “[...] there is less clarity about best practices and dangerous errors of the post-merger integration process.” Additionally, Birkinshaw et al. (2000) state that “[...] the ‘human side of mergers and acquisitions’ is frequently neglected by managers intent on doing the deal and realizing operational synergies.” The given citations from the literature and high failure rates of M&A’s clearly indicate that more examination about the connection of human and task integration is definitely needed in order to build a holistic view.

Typically, post-M&A integration of two corporate entities will affect many departments of an organization, people inside of them and their business-centric processes. Due to meagre amount of literature simultaneously examining post-M&A integration of humans and tasks and their vital connection, the need for this type of study is addressed and research gap is identified. More narrowly, this study will examine the integration of humans and tasks and attempts to discover the intrinsic synergy determinants and synergy destroyers that generate the ultimate value of the acquisition deal and present them in the form of managerial implications.

1.3. Research problem

Integration of people and organizational tasks is an important step; however, the priority that is often given to integration by companies is deficient. The research on successful M&A integrations is relatively limited and, therefore, more empirical research is worth to conduct to embrace managerial insights. Hence, in order to fill the research gap, this study aims to extend the existing understanding by developing holistic guidelines how to successfully manage the overall integration of tasks and humans between two entities and exploit the expected synergies and realize value. Moreover, the primary objective of this thesis is to isolate and analyze the main drivers that lead to efficient integration. To elaborate the understanding of successful post-M&A integration, this thesis focuses on the following primary research question:
RQ1: How firms can enable synergy realization and avoid synergy leakage in task and human integration during the time of cross-border mergers and acquisitions?

The initial research problem stems from a practical initiative given by the case company of this study. Therefore, the primary empirical data is collected from a large technology company that has executed cross-border acquisitions as a part of their growth strategy. Based on the theoretical background and results of the empirical study, best practice guidelines will be developed which will support effective planning of the upcoming integrations. From the management’s perspective, this study aims to provide managers clear instructions how synergies can be either realized or destroyed in a variety of integration activities. To emphasize the extent of this phenomenon, this study divides integration into two dimensions: task integration and human integration.

1.4. Delimitations of the study

With its basis on an organizational initiative, the general integration of people and tasks as a phenomenon is being examined as a whole; therefore, the empirical data of this study is collected from both the acquirer and the target company experiences representing the viewpoints of both sides and this way increasing the versatility of this research. Hence, the results of the study should provide feasible managerial implications that could be applicable for both the acquiring and target company.

The initial focus in this study is to examine cross-border acquisitions leaving out the assessment of domestic acquisitions. Both case units in this study are international acquisitions, meaning that acquired companies and their employees are located abroad. However, given the time constraints of this study, only two integration cases are being evaluated more in-depth. All of the interviewees have been directly involved as a part of the integration project team at some point in the integration project’s lifecycle. This way, the integration project and how it can generate value can be studied more carefully from the managerial and decision-makers’ point of views.

The interview questions that will be asked are mostly targeted to gain the experiences and understanding of the practical integration phase i.e. what happens after the acquisition deal is closed and announced. Thus, for example, due diligence phase receives a little attention in
the empirical analysis of this study. The rationale is based on the theoretical assumption that synergies and value are typically realized in the practical integration phase.

1.5. Central terminology

The key concepts that are applied in this thesis are listed and explained below in Table 1.

<table>
<thead>
<tr>
<th>Key concept</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merger</td>
<td>When two relatively same size of entities form a new organization (Marks &amp; Mirvis 2011).</td>
</tr>
<tr>
<td>Acquisition</td>
<td>A takeover by the greater entity over a target organization (Marks &amp; Mirvis 2011).</td>
</tr>
<tr>
<td>Integration</td>
<td>Creating value by integrating various organizational processes and routines of two entities and delivering those changes (Bauer et al. 2015; Davis et al. 2012: 12).</td>
</tr>
<tr>
<td>Synergy</td>
<td>Emerges when the value of the combined entity is greater than the sum of the values of the individual entities (Seth 2000).</td>
</tr>
<tr>
<td>Due diligence</td>
<td>Objective investigation of the risks in the target company to be bought, such as financial issues (Davis et al. 2012:11).</td>
</tr>
<tr>
<td>People/Human integration</td>
<td>Bringing together humans and cultures (Bauer et al. 2015).</td>
</tr>
<tr>
<td>Task integration</td>
<td>Bringing together various tasks, such as marketing, production, ways of working and information systems (Bauer et al. 2015).</td>
</tr>
</tbody>
</table>

Table 1. Key concepts and their definitions.

1.6. Thesis structure

This thesis is composed to five main chapters and is structured as follows. First, the thesis will begin with an introduction part, in which the background of the study, research problem, objectives, and delimitations will be presented. The second chapter will provide the relevant theoretical background in the form of a literature review. M&A’s will be examined on a general level, but the focus will be on the existing definitions of integration phase during
M&A process. More precisely, the literature review highlights both success factors and problematics of integration. In the third chapter is described the used research methodology, including case selection, empirical data collection process and data analysis. Also, the validity and reliability of the study are discussed in more detail.

The fourth chapter presents the concrete findings of the empirical research. The primary empirical data was collected with semi structured interviews from a large manufacturing company. The empirical findings are then reflected to theoretical framework. Lastly, the fifth chapter concludes the relevant discussion and puts together the development ideas and managerial implications of the study and highlights the limitations of the study. The structure of the thesis is illustrated in Figure 1.

**Figure 1.** Structure of the thesis.
2. LITERATURE REVIEW

There are three main theoretical dimensions examined in this thesis. First, the general concept and process of mergers and acquisition is defined in more detail to get an overview of the focal topic. Also, the motives why companies are interested to carry out mergers and acquisitions are explained. Second, the focus is shifted on post-M&A integration phase and its necessary elements and considerations with an initial focus on the management of task and human aspect. Task and human integration are investigated both separately and in parallel. Finally, the drivers affecting to the success or failure of task and human integration are reviewed. Furthermore, the main objective of the literature review is to identify the common organizational mechanisms that either create or destroy synergies during M&A integration.

2.1. Mergers and acquisitions

Mergers and acquisitions (usually abbreviated with the acronym M&A) are based on the strategic targets of a company. In the center of worldwide trends, such as, technological development and global industry consolidation, the amount of merger and acquisition activity particularly across country borders has been increasing tremendously in the recent years (Shimizu, Hitt, Vaidyanath & Pisano 2004). In general, superior performance in merger and acquisitions can be accomplished if the purchase is able to realize desired synergies, and whereby the two combined entities create more value than each could achieve alone (Björkman, Stahl & Vaara 2007).

In the literature mergers and acquisitions are often described as synonymous. However, a distinction between them is necessary to be made since different organizational growth situations require different types of external strategies. Epstein (2005) defines merger as a combination of two relatively comparable entity who join together to create a completely new legal entity. An achievement of merger can occur as by incorporation or of equals (Giacomazzi, Panella, Pernici & Sansoni 1997). Acquisition, on the other hand, is defined as a strategy for inorganic growth in which one smaller company is incorporated into existing larger company. An acquisition is typically made with leveraged buy-out or public offering (Giacomazzi et al. 1997). It can be argued that common for both situations is the transfer of strategic capabilities and pursuit of synergies, however, the applicability of using both
definitions in the same context as synonymous can be questioned because the one creates a completely new entity and the other does not. This tends to have an influence on, for example, integration characteristics because in merger the organizational change is equal in size for both but in acquisition, the change is bigger to the target company than the acquiring company.

Previous literature classifies mergers and acquisitions based on prevalent characteristics. One way is to categorize mergers as horizontal, vertical and conglomerate. A deal is defined as horizontal when two competitors are combined due to process and industry-specific similarities. In this case, the main objective is often to increase market share. A vertical M&A occurs when companies with a buyer-seller relationship combine. Lastly, a conglomerate is the combination of companies which do not share any relationship in terms of competition or buyer-seller relationship and aim solely for diversification. (Gaughan 2010: 14.)

A descriptive way to classify the types of mergers and acquisitions is to divide them to either hostile or friendly. A hostile acquisition happens when the management of the target company is highly against the tender offer. The opposite is defined as a friendly acquisition when there is a mutual agreement of the deal. (Martin & McConnell 1991.) Both hostile and friendly acquisitions are highly dependable on the human approach. A hostile acquisition typically involves issues that continue in the integration phase and may have devastating outcomes to the overall value creation of the deal.

2.1.1. Motives

Capturing and creating value is the key objective in mergers and acquisitions, yet there are several approaches to it. Generally speaking, from the cash-flow point of view, value is created if the acquiring company seizes the ability to enhance revenues while simultaneously decreasing costs. In addition, value is created if there exists the ability to preserve each company’s intrinsic value. (Gates & Very 2003.) Another viewpoint is presented by Birkinshaw et al. (2000) who indicate that value is the sum of transferred capabilities, shared resources, satisfied employees and shared identity. It is apparent that sales continuity during post-M&A integration has a focal role to secure revenue growth and thus value creation. Additionally, the human aspect of integration should be acknowledged because resistant sales staff are not able to cooperate towards revenue growth and creation of value. Understanding
and communicating the expected synergies are crucial to plan, manage and implement the integration successfully. As a result, it can be suggested that the exploitation of financial value is successful when the satisfied human aspect is also considered.

In the time of turbulently changing environments and globalization the desire to merge or acquire especially across borders can be extremely alluring. Geographical distance and cultural differences differentiate cross-border deals from domestic acquisitions (Bauer, Matzler & Wolf 2016). Previous literature has recognized other potential motives for companies to carry out merger and acquisition activities increasing market share being the priority motive (Angwin 2001). Gates and Very (2003) point out resource sharing, eliminating redundancies, reducing costs, brand sharing, reinforcing competitive position, transferring of strategic logic, and revenue growth as other significant sources of value creation synergies. Additionally, Almor et al. (2009) point out complementary sources of synergies: cooperation between the two companies in the area of operational capabilities, transfer of managerial capabilities, designing control systems, and transfer of functional capabilities, such as knowledge and skills. Increasing effectiveness of business operations and diversity development can also be achieved through merger and acquisition activity (Immonen 2011: 15).

As a response to changes in the industry, combining operational business processes and assets may expressively contribute to sustained competitive advantage (Almor et al. 2009). Therefore, the either internally or externally stems motives to merge or acquire may prove to be alluring for inorganic growth and, thus, the popularity of M&A’s has increased substantially in the recent years. Datta (1991) describes mergers and acquisitions as relatively quick processes to gain growth and achieve diversification objectives of an organization. This description is extended by Epstein (2005) claiming that companies also involve in mergers and acquisitions in order to increase economic scale, geographic scope, and knowledge or cross-industry extension.

However, the applicability of these motives defined by the literature can somehow be questioned because it is not clear how explicitly willing acquirer companies are to announce all of their motives to the public and their competitors. Also, the influence of how much the personal motives or hubris of the management to grow affect the general M&A motives can be a complex topic to be studied. For example, Nguyen, Yung and Sun (2012) state that
typical problems occur when growth is pursued only by the personal interests of the management or managers are too arrogant in their decisions. Too arrogant growth motives appear to create a hostile acquisition situation which has a value-decreasing effect on the integration of tasks and people, acquisition outcomes or lack of synergistic benefits.

2.1.2. M&A process

The merger and acquisition process involves a blend of various activities, numerous phases and different people along the way. Thus, a holistic manner of management seems to be required. Nevertheless, understanding the general merger and acquisition process can be rather confusing because there are several varying interpretations available in the literature. For example, Gomes, Angwin, Weber & Shlomo (2013) rely on traditional distinction and emphasize pre-acquisition and post-acquisition phases. Alternatively, study findings by Steynberg (2011) propose the M&A process to include four phases: strategic intent, pre-start, integration/transition and sustained renewal. It could be proposed that the dissimilarity of M&A process interpretations is due to case-specificity as well as size and speed of the acquisition.

Hence, Figure 2 aims to explain the simplified merger and acquisition process model in a timeline and focuses on central activities discovered from the literature since it can be criticized that there currently exists neither a consensus about the exact start or finish of an acquisition, nor the concrete amount and characterization of the steps in the acquisition process. However, pivotal is the phase where the ownership from target company is transferred to the acquiring company. (Gomes et al. 2013.) Thus, it can be argued that a merger and acquisition process should be at least composed of interdependent strategic decision-making, planning, due diligence and integration stages. According to Erkkilä (2001: 24) each stage includes the determination of specific objectives, persons in charge, schedule, reporting and estimation of costs.

![Figure 2. Merger and acquisition process.](image-url)
**Decision-making process**

The entire merger and acquisition process begins with fundamental decision-making which involves actions, such as, systematic exploration, target company selection, detailed strategic and financial evaluation, and negotiation. Typically, the primary goal is to recognize the extent of both strategic and organizational fit between the two companies which impacts the value of the deal and facilitates the achievement of smooth integration (Bucklew, Wardle & Pliskin 1992; McKiernan & Merali 1995).

Decisions regarding merger or acquisition are based on various criteria, such as, capital profitability, product portfolio, distribution channels, customer structure, market position, and employees (Immonen 2011: 29). These criteria should lead to the actual decision of the deal at a justifiable price. However, there are some impediments which may harm the success of an acquisition decision, such as, fragmented perceptions, cumulative momentum, ambiguous expectations and extensive amounts of motives. (Haspeslagh & Jemison 1991: 41.) During decision-making, both the acquiring, and the target company should start to develop mutual knowledge, reduce information asymmetry and build trust between each other in order to facilitate further actions within the M&A process (Gomes et al. 2013) such as integration.

**Planning process**

Subsequently, a variety of merger and acquisition activities to enable that targeted synergies are realized require a solid amount of planning. Careful planning considers the following activities: formulation of M&A strategy, identification to test strategic fit as well as mapping and screening of target company’s operations and processes. Planning might become rather challenging if the merger or acquisition is carried out cross-borders. (Immonen 2011: 29-30, 17-18.) From the integration phase point of view, planning process becomes vital since important decisions regarding the integration are formulated and key decisions in the areas of leadership, scope, resource division, communication and integration schedule should be planned and accepted already in this phase (Epstein 2005; Immonen 2011: 29). At this phase, also the synergies to be achieved as well as those activities that are needed to fulfill synergy realization should be planned.
Due diligence

In due diligence phase both financial and non-financial elements of the target company are reviewed objectively by the acquiring company in order to discover potential risks associated with the purchase. It includes the appraisal of, for example, liabilities, revenues, taxation, financing, expenses, organizational fit, financial management, operations, environmental liabilities, ability to merge cultures, and the technological and human resources capabilities. (Epstein 2005; Immonen 2011: 31.) It also focuses on the examination of the industry, competitive environment, organizational history, market positions, and information systems of the target company. In particular, due diligence aims to build an exhaustive analysis about the strengths and weaknesses which gives an understanding to acquiring company about the value and risk conditions of the purchase. (Angwin 2001.)

During the examination phase, the acquired company is committed to deliver valid and accurate information regarding its financial state and non-financial elements (Immonen 2011: 31). Due diligence related data can be collected through interviews, scrutinizing of written material, onsite visits, and information requests (Erkkiälä 2001: 73). Angwin (2001) claims that cross-border acquisitions tend to be riskier because of differences in language, cultures, politics and governmental and legal regulations and, therefore, due diligence research should be planned cautiously when carrying out acquisitions across borders. Thus, it can be argued that both significant amount of time and effort need to be devoted to due diligence in order to maximize success in integration phase (Epstein 2005). Once the evaluation is finished, the due diligence specialists deliver a final report and draft decision to acquiring company whether to continue or terminate the on-going purchase (Erkkiälä 2001: 74).

From the task integration point of view, Wijnhoven et al. (2006) highlight that understanding acquired company’s information systems and processes should be involved in due diligence phase to ensure success in integration. Due diligence evaluation of tasks should at least answer to the following questions: how information systems and processes are compatible, how responsibilities are divided, how operations are documented, and what kind of development plans are made. (Erkkiälä 2001: 78.) Nevertheless, one may argue that inadequate priority is often given to task and human exploration with management seemingly focusing more on the strategic compatibility of the two firms. In fact, it can be argued that the problems that are encountered in integration are usually due to the inability to conduct a
proper evaluation of the target company in due diligence phase (McKiernan & Merali 1995). Thus, the significance of due diligence evaluations to value creation possibilities in the integration phase should be considered.

Integration

Integration can be defined as the practical stage of realizing synergies which usually begins after a deal is announced. In short, Haspeslagh and Jemison (1991: 103) define integration as an adaptive process of transferring capabilities and, exploiting synergies by bringing together two companies. Typically, the duration of integration varies from several months to many years (Erkkilä 2001). It can be argued that the overall success of a merger and acquisition lies within integration process (Shimizu et al. 2004). This argument by Shimizu et al. (2004) seems apparent since the influence of the M&A on both companies can be experienced tangibly in the integration phase where all the expected value is enforced in practice. Yet, it is difficult to tell the actual date M&A can be considered either successful or unsuccessful because the duration of integration varies.

2.2. Integration phase

Post-acquisition integration is the crucial part of M&A that requires careful planning and multiple managerial initiatives. Indeed, the integration process acts as a critical trigger for organizational change, strategic renewal and continuous adaptation that typically last several years. Integration refers to the practical process of creating a unified entity by combining resources, structures, business operations, information systems, employees, and cultures of two firms after a purchase is made and announced (Tanriverdi & Uysal 2011). Generally speaking, Haspeslagh & Jemison (1991: 106-107) state that during integration, employees from both acquired and acquiring companies learn to work together towards same goals and cooperate to transfer strategic capabilities which is considered as the primary objective of integration.

The nature of integration can be described as multidimensional because it is a process of continuous evolvement where many elements need to be integrated and each of them should be managed accordingly in a holistic way. Business operations (see Figure 3) that are adjusted between acquiring and target companies are, for example, marketing, logistics,
sales, administration, research and development, advertising, pricing, purchasing, product portfolio, manufacturing processes, IT systems, and personnel and financial policies (Davis et al. 2012: 23; Immonen 2011: 30). Within each element there are people, operation-specific tasks and other variables involved which emphasize the multidimensionality and even the complexity of integration. One way to respond to complexity of integration is to divide each element into a smaller workstream and manage them at the micro-level.

**Figure 3.** Integration elements between acquirer and target companies (adapted from Davis et al. 2012: 23).

There are many objectives to be attained during integration. Practicality seems to hold a central role in those objectives. It can be argued that the main integration objective is to increase efficiency in existing capabilities by practically bringing together both acquiring and acquired companies and realizing the assessed “fit” between those two firms (Bucklew et al. 1992; Datta 1991; Erkkilä 2001: 89). According to Erkkilä (2001: 89-90), formulating measurable objectives facilitates decision making and staying in the given schedule. Examples of concrete objectives can be, for instance, increasing sales, integrated systems need to function within two weeks after system data integration, or market segments are redefined by a certain date. However, it can be questioned whether measurable objectives are applicable to the integration of people because adjustment and relationship building usually takes more time. If people are unable to work together then the objectives within task integration are also delayed.

Due to different types of acquisitions, there is a similar need for different types of integration approaches. Haspeslagh and Jemison (1991) distinguish three types of post-acquisition integration approaches: preservation, absorption and symbiotic. The inherent choice of integration approach depends mainly on whether there is a need for strategic interdependence
or a need for organizational autonomy. Also, the choice of the approach may be affected by the size of the target company or its previous performance. In preservation approach there is a low need for interdependence and a strong need for autonomy, meaning that the acquiring company cultivates the target company. Absorption approach signifies a full integration of the business operations and organizations forming a new entity. The primary synergy benefit in absorption is cost reductions. Symbiotic approach focuses on coexisting at first but gradually becoming interdependent.

Certainly, integration can be considered as a fundamental and practical element of synergy realization during mergers and acquisitions. However, previous studies highlight the high failure rates of mergers and acquisitions and, indeed, indicate that in most cases profitability of target firms declines. According to Datta (1991), this is usually due to encountered difficulties during integration phase. One could argue that when the integration value creation scenario is analyzed, it should not be ignored that success seems to be affected both by synergy drivers and destroyers. This is in line with Gates’ and Very’s (2003) statement that in order to create expected value of the merger and acquisition process, synergies must be enabled during integration and a leakage scenario should be avoided. The two M&A scenarios, value creation and value leakage, are illustrated in Figure 4.

![Figure 4. Scenarios of value creation and value leakage (adapted from Gates and Very 2003).](image-url)
2.2.1. Integration process

The complete post-merger and -acquisition integration can be a process of many years filled with multiple tasks, various actors, prominent challenges and diverse interdependencies. Gates and Very (2003) note that since there exists no “one best way” to carry out integrations, each integration must be planned with caution based on the unique context of the given deal. Due to the uniqueness of circumstances and size of the deal, integration of two companies is often perceived as a complex organizational change process where strong adaptation to the new situation is always required. Indeed, adjusting to such a change is often challenging, takes time and could lead the given deal to failure as discovered by practitioners from the field. Uniqueness of each M&A deal may depend on the size, scope and schedule of the deal. Consequently, it is apparent that the uniqueness of each deal and post-acquisition integration case brings overall ambiguity to previous studies of this phenomenon.

The principal foundation in each integration process is to create a pertinent atmosphere that enables successful transfer of capabilities between the two companies (Haspelagh & Jemison 1991: 107). Integration is often defined as a dynamic process in which action plans are adapted to new events and human reactions in the context of obscurity, multidimensionality and uncertain information. A typical integration lasts approximately 12-18 months; however, cultural integration can take even three to six years (Erkkilä 2001: 84).

Davis et al. (2012: 117) endorse that the integration process includes four stages: 100-day planning, mobilization, delivery, and review. Before the practical integration takes place, integral integration activities must be carefully planned and ensured with proper decision making. One solution is the formulation of an integration strategy. Planning and designing integration activities in the form of a strategy early in advance facilitates the process continuity, the transfer of collected knowledge and synergy realization. Gates and Very (2003) recommend the integration preparations to be started already in the deal closing phase. To support this view, both Davis et al. (2012: 12) and Erkkilä (2001: 86) also propose starting the integration planning as early as possible as it may create improved integration delivery and enable the success of the acquisition.

Alternatively, Gates and Very (2003) divide integration process into two stages: the “first hundred days” stage and the subsequent “capability transfer” stage. This division view is
supported by Erkkilä (2001: 82-83) stating that the execution of integration includes “hundred days” takeover after which occurs the actual combination of business operations. The “first hundred days” stage typically starts rather quickly after a deal is announced. It aims to maintain momentum and produce an appropriate environment for both companies where synergies can be exploited. The tailored “hundred-day plan” also includes all the areas of concern a company needs to perform before the actual integration delivery starts (Davis et al. 2012: 48). Actions that should be typically completed in the “first hundred days” stage are, for example, definition of business operations outlines and organization structures, decisions regarding employee changes, and agreements regarding scope of responsibilities and work descriptions are made (Erkkilä 2001: 144). After an appropriate environment between the two companies has been created, the acquiring company is able to concentrate on the “capability transfer” stage. During this stage, the synergies that should deliver supplementary value are exploited.

Otherwise, in their framework, which does not comment on the timeline of integration, Birkinshaw et al. (2000) divide merger and acquisition integration into two substantially different dimensions; task integration and human integration. Task integration’s primary objective is to deliver operational synergies in terms of sharing resources and capabilities whereas human integration aims to enhance satisfaction and build a common identity among employees from both acquired and acquiring companies. However, similar amount of emphasis on both dimensions is a necessity to the success of the acquisition. For instance, if a significant amount of attention is paid only on human integration resulting in satisfied employees, no operational synergies in task integration can possibly be achieved and vice versa. Therefore, the overall success of an acquisition is the result of effective management of both task integration and human integration and, thus, they should not be treated separately even though their speed may vary.

This thesis utilizes the division made by Birkinshaw et al. (2000) and first examines both conceptually distinct yet acknowledging that both have an influence on each other. Within this thesis context, task integration includes the integration of processes, capabilities, ways of working and information systems whereas human integration focuses on the integration of people and organizational behavior approach. The division is justified according to the statement by Bauer et al. (2016) who claim that the complexity of the integration concept requires it to be divided into task and human approach.
2.3. Managing task integration

Task integration refers to the activity of transferring capabilities and resources to exploit synergies (Bauer et al. 2016; Birkinshaw et al. 2000). For example, processes, routines and information systems can be integrated as tasks. Similarly, Shrivastava (1986) argues that in order to enhance productivity, the two combining companies need to integrate fundamental systems and procedures.

A variety of processes, ways of working and information systems play one crucial role in post-M&A task integration. Yet, the literature on post-M&A information system integration is rather scarce, however, some authors have studied integration in the context of information systems. Many of those authors stress that the importance of system integration in M&A context should not be neglected. In fact, it should be taken into consideration in the integration planning phase. For example, in their empirical study Weber and Pliskin (1996) discovered a positive relationship between information system integration and successful M&A performance. Additionally, Bucklew et al. (1992) propose that alongside strategic and organizational fit assessment also the examination of IT fit should be explicitly considered during the acquisition deal analysis to ameliorate the practical information system integration performance that follows. Nevertheless, as discovered in the previous literature, typical source of poor post-M&A performance in many companies is the omission to consider the significance on information system and related process integration (Bucklew et al. 1992; McKiernan & Merali 1995; Wijnhoven et al. 2006).

For instance, sales systems typically include various sales related activities, such as, customer relationship management, pipeline management, pricing, proposal management, sales reporting, and contract management. Because sales related performance is mainly based on accurate and up-to-date data that is stored in sales systems, effective integration of those systems and data migration are crucial to ensure revenue growth by concentrating on sales continuity. However, decrease in sales volume is regrettably common during sales integration because sales integration is not supported or tracked enough. Drop in sales might pressurize management that corrective decisions need to be made rapidly, however, making such decisions in a haste might actually hinder the long-term value creation of the given M&A. (Erkkilä 2001: 148; Gupta et al. 2009; Maire & Collerette 2011; PricewaterhouseCoopers 2017.)
Nevertheless, since tasks can often be complex by their nature and acquired companies do not want to share too many details before the deal is confirmed, the integration forethought often becomes impossible and planning becomes more difficult. When examining Cisco and Stratacom acquisition, Gates and Very (2003) discovered that there were many complex differences in tasks, like sales approaches and in the calculation of commissions between the two firms. As a result, first year revenue enhancement did not reach expected levels and key salespeople of the target company had to resign. To overcome similar issues, acquiring company should have a check list available containing all the information, such as procedures and names of the persons in charge that are needed immediately the deal is announced and integration begins. In order to avoid interrupting important sales and direct customer relationship related operations, Erkkilä (2001: 151, 176) recommends that sales integrations should always be prioritized and, thus, carried out as an independent activity rather quickly.

Integration of information systems implies the efficient act of migrating data and exchanging business processes to meet the needs of combining companies (Giacomazzi et al. 1997). Depending on the ambition level of the integration and the objectives of the M&A, according to Wijnhoven et al. (2006) there are three system integration objectives prevalent: complete integration, partial integration and co-existence. Complete integration aims to integrate completely the two separate information systems in the most ambitious way. This objective is typically chosen in smaller companies as in larger and decentralized firms it may be infeasible. Partial integration establishes integration priorities and leaves the rest of the processes and systems to be integrated later. This objective is suitable when there are synergies identified in some processes but not in all. Co-existence aims to keep the information systems unchanged yet connecting data exchange where absolute necessary. In the long term this objective is often undesirable since keeping two separate, but linked systems creates unnecessarily high costs. It may also hinder prevailing processes.

After a deal is made, companies should rather quickly aim to integrate tasks to ensure continuum to business operations and minimize disruptions (Wijnhoven et al. 2006). From the system perspective, Tanriverdi and Uysal (2011) demonstrate that integration activities take place in five different but complementary dimensional resource frameworks. These five are the integration of IT infrastructures, integration of IT applications and data, integration of IT human resource management, integration of IT vendor management, and integration of IT strategy-making. The dimensional framework is complemented by the study findings of
Chang et al. (2014) with relevant fields of management that are emphasized in each IT integration dimension. The linkage between the integration dimensions and related management fields are illustrated below in Table 2. The framework shows clearly that integration of information systems and related processes may not only include technical integration level and data migration but also many other noteworthy managerial elements that often refer to the human aspect of the phenomenon. In other words, managing the human dimension of integration and acknowledgement of related sources of synergy realization that are managerial in nature is equally important. This again shows the important relationship of task and human approach in integration meaning that effective human integration facilitates task integration at various micro-levels and vice versa.

<table>
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<tr>
<th>IT Integration dimensions</th>
<th>Management fields</th>
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<td>Integration of IT human resources management</td>
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<td>Integration of IT vendor management</td>
<td>Continuous support of suppliers and consultants</td>
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<td>Integration of IT strategy making</td>
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<td>Communication and coordination</td>
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<td>Raising of questions</td>
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<td>Construction and system</td>
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Table 2. Integration dimensions and managerial actions (Adapted from Chang et al. 2014)
### 2.4. Managing human integration

Post-M&A integration is often referred as organizational change that mainly has a strong impact on human dimension. Human integration typically includes the following parts: vision, mission, strategy, leadership and culture, expectations, goals, values and team integration, organizational structure, jobs and positions, competencies and the appointment of people, succession planning, talent retention, mentorship, and coaching (Steynberg 2011). Robbins and Stylianou (1999) embrace managerial actions and the strong influence they have on successful outcomes of integration of people. Similarly, Maire and Collerette (2011) provide crucial steps that are needed when managing organizational change in a systematic way: establishing realistic objectives, integrating with high speed, communicating effectively, ensuring employee commitment, addressing cultural, social and business practice differences, having a dedicated team within the project, and sustaining the momentum of change.

Hence, it can be argued that obtaining a change management approach during people integration is advantageous and enables successful outcomes. Even though, according to Todnem (2005), there seems to prevail a lack of a valid framework of change management as explained by numerous contradictions and confusing theories in the literature, the pace of change in the current business environment is extensive. The dominant interpretation in the literature divides organizational change into planned and emergent change approaches. Discarding old habits and processes before implementing and adopting new ones are typical actions in planned approach. However, the applicability of this approach during rapid and transformational change has been criticized. (Todnem 2005.) Also, in the context of generally fast M&A, it can be questioned whether planned method of change is fully appropriate to be linked to M&A approaches because some methods of integration do not aim to discard old behavior of the acquired company completely. To respond to general criticism on planned change approach, emergent change approach has been developed alongside. Its main objective is to make change as rapid as possible and it utilizes bottom-up approach.

According to Steynberg (2011) integration of people during M&A exposes to various challenges that ultimately affects the production of shareholder value. There are yet many reasons why people integration is often ignored: emphasis of other parts of integration, the absence of solid people integration model, or limited understanding of the importance of
people integration. One thing to consider in human integration is to involve it in every smaller workstream integration and not to treat it in a silo. Silo effect during integration could be very ineffective and hinder the integration of business operations and processes if people integration is considered with limited attention. Hence, as it has been argued before human and task integration have a significant impact on each other’s success.

2.5. Determinants of synergy realization

Achieving success in integration and enabling synergies to be realized is a multi-faceted phenomenon which is supported by failure rates and previous literature mostly focusing on risks in acquisitions. Alaranta (2005) notes that in the literature post-M&A integration success is often defined as implicit and vague that can be addressed with various drivers. Yet, there exists no consensus what the generally accepted drivers to assess the success are because of case uniqueness even though previous literature has discussed relatively many factors that affect success.

Typically, the achievement of success ensues when task integration is carried out within the given time limits and without delivering inconvenient business disruptions neither to employees nor customers (Alaranta 2005). However, it can be criticized that the statement by Alaranta (2005) does not take into consideration the overall satisfaction level of employees or customers towards the integration which is another important aspect of integration’s success. Thus, a more comprehensive definition of post-M&A integration success is given first by Stylianou et al. (1996) and then further elaborated by Robbins and Stylianou (1999) who suggest a multi-dimensional framework to define success. The dimensions include ability to exploit M&A opportunities, ability to avoid problems, end-user satisfaction, improved information system capabilities, and efficiency of resource utilization during the integration process. All in all, common in all definitions is that success is built of various drivers of which the most popular ones are presented next.

From the task integration objectives point of view, successfully combining systems and processes should lead to synergy creation which facilitates the acquiring company’s ability to fulfill its initial motives, such as decreasing cost curve and capturing a greater market share. Integration of specific tasks requires abandoning old ways of working, transferring assets and systems, and creating a new management leadership. Therefore, the simple
A successful integration can be argued to contain at least some of the following elements: strategic objectives of the acquiring company are achieved, integrated employees are able to work together without much tension, volume of sales stays in the preceding level or increases, the transfer to “normal” business actions happens rather fast, and employees acknowledge the given M&A as a positive change that brings new possibilities into their daily work (Erkkilä 2001: 192). In addition to the achievement of success, another desired consequence of these elements is that the planned synergies are realized. Achieving success in post-M&A integration of tasks requires various actions from the employees and management in question under hectic circumstances. As discovered in the literature, distinctive prerequisites for success are, for example, following a coherent integration strategy, formulation of separate integration teams, choosing a reliable leader, previous integration experience of employees, integration trainings, communication and aligned measurements (Chang et al. 2014; Davis et al. 2012; Epstein 2004; Gomes et al. 2013; Shimizu et al. 2004). These statements clearly consider that success is dependent on both human and task integration approach.

On a general level, Maire and Collerette (2011) have recognized the following managerial practices as effective determinants of post-M&A integration success:

1. Allocation of resources, setting up priorities, and staying focused.
2. Utilization of different tools to support management of integration, organizing progress review meetings regularly, and adaptation of the action plan.
3. Sustaining pace, allocation of time, building trust and rapport.
4. Abundant communication, providing appropriate training, listening and motivating people upon their concerns and complaints.
5. Identifying and resolving cultural differences, explaining of processes.
6. Detecting and managing resistance to change.

A study of CIOs conducted by Stylianou et al. (1996) indicates that five important determinants of success appear to be the amount of previous integration experience, involvement of professionals in planning and auditing, the quality of planning, criteria used for establishing priorities of the integration, and data sharing across various applications and
hence the compatibility of the information systems. As a conclusion of their study, Stylianou et al. (1996) state that the most important determinant of integration’s success is the quality of planning. This is because planning both facilitates the exploitation of M&A opportunities and acknowledges possible stemming risks in the practical integration stage.

Integration strategy and methods

While the importance of planning is emphasized, too often organizations seem to be unable of developing and implementing a proper post-M&A integration strategy of certain procedures or wait too long to start the integration process (Epstein 2004). Without any strategic plans, the integration becomes extremely challenging to fulfill. Epstein (2004) also states that strategy’s main goal is to articulate the activities that are needed to integrate tasks considering two key constituencies: employees and customers. Ultimately, lack of consistently followed strategy and retention of needed employees and customers typically lead to the failure of creating value and companies may be prone to face serious issues within the integration. This again embraces the significant meaning the connection of human and task approach has to the integration outcome.

When integrating information systems, Wijnhoven et al. (2006) recognized that an integration strategy which includes both objectives and concrete system integration methods should be formulated to establish the desired level of IT integration. The argument is supported by Chang et al. (2014) stating that both companies should plan and follow a common deployment strategy during the system integration process to build a functional system, simultaneously reducing potential resistance. According to a descriptive model by Giacomazzi et al. (1997), there are several variables that might affect decision making in the context of choosing the most applicable integration strategy. These are the type of acquired business, geographical location, information system status, relative size of the companies, and previous computer architecture.

Depending on the objectives and schedule of the integration, Wijnhoven et al. (2006) recognize four different methods that can be used to integrate information systems: renewal, take-over, standardization, and synchronization. In renewal, a completely new system is developed, and all systems of both merger partners are abolished. However, due to limited amount of time that is typical in integrations, this method can be considered as the most
inconvenient. Take-over uses the system of one of the companies for both and closes down the other system. Take-over method usually enhances rapid integration and cost savings, but downside is that conflicting situations might arise due to preferences for own systems. This method is typically used when the acquiring company is superior to target company.

Combining the best functions and similarities of both company’s systems into a completely new system is known as standardization and is connected to both complete and partial integration objectives. According to Chang et al. (2014), standardized systems are beneficial because they can simplify business processes, decrease tedious operation times and help companies to operate more efficiently. Lastly, in the fourth method which is called synchronization, everything is mainly preserved as it was originally. Only bridges to connect data between both systems are built. This method supports the co-existence objective. All integration methods are visualized below in Figure 5.

![Integration methods diagram](adapted from Wijnhoven et al. (2006)).
Formulation of teams

Prior literature has identified the formulation of separate integration teams and choosing respective integration leaders as important elements of integration. The team aims to plan, coordinate and implement the integration effectively with ample amount of resources and strong leadership following common predefined objectives under a strict schedule (Epstein 2004; Erkkilä 2001: 152). The leader who should be provided with accountability and responsibility is in charge of decision-making, ensuring that integration targets are met, and delivering the integration successfully (Davis et al 2012: 94; Maire & Collerette 2011). One could argue that there should be leaders nominated from both of the integrating entities in order to build more comprehensive and functional integration experience. This could also help to increase the involvement and communication of both parties.

Because post-M&A integration is often described as unpredictable and filled with instability, Epstein (2004) states that the integration team leader should be a fully dedicated person who is able to reject all the stemming biases from uncertainties with his or her ambitious mindset. Especially for companies that are being incorporated into a larger organization, the support given by the integration leader is indispensable. Maire and Collerette (2011) recommend that a project management approach could be useful to facilitate the management of integration process. The applicability of this approach is justified because integration process usually involves many specific tasks that are more difficult to achieve through the normal day-to-day management and coordination mechanisms.

Previous literature also recognizes that fully involving respective professionals in the team already in the integration’s strategic planning phase to conduct research of task and people compatibility is critical. Otherwise, problems may occur at a later stage. (Harrell & Higgins 2002; Stylianou, Jeffries & Robbins 1996.) Additionally, literature suggests that learning from previous acquisition experience could lead to successful outcomes in the upcoming acquisitions (Shimizu et al. 2004). This view is supported by Davis et al. (2012: 24) stating that experienced acquirers who have been able to improve their knowledge due to previous integration involvement are more likely to be successful members of a team. When formulating the integration strategy, experienced integrators can more easily point out which things to focus on and which are the probable stemming challenges based on former experience.
Training

In terms of successful task integration, both Chang et al. (2014) and Marler, Liang and Dulebohn (2006) emphasize that comprehensive training programs organized for employees might affect the reduction of change resistance and facilitate the smooth implementation of new information systems, organizational processes and work habits. From the employee perspective, an integral part of integration is to provide training to understand how to accomplish the same job that was performed with the old habit. Additionally, training should enable the management of employee perceptions and attitudes towards the new tasks. (Marler et al. 2006; Robbins & Stylianou 1999.) From the task perspective, robust integration training or workshops might help respective employees to learn and adopt the integrated tools and processes and improve their skills in terms of strategic thinking, restructure, cost cutting, efficiency and program management as changes occur (Davis et al. 2012: 30, 197; PricewaterhouseCoopers 2017).

For instance, training of information system usage requires both formal training to practice needed skills and the actual deployment of the system which continues outside the formal training environment. Marler et al. (2006) argue that the extent of training should be positively related to intention to use the new system after training. To exploit a successful employee migration from one system to another, immediate training is expected to occur once the integrated system is installed and turned on. Marler et al. (2006) also argue that available organizational resources, such as, system access for practicing purposes, time to practice, user documentation, and external support if problems are encountered will significantly increase the possibility of positive intention to use the system.

Communication

It can be argued that one of the most undisputed prerequisites for success is the effective and transparent flow of both personnel and stakeholder communication throughout the whole integration phase. The significance of communications is strongly featured in the preceding literature of the field. Conveying the purpose, benefits and content of the integration reflecting the strategic reason of the purchase to respective target audience affiliates to M&A performance, builds confidence and deals with potential workforce anxiety, emerging speculations and uncertainty. Typical integration communication can be described as
reliable, consistent, carefully handled and interactive. All relevant stakeholders expect open
and a high level of communication throughout the integration process due to the related
concerns they might obtain about the impact of the merger or acquisition. That is why
creating positive attitude towards the acquisition is the key. (Davis et al. 2012: 5; Epstein
2004; Erkkilä 2001: 109; Gomes et al. 2013; Tanriverdi & Uysal 2011.) Additional point of
view defines that achieving employee commitment to integration objectives requires the
communication to be motivating as well. Motivating staff can occur in the form of providing
incentives, improving personal development and career possibilities, and promising to
facilitate the enhancement of the quality of work life (Shrivastava 1986). Investing time and
resources to plan and execute integration communication has a focal role in the success of
M&A (Erkkilä 2001: 107). Yet, Davis et al. (2012: 21) find it noteworthy that typically
during integration there is limited amount of accurate information communicated.

One thing that could be criticized of the former literature in general is the limited amount of
attention that is given to the importance of customer communication during integration even
though some authors do marginally take a stand on it (Alaranta 2005; Epstein 2004). It seems
to be remarkable that delivering transparent communication to customers in a consistent
manner is equally important as is internal communication to employees. Customers tend to
react to ambiguity and uncertainty about organization’s newly established structure which
may slow revenue generation. Similarly, customers need to be aware of the changes that
occur during post-M&A integration and the effects those changes have on customer
relationships. Otherwise customer attrition may be encountered. Hence, communication
should be planned so that customer confusion and concerns can be addressed and mitigated
by emphasizing the value proposition and benefits of the deal as well as the specific pace and
timeframe of the integration. (Gupta, Stephenson & West 2009; PricewaterhouseCoopers
2017.) Important in customer communication is to communicate as soon as possible the deal
is published to public in order to mitigate the negative feelings and spreading of rumors.

**Monitoring**

The influence of post-integration reviewing has been recognized in the preceding literature
(McKiernan & Merali 1995). The ability to monitor integration performance by including
both financial and non-financial measures has a focal role throughout the integration process.
Setting vital targets and milestones, creating sophisticated tracking metrics and
communicating the results to employees, steering committees and other leaders in business units and functional areas facilitates the measurement of the integration progress and exploited synergies and helps to complete the learning cycle of team members. Examples of corresponding measurements are, for example, cost savings, revenue synergies, customer satisfaction and retention, decrease in sales, the quality of received customer feedback, cultural integration, employee satisfaction and retention, risk management as well as operational reliability. (Epstein 2004; Erkkilä 2001: 190, 194.)

Gupta et al. (2009) also highlight the importance of closely tracking integration progress. According to them, following not only lagging revenue, but also leading indicators, such as the volume of training, how long deals take to close, how often prices or contracts must be changed, sales attrition, and win-lose rates for customers is important.

According to Erkkilä (2001: 190-191) especially important is to measure the level of employee commitment to the integration and overall M&A by finding out how integrated employees feel about the given deal and are there any concerns. Organizational learning in relation to task integration is also crucial, however, the results of McKiernan’s and Merali’s (1995) study show that generally companies fail to conduct monitoring of integration performance or integration quality. This view is supported by Gates and Very (2003) who propose that lack of integration monitoring could be one reason why so many M&A fail to deliver their promises by not being able to spot potential issues. Moreover, these arguments also indicate that companies fail to exploit integrations as potential learning opportunities for future efficiency gains. Managers need timely and accurate information about integration processes to support decision making. Utilizing post-M&A integration as a learning experience to develop a process model for the company could be rewarding in the future.

2.6. Determinants of synergy leakage

Previous research indicates that integration phase has been identified as the primary cause of failure among mergers and acquisitions because of the high amount of risks involved in the process (Hopkins 2008). Integration contains challenges that should be well acknowledged and analyzed by the respective integration team since, according to Gates and Very (2003), the consequences of neglecting potential risks during integration can lead to a destruction of overall value. During integration, companies combine their employees and diverse tasks
which may hinder the efficiency of the integration because of issues in cooperation, reviewing business processes, emergence of technical difficulties in information systems and change resistance.

Human factors, such as, employee resistance, differences in organizational culture, timely and correctly targeted communication and change management need to be considered as priority mechanisms during the whole integration process. Otherwise, given the complexity of integration process, negative attitudes, reduced commitment and cultural conflicts may arise that disturb synergy realization as well as integration of tasks. Typically, difficulties during integration emerge because there is individual anxiety, uncertainty and collective change resistance among employees. Also, distinct processes and lack of planning are rather challenging. (Gates & Very 2003.) Additionally, Stylianou et al. (1996) state that employees might be affected in an undesirable way if there are a high amount of changes in processes. (Chang et al. 2014; Davis et al. 2012: 159; Giacomazzi et al. 1997; Weber & Pliskin 1996.)

Since task and human integrations are described as unique, there is no universally valid list of risks recognized in the previous literature. However, previous literature has identified the most common risks and problematics that could be potential sources of synergy leakage in integration. Incompatible technology, lack of common understanding on processes, uncertainty of using untested information systems, limited understanding of the importance of data migration, badly documented software, scalability of systems and processes and selecting the right people to do the integration are some examples of occurred issues during integration that may increase the possibility of operational difficulties and hinder the ongoing post-acquisition integration. The inability to utilize synergies, loss of productivity and lack of employee engagement could also harm the process of acquisition value creation. One solution is to create a shared vision within the newly formed department, establish a common roadmap for the upcoming years and communicate in a timely manner about the changes to the relative stakeholders. (Chang et al. 2014; Davis et al. 2012: 162-173; McKiernan & Merali 1995.)

Stylianou et al. (1996) have also listed several reasons why integration is usually described as a difficult task filled with many issues. First, there is commonly a lack of professional involvement in integration planning process or the planning starts too late, thus delaying the whole process. Moreover, the arisen difficulties due to lack of planning or late start altogether
might have a negative impact on synergy realization and results in shifting priorities. Secondly, as usually with integrations, cultural differences and changes in procedures might affect the new corporate structure. Lastly, there might occur technical difficulties with connectivity, standards, programming languages or compatibility of information system components which can be time consuming but need to be resolved immediately.

Additionally, Haspeslagh and Jemison (1991: 122) point out three recurring problems that typically emerge during integration phase on a general level. These are determinism, value destruction and leadership vacuum. Determinism indicates the tendency of managers to be attached to the initial agreements in the acquisition transaction and the inability to adapt to changes. Value destruction occurs when there is no capacity or motivation for integrated employees to work together due to uncertainties. The last problem is leadership vacuum which is caused by a lack of institutional leadership and clear communication.

Furthermore, companies may face issues when managing the integration due to occurred impediments or differences in, for example, management styles, reward systems, organizational structures or company cultures (Datta 1991). For instance, the tolerance for change may differ remarkably between the managers of the acquirer and acquired firms. In fact, the findings of Datta’s (1991) study indicate that impediments in management styles may harm the ongoing cooperation of the two firms, generate conflicts, hinder the achievement of operational synergies and lead to poor performance. In addition, managers may find the integration process time consuming, complex, unpredictable and filled with risks (Haspeslagh & Jemison 1991: 105). If management is not on board, it tends to have a top-down influence on the rest of the organization hindering synergy achievement performance and task integration increasingly because it typically creates a hostile acquisition experience.

The studies of cultural dynamics are a growing phenomenon in the context of mergers and acquisitions. Several studies highlight that cultural contradictions may inhibit various integration activities (Angwin 2001; Björkman et al. 2007; Shimizu et al. 2004). Cultural integration might become rather challenging especially when the merger or acquisition is carried out across country borders because of national differences. Shimizu et al. (2004) recognize that this is due to differences in corporate culture, business practices, governmental and legal regulations as well as institutional and cultural distances between the two
companies. In addition, Björkman et al. (2007) argue that major obstacles in cross-border integration are due to distinct foreign languages, clashes between corporate values, ‘us vs. them thinking’, and regulatory hurdles. Consequently, these may result in, for instance, distinct managerial practices, emerging conflicts between managers and employees and acculturative stress which may ultimately lead to lack of commitment and unwillingness to collaborate as well as limited financial success in the long term.

As usual with cross-border activities, acknowledgement of national cultural differences has an important role since they may slow down the integration execution (Erkkilä 2001: 54) and affect the success or failure of merger and acquisition during implementation phase, perceptions of expected synergies of the deal, negotiations and changes in management (Angwin 2001). In their study of integration mostly in the banking industry, Weber and Pliskin (1996) discovered that high amount of cultural differences may inhibit the integration performance and the overall effectiveness of merger and acquisition deal. The fact that cultural differences are identified as a risk for the integration success and are being cited frequently in the previous literature accentuates the complexities of people integration.

Cultural obstacles may impede the transferring of capabilities and sharing of identity in cross-border merger and acquisition integration. Moreover, cultural distance poses a risk in human and task integration effectiveness because there might often be differences in work-related values and practices decreasing the level of complementarity. Employees might be reluctant to share their capabilities and know-how due to these emergent issues harming the synergy realization and making the acquisition as hostile. The study findings conducted by Björkman et al. (2007) indicate that both the degree of social integration and absorptive capacity should allow the extent of cross-border capability transfer. Centrally, social integration aims to share values and objectives by creating a common identity and trustworthy relationship between the two combining organizations. Absorptive capacity aims to acquire and interiorize common knowledge. As the successful sharing of capabilities is considered as one of the main objectives in acquisitions, managers should adopt the utilization of social integration and absorptive capacity.

Cultural differences need to be managed respectively in order to exploit successful integration performance. An acquiring company should examine cultures of target departments beforehand that are being integrated and perform cultural comparisons to
discover overarching strengths. For example, Shrivastava (1986) recommends that each department of the organization, like sales or R&D, should develop its own social guidelines that guides and enables them to function as a solid unit after integration. Alternatively, Björkman et al. 2007 suggest the utilization of different social integration techniques to overcome the issues that stem from cultural differences, reduce negative effects of cultural differences on social integration and absorptive capacity and facilitate acquisition capability transfer and synergy exploitation. These techniques are, for example, personnel rotation, short-term onsite visits, involvement of acquired employees in post-acquisition discussions as well as joint trainings and meetings. In addition, Davis et al. (2012: 194) suggest the usage of cultural difference assessment diagram as a managerial decision-making tool in which the similarities and differences are compared to indicate where impediments may arise and facilitate problem solving.

Successful adaptation of employees to the new tasks has a key role in mergers and acquisitions. One major and usual issue faced during the integration process is resistance to change that typically prevails within the acquired company’s staff when two organizational cultures are integrated. Inevitably, organizational change requires new ways of working and adjustment which is not always an easy task due to dissimilar skills, and experiences, lack of motivation or fears of the future. In particular, the inability to effectively manage human resources during change may negatively affect the integration performance and synergy realization. When aiming for the successful integration, McKiernan and Merali (1995) argue that it is important for the acquiring company’s staff to be receptive towards acquired company and avoid the ‘not invented here’ syndrome. To facilitate the smooth movement towards commonly decided integration objectives and avoid change resistance by motivating employees, previous literature supports the view that clear and interactive communication about the change and upcoming effects as quickly as possible, providing relative trainings and avoidance of unnecessary interference in operational affairs are the keys to successful performance (Davis et al 2012: 195; Erkkilä 2001: 107, 189; Shrivastava 1986) because transparent actions typically build trust and commitment. When it comes to transparent communication and building of trust, it is important that also the negative issues are being communicated to relevant stakeholders.

The point of views about the influence of speed on integration in previous studies can be described as contradictory because of lack of consensus. On the one hand, relatively fast
speed has been identified as a critical factor that impacts on the success of integration as it refers to the pace of integration. Because typically synergies should be realized in specific time limits, the ability to reach the expected outcomes of the integration rapidly and consistently with expected milestones is important. Too slow speed is the result of complex integration solutions or long settlement times. Companies that integrate too slow might face negative consequences. For instance, employees might regard the too slow speed as a sign of uncertainty and may seek opportunities elsewhere. Likewise, customers might sense instability because of slowness and pursue for competitors’ products. Therefore, too slow pace could hamper the innovativeness of synergy realization and revenue growth. (Epstein 2004; Erkkilä 2001: 176.) Birkinshaw et al. (2000) support the view that quick integration speed is critical, however, without embracing the advantages of it in their article.

On the other hand, the major disadvantage of rapidity is the amount of discomfort some employees might feel about integrating and making decisions in a haste. Also, too rapid integration could increase the possibility of conflicts and impair trust building activities between combined companies in the process. (Gates & Very 2003; Gomes et al. 2013.) From the human integration perspective, these arguments seem logical because forcing an integration rapidly if there are many other issues discovered already in planning phase can create frustration and uncertainty among employees and the quality suffers.

One may argue that the inconsistent findings about the speed of integration in the previous literature lead to a general confusion of the relationship between speed and integration performance making it complex to highlight speed as a driver in M&A’s success. Finding the suitable balance in speed that appeals to both acquiring and target company simultaneously considering the case-specific variables of the integration is crucial for the success and avoidance of issues.

2.7. Framework of the study

As discussed in the literature review, the post-M&A integration of people and processes is a large organizational change filled with many activities and variables. The literature review of this study has recognized various determinants of synergy realization and synergy leakage during post-M&A integration. The main thing is the acknowledgement that both human and task approaches should be linked during integration to enable successful synergy realization
Because effective human integration facilitates task integration at various micro-levels and vice versa. Because carrying out large and complex integrations involve a lot of cooperative actions under uncertain conditions that are change managerial from their nature and the people involved may vary along the way, the possibility of leaking synergies is relatively high. Hence, customization and case-specific measurements should be planned, designed and implemented under the deal related contingencies as every integration is treated as unique.

The theoretical framework of this study is constructed by utilizing the previous theoretical background presented in the literature review chapter and the most commonly arisen empirical findings of the study. It aims to collect and extend the understanding of the main success determinants that should be implemented to ultimately create value in human and task integration during M&A that is done across country borders. Simultaneously, the framework also covers the most commonly stemming sources of synergy leakage that should be avoided to predispose to value creation. It also visualizes which determinants are needed and which determinants should be avoided in task integration to enable human integration and vice versa.

With a particular focus on valuable managerial implications for the integration team, the framework could serve as a basis for future post-M&A integrations and help to reduce underestimations of problems and risks of failure during the multidisciplinary strategic change process. An emerging aspect in the framework is that integration does not solely include the combination of various tasks, instead, there are also complex human and management related issues, such as employee resistance and cultural differences that need to be addressed alongside. The approach in this framework discusses the necessary managerial activities to realize potential synergies in post-M&A integration that consequently lead to value creation. Simultaneously, the framework connects both task and human factors to consider in a cohesive way. During integration, management indeed has a significant number of responsibilities to ensure a smooth transition of strategic capabilities of the two entities and predispose to synergy realization as illustrated in the framework.
One thing that can be criticized from the previous literature is the lack of formal process description or framework about M&A integration. Thus, the premise of this framework relies on existing literature i.e. two dimensions in the multi-dimensional framework recommended by Stylianou et al. (1996) and Robbins and Stylianou (1999). The dimensions are the ability to implement M&A opportunities, and the ability to avoid problems which in this framework are translated to enabling synergy realization and avoiding synergy leakage. Subsequently, this framework is elaborated with success and destroying factors and categorized based on whether they should be considered in task or human integration aspect. The framework, illustrated below in Figure 6, recommends a feasible approach to manage cross-border integration in a way that realizes synergies, avoids synergy leakage and, correspondingly, creates value.

**Figure 6.** Framework of the study.

Consequently, determinants and destroyers of both aspects are listed. The literature review revealed that creating a post-M&A integration strategy on the basis of the recognized operational, strategic and IT fit is a fundamental preliminary step. The managerial focus in strategy formulation appears to be on choosing the applicable integration methods, involving respective professionals already in strategic planning and establishing clear leadership and a division of roles.
Continuous communication and transparency in actions are recognized as critical due to the heightened uncertainties organizational change might produce to employees. During integration, all relevant stakeholders need to share an understanding of what the company aims to achieve, what the deal-specific vision, rationale and value proposition are and what they are required to do (Davis et al. 2012: 208; PricewaterhouseCoopers 2017). This also facilitates relationship building and staying in schedule. Some authors have also recognized previous integration involvement as a one possible determinant of synergy realization (Davis et al. 2012; Shimizu et al. 2004). From the practical integration’s point of view, it has been generally identified that there are relatively many factors influencing the success of an integration from which the most discussed are tracking the progress of the integration, mutual commitment to goals and ways of workings, enabling a capability of cooperative course of action between the target company as well as internal departments, and planning and organizing a proper system and process training to integrated employees.

When it comes to synergy leakage dimension, there are also many factors to consider carefully that require acknowledgement or avoidance. Most integration strategies in the previous literature seem to emphasize the salience of minimization of business disruptions. Equally, timing and starting of integration planning are also important. In case a certain business operation is disturbed, or planning starts too late, it could have negative consequences in the practical stage as well as on the overall outcome of M&A. Minimizing the possibility of disruptions is important to increase the satisfaction levels of the employees and customers. Additionally, lack of institutional leadership to manage the integration and its core team could also be considered as a risk to the advancement of integration.

Cultural differences have been recognized as one of the main causes of M&A failure. Understanding and addressing cultural differences, both national and organizational, between acquiring and target companies is necessary for relationship building and to deliver the integration successfully and remove potential tension or frustration. Appearance of change resistance is also likely when acquired company’s employees feel uncertainty or unfamiliarity of starting to use acquiring company’s processes that might feel substantial or cumbersome. Both companies have previously stabilized their own ways of working so combining those processes can indeed be a challenge.
Human related problems are not the only impediments that may affect integration. In fact, technical difficulties, occasionally unpredictable from their nature, are also typical issues faced during the practical task integration, for example in terms of information system compatibility or system related data migration. Potential system incompatibilities should be well-assessed before Day 1 so possible workarounds can be developed in good time.

Based on this framework, value can be considered to be created between the two entities when capabilities and resources are shared, a common identity is built, overall satisfaction levels are in place (Birkinshaw et al. 2000), shareholder value increases, revenues are enhanced, and costs are reduced (Gates & Very 2003) and synergies are realized simultaneously avoiding them to be leaked.
3. METHODOLOGY

This chapter will explain the used applicable research method and strategy in more detail followed by a comprehensive discussion about the case selection, data collection and data analysis. The methodology chapter is finalized by assessing the trustworthiness of this study through the concepts of validity and reliability.

The implicit empirical data of a research can be gathered and analyzed using either quantitative or qualitative methodologies. The aim of quantitative data collection methodology is to generate numerical data by using questionnaires, statistics or surveys whereas qualitative methodology aims to elaborate non-numerical data such as written material by using interviews (Saunders et al. 2007: 145). The objective of this study is to understand how to carry out a successful integration of humans and tasks and realize synergies after the acquisition deal is closed. Therefore, for the initial purposes of this research, a qualitative methodology was perceived as the most suitable one due to the specific phenomenon in real-life context that is being investigated. In contrast, data that is collected by using quantitative methodology cannot justify the complex phenomenon that is examined profoundly in this study which makes the choice of qualitative methodology logical and more personal interview data can be gathered.

3.1. Research method and strategy

As stated above, this study pursues qualitative methodology. In order to collect valid empirical data and be able to analyze it accordingly, the relevant research approach, methods and strategy to conduct the research should be clarified. A researcher has the possibility to apply three different research approaches: deductive, inductive or abductive. In deductive approach, a theory and hypotheses will be developed first and, subsequently, empirical tests will be incorporated to that theory. An alternative approach is inductive approach in which the empirical data is collected first and then the theory is formulated and generalized based on the data analysis to a certain extent trough case studies. (Saunders et al. 2007: 117.) Linking emergent theory to existing literature should increase validity, generalizability and conceptual level of the study (Eisenhardt 1989). Abductive approach is the combination of both inductive and deductive approaches that relies on systematic combining. (Dubois & Gadde 2002.)
In this study, an abductive approach was applied. This is clearly visible in the development of the framework of this study in which the preconceptions evolved every time when new things were discovered in the empirical analysis. The used abductive approach follows the statement discovered by Dubois and Gadde (2002) that “theory cannot be understood without empirical observation and vice versa”.

According to Saunders et al. (2007: 135), the research method is chosen based on research question, objectives, existing knowledge, the amount of time and resources, as well as philosophical foundations. Saunders et al. (2007: 135), point out seven diverse research methods which are experiment, survey, case study, action research, grounded theory, ethnography and archival research. Throughout the years case study has increased its popularity making it a prevailing research strategy in qualitative business studies with its ability to embrace fundamental theoretical insights with empirical testing. Case studies can be distinguished to single case study and multiple-case study. Single case study is typically incorporated to research strategy when a critically unique case is examined. Conversely, when more than one case is used to discover whether the findings of the first case occur in other cases and make the findings more generalizable across cases, a multiple case study is leveraged. (Saunders et al. 2007: 140.)

As case study’s primary intention is to investigate a contemporary holistic phenomenon in a real-life manner (Yin 2009: 18), the case study was found out to be an applicable method for this thesis to give a better understanding of the given post-acquisition integration phenomenon in a selected unique context i.e. one organization. The case company can be considered as a revelatory case and the thesis writer has a good access to the key information, making the choice justified (Saunders et al. 2007: 140; Yin 2009: 48). To be more specific, a single organization with two embedded cases was chosen as the main research approach for this thesis. Thus, a single organization is studied and serves as the unit of observation but two cross-border integration cases are analyzed as sub-units (Yin 2009: 50).

According to Yin (2009: 99), the empirical data of a case study can be collected from six most commonly used sources: documentation, archival records, interviews, direct observation, participant-observation and physical artifacts. Interviews tend to hold the position of one of the most used evidence collection technique because most case studies examine human affairs of behavioral events (Yin 2009: 108). Saunders et al. (2007: 312)
divide interview techniques into three different categories. These are structured interviews, semi-structured interviews and unstructured interviews. Moreover, this study exploits non-standardized semi-structured interview technique as a part of qualitative research method. In semi-structured interviews, the interviewer discusses openly with the interviewee about research topic related themes and questions in a specific organizational context with the possibility to indicate additional questions and vary the order of questions depending on the flow of discussion. This technique was seen as the most applicable as it allows the best access to interviewees’ experiences and interpretations of the given research phenomenon. To receive as much in-depth data as possible and ease data analysis, before interviews started the researcher studied the main topics thoroughly to gain an understanding of the characteristics. Additionally, the fact that the researcher has worked in the case company before facilitated the understanding of company-specific terms, abbreviations and processes that featured in discussions.

3.2. Case selection

The target case company provides manufacturing and technology solutions to marine and energy markets. The company has business operations worldwide and employs thousands of employees with its headquarters located in Finland. The company’s strategic goals are to maintain a position as a leader in the market within its industry and continue growth by providing efficient and reliable solutions to fulfill customers’ needs. In particular, the case company embraces mergers and acquisitions as one vital element in its growth strategy. In a situation where another company is acquired by the case company, it is apparent that paying enormous amount of attention to the integration of both people and task approach during M&A is crucial to the success of the acquisition.

The case company was chosen as a research target because they have carried out both cross-border and domestic acquisitions that have accumulated prior integration experience in the recent years. Moreover, because mergers and acquisitions obtain a focal point in case company’s growth strategy, valuable and experienced perspectives should be received from the interviews in relation to this study. Because the impact of integration to regular business operations has already been identified, the findings of the research were more objective, extensive and analyzed with critical lenses. Consequently, a comprehensive and versatile evaluation of integration with a focus on human and task approach could be carried out.
The authentic initiative to conduct this type of research derived from the case company’s objective to gain a better understanding of successful post-M&A integration including the typical pitfalls and hence improve their current integration process and set up established practices. Consequently, the valuable findings of the study can be utilized in the upcoming integrations in the future in order to prepare better. The fact that the researcher of this study has been working for the case company previously facilitated the access to collect the empirical data and possibility to conduct the entire research. However, researcher was not employed in the case company during the time of this study which allows a more objectivistic and neutral viewpoint on the research topic analysis.

The choice of the two acquisition cases to be included in this study was rather straightforward as it was primarily based on the initiatives decided by the case company. It can be argued that these two cases were selected because they were both done across country borders and in the recent years so the interviewees would still have a clear memory of the acquisitions and, thus, would be able to analyze the phenomenon and its impacts on business operations more comprehensively and critically.

3.3. Data collection

The primary data was collected virtually through Skype by utilizing semi-structured interviews. Only interviews were used as a source of data collection. Versatile utilization of several data collection sources could have increased the reliability of the study and enabled a more profound examination of the topic. However, for this particular study and given the time limitations, interview was found as the most justifiable technique to thoroughly explain the given research phenomenon and gain the understanding of how interviewees experience the phenomenon in question. The interviewees were selected based on previous involvement in an acquisition integration process. Case company provided names of potential interviewees who were then contacted via e-mail to ask the possibility for an interview. In the beginning of the e-mail the purpose and objectives of the study were presented followed by a short explanation of practical arrangements and inquiry of availability for the interview.

There were in total six interviews conducted and organized in March and May 2019. All of the interviews were audio-recorded with the permission received from the interviewees and then transcribed for analysis purposes. Confidentiality and anonymity of the responses were
guaranteed to participants several times. Before each interview, the purpose of the research was briefly explained to participants. The interviews were conducted both in Finnish and in English. Both acquiring and acquired company representatives were interviewed to increase the versatile perspectives of the study. The highly knowledgeable interviewees represent a variety of roles in the integration process, hence, being able to view the phenomenon from diverse perspectives. Some of the respondents were mostly a part of smaller integration workstream i.e. sales integration, thus, giving more input to the integration of sales operations during the interview while the others were able to contribute to the big picture of integration being involved in the complete integration process i.e. its management. To mitigate bias, interviewees were also selected from different hierarchical levels. The basic information, such as, job title of respondents, and date of the interview are summarized below in Table 3.

<table>
<thead>
<tr>
<th>Interviewee</th>
<th>Acquired/Acquiring company</th>
<th>Job title</th>
<th>Employment years in the company</th>
<th>Date of the interview</th>
<th>Duration of the interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Acquiring (Case A)</td>
<td>Process Development Manager</td>
<td>13</td>
<td>13.3.2019</td>
<td>33 minutes</td>
</tr>
<tr>
<td>2</td>
<td>Acquired (Case A)</td>
<td>Managing Director</td>
<td>20</td>
<td>14.3.2019</td>
<td>30 minutes</td>
</tr>
<tr>
<td>3</td>
<td>Acquiring (Case A)</td>
<td>Director, Business Control</td>
<td>10</td>
<td>14.3.2019</td>
<td>60 minutes</td>
</tr>
<tr>
<td>4</td>
<td>Acquiring (Case B)</td>
<td>Process Development Manager</td>
<td>13</td>
<td>21.3.2019</td>
<td>41 minutes</td>
</tr>
<tr>
<td>5</td>
<td>Acquiring (Case A)</td>
<td>Global Business Development &amp; Integration Manager</td>
<td>4,5</td>
<td>28.3.2019</td>
<td>30 minutes</td>
</tr>
<tr>
<td>6</td>
<td>Acquired (Case B)</td>
<td>Management Assistant</td>
<td>7</td>
<td>17.5.2019</td>
<td>29 minutes</td>
</tr>
</tbody>
</table>

Table 3. Background information of the interviews.

### 3.4. Data analysis

Analyzing the collected empirical data is a process of examining, categorizing, tabulating, testing, or recombining empirical evidence to produce explicit and plausible conclusions. Research data analysis should follow an analytic strategy that prioritizes what to analyze and
why. After a functional strategy has been selected, specific analysis methods that are used along with the strategy should be chosen. (Yin 2009: 126.) Hence, the initial empirical data of this research was analyzed qualitatively by using a scholarly rigor Gioia method, a holistic approach to concept development and presentation of the relationship between the data and grounded theory (Gioia, Corley & Hamilton 2013). The choice is justified by the ability of this method to produce transparently analyzed results.

The data in Gioia’s method is analyzed in three levels. In the 1st-order analysis, a myriad number of informant-specific codes and categories of the collected data are typically generated and pertinentlly compared to identify similarities or differences. The 2nd-order analysis aims to explain the theoretical realm and the observed phenomenon more in-depth with the emerged nascent concepts and themes. Lastly, aggregate dimensions are produced. In this particular study, the linkage between data and theory can be seen through direct quotes from interviewees in the text, 1st-order codes and themes, and how they are connected to the emergent 2nd-order concepts. (Gioia et al. 2013.)

The data analysis process progressed as follows. Firstly, all the conducted interviews were recorded and transcribed in order to identify matching concepts in the topic of synergy realization or destruction during cross-border M&A integration. Secondly, since this research is examining single case with two embedded units, a cross-unit comparison was carried out to associate the results of two integration cases simultaneously. Lastly, leveraging the 1st-order and 2nd-order analyses, the concepts were distilled into aggregate theoretical dimensions. The data structure of this study is illustrated more in-depth in Figure 7.
Figure 7. Research data structure.

3.5. Validity and reliability

Judging and establishing the design, quality and trustworthiness of an empirical research is a crucial step that can be carried out by using certain logical tests (Yin 2009: 40). The two most commonly known measurements are reliability and validity.

The study can be said to be reliable if it yields similar findings and conclusions than the first one when the same study is repeated with the same research procedures later. This way, it intends to diminish biases and errors in a given study (Yin 2009: 45) by aiming for consistency. For this given research to be repeatable by an alternative researcher and ensuring the reliability of this study, the complete research process is documented in more detail. For instance, data collection techniques, semi-structured interview questions, and theoretical background are well-described in order to the study to be repeatable at a later phase by

<table>
<thead>
<tr>
<th>1st order concepts</th>
<th>2nd order themes</th>
<th>Aggregate dimensions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gap analysis, listing of expectations, on-site visits</td>
<td>Strategy formulation</td>
<td>Task integration</td>
</tr>
<tr>
<td>Definition of roles, objectives and schedules</td>
<td>Training</td>
<td></td>
</tr>
<tr>
<td>Minimize business disruptions</td>
<td>Limited monitoring</td>
<td></td>
</tr>
<tr>
<td>Integration requires adjustment and training</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Face-to-face training counts of systems and processes</td>
<td>Commitment</td>
<td>Human integration</td>
</tr>
<tr>
<td>Having professionals available in the training</td>
<td>Insufficient resources</td>
<td></td>
</tr>
<tr>
<td>The ability to capture and document success and failure factors</td>
<td>Resistance to change</td>
<td></td>
</tr>
<tr>
<td>Learning capability</td>
<td>Change management approach</td>
<td></td>
</tr>
<tr>
<td>Follow the progress and quality</td>
<td>Communication</td>
<td></td>
</tr>
<tr>
<td>Cooperation, relationship building, face-to-face interaction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Managerial commitment top-down approach</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lack of cross-departmental collaboration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The importance of having an integration leader</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Understanding of cross-departmental processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Difficult to understand large corporate processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Substantial differences between small company and large corporation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integration should be treated as a change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Degree of flexibility is desirable</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vision, skills, incentives, resources and action plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>During organizational change, sharing of information transparently is expected</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Builds trust and strong relationships</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
another researcher. In order to avoid respondent bias, interviewer needs to take into consideration commenting, tone and non-verbal behavior during the interview and concentrate on creating a neutral interview atmosphere (Saunders et al. 2007: 318). The bias issue was tackled by creating highly organized interview questions to support the research question and by structuring the interview sessions accordingly with careful preparation.

The validity of the research refers to the ability to produce comprehensive results what they precisely appear to be about (Saunders et al. 2007: 150). In other words, to ensure validity of the research, the conclusions should be accurately comparable to theoretical framework and to the phenomenon that is being studied. Typically, validity can be divided into internal and external validity. Whether the findings of the study are generalizable, in particular to all relevant contexts is often referred to as external validity whereas internal validity focuses on the extent to which research results can be accredited to theoretical interventions rather than any issues in the research design (Saunders et al. 2007: 151, 600). To increase the validity of this study, the objective of the study was presented comprehensively in the beginning of each interview. Moreover, a full list of interview questions was sent to interviewees prior their agreed interview session. Also, during the interview, respondents had the possibility to ask more specific questions. Neutrality and trust were ensured by reminding respondents that all received data is analyzed anonymously and confidently.
4. FINDINGS

The main findings of the research are presented in this chapter. Based on the data received from the interviews, the primary focus is on answering the research question of the thesis: *How firms can enable synergy realization and avoid synergy leakage in task and human integration during the time of cross-border mergers and acquisitions?* Hence, the interviews aimed to identify main synergy determinants that lead to effective integration of both people and processes and complete a merger and acquisition successfully. In other words, the main objective of this chapter is to examine how the integration was perceived and experienced by the involved respondents in practice, and what affects the realization of case-specific synergies. The interview data also reveals the significant connection between task and human integration.

As it was stated in the previous chapter, a single organization with two embedded cases was used as a research method. Thus, this chapter first presents the findings of two integration case units separately and then compares the findings with cross-unit comparison and summarizes the key findings. The cases are divided into Case A and Case B, each representing an own sub-unit of analysis.

4.1. Case A

The acquired company in case A is a small European company operating internationally in a niche market. Before the acquisition, acquiring and acquired company A have been doing a lot of cooperation and development together so several synergies to be realized were easily identified and, hence, it can be described as a friendly takeover due to mutual willingness. The main motives for this given acquisition were to expand acquiring company’s service offering and strengthen its market position. Only one of the interviewee had previously been involved with post-M&A integration in a different business area and, hence, had the practical knowledge of integration in general and perceived previous experience as beneficial.

4.1.1. Integration process

Both human and task approaches were well-considered in the integration strategy of case A acquisition. Minimization of business disruptions, avoidance of customer loss and employee
retention had focal roles in the integration strategy. The expectations were discussed, and strategy was developed together with the acquired company before the practical integration took place. The starting point for integration was identified as rather good since the main integration strategy was planned and communicated already before Day 1. It is worth to note that in the acquiring company the general integration strategy is typically divided into different workstreams, such as sales, marketing and IT workstream i.e. integration is managed in various micro-levels. The process of creating and articulating the integration strategy was described with the following perceptions:

“It was clear for a long time that I will be in charge of this integration. We mostly had the integration plan ready when the deal was closed. [...] You need to be flexible, able to react to new situations and reprioritize if needed...” (Interviewee 3)

“What we discussed before the acquisition is what actions are needed to leverage the synergies that have been defined in advance.” (Interviewee 5)

“[...] a clear schedule was given and what should be done...” (Interviewee 1)

“[...] scope of the project, in-scope and out-of-scope were defined clearly.” (Interviewee 1)

Before the practical integration started, all respondents agreed that there was mainly a clear delegation and understanding of roles i.e. who does what and in what given timelines. That information was shared effectively, as stated by all interviewees. In particular, the role of Integration Manager emerges in this sense. Moreover, having a key contact person in charge of decision-making also in the acquired company was essential.

“[...] it is important that the leader of the integration keeps things under control, so these roles are clear.” (Interviewee 3)

“Of course, in the beginning I did not know the people in the acquired company and who there is in charge of what actions [...] But it all became clear eventually.” (Interviewee 1)
Communication of the integration strategy, integration objectives, division of roles and project schedule has been clear and efficient, as it was stated by the majority of the interviewees. Seamless coordination of communication activities makes the role of integration manager relatively critical. The mostly positive attitude towards integration objectives and schedule as well as a limited number of variables that emerged can be justified by the small size of the acquired company.

The interview data reveals that within the core integration team the progress and achievement of targets were tracked carefully during the integration process using a variety of methods. Most commonly, integration was monitored with recurring meetings to ensure the required level of progress and that the integration is in accordance with its fundamentals, such as schedule, quality and budget.

“We had regular meetings for every workstream and follow-up on the progress. I would say it was rather clear for everybody and especially for the acquired company where we are with the integration and what’s next.” (Interviewee 5)

“[…] we took the Excel to see where we are and where we need to go and what needs to happen next. Then we decide is it time for that, is that going to be too much of an impact on the team now and then we decide what the next steps will be.” (Interviewee 2)

Each workstream was tracked separately. For instance, the tracking of sales integration progress followed a different path than the overall integration.

“[…] in June we had our first workshop by the acquired company. Then we looked where we are at the moment and [...] what needs to be done still and what things are done. We did not have separate status review meetings. Information was shared during workshop and training.” (Interviewee 1)

Introducing acquired and acquiring companies’ integration team members and their roles to each other is vital and facilitates team working and builds a cooperative course of action. Functional cooperation is integral when it comes to working towards successful integration of tasks and people. To deepen the collaboration between the two entities by avoiding facelessness, social integration techniques were utilized such as, occasional face-to-face
meetings and workshops were organized. There existed a common agreement among the informants that meeting each other face-to-face is crucial within the core integration team.

Speed of integration was perceived as adequate by most of the interviewees. The fact that acquired company’s employees did not receive new laptops in time slowed down the process because training of CRM (customer relationship management) platform could not be started without them, but this did not have a major impact on the total speed of integration. Furthermore, the integration process altogether was described as rather smooth and easy. The relative effortlessness of the process may again be clarified by the small size of the acquired firm and prior cooperation both companies had been carried out together over the years. The appropriate speed can be justified with the following statement given by one respondent:

“It mostly depends on how adaptable the acquired company and employees there are to go with existing processes as much as possible. Then it (integration) is much faster to complete if processes don’t have to be modified much.” (Interviewee 1)

Involving monitoring of the integration quality afterwards to integration project gained support during the interviews. It can be argued that the importance of the quality of the integration monitoring at a later stage had not been emphasized previously since most of the interviewees responded that these types of reviews have not been conducted before or the information has not been delivered to relevant stakeholders. This is probably because integrations do not have a predetermined end point as they were defined to “evaporate gradually” and less and less managerial involvement is needed.

Nevertheless, all interviewees agreed that organizing official ‘lessons learned’ reviews afterwards together with the team and documenting the discussed results could be useful for future purposes and to enhance the learning experience. Since the case company of this study relies actively on mergers and acquisitions in their growth strategy, the value that learning from experience could bring was identified as beneficial when considering potential upcoming post-M&A integrations in the future. The idea of having valuable integration quality assessment like ‘lessons learned’ reviews and documenting the received information in a structured manner afterwards was welcomed by the representatives from the acquired company as well.
“It would be good to have an hour long “lessons learned” review, for example, six months after the integration to see how the CRM has been implemented, how well our sales processes have been adopted by the acquired company and are there any issues that should be further considered.” (Interviewee 1)

“These should be done so the information can be passed forward. It is a problem that we don’t have a databank about these integrations, we only have so called tacit knowledge in our organization that is then possibly asked from others.” (Interviewee 3)

The important role steering committees have during acquisition integration was also brought up during some interview discussions. Even though measuring the success and sharing the information within the core team is vital, communicating the information to steering committees appears to be equally important. Since top management of the acquiring company is actively tracking the success of the acquisition and its integration, there should be other continuous follow-up activities performed as well after the execution. One respondent concludes some of the follow-up activities that are being carried out, documented and subsequently communicated further to top management which considers both the task and human aspect:

“How sales are developing, are the synergies kicking in. [...] We also discuss employee satisfaction and measure if anybody is leaving.” (Interviewee 5)

### 4.1.2. Managing task integration

The interview data makes a clear distinction between integrating tasks and people but simultaneously discusses the important link of both. In this sense, task integration involves the integration of processes, information systems, and business operations and how these were perceived simultaneously reflecting the differences or similarities. It should be noted that in the interviews some special focus was put on sales integration.

When a company is bought, an integral part of task integration is the consolidation of information systems and transfer of data to the acquiring company’s systems. Because the acquired company in case A was a small company, the integration of systems was perceived as rather straightforward. For example, as the acquired company did not have an existing
sales system, a takeover method was used meaning that the acquiring company’s CRM system took prevalence. Now, through CRM takeover, acquired company has the possibility to see acquiring company’s existing sales cases and support acquiring company’s ongoing sales. In addition, the system enables and supports the opportunity for the acquired company to carry out additional sales through existing and new customer deals.

When new processes, information systems or tasks in general are being integrated, training seemed to hold a focal role. A vital step in integration concerns information system and process training. In case A, a related training to sales system was organized that enabled the target company’s employees to have access to the system and start to use it. A respondent from the acquired company listed the implementation of CRM as positive accomplishment of the integration for their side. One issue that was discussed concerned the additional workload CRM implementation brought to the acquired company because they now need to spend more time to update the system data, for example, in terms of closing dates for deal opportunities which they did not do before. Adjustment to the new workload was then needed. Other than that, as there were no other major challenges regarding the CRM integration, it can be argued that system value is generated to both entities. The following statements confirm that the takeover of acquiring company’s CRM increased mutual operational benefits.

“The employees of the target company wanted to implement CRM right from the beginning. They understood it when we gave the related training and showed what they can get from it. They were very satisfied to receive the visibility to see what we do and that it is possible for them to carry out additional sales through CRM.” (Interviewee 1)

“I think it was a big benefit for them to have access to the system and they are using it very actively.” (Interviewee 5)

“We did not have CRM before and now we do. It has proven to be quite handy. It is a very welcome tool. People are quite happy that we have it now.” (Interviewee 2)

The interviews also aimed to clarify how the integration of processes and operations between the acquiring and target company was perceived in practice. The ultimate objective was to
preserve the businesses as they used to be and avoid mitigation of disruptions and impairment to customer experience. This was also assured to the acquired company repeatedly and set as a priority in the integration strategy. The starting point was that acquired company’s employees start to use the ready-made processes in the acquiring company that will enable both companies to work consistently.

As a small company as the acquired company is, assimilation of new big corporate processes can feel substantial at first and flexibility as well as commitment is needed as it was discovered by respondents. Indeed, the value is expected to improve in the future when both entities get more familiar with the integrated processes. However, according to the interviewees from both sides, the reconciliation of process was achieved rather smoothly, and no major tension or change resistance was observed. Two key reasons that might have facilitated the integration of tasks were that both companies have done cooperation and development before the acquisition and the fact that mutual communication worked well.

“Of course, it was a change to them (acquired company) that they start to use new systems and work according to our processes but mostly it seemed that they were acceptable with it.” (Interviewee 1)

“[…] we have had very good results and high margins. They (acquiring company) were very clear that they wanted us to keep performing like that way. So, it is more of the matter like keep the business as you are, and they (acquiring company) will slowly introduce their processes to us where and if needed.” (Interviewee 2)

The practice of having representatives from the acquiring company onsite to provide support, address concerns and give related trainings to the acquired company’s employees after the deal was closed has turned out to be beneficial in task integration. Also, as mutual trainings could create commitment and help to build relationships, it can also have a positive impact on people integration.

All the respondents without exceptions seemed to agree that proactive and constant communication is the cornerstone for success. Communication was described as fluent, open and the amount of it was perceived as adequate. Especially it was acknowledged that if the team is rather small, it tends to facilitate the overall communication and problem-solving on
a daily basis. One example of smooth communication is that whenever the acquired company had an issue or concern in their mind, they contacted the acquiring company straight away to solve that issue or to receive additional guidance. On the contrary, external communication to customers, shareholders and media is equally important and needs to be carefully planned as it was discovered by the integration manager.

It is clear that in large organizations, many business operations are dependent on each other internally and often divergent processes and ways of working could be in a contradiction with each other. This was also seen as an issue in the case A when a question regarding difficulties in integration was raised. During task integration, when everything is expected to move rather seamlessly, support from other departments and teams and acting to initiatives given by the integration team have an integral role. Otherwise, that can cause some problematics, emergent frustration or slight deceleration in the integration process like it was experienced in this case. Communication is again said to be one of the most crucial determinants of success during post-M&A integration. Because cross-departmental inconsistencies create additional frustration to the process, it was argued that interactive communication and knowledge sharing across departments is the key to get other departments and teams on board. Additionally, communication should facilitate the understanding of cross-departmental processes.

“You need to be able to divide work to correct people and that they have the time to do it. And that they are informed in time about what is about to happen and when things need to be completed.” (Interviewee 1)

“Availability of internal resources, this was a challenge especially in IT and also in HR. [...] Sometimes also the motivation of internal resources and support with integration. I think that is due to high workload...” (Interviewee 5)

“ [...] we could have done it faster but they (acquired company) did not have laptops yet. There was no sense to organize the training without laptops, so we had to wait a little bit.” (Interviewee 1)

Unpredictable issues are also common when combining two businesses. Based on the interviews, some of the issues were mostly technical in their nature.
“There was a technical issue in our sales system [...] and it took quite a long time to get fixed. There were many things that affected it, so it couldn’t be fixed earlier. The problem was acknowledged and the person who was in charge of fixing it was informed.” (Interviewee 1)

Respondents emphasized diverse elements when asked about determinants which contribute to a successful integration. Communication seemed to rule in all the interviews as a focal success determinant. In addition, the existence of an actual and clear business need for this type of acquisition to be carried out was also one of the recognized determinants. “The strategic fit [...] is important.” Moreover, communicating the business need clearly to both acquiring and acquired companies to gain a common understanding is expected.

“ [...] It is not enough that we only communicate to the people there (in the acquired company), we also need to tell in our organization what this (acquired) company is, what is going to happen next, how we are going to gain advantage, what is the offering they are going to give us, and what are their operations models...” (Interviewee 3)

4.1.3. Managing people integration

Because tasks, processes and information systems are mostly managed by human beings, the qualifying level of integration of people and cultures is expected during acquisition meaning that employee satisfaction is the key to effective achievement of task integration.

As already stated, open and constant communication was listed as one reason there were no observable differences or problems in the context of integrating national cultures that could create misinterpretations.

In the acquired company, integration brings numerous changes to organizational working habits and suitable level of adjustment to these changes is required to exploit the expected synergistic benefits. Furthermore, the changes vary in their size. For instance, the acquired company works from a joint e-mail inbox but when integrating systems and processes, a problem was encountered which required familiarization from the employee side:
“One of the biggest concerns we had there is a very simple thing like e-mail. We work from a joint e-mail inbox and that is our operations. So, we work in a business that is pretty much 24/7 and last minute [...] So it is very important that we follow up on this e-mail inbox, we have always done it with 4 to 5 people that monitor this one e-mail inbox. But with this acquiring company’s process with multifactored identification, only one person can monitor the system. That was a problem for us (acquired company) and it took quite a long time to find a way within the acquiring company’s process to do that.” (Interviewee 2)

Additionally, commitment appears to be an important determinant as well. Employee commitment to common objectives is equally important in terms of both task and human integration.

“They in the acquired company need to be committed, understand the advantage of this (acquisition) and be ready to implement CRM...” (Interviewee 1)

“Commitment, keeping a positive can-do attitude and working together towards a common goal. That is important. There is typically a hurry in these type of projects [...] so flexibility and humor should be also included.” (Interviewee 3)

“Always make sure that people understand why we are doing that, what is the overall target, why did we acquire the company. I think this is really the key because if the people understand why we are doing things, then they know at what direction they need to go even if it is not 100 % clear on every little step.” (Interviewee 5)

Recognition of post-M&A integration as an element of change management is integral. Integration was also referred as an organizational change in one of the interviews and key elements regarding a general concept of change management were articulated:

“[...] vision, skills, incentives, resources and action plan, and if you consider all of these then you have a successful change. And if one of the elements is missing, then something happens to the change.” (Interviewee 5)

One of the biggest concerns acquired company had was the persistence of business operations regardless of the organizational change that integration introduces. As the integration strategy
of case A stated, ensuring continuum and avoidance of business disruptions or market loss were emphasized and reassured to acquired company several times. This vision was also fulfilled financially in practice because first year targets were achieved. Hence, communicating and enforcing business and sales continuity turned out to be rather beneficial from the integration perspective since both acquired and acquiring companies’ statements were in alignment:

“The fact that from the beginning they (acquiring company) told us that they really want to be careful and not harm the business and that is really working well. That has proven to be a part of the success…” (Interviewee 2)

“The key was not to disturb the business, we didn’t see the reason to integrate them too fast because their business is quite different of what we (acquiring company) are doing, it is an addition to our services, and it is not that we integrate similar business into our business. So that is the reason we said we keep them as they are as much as possible and only where we see benefits with integration, then we integrate them for these areas.” (Interviewee 5)

The importance of having an Integration Manager in charge was highlighted in several interviews. Especially from the acquired company’s perspective, having a specified integration manager named has proved to be a “focal thing in the whole process [...] and important support for us.” (Interviewee 2) Working as a full-time Integration Manager and dedicating daily work to integration appears to be important. The risk is that if one is not working as a full-time integration manager, regular responsibilities and workload are often prioritized and integration might receive secondary importance and be prone to deceleration.

“I worked as a full-time Integration Manager and I think it is the only way especially in the beginning. Because often tasks of an Integration Manager are done alongside other responsibilities. Particularly the first three months this is a full-time job, you need to be present onsite, and get a good feeling what they (acquired company) are thinking, what are their concerns and how do they feel about this acquisition.” (Interviewee 3)

In relation to this, proper project management and the central role of integration project ownership was also underlined when discussing the key success elements.
“Probably the most important is Business Owner [...] who has the business responsibility, and who takes care of this acquired company and integration...” (Interviewee 3)

4.2. Case B

The acquired company in case B is a small North American company that holds a strong market position in its area of expertise. The given acquisition of case company B supports acquiring company’s growth strategy by improving its existing service offering and enhancing operational efficiency in the specific sector and specific geographical location because the business case company B is doing varies a lot from the business of the acquiring company. Also, in this acquisition case there were a lot of desirable synergies easily identified. However, the takeover of company B can be described as more hostile than friendly as there were several issues confronted.

4.2.1. Integration process

On a general level, an interviewee from the acquired company recognized that the integration was a relatively problematic experience for the target company and there were many issues along the way that are still affecting the daily life because the integration is not yet completed, and synergies are not being completely realized. The amount of issues seems to reflect to holistic change resistance which was a dominant feeling among the management and employees of the acquired company and hampered the acceptance of acquiring company’s processes and ways of working. This logically affects the overall integration performance, speed of integration and many other business operations with negative consequences.

Careful planning and clear scope definition facilitate keeping up with the predefined project schedule but equally important is the commitment of all sides. In particular, planning should involve a preliminary gap analysis i.e. comparison of processes and ways of working to find potential gaps to be filled.

Throughout the integration, the progress of the integration was monitored through structured biweekly project meetings in which more stakeholders were involved. Additionally, steering committee meetings were organized when needed. Communication in busy times was
intensive and occurred on a daily basis via virtual calls and e-mails. Progress reviews were mainly utilized to control target achievements and fulfilment of the integration schedule.

Correspondingly in this case B, there were no official ‘lessons learned’ reviews organized after the integration probably because the general integration is still on-going. Yet the idea of having one and producing written documentation regarding the integration main points were considered as feasible.

“We did not have any official lessons learned. We also did not produce any written documentation about it but all of us who were involved will remember the challenges and how they should be acknowledged in a different way in future. Maybe that is one thing that should be written down if comparable situations emerge.” (Interviewee 4)

“I think we (acquired company) would definitely be a great asset to do a lessons learned from here since we are still integrating and still doing everything...” (Interviewee 6)

4.2.2. Managing task integration

Sales integration is treated as a separate workstream process from the general integration. The main objective of case B sales integration was to implement CRM sales system in the acquired company and migrate the acquired company’s sales and customer relationship management to acquiring company’s CRM system. Communication and increasing the awareness of sales integration objectives was perceived as clear due to the onsite visit that has been made to the acquired company. Then, the CRM implementation was planned based on the onsite visit and communicated further to related stakeholders.

“A ‘go and see’ visit was done to the acquired company and based on it, definitions and objectives regarding how CRM will be implemented there were made.” (Interviewee 4)

In this integration case B, the speed of CRM integration raised contradictory opinions among interviewees. On the one hand, the speed was perceived as adequate. The sales integration project manager from the acquiring company describes the reasons for adequate speed as follows:
“[...] In my opinion the speed of integration was suitable because the scope of the project was appropriate. We did not try to achieve anything that would have not been possible in the given time limits. When the original gap analysis and ‘go and see’ visit are done successfully, it facilitates the overall project.” (Interviewee 4)

On the other hand, speed was regarded as too slow because CRM integration was delayed due to other issues. One respondent considers the reluctant attitude of management as the main reason for this.

“...we did not automatically get CRM when we were bought by the acquiring company [...] we did not get it until September 2018 because it had to be custom-built for us...” (Interviewee 6)

In order to successfully implement a new software and related processes to the acquired company and leverage the system functionalities as required, motivational end-user training should be planned and organized. Interview data from case B revealed several factors that are important in terms of successful system training and sharing of competencies. One respondent specified that the mostly positive outcome of the training was achieved with organizing the training face-to-face in a classroom with the possibility of providing guidance when needed and involving experienced sales system professionals who are fully familiar with the system functionalities in the training.

In operational M&A integration takeover, smaller acquired companies are typically integrated into larger acquirer’s processes and ways of workings. In this case B, practical problems, like the lack of computer system and intranet, seemed to hinder the integration of processes. Additionally, change resistance brought extra tension to the task integration.

An interviewee from the acquiring company described the lack of cross-departmental collaboration as an internal issue. As it was seen from the interview, it is clear that task integration requires close cross-departmental collaboration and support especially in large companies. From the acquiring company’s point of view, some obstacles in cross-departmental collaboration were experienced during integration. For example, some specific actions needed to be finalized first before CRM can be fully utilized by the acquired company, such as data creation and transition. It was noted that there were misunderstandings
and common processes were defined as unworkable at first leading to a confusing situation. It is noteworthy that in order to exploit the expected synergies, every integration related department must be committed to common goals and schedules and perceive them in the same way. Communication breakdown was identified as a potential cause of limited cross-departmental cooperation. One interviewee discussed about involving necessary stakeholders more actively in the integration process and communicating the objectives and schedules more clearly and in a structured manner to them. This was also recognized as a potential area of improvement.

“Could be that we did not succeed to communicate the integration objectives to them clearly enough. There was definitely a gap there.” (Interviewee 4)

In this particular integration case, it was agreed by all of the interviewees that having previous integration experience from another acquisition has been beneficial. Thus, given the awareness and observation from previous integrations that the acquisition’s target company’s employees might have differentiating attitudes towards acquisition, have facilitated to invest in these issues also in this given integration.

“Not only in the mindset of understanding that we are now integrating with another corporate entity but also knowing that certain things are going to centralize, and we will have to learn a different way of working so that our systems are aligned with the new parent company.” (Interviewee 6)

The preliminary work that is done regarding synergy recognition and the successful integration of both people and tasks is one essential determinant and was accentuated frequently. Some practical methods were also discussed. In particular, the importance of using an organizational gap analysis of processes and systems as a method was recognized during the interviews.

“Mapping of both acquired and acquiring companies’ processes and seeing whether there are a lot of differences. That is fundamental.” (Interviewee 4)

In the integration’s practical phase, one must truly understand the positive relationship between proficiently made preliminary analyses and success of the integration outcome.
Again, learning about the target company as much as possible to facilitate planning is the key for success.

“Because the onsite visit, interviews and gap analysis were carried out so well, the acquired company had the knowledge and they were very unprompted to find out what our processes are…” (Interviewee 4)

4.2.3. Managing people integration

Attitude towards the changes varied within the employees from the acquired company. Moreover, a reserve for change was a dominant feeling within the employees in the integration which naturally affects also many smaller integration workstreams and fulfillment of activities as was identified by both acquiring and acquired company’s interviewees. A commitment from the upper management is perceived as a key to spread the change acceptance from top-down. “The fact that key users adopt a positive attitude and are extremely committed facilitates the approach for change.” (Interviewee 4) However, it was also acknowledged as the most challenging part of this integration, additional expenses and limited understanding of the integrated processes and rationale of the purchase being the main reasons for lack of managerial commitment and process delays.

“[…] it looked like they (acquiring company) were buying us (acquired company) but they did not know what they were buying. Because we are that odd business that does not necessarily fit into the standard what acquiring company does. The management team fought back and said we are not going to do this and there were a lot of issues.” (Interviewee 6)

The role and presence of having an integration manager available was emphasized by the acquired company. Organizational change entails many variables and requires an integration specialist from the acquiring company to lead the project and provide constant support to the target company. Having a specialist available on target company’s premises since Day 1 to help with the integration was inevitable:

“[…] they (acquiring company) needed to bring in one of their people at our office for an extended period of time to walk us through every part of the integration. The leadership on both sides was severely lacking and communication was either no existent or was not
communicated much pass conversations between the President and the Integrator.”
(Interviewee 6)

“Now that we have a person from the acquiring company here and we are able to understand the processes and ways of working of the acquiring company, we are so much further with the integration.” (Interviewee 6)

A natural challenge that occurs when doing global acquisitions is time difference due to long geographical distance. Especially when there is a haste in the integration project, it requires flexibility and adaptability, for instance, to working hours from employees in both entities.

As it was stated earlier, change resistance within the target company is in high levels. Resistance to change and differences in company cultures reflect not only to smaller workstreams like sales integration but also to the holistic M&A performance and success. Being a family-owned corporation with the capability to make decisions on their own and then integrating to a larger corporation logically increases concerns and irritation in people integration. For example, now to receive approvals from the parent company to certain operations before being able to continue increased tension especially if corporate centralized processes are difficult to understand. Therefore, addressing cultural differences at all levels in the organization is important.

“[…] we are now a corporation and we have to follow all the rules of all the countries that are a part of this corporation. It is very difficult. Getting people to understand that this is actually something you have to apply is hard.” (Interviewee 6)

According to a respondent from the acquired company, there were many issues that culminated as a collective resistance to change and implement acquiring company’s initiatives. Main reasons for emerging difficulties due to change resistance was the lack of understanding of processes on a general level as well as problematics in communications.

Given the high amount of change resistance that was prevalent in the acquired company, one of the biggest challenges that was encountered in case B concerns target company’s issues in management’s commitment and its influence down the chain to employees. Due to
commitment issues, the top-down management approach was inoperative, and information disruptions were experienced, as stated by one of the interviewees:

“The president and the executives had project meetings. Anything that came out was not communicated down.” (Interviewee 6)

When the CRM system training was organized, a reserve for change and tension from the acquired company’s middle management and field employees was experienced as expected even though the training was otherwise defined as successful.

“[…] Our starting point was to discover a way of doing that respects our processes but, in a way, that they (acquired company) can do their own business. […] I think it helped that we had a solution-focused and not a compelling course of action.” (Interviewee 4)

Again, in this sense, the importance of learning as much as possible about the target company can be emphasized. Having the knowledge of target company’s history and emerging struggles can be quite feasible to customize a more suitable approach for this given integration.

Lastly, the interviewees were inquired about the key success factors influencing especially the integration of employees. The objective was to discover the key determinants that interviewees experienced facilitated the post-M&A integration and enabled value creation and synergy realization.

In the interviews, the importance of communication was emphasized several times. Communication seemed to hold a focal role as it was listed as a key success determinant of an integration even though it seemed also to be a source of value destruction. The importance of human aspect of integration was again highlighted because lack of high-level trust or tense relationships might affect the rest of the integration negatively. Indeed, fluent and open communication should facilitate successful trust and relationship building between the acquiring and acquired company’s employees as well as ongoing or regular facility visits.
“[...] open sharing of information to both ways and trying to build a relationship based on trust between the people who do it (integration) because even though we are doing system and process integration there are yet people behind it.” (Interviewee 4)

“For me the key element is communication. [...] It is more like this is what you need to do and setting of goals and strategy saying this is what you are going to do [...] and how we are going to make that work for your company.” (Interviewee 6)

### 4.3. Cross-case analysis

The final section of this chapter compares and summarizes the study findings of both cases attempting to discover noteworthy similarities and differences between the two cases and raise new findings. Many drivers and destroyers of expected synergies were highlighted that either enable a successful integration or abolish expected value. Overall, the integration of case A and case B can be described as straightforward, but the responsiveness atmosphere varied a lot between case A and case B because of case uniqueness. The initial motives behind both acquisitions were rather similar, namely in both cases the aim was to expand service portfolio and enhance market position. Additionally, it was discovered that both cases were somewhat following a similar process in terms of integration meaning that many respondents shared same point of views and observations.

Particularly, the evidence emphasizes the importance of continuous and cohesive communication, building of a functional relationship that enhances reciprocal commitment, degree of flexibility, having an integration leader and dedicated teams to manage synergy realization during integration, system and process training, mutually understood rationale of the purchase and vision of the integration and measuring integration’s progress, quality and synergy realization repeatedly during and afterwards. Regarding the destroying factors that may affect the leakage of synergies, the interview data pointed out “silo effect” between departments, major differences in processes and working habits, lack of managerial engagement and resistance to change. All in all, there was a common conclusion identified from the interviews, which suggests that effective integration of people is focal in terms of effective integration of business operations, i.e. tasks and vice versa.
A sales integration point of view was present in both cases because some of the interviewees were only taking a part in sales operations integration in its workstream. For example, a take-over method was used in both cases in sales system integration meaning that acquiring company’s CRM system took prevalence. Thus, to start using the CRM of the acquiring company was a change for both, however, case company B already had similar CRM due to prior acquisition by another company. The practical integration was basically a matter of extracting acquired companies’ data into CRM system. Indeed, interviews revealed that the tool was very welcome and useful for both acquired companies to continue their sales operations and have the visibility of what the acquiring company is doing sales-wise.

The interviews presented mutual evidence that proper training and well-made preliminary gap analyses are one of the reasons for mainly positive reception of the sales system and processes. It is clear that end users need proficient level of training to ensure the transfer to a new system and related processes. In both cases, the practical system training was delivered in the acquired company’s facilities by experts who are the most familiar with the system. The attitude towards training was experienced as mainly positive even though there were many questions raised and some uncertainties prevailing during the training.

It was also acknowledged by the interviewees that onsite visits play a significant role when conveying the rationale and vision of the purchase, establishing a deeper relationship between the acquiring and acquired companies and building mutual commitment and trust. Without engagement especially from the management, the integration is possibly unable to proceed in the given schedule or meet its targets successfully as it was experienced in case B. Given the fact that top-down approach was typical in both cases, organizational commitment is difficult to create if information is not shared transparently when top management is dissatisfied. With the discovery of strategic fit in mind, it is noteworthy that the importance of understanding the strategic need of the given acquisition and expected synergies was pointed out in several interviews. Similarly, the realistic actions that are required to fulfill the need and achieve expected synergies were mentioned. Especially in case B, the inability of both acquiring and acquired company to understand the deal’s rationale and each other’s processes seemed to bring negative influence on integration performance. Consequently, it may have affected the realization of targeted synergies and actions to fulfill it. One could also doubt whether the intended synergies were planned and communicated clearly based on
the mutual inability to understand the deal’s rationale. In this sense, commitment especially from the management side was again brought up several times.

It is apparent that communication was preferred to mostly determine the realization of synergies due to its occurrence both in human and task integration and its ability to connect many other success determinants, such as commitment and motivation creation, change management, understanding of the business need, and evasion of change reserve. In case A, having a rather small integration team seemed to facilitate the communication and information sharing on a daily basis. In case B, lack of communication affected the progress of integration and seemed to be a destroying factor to synergy realization. In addition, time difference between the acquiring and acquired company was an intrinsic challenge. Mostly all interviewees from both cases were overall satisfied with the intrinsic information that was shared even though some misunderstandings and communication breakdowns were confronted.

It was clear that the acceptance of change that integration entails varied enormously between case A and case B and some problematics were easily identified. Furthermore, primary challenges in task integration were mostly technical in their nature or caused by limited cross-departmental collaboration. There was a clear consensus about the mutual struggle of “silo effect” caused by limited cross-departmental collaboration and availability of internal resources among both cases. However, most interviewees were already aware of the root causes of these issues and how they should be managed or can be prevented in the upcoming integrations. In particular, communication tends to be in the center of solution to these problems as well. Interview data highlights the importance of transparent, motivational and clear cross-departmental communication about integration needs, targets and schedules. In terms of change resistance, the integration in case B seemed to be much more complex as already stated.

National cultural differences were not perceived as an issue for synergy realization in neither of the cases even though both acquisitions were done across country borders. However, organizational cultural differences are self-explanatory since even though both acquiring and acquired companies operate in a relatively similar market, they differ considerably in size. This means that both acquired companies A and B are rather small compared to acquiring company and post-acquisition integration into larger company’s processes and hierarchical
structures might feel substantial and overwhelming especially if not completely understood or if there are commitment issues. Again, the importance of human integration and its many levels affects the successful integration of tasks. In both cases, acquiring company attempted to facilitate the task integration by avoiding disturbing target companies’ business, slowly and flexibly introducing their processes to acquired companies and sharing this information in a structured manner. Ensuring business continuum was also the key cornerstone in integration strategies of both cases which is focal to constantly keep in mind when integrating business operations.

It is evident that vast differences in organizational structures and hierarchies might lay open to eruption of change resistance from the acquired company’s side. In fact, some amount of concerns and observable tension was experienced in the cases. One may argue that resistance to change was directly proportional to leakage of synergies in case B. Yet, there were many ways which tried to avoid issues in change resistance, for example, properly organized face-to-face CRM training, carefully accomplished gap analyses, promise of business continuum, sense of flexibility, clear communication and listening and addressing arisen concerns. Also, in this sense, having an integration manager available was seen as an important source of support and connector between the acquiring and acquired companies to deal with potential doubts. In addition, having a team well-informed of tasks and processes that are needed to accomplish the integration successfully turned out to be crucial.

Measuring the progress of integration and achievement of integration-specific objectives and targeted synergies in a standardized manner followed a rather similar path and methods in both integration cases. Between the two cases, organizing recurring status review meetings with executives and sharing information consistently to related audience was a unifying factor. To exploit the learning curve, ‘lessons learned’ reviews are typical elements of a project at a later stage to measure whether integration quality met expectations, whether synergies met expectations and document success factors and risks to be prevented in the future. However, there were not these types of afterward reviews organized in neither of the cases. All the respondents of cases A and B shared the opinion that including lessons learned reviews in the integration project is a good idea and would be highly beneficial for future reference.
To sum up, the common findings of both cases that should enable synergy realization and avoid synergy leakage in task and human integration are compiled in the list below:

**Realization of intended synergies in human and task integration:**

1. Well-made and realistic gap analyses and expectations of processes, working habits and information system preferences i.e. tasks.
2. Ensuring a mutual understanding the rationale of the acquisition and actions to fulfill it between all hierarchical levels.
3. Having an integration leader with related expertise onsite to guide the team through integration.
4. Increasing cross-departmental collaboration and motivating cooperation to avoid “silo effect”.
5. Clear, transparent and continuous stakeholder communication.
6. Focus on the avoidance of business disruptions.
7. Investing in onsite visits to target company and in-class training.
8. Tracking the progress and achievement of synergies consistently and repeatedly by using functional metrics and methods.
9. To exploit the learning curve, including ‘lessons learned’ reviews in project closing.
10. Commitment to the integration from both acquiring and acquired company, especially from the management due to top-down approach.
5. DISCUSSION

This chapter connects the main findings of the empirical study with theoretical literature. In this study, the following research question was being assessed:

*RQ1: How firms can enable synergy realization and avoid synergy leakage in task and human integration during the time of cross-border mergers and acquisitions?*

During the time of cross-border M&A’s, corporate managers need sufficient skills and well-designed procedures to acknowledge integration challenges and plan, lead and implement successful integration in every operational workstream with a micro-level orientation. To secure those skills and procedures, managers need to pay attention to both success factors and internal and external sources of problems that could limit the possibility of creating the appropriate atmosphere for capability transfer and affect the realization of intended synergies of the acquisition. Based on the previous literature, it is obvious that post-M&A integration generates changes not only in business operations, organizational processes and information systems but also in work routines, employee behavior and cultures. Thus, integration of both task and human approaches seems to be equally important to enhance superior performance. Yet, often the human approach is forgotten which is directly proportional to the success of task integration.

The empirical part of this study indeed supports many of the general viewpoints of previous literature but also creates new practical findings. The objective was to isolate the main drivers that lead to efficient integration based on the experiences of interviewees. These are then analyzed, and, subsequently, integration best practices are built for the case company, which can enable synergy realization and avoid synergy leakage. However, as it is frequently stated in the previous literature, each M&A integration case is unique and there is no generally valid list of factors that can determine whether synergies are realized or not. Thus, integration decision making seems to be highly dependable on specific M&A context and prevailing characteristics. This was also notable in the empirical part of this study in which the two cases differed from each other; one was friendly and the other was a hostile takeover. Based on the empirical findings presented earlier in this study, the fundamental determinants which have either a positive or negative impact on the creation of integration value will be presented next.
The initiation phase of integration seemed to hold a focal role in most of the discussions. With its basis on preliminary examination and learning about the target company of the acquisition as much as possible, having a well-defined integration strategy built upon an actual business need, dividing activities into smaller workstreams and defining appropriate objectives, having a precise schedule in place and communicated to relevant stakeholders is indispensable and a typical starting point for the integration. It was also emphasized that it is extremely important to understand the rationale of the acquisition because without this insight the possibility of change resistance might increase hindering the realization of synergies of the deal. This is in line with Davis et al.’s (2012) and PricewaterhouseCoopers’ (2017) statement that all stakeholders should understand the vision, rationale and value proposition of the acquisition deal.

Gates and Very (2003) state that after an acquisition deal is closed, substantial amount of learning about the acquired firm begins. The systematic learning should involve both humans and tasks of the target company and mid-course modifications can be made along the way in the discovery of new events or facts. In practice, this comprises for example, creating an overall picture of target company’s processes, content of information systems, working habits of employees, hierarchical structures, organizational cultures, employees and content of their roles. According to the interviewees, as concrete methods for example, gap analyses, interviews and expectations inquiries were used to collect relevant information from the acquired company which enables learning and integration planning to be more efficient. In the long term, this could also facilitate the fulfillment of actions towards synergy realization.

To establish the desired level of expected synergies, both Chang et al. (2014) and Wijnhoven et al. (2006) recommend that an integration strategy which includes integration objectives, concrete methods, arrangement of resources and schedules should be formulated, and it should be aligned with the primary objectives of the acquisition. This argument is supported by interview data since the main target was to avoid disturbing the business, retention of employees and harming customers.

As a result, achievement of mutual consensus with its basis on gap and expectation analyses can be considered as a source of synergy realization determinant. This means that both acquiring and acquired company should share a common understanding of the identified gaps and what actions are needed to fill those gaps in integration and in which given time limits.
Simultaneously, expectations regarding business operations were evaluated. These were then collected into an integration strategy, translated into smaller workstreams across various departments and subsequently communicated to stakeholders to execute the initiative. Mainly all interviewees shared the opinion that the strategy and its milestones have been communicated successfully both inside acquiring and acquired companies, but some divergent opinions were present.

Furthermore, the execution of integration strategy might include some risks. The empirical data emphasized that ensuring aligned commitment to the strategy and schedules is important since without commitment the number of uncertainties might increase and hinder strategy deployment and integration performance. Some discussions emphasized the meaning of managerial commitment which is highly expected due to the traditional top-down approach that should aim to increase staff motivation. Besides that the gap analyses were carried out thoroughly, it was interpreted as an advantage that the acquiring company invested in face-to-face meetings, workshops, occasional onsite visits and getting acquainted with both acquired companies’ individuals and building a reliable relationship. Indeed, working cohesively towards commonly set goals simultaneously avoiding the ‘not invented here’ syndrome presumes constant and transparent communication, motivation increasing and formulation of social and cultural procedures (McKiernan & Merali 1995; Shrivastava 1986). Social integration is important because it aims to share values by creating a common identity and trustworthy relationship between the two combining organizations (Björkman et al. 2007). Organizational change, such as integration, is easier to implement when a collaboration-oriented relationship is created. This discovery also supports the finding of the study that successful human integration should facilitate task integration and enable value in the overall integration.

As defined by Giacomazzi et al. (1997) information system status has an impact on the choice of system integration method. The fact that one of the acquired companies had no sales system and the other used similar sales system facilitated the CRM transition and strategic decision making. In addition, previous literature recognizes four different information system integration approaches: renewal, take-over, standardization, and synchronization (Wijnhoven et al. 2006). In the analyzed acquisition integration cases, it was apparent that a take-over approach was used as a system integration method. It means that the sales system of the acquiring company is used for both companies and the system of the acquired company
is laid off. As it was discovered in the literature review, this method was applicable in both cases because acquiring company was superior to both acquired companies and rapid and cost-effective system integration was pursued. It can be argued that using one single sales system after integration enables better coordination of sales information and easier access to accurate sales deal related data.

It is clear that integrations tend to increase uncertainties and can be rather hectic and distracting especially to the employees of the acquired companies. From the avoidance of synergy leakage perspective, Gates and Very (2003) emphasize that when there are several inconsistencies between the business processes and policies, the possibility of difficulties increases systematically. Processes may vary a lot when connecting a considerably smaller company as a part of larger organization and as the empirical data of acquired company’s interviews revealed, this may feel overwhelming and create complexities. During post-acquisition integration of case A and B, the main objectives were to ensure continuum to sales, mitigation of disruption to business operations and avoid forcing acquiring company’s processes. The study findings illustrated that building a solution-oriented approach; thorough understanding of each other, transparent communication, training and a degree of flexibility could help to deal with those process related difficulties.

When it comes to building commitment, achieving consensus of processes, managing the progress of different workstreams, creating deeper relationships within the integration team, sharing information and keeping everything under control, the role of full-time integration manager is emphasized. In accordance with Epstein (2004) and Erkkilä (2001), the empirical cases of this study confirmed that having an integration manager to lead the project is crucial. Moreover, he or she has the authority to create an atmosphere between acquiring and acquired company to enable successful integration. Integration manager is also the one in charge of setting targets and time frames, dividing roles and communicating them clearly to relevant stakeholders. Setting proper objectives and schedules is important to facilitate prioritization and, thus, success of integration. Epstein (2004) emphasizes the many variables that are present during integration. Thus, it was observable that having a reliable and dedicated integration manager to lead the organizational change process is an extremely important support especially for the target company’s employees whenever there are questions or instabilities. After a deal is announced, it was noted as desirable to have the integration manager present in the target company’s facility to help with the start of integration.
Difficulties generated by cultural differences play a major role in integration and are often associated with the main reason for abortive M&A performance (Angwin 2001; Björkman et al. 2007; Shimizu et al. 2004). Contrary to initial theoretical assumptions, the complex relationship between national cultural differences and integration performance could not be validated in neither of the cases since it was not conceived as an issue during the integration as stated by interviewees. One may argue that the plausible explanation to this is that even though both acquisitions were done across borders, the cultural distance between the acquiring and acquired companies was not rather long meaning that implicit corporate values and communication styles were quite similar.

One of the most significant determinants that could allow synergy leakage in people and task integration is the ‘us vs. them’ thinking. Regarding the corporate cultural differences, the avoidance of ‘us vs. them’ thinking was concentrated on already in the integration planning phase. Moreover, the empirical data indicated that if face-to-face meetings, onsite visits and establishment of transparent communication are invested in, it should facilitate the relationship building and minimizing barriers of cultural distance by focusing on these soft factors. This finding is aligned with the acknowledgment of Björkman et al. (2007) that uncertainties and issues stemming from cultural differences can be defeated with social integration techniques, such as, onsite visits, involvement of acquired company’s employees in post-acquisition discussions as well as shared trainings and meetings.

Communication holds a pivotal position in synergy realization and, indeed, many actions and interconnections during integration are inherently guided by communication. The interviewees highlighted that clear stakeholder communication is often expected and acts as the most important synergy enabler during many elements of the integration phase. Indeed, communication seemed to have a significant role in many interrelationships according to the interview data, such as increasing the understanding of roles and objectives, allocating resources, building of relationships and ensuring commitment. This view is strongly reinforced by Davis et al. (2012: 5), Erkkilä (2001: 109), Gomes et al. (2013) and Tanriverdi and Uysal (2011) stating that transparent communication capabilities that are used continuously and targeted to relevant audience are the key determinants. Communication also facilitates the achievement of employee commitment (Shrivastava 1986). Indeed, commitment especially from the management side was also discussed during the interviews as an important determinant since change resistant management has an influence on the rest
of the organization. This has also been acknowledged by Haspelagh and Jemison (1991: 122) who emphasize the managerial inability to adapt to changes resulting as a lack of employee commitment as a typical challenge of integration. Change resistance affects sharing of capabilities and adjustment to tasks. Vital know-how can be left in the background if employees are unwilling to cooperate.

The theoretical framework of this study stresses organizational training as a crucial synergy realization determinant of task integration and this was also validated by the empirical data. After integration, it is necessary that integrated employees receive well-coordinated and immediate training of new processes and ways of working to enable successful integration and reduce reservation towards change (Chang et al. 2014; Marler et al. 2006). Immediate training could ensure the avoidance of disruptions to on-going business operations and enable rapid continuity of those operations. In the empirical part of this study, sales system and related training were being focused on. The findings clearly indicate that in practice the system training has been well-planned, it has been organized face to face, system professionals have been present in the training and the overall attitude has been rather responsive. Indeed, these empirical findings are in line with previous literature which provides the recognition that the intention to use the system will increase positively if a formal face to face training is organized and reinforced with related resources, such as, documented instructions, support from experts and practical assignments (Marler et al. 2006).

By allocating and managing internal resources successfully, one should be able to maximize the achievement of successful integration (Maire and Collerette 2011). Lack of cross-departmental collaboration in the acquiring company and the relative difficulties that emerged as a result were challenging and can be treated as enablers of synergy leakage. Indeed, involvement and help of other departments internally during integration were pointed out as crucial factors by some of the respondents. Essential actions that are required for the success of synergy realization might be hampered or decelerated or additional frustration might be featured if business needs and schedules are not respected or aligned with expectations to other departments. The empirical data proposes that the most common reasons for limited cross-departmental cooperation are discrepancy of processes, unclear templates, failure to convey the information regarding schedules or objectives, and limited motivation. During integration, all departments should work cohesively together to plan and prioritize tasks related to integration of capabilities and systems and avoid the “silod effect”.
To solve this issue, Chang et al. (2014) recommend internal resource allocation to be included already in the strategic planning phase. This view can be prolonged with the statement by Stylianou et al. (1996) who indicate that one important determinant of success appears to be the involvement of related professionals in the integration planning. Hence, involving those departments’ representatives that are crucial to accelerate integration’s success already in the planning phase could increase the probability of elevation of cross-departmental collaboration, resource optimization and inspire dialogue. Another way is to increase the amount of communication and bring it forward to specific departments who are an essential part of integration success. This could be done by inviting them to relevant meetings or sharing important material with them and ensuring the transparent understanding of integration objectives and schedules as early as possible. Consequently, learning about their regular processes is also vital to minimize process contradictions and avoid high-level communication breakdowns or other unforeseen drawbacks. It can be argued that both Chang et al. (2014) and Stylianou et al. (1996) emphasize that starting early and developing the cross-departmental collaboration as a habit in the process are the keys to success.

Previous literature has identified that integration follow-up occurs in two stages: during integration when the progress, synergy capturing, schedules and achievement of objectives are monitored and after integration when the quality of the overall integration process is evaluated within the team (Gates & Very 2003; McKiernan & Merali 1995). The empirical data of this study reinforced the benefits of conducting regular monitoring during the practical integration and communicating the status to relevant stakeholders, such as steering committees and field employees. It conveys the message to both upper management and field staff whether the project is staying in its schedule and expected synergies are being achieved. Mostly all interviewees witnessed that communication about integration progress has been clear and, all in all, conversations supported literature by highlighting that measuring integration progress is relatively important.

From the case-specific integration process improvement and issue observation perspective, the benefits of comprehensive post-measurement of integration success and quality were seen by all of the interviewees; however, not much quality assessment has been conducted or documented in neither of the cases afterwards. Besides assessing the realized synergies of the integration by using objective financial metrics, such as cost savings or revenue growth, qualitative and subjective evaluation of integration is equally important to support decision
making (Epstein 2004) and exploit integration as a learning opportunity to finalize the learning cycle of the core project team (McKiernan & Merali 1995). Regarding the subjective evaluation, one may argue that documenting both acquiring and acquired company employees’ point of views could present valuable and versatile sources of information to be delivered to stakeholders and avoid tacit knowledge to disappear if key personnel leave the company at some point. As discovered in some of the interviews, the topics that can be discussed during ‘lessons learned’ reviews are, for example, employee satisfaction to overall integration project and concerns and future hopes about certain systems and processes. From system perspective, Gupta et al. (2009) also recommend using the assimilation of training as an appropriate metrics to subjectively assess how the usage of the new system has been adopted by integrated end-users. For instance, the relationship between the usage of CRM and sales job performance KPIs (key performance indicators) could be evaluated objectively.

5.1. Theoretical implications

As it has been stated before, previous research mostly has its central focus on general post-M&A integration whereas the correlation between synergy realization and integration of humans and tasks as a theoretical topic is extremely scarce. Hence, this particular study of human and task integration contributes to fill this gap with an empirical expansion of the understanding of how human and task approach should be tightly connected utilizing the point of views from both acquiring and acquired companies.

This study has indeed collected many empirical findings that have been tested whether they support the implications highlighted in the theoretical framework of post-M&A integration of people and tasks while simultaneously discovering new things and elaborating the framework. It is noteworthy that there were many similarities identified in the empirical discussion that are in accordance with the proposed framework and the literature review of this study. However, the empirical findings also highlight the relative important meaning of people in the integration process and, for example, what effect mutual commitment has to the success of the overall integration.

Several sources of synergy realization that were identified and repeated in the previous literature, such as the importance of preliminary planning, communication, commitment, role of training, and resource allocation (Marler et al. 2006; Shrivastava 1986; Stylianou et al.
1996) seemed to guide interviewees throughout their answers significantly. The empirical data also revealed some new practices that are used during integration but not discovered in the literature, such as analysis of gaps during planning. Theoretical framework was supported by empirical data in a way that human and task aspects were often discussed separately but also linked. For example, how communication issues affect the level of process integration or differences in organizational habits affect the level of commitment.

Almor et al. (2009) and Maire and Collerette (2011) define integration as a complex organizational change process. Even though change management literature often lacks empirical evidence, this research clearly extends the understanding that integration should also be considered as an activity of organizational change. Thus, multiple actions and decisions that are change managerial in their nature and have an impact both on the organization and individuals should be executed.

Regarding the acquiring company’s perspective, it is important to understand the necessary fundamentals and practices because they offer a manifold vision how integration processes should be improved, and how they can be utilized in the upcoming integration planning to capture the value of the deal. This confirms the theory of Giacomazzi et al. (1997) stating that realizing the sources of synergy realization and synergy leakage facilitates the overall comprehension of M&A value creation. Another conclusion that results from this study is that integration process needs a holistic point of view in its management. In the context of M&A, decisions that are applied in the integration phase should consider both human and task aspects. This way, the holistic point of view should be covered.

This study has indeed increased the extant understanding of the practices that are needed to enhance synergies in cross-border integration and practices that impair it. These practices are presented more in-depth next in the managerial implications chapter.

5.2. Managerial implications

Based on this study, it is apparent that holistic managerial actions have a strong impact on the outcomes of post-M&A integration of both humans and tasks. Furthermore, as managerial implications, this study states that in order to increase the probability of merger and acquisition integration’s success, company managers need a holistic focus on the following
factors that are either human or task related in their nature: well-made preliminary analyses, nominating an integration leader, enabling commitment, functional cross-departmental collaboration, resource allocation, organizational training, and integration monitoring. In central of all these drivers is open and transparent communication which is a focal linkage between many interrelationships. These above-mentioned factors indeed connect both human and task integration approach and support the initial argument of this study that task integration becomes easier when human integration is successfully achieved and vice versa. To sum up, synergy realization is dependable on the performance level of task and human integration whilst also considering potential integration issues to avoid synergy leakage.

Generally speaking, value in M&A is created when the resources and capabilities are successfully shared and there is a common satisfaction and shared identity built between the two integrating companies. This value creation is dependable how effectively synergy realization is enabled, and how synergy leakage is avoided. The findings of this study indicate that there are relatively many drivers of synergy realization in the integration.

The key most important managerial activities that are collected from the empirical part of this study as best practices and answer the research question “how firms can enable synergy realization and avoid synergy leakage in task and human integration during the time of cross-border mergers and acquisitions?” are compiled, visible in Appendix 2 and then briefly elaborated below in a written form. These initiatives could serve as a general guidance in the upcoming post-M&A integrations of the case company. However, before any initiatives should be further considered, managers need to understand the focal linkage between task integration and human integration.

High-level integration planning and preliminary work

The first steps in enabling the success of integration are high-level planning and well-made preliminary work by analyzing expectations and potential gaps portraying the differences in humans and tasks. For example, processes, working habits in work streams, information systems and organizational cultures should be studied with various techniques. Learning as much as possible about target company’s specific capabilities and processes and comparing them to acquiring company’s existing capabilities is highly necessary to conduct proper analyses and make decisions to what extent the gaps will be filled, and in which given
timelines. To elaborate this further, an introduction of people in specific teams should be involved to understand how different people and roles work together. The key in the planning is to start early before the deal is closed and involve professionals with related knowledge to carry out the analyses. Properly conducted analyses and mappings might prevent issues and technical constraints when the strategic fit in human and task approach is found.

*Full-time integration leader*

A functional integration team requires an integration leader to be chosen early enough to manage the organizational change as a discrete activity. The integration manager should work as a full-time manager when there are multiple variables and activities. The main tasks of integration leader are establishing a relationship between both companies, division of roles and responsibilities, setting up objectives and schedule, tracking the progress and reporting to steering committees, and overall communication and management. If possible, having the integration leader present in target company’s facilities helps to mitigate issues. When the acquisition is large and to ease the burden of integration manager, each department should be divided into a specific workstream which should be separately managed in a micro-level.

*Planned and targeted communication*

Communication is the key to mutual satisfaction. The communication during integration should be planned beforehand and targeted to relevant audience. It should promote integration objective transparency, openness and consistency within the main integration team as well as in all other hierarchical levels and across departments, both companies and customers. In addition, clear communication about the rationale of the acquisition and integration vision, timetables and roles is expected. Messages should be tailored to meet the needs of each group of stakeholders. For example, questions and answers sessions could be organized to field employees or customers to mitigate uncertainties. Well-managed communication has many benefits in integration. It may, for instance, create commitment, motivate employees, enable more personal relationship building between the two entities, align cross-departmental collaboration, diminish reserve for change, and overcome possible obstacles of organizational cultural differences.
Commitment to achieve common goals and enforce cooperation

As stated above, open and transparent communication is the main influential driver of mutual commitment and cooperation enforcement. Despite of geographical distance, modern communication tools enable constant interconnection, however, face-to-face meetings are equally important to build a successful integrated relationship. Because differences in cultures are among the primary reasons of M&A failures, organizing onsite visits may strengthen the bond between acquiring and acquired companies even more which allegedly facilitates further communication, people integration, cooperation and achievement of targets in given deadlines.

Another way to ensure commitment is highly managerial in nature. If top management is committed, it typically should have a positive impact on the rest of the organization due to typical top-down management approach. As the studied cases revealed, ensuring the rationale of the acquisition i.e. avoidance of disturbing operations or loss of employees and assuring this to the acquired company several times is important to influence the reception of new processes and enable synergy realization. Similarly, having a cooperative course of action, degree of flexibility in various tasks and solution-focused way of working could contribute to the avoidance of change resistance and synergy leakage.

Functional cross-departmental collaboration and resource allocation

Successful integration requires the engaged involvement of other departments and resource allocation to shared targets especially in the acquiring company as early as possible. However, cross-departmental collaborations may represent various obstacles in the process due to divergent process settings and ways of working or communication issues as discovered in this study. The main managerial responsibilities to engage collaboration, facilitate and accelerate integration are thorough and mutual understanding of the cross-departmental functionalities and processing times, definition of responsibilities, embracing alignment to common objectives, transparent and two-way information sharing, and clarification of departmental jargon. Involvement of important departments into the discussions or project meetings already in the integration planning phase should be considered because alignment of cross-departmental actions towards common goals and schedules is necessary to succeed in actions that require support from other teams.
Responsive training

Training is an explicit continuum of the integration. In each workstream it is important to deliver effective training to the acquired company’s employees regarding workstream-specific processes and information systems. In this sense, organizing the training face-to-face in a classroom situation with the ability to practice the usage of new systems with relevant exercise scenarios is necessary even though it may require travelling to target company’s location. Documented instructions should also be provided to support the system usage and process adjustment after the training has been organized.

During the training, there might emerge many questions and concerns as it was acknowledged in the empirical part. Thus, having both system experts and people who oversee the processes present in the training would guarantee more in-depth understanding, reinforce learning and ensure commitment. The professionals need to obtain related expertise and know-how to educate other people and address their concerns. All in all, enough attention should be paid to training of integrated employees already in the integration planning phase.

Capability to monitor integration by using financial and non-financial metrics

Since the case company of this study has adapted mergers and acquisitions in its corporate strategy, it is inevitable that M&A integrations will also be likely in the future. Thus, a capability to conduct evaluation of task and human integration is important for future reference. The monitoring of integration performance can be twofold; one happens during the integration and the other after most of the hectic work is finalized. However, both monitoring phases are equally important to be included. During integration, the progress of the integration and achievement of targeted synergies need to be tracked continuously by using various methods. The metrics can be either financial or non-financial and should be aligned with integration objectives. Holding regular meetings to systematically assess the status of the integration and point out potential pitfalls is one way to evaluate integration quality and successful accomplishment of milestones. From top management’s perspective, this information is also valid and should be communicated to them in a consistent way.

Correspondingly, post-evaluation of integration quality is beneficial to complete the learning curve of project team members and see whether there are any areas of improvement after the
integration is mostly done. Financial metrics can be used to evaluate the value of integration performance. For example, tracking of sales revenue and shareholder value growth are important to rate how the integration has been achieved in a timely manner from the financial point of view.

Non-financial measurements should also be implemented to track how the predefined learning objectives of each workstream training have been fulfilled. For example, after a few months the training to CRM system has been organized and the system has been implemented, a survey could be sent to system end users to inquire perceptions how has the system been adopted to acquired company’s employees’ daily use. Another measurement that was emphasized in the empirical studies also is the involvement of ‘lessons learned’ review element in integration project closing to gather the experiences of integral team members. Through these reviews, managers may receive valuable information and development ideas for further integrations as well as may be able to overcome barriers in the future. For instance, a template or an organizational databank could be created to store the information and use these insights that ensue from ‘lessons learned’ reviews as a reference when starting new integration projects and also because people along the way might change. These metrics are rather easy to implement and gather qualitative data from integration and process deployment.

5.3. Suggestions for future research

There are many possibilities to broaden the field of post-M&A human and task integration with future research. There are also several other potential directions to continue with this particular research. Since this study primarily focuses on managerial point of views of representatives that were part of specific integration teams, finding out perceptions and experiences of integrated employees on successful integration would also be of interest. It would generate a more holistic view how end users who were integrated into processes and organizational cultures would have experienced the integration and receiving of information. It would also produce ideas to management how to proceed with integrations in the future and utilize the end user perspective to support in strategic decision making.

As it was emphasized both in the theoretical and empirical part of this thesis, preceding integration activities also have a significant effect on the outcomes of integration
performance and synergy realization. Moreover, as this study focuses mainly on the practical integration performance after a deal is closed, more future research could be conducted to examine the prior activities, such as integration planning, the meaning of due diligence to the integration performance and so on.

Due to the single case study method that was applied in this thesis, it would be interesting to involve other companies and industries to this given study context in order to be able to broaden the empirical view. This is because other organizations most likely differ in terms of value creation during integration. Thus, multiple case study method should be implemented in the context of this research phenomenon.

5.4. Limitations

A general understanding of the limitations of this study is elaborated in this section. First, an important limitation considers the theoretical generalizability of the study findings. Since the study is conducted as a single case study (with two embedded cases) and a specific phenomenon is being examined in-depth for a specific company, the overall usage of the findings of this study outside the case company is not directly applicable. Also, the implementation of a multiple-case study would have brought more insights to the present research. However, the usage of single case study was justified to gain more in-depth results from the studied phenomenon and answer better to case company’s original initiative.

Quite similar to the first limitation, the second limitation is related to the contextual constraint of gathered empirical data within the company. Similarly, the third limitation concerns triangulation. Limited number of interviews and the fact that no other sources of information, such as project plans or reports were used as a secondary data to understand the phenomenon hinders the ability to increase the reliability and validity of this study. The main reasons for these are the limited scope and time limits as well as the availability issues of some potential interviewees of this particular study.
REFERENCES


APPENDICES

Appendix 1 Interview questions

General opening questions:
1. How long have you been employed in the company?
2. What is your current position in the company?
3. Do you have any previous experience of acquisition integrations? To what extent previous experience has been beneficial for this given integration?

Integration performance:
4. Was there a clear understanding of the roles within the core integration team?
5. Before you started the practical integration, were you aware of the integration strategy, objectives and timeline?
   o How well were the given integration strategy/objectives articulated to you?
   o Was there a gap analysis about the processes and ways of working before the integration kicked off? How was it?
6. What do you feel worked well in the integration?
7. Did you face any difficulties during the integration?
8. How would you describe the overall communication throughout the integration process?
9. How would you describe the changes in systems and processes?
   o Were they big or small changes compared to previous systems and processes?
   o How was the overall attitude towards these changes?
10. How was the integration monitored during the project?
11. How would you describe the speed of integration; was it too fast, adequate or too slow? Why?

Review
12. Can you identify any critical incidents or problems that happened during the integration?
   o How were these solved?
13. Within the integration team, is there any afterwards assessment of the quality of the integration process that could be used for the possible upcoming integrations?
14. Are there any other follow-up activities performed after integration?
15. What would you do differently in the integration?
16. What are the key elements of a successful integration?
<table>
<thead>
<tr>
<th>Key task and human integration synergy drivers</th>
<th>Key managerial activities</th>
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</table>
| **1. High-level integration planning and preliminary work** | • Address needs and concerns of acquired employees  
• Evaluate current performance with desired performance using a variety of available analysis methods  
• Starting early to learn about the target company is the key |
| **2. Full-time integration leader** | • Invest in full-time employment of an integration manager  
• Choose a person who has the skills to plan, lead and implement integration |
| **3. Planned and targeted communication** | • Communicate consistently about integration vision, targets, timetables and roles  
• Tailor the message to each stakeholder group |
| **4. Commitment to achieve common goals and enforce cooperation** | • Assure expected synergies and shared values  
• Put special focus on top management commitment  
• Invest in onsite visits to build commitment |
| **5. Functional cross-departmental collaboration and resource allocation** | • Engage other internal departments rigorously to integration objectives and schedules  
• Understand thoroughly the cross-departmental functionalities that are required for integration  
• Avoid communication breakdowns and silos by encouraging transparent communication and have regular meetings to follow up progress  
• Start communication and involvement of essential departments early |
| **6. Responsive training of new tasks** | • Conduct training face-to-face and in class  
• Have professionals present in the training to give expertise guidance  
• Make the training as effective as possible e.g. have participants to practice the with relevant exercises  
• Monitor the learning progress  
• Use training as an opportunity to integrate people into new teams |
| **7. Capability to monitor integration by using financial and non-financial metrics** | • Hold weekly or biweekly meetings to evaluate the status and progress of the integration  
• Include lessons learned reviews as an element in the project and finalize the learning curve of team members  
• Evaluate the success and failure factors of the project and document them for future purposes |