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Maintaining and creating value through preservative post-acquisition practices

The perspective of an acquired company

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ABSTRACT:

Strategisen johtamisen tutkimus on osoittanut, että yritysostot ovat vaativa kasvun keino, jonka tuomat hyödyt voivat olla ristiriitaisia. Yritysostoja on tutkittu useista näkökulmista, joista prosessinäkökulma on lähimpänä tätä tutkimusta. Tämä tutkimus keskittyy yritysoston siihen vaiheeseen, jossa varsinainen ostosopimus on tehty ja tavoitteena on keskittyä yritysoston mahdollistaman arvon maksimoimiseen. Tutkimuksen tavoitteena on selvittää, millaisia tytäryhtiön arvoa suojaavia ja arvoa luovia käytänteitä pyritään säilyttämään ja muodostamaan tilanteessa, jossa tytäryhtiö jää yritysoston jälkeen itsenäiseksi yritykseksi eli sitä ei sulauteta emoyhtiöön. Tutkimuksen viitekehys hyödyntää aikaisempia tuloksia kolmelta strategisen johtamisen tutkimusalalta. Ensinnäkin huomioidaan aikaisemman integraatiotutkimuksen tuloksia, joiden mukaan integraatiovaiheen onnistumiseen vaikuttavat muun muassa yritysoston kontekstuaaliset tekijät, integraatiovaiheen strategiset/rakenteelliset johtamistoimenpiteet, integraatiovaiheen pehmeän johtamisen eli ihmisjohtamisen toimenpiteet sekä organisaatiotasolla tapahtuvat eri ryhmien väliset vuorovaikutukset. Lisäksi huomioidaan se, että ns. säilyttävällä yritysostolla on täysin omanlaisensa arvonmuodostamisen prosessi. Toiseksi, viitekehyksessä integraatiota tarkastellaan strategia käytänteinä -tutkimusalan näkökulmasta, jossa strategia nähdään sosiaalisina käytänteinä. Käytänteet toimivat siltana mikrotason eli yksittäisten toimijoiden sekä makrotason eli strategioihin liittyvien laajempien sosiaalisten rakenteiden välillä. Aikaisempi strategia käytänteinä -tutkimus ei ole aina tarpeeksi huomioinut prosessia, jossa laajempi sosiaalisten rakenteiden taso ja suppeampi yksilön toimijuuden taso kohtaavat. Tämä tutkimus pyrkii selvittämään, miten yksilötaso ja makrotaso kohtaavat säilyttävän yritysoston arvoa säilyttävissä ja luovissa tytäryhtiön käytänteissä. Kolmanneksi, viitekehys hyödyntää vahvaa strukturaatioteoriaa, joka ottaa alkuperäistä strukturaatioteoriaa paremmin huomioon empiirisen tutkimuksen näkökulman ja sosiaalisen todellisuuden mikro- ja makrotasojen vuorovaikutuksen. Aineistona ovat puolistrukturoidut haastattelut tytäryhtiön avainhenkilöiden kanssa. Tulokset osoittavat, että arvon säilyttämisen ja luomisen käytänteet ovat tärkeitä tytäryhtiön menestymisen kannalta. Tytäryhtiön johto pyrkii yhdessä emoyhtiön edustajien kanssa säilyttämään tyttären itsenäisen aseman sekä tytäryhtiön kyvykkyydet. Tässä yritysostossa myös tytäryhtiön fyysisillä resursseilla, kuten tuotantoteknologialla, oli tärkeä rooli arvon säilyttämisessä. Uutta arvoa voidaan luoda sekä strategisten että operationaalisten yhteistyömuotojen kautta. Haastateltavilla oli myös ideoita yhteistyömuotoihin, joita ei toistaiseksi ollut toteutettu. Organisaatiotasolle suunnatuissa johtamistoimenpiteissä korostuivat paitsi tytäryhtiön itsenäinen asema myös henkilöstölle suunnattu rauhoittava viestintä tytäryhtiön jatkuvuudesta, jonka voidaan myös katsoa pyrkivän kyvykkyyksien säilyttämiseen. Tulokset ovat monissa kohdin linjassa aikaisemman integraatiotutkimuksen kanssa, ja muun muassa säilyttävän yritysoston piirteet ovat vahvasti läsnä. Lisätutkimusta tarvitaan erityisesti säilyttävien yritysostojen erityispiirteistä ja niiden yhteyksistä yritysostojen onnistumiseen sekä vahvan strukturaatioteorian hyödyntämisestä strategia käytänteinä -tutkimuksessa laajemminkin kuin integraatioiden yhteydessä.

KEYWORDS: Corporate acquisitions, Value creation, Structuration theory

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1 Introduction

Along with strategic alliances and joint ventures, mergers and acquisitions (M&As) are an important source of corporate growth and development (Bauer et al., 2017; Bauer & Matzler, 2014). The complex phenomenon of M&As has attracted research interest over a broad range of management disciplines, which have concentrated on the financial, strategic, behavioral, operational, and cross-cultural aspects of the phenomenon (Cartwright & Schoenberg, 2006). Extant research has made two important observations: 1) M&As are complex processes that are conducted with multiple motives in mind and 2) most M&A activities create little or no value, and the value gains and losses are unevenly distributed between the acquiring and acquired company (Trichterborn et al., 2016). Indeed, despite the growing number of M&As, research maintains the view that most M&As fail (Graebner et al., 2017).

Within the M&A research literature, four schools have been established: 1) the financial economic school, 2) the strategic management school, 3) the organization behavior school, and 4) the process school (or perspective) (Bauer & Matzler, 2014, p. 271). Friedman et al. (2016) divide the acquisition process into three stages: pre-acquisition stage (target selection), acquisition decision (deal structure), and post-acquisition stage (organizational integration). The integration stage of merging firms has been recognized as the most crucial phase for M&A success (Bauer et al., 2017), a key driver for the success or failure of M&As (Steigenberger, 2017), a critical part of the M&A process and a main source of value creation (Angwin & Meadows, 2015). Recent literature reviews on integration research have classified the field into various groups of topics, such as 1) strategic integration, 2) sociocultural integration, and 3) experience and learning (Graebner et al., 2017) or 1) integration outcome, 2) context, 3) structural interventions, 4) leadership and communication-based interventions, and 5) collective sensemaking and negotiations (Steigenberger, 2017). The specific strategies of implementing the integration stage have also been classified in various ways (Angwin & Meadows, 2015). The most prominent classification of specific integration strategies has been put forward by Haspeslagh

and Jemison (1991), who classify integration strategies along their positions on two axes, strategic interdependence and organizational autonomy.

Despite the growing prevalence of and interest by researchers in M&As, only a decent number of studies have investigated M&A processes (Friedman et al., 2016). There have been calls to adopt a process perspective on M&As as early as in 1986 by Jemison and Sitkin (1986a). Ten years later, the proponents of the process perspective suggest the following:

> [A]lthough better outcomes are associated with choosing a better target, negotiating a better financial deal, or expertly identifying and successfully sharing key strategic complementarities, the degree to which these events are likely to occur depends upon characteristics of the process used to make and implement acquisition decisions. (Pablo et al., 1996, p. 724)

Thirty years later, Friedman et al. (2016, p. 2357) still called for a rejuvenation of the "emphasis of the preeminence of the M&A process". To date, the author has no knowledge of a post-acquisition integration *process* study that would specifically address the perspective of the *acquired* company in a *preservation* type of integration.

The purpose of this study is to contribute to the understanding of the process perspective of the post-acquisition stage of M&As by answering the following research question: *How can a post-acquisition integration process support value-maintaining and value-creating practices within the acquired company of a preservative M&A?* The research question will be approached from a Strategy-as-Practice (SAP) perspective. However, unlike previous SAP research within the praxis school (Kohtamäki et al., 2022), the present study will not contend with adopting the traditional structuration perspective, which has been prevalent in earlier praxis-related SAP research (Feldman and Orlikowski, 2011; Jarzabkowski et al., 2007; Johnson et al., 2003; Whittington, 1996; 2006). Instead, the present thesis draws on the Strong Structuration Theory by Stones (2005), which has been portrayed as an updated version of the original structuration theory suggested by Giddens (1984) and brought to the SAP genre by Whittington (1996). In general, for structuration theorists (both Giddens and Stones), "activity is both the product and the source

of the structural rules and resources of actors' social systems" (Kohtamäki et al., 2022). Stones (2005, pp. 84–85) suggests that the structuration process unfolds as a quadripartite, recurring process, consisting of 1) the external structures (or conditions of actions) of the agents, 2a) the agents' conjuncturally-specific knowledge of external structures, 2b) the general-dispositional knowledge of the agents, 3) the agents' practices (active agency), and 4) the (intended or unintended) outcomes of the structuration (the changing or preserving of structures). The fourth aspect of the quadripartite framework of structuration (i.e., outcomes) will not be analyzed within the scope of the present thesis, but a projection of the outcomes will be present as the goals that direct the structuration activities of the agents.

The study makes the following three theoretical contributions. First, the study joins the growing amount of M&A research in general and thus brings more understanding to the complex and often unsuccessful activity of M&As. More specifically, the study contributes to the understanding of *M&As as a process*, which has been the topic of insistent calls for further research (Friedman et al., 2016; Haspeslagh & Jemison, 1991; Jemison & Sitkin, 1986a; Pablo et al., 1996). Second, this research adds to the existing literature on the *integration stage* of the M&A process, which also calls for further research (Angwin & Meadows, 2015; Kroon et al., 2022). What is more, the integration process was studied within a context that currently seems to have received very little attention: a preservative-type of integration setting, from the perspective of an acquired company. Finally, in terms of methodology, the present study contributes to the praxis school of SAP research by applying the *Strong Structuration Theory* by Stones (2005) in analyzing the structuration process. This methodological choice has important implications for the phenomenon of micro-isolationism that the SAP school of research has been challenged for (Elbasha & Wright, 2017; Seidl & Whittington, 2014; Vaara & Whittington, 2012), as the Strong Structuration Theory is currently one of the most plausible methods for reconciling the concepts of agency and structure in the social sciences.

The thesis is structured in the following way: The theory section first introduces the key findings on M&A value and post-acquisition integration research. The final part of the theory section covers the basics of the Strategy-As-Practice perspective and the main tenets of the *Strong Structuration Theory* (Stones, 2005). The findings section describes the value-maintaining and value-creating practices that are formed through a quadripartite cycle of strong structuration. Finally, the discussion section elaborates the contributions of the findings to prior research on integration research as well as Strategy-As-Practice research, and concludes with implications for practicing managers and suggestions for further areas of study.

2   Theoretical background

This section concentrates on the most important research concerning the following top-ics: value creation through M&A (section 2.1), post-acquisition integration (section 2.2), and a practice perspective on integration (section 2.3). The purpose of these sections is to demonstrate that a considerable research gap exists within the strategic management literature concerning the value-maintaining and value-creating practices of preservative M&As, especially when such practices are being observed from a strong structuration viewpoint.

2.1   Value creation through M&A

"The thrill of the chase blinded pursuers to the consequences of the catch." (Jemison & Sitkin, 1986b). The above quote refers to the challenges often present in companies at-tempting to make use of the full potential of mergers and acquisitions (M&As), despite the fact that M&As as a strategy has been practiced (Cartwright & Schoenberg, 2006; Cumming et al., 2023) and studied (Bauer & Matzler, 2014; Marks & Mirvis, 2011) for several decades. Indeed, along with strategic alliances and joint ventures, M&As are an important source of external growth and corporate development (Bauer & Matzler, 2014; Cartwright & Schoenberg, 2006). They enable firms to "enter new geographical markets, join forces with or eliminate competitors, achieve economies of scale and scope, and rapidly obtain novel technologies" (Graebner et al., 2017, p. 1). M&As can even be counted "among the most dramatic and visible manifestations of strategy at the corpo-rate level" (Schweizer, 2005, p. 1051).

At their core, M&As refer to "the joining of groups, practices, and identities to create an integrated firm" (Drori et al., 2013, p. 1717). A *merger* refers to the "combination of two companies to form a new company, while an *acquisition* is the purchase of one company by another in which no new company is formed" (Whitaker, 2012, p. 7). However, the difference between a merger and an acquisition is often a legal one, especially in some European countries, whereas in the Anglo-Saxon legal system, a merger and an

acquisition are governed by similar regulations and have the same economic perspective (Mariani, 2017, p. 1). In line with previous research (e.g. Cartwright & Schoenberg, 2006; King et al., 2004), the present thesis uses the term *M&A* to refer to both phenomena[1]. The purpose of M&As is to create synergy, which means that the value of the combined companies is greater than the sum of the two individual parts (i.e., 2 + 2 = 5) (King et al., 2004, p. 188; Whitaker, 2012, p. 8). The success of the M&A endeavor depends on whether such synergy is achieved (Whitaker, 2012, p. 8).

M&As have attracted extensive interest over a variety of management disciplines (Haleblian et al., 2009), including the financial, strategic, behavioral, operational, and cross-cultural aspects of the activity (Cartwright & Schoenberg, 2006). The research on M&As increased significantly from the 1970s onwards, and in the early 1990s, Haspeslagh and Jemison (1991) suggested that four distinct schools of thought had been established: 1) *the capital markets school*, 2) the *strategic school*, 3) the *organizational behavior* school, and 4) the *process perspective*. Bauer and Matzler (2014) confirm the existence of these four schools of thought, calling them 1) *the financial economic school*, 2) *the strategic management school*, 3) *the organizational behavior school* and 4) *the process (perspective) school*. The most prominent stream of research within M&A research – the *capital markets school* or *financial economic school* "analyzes the performance and wealth effects of M&As on the basis of stock-market based measures" (Bauer & Matzler, 2014, p. 270) and aims at determining whether M&As are wealth creating or wealth reducing events for shareholders (Cartwright & Schoenberg, 2006, p. S2). Despite the prevalence of M&As globally, research has failed to establish an improvement in shareholder wealth after the M&A (e.g. Datta et al., 1992; Friedman et al., 2016; King et al., 2004; Steigenberger, 2017; Tuch & O'Sullivan, 2007). On the contrary, M&As have often been found to decrease the firm value of the acquirer and to produce highly volatile market returns (Haleblian et al., 2009). The firm value of the acquired company, in contrast, has been found to increase post M&A (Datta et al., 1992). This frequently cited outcome of M&A

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[1] Cumming et al. (2023) even use the terms *acquisitions, buyouts, mergers, M&As,* and *takeovers* synonymously.

success has been challenged by Alexandridis et al. (2017), who found evidence of significant positive value creation in the M&As that were completed after the year 2009, and who explain this turn with the developments in corporate governance environment after the financial crisis of 2008. In sum, within the capital market school, the focus is on the efficiency impact of a M&A on the economy (Haspeslagh & Jemison, 1991).

In contrast to the capital market school, the second school of thought within the M&A research, *the strategic (management) school*, concentrates on the impact of acquisitions on individual firms (Haspeslagh & Jemison, 1991, p. 300). This school of thought can be divided into two subgroups. The first one, the *acquisition performance* group, has been interested in uncovering the variables that might discriminate between different types of acquisitions and their consequent performance levels. This subgroup shares the financial economists' interest in performance and sometimes uses their methodology of event studies. The second subgroup, the *acquisition planning* group, includes not only academics but also consultants and reflective practitioners who "draw on their acquisition experience to prescribe a better way of analyzing acquisitions" (Haspeslagh & Jemison, 1991, p. 300).

The organizational behavior school has studied the effects of transactions on organizations, organizational culture, and individuals, or the impact of organization-related variables, such as acquisition experience, on performance (Bauer & Matzler, 2014, p. 270). Studies related to international M&As can be included in this school of thought, as they are interested in the effects of cultural distance on M&A success (Bauer & Matzler, 2014). Haspeslagh and Jemison (1991, p. 304) divide the organizational behavior school into three subgroups: 1) the human resource impact of acquisitions, 2) crisis literature, and 3) cultural compatibility. Haspeslagh and Jemison (1991, p. 306) also point out that although this stream of research has focused on the people aspects of implementing an M&A, it has often taken place at the expense of the strategic requirements, which have largely been neglected by the organizational behavior school. Moreover, in the context of M&As, it might not be relevant to avoid situations that involve strong cultural

differences "in a world where strategic objectives can often be fulfilled only by combining people and capabilities from firms with many different national, industry, and corporate heritages" (Haspeslagh & Jemison, 1991, p. 339).

Finally, the *process school* (or *perspective*), which has developed on the basis of the strategic management and the organization behavior schools (Haspeslagh & Jemison, 1991, p. 306), argues that the acquisition process itself is a potentially important determinant of acquisition outcomes (Jemison & Sitkin, 1986a). This perspective states that strategic and organizational fit offer the potential for synergies, but the realization of these synergies "depends entirely on the ability of management to manage the post-integration process in an effective manner" (Birkinshaw et al., 2000, p. 398). As early as in 1986, Jemison and Sitkin recognized the strategic and complex nature of M&As and pointed out that they often occur sporadically (from the perspective of an individual company), and "affect various stakeholder groups and multiple actors whose involvement is temporally and functionally divided" (Jemison & Sitkin, 1986a, p. 161). As a result, they state, M&A processes are often both discontinuous and fractionated.

These different streams of M&A research are not mutually exclusive, but they have often studied the phenomenon from an isolated perspective (Bauer & Matzler, 2014; Larsson & Finkelstein, 1999). Such fragmentation has by and large prevented the development of more *integrative* research on M&As (Larsson & Finkelstein, 1999). However, Larsson and Finkelstein (1999) suggest a framework which integrates these various streams of research and studies the effect of various M&A perspectives on synergy realization. Their study concludes that all the determinants of synergy realization they studied (strategic, organizational and HRM factors) are independently and significantly related to synergy realization. Moreover, they state, of all the determinants of synergy realization, "organizational integration was the strongest predictor" (Larsson & Finkelstein, 1999, p. 16). Their findings thus support the significance of the process perspective within M&As. In sum, "it may not be enough for a merger or acquisition to have potential synergies to exploit; structural and processual changes must be undertaken that allow

those synergies to be realized" (Larsson & Finkelstein, 1999, p. 16). As the present thesis concentrates on the process view of M&As, the foundations of the process view will be covered in more detail in section 2.1.2 below. Let us first briefly consider the more general purpose of M&A as a strategy, and the concept of value within the M&A endeavor.

Previous research on the phenomenon of M&As has thus concentrated on a wide variety of perspectives and topics. One of the most significant findings has been the claim that M&A activities do not usually result in better firm performance, at least for the acquiring company (Haleblian et al., 2009; Steigenberger, 2017; Tuch & O'Sullivan, 2007), despite the fact that M&A continues to be a frequently applied strategy of corporate growth and renewal (Bauer & Matzler, 2014; Statista, 2024). More recent research (Alexandridis et al., 2017) has not refuted the traditional claim of M&As eroding the acquiring firm's value but has discovered a turn in this negative trend. This turn took place within the aftermath of the 2008 financial crisis, which coincided with "significant developments in the corporate governance environment, which have the potential to foster increasingly optimal investment decisions that cater for shareholder value creation more than ever before" (Alexandridis et al., 2017, p. 647). Despite the varying results concerning M&A success, *value creation* has been named as one of the reasons why companies merge and acquire (Haleblian et al., 2009). The concept of value creation is thus a significant aspect of merging and acquiring, regardless of whether the M&A is successful in creating the value that it attempts to create.

Before reviewing the concept of value in more detail, it is worth noting that value creation may not be the only motive for merging and acquiring. Indeed, the apparent enthusiasm of managers for engaging in M&A activities is not explained by empirical evidence, which has consistently stated that the impact of acquisitions on the performance of the acquiring firms is inconclusive or insignificant (Cartwright & Schoenberg, 2006; Haspeslagh & Jemison, 1991; King et al., 2004; Steigenberger, 2017; Tuch & O'Sullivan, 2007). Haleblian et al. (2009) have categorized the motives for M&A into four groups: 1) value creation, 2) managerial self-interest (value destruction), 3) environmental

factors, and 4) firm characteristics. The first motive, *value creation*, involves attempts at influencing the market power of the company, increasing efficiency (and thus decreasing costs), redeploying resources, and disciplining ineffective managers. The second motive for M&A, *managerial self-interest*, has been an explaining factor because M&As do not often create value at all. In these cases, factors such as compensation, managerial confidence and ego gratification, and various target firm defense tactics overrule the concern for maximizing shareholder value. The third group of motives, *environmental factors*, refers to M&As that have been undertaken due to environmental uncertainty and regulation, imitation of innovations and resource dependence, or network ties. Finally, *firm characteristics* explain M&As that were motivated by prior acquisition experience or the strategic positions and intentions of the firm.

2.1.1 The concept of value within M&A

The concept of value holds different meanings for different constituents of the company (Haspeslagh & Jemison, 1991, p. 19). Inspired by the classification by Haspeslagh and Jemison (1991), but not strictly following their terminology, the concept of value in M&As is here classified into four perspectives: 1) the capital markets view, 2) the stakeholder view, 3) the managerial perspective, and 4) the capabilities-based perspective. Accounting-based measures of M&A success will be briefly reviewed after the capital markets view, even though the use of these measures has been labeled as unreliable. In the context of the present thesis, it is worth noting that the present study will not attempt to measure M&A value and will not be able to comment on the success of the M&A that the mother of the case company has completed, as that will remain out of the scope of this study. Instead, the purpose of the present study is to discover practices that are aimed at maintaining and creating value. Consequently, the treatment of M&A value in the present section serves the purpose of pointing to the direction of increased value at which the value-maintaining and value-creating practices might be aimed.

First, *the capital markets view* on value creation states that the success of an acquisition should be judged in terms of the immediate value created for the shareholders

(Haspeslagh & Jemison, 1991, p. 19). This view of M&A success has been widely supported because its logic is based on the tenets of the capitalistic economic system in general and on the efficient markets hypothesis of financial economics in particular (Haspeslagh & Jemison, p. 19). According to this view, the market value of a firm's stock price reflects "an unbiased estimate of all publicly available information about the firm's future cash flows and their related risks" (Haspeslagh & Jemison, 1991, p. 19). In addition, Jensen (1984) points out that the stockholders of a company can be regarded as the ultimate holders of organizational control and that is why their interest must be the focal point of any discussion concerning the company.

The stock-based measures concentrate on the development of the share price of the acquiring firm around the completion of the M&A, and the most used methodology has been event studies (Tuch & O'Sullivan, 2007). Event studies analyzing the development of the stock price around an M&A rest on the assumption that the stock market operates efficiently; in other words, that "share prices react in a timely and unbiased manner to new information and that the extent of the gains reflect the value of the firm in forthcoming periods" (Tuch & O'Sullivan, 2007, pp. 142–143). The share price reaction is then used in identifying the expected present value of the change in cash flows resulting from the M&A. In event studies that concentrate on analyzing the stock price, researchers also need to choose an appropriate 'event window' for the examination of share price returns (e.g., short run or long run) and an appropriate 'benchmark' for calculating the abnormal returns (Tuch & O'Sullivan, 2007). However, using only stock-based measures to gauge the value of an M&A ignores the effects of the M&A on other potentially relevant dimensions of firm performance (King et al., 2004).

Thus, according to the capital markets view, an M&A is considered successful if it results in an immediate increase in stock market value (after adjustment for normal market fluctuations), and unsuccessful if the market value decreases (Haspeslagh & Jemison, 1991, p. 19). On a more general level, the entire economy is seen to benefit from the asset reallocation that results from M&As, as the new group of owners is believed to be able

to utilize the assets of the acquired firm better than the previous ones, and the previous owners will be able to reinvest the proceeds somewhere else (Haspeslagh & Jemison, 1991, pp. 19–20). However, the capital markets view is limited in its ability to guide managers who want to understand how to create value in a particular situation (Haspeslagh & Jemison, 1991, p. 20). Besides stating that value can be created by reallocating the firm's assets, this view does not address the way in which income streams are created. According to Haspeslagh & Jemison (1991, p. 20), this view is valuable because it reminds us to put value creation ahead of managerial motives, but the drawback of the approach is that it leaves the source of firm performance unexplained. Nevertheless, most existing post-acquisition research uses the above-described stock market-based measures of M&A value creation (King et al., 2004).

In financial economic terms, value creation in M&A can also be measured by using accounting-based measures of post-acquisition performance or by using multiple measures (King et al., 2004). Within the accounting-based measures of M&A success, one option is to use accounting-based rates of return, such as profits/sales, profits before interest and taxes / total assets, and net profits after tax/shareholders' funds (Stanton, 1987). After the merging, these rates of return are compared against benchmarks, such as pre-merger performance, industry performance, matched control-group performance, or projected performance. In this process, published accounting information for non-merged firms is combined or "pooled" to obtain a hypothetically merged entity, against which the performance of the merged entity can be compared. The use of such accounting-based rates of return in assessing post-merger performance has often been shown to result in systematic bias in favor of the non-merging control group (Stanton, 1987). This bias may occur because of differing forms of merger financing (cash purchase vs. share purchase), accounting treatments for merger (the purchase method vs. the pooling method), and accounting practices post-merger (e.g. choices regarding goodwill, depreciation, extraordinary items, leasing, capitalization vs. expensing, and intra-group sales (Stanton, 1987). Thus, such accounting-based rates of return have been labeled as unreliable measures of post-merger performance.

Second, the *stakeholder perspective* on M&A value creation refers to the different concepts of value as they are considered by other groups than the shareholders only (Haspeslagh & Jemison, 1991, p. 20). The *stakeholder theory* originated in the work of Freeman (1984) and was continued in numerous books and articles throughout the late 1980s until today. According to Freeman et al. (2010, p. 47), the stakeholder theory can be defined both narrowly and more broadly. Narrowly defined, the stakeholder theory refers to the idea that business is about creating value for groups without whose support the business could not survive. These groups usually include at least financiers, customers, suppliers, employees, and communities – in short, the primary or definitional stakeholders. In a broader sense, the stakeholder theory posits that if a group or individual can affect a business, they can be considered a stakeholder and must be taken into consideration by the executives in thinking about how to create value. Such secondary or instrumental stakeholders are, for instance, competitors, the media, and the government. Even though Haspeslagh and Jemison (1991, p. 21) criticize the stakeholder perspective for not providing much guidance for managers seeking to create value, Freeman et al. (2010) summarize the normative idea of the stakeholder theory in rather easy-to-apply terms:

> The basic idea of creating value for stakeholders is quite simple. Business can be understood as a set of relationships among groups which have a stake in the activities that make up the business. Business is about how customers, suppliers, employees, financiers (stockholders, bondholders, banks, etc.), communities, and managers interact and create value. To understand a business is to know how these relationships work. And the executive's or entrepreneur's job is to manage and shape these relationships. (Freeman et al., 2010, p. 43)

What is more, the primary responsibility of the executive is "to create as much value as possible for stakeholders" (Freeman et al., 2010, p. 46). If the interests of two or several stakeholders conflict, the executive "must find a way to rethink the problems so that these interests can go together, so that even more value can be created for each" (Freeman et al., 2010, p. 46). According to Freeman et al. (2010, p. 47), creating sustainable value for stakeholders can be successfully accomplished when a business has a sense of

purpose, in other words, something that "speaks to the hearts and minds of key stake-holders".

Third, the *managerial view* of value creation refers to the managers' best judgements regarding the correct way to proceed in pursuing value creation (Haspeslagh & Jemison, 1991, p. 21). According to this view, managers make investments (including M&As) that tend to the firm's capabilities and long-term competitive position, which is expected to result in financial success and the ability to serve all stakeholders (Haspeslagh & Jemison, 1991 p. 21). The decisions of the managers are based on their "understanding of the strategic, technological, and market opportunities facing their firm and their vision of how they would compete in the future" (Haspeslagh & Jemison, 1991, p. 21), and these decisions may or may not be backed up by precise financial projections, such as dis-counted cash flow analyses (Haspeslagh & Jemison, 1991, pp. 21–22). The managers in-terviewed by Haspeslagh and Jemison (1991, p. 22) had differing views regarding the choices that they should concentrate on to accomplish the corporate purpose, ranging from realizing financial results and conquering market positions to building up corporate capabilities. Nevertheless, all the managers interviewed by Haspeslagh and Jemison (1991) agreed that financial performance was the most important long-term measure for M&A success.

Finally, the *capabilities view* on value creation considers the firm as a set of capabilities which, "when applied in the marketplace, can create and sustain elements of competi-tive advantage for the firm" (Haspeslagh & Jemison, 1991, p. 23). The competitive ad-vantage enabled by the set of capabilities produces operating results for the firm and creates value for its shareholders. According to Haspeslagh and Jemison (1991, p. 23), the advantage of this perspective is that it segments the value creation process into dis-tinct steps (1. capabilities → 2. competitive advantage → 3. operating results → 4. value creation) and thus allows careful consideration of each of these steps. In addition, in contrast to the more traditional view on competitive advantage, which sees the source of competitive advantage more one-dimensionally as a single aspect of the company,

the capabilities view takes the stance that the competitive advantage is created by a wide range of capabilities and a distinct set of core capabilities, which can be recombined to renew them (Haspeslagh & Jemison, 1991, p. 23). The core capabilities, which have the strongest effect on sustaining a competitive advantage, "(1) incorporate an integrated set of managerial and technological skills, (2) are hard to acquire other than through experience, (3) contribute significantly to perceived customer benefits, and (4) can be widely applied within the company's business domain" (Haspeslagh & Jemison, 1991, p. 23). A clear understanding of the core capabilities (as well as the secondary ones) enables the company to see the options that are open to it and to develop a corporate strategy for renewing its set of capabilities (Haspeslagh & Jemison, 1991, p. 24). Moreover, as Haspeslagh and Jemison (1991, p. 24) state, such understanding is central to the development of an acquisition strategy that will create value.

Haspeslagh & Jemison (1991, pp. 28–36) posit that within an M&A, value can be created by 1) transferring strategic capabilities, 2) renewing the corporation at the level of corporate strategy, or by 3) affecting business-level strategies. First, transferring strategic capabilities from one company to another within an M&A context creates value (synergy) when the competitive advantage of the receiver is improved. Four different categories of acquisition benefits can be distinguished: 1) operational resource sharing, 2) functional skill transfer, 3) general management skill transfer, and 4) combination benefits. Second, renewing the corporation at the level of corporate strategy creates value by 1) strengthening the firm's position within a domain, by 2) extending the firm's domain (in new, adjacent businesses or through new capabilities that can be applied within existing businesses), or by 3) enabling the firm to explore new domains (either by bringing in new capabilities within the core business or by applying general management skills within businesses that that do not have direct relevance to the core business). Third, on the level of business strategies, a firm can acquire 1) a specific capability (e.g., software programming), 2) a platform, which refers to a company that "may have been viable before being acquired, but clearly will not be as part of the acquiring firm unless it commits to significant further investment" (Haspeslagh & Jemison, 1991, p. 36) and thus involves

commitment to an investment strategy worth much more than the purchase price, or 3) an existing business position, where the "acquisition itself almost implements the strategy" (Haspeslagh & Jemison, 1991, p. 36).

More recently, Ferrigno et al. (2024) have proposed a structured framework for the drivers of value creation and value appropriation in strategic alliances. Even though their study is not directly related to M&As but rather to strategic alliances, future M&A research might benefit from drawing inspiration from their framework regarding value creation and value appropriation, especially in cases of daughter companies that remain autonomous from their mother. According to Ferrigno et al., *value creation* refers to "the total value that partners' joint efforts generate", i.e., the common benefits of the alliance, while *value appropriation* or *value capture* refers to "the value that each partner obtains out of the alliance or unilaterally from the other partner", i.e., the private benefits resulting from the alliance (Ferrigno et al., 2024, p. 2). In their framework, Ferrigno et al. (2024) separate three stages in the lifecycle of a single alliance: pre-alliance, operation, and post-alliance. The central part of the framework consists of factors that have been identified as relevant in the value creation and value appropriation of strategic alliances, as well as interplay factors, which animate the cycle of value creation and value appropriation but which have often been neglected. From the perspective of M&As, it is notable that *resources* and *know-how* have been described as the central value creation factors on the firm-level, whereas *commitment*, *trust*, *relation-specific assets*, and *familiarity* have been discovered to contribute to value creation on the inter-partner level. On the alliance level, *resource complementarities* and *knowledge combinations* have been mentioned as value-creating factors. Thus, resources and know-how play a central role in the value creation of both strategic alliances and M&As. M&A research might benefit from the research concerning value creation in strategic alliances, even though the legal and organizational differences between M&As and strategic alliances must be taken into account.

2.1.2   The process perspective and integrative views

In addition to the four differing schools of thought within M&A research (Haspeslagh & Jemison, 1991; Bauer & Matzler, 2014), there has been a tendency to study the different stages of the M&A phenomenon in isolation (Bauer & Matzler, 2014). Recently, there has been a growing perception of the importance of the post-merger integration stage (Bauer & Matler, 2014; Cartwright & Schoenberg, 2006), which has been recognized as a critical part of the M&A process (Angwin & Meadows, 2015). The increasing research interest in the integration stage is a favorable development, but the need remains for more integrative M&A research which would take into consideration the interdependencies within the M&A process (Bauer & Matzler, 2014). In the following, the origins and the main ideas of the *process perspective* of M&A research are first discussed. After that, the central ideas of recent, integrative M&A research are briefly reviewed. Research related to the post-acquisition integration stage, which constitutes a central part of the process research, will be summarized in section 2.2.

The *process school* emerged as a response to the questions that remained unanswered through the research within the first three schools of thought (Haspeslagh & Jemison, 1991, p. 338). While the capital markets school, the strategic school, and the organizational behavior school each offer important insights into M&As, they fail to address the "overall problems with acquisitions" that are met by the management (Haspeslagh & Jemison, 1991, p. 338–339). The financial economic school, after stating that the stock prices of the acquiring firm tended to decrease after the M&A deal and those of the acquired firms tended to increase, was not able to explain the reasons behind this phenomenon. The strategic school studied features of strategic fit and attempted to prove that strategically related acquisitions outperform unrelated acquisitions, but this hypothesis was never conclusively supported. Finally, the organizational behavioral school paid attention to the interpersonal issues of having the acquisition accepted by key employees and other groups that were affected, but this school of thought often lost sight of the strategic task of the acquisition. These differing schools of thought are not mutually exclusive, but they have often studied the M&A phenomenon from an isolated

perspective, which has prevented the development of a more integrative view (Bauer & Matzler, 2014; Larsson & Finkelstein, 1999). The process school literature, however, has focused on the significance of the choice of integration strategy and the acquisition process itself (Cartwright & Schoenberg, 2006).

Despite the growing prevalence of and interest by researchers in M&As, by 2016, only a small number of studies had investigated M&A processes (Friedman et al., 2016). There had been calls to adopt a process perspective on M&A as early as in 1986 by Jemison & Sitkin (1986a). According to them, the process perspective "recognizes the acquisition process itself as a potentially important determinant of acquisitions and outcomes" (Jemison & Sitkin, 1986a, p. 145). Jemison and Sitkin (1986a) recognized four impediments to successful integration: 1) activity segmentation, 2) escalating momentum, 3) expectational ambiguity, and 4) management system misapplication. *Activity segmentation* concerns the division of labor within the M&A process. It refers to the segmentation of duties and responsibilities within the acquisition process, which is often caused by the number of tasks to be accomplished, the technical complexity of acquisition analysis, and the traditional roles played by different specialists. Even though a certain degree of activity segmentation is needed due to the complexity of the tasks and the possibly missing internal capacity to execute them, a strong activity segmentation might lead to a poor integration of analyses, where a disproportionate number of analyses are strategic rather than organizational. *Escalating momentum*, on the other hand, refers to the acquisition process as "having a life of its own" (Jemison & Sitkin, 1986a, p. 151). In other words, the acquisition process often involves forces that are stronger than the forces that retard the momentum. The net effect of these forces is often a collective desire to complete the process quickly. This escalating momentum is not problematic when early decisions are functional and appropriate, but the momentum becomes dysfunctional and might lead to unsuccessful outcomes when solutions are made prematurely and without consideration for integration issues. *Expectational ambiguity*, the third impediment to M&A process, also involves both favorable and unfavorable consequences. During the negotiation phase, ambiguity is often purposeful and gives the negotiating

parties room for maneuvering, time to find agreement, and possibilities to save face in public announcements, since the negotiation phase involves different expectations regarding the purpose and timing of the M&A. However, during the integration stage, expectational ambiguity can be dysfunctional, causing deteriorating trust between the acquired and acquiring firms and decreasing the probability of a successful integration. Finally, *management system misapplication* refers to situations in which defensiveness or arrogance occurs between the companies. Both the acquiring and the acquired firm can exhibit a mixture of defensiveness and arrogance to each other, which can lead to an unsuccessful relationship between the firms and to misuse of the acquiring firm's managerial systems.

Jemison and Sitkin (1986a) thus bring forward various impediments to the success of an M&A, which are exacerbated by the fact that from the perspective of most firms, M&As do not take place very often. If the management is not able to utilize their experience, they may rely on advisors whose interest may not coincide with the strategic objectives of the firm. In addition, the M&A process is affected by many groups from within and outside the organization, and these groups may also be more concerned with their individual interests than with the success of the M&A. Even though the process view suggested by Jemison and Sitkin (1986a) approaches the topic from a rather problem-oriented perspective, it is still relevant as it gives the stakeholders of an M&A good advice on the aspects of the M&A that need to be prepared for or addressed.

The early key contributions of the process perspective were the contingency frameworks for the form of post-acquisition integration offered by Haspeslagh and Jemison (1991) and Cartwright and Cooper (1996), as well as the understanding how different integration approaches may impact the ultimate outcome of the M&A (Cartwright & Schoenberg, 2006). Haspeslagh and Jemison (1991) can be considered the seminal work of the process view of M&A and of integration research in general. What distinguishes Haspeslagh and Jemison (1991) from the work of Jemison and Sitkin (1986a) is the focus on synergy and value creation rather than the impediments to the M&A process that

were described above. Haspeslagh and Jemison (1991) are thus interested in what can be accomplished through the M&A process and how it can be accomplished. Cartwright and Cooper (1996), on the other hand, introduce the importance of human factors in reaching M&A success. According to them, the two most important human factors during an M&A are 1) the culture compatibility of the combining organizations, and the resultant cultural dynamics, and 2) the way in which the M&A process is managed. Failure to pay attention to these aspects is likely to result in an unsuccessful M&A, they claim, and offer frameworks for assessing the cultural compatibility of the merging companies as well as for managing the sociocultural aspect of the M&A process. The contribution of Cartwright and Cooper (1996) was to combine the ideas of the organizational behavioral school of M&A research with those of the process perspective. According to Bauer and Matzler (2014, p. 217), prominent studies within the process school during the 2000s include Angwin (2004), Ellis et al. (2009), and Homburg and Bucerius (2006).

One of the first studies to incorporate previous M&A research into a broader, process-oriented integrative model is Larsson and Finkelstein (1999). Their claim is that M&A synergy is a function of 1) the combination potential (similarity and complementarity) of the merging businesses, 2) the extent of interaction and coordination during the integration process, and 3) the lack of employee resistance to the combined organization. More specifically, the presence of complementary operations (differences in e.g. production, marketing, R&D, and administration) increases the probability of acquisition success by enhancing operational synergy realization. What is more, organizational integration was found to be "the single most important factor in explaining synergy realization" (Larsson & Finkelstein, 1999, p. 1), and M&As with high combination potential were significantly more successful when the level of organizational integration was high, compared with a situation in which the integration efforts were less forceful. In terms of employee resistance, more resistance occurred among employees in M&As that were dependent on gains from combining similar production and marketing operations, compared with M&As that focused on realizing complementary benefits. According to Larsson and Finkelstein (1999), their study differs from traditional methods of M&A research in three

ways. First, instead of using accounting or stock market criteria – which the authors deem as rather "removed and potentially ambiguous criteria" (Larsson & Finkelstein, 1999, p. 1) – for assessing the success of an M&A, they choose synergy realization as the measure of M&A success. Second, instead of conceptualizing combination potential only in terms of the similarities between businesses, the authors also assess production and marketing complementarities. Third, the study uses the case survey method, which combines in-depth case studies with the depth and generalizability of large-sample empirical investigations. Finally, Larsson and Finkelstein (1999) called for research that would simultaneously address the strategic, organizational, and HRM explanations of M&A success.

In response to the further calls (e.g., by Cartwright & Schoenberg, 2006; Larsson & Finkelstein, 1999) for more integrative frameworks of M&As, Bauer and Matzler (2014) as well as Friedman et al. (2016) developed frameworks that addressed the entire M&A as a process. The significance of these contributions lies in the fact that they develop a more holistic understanding of the M&A process and incorporate earlier M&A research into the process perspective. Nevertheless, thirty years after the publication of Jemison & Sitkin (1986a), Friedman et al. (2016, p. 2357) still called for a rejuvenation of the "emphasis of the preeminence of the M&A process". On a similar note, Haleblian et al. (2009) state that to better understand the consequences of acquisitions, greater attention should be directed at the processes that acquirers use to seize value from acquisitions. More specifically, they encourage "future research that explores the processes that foster effective integration and how the dynamics among acquiring firms' top managers and between the acquiring and target top management teams influence acquisition implementation success" (Haleblian et al., 2009, p. 490). Thus, the need to understand M&A processes has persisted through several decades.

2.2 Post-acquisition integration

As early as in 2006, M&A research began to place a stronger focus on post-acquisition integration as well as integration process variables than the more traditional perspectives of M&As (Cartwright & Schoenberg, 2006). The post-acquisition integration stage of M&As (or briefly: *integration*) has been described as a critical part of the M&A process (Angwin & Meadows, 2015; Drori et al., 2013; Graebner et al., 2017), as a key driver of the success or failure of M&As (Haspeslagh & Jemison, 1991; Steigenberger, 2017), and as "the most difficult job the acquirer begins" (Gates & Very, 2003, p. 167). Indeed, it has been noted that many failures in M&As are the result of poor post-acquisition integration (Graebner et al., 2017; Lakshman, 2011). Integration has been conceptualized and measured in multiple ways (Graebner et al., 2017). Larsson and Finkelstein (1999, p. 6) define integration as "the degree of interaction and coordination between the two firms involved in a merger or acquisition". Pablo (1994, p. 806) defines integration as "the making of changes in the functional activity arrangements, organizational structures and systems, and cultures combining organizations to facilitate their consolidation into a functioning whole". The integration stage begins with the closure of the M&A deal and typically takes years to complete, and the planning of the integration may often begin well before the M&A deal closure (Steigenberger, 2017). Integrations have been described as extremely complex processes that depend on many factors (Kroon et al., 2022) as well as "dynamic in nature, and characterized by complexity, ambiguity, and contradictions" (Graebner et al., 2017, p. 2). Given these characteristics, it is no surprise that not all integrations are successful.

Whatever the strategy of the acquiring firm, integration will often present itself as a challenging task for management (Gates & Very, 2003). This task consists of implementing synergies in order to create value and of managing issues to avoid value leakage (Gates & Very, 2003). A significant managerial challenge during the integration stage is the dilemma between integration and autonomy (Colman, 2020). Integration is a necessary step in an M&A since it helps to manage the interdependencies between the firms and to secure the access and transfer of capabilities (Colman, 2020). This process often

involves implementing radical change in the business of the acquired company, which is subject to the strategy and corporate culture of the acquirer (Meyer & Lieb-Dóczy, 2003). However, the loss of autonomy during an integration may lead to various undesirable consequences, such as disrupting the target's innovative capabilities, depleting the target's capabilities through the disruption of routines and loss of valuable personnel, and causing human resource-related problems that drain managerial capabilities (Colman, 2020). Nevertheless, the acquiring company often attempts to preserve what is valuable in resources and in cultural attributes in the acquired organization (Meyer & Lieb-Dóczy, 2003).

Rouzies et al. (2019) point out that post-acquisition integration should not be viewed as an isolated event in an organization but rather as a process that is embedded within all the other ongoing activities of an organization. This view affects the dynamics of the integration, as the causal ambiguity between integration decisions and outcomes may be influenced by factors that are exogenous to the integration process itself. Post-acquisition integration processes are shown to be affected by intermediate variables that emerge from the set of co-evolving processes and thus give emphasis to the influence of contextual matters of integration. The results of Rouzies et al. (2019) show that the mechanism of *coordination* facilitates task integration, but *disconnection* impedes it. In a similar way, the mechanism of *cohesion* facilitates human integration, but *alienation* impedes it. According to Rouzies et al. (2019, p. 280) "integration processes unfold in a dialectic and dynamic manner with forces simultaneously impeding and facilitating integration".

Haspeslagh and Jemison (1991) has been considered the seminal work on post-acquisition integration (Zaheer et al., 2013). The heart of integration, according to Haspeslagh and Jemison (1991, p. 28), is the transfer and application of strategic capabilities, which improves the competitive advantage of one firm. Haspeslagh and Jemison (1991, pp. 28–32) distinguish between three types of capability transfer: resource sharing, functional skill transfer, and general management skill transfer. Resource sharing refers to "the

combination and rationalization of some of the operating assets of both firms" (Haspeslagh & Jemison, 1991, p. 29). Functional skill transfer takes place when one firm improves its capabilities by adopting, from another firm, skills that help it to become more competitive. General management skill transfer takes place when one company is able to make another more competitive by improving "the range or depth of its general management skills" (Haspeslagh & Jemison, 1991, p. 31). Sometimes M&As are even completed in order to acquire good managers from other firms. Each of the three types of skill transfer results in different organizational challenges (Haspeslagh & Jemison, p 28).

In addition to the transfer of strategic capabilities, the merging firms enjoy combination benefits, which "do not require a managerial process to transfer capabilities between the organizations" and are thus not the focus of "truly strategic acquisitions" (Haspeslagh & Jemison, 1991, p. 29). Combination benefits include the larger size of the business, which results in market power and increased purchasing power over customers, suppliers, distribution channels, and smaller competitors. For instance, the sharing of financial resources may lead to lower financing costs or greater financing capability. Combination benefits, together with the three types of strategic capability transfer, are often all present within an M&A (Haspeslagh & Jemison, 1991, p. 29).

The research on integration developed in the late 1980s, and still continues, but the resulting literature has remained fragmented (Graebner et al., 2017; Steigenberger, 2017) until very recently. Literature reviews that synthesize the previous research on M&A integration were not published until 2017 by Steigenberger (2017) and by Graebner et al. (2017). Later, Kroon et al. (2022) introduced a dynamic model of post-acquisition integration, which combines both the hard aspects of integration (the set of activities undertaken to realize cost and revenue synergies) as well as the soft aspects of integration (the creation of positive attitudes towards the integration among employees). However, the seminal work of Haspeslagh and Jemison (1991) concerning value creation through integration is still relevant from the point of view of the present study, since it was their work

that presented the leading post-acquisition strategy typology (Angwin & Meadows, 2015), which is based on the relationship between strategic interdependence and organizational autonomy. As the present thesis is concerned with a preservation type of integration, the work of Haspeslagh and Jemison (1991) is drawn upon to explain the unique value-creation mechanisms of a preservation integration (see section 2.2.1). Angwin and Meadows (2015) continued the work on integration typologies that was initiated by Haspeslagh and Jemison (1991). Angwin and Meadows (2015), whose work will be introduced in more detail below in section 2.2.1, empirically tested the two key axes (strategic interdependence and organizational autonomy) of the integration typology created by Haspeslagh and Jemison (1991) and revised it on the basis of their findings.

The research presented below will concentrate on the *process aspect of post-acquisition integration*. A distinction can thus be made between the following treatment of the process aspect of integration and the *integrative process view of M&A* research that was launched by Larsson and Finkelstein (1999). The perspective adopted by Larsson and Finkelstein (1999) is wider, as it synthesizes aspects of M&As that are not directly related to integration per se, such as combination potential (from the strategic school of thought of M&A research), synergy realization (from the financial economic school of M&A research), and employee resistance (from human resource management). However, at the same time, Larsson and Finkelstein (1999) acknowledge the critical role that organizational integration – which they position within organization theory – plays in the success of an M&A: "organizational integration was the single most important factor in explaining synergy realization, even to the extent that M&As with higher combination potential were significantly more successful when coupled with high organizational integration than when integration efforts were less forceful" (Larsson & Finkelstein, 1999, p. 1).

A further distinction can be made between the *post-acquisition integration* research presented below and the *processual framework of M&A* by Friedman et al. (2016), whose process model covers the entire M&A process: pre-acquisition stage, acquisition decision, and organizational integration. Friedman et al. (2016) identified the major

mechanisms that drive M&A performance during all these three stages. In contrast, the implementation of post-acquisition integration only begins after the M&A deal has been closed, even though the planning of the integration might have begun much earlier in the M&A process (Steigenberger, 2017). Although the pre-acquisition stage and the acquisition decision processes involve factors that greatly contribute to M&A success or failure (Finkelstein et al., 2016), it is not worth dismissing the evidence presented by Larsson & Finkelstein (1999), which points towards the integration stage as being the "single most important factor" (Larsson & Finkelstein, 1999, p. 1) in creating a successful M&A.

In the following, the most significant findings of post-acquisition integration research will be summarized on the basis of the works of Angwin and Meadows (2015), Graebner et al. (2017), Haspeslagh and Jemison (1991), Kroon et al. (2022), and Steigenberger (2017). However, the scope of integration research is wide (Steigenberger, 2017), spanning over the last four decades and encompassing a variety of topics. Thus, for reasons of scope, the present treatment will not be able to do justice to all this past research on integration. For this reason, the purpose of the treatment below is to only draw attention to the most important aspects of integration that have been shown to make the strongest contribution to a successful M&A. These important aspects of integration research were discovered by Graebner et al. (2017) and by Steigenberger (2017), by reviewing previous integration literature. Kroon et al. (2022), on the other hand, present a dynamic model of post-acquisition integration that is based on a four-year-long case study of a cross-border integration.

The dynamic integration model by Kroon et al. (2022, p. 1137) was created in the context of a symbiotic type of integration, which combines a strong need for strategic interdependence between the two companies (because a substantial capability transfer is aimed at) with a strong need for organizational autonomy (because the individual capabilities of the organizations need to be retained) and thus presents the most complex managerial challenges of all integration types (Haspeslagh & Jemison, 1991). In contrast,

the case company of the present study can be characterized as a case of preservation acquisition, which combines a high need for organizational autonomy with a low need for strategic interdependence. The value creation mechanisms between symbiotic and preservation integrations are different, and the integration model of Kroon et al. (2022) must thus be applied with caution within the context of the present study. (One of the business units in the study of Kroon et al. (2022) did exhibit features of preservation integration, but overall, Kroon et al. (2022) describe the integration that they studied as symbiotic.) Thus, a dynamic integration model for preservation integrations is currently lacking in integration literature, but this study will propose one.

As the value creation mechanisms between the different types of integration are different, the different integration types originally proposed by Haspeslagh and Jemison (1991) and revised by Angwin and Meadows (2015) are introduced first (section 2.2.1). More attention is given to preservation integration, which is under examination in this study. After that, the critical features of a successful integration that were discovered by Steigenberger (2017) and Graebner et al. (2017) in their research reviews and by Kroon et al. (2022) will be summarized (section 2.2.2). Finally, section 2.2.3 discusses the perspective of the acquired company within the integration process.

2.2.1   Integration types and preservation integration

Newer integration research has criticized the tendency to characterize post-acquisition integration processes in general terms (Kroon et al., 2022 p. 1156). Different units within the same organization have been shown to perceive the integration process differently, which may result in unexpected differences in the extent to which the units are able to realize synergies and cultivate collaborative intentions (Kroon et al., 2022, p. 1156). However, the idea that not all integrations are similar was originally suggested by Haspeslagh and Jemison (1991), whose post-acquisition strategy typology counts as the most prominent work related to integration typologies (Angwin & Meadows, 2015, p. 235). Haspeslagh and Jemison (1991) focus on integration differences on the level of acquisitions as opposed to business units, in contrast to Kroon et al. (2022). Post-acquisition

strategy typologies arose from dissatisfaction with the strategic management view of M&A, according to which pre-combination typologies could predict M&A performance (Angwin & Meadows, 2015, p. 236). The integration strategy typology of Haspeslagh and Jemison (1991) was later empirically tested and revised by Angwin and Meadows (2015), who confirmed three of the acquisition types suggested by Haspeslagh and Jemison (1991) and found two new types. In the following, the works of Haspeslagh and Jemison (1991) and Angwin and Meadows (2015) are first summarized. After that, what both Haspeslagh and Jemison (1991) and Angwin and Meadows (2015) call a *preservation* type of integration is discussed in more detail, as it is this type of integration that is the focus of the present study.

The integration typology of Haspeslagh and Jemison (1991, pp. 139–145) is based on two key dimensions of acquisition integrations, which are the *need for strategic interdependence* and the *need for organizational autonomy*. Strategic interdependence can be described as a disturbance of the "boundary" of the acquired company, a disturbance to the identity of the managers of the acquired firm and to their way of doing things (Haspeslagh & Jemison, 1991, p. 139). However, strategic interdependence is needed for the transfer of strategic capabilities (Haspeslagh & Jemison, 1991, pp. 139–140). The nature of strategic interdependence depends on how value will be created, i.e., what types of strategic capability transfer the integration involves (Haspeslagh & Jemison, 1991, p. 140). Capabilities can involve resource sharing, transfer of functional skills, or general management capability. In addition, M&As involve combination benefits such as excess cash resources or borrowing capacity between the firms. The value creation mechanism thus creates a certain kind of strategic interdependence, the strength of which can be characterized broadly as weak or strong. *Organizational autonomy*, on the other hand, refers to the protection of firm boundaries to preserve the strategic capability that is to be transferred: "Whereas capability transfer requires different degrees of boundary disruption or dissolution, the preservation of capabilities requires boundary protection and, hence, organizational autonomy" (Haspeslagh & Jemison, 1991, p. 142). These two dimensions, strategic interdependence and organizational autonomy, can be combined in

four different ways, producing four integration types: preservation, symbiosis, holding, and absorption (Haspeslagh & Jemison, 1991, p. 145).

Haspeslagh and Jemison (1991) characterize *absorption acquisitio*n as a situation in which the organizations have a high need for strategic interdependence to create the expected value but a low need for organizational autonomy to achieve that interdependence. The integration involves "a full consolidation, over time, of the operations, organization, and culture of both organizations" (1991, p. 147). The objective is to ultimately dissolve the boundary between the firms. The key integration issue is timing, and integration depth is less important. The opposite of this strategy is *preservation acquisition*, where a low need for strategic interdependence meets a high need for organizational autonomy (Haspeslagh & Jemison, 1991, p. 148). When both the need for strategic interdependence and the need for organizational autonomy are high, the acquisition type is characterized as *symbiotic* (Haspeslagh & Jemison, 1991, p. 149). The symbiotic type presents complex managerial challenges since this type of acquisition simultaneously combines boundary preservation and boundary permeability (Haspeslagh & Jemison, 1991, p. 149). On the one hand, the high need for strategic interdependence requires a high degree of capability transfer. On the other hand, the high need for organizational autonomy calls for the preservation of the acquired firm's capabilities within a context that is different from the acquirer's. In a symbiotic type of acquisition, the two organizations typically start with a preservation-type initial stage, after which the interaction between the companies increases and finally culminates into an amalgamation of the organizations (Haspeslagh & Jemison, 1991, pp. 229–232). During this final stage, the acquired firm's managers typically take on greater operational responsibility, while the acquiring firm begins to take firmer control of strategy (Haspeslagh & Jemison, p. 231). The final category in the framework by Haspeslagh and Jemison (1991) involves a situation in which both the need for strategic interdependence and organizational autonomy are low. This type is described as a *holding* integration (Haspeslagh & Jemison, 1991, pp. 145–147). In this strategy, the firm "has no intention of integrating and creating value through anything except financial transfers, risk-sharing, or general management

capability, even though the firms are presumably in such similar businesses that there is no need for organizational autonomy" (Haspeslagh & Jemison, 1991, pp. 146–167). Haspeslagh and Jemison (1991, pp. 146–147) did not encounter empirical evidence of the *holding* type of integration strategy, and they explain this lack of empirical evidence by the fact that they focused on strategic acquirers.

Other integration typologies have been suggested by Nahavandi and Malekzadeh (1988), Siehl and Smith (1990) and Mirvis and Marks (1992, 2001). Angwin and Meadows (2015) criticize most studies concerning post-acquisition integration strategies for being purely conceptual, for basing their conclusions upon limited case data with partial coverage, or for focusing on one particular integration strategy (see Angwin & Meadows, 2015, p. 235). They also point out the following limitations in the typology of Haspeslagh and Jemison (1991): First, the typology rests on the resource-based view of the firm and thus only concentrates on value creation acquisitions or related acquisitions (Angwin & Meadows, 2015, p. 237). No data has been collected on unrelated acquisitions, which are not driven by a value creation strategy. However, as Angwin and Meadows (2015, p. 237) point out, companies may also be acquired to only capture value rather than to create it. This is the case, for instance, when the acquisition from another country is motivated by tax advantages, by exchange rate differentials (in cross-border acquisitions), by exploring a new territory, or by benefiting from the target's stock market listing (Angwin & Meadows, 2015, p. 237). In these types of acquisitions, the value is not created by the integration process. Thus, the typology of Haspeslagh and Jemison (1991), which only includes value creation through capability transfer, tends to ignore acquisitions that are motivated by value capture (Angwin & Meadows, 2015, p. 237). Second, Haspeslagh and Jemison (1991) only rely on seven acquisitions to arrive at their conclusions (Angwin & Meadows, 2015, p. 237). Third, Haspeslagh and Jemison (1991) do not take into consideration the pre-deal conditions (poor vs. good financial health) of the acquirer and target companies, which may affect post-acquisition performance (Angwin & Meadows, 2015, p. 237).

Angwin and Meadows (2015) empirically tested the typology created by Haspeslagh and Jemison (1991). They started by testing whether the dimensions of organizational autonomy and strategic interdependence were truly orthogonal to each other. They found that these two axes were not correlated, which suggests that the process of knowledge transfer is indeed independent of organizational fit for post-acquisition strategies. Thus, the two-dimensional framework for integration originally suggested by Haspeslagh and Jemison (1991) received further confirmation. Angwin and Meadow's (2015, p. 246) study also confirmed the existence of three of the strategies suggested by Haspeslagh and Jemison (1991): absorption, preservation, and symbiotic. In addition, Angwin and Meadows (2015) were able to both confirm the existence of and characterize the integration style that combines low knowledge transfer (strategic interdependence) with low autonomy (the need for strategic interdependence). However, in contrast to Haspeslagh and Jemison (1991), who call this combination a *holding* strategy and characterize it as a rather passive type of integration, Angwin and Meadows (2015, p. 247) call this combination *intensive care*, and describe it as strongly different from the conceptualization of Haspeslagh and Jemison.

Intensive care is described as "active intervention of a turnaround nature, with strict financial controls imposed on the target company by the parent and very directive strategy setting from the centre" (Angwin & Meadows, 2015, p. 247). The second category discovered by Angwin and Meadows (2015) is situated at the center of both axes (knowledge transfer/strategic interdependence and autonomy/strategic interdependence) and is called *re-orientation*. This type of integration involves the following actions and perceptions by the parent: 1) post-acquisition changes are made to harmonize the finance and accounting systems (but the acquired company is in good financial health and continue to set their own financial targets), 2) the acquired employees are seen as enthusiastic about remaining, even though the CEO often changes, 3) a new vision is created quickly, 4) rapid improvements are made in marketing and in sales, 5) administrative areas are often merged but business units remain, 6) the distinctive features of the acquired company are maintained (Angwin & Meadows, 2015, pp. 247–248). Thus,

the integration strategy of re-orientation is less aggressive than intensive care (low autonomy, low knowledge transfer) or absorption (low autonomy, high knowledge transfer), since it is more limited in scope (Angwin & Meadows, 2015, p. 248).

The *preservation* type of acquisition discovered by Haspeslagh and Jemison (1991) and confirmed by Angwin & Meadows (2015) deserves a closer inspection, as it is the focus of this study. According to Haspeslagh and Jemison (1991, p. 209), a preservation approach "lies at the other end of the integration spectrum from absorption". While in absorption the need for strategic interdependence is high, in preservation it is low. Also, while the need for organizational autonomy in absorption is low, in preservation it is high. The preservation acquisition is described as consisting of four tasks: 1) continued boundary protection, 2) the nurturing of the acquired company to accelerate business development, 3) the accumulation of learning, and 4) the championing of the acquired company by the parent into increased resource commitments (Haspeslagh & Jemison, 1991, pp. 215–221). The first two tasks apply to all preservation acquisitions, whereas the two last ones only apply to preservation acquisitions that are motivated by the exploration of a new domain (Haspeslagh & Jemison, 1991, p. 211). *Domain explorations* are "moves into new businesses that at the same time require new capability bases" (Haspeslagh & Jemison, 1991, p. 34), and this strategic objective usually underlies preservation acquisitions (Haspeslagh & Jemison, 1991, p. 211). If the preservation acquisition is motivated by *domain strengthening* or *domain extension* (See Haspeslagh & Jemison, 1991, pp. 32–33), tasks 3 and 4 do not apply. In these cases, according to Haspeslagh and Jemison (1991, p. 361), the preservation approach may be chosen to maintain distance to the other company or because the strategic logic gives preference to internal competition over internal coordination.

In characterizing the first task of preservation integrations, *continued boundary protection*, Haspeslagh and Jemison (1991) emphasize the need to protect the capabilities of the acquired company as well as the need to establish a structure to protect those capabilities:

> Preservation acquisitions are driven by the need to continue to protect the distinct identity and character of the acquired firm; the acquired capabilities are typically central to success. A durable gatekeeping structure is required to ensure that the acquired firm is managed according to its own needs, rather than on the basis of routines of the acquiring organization, not just in the early stages, but indefinitely. (Haspeslagh & Jemison, 1991, p. 174)

This interface management in preservation integrations is thus durable. For reference, in absorption acquisitions, the transition management comprises a temporary structure that is only needed for as long as the two companies operate as one (Haspeslagh & Jemison, 1991, p. 174). In symbiotic acquisitions, on the other hand, the ideal interface management between the companies resembles an evolving, semi-permeable membrane, which both preserves the capabilities of each company and allows them to be transferred extensively. Thus, while a symbiotic acquisition often begins as a preservation acquisition, it evolves in the direction of a more unified organization. In contrast, in preservation integrations, continued boundary protection between the companies is essential.

The second task in preservation integrations is to *nurture the acquired company* (Haspeslagh & Jemison, 1991, pp. 215–217), since the value that is created in preservation integrations derives from accelerated business development. This nurturing is "a subtle process in which the acquirer must use resources and, above all, general management skills to help the acquired company develop better and faster than it otherwise would have" (Haspeslagh & Jemison, 1991, pp. 209–211). The nurturing consists of three components: 1) *instilling ambition*, which refers to lifting the managers' horizons, changing their perspectives of risk, and making them more ambitious, 2) *practical support* in terms of formulating the strategic vision and in transferring managerial expertise, and 3) *staying vigilant*, which refers to protecting the boundaries between the companies and managing the acquired company according to its own needs (Haspeslagh & Jemison, 1991, pp. 215–217). This last component of nurturing may lose its effectiveness if the acquired company becomes very successful or alters their scope dramatically.

The third and fourth tasks of preservation integrations apply whenever the acquisition is motivated by the exploration of a new domain (Haspeslagh & Jemison, 1991, p. 211). The third task, *accumulating business learning*, involves two aspects: learning about the business and learning from the business. (Haspeslagh & Jemison, 1991, pp. 217–219). *Learning about the business* refers to the knowledge about the mother company that the acquired company learns as well as learning about the industry of the acquired company by the mother company. A key role in this type of learning is often played by gate-keepers, which act as protectors of the firm boundaries. *Learning from the business*, on the other hand, refers to a more complex phenomenon which involves knowledge transfer between the acquired firm and the possibly suspicious base business of the acquirer. The main challenge in this type of learning involves balancing "the isolation required for protection of the new business culture with the proximity and acceptance by the base business required for transfer of learning" (Haspeslagh & Jemison, 1991, p. 219). Two critical factors in this type of learning are, first, the ability of the top management to balance the demands by the more immediate host structure of the acquisition, for a special status, with the demands of the base business, for equal treatment of the new business. In this balancing, it is crucial for the acquired company to be able to generate continuous financial success to support their claim for the special treatment. The second critical factor in learning from the business involves the ability of the host structure of the acquisition to "create the confidence and excitement around the new business to attract young, fast-track managers to it, as well as the willingness over time to lose them again to the base business" (Haspeslagh & Jemison, 1991, p. 219).

Finally, the fourth task of preservation integration involves *organizational championing*, which refers to the support from the host structure of the acquiring company directed towards the acquired company in order to secure the role of the acquisition within the larger parent company (Haspeslagh & Jemison, 1991, pp. 219–221). This activity is motivated by the fact that most initial domain exploration acquisitions tend to be unstable and thus internally too small to represent a durable commitment by the parent company and externally too small to provide for their own long-term stability. Thus, a large part

of the "momentum for greater commitment has to come from the host structure, which plays a role akin to that of organizational champions in internal ventures" (Haspeslagh & Jemison, 1991, p. 219). The goal of this organizational championing is to "persuade the corporate parent to make the sizable resource commitments needed to transform the new business into a full member of the portfolio" (Haspeslagh & Jemison, 1991, p. 219).

Although the present study will not measure the effects of value-maintaining and value-creating practices on actual performance, it is important to note that the objective of a better performance drives the M&A process in the first place. For this reason, the work of Wei and Clegg (2020) is worth mentioning, as it contributes to the understanding of the link between post-acquisition integration and firm performance. Their study uses a functional analysis to explore how the level of integration affects acquisition performance from the perspective of the acquirer (Wei & Clegg, 2020, p. 1679). They identify an intermediating mechanism that connects levels of integration, functional integration strategies, value creation and value leakage, and acquisition performance (Wei & Clegg, 2020, p. 1680). In the case of a preservation-type integration, "capability capture creates the most value at the low level of integration" (Wei & Clegg, 2020, p. 1680). The objective of capability capture is to secure and preserve the capabilities of the target company, i.e., its unique processes and key personnel (Wei & Clegg, 2020, p. 1660). For this reason, preservation is characterized by a low level of integration. On the other hand, value leakage was found in the subordinate relationship of preservation integration in the activities of forceful integration and customer hostility (Wei & Clegg, 2020, p. 1668).

In sum, according to Haspeslagh and Jemison (1991), the value creation of preservation acquisitions involves two mechanisms: the nurturing of the acquisition for accelerated business development that creates value, and the learning that is derived from preservation acquisitions. Preservation acquisition also comprises the initial stage of a symbiotic acquisition. However, the most defining characteristic of a preservation acquisition is the continued boundary protection between the two companies, the purpose of which is to protect the capabilities of the acquired company. A more recent work by Wei and

Clegg (2020) also confirms the idea that the capabilities of the acquired company are best protected by a low level of integration.

2.2.2 Critical aspects of successful integration

To the author's best knowledge, the most recent syntheses of integration research were compiled by Steigenberger (2017) and Graebner et al. (2017). Both works are reviews that draw on earlier integration research and categorize it to formulate a comprehensive understanding of the various aspects of integration. Both works also distinguish between *structural/strategic/"hard" integration* and *sociocultural/leadership-based/"soft"* integration, although there are significant differences in other aspects of these two literature reviews. Similarly, to the author's best knowledge, the work of Kroon et al. (2022) is the most recent and comprehensive model of post-acquisition integration. The dynamic integration model of Kroon et al. (2022) was created on the basis of a four-year-long inductive longitudinal study involving the acquisition of KLM by Air France, which involved over 300 interviews in the acquired company (KLM). The greatest theoretical contribution of Kroon et al. (2022) is the development of an empirically grounded process model of post-acquisition integration. The model by Kroon et al. (2022) suggests that in order to succeed in integration, organizations need both hard and soft approaches that are both aligned with the intended level of integration. The model also emphasizes the crucial role of intergroup interactions, which "either impede or promote the realization of synergies and quality of collaboration, both of which are determining factors in the success of post-acquisition integration" (Kroon et al., 2022, p. 1134).

According to Steigenberger (2017), who carried out a systematic literature review and used it to inductively formulate a framework of integration research as well as to formulate a research agenda, "integration success is a function of context, structural and communication-based interventions, which interact with collective sensemaking processes and negotiations among integration stakeholders" (Steigenberger, 2017, p. 408). These are the building blocks of Steigenberger's model of integration (Figure 1), which has been synthesized on the basis of the dispersed perspectives of previous M&A research.
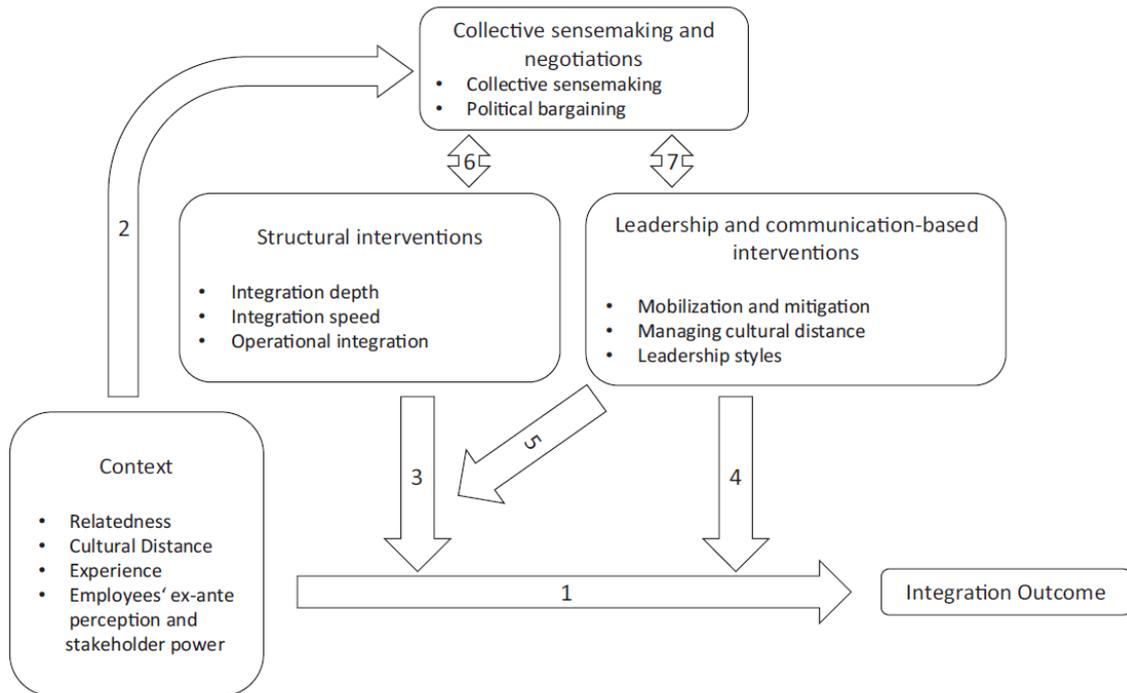
Figure 1. Steigenberger's framework of M&A integration research (Steigenberger, 2017, p. 413).

Steigenberger (2017) suggests that integration outcomes are the result of 1) contextual factors (such as the relatedness of the companies and their cultural distance), 2) structural interventions, 3) leadership and communication-based interventions, and 4) collective sensemaking and negotiations. Graebner et al. (2017) also discovered the important role of strategic as well as sociocultural aspects of integration. Graebner et al. (2017), organize the extant integration research into 1) strategic integration, 2) sociocultural integration, and 3) experience and learning. Within each of these categories, they create several subcategories. A common line of thought can be seen in all the three works (Graebner et al., 2017; Kroon et al., 2022, and Steigenberger, 2017): they all emphasize *both the strategic or structural aspects of* integration ("hard" aspects, as they are called by Kroon et al., 2022) *and the sociocultural or leadership and communication-based aspects* (or "soft" aspects, as they are called by Kroon et al., 2022) of integration. Graebner et al. (2017, p. 25) also call for a better understanding of the process dynamics of integration, the discovery of which has successfully been started by Kroon et al. (2022).

While previous work on integration has often treated the "hard" and "soft" aspects of integration separately (Graebner et al., 2017; Steigenberger, 2017), the literature reviews by Graebner et al. (2017) and Steigenberger (2017) as well as the dynamic integration model by Kroon et al. (2022) suggest that both "hard" and "soft" aspects need to be taken into consideration as critical features of successful integration. Moreover, it is the dynamic model of integration by Kroon et al. (2022) that finally manages to explain the temporal dynamics of the hard and soft aspects of integration as well as their relationship with the intergroup dynamics that influence the realization of synergies and collaborative intentions. The *intergroup dynamics* in the model of Kroon et al. (2022) bear a certain resemblance to the concept of *collective sensemaking and negotiations* in Steigenberger's (2017) model. Both studies suggest that management is not the only entity that steers the integration process; instead, the input of the entire organization plays a significant role. In addition, Kroon et al. (2022) address the request by Steigenberger (2017) to aim at a more thorough understanding of the temporal dynamics of the integration process. In the following, the critical aspects of successful integration have been coarsely classified into *contextual aspects* (2.2.2.1), *strategic and structural aspects* (2.2.2.2), *sociocultural aspects* (2.2.2.3) and a *dynamic view* (2.2.2.4). This classification has been made on the basis of a synthesis of the works of Steigenberger (2017), Graebner et al. (2017), and Kroon et al. (2022).

2.2.2.1   Contextual aspects

In Steigenberger's (2017) model, *context* refers to the contingencies of an integration, including the attributes of the merging firms (such as integration experience, firm strategy, and employee predisposition) and the relationships between the firms' attributes (such as relatedness, relative pre-acquisition performance, and cultural distance). An important driver of integration success is the internal and external *relatedness* of the firms, manifesting as a complementarity of resources and processes (Steigenberger, 2017, p. 412). A fruitful recombination of resources and smooth integration processes enables value creation and/or value appropriation between the merging companies (Larsson &

Finkelstein, 1999). The relatedness of the two companies has been studied on the level of several dimensions, only some of which correlate with integration success (Steigenberger, 2017). For instance, relatedness in the formal organization does not seem to affect integration performance, since the formal organization can be changed relatively easily (Datta, 1991). Overlap in functions provides the potential for cost synergies, but the implementation of these synergies often results in job cuts and thus increases employee resistance (Conyon et al., 2002; Larsson & Finkelstein, 1999). With regard to overlap in R&D, the post-integration R&D productivity seems to follow an inverted U-shape, which is explained by the lack of absorptive capacity if the overlap is too small, and little opportunity for learning, if the overlap is too strong (Steigenberger, 2017, p. 413).

The context of the acquisition also includes the *cultural distance* between the firms, the *prior integration experience*, and the *employees' ex ante perception of the integration process and stakeholder power* (Steigenberger, 2017, pp. 413–415). *Cultural distance* includes differences in both national and organizational cultures. Differences in national culture can affect integration both positively and negatively. The negative influence of national cultural distance is caused by structural and mental differences as well as complicated communication, which may possibly hamper integration performance (Steigenberger, 2017). However, differences in national culture also offer learning opportunities (Ellis et al., 2011) and increase the willingness to accept differing organizational cultures (Very et al., 1997). Differences in organizational culture are often more clearly harmful to integration success compared to differences in national cultures (Steigenberger, 2017), and differences in e.g. management style have been found to cause problems for collaboration and complicate the realization of synergies (Datta, 1991; Larsson & Finkelstein, 1999). Similar organizational cultures in the two companies reduce the need for formal integration (Bauer & Matzler, 2014). It is often not possible to assess the degree of cultural differences before the integration (Greenwood et al., 1994), which means that the cultural differences must be mitigated by the management during the integration process (Steigenberger, 2017).

Prior integration experience of firms has been found to produce mixed results with regard to integration success (Steigenberger, 2017, p. 414). The evidence gathered by Steigenberger (2017) points toward the following conclusions: There is some evidence for the intuitive conclusion that more experience in integration leads to greater success in further integrations (Al-Laham et al., 2010; Barkema & Schijven, 2008b; Duncan and Mtar, 2006; Ellis et al., 2009). However, experience is more important for deep than for loose integrations (Colombo et al., 2007; Puranam & Srikanth, 2007), and learning only tends to occur between integrations that are similar in size, geographic focus, or product portfolio (Ellis et al., 2011). What is more, if the number of previous integration events is not large, conclusions that are drawn on modest experience may be false (Haleblian & Finkelstein, 1999). Integration experience can be leveraged in an effective way through high-level management attention and through integration planning (Yu et al., 2005; Zollo & Reuer; 2010). Codification of integration experience (e.g., in the form of integration handbooks) is useful if higher-order routines (such as risk-management practices) are in place that allow an acquirer to distinguish between the requirements of different types of integration, to prevent the negative effect of false generalizations on the basis of previous integration events (Zollo & Singh, 2004).

Steigenberger (2017, p. 415) also summarizes research related to *employees' ex ante perception of the integration process and stakeholder power.* Employees often approach integration processes with a skeptical attitude and negative emotional responses, since these processes often involve job insecurity, process changes, and cultural clashes (Steigenberger, 2017). Employee reactions to acquisition events have been modeled by Bourantas and Nicandrou (1998), whose model is based on how active/passive and how resistive/supportive employees are towards the integration process. The position of an employee within this matrix depends on their trust in the management and their expectations of the effects of the integration on them. Steigenberger (2017, p. 415) also summarizes the factors that affect an employee's attitude towards integration: 1) the role of the employee in the integration process (Bijlsma-Frankema, 2004; Brannen & Peterson, 2009), 2) the employee's pre-acquisition identification (i.e., the degree to which they

identify with the employing firm (Colman & Lunnan, 2011; Kroon et al., 2009; Ullrich and van Dick, 2007), 3) the perception of change as an opportunity or as a threat (which is a personality trait) (Nikandrou et al., 2000), 4) group-level or organizational-level circumstances, such as trust in the management or incentives aligned with the change (Oreg, 2006), and 5) the stance that an individual takes towards others, and which can be affected by leadership actions (Steigenberger, 2017). An important human resource aspect of integration success in the retainment of key employees, who possess knowledge and capabilities that are critical for the integration and subsequent value creation (Steigenberger, 2017). Their retainment can be enhanced by paying attention to status and appreciation, clearly outlined future career paths, and incentive systems (Cannella & Hambrick, 1993; Ranft & Lord, 2002). Stakeholder resistance, on the other hand, is particularly significant in integrations where the stakeholder is in a position of power to actively affect the integration process (Clark et al., 2010; Monin et al., 2013).

Graebner et al. (2017) do not include experience and learning within the contextual aspects of integration, as Steigenberger (2017) does. Instead, they categorize *experience and learning* as a separate top-level category in their literature review of the process of postmerger integration, along with the categories of *strategic perspectives on integration* and *sociocultural integration*. They do not explicitly justify their choice of classifying the literature along these lines, except for the fact that they mention the substantial body of work that has focused on the effects of repeated acquisition activity as opposed to individual M&A effects (Graebner et al., 2017, p. 16). Thus, even though Graebner et al. (2017) do not explicitly frame experience and learning as contextual aspects of integration, a summary of their literature synthesis of the topic has been included in this section of the present text, which deals with the contextual aspects of integration. The reason for this choice is the temporal sequence of the M&A process, since experience and learning tend to exist before each (new) integration and affect it. Moreover, Graebner et al. (2017, p. 16) state that many of the performance measures that gauge the connection between M&A experience and performance do not focus specifically on integration. Instead, learning might take place during earlier aspects of the acquisition

process, such as due diligence or negotiations. This matter also favors the categorization of experience and learning within the contextual factors of integration, at least for the purposes of this thesis.

The research on experience and learning related to integration, as conceptualized by Graebner et al. (2017, pp. 16–17), has been divided into experiential learning, deliberate learning, and experience spillovers. *Experiental learning* refers to direct learning or learning-by-doing (Graebner et al., 2017, p. 16). The central question is whether firms learn to manage acquisitions better through experience. Indeed, scholars have argued that repetitive acquisition activities yield improved task performance (Graebner et al., 2017, p. 16), but the evidence has remained inconclusive (Barkema & Schijven, 2008a). The seminal study by Haleblian and Finkelstein (1999) offers a contingency model that seeks to explain the inconclusive evidence between M&A experience and performance. The research related to *deliberate learning* in integration processes relates to knowledge codification, such as integration manuals and others written tools, and knowledge articulation, which includes knowledge sharing through direct personal contact such as conversations and trainings, as well as a dedicated M&A function (Graebner et al., 2017, p. 17). Zollo and Singh (2004) argue that while experiential learning (M&A experience) does not directly influence acquisition performance, acquirers that codify their knowledge do outperform those that do not. *Experience spillover*, on the other hand, refers to the idea that the positive results from other corporate development activities, such as alliances and divestitures, foster positive acquisition outcomes (Graebner et al., 2017, p. 17). The effect of experience spillovers has been found to be positive or negative depending on the degree of task similarity. Thus, according to Graebner et al. (2017, p. 17), "the complex relationship between experience and performance indicates that experience is a necessary but insufficient condition for learning".

2.2.2.2 Strategic and structural aspects

The strategic and structural aspects of integration here refer to what Kroon et al. (2022) describe as the "hard" aspect of post-acquisition integration: "the set of activities

undertaken to realize cost and revenue synergies" (Kroon et al., 2022, p. 1134). This involves the transferring of tasks from the acquired firm to the acquiring firm (or vice versa), the discontinuing of certain tasks, and the joint performance of certain tasks by the two companies together (Kroon et al., 2022). Steigenberger (2017, p. 412). calls this aspect of integration *structural interventions* and defines them as "management decisions on structures, processes and systems that set the frame for the integration". On the basis of earlier research, Steigenberger (2017, pp. 415–417) includes three topics in this category: 1) *integration depth*, 2) *integration speed*, and 3) *operational integration*. Graebner et al. (2017, p. 2), refer to the phenomenon as *strategic perspectives on integration*, and they define it as "the ways in which the acquired and acquiring organizations are coordinated and aligned and their resources are combined to create value". Graebner et al. (2017, pp. 3–10) categorize the existing literature related to the strategic perspectives on integration into two broad categories, 1) *interaction, alignment, and structural integration* and 2) *reconfiguration and renewal*. In the following, the ideas of Steigenberger (2017) and Graebner et al. (2017) concerning the strategic and structural aspects of integration are summarized very briefly.

According to Steigeberger (2017, p. 415), the choices involving the *depth* of integration and the level of autonomy that the acquired firm retains constitute core strategic decisions in integration. There are arguments for both deeper and less deep integration, and the choice of depth depends on many contingent factors, especially those that concern the strategic objective of the M&A deal (Steigenberger, 2017, p. 415–416). Another structural feature of integration that is highly dependent on contingent factors is integration *speed* (Steigenberger, 2017, p. 416). Integration processes are major change events that can take years to complete (Shim, 2011). The length of the process depends on integration depth, pre-acquisition familiarity, and strategic complementarity, but setting the pace for integration is, to some degree, also a management decision (Steigenberger, 2017, p. 416).

The third category in Steigenberger's (2017) classification of structural interventions is the *operational* or "hands-on" tasks of an integration. Shrivastava (1986) categorizes such tasks into procedural tasks (e.g., the alignment of accounting systems), physical tasks (e.g., resource allocation) and managerial and sociocultural tasks (e.g., the design of reward systems or the definition of roles). The operational tasks of integrations are often conducted by work groups that are headed by an integration manager, who receives operational goals for the integration (e.g., synergies to be achieved) from the top management (Steigenberger, 2017, p. 417). Integration teams can include employees of both the acquiring and acquired firm as well as external consultants (Steigenberger, 2017, p. 417). During operational integration, routines can be transferred through two strategies, *combination* or *superimposition*, both of which have positive and negative effects depending on the stability of the respective routine and the stakeholder group that is affected (Angwin & Urs, 2014). Successful integration on the operational level often requires frequent communication between the employees of both firms (Steigenberger, 2017, p. 417).

Graebner et al. (2017, p. 2) refer to the "hard" aspects of integration as the *strategic perspectives on integration*. They divide these perspectives into the two categories of 1) *interaction, alignment, and structural integration* and 2) *reconfiguration and renewal*. The research within the first category, *interaction, alignment, and structural integration*, focuses on the potential of postmerger integration to create synergy (Graebner et al., 2017; Larsson & Finkelstein, 1999). This category is further divided into the following subcategories: 1) interaction and communication, 2) alignment and standardization, 3) structural integration, 4) autonomy, and 5) multidimensional and multistage approaches. With regard to *interaction and communication*, Graebner et al. (2017, p. 3) note that research has generally argued that a greater degree of interaction will lead to better coordination between the merging firms, and will thus generate superior performance.

The second wider category of strategic perspectives on integration by Graebner et al. (2017) is called *reconfiguration and renewal*, and it includes research that views value creation as more dynamic and emergent compared to studies that only look at economies of scale and scope. According to Graebner et al. (2017, p. 6), this perspective is based on research within the resource-based view (Barney, 1991), knowledge-based view (Kogut & Zander, 1992), and the dynamic capabilities view (Eisenhardt & Martin, 2000). This category has been further divided by Graebner et al. (2017) into the following four categories: 1) restructuring business units, 2) resource reconfiguration, 3) knowledge transfer and recombination, and 4) network reconfiguration.

2.2.2.3   Sociocultural aspects

This section deals with the human side or "soft" approaches to integration (Birkinshaw et al., 2000; Kroon et al., 2022). Birkinshaw et al. (2000, p. 400) describe the human approaches to integration as "the creation of positive attitudes towards the integration among employees". Regarding the sociocultural aspects of integration, Graebner et al. (2017) distinguish between *cultural perspectives*, *identity*, *justice*, and *trust*. In Steigenberger's (2017) framework of M&A integration research, the human aspects of integration have been labeled *leadership and communication-based interventions*. Steigenberger's (2017) model conceptualizes *cultural distance* as part of the contextual aspects of integration, but *the management of cultural distance* is included in the leadership and communication-based interventions of integration.

According to Steigenberger (2017, p. 417), *leadership and communication-based interventions* refer to "the motivation of stakeholders and the mediation of problems triggered by context or structural interventions" as well as "the management of stakeholders' interpretation of an ongoing integration process through sensegiving activities, regarding both internal and external stakeholders" (Steigenberger, 2017, p. 417). Steigenberger (2017) divides the leadership and communication-based interventions into three categories: *mobilization and mitigation*, *managing cultural distance*, and *leadership styles*. The leadership responsibilities of M&A integrations are not limited to the top

management only; instead, they also concern integrations managers, middle managers, and, to a lesser degree, human resource managers (Steigenberger, 2017, p. 417). Steigenberger (2017, p. 419) reports of relatively scarce research concerning leadership styles in integration, but the findings of this research point towards the idea that various leadership styles (appreciating style, neo-charismatic style, or transformational leadership) can lead to successful integrations.

Mobilization and mitigation, in Steigenberger's (2017) framework, refer to the communication with and leadership of internal and external stakeholders of the integration. Mobilization involves setting the pace for the integration through steering it towards a preferred outcome through sensegiving, goal setting, and identity building. Sensegiving is the name given for the attempts to "develop and influence the collective interpretation of ongoing change, which is a powerful tool for reducing resistance towards change" (Steigenberger, 2017, p. 417; see also Monin et al., 2013; Riad, 2005). Goal setting is another important tool of mobilization since it reduces the uncertainty and ambiguity related to integration processes (Steigenberger, 2017, p. 417; see also Graebner, 2004; Haspeslagh & Jemison, 1991).

The concept of *identity* in integrations, on the other hand, is based on the idea that integration processes involve changes in organizational identity that can affect the employees' perception of the integration process (Steigenberger, 2017, p. 417). These changes in identity are the result of both social construction processes and leadership interventions (Steigenberger, 2017, p. 417). Identity work, then, can take very different forms, "leading employees to active or passive, aggressive or accepting stances, affecting integration outcomes positively or negatively" (Steigenberger, 2017, p. 418; see also Colman & Lunnan, 2011; Langley et al., 2012). However, a homogenous identity is not a necessary outcome of an integration, since pre-integration identities can survive and interact with the intended new identity, creating a plurality of identities (Steigenberger, 2017, p. 418; see also De Bernardis & Giustiniano, 2015; van Marrewijk, 2016).

In contrast to mobilization, *mitigation* refers to leadership actions that are intended to reduce the negative responses of employees in integration processes (Graebner, 2004). These leadership actions involve "the management of employees' expectations through open communication and the creation of a perception of fairness" (Steigenberger, 2017, p. 418). Ongoing integration projects are prone to cause a breach of the informal contract between a firm and its employees, which might lead to demotivation and resistance as well as decreasing health and psychological well-being, especially among the employees of the lower-status firm (Steigenberger, 2017). To avoid these negative effects, it is important for the management to pay attention to impressions of justice and fairness (Steigenberger et al., 2017, p. 418). An important tool for mitigating the negative perceptions of integration is frequent, planned, and honest communication between the management and the employees as well as between the management and external stakeholders (Steigenberger, 2017, pp. 418–419).

With regard to *managing cultural distance*, the management of issues with a focus on heterogenous organizational cultures, is a "cornerstone of the integration literature" (Steigenberger, 2017, p. 419). Managing the acculturation process is especially important in the case of large cultural differences and strong hierarchies. However, managers' possibilities of dealing with cultural differences are limited, since the process of acculturation among heterogeneous cultures requires great changes in the values, beliefs, attitudes, and social identities of the employees (Steigenberger, 2017, p. 419).

Graebner et al. (2017, p. 10), on the other hand, define *sociocultural integration* as "the human, social, and cultural aspects of integration", and they include the following categories into sociocultural integration: 1) cultural perspectives, 2) identity in post-merger integration, 3) justice in postmerger-integration, and 4) trust in post-merger integration. Organizational culture consists of beliefs and values (symbolic or sociomaterial), and organizational cultures are embedded in national cultures (Graebner et al., 2017, p. 10). The significance of national cultures is emphasized in cross-border or international M&As (Graebner et al., 2017, p. 10). The findings related to the effects of cultural

differences on M&A performance are complex (Graebner et al., 2017, p. 11). Most research on the topic has argued that cultural differences cause underperfomance (Chatterjee et al., 1992; Stahl & Voigt, 2008), while some scholars (such as Weber et al., 1996) have seen cultural differences as potential sources of value creation (Graebner et al., 2017, p. 11). In the latter cases, value creation is the result of complementary knowledge stocks, which arise out the interaction of companies in culturally different settings and which involve the combination of different routines, repertoires, and capabilities (Graebner et al., 2017, p. 11). Graebner et al. (2017) also mention the study of Vaara et al. (2012), which found out that social conflict is more likely when organizational cultures are different, but less likely when national cultures are different. What is more, both organizational and national cultural differences are positively associated with knowledge transfer (Vaara et al., 2012).

As far as *identity* in post-merger integration is concerned, Graebner et al. (2017, pp. 12–14) summarize an extensive collection of studies related to identity and identification. This earlier research has pointed to the central role of organizational identity, identification, and identity-building in post-merger-integration, and the main findings point towards the idea that "postmerger organizational identification is higher when acquired employees perceive that there is continuity with their premerger identities and lower when these employees perceive differences between the acquired and acquiring organizations and when they feel dominated by the acquirer" (Graebner et al., 2017, p. 14). In addition, in the construction of postmerger identities, companies and individuals make use of stereotypes, metaphors, metonymies, and narratives (Graebner et al., 2017, p. 14).

Graebner et al. (2017, pp. 14–15) also summarize previous research related to *justice* in post-merger integration. Justice has often been studied in association with culture or identity, and it has been seen "as an essential explanation of employee reactions and related postmerger problems" (Graebner et al., 2017, p. 14). According to Graebner et al. (2017), a precursor to the research on justice is the literature on relative standing

(Hambrick & Cannella, 1993; Very et al., 1997) which highlights the effects of acquired employees' perceptions of inferior treatment. Hambrick and Cannella (1993) found that the loss of relative standing affected turnover among acquired leaders. Very et al. (1997), on the other hand, discovered that a perceived loss of autonomy, lack of appreciation, and inferior status may lead to cultural clashes and deteriorating performance. Subsequent research, according to Graebner et al. (2017, pp. 14–15), has focused on the topics of distributive justice (a fair distribution of resources between the merging partners), procedural justice (the fair treatment of all parties in decision-making), and informational justice (fair access to and sharing of information) in the context of integrations.

Finally, according to Graebner et al. (2017, pp. 15–16), the topic of *trust* in post-merger integration has received increasing attention, since trust tends to characterize successful integration efforts (see also Stahl et al., 2011), while a lack of trust often leads to a variety of problems (see also Lander & Kooning, 2013; Maguire & Phillips, 2008). Graebner et al. (2017, p. 15) define trust as "the willingness of a person, group, or organization to rely on another party's actions in situations involving opportunism or risk". In fact, lack of trust may be the one of the mechanisms that explain the emergence of cultural conflicts and identity threats during integration (Graebner et al., 2017, p. 15). Graebner et al. (2017, p. 15) mention the work of Maguire and Phillips (2008), who explain the nature of institutional trust in integrations and exemplify how organizational identity and individual identification are connected to institutional trust (Maguire & Phillips, 2008, p. 373). Maguire and Phillips (2008, p. 372) define institutional trust as "the trust that members have in their organization" and as "an individual's expectation that some organized system will act with predictability and goodwill". Maguire and Phillips (2008, p. 371) demonstrate that after an M&A, institutional trust may initially be undermined because of the ambiguity of the new organization's identity. Once the ambiguity later subsides, the institutional trust may continue to be undermined if the employees do not identify with the new organization, which is more probable among those employees that were highly identified with their legacy organization (Maguire & Phillips, 2008, p. 371).

2.2.2.4 Dynamic view

The literature reviews by Graebner et al. (2017) and by Steigenberger (2017) as well as other previous research (e.g., Birkinshaw et al., 2000; Larsson & Finkelstein, 1999) point towards the idea that successful post-acquisition integration is the result of combining the hard (strategic / structural) and soft (sociocultural) aspects of integration. However, insights into how this combining can be done are scarce (Kroon et al., 2022). A recent suggestion for combining the hard and soft aspects of integration has been put forward by Kroon et al. (2022), who propose a dynamic model of post-acquisition integration that illuminates the interplay of the soft and hard aspects. The dynamic aspect of integration refers to the fact that integration generates not only intended but also unintended consequences, both positive and negative (Kroon et al., 2022). The model recognizes the extremely complex nature of integration processes and the fact that they are influenced by many factors. In short, the main tenet of the model is that "hard and soft integration actions lead to intergroup interactions that move post-acquisition integration forward" (Kroon et al., 2022, p. 1133). In other words, the defining characteristic of their process model is the role of intergroup interactions, which has previously been mostly neglected in the literature. Kroon et al. (2022) suggest that interaction processes mediate the effects of integration management:

> Top management involved in post-acquisition integration might suspect that such processes are important, but they are less likely to fully comprehend how their task-oriented integration interventions can also influence these intergroup interaction processes and, hence, indirectly the integration outcomes (task as well as human-related). […] we want to stress the point that this finding implies that post-acquisition integration may be rife with unintended consequences, something rarely considered in the literature (for exceptions, see Ager, 2011 and Vaara and Monin, 2010). (Kroon et al., 2022, p. 1155)

The model of Kroon et al. (2022) also takes into account the temporal aspects of integration, requested earlier by Shi et al. (2012) and Steigenberger (2017), and conceptualizes the integration process as consisting of 1) the start or adjustment of the integration process, 2) the progression stage, and 3) the (preliminary) integration outcomes.

More specifically, the dynamic integration model by Kroon et al. (2022) (cited in Figure 2) makes the following four claims: First, "top management's integration intentions, together with the use and restraint of power and social integration efforts, play an important role in shaping the interaction processes between groups of employees from the acquiring and the acquired firm (*arrow 'a'*)" (Kroon et al., 2022, p. 1152). These intergroup interaction processes may be either integrative or distributive in nature. *Distributive behavior* includes competition, attempts at persuasion, and the use of threats, and such behavior is associated with situations in which employees negotiate over separate tasks. In contrast, *integrative behaviors* refer to the "exchange of information regarding preferences and priorities and collaborative creation of value" (Kroon et al., 2022, p. 1152), and such integrative behaviors are achieved when employees are negotiating over joint tasks that involve the designing of something new (as opposed to carving up existing jobs). The best results are achieved when top management makes clear integration decisions early in the integration process. Otherwise, if "everything is left open to bargain about, members of the two firms can all too easily become bogged down in endless haggling" (Kroon et al., 2022, p. 1152) and distributive behaviors might ensue.
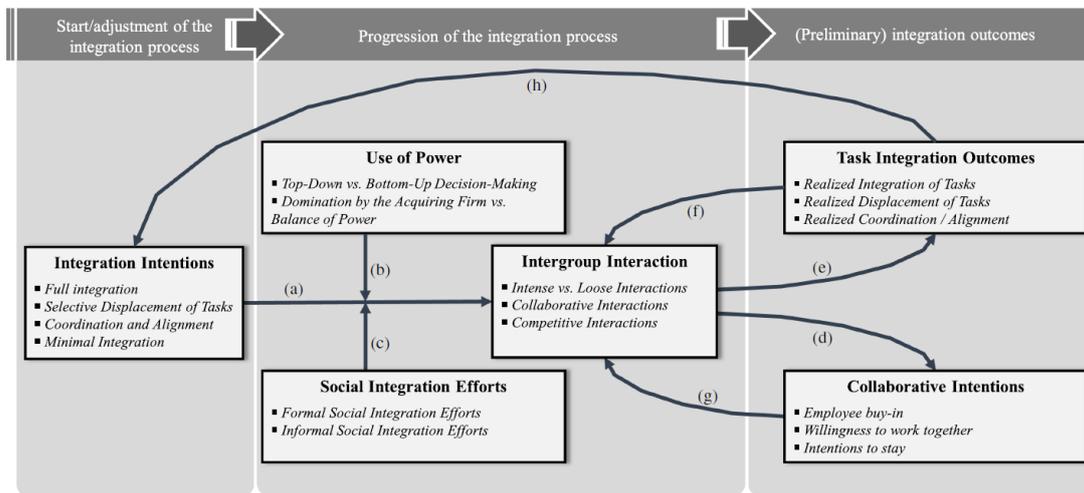

Figure 2. Emergent process model of post-acquisition integration (Kroon et al., 2022, p. 1152).

Second, the model suggests that top management must be alert with the use of power. Top management can "influence the intensity of intergroup interaction through the use

of power, by defining how much there is to deliberate or negotiate about (*arrow 'b'*)" (Kroon et al., 2022, p. 1153). The restraint of power is seen as crucial for three reasons: 1) The top management of the acquiring firm is often unable to "prescribe how joint tasks need to be given shape because they lack the fine-grained knowledge necessary for this" (Kroon et al., 2022, p. 1153). 2) Giving some freedom to lower levels to decide on joint tasks "gives more room for positive interactions and contributes to employees' sense of ownership" (Kroon et al., 2022, p. 1153). 3) Restraining from giving positions of power to acquiring-firm managers and restraining from choosing only acquiring-firm tools and procedures helps to avoid perceptions of loss of relative standing (Kroon et al., 2022, p. 1153; see also Hambrick and Cannella, 1993) and helps to promote identification with the post-merger organization (see also van Knippenberg et al., 2002). However, the use of power is often needed when relatively strong interaction is needed. In these cases, "it is wise to first exercise power (by deciding that units will go together or by allocating tasks to units), and then restrain power (by letting units work our [sic] joints tasks together and by avoiding dominance by one of the two companies)" (Kroon et al., 2022, p. 1153). Thus, even though using power might be needed at certain types of integrations or at certain stages, the restraint of power is usually more effective, as it contributes to more successful intergroup interactions (Kroon et al, 2022).

The third claim within the model is the idea that social integration measures, both formal and informal, can be used to affect the integration outcome: "[a]lthough the integration intentions of top management shape the interaction processes between members of the acquiring and acquired firm, positive interactions can be reinforced and negative interactions mitigated by social interaction management (*arrow 'c'*)" (Kroon et al., 2022, p. 1153). Social integration activities refer to "activities organized by the acquiring and acquired firm aimed at strengthening relationships between employees from both firms" (Kroon et al., 2022, p. 1141; see also Björkman et al., 2007).

The fourth idea proposed by Kroon et al. (2022, pp. 1153–1154) is the impact that different types of intergroup interactions have on both hard and soft integration outcomes.

The quality of intergroup interactions directly influences the quality of collaboration (arrow 'd' in Figure 2). A positive type of intergroup interaction integrates employee-related aspects of post-acquisition success, such as employee buy-in, willingness to collaborate, and intentions not to leave the acquired company. Positive intergroup interactions also lead to the reduction of prejudice and bias through increasing the knowledge that the employees of both the acquired and acquiring firms have of each other. This, in turn, increases empathy and reduces possible anxieties related to intergroup interactions. Thus, intergroup interaction processes affect the realization of the intended integration (arrow 'e' in Figure 2). In the case of joint tasks, it is important to make sure that intergroup interactions remain "of a positive, integrative nature" (Kroon et al., 2022, p. 1153) so that disputes over details can be avoided. Such tendencies can be mitigated by investing in social integration (Kroon et al., 2022; pp. 1153; see also Birkinshaw, 2000; Teerikangas et al., 2011).

According to Kroon et al. (2022), their two main theoretical contributions are the following: First, they answer the call for more research on the dynamic nature of integration processes. Their research shows that "hard and soft integration decisions do not immediately lead to integration outcomes, but set in motion integroup interaction processes that influence both the realization of synergies and collaborative intentions" (Kroon et al., 2022, p. 1155). These outcomes then influence the further integration process. Thus, if management decisions are only intended to target integration outcomes directly, without recognizing the role of intergroup processes, the outcomes may be different from what was planned. Second, they manage to "correct the tendency to characterize post-acquisition integration processes in general terms, seen as valid for the entire post-acquisition integration" (Kroon et al., 2022, p. 1156), and instead encourage M&A scholars to "focus on understanding the complexity of integration across different units within an organization" (Kroon et al., 2022, p. 1156). Thus, they claim, there might even be differences within the units of a single organization in how they perceive the integration process: "post-acquisition integration can be characterized as both slow and fast, complete and incomplete, forced and yielding, depending on the units and the phase of the

integration process" (Kroon et al., 2022, p. 1156). Organizational units can also differ unexpectedly in the extent to which they are able to realize synergies and cultivate collaborative intentions.

For the perspective of the present study, in addition to the importance of intergroup interactions, Kroon et al. (2022, p. 1156–1157) offer two further important points. First, they emphasize the importance of making clear integration decisions at an early stage of the integration process to regulate the dynamic integration process that is set off by the decisions that are made on the basis of an analysis of cost and revenue synergies. Thus, in searching for and creating the value-maintaining practices during integration, it is important to consider not only the hard (strategic/structural) aspects or the soft (sociocultural/human) aspects of integration, but also the consequences of intergroup interactions, both positive ones (intergroup interaction) and negative ones (intergroup competition). The dynamics of these processes "can be mitigated or aggravated by the use of power and internal social and formal integration efforts" (Kroon et al., 2022, p. 1156). Second, Kroon et al. (2022, p. 1156) warn against relying on soft integration management as a catch-all solutions for "problems caused by an ill-designed hard integration process". Thus, no amount of soft integration measures will be effective if the strategic/structural interventions are not planned and implemented effectively. What needs to be kept in mind, as Kroon et al. (2022) also note, is the fact that their study was conducted within the context of a *symbiotic* acquisition. The results of their study may thus be only partially relevant in the context of preservation acquisition that the present thesis focuses on.

The intergroup interactions emphasized by Kroon et al. (2022) bear resemblance to the concept of *collective sensemaking and negotiations* in the framework of Steigenberger (2017). According to Steigenberger (2017, p. 419), many papers on M&A integration assume that the (acquiring) firm's management steers the integration process, but some authors have challenged this assumption in several ways. First, managers experience pressure from external and internal stakeholders, which might result in the need to

engage in micro-politics (Steigenberger, 2017, p. 419; see also Rees & Edwards, 2009). Second, some integrations involve struggles among key employees and high turnover rates of leadership personnel (Steigenberger, 2017, p. 419; see also Angwin, 2004). Third, managers might not be able to focus their attention on all necessary aspects of the integration process, which hampers their ability to control the complex integration process (Steigenberger, 2017, p. 419; see also Yu et al., 2005). As a result, M&A integration "might therefore be the result of negotiations, compromise and collective sensemaking instead of strategic managerial decision-making" (Steigenberger, 2017, p. 419).

2.2.3   The perspective of an acquired company

A large part of the perspective of the acquired company was treated in section 2.2.1 in relation to the *preservation* type of integration discovered by Haspeslagh and Jemison (1991). Some further remarks follow here. An important decision around the integration process is whether changes should be made in one or both organizations (Pablo, 1994, p. 806). Frequently, these changes are one-sided and occur primarily within the acquired organization, but it is also possible that complex and interactive mutual adjustment processes occur between the two organizations (Pablo, 1994, p. 806). However, usually the target company is expected to conform to the culture, policies, systems, and plans of the acquirer (Pablo, 1994, p. 806). Even though managerial advice cautions against "fixing things that aren't broken", it is both realistic and instructive to study integration design decisions from the perspective of the acquiring firm management, since "in most cases, the top managers of acquiring firms are expected to manage, or at least provide a plan for managing, newly acquired organizational units" (Pablo, 1994, p. 806).

Datta and Grant (1990) studied the relationship between the type of acquisition, the autonomy given to the acquired firm, and acquisition success. They define autonomy as "the amount of day-to-day freedom that the acquired firm management is given to manage its business" (Datta & Grant, 1990, p. 31). Autonomy has been regarded as a major motivator that satisfies people's higher-order needs for power and meaningful work, and it has also been associated with organizations that are more flexible and

effective in responding to environmental contingencies (Datta & Grant, 1990, p. 31). The downside of an autonomous acquired company is the loss of synergistic benefits that could be reached through deeper integration (Datta & Grant, 1990, p. 32). Datta and Grant (1990, p. 29) discovered that the extent of autonomy is significantly greater in un-related acquisitions than related acquisitions. Related acquisitions create value through economies of scale, economies of scope, or market power (Singh & Montgomery, 1987, p. 379), whereas unrelated acquisitions create value through reduced financial costs, increased administrative efficiencies, or "superior human capital not specific to products or businesses" (Singh & Montgomery, 1987, p. 380). In unrelated acquisitions, the technological or product market relationships between the acquiring and acquired companies are not apparent (Singh & Montgomery, 1987, p. 380). Datta and Grant (1990) also found that autonomy was positively associated with the superior performance of unrelated acquisitions. In related acquisitions, this relationship was not found to be significant.

Indeed, prior acquisition research has often overlooked the actions of the leaders of the acquired firm (Graebner, 2004). Instead, post-merger integration has been viewed "as a process that 'happens to' the acquired firm, rather than as an activity in which the ac-quired leaders are active and essential participants" (Graebner, 2004, p. 752). Graebner (2004) explored this gap in the literature by studying the way in which the leaders of the acquired firm influence value creation during the implementation process. The research consisted of eight technology acquisitions. Acquisition performance was conceptualized in two independent dimensions: *expected* and *serendipitous* value (Graebner, 2004, p. 752). Expected value comprises the benefits that motivate the buyer to undertake the acquisition. It is realized by preserving the momentum of the acquired firm, which is accomplished by the acquired firm's managers by performing *mobilizing* and *mitigating* actions. Mobilizing actions appear in the form of *internal pacing*, which involves setting specific goals and timelines for the acquired company, in order to channel employees' energy toward tangible tasks, as well as in the form of *accelerated coordination*, which refers to situations in which the acquired leaders impel the buyer to interact more rapidly

with their own organization (Graebner, 2004, p. 760). Mitigating actions, on the other hand, refer to the activities that are meant to resolve complaints or address concerns of the acquired personnel in situations where the acquisition has triggered negative emotions for the acquired employees (Graebner, 2004, p. 765). Mitigating actions were divided into the *expediting of concerns*, which involves a rapid addressing and resolving of the employees' acquisition-related problems, and *real-time communications*, which are defined as timely, proactive information-sharing with the acquired employees (Graebner, 2004, p. 765). The leaders of the acquired company are uniquely qualified to perform mobilizing and mitigating actions "because of their deep understanding of their own businesses and established relationships with their own employees" (Graebner, 2004, p. 752). By engaging in mobilizing and mitigating actions, the leaders of the acquired company resolve the challenging issue of the trade-off between integration and autonomy, since the risks of whatever level of integration is chosen can be minimized (Graebner, 2004, p. 774).

Serendipitous value, on the other hand, involves the value creation that was not anticipated by the buyer prior to the deal but which is deemed important (Graebner, 2004, p. 752). It is linked to the actions of the acquired leaders and created when the personnel of the acquired company take on cross-organizational responsibilities that encompass both the acquired and acquiring firms. Serendipitous value can materialize in the form of new strategic ideas, improved product development techniques, and unexpectedly useful technologies. In such cross-organizational roles, "acquired leaders have the visibility to discover unexpected synergies as well as the status to bring these synergies to fruition" (Graebner, 2004, p. 752). According to Graebner (2004, pp. 752, 775), the management of the acquired firm plays a critical role in realizing both expected and serendipitous value. However, these two types of value creation are independent from each other, and not all acquired companies accomplish to realize both types of value, or either of them (Graebner, 2004, p. 768).

The results of Graebner (2004) thus emphasize the importance of the active role of the acquired company in creating both expected and unexpected value. On the other hand, Haspeslagh and Jemison (1991) underscore the responsibility of the acquiring company in ensuring the success of the acquired company: they suggest that it is the role of the acquiring firm to protect the distinct identity and capabilities of the acquired firm, and to nurture the acquired company to help it "develop better and faster than it otherwise would have" (Haspeslagh & Jemison, 1991, p. 211). Haspeslagh and Jemison (1991) also emphasize the two-way learning that should occur between both companies, and the organizational championing of the host structure to secure the role of the acquired company within the larger parent company. However, there is no reason to think that the protection, nurturing, learning, and championing suggested by Haspeslagh and Jemison (1991, pp. 211–221) could not be done cooperatively by both the acquired and the acquiring company.

2.3 A practice perspective of integration

In the following, attention will be turned towards the concept of *practice*, which takes us into the realm of social theory. A central idea in practice theory is "the relationship between specific instances of situated action and the social world in which the action takes place" (Feldman & Orlikowski, 2011, p. 1241). Social life is thus seen as an ongoing production which emerges through people's recurrent actions (Feldman & Orlikowski, 2011, p. 1240). Various practice theorists emphasize different aspects of these relationships, but the key theoretical principles are usually the following: 1) situated, everyday actions are consequential in the production of social life, 2) dualisms (e.g. mind vs. body, cognition vs. action, objective vs. subjective, structure vs. agency, individual vs. institutional, free will vs. determinism) are rejected as a way of theorizing, and 3) relations are mutually constitutive, which means that they produce the very system of which they are a part (Feldman & Orlikowski, 2011, pp. 1241–1242). Examples of relations of mutual constitution are relations of power (which offer asymmetrical capacities for action), differential access to resources, and conflicting interests and norms (Feldman & Orlikowski, 2011, p. 1242). Within organization studies, practice theory has been applied within

strategy research and institutionalism, and the strategy-as-practice school (SAP) is an example of the former (Feldman & Orlikowski, 2011, p. 1243).

The practice theories, or theories of social practices, were formed after the interpretative turn of social theories took place in the 1970s (Reckwitz, 2002, p. 243). According to Reckwitz (2002, p. 244), elements of a theory of social practices are available in the work of several social theorists of diverse theoretical origins, such as Bourdieu, Giddens, late Foucault, Garfinkel, Latour, Taylor, and Schatzki, all of which Reckwitz (2002, p. 260) mentions without direct reference to specific texts from these authors. Reckwitz (2002, p. 244) includes the various practice theories under the term "cultural theories" and claims that their ideas "basically differ from the two classical vocabularies of social theory: that of the homo economicus and that of the homo sociologus" in the ways in which they grasp the conditions of human action and social order. The model of *homo economicus* explains action through individual purposes, intentions, and interests, while the model of *homo sociologicus* explains action through collective norms and values, expressed as social 'oughts', and guaranteeing social order through normative consciousness (Reckwitz, 2002, p. 245). The models of homo economicus and homo sociologicus share a common shortcoming: they "both dismiss the implicit, tacit or unconscious layer of knowledge which enables a symbolic organization of reality" (Reckwitz, 2002, p. 246).

According to Reckwitz (2002, pp. 244–245), cultural theories, including practice theory, are founded upon the idea of *symbolic structures of meaning* as way of explaining and understanding action. Thus, the theories explain and understand action "by reconstructing the symbolic structures of knowledge which enable and constrain the agents to interpret the world according to certain forms and to behave in corresponding ways" (Reckwitz, 2002, pp. 245–246). From the viewpoint of cultural theories, then, social order is "embedded in collective cognitive and symbolic structures, in a 'shared knowledge' which enables a socially shared way of ascribing meaning to the world" (Reckwitz, 2002, p. 246).

Practice theories are examples of cultural theories, but not all cultural theories are practice theories (Reckwitz, 2002, p. 246). Four types of cultural theories can be distinguished on the basis of where the theories place "the social" and what is the smallest unit of social theory and social analysis: cultural mentalism, textualism, intersubjectivism and practice theory (Reckwitz, 2002, pp. 246–250). These four schools of thought of cultural theories "offer opposing locations of the social and conceptualize the 'smallest unit' of social theory differently: in minds, discourses, interactions and 'practices'" (Reckwitz, 2002, p. 245). Practice theory is the one that places the social in 'practices' and treats them as the 'smallest unit' of social analysis (Reckwitz, 2002, p. 249).

The concept of *practice* (in the singular form) refers to "the whole of human action (in contrast to 'theory' and mere thinking" (Reckwitz, 2002, p. 249), while the concept of *practices* (in plural and in the sense of the theory of social practices) refers to "routinized type of behavior which consists of several elements, interconnected to one another: forms of bodily activities, forms of mental activities, 'things' and their use, a background knowledge in the form of understanding, know-how, states of emotion and motivational knowledge" (Reckwitz, 2002, p. 249). Examples of such practices are ways of cooking, of consuming, of working, of investigating, of taking care of oneself or of others. Thus, a practice in this sense is the smallest unit of social theory, as it forms a 'block' whose existence depends on the existence and interconnectedness of the various elements in it, and which cannot be reduced to any of these single elements (Reckwitz, 2002, p. 250). A practice in this sense also forms a pattern which can be filled out by various single and often unique actions that reproduce the practice (Reckwitz, 2002, p. 250). An individual is the carrier of practices, and practices are also understandable to potential observers (at least within the same culture) (Reckwitz, 2002, p. 250).

The practice perspective has been chosen to answer the research question of this study for the following three reasons: First, it answers the calls for more research within two aspects of post-integration research: It may offer further contributions to a *more dynamic view* of the integration process, a view that would "consider the dynamic nature

and full picture of both 'hard' and 'soft' aspects to the integration process" (Kroon et al., 2022, p. 1158). It may also provide more understanding regarding the *practices and tools* that are created, borrowed, selected, and deployed during the integration process, but which require further research (Graebner et al., 2017, p. 23).

Second, the practice perspective lends itself especially well to post-acquisition integration research, which has recently been influenced by the frameworks of Steigenberger (2017) and Kroon et al. (2022). Practice theory, with its focus on dynamics, relations, and enactment, is particularly suitable for offering analytical tools for the novel, indeterminate, and emergent phenomena of contemporary organizing, which is "increasingly understood to be complex, dynamic, distributed, mobile, transient, and unprecedented" (Feldman & Orlikowski, 2011, p. 1240). In Steigenberger's (2017) framework, successful integration is seen as the result of context and structural and communication-based interventions, which interact with collective sensemaking processes and negotiations among integration stakeholders. Similar themes, including the strategic, sociocultural, and learning-related aspects of integration research, were also discovered by Graebner et al. (2017) regarding recent integration research. The dynamic model of post-acquisition integration by Kroon et al. (2022, p. 1155) emphasizes the role of intergroup interactions, which mediate the effects of integration management measures. These three works, Steigenberger (2017), Graebner et al. (2017) and Kroon et al. (2022), offer detailed answers to what we need to focus on to make integrations successful. Practice theory, on the other hand, is concerned with the relationship between specific instances of situated action and the social world in which the action takes place (Feldman & Orlikowski, 2011, p. 1241). Social life is seen as an ongoing production that emerges through people's recurrent actions (Feldman & Orlikowski, 2011, p. 1240). Thus, a practice perspective is especially suitable for studying the dynamic, complex, and emergent nature of post-acquisition integration. In addition, as Jarzabkowski et al. (2007, p. 19) claim, "many problems posed in existing strategy research, such as dynamic capabilities, resource-based view, knowledge-based view and strategy process theory might be illuminated by a practice-based approach to their study". There is no reason to believe that

a practice-based approach could not further illuminate our understanding of the dynamics of post-acquisition integration.

Finally, the practice perspective might be suitable for integration research since it has become "one of the most vibrant areas of contemporary strategy research in the past two decades" Kohtamäki et al. (2022, p. 210) but has not yet been applied in integration research from the strategic management perspective, at least to the best knowledge of the author. This is a notable methodological gap within integration research and one that deserves closer attention. If we accept the following three premises, 1) that M&As are among the most dramatic and visible manifestations of strategy at the corporate level (Schweizer, 2005), 2), that most M&As fail to produce better firm performance, at least for the acquiring company (Haleblian et al., 2009; Steigenberger, 2017; Tuch & O'Sullivan, 2007), 3) and that the integration stage of an M&A is a key driver of the success or failure of M&As (Haspeslagh & Jemison, 1991; Steigenberger, 2017), it is worth questioning why the strategy-as-practice approach, "one of the most vibrant areas of contemporary strategy research in the past two decades" (Kohtamäki et al., 2022, p. 210) has not yet set out to investigate the integration stage of M&As.

At this point, the reasons for this methodological gap can only be speculated. One tentative speculation concerns the notably different onto-epistemological positionings between strategy-as-practice (SAP), on the one hand, and those of the four different schools of M&A research (see chapter 2), on the other hand, including *the capital markets school* (also called the *financial economic school*), the *strategic school* (or *strategic management school*), the *organizational behavior* school, and the *process perspective.* These four schools of M&A research tend to remain within a meta-paradigm (of strategic management research) which Rabetino et al. (2021, p. 171) call *contemporary positivist* and which has remained the dominant view in strategy research. This meta-paradigm follows a realistic ontology view, combined with a positivist epistemology (Rabetino et al., 2021, p. 166). Rabetino et al. (2021) characterize the contemporary positivist meta-paradigm as follows:

> It embraces approaches that share realist ontological assumptions and the modernist/positivist epistemology and a few taken-for-granted underlying assumptions such as the ideas of fit and adaptation view, which reduce the context to a set of contingent variables. Thus, organizations, their resources and their (objective, unique and deterministic) environments are conceived as given and detached entities; their relationships follow quasiuniversal fixed causal laws that apply across time and space. (Rabetino et al., 2021, p. 171)

In contrast, many SAP studies follow an *interpretive* meta-paradigm, which includes research that adopts an interpretive view or follow different degrees of constructivist engagement (Rabetino et al., 2021, p. 168). This meta-paradigm "covers positions ranging from hermeneutics, phenomenology and ethnomethodology to Giddesian structuration theory (ST), as well as cognitive studies and new institutionalism." (Rabetino et al, 2021, p. 171). The ontological view of this paradigm is idealist or nominalist (Rabetino et al., 2021, p. 155), while its epistemology turns towards neorealism and constructionism (Rabetino et al., 2021, p. 166). It is thus understandable that while an abundant amount of M&A research has been carried out within a variety of management disciplines during the past decades (Cartwright & Schoenberg, 2006, p. S1), SAP as a methodology might not be the first choice for studying phenomena that originate in a contemporary positivist meta-paradigm of strategic management research, such as M&As.

Whether SAP research and the process view of strategy should be viewed as fundamentally separate or combined is still a matter of debate (Kohtamäki et al., 2022, p. 211). The *process school* of strategy research has also been included within the interpretive meta-paradigm of strategic management research (Rabetino et al., 2021, p. 169), alongside practice theory. The "considerable interchange" between SAP and the leading scholars in the process tradition has been noted by Kohtamäki et al. (2022). However, Kohtamäki et al. (2022) also mention the tense relationship between these traditions and point out that some of the cross-citations between these two traditions have been about asserting difference between them: "Thus, Whittington (1996, 2007) explicitly distinguished SAP research from the processual work of Mintzberg and Pettigrew by emphasizing its focus on human activities rather than organizational strategies, and its adoption of a broader sociological lens." (Kohtamäki et al., 2022, p. 224). Nevertheless, Kohtamäki et al. (2022,

p. 225) mention two strategies for crossing the divide between practice and process. The first one is a temporal lens, which is based on the idea that practices have dynamics over time that can be analyzed processually (Kohtamäki et al., 2022, p. 225; see also Kouamé & Langley, 2018). The second one is to recognize multiple levels in the strategy process, adding "internal detail to larger processes", whereby insights from the micro-level of activity can be included within processes at the organizational level (Kohtamäki et al., 2022, p. 225).

2.3.1 Strategy as practice

Within the SAP research tradition, the term *practice* "refers to both the situated doings of the individual human beings (micro) and the different socially defined practices (macro) that the individuals are drawing upon in these doings" (Jarzabkowski et al., 2007, p. 7). The fundamental questions of SAP research involve the following: What is strategy? Who is a strategist? What do strategists do? What does an analysis of strategists and their doings explain? And finally, how can existing organization and social theory inform an analysis of strategy-as-practice? (Jarzabkowski et al., 2007, p. 7). To understand the construction of activity within organizations, SAP, in line with a large part of organization theory, draws from the meta-theoretical principles of sociology, social psychology, anthropology and ethnomethodology, among others (Jarzabkowski et al., 2007, p. 20). Empirical research within the SAP field has drawn upon diverse theoretical resources in areas such as practice, sensemaking, cognition, culture, power, narrative, and discourse theory (Jarzabkowski et al., 2007, pp. 19–20).

According to Kohtamäki et al. (2022, p. 214), the origins of SAP research are often traced back to the article *Strategy as practice* by Whittington (1996). In this article, strategy is viewed as a social 'practice', which describes "how the practitioners of strategy really act and interact" (Whittington, 1996, p. 731). The key question of this perspective, according to Whittington (1996, p. 731), is "what does it take to be an effective strategy practitioner?" Whittington (1996, p. 732) positions SAP as one of four perspectives on strategy, which are categorized according to the central issues of strategy (where vs.

how) and the levels of strategizing (organizations vs. managers). The practice view of strategy is situated within the intersection of "how" and "managers" (the other three perspectives being *policy*, which combines "where" and "organizations", *planning*, which combines "where" and "how", and *process,* which combines "how" and "organizations") (Whittington, 1996, p. 732).

Ten years later after the publication of his first article, Whittington (2006, p. 613) recognized that research tended to "concentrate either on strategy activity at the intra-organizational level or on the aggregate effects of this activity at the extra-organizational level". Thus, Whittington (2006, p. 620) proposed a framework that integrates these two levels, based on the concepts of strategy *praxis*, strategy *practices*, and strategy *practitioners*. Within this framework, "practitioners are seen as the critical connection between intra-organizational praxis and the organizational and extra-organizational practices that they rely on in this praxis" (Whittington, 2006, p. 620). Praxis refers to the actual activity, "what people do in practice" (Whittington, 2006, p. 619). The most important implications of this framework for SAP were 1) the potential weight of practices on praxis, in other words, their possibilities of both conservatism and change, 2) the idea that strategy practices are typically emergent from praxis, and 3) the role of practitioners (i.e. people) "in reproducing, transferring and occasionally innovating strategy practices" (Whittington, 2006, p. 625). Whittington (2006) thus creates a significant bridge between the extra-organizational and intra-organizational aspects of SAP.

According to Kohtamäki et al. (2022, p. 214), Whittington (2006) is included among the six most frequently cited publications in SAP research, the other five being Feldman and Orlikowski (2011), Barry and Elmes (1997), Balogun and Johnson (2004), Johnson et al. (2003) and Jarzabkowski et al. (2007). As the present treatment does not allow for a comprehensive review of past SAP research, the following ideas are based on the SAP literature review by Kohtamäki et al. (2022). According to them, SAP research during the past two decades can be divided into six clusters: 1) *praxis*, 2) *sensemaking*, 3) *discourse*, 4) *sociomateriality*, 5) *institutional*, and 6) *process*. The *praxis* cluster, as the largest

stream of SAP research, centers around the theme of 'doing' strategy, or 'strategizing' (Kohtamäki et al., 2022, pp. 215–216). A subsidiary theme of strategizing has been given the name 'micro-strategizing' (Kohtamäki et al., 2022, p. 216; see also Johnson et al., 2003), which emphasizes "an intense focus on particular moments of strategizing activity, captured in detail: for example, brief interactions at board meetings, committee meetings or strategy retreats" (Kohtamäki et al., 2022, p. 216), in other words, "the detailed processes and practices which constitute the day-to-day activities of organizational life and which relate to strategic outcomes" (Johnson et al., 2003, p. 3).

One of the most significant contributions of SAP research has been its re-valuation of the role of local praxis and practices in strategizing (Seidl & Whittington, 2014, p. 1417). However, the fascination with the detailed understanding of local praxis can produce 'micro-isolationism', "whereby a local empirical instance is interpreted wholly in terms of what is evidently present, cut off from the larger phenomena that make it possible" (Seidl & Whittington, 2014, p. 1408). To counter this development, Seidl and Whittington (2014) suggest the enlargement of empirical SAP research towards "taller" and "flatter" ontologies, which refer to the connection between micro-level strategizing and its hierarchical dependence from larger macro structures or systems (i.e. a tallness) and the sideways-stretching relationship of the micro-strategizing with a network of relationships (i.e. flatness). Tall ontologies "link micro strains to larger systemic or structural pressures" while flat ontologies "extend the scope of strategy-as-practice research by bringing in a range of sites, both local and distant, and a variety of actors, both human and non-human" (Seidl & Whittington, 2014, p. 1417). To accomplish this linking of local strategizing with larger social phenomena, Seidl and Whittington (2014) propose six perspectives: 1) Foucauldian discourse analysis (Foucault, 1980, 1984), 2) Giddesian structuration theory (Giddens, 1984), 3) Archer's (1982, 1995) critical realism, 4) narratology (Boje, 2001; Gabriel, 2000), 5) the Bourdesian perspective of culturally mediated dispositions ('habitus') and 6) Wittgenstein's (1951) language game concept. For the researchers that choose and use these perspectives, Seidl and Whittington (2014, pp. 1416–1417) give the following guidelines: investigate and analyze contexts systematically (if it is not

bracketed out of the analysis), be reflexive about the choices between taller and flatter ontologies (in order to avoid incompatible philosophical positions) and follow through on your ontological choice by sticking to its own logic.

A further possibility of combining the micro with the macro is suggested by Kohtamäki et al. (2022), who state that the concept of *practice-driven institutionalism* (see also Smets et al., 2017) provides the basis for a bridging strategy between the two levels of analysis, the micro and the macro. According to Smets et al. (2017, p. 366), practice-driven institutionalism reconnects "institutional theory with its practice-theoretical roots" and "differs from practice-based studies in general because it engages them specifically in relation to institutional theory and the supra-organizational orders that it attends to" (Smets et al., p. 367). It thus seems clear, on the basis of Seidl and Whittington (2014) and Kohtamäki et al. (2022), that one of the development possibilities of SAP research involves a deeper connection between the micro and macro levels of analysis, and that suggestions for making this connection have already been given. However, there is a more genuinely structuration-theoretical way of connecting these two levels of analysis that seems to not have been mentioned in earlier established SAP research: the Strong Structuration Theory by Stones (2005).

2.3.2   Strong Structuration Theory

There has been a persistent methodological issue in the application of the structuration theory of Giddens (1984) in SAP research (Elbasha & Wright, 2017, p. 113). This issue involves the limitations that the "traditional" structuration theory (Giddens, 1984) has been criticized for (Stones, 2005), but which have not been taken into account in mainstream SAP research, at least not within the six most frequently cited publications of SAP research (see Kohtamäki et al., 2022, p. 214). The problem is that Giddens's structuration theory was originally created for "sensitizing" researchers to the kinds of entities that exist in the social world, and not so much for direct application in empirical research (Stones, 2005, p. 35; see also Giddens, 1989, p. 294). Thus, previous SAP research that makes use of structuration theory has been prone to borrow other theoretical lenses

from the social sciences to complement the original structuration theory (Elbasha & Wright, 2017, p. 113; Pozzebon, 2004, p. 247). So far, it seems that Elbasha and Wright (2017) have been among the rare researchers that have suggested the adoption of the Strong Structuration Theory (Stones, 2005) for reconciling the structure vs. agency question within SAP research.

The Strong Structuration Theory (STT) (Stones, 2005) has been offered as a revised version of the Giddesian Theory of Structuration (ToS) (Giddens, 1984). While it is not possible to describe the Giddesian ToS here in detail, the basic concept of ToS, *the duality of structure*, will be explained here, since the STT also adheres to these basic principles of ToS. Giddens (1984) explains the duality of structure in the following way:

> The constitution of agents and structures are not two independently given sets of phenomena, a dualism, but represent a duality. According to the notion of the duality of structure, the structural properties of social systems are both medium and outcome of the practices they recursively organize. Structure is not 'external' to individuals: as memory traces, and as instantiated in social practices, it is in a certain sense more 'internal' than exterior to their activities in a Durkheimian sense. Structure is not to be equated with constraint but is always both constraining and enabling. This, of course, does not prevent the structured properties of social systems from stretching away, in time and space, beyond the control of any individual actors. (Giddens, 1984, p. 25)

This idea of the duality of structure is also summarized by Kennedy et al. (2021, p.433), who state that "[h]uman action is made possible by social structures, but such action, in turn, sustains or alters the social structure itself". Stones (2005) further explains this basic idea of structuration:

> Social structures almost always either have agents within them and/or are the product of the past practices of agents. And agents, for their part, have social structures within them, not least in the guise of particular forms of phenomenological and hermeneutic inheritance. Social structures are not reified entities denuded of human beings and their irreducible qualities, just as the views and experiences that prompt the thoughts and actions of social agents are not those of beings who are islands unto themselves, secreted away from social currents. (Stones, 2005, p. 4)

The significance of this duality of structure should maybe be measured against the original purpose behind Giddens's work regarding structuration, which was to build a social theory that avoids the traps of objectivism and subjectivism (Stones, 2005, pp. 13–14). *Objectivism* emphasizes impersonal forces and subject-less social structures and downplays the power of agents (Stones, 2005, p. 14). *Subjectivism*, on the other hand, reduces the whole of social life to the actions (including also interactions, goals, desires, interpretations and practices) of individual agents or groups, and uproots agents from their socio-cultural context, treating them as "free-floating" of external social structures (Stones, 2005, p. 14). Giddens wanted to overcome this dichotomy of the voluntarism involved in subjectivism and the reification involved in objectivism by combining "the subjective and the objective *within* his basic conceptualization of structure, and also *within* his conception of the agent" (Stones, 2005, p. 16). Even though Stones (2005, p. 1) aims to be "clearer, tighter, and more systematic than Giddens has been about structuration theory's distinctive and defining characteristics", he nevertheless incorporates central elements of Giddens's original theory in his work. The duality of structure is one of them. Stones (2005, p. 5) points out, referring to McLennan (1984), that a more appropriate term would be a *duality of structure-and-agency*, since both are involved in the process of structuration. However, this thesis will refer to the phenomenon with the more conventional term *duality of structure*.

The present scope does not allow for a full treatment of the inconsistencies in Giddens's theory of structuration (ToS). A detailed analysis of them has been offered by Stones (2005). In fact, the STT that Stones (2005) proposes has been built on the criticism and improvements that ToS has inspired in the various works of sociologists such as John B. Thompson, Margaret Archer, Nicos Mouzelis, Ira J. Cohen, Chris Shilling, and William H. Sewell over the previous decades (Stones, 2005, p. 9). Stones (2005), by resorting to his remarkably deep understanding of Giddens's concepts, extracts the most valuable elements in this body of criticism and improvements of Giddens's work, and uses it as a basis for STT. STT, in the words of Stones (2005, p. 1), constitutes "a revised, stronger, framework for structuration theory" and "a synthesis that draws from and builds upon

criticisms, debates, defences and refinements within the field of structuration, whilst also drawing lessons from the many applications of the theory at the substantive level" (Stones, 2005, p. 1). In producing STT, Stones (2005) has attempted to maintain the core strengths of Giddens's ToS, only relinquishing elements when absolutely necessary, and looking for "the chance to modify, refine, and develop aspects of Giddens's theory" (Stones, 2005, p. 1) much more than he has chosen to relinquish them completely.

On the basis of the criticism of ToS offered by Stones (2005), it is safe to say that Giddens's (1984) ToS neglected issues of epistemology and methodology in favor of ontology, but this neglect was intentional. The primary idea of Giddens was to "work out the logical coherence between ontological concepts – to create an inter-meshing organizing network of concepts […]" (Stones, 2005, pp. 34–35) that was never meant to provide a strong link between these concepts and the object-world of empirical research. Thus, while the ontology of structuration is thus situated at some distance from empirical research, this ontology by Giddens can be used for 'sensitising' researchers to the entities that exist in the social world (Stones, 2005, p. 35). Stones, on the other hand, refuses to remain focused on this ontological level and is determined to develop "bridging concepts between the philosophical and substantive levels of structuration" (Stones, 2005, p. 8).

Thus, the STT suggested by Stones (2005, p. 8) argues in favor of the following seven concepts: 1) The duality of structure remains central to structuration. 2) In addition to the Giddesian *ontology-in-general*, which refers to the emphasis of structuration theory at the philosophical and abstract level, a greater sense of *ontology-in-situ* should be taken into consideration. This refers to "ontology directed at the 'ontic', at particular social processes and events in particular times and places" (Stones, 2005, p. 8). 3) More attention is given to the previously underdeveloped and insufficiently specified areas of ontology related to the duality of structure. 4) The importance of epistemology and methodology are recognized. 5) The scope of purpose and the question types appropriate to structuration theory are addressed. 6) The empirical potential of structuration

theory is unlocked through methodological bracketing (into agent's conduct analysis and agent's context analysis). 7) The need for structuration case studies to be framed and mediated by other approaches is recognized, which is a result of accepting the limits to the scope of the structuration theory. On a final note, according to Stones (2005, p. 8), "strong structuration insists that attention to all these factors is required for the formulation of research strategies".

On a more detailed level, The STT proposed by Stones (2005, pp. 84–86) involves four analytically separate but interlinked aspects of the duality of structure. Stones refers to these aspects as *the quadripartite nature of structuration.* The framework will be described next since it forms an integral part of the theoretical framework of the present thesis. The quadripartite nature of structuration involves 1) external structures as conditions of action, 2) the agent's internal structures, which are further divided into a) conjuncturally-specific knowledge of external structures and, b) general dispositions or habitus, 3) active agency or the agent's practices, 4) outcomes (as external and internal structures and as events) (Stones, 2005, p. 85). These four aspects of the quadripartite nature of structuration will be explained in more detail below.

The first aspect of the quadripartite nature of structuration (Stones, 2005, p. 84) is the *external structures* as conditions of action. This aspect refers to "the structural context of action" of the agent, in other words, "the action-horizon of *in-situ agents* as perceived by that agent and/or by the social researcher" (Stones, 2005, p. 84). These external structures involve position-practices, such as institutionalized positions, positional identities, the sense of prerogatives and obligations, and so on, which can be considered as "the emergent properties of past practices and as the pre-existent conditions for subsequent actions" (Stones, 2005, p. 63). Position-practices form both horizontal and vertical relationship with other position-practices (Stones, 2005, p. 63). Position-practices can be conceptualized as institutional "slots" that can be identified independently of their incumbents, and the human agents that inhabit them are able to reproduce or transform them (Stones, 2005, p. 63). In fact, for these position-practices to exist, they must be

continually sustained through practices or active position-taking and position-making (Stones, 2005, p. 63). However, compared to Giddesian ToS, Stones adopts a more realistic stance towards the extent to which external social pressures constrain the actor. He thus basically understands external structures as "independent forces and pressuring conditions that limit the freedom of agents to do otherwise" (2005, p. 109). He categorizes these external structures into *independent causal influences* and *irresistible causal forces* (Stones, 2005, p. 111). The first category of external structures, *independent causal influences*, refer to external structures that "have complete autonomy from the agents whom they affect" (Stones, 2005, p. 111). This autonomy means that the structures are entirely independent of the agent's compliance and wants, even when these structures directly affect the agent's life. The second type of external structures, *irresistible causal forces*, refer to external influences that the agents have the physical capacity to resist (to do otherwise) but do not *feel* that they have the ability to resist (Stones, 2005, p. 111). According to Stones (2005, p. 113), Giddens, in his conception of agency, places too strong an emphasis on the ability of the agent to choose to do otherwise. Stones thus recognizes the constraints of external structures as conditions of action.

The second aspect of the quadripartite nature of structuration involves the agent's *internal structures*, which are categorized into *general-dispositional* internal structures or *habitus* (following Bourdieu, see Stones, 20005, p. 85) and *conjuncturally-specific* internal structures. The general-dispositional internal structures include

> transposable skills and dispositions, including generalised world-views and cultural schemas, classifications, typifications of things, people and networks, principles of action, typified recipes of action, deep binary frameworks of signification, associative chains and connotations of discourse, habits of speech and gesture, and methodologies for adapting this generalised knowledge to a range of particular practices in particular loacations in time and space (Stones, 2005, p. 88).

These general-dispositional internal structures are usually unnoticed and taken for granted by the agent and drawn on "naturally" or without thinking in the majority of actions (Stones, 2005, p. 89). It is possible for the agent to become aware of these types of internal structures, especially if their relation to external conditions becomes

dissonant. In such instances, the agent may become conscious of their internal structures that previously were pre-reflective (Stones, 2005, p. 88).

The *conjucnturally-specific* internal structures, on the other hand, refer to "an agent's knowledge of the specific context of action" (Stones, 2005, p. 90). Conjuncturally-specific knowledge is analytically and causally distinguishable from the general-dispositional knowledge, even though the conjuncturally-specific knowledge is "perceived, made sense of, categorized, ordered, and reacted to" on the basis of general-dispositional knowledge (Stones, 2005, p. 90). Thus, the details of the conjuncturally-specific knowledge are not transposable or generalized, since they have specific, context-related features (Stones, 2005, p. 90). On the basis of Giddens's work, Stones (2005, p. 91) divides conjuncturally-specific internal structures into three categories: "knowledge of interpretative schemes, power capacities, and normative expectations and principles of the agents within context". *Knowledge of interpretative schemes* involves conjunctural knowledge of "how particular positioned agents within context would interpret the actions and utterances of others" (Stones, 2005, p. 91), whereas *knowledge of power capacities* refers to the conjunctural knowledge on the basis of which "agents within context see their own conjuncturally-specific power capacities" (Stones, 2005, p. 92). Finally, *knowledge of normative expectations* includes conjunctural knowledge of "how the agents within context would be likely to decide do behave" (Stones, 2005, p. 92). This information is gleaned by the agent of their perception of the fit or tension between how the agent believes they should ideally act and how they may be pressured to act in the specific situation (Stones, 2005, p. 92).

The third aspect of the quadripartite nature of structuration (Stones, 2005, p. 85) is *active agency* or the *agent's practices*. This involves "the ways in which the agent either routinely and pre-reflectively, or strategically and critically, draws upon her internal structures" (Stones, 2005, p. 85). The agent's active agency "constitutes the active, dynamic moment of structuration, but this is a moment that can never float free or be uprooted from the other parts of the structuration cycle" (Stones, 2005, p. 86).

In addition to the influence of internal structures on active agency, Stones (2005, p. 101) emphasizes five aspects of active agency that are important during an agent's conduct. The first one is the *horizon of action*, which arises from the motivated, purposive action in hand and which is "of central significance as its designation of the 'contexts of relevance' will influence which particular aspects of the virtual, latent, structures will be animated" (Stones, 2005, p. 101). The second important aspect of active agency is the possibility of *creativity, improvisation and innovation* within the agent's conduct. This does not refer to freedom from context or past determinations but rather to the "response or reply to the exigencies of the situation on the basis of a *combination* of the orientations, principles, habits and skills sedimented within habitus […] *and* the perceived demands of the conjuncture" (Stones, 2005, pp. 101–102), that is, the *situational* dimension of social life (Mouzelis, 1991, p. 198). According to Mouzelis (1991, p. 199), norms or rules – whether they derive from social positions or the dispositions of agents – "can never eliminate *a space of interactive indeterminacy or uncertainty*", a social openness that would confine agents into pre-defined roles and already shaped dispositions. The third aspect that affects active agency, according to Stones (2005), is the "critical distance that agents bring to the internal structures that are the medium of their actions" (Stones, 2005, p. 102, see also Mouzelis, 1991). The fourth aspect concerns the "relatively autonomous and dynamic" role of the unconscious in the agent's conduct. Thus, both conscious and unconscious emotions can autonomously affect the ways in which both general-dispositional and conjuncturally-specific internal structures are mediated, perceived, and drawn upon by agents in the production of practices (Stones, 2005, pp. 102–103). Finally, the fifth aspect of the agent's conduct involves *rationalization*, which refers to the sorting out of priorities in such a way that different projects in the same or distinct spheres of life are integrated with each other (Stones, 2005, p. 103). This rationality acknowledges a plurality of possible projects attached to various status and role positions, but the term "integration" does not necessarily imply harmony between these roles, concerns, or projects (Stones, 2005, p. 103). Plurality in relation to conjucturally-specific internal structures involves a sense of the immanent conditions of action and

will include, among other things, perceptions of the chances of success and of the probable attendant costs. On the other hand, plurality within the general-dispositional structures "could include a range of elements from moral, religious, political, economic, professional, organizational discourses and principles, through all kinds of general-dispositional practical skills, to cultural, aesthetic and other tastes and habituated desires" (Stones, 2005, p. 103-104).

The final aspect of the quadripartite nature of structuration (Stones, 2005, p. 85) is formed by the *outcomes* of the structuration process, which include both external and internal structures and events. Stones (2005, p. 86) explains that the duality of structure is evident here in the idea that the external and internal structures are drawn upon as the 'medium' of an agent's conduct, whereas the internal and external outcomes within the fourth aspect of the quadripartite nature of structuration represent *structure as the 'outcome' of the agent's conduct*. This 'outcome' of the structuration cycle, in the form of both external and internal structures, constitutes the internal and external structures as the 'medium' for the next round of the structuration process (Stones, 2005, p. 86).

Kennedy et al. (2021) point to two critical clarifications concerning the quadripartite nature of structuration. First, the quadripartite model should not be interpreted as a set of four consecutive stages or steps. Instead, the four aspects "should be conceptualized as interwoven and together constituting a cycle of structuration" (Kennedy et al., 2021, p. 435). Second, while internal structures are understood to be within the agent, external structures represent the agent's (or the researcher's) "perception of the context for action of the field in which they are embedded". Thus, although external structures exist autonomously from the agent, they are never completely "external" to the agents, since the agents (or the researchers) perceive them through their own eyes (Kennedy, 2021, p. 435).

So far, the application of STT in management research has been scarce, even within the SAP approach. It has been applied recently in other fields, such as education,

immigration, accounting, information systems, healthcare management, and political af-

fairs (Elbasha & Wright, 2017, pp. 113–114). However, as Elbasha and Wright (2017, p.

108) argue, without the theoretical sophistication and methodological means that STT

provides, SAP researchers are limited in the options available to them to avoid micro-

isolationism, that is, the tendency to focus on the micro level at the expense of the macro.

Indeed, SAP research has been criticized for micro-isolationism (Elbasha & Wright, 2017;

Seidl & Whittington, 2014; Vaara & Whittington, 2012). Measures have already been

taken by the SAP community to respond to this criticism. Seidl and Whittington (2014)

suggest six different theoretical perspectives for connecting the micro with the macro,

and the Giddesian structuration theory (Giddens, 1984) is one of them (Seidl & Whit-

tington, 2014, p. 1410). A further crossing strategy between the micro and the macro

has been suggested by Kohtamäki et al. (2022, p. 211), who encourage the bridging of

SAP with practice-driven institutionalism (see also Smets et al., 2017). All these measures

will definitely bring the micro and the macro levels of analysis closer to each other, but

studies that involve structuration need to be aware of the pitfalls of simply setting the

macro and the micro next to each other without genuinely combining them.

Jarzabkowski (2008), a prominent SAP researcher, brings forward the problem of distin-

guishing the micro and macro in applying the Giddesian structuration theory in SAP re-

search and explains how the problem has usually been solved within management re-

search:

> One problem with using structuration theory empirically is that, despite it's
> being a processual theory, Giddens (1984: 29) presented the concepts
> synchronically, as simultaneous reciprocity between action and institutions,
> making it difficult to analyze how actions reproduce or modify institutions over
> time (Barley & Tolbert, 1997; Jarzabkowski, 2004). Therefore, many authors
> have proposed a diachronic model, in which they bracket the action and
> institutional realms into different time periods in order to analyze sequential
> shifts between the two (Barley & Tolbert, 1997; de Sanctis & Poole, 1994;
> Langley, 1999; Orlikowski, 1996; Pozzebon & Pinsonneault, 2005). (Jarzabkowski,
> 2008, p. 623)

Jarzabkowski (2008) states that most management studies using a structurational lens

have analyzed the reciprocity between action (the micro level) and institution (the macro

level) as sequential, "separating them within time to explain their structurational effects over time" (Jarzabkowski, 2008, p. 638). Jarzabkowski draws on the works of Barley and Tolbert (1997) to conceptualize structuration as a temporal sequence (Jarzabkowski, 2008, p. 624). In their own study, Jarzabkowski (2008) was able to confirm that this sequential pattern does reflect the strategizing behaviors displayed by top managers. Jarzabkowski (2008) explains the idea of this sequential bracketing in the following way:

> In this sequential process, shifts occur within the action realm and are subsequently embedded in the institutional realm as a persistently modified social order. Shaping strategy in the sequential model involves shaping the meanings, power, and norms surrounding a strategy in the action realm during one time period and subsequently embedding these action effects within the institutionalized structures of legitimation, signification, and domination surrounding the strategy. (Jarzabkowski, 2008, pp. 638–639)

However, there is a fundamental theoretical issue in bracketing the activity of structuration into an institutional realm and to an action realm. This problem is also inherent in most other approaches that conceptualize the micro and the macro separately: they dilute the most fundamental idea of the Giddesian structuration theory (Giddens, 1984), *the duality of structure* (Stones, 2005, p. 44). In fact, there is no theoretical problem in including temporality into structuration theory, as Stones (2005, p. 53) points out. It is even desirable, in Stones's (2005, p. 53) opinion, since the original Giddesian ToS did not include temporal aspects. However, research that adheres to the basic principles of Giddesian structuration theory *cannot* do away with separating the micro from the macro, temporally or otherwise, without explaining how the duality of structure is maintained. The bracketing of structuration into an institutional realm and into an action realm does not maintain this duality (Stones, 2005, p. 43).

Stones (2005, p. 120) approaches this issue with another type of methodological bracketing. He admits that an appropriate type of methodological bracketing is necessary to apply the Giddesian ToS at the concrete level, and that an appropriate bracketing is lacking from the original ToS because of Giddens's preoccupation with ontology and the lack of interest in epistemology. Bracketing, as Stones (2005, p. 121) explains, is the "purposeful selection and limiting of focus" which allows the researcher "to be clearer about

the significance of any piece of *empirical evidence* cited in support of a claim about the object of study". In this way, bracketing provides "sets of regulative and selective guidelines that can direct the researcher to some dimensions of a social object rather than others" (Stones, 2005, p. 120). Kennedy and others (2021) describe methodological bracketing as "omitting certain aspects of a phenomenon under investigation from analysis to allow the researcher to focus more sharply on one part of the problem" and then returning "to the de-emphasized area in the next phase of bracketing" (Kennedy et al., 2021, pp. 435–436). Stones (2005, p. 120) suggests that the bracketing should be done between the *agent's conduct analysis* and the *agent's context analysis*. He claims that the bracketing suggested by Giddens (1984) was fundamentally flawed because it was "unwittingly" made between the *agent's conduct analysis* and *institutional analysis.* The following quotes from Stones (2005) illustrate this flaw:

> Giddens somehow never draws the logical conclusion from the use of this form of bracketing, namely that it is fatal to any pretence to structuration given that it is impossible to even begin to address the duality of structure within it. Institutional analysis, according to Giddens's definition, is not interested in the interpretative or hermeneutic ways in which actors draw upon their perceptions of the structures of signification, domination and legitimation, as they go about their social interactions. (Stones, 2005, pp. 43)

> [...]

> Institutional analysis, by way of contrast with strategic conduct analysis, retains no effective space for the 'structural-hermeneutic' nexus of structuration theory. Rather, it is said to treat the universal social constituents of domination, signification, and legitimation (rules and resources) 'as chronically reproduced features of social systems' (Giddens, 1979, p. 80). This would seem to be a clear acknowledgement by Giddens that the form of analysis he uses in most of his broader writings on politics and historical sociology, the form of analysis, that is, he uses to investigate non-reductionist institutional clusters, **brackets out of the phenomenology of agents, brackets out the way that agents perceive and draw upon their structural context** (Stones, 2005, pp. 43–44, emphasis added)

Thus, as long as strategy research continues to apply the Giddesian structuration theory to explain the relationship between the micro and the macro, it is bound to fall into the trap of bracketing its analysis between the agent (the micro level) and the institution

(the macro level), which essentially 'brackets out' the duality of structure from the structuration process.

In contrast to Giddens (1984), Stones (2005), who advocates the methodological bracketing between the *agent's context analysis* and the *agent's conduct analysis*, is able to maintain the duality of structure. In this type of bracketing, the *conduct analysis* "draws upon the ontological category of knowledgeability (as part of an agent's internal structures)" (Stones, 2005, p. 121), which includes the reflexive monitoring of the agents, their hierarchy of their purposes, their motives, desires, ways of acting and interacting and so on. On the other hand, the agent's *context analysis,* the one that replaces Giddens's institutional analysis, "draws on the notion of knowledgeability in the sense of conjuncturally-specific internal structures" (Stones, 2005, 122). The context analysis is the connection outwards "into the social nexus of interdependencies, rights and obligations, asymmetries of power and the social conditions and consequences of action" (Stones, 2005, p. 122). According to Stones (2005, p. 123), the agent's context analysis does not, in contrast to institutional analysis, treat institutions as "chronically reproduced rules and resources" or the institutional properties of the settings of interaction as methodologically "given". Instead, it treats the institutional position-practices as significant objects of investigation and recognizes the need to investigate the skills and awareness of actors within the institutional context of action (Stones, 2005, p. 123).

Kennedy et al. (2021, p. 436) formulate the basic idea of the context analysis as "a researcher's interpretation of the perspective and understanding of the agent-in-focus regarding the contextual field". The conduct analysis, on the other hand, according to Stones (2005) entails the agent's critically reflective and pre-reflective processes of consideration "at the point where the conjucturally-specific internal structures relevant to the context of immediate action forge a reconciliation of sorts with the active agency and the general-dispositional frame of meaning of the agent" (Stones, 2005, p. 122). In the words of Kennedy et al. (2021, p. 436), the agent's conduct analysis suggested by Stones (2005) refers to "looking "inwards" at the process by which the agent-in-focus

tries to reconcile their habitus and specific situated knowledge with their understanding of the contextual field". The bracketing between the context analysis and the conduct analysis thus maintains the duality of structure, since the institutional realm is not positioned outside the agent in the ways in which Giddens (1984) and Jarzabkowski (2008) suggest.

2.3.3   Theoretical framework: Maintaining and creating value in a preservative M&A

This study aims at answering the following research question: How can a post-acquisition integration process support value-maintaining and value-creating practices within the acquired company of a preservative M&A? To answer this question, five different perspectives need to be taken into account simultaneously. First, this thesis approaches practices from a social theory perspective, following the definition of the term *practices* by Reckwitz (2002, p. 249) as "routinized type of behaviour which consists of several elements, interconnected to one another: forms of bodily activities, forms of mental activities, 'things' and their use, a background knowledge in the form of understanding, know-how, states of emotion and motivational knowledge".

Second, as the aim of the thesis is to find value-maintaining and value-creating practices, it is crucial to understand what it means to maintain and create value. Maintaining value (as opposed to creating it) refers to protecting the boundaries of the daughter company in order to maintain its capabilities after the M&A. This is a core task within a preservative type of integration (Haspeslagh & Jemison, 1991). In this type of integration, maintaining value is thus accomplished through the protection of the boundaries between the acquiring and the acquired company. On the other hand, the attempt to create value within the acquired company typically consists of actions that encourage the acquired company to reach increasing success (Haspeslagh & Jemison, 1991, pp. 209–211).

Third, the concept M&As is approached from a process perspective (Jemison & Sitkin, 1986a), in which the integration stage is considered essential for value creation (Angwin & Meadows, 2015; Drori et al., 2013; Graebner et al., 2017). Fourth, recent research

concerning the integration stage (Graebner et al., 2017; Kroon et al., 2022; Steigenberger, 2017) must be taken into account during the processes of maintaining and creating value, especially the combination of both "hard" or structural features and "soft" or human factors, as well as the influence of what takes place on the organizational level, outside the management. Finally, the perspective of the study is that of the acquired company (Graebner, 2004). The purpose of a preservative integration is to maintain the value of the acquired company and to help it create more value (Haspeslagh & Jemison, 1991). The result of this value protection and value creation, if it is a successful process, should be in the interests of both companies, both the acquired one and the acquiring one. Thus, the perspective of the acquired company, in this study, is understood as the active value-maintaining and value-creating practices that are utilized and created by the management of the acquired company. In other words, the study aims at investigating the possibilities for the active agency of the acquired company within the processes of value maintenance and value creation process that necessarily affect and is affected by both companies.

To investigate the research question, the framework in Figure 3 was created to combine the five perspectives explained above. In this framework, the four sections correspond to the quadripartite aspects of structuration within the strong structuration theory by Stones (2005). These four sections in the framework should not be interpreted as a set of four consecutive stages or steps, since all of them are "interwoven and together constituting a cycle of structuration" (Kennedy et al., 2021, p. 435). The framework also makes an analytical distinction between the managerial level and the organizational level. The organizational level is included in the model because both Kroon et al. (2022) and Steigenberger (2017) emphasized the organizational level as an important factor in integration processes, either in the form of intergroup interactions (Kroon et al. 2022) or as collective sensemaking and negotiations (Steigenberger, 2017). However, a systematic data gathering on the organizational level is out of the scope of this study and will be left to be accomplished in further studies. Instead, this study is concerned with the management's perceptions of the organizational level. These perceptions were

considered legitimate on the basis of the fact that most of the managers interviewed for this study were responsible for managing certain aspect of the daughter's organization, except for those representatives of the mother company that were mainly involved in working in the board of directors of the daughter.

Each structuration cycle (the totality of the four aspects of the quadripartite model) takes place within a certain context, which constitutes the external conditions for action for both the management and the rest of the organization. This is depicted as (1.) *external structures* in the framework. The (2.) *internal structures of the agents* (both management and the rest of the organization) consist of their knowledge of M&As, either on a general level (2b. general-dispositional knowledge) or as specific knowledge related to this particular M&A (2a. conjunturally-specific knowledge). Organizational-level knowledge of integration is here defined loosely on the basis of Reus et al. (2016, pp. 932–933), as knowledge held by all parts of a firm, stored in organizational routines or standard operational procedures. In this study, however, the requirement of such knowledge to be held by all parts of the firm is less strict. Both external and internal structures influence the aspect of (3.) *active agency or agents' practices*, during which the agents (both management and the rest of the organization) draw upon and influence the external and internal structures. In the context of this study, on a managerial level, this would include both strategic/structural and sociocultural interventions that are aimed at changing something or maintaining the status quo. The (4.) *outcomes* have been divided into the management's view of the success of the M&A and the organization's view of it. The outcomes include both intended and unintended outcomes as well as both changes and preservations. In addition to actual managerial decisions and events, the outcomes of structuration also include the preservation and the changes of internal and external structures (see Stones, 2005, p. 85). In the case of a preservation M&A, preservations are more likely than changes. It is also likely that the concept of M&A value is essential among the intended outcomes of each structuration cycle.
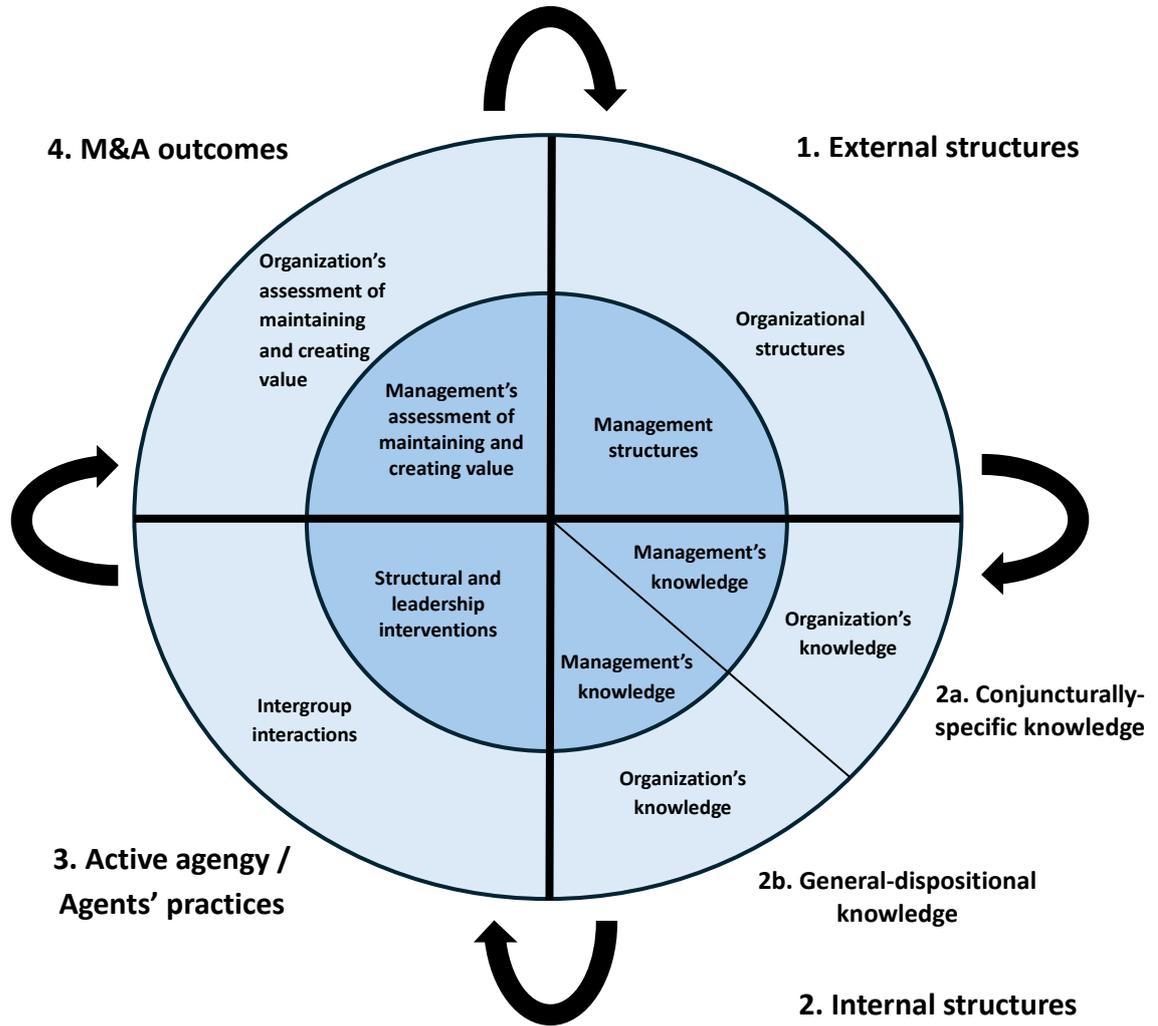
Figure 3. Strong structuration framework for maintaining and creating value in a preservative M&A.

3 Method

This chapter describes the methodological choices that were made to answer the research question. The chapter begins with an overview of the research approach and a description of the case company. After this, the processes of data collection, transcription, and analysis will be explained. Finally, the quality of the data will be assessed briefly.

3.1 Research approach

The present study is a *qualitative case study* that is based on an interpretive approach. Qualitative research is concerned with interpretation and understanding (Eriksson & Kovalainen, 2016, p. 5), with the goal of helping "researchers understand the social and cultural contexts in which people live" (Myers, 2020, p. 5). Case study research in business, specifically, "uses empirical evidence from one or more organizations where an attempt is made to study the subject matter in context" (Myers, 2020, p. 93). The central idea of case study research is to develop theory inductively "by recognizing patterns of relationships among constructs within and across cases *and* their underlying logical arguments" (Eisenhardt & Graebner, 2007, p. 25). Case studies build theory by recursively cycling among the case data, the emerging theory, and the extant literature (Eisenhardt & Graebner, 2007, p. 25). In general, case study research as such is philosophically neutral and can be conducted from a variety of philosophical positions, such as positivism, critical realism, interpretivism, constructionism, postmodernism and poststructuralism, all of which have their own ideas of what is considered 'good' research (Eriksson & Kovalainen, 2016, p. 18-22; Myers, 2020, p. 94).

Interpretive (or interpretivist) research is concerned with "subjective and shared meanings" (Eriksson & Kovalainen, 2016, p. 20), and assumes that "access to reality (given or socially constructed) is only through social constructions such as language, consciousness, shared meanings and instruments" (Myers, 2020, p. 45). Furthermore, interpretive researchers aim at understanding the context of a phenomenon, "since the context is what defines the meaning of a word and the meaning of a particular event or situation"

(Myers, 2020, p. 45). It is also important to note that when conducting interpretive research, the researcher is just as much an interpreter of the social situation as the people that are being studied (Myers, 2020, p. 45). Within business and management, interpretive research is not as common as positivist research, but it has gained ground over the past 25 years and is now "generally accepted in the top journals of virtually every business discipline" (Myers, 2020, p. 45).

Although the Strong Structuration Theory (Stones, 2005) used in the present study builds on and is heavily influenced by the Giddesian structuration theory (1984), in terms of epistemology, the STT clearly deviates from the Giddesian epistemology: whereas Giddesian structuration theory tends to remain on the ontological level (Jack & Kholeif, 2007, p. 211), "to the neglect of the conceptual and methodological links between the abstract and the particular" (Stones, 2005, p. 7), the Strong Structuration Theory is "determined to develop bridging concepts between the philosophical and substantive levels of structuration" Stones, 2005, p. 8). Thus, Stones (2005) reintroduces epistemology and methods back into structuration theory (Jack & Kholeif, 2007, p. 211) and introduces the "meso-level", which connects the ontological (abstract) level of structuration with the ontic (empirically informed) level (Stones, 2005, p. 77).

The "meso-level" of ontology enables one to "identify relative variations in the ontic manifestations of general ontological concepts without losing sight of the necessary logical relationships between the two levels of analysis" (Stones, 2005, p. 78). On the "meso-level", then, STT research is concerned with concepts such as the knowledgeability of informants about a range of topics, the critical reflection by an agent upon their internal structures, the motivations or desires of the agents, and the choices that are available to an agent in a situation (Stones, 2005, p. 78), to take a few examples. Thus, as Jack and Kholeif (2007, p. 213) point out, "Stones (2005) framework is a robust and credible theory for interpretive research that has particular potential for case studies in organization, accounting, and management studies." What is more, Kennedy et al. (2021,

p. 437) draw attention to the wide range of empirical settings of management research within which STT can be applied.

3.2   The case company

The purpose of case study research is to develop theory, not test it (Eisenhardt & Graebner, 2007, p. 27). For this reason, it is appropriate to select the case(s) for study through theoretical sampling, which refers to selecting cases that are "particularly suitable for illuminating and extending relationships and logic among constructs" (Eisenhardt & Graebner, 2007, p. 27). In the theoretical sampling of single cases, research usually aims at exploiting opportunities "to explore a significant phenomenon under rare or extreme circumstances" (Eisenhardt & Graebner, 2007, p. 27), which can take the form of selecting cases that are unusually revelatory, extreme exemplars, or opportunities for unusual research access (Eisenhardt & Graebner, 2007, p. 27; Yin, 2014, p. 52).

The case company of the present study was chosen on the basis of theoretical sampling. When selecting the case, the following facts were recognized: 1) the case company (the daughter company) had been acquired rather recently by the mother company, 2) the daughter company had remained rather independent of the mother company, thus constituting a prime example of a preservative acquisition, and 3) the size of the daughter company enabled the interviewing of all key persons within the daughter company and all those key persons within the mother company that are involved in the management of the daughter company. Altogether, a total of nine respondents were interviewed.

This thesis will not disclose the names or industries of either the case company (the daughter company) or of its mother company. However, the following facts will be made available: Both companies are located in Finland. The mother company, with its turnover of several hundred million euros, is considerably larger than the daughter company, whose turnover is a little over one hundred million euros. The acquisition deal was closed a few years before this study was conducted. Even before the acquisition, it was decided that the daughter company would remain an independent unit and would

essentially not be integrated into the mother company. Until the beginning of this study, the financial performance of the daughter company had remained strong, and no plans for further integration between the two companies had been made. This situation was particularly suitable for studying the value-maintaining and value-creating practices of a preservative integration, since it was clear that the independent status of the daughter company was creating value for both companies. This study, then, set out to investigate how this value was being maintained and how any possible further value of the M&A could be extracted. As it was not possible to make the daughter company any more independent from the mother, the possibilities for extracting further value were mainly inquired by asking whether and how deeper cooperation between the two companies could bring more value to them. In this study, the daughter company (the case under investigation) will be referred to with the pseudonym *Lilja*. The mother company will be referred to as *Kielo.*

The nine respondents chosen to be interviewed all have a key role in the management of the daughter company, either 1) as a member of the board of directors of the daughter, 2) as a member of the executive board of the daughter, or 3) as a member of both. The board of directors of the daughter company includes members of both the daughter and the mother companies, with the mother company representing a majority. The executive board of the daughter includes people that also have a role in the board of directors of the daughter, as well as those that do not. In sum, all interviewees are intricately related to the strategic decision-making of the daughter company, either within the daughter or within both the mother and the daughter. It is also worth mentioning that during the time of conducting the study, the executive board of the daughter enjoys the full trust of the mother company. From the perspective of research, then, such a well-performing and independent daughter company presented an exemplary case of preservative integration.

3.3 Data collection

The study aims to answer the research question through a qualitative analysis of interview data. Interviews can be described as guided question–answer conversations (Tracy, 2020, p. 78). Interviews, along with documents, are some of the most used sources of evidence in case studies (Yin, 2014, p. 105), although a variety of data sources can be used (Yin, 2014, p. 110). The strengths of interview data are twofold: first, they tend to focus directly on the case study topic, and second, they offer an insightful view into the topic, since they provide both explanations and personal views (e.g., perceptions, attitudes, and meanings) (Yin, 2014, p. 106). The weaknesses of interviews include bias due to poorly articulated questions, response bias, inaccuracies due to poor recall, and reflexivity, which means that the interviewee might give what the interviewer wants to hear (Yin, 2014, p. 106). Analyzing interview data is thus by no means a perfect way to answer the research question. However, the purpose of a qualitative research interview is to "understand the world from the subjects' point of view, to unfold the meaning of their experiences, to uncover their lived world prior to scientific explanations" (Kvale & Brinkmann, 2009, p. 1), and for this purpose, interviews are suitable.

3.3.1 Interview questions

In formulating the interview questions, the following two criteria were adhered to: First, the interview questions reflect the totality of what has been found to contribute to successful integration by recent research (e.g., Graebner et al., 2017; Steigenberger, 2017), including both the "hard" and "soft" aspects of integration as well as the inclusion of the unintended consequences of integration decisions that are the result of intergroup interactions at the organizational level (Kroon et al., 2022). Second, the interview questions are in line with Stones's (2005) request to conduct the methodological bracketing of structuration theory at the levels of an *agent's conduct analysis* and an *agent's context analysis* (instead of an *agent's conduct analysis* and *institutional analysis*, suggested in Giddens's (1984) theory). In other words, institutions or external structures are not being treated by the researcher as "chronically reproduced rules and resources" (Stones, 2005,

p. 123) but instead as "variable degrees of possibility and constraint confronting partic-ular agents in specific circumstances" (Stones, 2005, p. 126).

The research question of the study concentrates on practices and thus most closely re-lates to the third aspect (*active agency / agent's practices*) of the quadripartite nature of structuration. To answer the question of how value is *maintained* within a preservative integration, it might have been enough to only concentrate on this third aspect of the quadripartite nature of structuration. However, since the research question also encom-passes the angle of how to *create* value in the future, it was decided that all four aspects of the quadripartite nature of structuration would be included in the interview questions. Since no further integration between the case company and its mother was neither planned nor underway, the fourth aspect (*outcomes*) of the structuration cycle was probed through questions of what the respondents *would change or maintain* in order to reach a higher level of value *if* a deeper integration was to be planned. Thus, many questions of the fourth aspect of the quadripartite nature of structuration were hypo-thetical to the interviewees.

The four aspects of the quadripartite nature of structuration were reflected in the inter-view questions in a specific order which does not directly correspond to the numerical sequence of the aspects within the quadripartite nature of structuration (see section 2.3.2). Thus, whereas the quadripartite nature of structuration (and thus the activity of structuration) begins from 1. *external structures,* and then proceeds through 2*. internal structures* and 3. *active agency / agent's practices* towards 4. *outcomes*, the interview questions were organized in an order that Stones (2005, p. 125) suggests as the recom-mended order of analysis. This suggested order starts with 1. questions related to *gen-eral dispositions* (within internal structures) and then moves on to 2. questions related to *conjucturally-specific* internal structures, 3. questions related to *external structures*, and 4. questions related to active *agengy / agent's practices*, before concluding with 5. questions related to projected optimal *outcomes*. Stones (2005) does not suggest that this recommended order of analysis needs to be reflected in the order of interview

questions (and indeed, interviews are only one of many methods to collect data within STT research), but it was decided, in this study, to align the order of interview questions with the suggested order of analysis.

The difference in this study, to what Stones (2005) suggests, is a more ontologically relativist understanding of agent's context analysis: whereas Stones (2005) advocates that the researcher, after identifying the external structures, "can attempt – as a researcher – to specify the 'objective' possibilities open to, and the constraints upon, the agent(s)-in-focus", the present study maintains a closer adherence to the possibilities and constraints (by external structures) that were evoked by the respondent during the interviews. To the best knowledge of the author, this choice maintains the methodological bracketing suggested by Stones (2005) and avoids both the incomplete methodological bracketing suggested by Giddens (1984) and the micro-isolationism that previous SAP research has been accused of (Seidl & Whittington, 2014).

Question number 13, related to value-based integration, was added in the interview question set as a result of a suggestion from a representative of the daughter company. There was no reason to not include it, as the question aligns very well with the topic of the interview. In addition, as the present study underscores the active agency of the daughter company, such interest in the research the topic and any additional interview questions from the part of the daughter company were accepted by the author with great pleasure.

3.3.2   Interview type: semi-structured interviews

The interviews of this study were semi-structured in nature. The advantages of semi-structured interviews are the following: 1) in the absence of scripted questions, the perspective of the interviewee gains more ground, 2) both content and emotional level are likely to be covered, and 3) since the researcher learns what is most interesting and important to the interviewees, the interview can focus more on these topics (Tracy, 2020, p. 158). A potential disadvantage of semi-structured interviews is the possibility that the

conversations are more complex and meandering (Tracy, 2020, p. 158). This pitfall was, for the most part, avoided in the present study by informing each interviewee, at the beginning of the interview, that a total of 19 questions would be on the agenda, and all of them were important and worth considering during the time frame reserved for the interview. In fact, the original set of interview questions included a total of 29 questions, divided into important ones (19 questions) and less important ones (10 questions). After the first few interviews, it became obvious that it was only possible to cover the 19 important questions with the respondents, as a time limit of 1.5 hours was set for the interviews. In subsequent interviews, only the 19 important questions were posed, and only the responses to these 19 questions were included in the analysis.

A further advantage of the semi-structured interview design, discovered during the study, was the possibility to clarify the interview questions to the interviewees. Although the interviewer made an effort to formulate the questions in the most unambiguous manner possible, the interviewees were not and could not be completely familiar with the underlying assumptions of previous integration research and of the Strong Structuration Theory (Stones, 2005) that informed the topics of the questions. Thus, clarifications of the main ideas of some interview questions were made to the interviewees whenever needed. For this purpose, the semi-structured interview design, with its possibilities for conversation, presented an excellent opportunity.

3.3.3   The interview process

The research project was first introduced to the respondents by a representative of the daughter company. Subsequent communication with the respondents took place between the author and the respondents. A few weeks before the beginning of the interviews, all respondents received the interview questions along with another document that briefly defined four of the most important concepts of the study (These concepts included 1. M&As, 2. integration, 3. the strategic/structural aspects of integration, and 4. the "soft" leadership or human aspects of integration). The language of both documents was Finnish. A face-to-face interview of 1.5 hours was agreed with all respondents

separately. All written (email) interaction concerning the agreement of the interview time with the interviewees took place in Finnish.

All interviews were conducted in Finnish. At the beginning of each interview, the purpose of the study and the title of the thesis were repeated to the respondents (as they were first introduced to the respondents in an email several weeks earlier). In addition, the theoretical framework (see section 2.3.3) was briefly introduced to each respondent before the beginning of the interview. The interview questions were divided into five categories corresponding to the aspects of the quadripartite nature of structuration. (Internal structures were divided into two categories, which increases the total number of the categories from four to five.) Consequently, throughout the interview, a connection was pointed to the interviewees between the question category that was being worked on and the corresponding sector within the theoretical framework. In other words, throughout the interviews, the interviewer made an effort to explain to the interviewees why certain questions were asked. The interviews were voice-recorded in Microsoft Teams. During the interviews, the interviewer took brief hand-written notes, writing down keywords of the topics that the respondents seemed to emphasize as especially important in their responses. Whenever misunderstandings occurred, the interviewer inquired what the respondent meant. However, the author of this study is fully responsible for any misunderstandings that may have remained within the findings section of the study despite every effort to fully understand the interviewees' responses during the interviews.

3.4 Choices regarding the transcription of audio recordings

Transcription refers to "the transformation of either analogical or digital recordings of sounds or moving images into some kind of "text" that can be later examined and/or displayed as evidence of a particular phenomenon" (Duranti, 2006, p. 301). Most of the literature that addresses transcription "presents it as taken for granted in qualitative studies" (Davidson, 2009, p. 1), and methodological and theoretical issues associated with the process of transcribing qualitative data has thus received only moderate

attention in the literature (Lapadat & Lindsay, 1999). As early as in the seventies, Ochs (1979, p. 44) suggested that transcription is a selective process that reflects theoretical goals and definitions. In more recent transcription literature, it has become common to view transcription "as a process that is theoretical, selective, interpretive, and representational" and to ponder "how transcription should represent language and how researchers approach transcribing language to understand the world" (Davidson, 2009, p. 37). Transcribing audio data into text thus entails a translation or transformation process of sound to text, and this process is always selective (Davidson, 2009, p. 38), which is not necessarily a negative thing, since a useful transcript is a selective one (Ochs, 1979, p. 44). In any case, the action of transcribing involves both interpretive decisions, i.e., what is transcribed, and representational decisions, i.e., how is it transcribed (Bucholtz, 2000, p. 1439). For this reason, according to Bucholtz (2000, p. 1440), the creator of a transcript should be aware of their role "in the creation of the text and the ideological implications of the resultant product".

It is problematic to treat a transcript as the primary data (Coates & Thornborrow, 1999). Rather, transcripts can be considered "secondary products of representation and annotation practices" that together with the recording serve the researcher in various ways: they 1) facilitate access to the recordings, 2) highlight detailed features for the analysis, 3) give evidence and substance to the recordings (and vice versa), 4) allow for an enriched interpretation of "tiny conventional notations" and 5) together with the recording "produce their accountability, intelligibility and interpretability" (Mondada, 2007, p. 811). Thus, transcripts alone are not data and cannot be "autonomized from the recordings, which are the primary data" (Mondada, 2007, p. 811).

According to Kvale and Brinkmann (2009, p. 180), there is "one basic rule in transcription – state explicitly in the report how the transcriptions were made". The transcription choices of this study were made after thorough consideration and by paying attention to the reliability of the study. In the context of a qualitative case study, the concept of reliability refers to "the consistency and repeatability of the research procedures used in

a case study" (Yin, 2014, p. 240). Repeatability refers to the hypothetical situation of repeating the same case study and arriving to the same findings and conclusions (Yin, 2014, pp. 48–49). The purpose of reliability is to minimize errors and biases (Yin, 2014, p. 49). As a result of the consideration regarding transcription choices, two different types of transcripts were used in this study, both for specific purposes. First, and most importantly, the present study considers the *audio recordings* of the interviews to be the primary data. However, transcripts in the original language of the interviews (Finnish), summarizing the main points of the interviewees, were prepared to help the author in the process of coding. The first of the two types of transcripts is thus *a summarizing Finnish transcript*, and only this type of transcript covers the entire audio data. The coding of the data was thus done on the basis of both the audio recordings and of the Finnish summary transcripts, as this was assessed to result in the best possible reliability. Great care was taken to include in these transcripts everything that each interviewee indicated to be important. The reliability was also supported by the notes that were taken during the interviews by the author. The summarizing Finnish transcripts were translated into English. Some of the tables in the findings section include English translations of the summarizing transcript. In the tables, this type of text has been named *condensed quotes*.

In addition to the summarizing transcript, which covered the entire data, more detailed transcripts were prepared for some parts of the interviews. These *detailed transcripts* were only made for those sections of the audio recordings which were chosen for direct quotation. For this second type of transcript, the quoted parts in the speech of the quoted interviewees were transcribed *almost verbatim*, leaving out hesitations, filler words, pauses and the like. These detailed, near-verbatim Finnish transcripts were also translated into English. Each direct quotation of the interviewees in the findings section of the study only includes the English translation of these Finnish, detailed, near-verbatim transcripts. There are not very many direct quotations in the findings sections, only 11 extracts. The direct quotations have been separated from the main text, and they never appear in tables.

A few more words are needed to explain the choice to resort to a near-verbatim transcript for the direct quotations of the interviewees. Different approaches to transcription have been developed (Davidson, 2009, p. 38). According to Bucholtz (2000, p. 1461), a range of options exists between two extremes of transcriptional options: *naturalized transcription*, which resembles written text more than spoken language through "the privileging of written over oral discourse features", and *denaturalized transcription*, which is more faithful to oral language. The latter may present speech in an "alien" form, since "the more a text reflects the oralness of speech, the less transparent it becomes for readers unaccustomed to encountering oral features in written discourse" (Bucholtz, 2000, p. 1461). The conclusion of this, according to Bucholtz (2000, p. 1461), is that "there can be no privileged, objective position from which to transcribe speech". In a similar way, as Luebs (1996) suggests, it is likely that scholars will never arrive at an agreement about the best way to transcribe (Bucholtz, 2000, p. 1461). Oliver et al. (2005, p. 1273) discuss the same two extremes as they mention *naturalism*, which refers to transcribing every utterance "in as much detail as possible", and *denaturalism*, in which "grammar is corrected, interview noise (e.g., stutters, pauses, etc.) is removed and non-standard accents (i.e., non-majority) are standardized". Oliver et al. (2005, p. 1287) conclude their observations by stating that transcription is a powerful act of representation which "affects how data are conceptualized". Choices related to transcribing, they claim, thus strongly affect the degree to which both the research process and the participants' voices are respected.

With regard to this study, the interview extracts that were chosen for direct quotation in the findings section, a *naturalized* transcription (in the terminology of Bucholtz, 2000) or a *denaturalist* transcription (in the terminology of Oliver et al., 2005) was preferred, meaning that the speech of the interviewees was transcribed almost verbatim, but many features of spoken language were completely left out. These included hesitations, filler words (discourse markers), repetitions, pauses, intonation paths, changes in volume, and features of regional dialects. All such features were removed from the near-verbatim transcripts. Such a choice removes the nuances of the original speech and thus distorts

what was said on the original audio data. However, the choice to convert the audio data into a naturalized/denaturalist version of the respondents' speech was made for two reasons. First, a transcript that more closely resembles written language than spoken language is easier to read than a perfectly verbatim transcript. Second, readers who are not familiar with the natural differences between oral and written language may find that the publication of verbatim transcripts – with a heavy frequency of fillers, repetitions, pauses and the like – may lead to an "unethical stigmatization" of the interviewees (Kvale & Brinkmann, 2009, p. 187). Thus, a more written-style quotation of the interviewees' speech was published because of reasons related to readability and ethical consideration. Nevertheless, a more verbatim transcript, such as one adhering to the Jeffersonian Transcription System (see Ayaß, 2015), would have given a more accurate rendering of how the interviewees actually spoke. However, as the audio data was treated as the primary data, a slight distortion in the replication of the audio data in terms of a less-than-verbatim transcript process was considered acceptable for reasons of readability and ethics.

3.5   Analysis of the data

As mentioned in the previous section (*3.4 Choices regarding the transcription of audio recordings*), both the audio recordings and the summarizing transcripts were used as the basis of the analysis. The analysis was guided by the same theoretical propositions that influenced the formulation of the interview questions. Thus, the analysis concentrated on how value is created in a preservative integration, and how the "hard" and "soft" aspects of leadership and both the managerial and the organizational level interact with the four aspects of the Strong Structuration Theory.

The first step of the analysis consisted of carefully listening to the audio recordings and creating a Finnish summarizing transcript of the entire data. These summarizing transcripts of the data and the English first-order coding of the data was completed in a spreadsheet that listed the 19 research questions as the rows and the 9 respondents as the columns. Each reply to an interview question received two cells in the spreadsheet,

one for the Finnish summary transcription and one for the English first-order coding. Thus, the data consisted of almost 170 responses (19 x 9=171). Very few responses were missing completely, but those questions that were left unanswered occurred for two reasons: Either the respondent stated that they do not have an answer to the question, or the time reserved for the interview was running out. The interviewer did their best to never interrupt a respondent, and this sometimes resulted in lengthy replies at some points in the interview, which left less time for some other question. Some respondents also answered two questions in one response. Whenever a response clearly dealt with more than one question, the response was divided into two (and, in only a few cases, into three) parts at the analysis stage. These parts of the reply were re-ocated as replies to the relevant questions (and in their correct places in the spreadsheet). Such divisions and relocations took place especially in responses where the interviewee spoke of the managerial level and the organizational level within one response.

The first-order coding represented a meaning condensation (see Kvale & Brinkmann, 2009, p. 205) of a certain claim in the interviewee's response. However, both summarizing and translating involve interpretation, so the author cannot claim to have understood or summarized the responses exactly in the way the respondents meant to convey their thoughts. Nevertheless, such exact interpretation was always the goal.

The formulation of the data structure involved interpreting the data and classifying it into first-order concepts and into second-order themes. Additionally, whenever the number of second-order themes was considered relatively high, a third round of categorization was completed on the basis of the second-order themes. In terms of the first-order concepts, it must be noted that a single reply to an interview question typically dealt with several topics and included claims that could either have been interpreted as separate first-order concepts or as an inseparable collection of claims. All the claims that could be interpreted as separate topics or claims were treated as different first-order concepts, but this was always the decision of the author and might thus have resulted in misunderstandings. For example, when the interviewees were asked about what they

thought were important aspects of any M&A, they typically replied with an answer that included a short list of separate topics, some equipped with further explanations, others left without further explanation. In the analysis, the topics that the respondents seemed to treat as separate from each other were treated as separate concepts in the analysis. However, when the respondent talked about a single topic and provided more information on the context, causes or effects of their claim, or suggested a recommended managerial choice, such responses were treated as a single first-order concept. This choice of either dividing a response into separate first-order concepts or treating the entire response (or parts of it) as a single first-order concept was a choice made by the author and may not reflect the logic of the respondents. In addition, the replies to some questions were so scarce that it was only possible to make the classification into first-order concepts and not continue the analysis any further, but this was not the norm.

The first-order concepts were then classified into second-order themes according to patterns that seemed to emerge from the first-order concepts but which were also relevant from the perspective of the research question. Thus, the first-order concepts were always observed with the research question in mind, paying attention to the processes of maintaining and creating value, to the managerial and the organizational levels, and to the "hard" and "soft" aspects of integration. The goal was to find patterns of first-order concepts that would offer insights into the processes of maintaining and creating value in a preservative integration, and to formulate the second-order themes on the basis of these patterns. At this point in the analysis, the positioning of each interview reply within the four aspects of the quadripartite nature of structuration had already been decided, as the positioning had been reflected in the creation of the interview questions. Thus, when formulating the second-order themes, STT had a less strong influence on the inductive work than other literature on M&A integration and value creation. In addition, some ad-hoc categorization was deemed necessary to explain some of the second-order themes, especially when the connection to value creation seemed less direct.

Finally, an effort was made to further group the second-order themes into a maximum of 4 to 10 categories that describe the process and the practices of maintaining and creating value. These categories were formed inductively, by attempting to notice emerging patterns in the second-order themes. An effort was made to present this final categorization either as a table or in a visual form whenever there was a sufficient number of responses to work with.

3.6   The assessment of the quality of the data

The choices related to data collection, transcription, and analysis described above have been made to answer the research questions in the best possible way within the scope of the study and by adhering to the principles of interpretive research (Eriksson & Kovalainen, 2016; Myers, 2020). However, the scope and the timing of the study presented some limitations that must be considered. First, even though the case company has been chosen with great care and by adhering to the criteria of theoretical sampling (see section 3.2 above), a multiple-case design would have enabled the cross-comparison of several different M&As that involve preservative integration. In this way, several different industries could have been included in the study, and the number of respondents could also have been increased. Second, the scope and timing of the study delimits the amount of the data. In terms of scope, a larger study would have enabled a cross-sectional method, including e.g. questionnaires and interviews both at the managerial as well as the organizational level. In terms of timing, the present case represents a rather recent M&A. More versatile insights into the mechanisms of maintaining and creating value in preservative integrations might have been better available through a theoretical sample consisting of several M&As of different ages and of different stages of the integration process. Alternatively, even this M&A alone could have been studied from a different time perspective: either as a single case study at a later point in time and possible integration, or as a longitudinal study that considers the development of the relationship of the two companies across several years. As Yin (2014, p. 53) points out, "a potential vulnerability of the single-case design is that a case may later turn out not to be the case it was thought to be at the outset".

Thus, the scope and timing of this study directed the author towards collecting a certain type of data, and no data triangulation or methodological triangulation was employed in this study, apart from the fact that the author's brief notes were used alongside the audio data when directing attention to what the respondents presented as important to them. However, within the scope of the study, the collected data represents the phenomenon under study rather well, and the interview questions have been carefully formulated to extract the type of data that is useful for an STT perspective of integration. Thus, the construct validity (see Yin, 2014, p. 46) of the study should not be problematic. In addition, the audio data has been treated as the primary data in order to increase the reliability of the analysis by preventing unnecessary distortions of the interview responses when transferring spoken language into a written form.

4 Findings

The findings of the data analysis will be presented in the following order: This chapter begins with the M&A-related *internal structures* of the respondents (section 4.1), more specifically, the general-dispositional knowledge (section 4.1.1, questions 1 and 2) and the conjuncturally-specific knowledge (section 4.1.2, questions 3, 4, 5a, 5b, 5c, 6a, 6b, and 6c). What follows these internal structures will be the findings related to the M&A-related *external structures* of the respondents (section 4.2, questions 7 and 8). Next, the findings related to the *active agency / agents' practices* concerning a hypothetical deeper cooperation with the case company and its mother will be presented (section 4.3, questions 9, 10a, 10b, 11, 12, 13, 14a, 14b, and 15), followed by the findings regarding the projected *outcomes* of such a hypothetical deeper cooperation (section 4.4, questions 16, 17, 18, and 19). In this chapter of the thesis, the words *respondent*, *interviewee*, and *agent* will be used interchangeably. In a similar way, the words *interviewer* and *author* refer to the same person. With regard to the case company, it will often be referred to as *the daughter (company)* by the author. The pseudonym *Lilja* will be used instead of the real name of the daughter company especially in the quotes of the respondents. Similarly, the acquiring company will be referred to as *the mother (company)*, and the pseudonym for this company in the data will be *Kielo*.

4.1 M&A-related internal structures

The findings concerning the M&A-related internal structures encompass both the general-dispositional knowledge of the interviewees as well as their conjuncturally-specific knowledge.

4.1.1 General-dispositional M&A knowledge

Interview questions 1 and 2 probe into the general-dispositional M&A knowledge of the agents. Question 1 concerns the managerial level and question 2 deals with the organizational level.

Question 1: If you think of **M&As in general** (and not the specific one between these two companies), which ones are, in your opinion, **the most important aspects** that need to be taken into consideration in the integration process between any two companies?

When question 1 was posed to the respondents, the interviewer clarified that the respondents were free to think about not only their own experiences of past M&As but also about any M&As that they had only heard of or read of. The first-order concepts of the responses to question 1 were categorized into a total of six second-order themes. First, it was possible to divide the first-order concepts into topics that involved either a) the managerial level or, or b) both the managerial and the organizational level of operation (see Table 1 below). In addition, it was rather clear that the first-order concepts of the responses involved three further themes: 1) people, 2) people and tasks in an intrinsically combined manner, and 3) tasks. In making these categorizations, the first-order concepts were assigned to the responses on the basis of topics that could easily be extracted from the responses. Thus, one respondent typically replied with several topics that were deemed separate first-order concepts. There is room for dispute in deciding whether an individual first-order concept should be included in one of the six second-order themes or another. Thus, the second-order coding in Table 1 below represents the author's conceptualization of the responses. Table 1 below thus includes all first-order codes of the responses to question 1.

Table 1. The most important aspects of any M&A.

	a) Managerial level	b) Managerial and organizational levels
1. People	• Direct communication between the chairman of the board (of the daughter) and the CEO of the daughter • Mutual respect for the management of both companies • The retention of key people	• Building trust • Ensuring the mental transfer of people and of the organizational culture towards the target company • Creating a spirit of integration • Creating a shared organizational culture • Communication that is directed at reducing uncertainty • The retention of key people and employees • The retention of employees
2. People & tasks	• Managing the two aspects of integration: physical integration and cultural integration • A good partner makes the process easy.	• "It is people who do things." • Acknowledging optimism in the planning of synergies • Communication and the flow of communication • The size of the companies affects the success of the M&A. • The compatibility of organizational cultures • The retention of the personnel, and communicating about the M&A • In general, integrations tend to be difficult.
3. Tasks	• Initial understanding and situational awareness of the business • Understanding the target company (the present and the future of the business) • Understanding the type of business of the target company as well as the type of integration that this business requires • Setting a clear goal • Clear goals, vision, strategy, and possible synergies • Deciding who will run the business • Management system • Financial synergies	• Strategic fit • The operational aspects: systems, processes and tools • Financial analysis, reporting and monitoring

It can be stated, on the basis of Table 1, that the responses cover a wide array of topics. The people aspect on the managerial level includes specific interactions on the managerial level (such as direct communication between the chairman of the board of the daughter and the CEO of the daughter), mutual respect for the management of both companies, and the retention of key people. The intersection of the managerial and organizational level also involves important "soft" issues, such as building trust, creating a shared organizational culture, and the retention of employees. The second category, people & tasks, includes responses where the structural and the human side cannot be analytically separated, as shown in the responses in which the respondents stated "It is people who do things" or "A good partner makes the process easy". One respondent even explicitly stated that managing an integration involves paying attention to both the physical and the cultural sides of it. With a less optimistic view, another respondent drew

attention to the fact that people are usually too optimistic in planning the synergies in M&As. This, too, can be considered an intrinsic combination of structural and human aspects of M&As. The third category, tasks, concentrates more clearly on the structural and strategic aspects of an M&A, including creating an understanding and situational awareness of the M&A, setting clear goals, defining the vision, strategy and synergies of the M&A (including financial synergies), and deciding who will run the business. System-level choices, such as the decisions over management systems, can also be categorized here. At the intersection of the organization and the management, a respondent mentioned, among other things, topics such as strategic fit, the operational aspects of an M&A (including systems, processes, and tools), and financial analysis, reporting, and monitoring.

It is noteworthy that only two respondents raised direct concerns over the overall difficulties related to M&As. One respondent stated, among other things, that people tend to be optimistic when planning synergies between two companies, and another acknowledged, among other things, that integrations tend to be difficult. Less direct implications to possible difficulties were present more often. Many respondents underscored the opinion that the experience of the employees must be managed through providing them with a reassuring message and giving them information. These responses imply that uncertainty and insufficient information are likely to cause negative effects within the personnel. On the level of managerial tasks, several respondents emphasized the need to understand what is happening. However, the rest of the responses seem to suggest the idea that the management can directly affect the result of M&As and integrative actions. None of the respondents talked about the organizational level without mentioning or at least suggesting that the management can affect the course of events on the organizational level. In general, what seems to prevail in the responses to question 1 is the idea that the different aspects of M&As can be managed and that the organization will react as intended to the actions of the management.

Question 2 was directed at the organizational level. The purpose was to find out what skills the personnels of any merging companies should have.

> **Question 2:** If you think of **M&As in general** (and not the specific one between these two companies), which ones are, in your opinion, **the most important skills** that the **personnels** of merging companies need during the integration process of any two companies?

The replies to this question often consisted of two parts: First, the respondent typically mentioned a skill or a set of skills that they considered important (see the first column in Table 2. After that, they usually gave an explanation of why such a skill or skill set was important or what would happen in the absence of such a skill (see the second column in Table 2). Additionally or alternatively, they gave managerial recommendations for strengthening the skill or skill set within the organization. In the analysis, after listing these first-order concepts, second-order themes (see the third column in Table 2) were formed that labeled the skills as *attitudinal skills*, *communication skills*, *hard* or *soft transferable skills*, and *social skills*. Five less frequent second-order themes were also formed: *experience of changes*, *job-specific skills*, *knowledge of the company*, *cooperation skills*, and *networking skills*. All the second-order themes were created inductively on the basis of what emerged out of the data.

Table 2. Important personnel skills during integration.

Skills (1st-order concepts with condensed quotes of the response segments)	Related effects or recommended courses of action (1st-order concepts with condensed quotes of the response segments)	Specific skill type (2nd-order themes)	General skill type
'People skills'	'It is important to maintain a positive atmosphere, since negative emotions will easily arise.'	Attitudinal skills	Individual, Affective
'It's a clichée, but the majority of people enjoy the familiar and the safe.'	'It must be recognized that everyone will see more risks in the unknown, but it is important to give a chance to the unknown.'	Attitudinal skills	Individual, Affective
'The ability to adapt and to orient to the new situation, which is not easy'	'It is easy for the management to just say that the personnel must be flexible, and able to adapt to new roles, processes, and practices.'	Attitudinal skills	Individual, Affective
'The personnel need the skills to adapt to changes and be flexible.'		Attitudinal skills	Individual, Affective
'Flexibility'	'Not only in terms of working hours'	Attitudinal skills	Individual, Affective
'M&As often cause concern. The situation requires patience and understanding for the prolonged nature of integrations.'	'What is needed is patience and concentration on the current goal at any moment. It might be good to set aside any concerns, to pose questions whenever needed, and to be able to tolerate uncertainty.'	Attitudinal skills	Individual, Social, Affective
'Withholding knowledge that you consider important is not good.'	'It would be beneficial to create an atmosphere that encourages discussion and where the new business is being understood. This could be created by disseminating information as fast as possible and by creating a trusting atmosphere. Extra challenges arise if the M&A is hostile.'	Attitudinal skills Communication skills	Individual, Social, Affective
'If the personnels of the affected companies are used to changes, it will make everything easier.'	'If the acquiring or the acquired company has had a static environment for the last 20 years, integration will be difficult: strong uncertainty, fear, and conspiracy theories will appear.'	Experience of changes	Individual, Social, Affective, Cognitive
'General management skills'	'Managing and scheduling the whole'	Hard and soft transferable skills	Individual, Social, Affective, Cognitive
'The ability to lead change'		Hard and soft transferable skills	Individual, Social, Affective, Cognitive
'Usually, the M&A is seen as a threatening and frightening event.'	'It is important to be able to see it from a larger perspective, and from several different perspectives.'	Hard and soft transferable skills	Individual, Affective, Cognitive
'Maintaining the core processes.'		Attitudinal skills Hard transferable skills	Individual, Social, Affective, Cognitive
'What is required of the personnel includes a) patience, b) cooperative skills, c) the skills to overcome change resistance. The management needs project management skills. E.g. the schedule needs to be realistic.'	'The goal of the personnel is cooperation and building the new organization. The project management skills of the management will help avoid the fatigue of the personnel.'	Attitudinal skills, social skills, cooperation skills, and hard and soft transferable skills	Individual, Social, Affective, Cognitive
'Understanding that your way of doing it is not the one and only way of doing it. Giving a chance to the change, if you are the target of it. If you are leading the change, seeing the possibilities.'	'This requires repetition, active communication and the fact that the changes become concrete to the person who is in the midst of the change process.'	Attitudinal skills Hard transferable skills Communication skills	Individual, Social, Affective, Cognitive

'Understanding and uniting [organizational] cultures wherever possible'		Social skills	Individual, Social, Affective, Cognitive
'The ability to learn new things'		Hard transferable skills	Individual, Cognitive
'Critical thinking and problem-solving skills'	'It is important to be able to analyze and recognize problems in the numerous new situations that will arise.'	Hard transferable skills	Individual, Cognitive
'Hopefully, the personnels of the organizations have versatile skills, and different areas of expertise are widely represented.'		Job-specific skills	Individual, Cognitive
'Understanding how the acquired company is managed in terms of finance and technology'	'This prevents the destruction of the company e.g. with the wrong types of business models.'	Knowledge of the company	Individual, Social, Cognitive
'An open atmosphere with a lot of discussion.'	'This will prevent people from protecting themselves too much.'	Social skills	Social, Affective
'Both companies will need to listen to each other and learn from each other, and they must not think that their truth is the only truth.'	'It is very important that especially the acquired company will be heard, as no one has asked the personnel whether they want to be involved in the M&A.'	Social skills	Social, Affective
'Forming teams successfully'		Cooperation skills	Social, Affective, Cognitive
'Communication [towards the organization] must be tailored.'	'Some will need a different highlighting in the message from others'	Communication skills	Social, Affective, Cognitive
'Communication is important.'	'The upper management of the acquiring company should meet people, talk with them, shake hands with them, and show their support to the management [of the acquired company].'	Communication skills	Social, Affective, Cognitive
'Communication'	'Reducing uncertainty and keeping the uncertain periods as brief as possible'	Communication skills	Social, Affective, Cognitive
'Communicating about the M&A to the personnel is important.'	'Uncertainty will cause concerns.'	Communication skills	Social, Affective, Cognitive
'Communication skills are central.'	'The management must give a reassuring message in order to mitigate the concerns of the personnel.'	Communication skills	Social, Affective, Cognitive
'During the first year: it is important to maintain a wide contact surface with the mother company and to network within it.'	'This will maintain the active role of the acquired company.'	Networking skills	Social, Cognitive

The second-order themes were further categorized into more general skill types on the basis of two characteristics: *affective* vs. *cognitive* dimension and *individual* vs. *collective* dimension (see Figure 4). This categorization was also inductive. The reader is asked not to attempt to calculate a numerical value for the position of an individual skill in the figure (Figure 4), as such an exact positioning remains outside the scope of the study. However, the classification of the most important skills that the personnels of merging companies need during the integration are roughly positioned on the two dimensions of cognitive vs. affective skills and individual vs. collective skills. The number after each skill in Figure 4 refers to the number of occurrences of the skill in the data. In this data, the respondents mentioned two skills frequently: those that were classified as attitudinal skills (6 occurrences) and those that were classified as communication skills (5 occurrences). Other rather frequently mentioned skills were hard and soft transferable skills (together) (3 occurrences), social skills (3 occurrences), and hard transferable skills (2 occurrences).
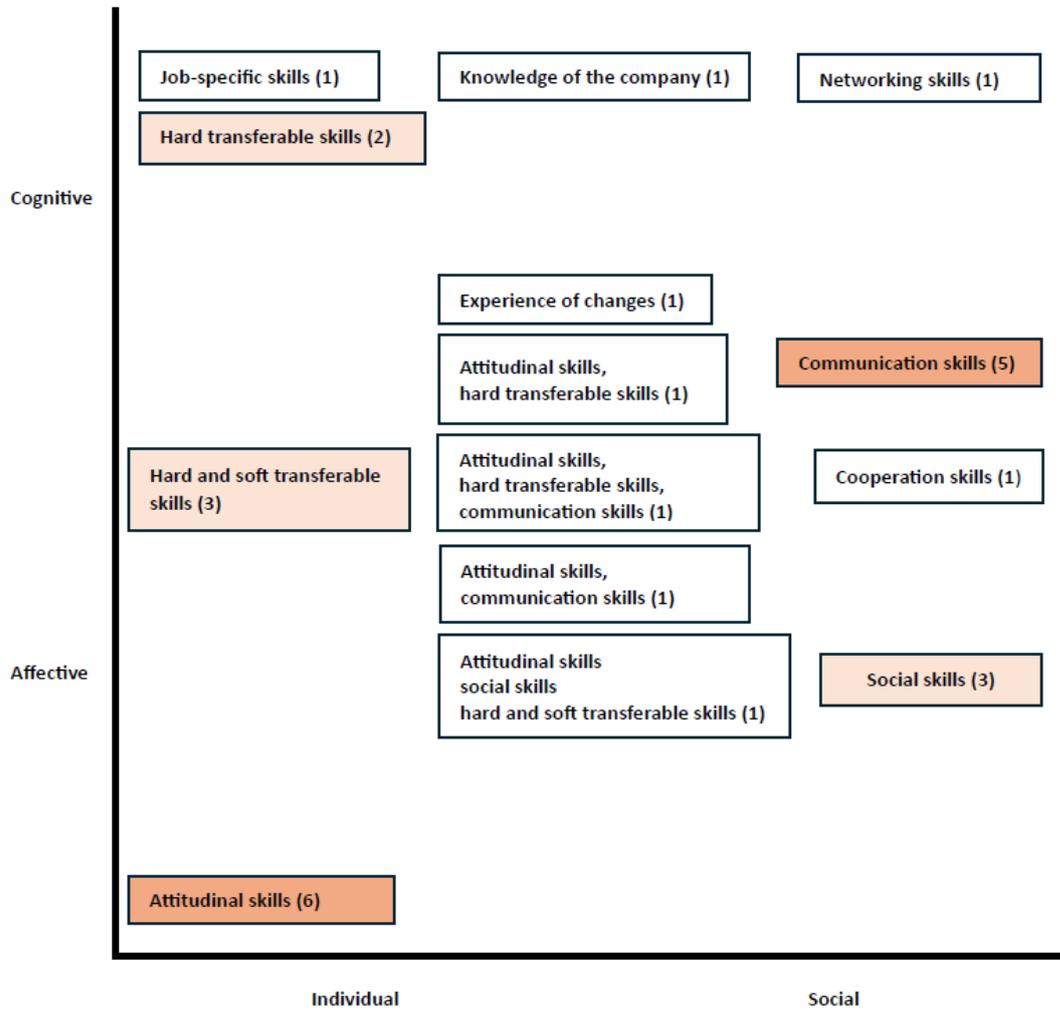
Figure 4. Classification of M&A personnel skills.

4.1.2 Conjuncturally-specific M&A knowledge

Interview questions 3, 4, 5a, 5b, 5c, 6a, 6b, and 6c deal with the conjuncturally-specific M&A knowledge of the respondents. This type of knowledge concerns the knowledge that the respondents have of this specific M&A. Questions 3, 5a, 5b, and 5c probe into the managerial level and questions 4, 6a, 6b, and 6c on the management's understanding of the organizational level.

> **Question 3:** What are **the most important aspects within this particular M&A** that you have either thought about, heard of, or talked about, or already witnessed? You can think of both changing something or maintaining something within the daughter company.

The responses were first classified into first-order concepts (the first column in Table 3 below). Next, these first-order concepts were classified into seven broader themes on the basis of the source of value creation, including 1) *the mother's capabilities*, 2) *the managerial and operational autonomy of the daughter*, 3) *financial leverage*, 4) *supply chain arrangements*, 5) *aligning the goals of the management of both companies*, 6) *the daughter's aligment with the mother*, and 7) *the daughter's capabilities*. On the basis of this second classification, then, it was possible to distinguish the direction of the value of this M&A as originating in either the daughter or the mother company. In addition, the responses to this question indicated that two of the broader themes, *supply chain arrangements* and *aligning the goals of the management of both companies*, involve immediate and bidirectional shared value for both companies.

Furthermore, on the basis of the above classification, it was possible to distinguish between maintaining value and creating value. The aspects of the M&A that *maintain* value include characteristics and activities that already existed before the M&A but which reached a better potential after the M&A. The aspects of this M&A that maintain the value of the daughter include *the mother's capabilities* and the *managerial and operational autonomy of the daughter*. These aspects of the M&A maintain the daughter's value since they originate within (or are enabled by) the mother but are beneficial for the daughter and available for it through the M&A. The aspects of this M&A that maintain the value of the mother include *the daughter's capabilities* and *the daughter's alignment with the mother*. These aspects of the M&A maintain the mother's value since they originate within the daughter, are beneficial for the mother, and are available for it through the M&A.

This M&A also involves aspects that *create* value. These aspects are characteristics and activities that did not exist before the M&A. Instead, they were created or enabled through the M&A. The aspects of this M&A that create value for the daughter include *the financial leverage offered by the mother* and received by the daughter as well as *the*

supply chain arrangements that were enabled by the M&A. On the other hand, *the daughter's alignment with the mother* creates value for the mother. This category of value creation, the daughter's alignment with the mother, involves three first-order concepts: 1) changes in the board of directors of the daughter company, 2) monthly reporting of the financial status of the daughter (to the mother) and 3) aligning the QEHS (Quality, Environment, Health, and Safety) goals and QEHS reporting of the daughter company with those of the mother company.

Table 3 and Figure 5 below illustrate the findings related to question 3. Table 3 lists all first-order concepts and their classification into the sources of value creation and further into the corresponding direction of value-creation. Figure 5 summarizes the totality of the value-creation system in the respondents' conjuncturally-specific knowledge that was available through the responses to question 3.

Table 3. The value-creation mechanisms of the case M&A.

The most important aspects of this M&A (1st-order concepts)	Source of value (2nd-order themes)	Direction of value creation
The visits of the upper management of the mother company at an early stage of the process, and the possibility to both receive information and discuss	The mother's capabilities	Value for the daughter
An online store of the mother company that offers products at a discount price for the personnel of the entire corporation	The mother's capabilities	Value for the daughter
A suitable schedule (has not been and must not be too tight)	The mother's capabilities	Value for the daughter
The mother's expertise of the market situation and the business of the daughter	The mother's capabilities	Value for the daughter
The transfer of a certain business area from the granddaughter company to the mother company, who had existing distribution channels within this business area	The mother's capabilities	Value for the daughter
Not many changes that affect the operation of the company	The managerial and operational autonomy of the daughter	Value for the daughter
Maintaining the independence, the managerial responsibility, and the operational responsibility and freedom of the daughter	The managerial and operational autonomy of the daughter	Value for the daughter
An autonomous daughter company	The managerial and operational autonomy of the daughter	Value for the daughter
A very subtle way of influencing the status quo of the daughter	The managerial and operational autonomy of the daughter	Value for the daughter
The involvement of the mother in the daughter's decisions involving large investments (also even before the M&A deal)	Financial leverage	Value for the daughter
More bargaining power in financial arrangements	Financial leverage	Value for the daughter
The financial arrangements of the daughter, with the daughter maintaining decision-making power but the mother providing more bargaining power.	Financial leverage	Value for the daughter
The M&A of the daughter with another company, enabling the daughter to become a mother for another company and resulting in slight personnel changes	Financial leverage	Value for the daughter
Stabilizing the operations of the daughter through new long-term ownership with some overlap with the business of the daughter	Financial leverage, Supply chain arrangements	Value for the daughter
A partnership with a certain supplier of the daughter	Supply chain arrangements	Value for the daughter
The business relationship between the mother company and the daughter company of the daughter company	Supply chain arrangements	Immediate shared value for both
A certain sequence of events, consisting of 1) M&A between the mother and the daughter 2) A subsequent M&A between the daughter and its new daughter 3) Long-term contract with a supplier of the daughter 4) Finding synergies between the mother and the granddaughter within a certain business area	Supply chain arrangements	Immediate shared value for both
The involvement of the mother in the procurement of the daughter, as a supplier	Supply chain arrangements	Immediate shared value for both
Clear, shared goalsetting in the management of both daughter and mother, which contributes to increased trust. The trust further contributes to stronger capability to solve challenges and problems, which have been solved in an excellent way.	Aligning the goals of the management of both companies	Immediate shared value for both

Aligning the QEHS goals and reporting of the daughter company with those of the mother company	The daughter's alignment with the mother	Value for the mother
Monthly reporting of the financial status of the daughter (to the mother)	The daughter's alignment with the mother	Value for the mother
Changes in the board of directors of the daughter company	The daughter's alignment with the mother	Value for the mother
The production facilities and intellectual property of the daughter company	The daughter's capabilities	Value for the mother
The culture of the daughter company, which was visible in their production facilities: they were clean, and they gave the impression that the company is well managed.	The daughter's capabilities	Value for the mother
The positive spirit of the daughter company	The daughter's capabilities	Value for the mother
Sustainability within a certain product range (product range B) of the daughter, which supports the sustainability goals of the mother	The daughter's capabilities	Value for the mother
The expertise of the daughter within product range C	The daughter's capabilities	Value for the mother
The continuity of the capabilities in the daughter company by retention of the managers	The daughter's capabilities	Value for the mother

Value for the daughter company:

• The mother's capabilities *(maintaining value)*

• The managerial and operational autonomy of the daughter *(maintaining value)*

• Financial leverage *(creating value)*

• Supply chain arrangements *(creating value)*

Immediate shared value for both companies:

• Supply chain arrangements *(creating value)*

• Aligning the goals of the management of both companies *(creating value)*

→ Trust

→ Shared capabilities

Value for the mother company:

• The daughter's capabilities *(maintaining value)*

• The daughter's alignment with the mother *(creating value)*

Figure 5. The value-creation system of the case M&A.

Question 4 is also concerned with the conjuncturally-specific knowledge of the respondents:

> **Question 4:** What do you believe to be **the most important aspects** of the the integration of these two companies **from the perspective of the personnel**? What will they turn their attention to in this M&A process? You can think of both structural/strategic aspects or 'soft' leadership or human aspects.

Although this question is directed at aspects of the M&A on the organizational level, it is nevertheless concerned with the *management's* thoughts of the organizational level. Probing into the actual organizational level would have required interviewing people on the organizational level outside the management. However, such a wide interview data

was outside the scope of the study. In posing question 4 to the respondents, the interviewer reminded the respondents that this question is not about stating what the people within the organization think; instead, the question is about which topics the management believes to be salient on the organizational level. The question did not explicitly state that only the personnel of the daughter company should be included in the replies, but in practice, all respondents talked about the personnel of the daughter company.

In Table 4 below, the first-order concepts of the responses to question 4 have been organized into two columns, the first one presenting *a statement* or *a cause* expressed by the respondent and the second one listing *the related effect(s)* or possible *recommended course(s) of action* that follows from the statement/cause in the first column, as expressed by the respondents. These first-order concepts can be regarded as examples of practices, as they could be characterized as routinized type of behavior within a certain situation. On the basis of such practices consisting of a cause and an effect/action, four second-order themes were formed, consisting of 1) *the positions of individual employees*, 2) *the position of the daughter company*, 3) *the position of the mother company*, and 4) *social bonding of the employees of the two companies*. These second-order themes can be considered the sources of maintaining or creating the capabilities of the daughter company in the face of the changes brought about by the M&A. The implied actions for maintaining the daughter's capabilities are listed in the fourth and last column of Table 4.

Table 4. Maintaining the capabilities of the daughter.

Causes / Practices (1st-order concepts with condensed quotes of the response segments)	Related effects or recommended courses of action (1st-order concepts with condensed quotes of the response segments)	Sources of capabilities (2nd-order themes)	Actions for maintaining the capabilities of the daughter
'The information regarding the continuity of the position is probably important for many.'	'The personnel will try to infer from the atmosphere what is going to happen to them.'	The positions of individual employees	Providing information and reassurance
'The members of the organization want to know if they will maintain their job and where it will be located. If changes do take place, everyone wants to understand what happens and why.'	'It is important to communicate this to the personnel and to reassure them that many things will remain the same.'	The positions of individual employees	Providing information and reassurance
'The personnel will be in a sensitive state of mind, and they will sense the smallest of changes during times of discontinuity.'	'Any changes to vision or strategy must be communicated to the entire organization.'	The positions of individual employees	Providing information and reassurance
'Everyone will probably think about how the M&A will affect their own position.'	'The management must pay attention to communication and to convey a reassuring message about the continuity of jobs.'	The positions of individual employees	Providing information and reassurance
'There will be more concerns about dismissal in support functions.'	'The communication towards these functions has been stronger.'	The positions of individual employees	Providing information and reassurance
'The personnel will experience fear of dismissal.'	'Communication should be fast and of good quality.'	The positions of individual employees	Providing information and reassurance
'It takes time to create trust in what is actually taking place and whether the changes will affect an individual.'	'It is not possible to completely erase the fear of dismissal before knowing that an individual's position is safe.'	The attitudes of the employees towards change	Providing information and reassurance
'The stability of the team or the operational environment is important.'	'Some will be more reserved when faced with changes, while others will see it more as an opportunity.'	The attitudes of the employees towards change	Providing information and reassurance
	'A steadfast approach is called for from the management when someone is dissatisfied, either by making them change their mind and making them satisfied, or by communicating to them that the change is not for everyone, and encouraging them to leave.'	The attitudes of the employees towards change	Problem-solving
	'The managers must communicate about the areas of responsibility. The operational management must believe in the message, to "drink the kool-aid", so to speak.'	The position of the daughter company	Communication of the position of the daughter
'Not many changes have taken place in the daughter company, at least on the grassroots level of the personnel.'	'But: - The M&A is visible through the subsequent M&A between the daughter and the granddaughter company. - The daughter is now probably seen as a larger-scale company through a partnership with an international company and through the decreased costs of finance.	The position of the daughter company	• Recognition of the new position of the daughter • Learning experienced by the personnel of the daughter

	- More changes have taken place at the managerial level, but there have been no changes for the production, except for the existence of the online store [the respondent laughs here], which is not a bad thing.'		
'The daughter's CEO emphasizes in their communication the autonomy of the daughter.'	'This clarifies the power dynamics of the two companies.'	The position of the daughter company	Communication of the position of the daughter
'There have been very few visible changes, apart from the online store [the respondent laughs here] and some corporation-level events.'	'This might be kind of a good thing.'	The position of the daughter company	Recognition of the new position of the daughter
'The launching of the term "autonomous daughter company" right at the start of the M&A.'		The position of the daughter company	Communication of the position of the daughter
'The personnel of the daughter will probably see the mother as representing stability: it is either a renowned company or they may not know it very well. But when they get to know it, it will probably be seen positively as a stable, long-term owner.'	'- The personnel of the daughter company will probably like the values of the mother, and the fact that the mother is culture-led. - The personnel may think that it is a good thing that the daughter was not sold to an international listed company, who might close some functions of the daughter. - The good financial standing of the mother [will be taken into account by the organization of the daughter].'	The position of the mother company	Learning experienced by the personnel of the daughter
'Organizing the encounters between members of both organizations helped to create a first impression of the mother company and to meet the people there.'	'People will get to know each other and maybe start to think about points of synergy in their own jobs. This will create momentum for integration and possibilities for creating synergies.'	Social boding between the personnels of the two companies	Active organization of meetings between the personnels of the two companies

The first second-order theme, *the positions of individual employees*, was present in many of the responses, often taking the form of alleged employee concerns over possible dismissals. To mitigate such concerns, the respondents frequently suggested that the management should maintain frequent communication with the personnel and provide them with reassurance about the future of their jobs. However, one respondent called for a steadfast approach in the face of severe resistance to change: the management should either persuade a dissatisfied person to re-examine their views about the change and make them satisfied, or the management should communicate to them the idea that the change is not for everyone, and encourage them to leave. The second category, *the position of the daughter company*, includes first-order concepts that involve statements about the new position of the daughter company as a result of the M&A. These statements were often accompanied by either a suggestion of how the management should actively express the new position of the daughter or by an evaluation of how the new position had already been expressed.

The final two second-order themes both consisted of only one first-order concept. The fourth, *the position of the mother company*, emerged from a response where the interviewee considers how the personnel of the daughter company might view the status of the mother company. In this response, the position of the mother company and its characteristics of being a stable, long-term owner was assumed to be positively assessed by the personnel of the daughter. The fifth category, *social bonding between the personnels of the two companies*, includes one response which recommended the organizing of meetings between the personnels of the two companies. The respondent explained that organizing such meetings would help people to familiarize themselves with the personnel of the other company and to start thinking about points of synergy in their own areas of operation. This was also the only response with a possibility to not only maintain the capabilities of the daughter but also to enhance them through interaction between the personnel of the daughter and the personnel of the mother. Most other categories involved recommended courses of action for the management to either communicate about the continuation of jobs or of the new position of the daughter company.

Questions 5a, 5b, and 5c concern the normative expectations and principles of agents within the context. They are rather personal, as they deal with the respondents' areas of responsibility concerning the cooperation between the mother and the daughter (question 5a), the possible internal contradictions or external pressures that the respondents may experience as a result of such cooperation (question 5b), and the respondents' future career plans (question 5c). The findings related to these questions will be reported on a rather general level to ensure the anonymity of the respondents.

> **Question 5a:** What are **your responsibilities in the present M&A**? How do you support the cooperation between the parent and the daughter company? You can think of both structural/strategic aspects or "soft" leadership or human aspects.

The responses to question 5a were closely related to the areas of responsibility of each respondent. Thus, seven respondents reported that they were already *making use of existing operational synergies* within their area of responsibility between the two companies. Such measures will not be reported in detail here in order to maintain the anonymity of the respondents. Four respondents reported that they were involved in processes that *align the operations of the mother with those of the daughter*. A few respondents explained that they were in the process of *discovering future synergies between the two companies*, either on a strategic level (2 respondents) or on the operational level (3 respondents). A total of three respondents explicitly mentioned *the autonomy of the daughter* as a contextual factor that limited the degree of integration at the moment, and additional two respondents referred to the autonomy of the daughter in less direct wording. The responses were positioned on a map consisting of two dimensions: *the need for organizational autonomy* and *the need for strategic interdependence* (see Figure 6).

The contextual condition of *autonomy* is situated on the top left corner of Figure 6, at a crossing point between a high need for organizational autonomy and a low need for strategic interdependence. In contrast, the lower right corner of the figure is occupied by

alignment with the mother, as these forms of cooperation provide the least amount of organizational autonomy and the highest need for strategic interdependence. The most frequently observed response type to question 5a, *making use of existing synergies on the operational level*, is situated near the bottom right corner of Figure 6. This position is characterized by a high need for strategic interdependence, which is needed for benefiting from synergies, but only a moderate level of organizational autonomy. Thus, making use of existing synergies on the operational level requires a certain degree of strategic interdependence and usually maintains the daughter's organizational autonomy to a larger extent that the actions that align the daughter with the mother, which usually does not maintain the daughter's autonomy in terms of the decisions related to these alignments. However, it must be remembered that the responses to question 5a concern the level of tasks, processes, operations, and areas of responsibility, so even in the case of aligning some operations of the daughter with those of the mother, the daughter, at the time of the interviews, remains a highly autonomous company. Thus, the seven existing synergies on the operational level or the four cases of alignment with the mother might not be enough to render this M&A symbiotic or absorptive. The autonomy of the daughter was a visible theme in the replies and supports the classification of the case M&A as preservative.
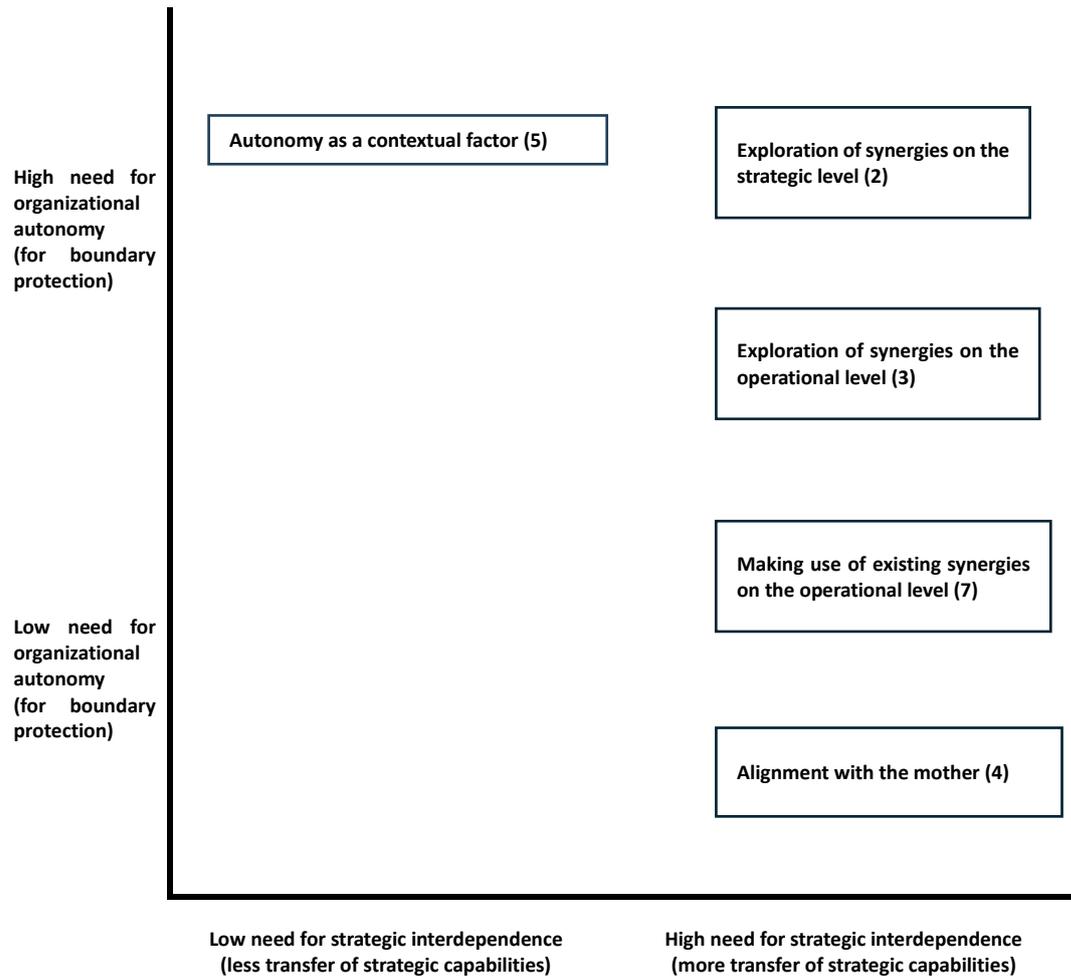
Figure 6. Ways of supporting the cooperation between the daughter and the mother.

Question 5b is concerned with contradictions that may affect the agents' possibilities for action:

> **Question 5b:** Do you experience **internal contradictions or external pressure** related to these responsibilities? Do you think that you are expected to act differently than you would like to, either because of your own opinions or because of contradicting expectations that you might experience from two or more different directions?

It is not possible to report the responses to this question at a detailed level, as more detailed reporting might not maintain the anonymity of the respondents. Most

respondents (5 of them) stated that they did not perceive any notable internal contradictions or external pressure related to their responsibilities (i.e., those responsibilities that they reported in their responses to question 5a). Those interviewees that pointed towards the presence of past or existing contradictions or pressure mentioned topics that can be classified into two sources (see Table 5): *a respondent's position at the crossing point of the two companies* and *an existing but unrealized synergy potential*.

Table 5. Past or existing sources of contradictions and pressure.

Past or existing sources of contradictions and pressure	Number of respondents
Virtually none	5
A respondent's position at the crossing point of the two companies	2
An existing but unrealized synergy potential	2

In addition to the replies that concentrated on past or existing contradictions and pressure, two respondents mentioned a total of two sources of *possible* contradictions or pressure: 1) the fact that *the daughter and the mother both source from a supplier who has a limited production capacity*, and 2) *the new positions of the daughter's managers as minority owners*, which restricts their decision-making power (see Table 6).

Table 6. Possible sources of contradictions and pressure.

Possible sources of contradictions and pressure	Number of respondents
The daughter and the mother both sourcing from a supplier who has a limited production capacity	1
The new positions of the daughter's managers as minority owners	1

The purpose of question 5c (below) was to find out how the management of the daughter company sees their future in their current positions. The management of the daughter carries a significant number of the strategic capabilities of the daughter company, which is why the presence or absence of the managers will strongly affect the future development of these capabilities.

Question 5c: How do you see **your future** in this company? What are your long-term plans for your career?

The responses to this question were rather uniform. Most respondents would like to stay within their current positions. However, four respondents indicated that they would be ready to leave the company for two different reasons, either if the circumstances of the company changed significantly or after a certain amount of time had passed. Those that mentioned their possible future plans to leave the company after a certain amount of time both added that they had no particular long-term plans. A summary of the responses to question 5c has been given in Table 7 below.

Table 7. Long-term future plans of the management.

Long-term future plans of the management	Number of respondents
Staying in the present position	5
Staying in the present position under certain present conditions	2
Staying in the present position for a limited amount of time, but no long-term plans	2

Questions 6a, 6b, and 6c also deal with the normative expectations and principles of agents within the context (as was the case with 5a, 5b, and 5c), but in contrast to the managerial level, questions 6a, 6b, and 6c deal with *the managers' conceptions of the agents on the organizational level*. Thus, question 6a asks what the members of the daughter organization should do to enhance the cooperation between the two companies. Question 6b probes into the respondents' conceptions of the possible internal contradictions or external pressures that the employees of the daughter company may experience. Question 6c is interested in how a deeper integration between the two companies might affect the behavior of the personnel of the daughter company.

Question 6a: What should **the entire organization of the daughter company** do to enhance the cooperation between these two companies?

The responses to question 6a include actions that the daughter company could take in order to enhance the cooperation between the two companies. The classification of the

responses (see Table 8) has been inspired by the *postmerger integration tasks* suggested by Srhivastava (1986, p. 67), involving the three categories of *managerial and sociocultural* tasks, *physical* tasks and *procedural* tasks. Other types of classifications would certainly have been possible, but this one was chosen because of its high precision on the level of activities. In addition, the *orientation* of the action has been added into the analysis; in other words, whether the suggested action is directed towards the daughter or the mother or whether it is bidirectional. Orientation was not included in the classification of Srhivastava (1986). The managerial and sociocultural action types that were mentioned in the responses involve first-order concepts such as *communication*, *networking*, *cultural and value integration*, and *maintaining trust*. These managerial and sociocultural actions were oriented in various ways, either towards the mother or towards the daughter or bidirectionally.

The physical action types encompass *bringing forward the strengths of the people and of the company*, *being active and direct in developing the companies*, and *making sure that both companies observe each other and learn from each other*. The orientation of the responses categorized as physical were either bidirectional or directed towards the mother. Finally, actions categorized as procedural included *planning projects well*, *developing the tools with which the daughter can communicate towards the mother about new projects*, and *including the daughter in the "communicative atmosphere" of the mother*. The *existing cooperation within procurement* was also included in this category. The procedural actions were either bidirectional or directed towards the mother. All in all, the first-order concepts of the analysis could be regarded as instances of practices targeted at enhancing interfirm cooperation on the organizational level, but at the moment, these practices are hypothetical. They have not been taken into use (apart from the existing cooperation within procurement), and the question was directed at enhancing the cooperation between the two companies.

Table 8. Possible actions of the daughter company to enhance interfirm cooperation.

Action type	Orientation of the action	Activities (1st-order concepts)
Managerial and sociocultural	Towards the mother	• Communication • Networking through projects
Managerial and sociocultural	Bidirectional	• Cultural integration & value integration • Maintaining trust • Direction and goals from the management
Managerial and sociocultural	Towards the daughter	• Being flexible, active, concentrating on the work, and not too concerned about uncertainty • Acknowledging and responding to the mother's desire/need for information • Incentives for bringing people closer to the mother • Openness towards new things
Physical	Towards the mother	• Bringing forward the strengths of people and of the company
Physical	Bidirectional	• Being active and direct in developing the companies • Both companies observing each other and learning from each other
Procedural	Towards the mother	• Planning projects well
Procedural	Bidirectional	• The existing cooperation in procurement • Tools for communicating about projects • Including the daughter in the communicative atmosphere of the mother

When answering question 6b (below), the respondents were asked to think of possible internal contradictions or external pressure that the members of the daughter company might experience if a deeper cooperation between the companies took place.

> **Question 6b:** Do you think that members of the daughter company might experience **internal contradictions or external pressure** related to their responsibilities in the integration? Do you think that they might be expected to act differently than they would like to, either because of their own opinions or because of contradicting expectations that they might experience from two or more different directions?

Three respondents indicated that they did not see any notable sources of internal contradictions or external pressure on the organizational level. Those that speculated on the possible sources of such contradictions and pressure offered responses that were classified into four causes (see Table 9): 1) *resistance to change*, 2) *feeling of isolation (from the mother)*, 3) *polarization of identification (within the daughter)* and 4) *differing interests between the two companies*. Summarized versions of the speculated contradictions and pressure as well as their first-order categorization have been listed in Table 9.

Table 9. Possible sources of contradictions and pressure on the organizational level.

Possible sources of contradictions and pressure on the organizational level (Condensed quotes of the response segments)	Causes (1st-order concepts)
'Some people might be more open towards integration than others, for various reasons.'	Resistance to change
'Changes to jobs might cause internal contradictions. People usually approach changes with a negative attitude.'	Resistance to change
'There is a large geographical distance between the mother and the daughter. The managers of the daughter might not like it.'	Feeling of isolation (from the mother)
'Some people feel closer to the mother company than others.'	Polarization of identification (within the daughter)
'The question of why the daughter needs to change might cause contradictions. The change should be understood from the perspective of the corporation level.'	Differing interests between the two companies
'Contradictions might arise from the business. It might not always be possible, for example, to buy certain materials from the mother company, if other suppliers sell them for a lower price. So sometimes the benefits of the mother might be opposed to those of the daughter.'	Differing interests between the two companies

Question 6c continues with the idea of speculating what would take place among the personnel of the daughter company in case a deeper integration was pursued.

> **Question 6c:** If these two companies were integrated more deeply, how do you think it would affect **the behavior of the personnel of the daughter company**? Which changes might lead to positive reactions and which ones to more negative reactions?

The responses to question 6c were classified into five categories: 1) *positive reactions*, 2) *neutral reactions*, 3) *both positive and negative reactions*, 4) *negative reactions*, and 5) *preferred mitigating actions*. The positive reactions include, among other things, *the positive reputation of the mother company*, *the possibility to create new practices* (in various systems and in HR), and *the possibilities for development and career mobility*. The data included only two neutral reactions, both of which were related to matters of HR management. The first referred to *the consequences of possibly moving a function to the mother's headquarters* (which is geographically distant from the daughter) and *the related likelihood of having to hire new people for that function* in the event of such a move. The second reaction that was labelled as neutral was the statement that *new human resources might be needed* if deeper integration was planned. The three reactions that were categorized as simultaneously positive and negative also involve HR themes, such as *the possible reorganization of jobs*, which comes with uncertainty but also new

possibilities. The negative reactions refer to the loss of people and the capabilities that they carry, and one respondent considered that the strong identity of the daughter company might cause a negative reaction if the mother tried to make the daughter relinquish that identity.

The fifth category, *preferred mitigating actions*, emerged out of the respondents' need to underscore the critical steps that the management should take to prevent unwanted reactions or to induce positive reactions. This category (on the final row of Table 10) can be regarded as a collection of practices for managing the reactions of the personnel, and it includes four different practices: 1) *managing the integration of the two organizational cultures*, 2) *discussing or listening to both companies before making changes* (e.g. to systems), 3) *maintaining the commitment of the personnel and ensuring a good retention of capabilities*, and 4) *making sure that the personnel understands the real value of the integration*, that is, what is being accomplished by it. Apart from the classification of the responses into these five categories (see Table 10), the responses to question 6c were not classified any further.

Table 10. The personnel's possible reactions to deeper integration.

Reaction type	Condensed quotes of the response segments
Positive reactions	'I believe the positive side is related to the question of what kind of company Kielo is. And it is a kind of institution in Finland: we are an established, successful, Finnish company […]' (Parts of the response have been omitted to maintain anonymity.) 'So, our capital is Finnish. And then also our values and the fact that our company is led by culture.'
	'Participating in the trade fair was a good integration tool, as it brought people together.'
	'Meetings have been organized in different locations.'
	'New practices (in systems, in HR) can be created through cooperation.'
	'People would have more colleagues and new opportunities.'
	'The mother could offer possibilities for development and career mobility or the like, since it is a larger company.'
Neutral reactions	'The geographical distance between the mother company and the daughter company must be discussed when large changes are made. For instance, if all the power is at the mother's head-quarters, the manager of a single department here in the periphery will not like it. I think if a de-partment or a function is taken to the mother's headquarters, there is a risk of having to hire new people for it. This risk must be taken into account. I will not state whether it is good or bad; it is probably different case by case.'
	'New human resources might be needed, but whether they will come from inside the company or from the outside is still open.'
Both positive and negative reactions	'People will be afraid of losing their positions. Those that are needed in the company in the fu-ture might start looking for another job. The positive side of this is the possibility of offering ser-vices to the mother company or to another of their daughter companies. Other opportunities for such services could be, for instance, in the logistics network that Lilja has.'
	'Some people might be afraid of rationalization and layoffs. But the geographical distance is so great that the daughter and the granddaughter can do it locally, if needed. Also, the sales within Industry Y could be concentrated on Lilja, not necessarily on Kielo. So, within that industry, also the daughter could be made the driver of the sales function.'
	'The pressure would vary according to the group: For example, the production personnel would probably not experience a lot of pressure, as it is difficult to think that their jobs would change very much. In terms of the support organizations, there could be more changes.'
Negative reactions	'Negative reactions would probably occur because of downsizing if different functions were com-bined.'
	'If capabilities are not taken care of, the best people will leave.'
	'In all M&As, the challenge is to maintain the silent knowledge of the people. All the processes and the like should be documented and so on. That kind of information will necessarily be lost in all M&As.'
	'The identity of Lilja has been built strong, which is a positive thing, and I give credit to the CEO especially. So, I believe that relinquishing that identity and transitioning to the world or spirit or identity of Kielo will not be an easy task. It will be much easier to be a member of Lilja but pow-ered by Kielo, or something similar, with umbrella branding.'
Preferred mitigating actions	'Managing the integration of organizational cultures'
	'Listening to both companies. Authoritarian leadership is faster, but people will feel that their ca-pabilities or their way of working are not good.'
	'Ensuring a good retention of capabilities'
	'Discussing before making changes to systems'
	'It is important to keep the people committed in order to avoid losing the people you would not want to lose.'
	'Maybe the most central question in a deeper integration is to consider the real value of what is integrated, and not just integration per se. Both Lilja and Kielo have organizational cultures that support a strongly entrepreneurial mindset: all employees have responsibility for their work, and decisions have been taken as low as possible in the organization. In those conditions, when the responsibility lies with the individual, the individual must understand why something is done, what is being accomplished by it, and the value of the decision must be seen, one way or an-other. So, if there is no value, or if they doubt the value, there can be internal contradictions.'

4.2 M&A-related external structures

Questions 7 and 8 concern the external structures that the respondents need to take into consideration as knowledgeable agents, either on the level of management (question 7) or on the level of the entire organization (question 8). Question 7 involves two different versions, one for the representatives of the daughter company and another for the representatives of the mother company.

> **Question 7 for representatives of the daughter company:** Which decisions **in your position** require permission from the mother company? And what kinds of decisions has the existence of the mother company enabled within your position (compared to the situation when there was no mother company)?
>
> **Question 7 for representatives of the mother company:** Which decisions **in your position** regarding the daughter company require permission from other representatives of your company? And what kinds of decisions regarding the daughter company are you able to make independently?

Both versions of question 7 suggest that there are two aspects of external structures to the respondents: First, it was speculated that the actions of the respondent would in some way be *restricted* by the existence of an external structure. Such a structure, in the case of the daughter company, is obviously the presence of the mother company. On the other hand, in the case of respondents from the mother company, such restricting structure could hypothetically be present in the form of other representatives of the mother, such as the members of the mother's board of directors. Second, it was also speculated that the relationship between the mother and the daughter *enables* actions that would not be present without the M&A. In the case of the daughter, some actions might have become possible only after the M&A. In the case of the mother, the respondents were asked about their decisions regarding the daughter company that they were able to make independently, without asking for anyone's permission. Even though a variety of other external structures influence the decision-making of all the respondents, this study concentrates on the external structures that are present specifically because of this particular M&A. This study thus in no way suggests that other external structures besides

the M&A would not affect the agency of all the respondents. However, for the purposes of this study, the M&A-related external structures were chosen for examination.

The responses to question 7 have been summarized in Table 11. The external structures on the managerial level have been categorized into five groups according to the strength of the structure as perceived by the respondents. Many representatives of the daughter mentioned that financial decisions, such as decisions related to budgeting and investment, need to be approved by the mother. This category number 2 is named *approved by the mother*. It seems that the value-creation mechanism in this category is financial supervision and monitoring. We do not have information about how the mother would react if the daughter's performance was more modest than it is at the time of this study. However, at the moment, when the daughter is performing well financially, the mother apparently approves most of the financial decisions made by the daughter.

On the other hand, the presence of the mother enabled the daughter to make financial decisions of a scale that would not have been possible for the daughter alone, such as engaging in further M&As, developing their sustainability, or simply seeing larger opportunities for synergy than what was possible earlier. This category 3 was named *enabled by the mother*. The value-creation mechanism for such opportunities seems to be connected to the daughter's possibilities for growth and expansion.

Three further categories of external structures emerged from the data. One of these was named *required by the mother* (category 1), and it only included one response by an interviewee who explained that when recruiting new people to the daughter company, the daughter is asked to check whether suitable candidates are available within the entire corporation of the mother company. The next categories were named *negotiated with the mother/daughter* (category 4) and *decided independently by the daughter* (category 5), and both categories include several responses. The fourth category, *negotiated with the mother/daughter*, includes topics that the mother legally has the right to decide on, but which were nevertheless negotiated with the daughter by listening to the

daughter's preferred ways of action. The responses in this category did not explicitly state or explain the motivation for such negotiation, but it can be inferred that such negotiations over topics of importance to the daughter might maintain the motivation of the daughter's executive board. In other words, negotiating over topics that matter to the daughter, such as the choice of management reporting tools, enables the mother to avoid top-down board decisions when soft measures of negotiation are sufficient to reach the necessary goals.

Finally, a few respondents explicitly stated that the daughter makes certain decisions independently. Among these are certain commercial decisions and the creation of certain functional strategies. Although one might argue over whether such responses represent true external structures, the fact that the respondents emphasized the daughter's independence in certain matters indicates that such autonomy is a structural feature of the relationship between the mother and the daughter. One might claim that such freedom of choice might be another way of maintaining the motivation of the daughter's executive board. Such freedom indicates that the mother trusts in the capabilities of the daughter's executives. What is more, by giving room for independent decision-making, the mother company is able to protect the strategic capabilities of the daughter. The classification of the external structures of this M&A on the managerial level has been included in Table 11.

Table 11. External structures of this M&A on the managerial level.

Strength of the structure	Effects of the case M&A on the managerial level	Value-creation mechanism
1. Required by the mother	• Internal recruiting	
2. Approved by the mother	• Budgets (expenses and investments), and investments outside the budget • Investments & budgeting • Investment decisions (mentioned by 3 respondents) • Supervision of the largest strategic projects by the mother • Final approval for financial decisions (although the daughter has the freedom for independent negotiation of financial packages) • Operative decisions of a certain size • Matters belonging to the board of Lilja	Financial supervision
3. Enabled by the mother	• Further M&As where the daughter was the buyer • The development of sustainability • Financial opportunities • Seeing the larger opportunities / the next-level synergies	Expansion of the daughter
4. Negotiated with the mother/daughter	• Ensuring that the views of the executive board of Lilja are included in the executive board of Kielo • Asking for and appreciating other people's views before making decisions • The choice of management reporting tools • The goals, tools, and possibilities for the executives of the daughter, and motivating them to succeed • Cooperation within a certain function of the mother and the daughter, and asking people of both companies to meet and discuss possibilities for cooperation	Maintaining the motivation of the executive board (avoiding board decisions when negotiation is sufficient)
5. Decided independently by the daughter	• A certain functional strategy • Commercial decisions	• Maintaining the motivation of the executive board (trusting in their capabilities) • Protecting the strategic capabilities of the daughter

Question 8 deals with the external structures that the respondents are likely to take into consideration on the level of the entire daughter organization. The idea of the question was that whatever external structures the respondents would perceive on the organizational level would affect their own actions as managers. When this question was posed, the interviewer emphasized that the purpose of the question is to find out the *respondents' view* of what has taken place on the organizational level after the M&A. It was thus acceptable for the respondents to speculate and think about their own views on how the M&A had affected the organization.

Question 8: How has this M&A affected the daily work of **the personnel of the daughter company**?

The responses to question 8 were classified into four categories based on the assumed strength of the external structure on the organizational level. These categories were named 1) *notable effects*, 2) *moderate effects*, 3) *mild effects*, and 4) *marginal effects* (see Table 12). In addition, a fifth category was created with the name 5) *nonexistent effects*, as one of the respondents mentioned that the production of the daughter company probably underwent no changes at all after the M&A.

Both the *notable effects* and the *moderate effects* of this M&A on the organizational level involve the same three subcategories of *management*, *financial department*, and *sustainability* (see Table 12). It was thus these three areas of the case organization that the respondents assumed to be affected the most by this M&A. Regarding the *notable effects* in *management*, one respondent mentioned that after the M&A, the management of the daughter had better abilities to take risks and to approach difficult situations more rationally, while another respondent mentioned the increased reporting responsibilities of the CEO of the daughter. As far as the *notable effects* within the *financial department* are concerned, two respondents mentioned tighter schedules for financial reporting, compared to the situation before the M&A. Finally, *sustainability*, which was considered the most important effect on the organizational level by several respondents, reportedly involves cooperation between the mother and the daughter.

The *moderate effects* of the M&A on the organizational level also include the categories of *management*, *financial department*, and *sustainability*. The responses paint a similar picture of these effects to those within the category of notable effects: the management needs to report more, the financial department works under tighter schedules, and the cooperation within the topic of sustainability has increased. In addition, the *moderate effects* of the M&A include a fourth category, *sociocultural effects*, which involves a response that underscores the importance of shared events between the mother and the daughter. Such events have, according to the respondent, helped the people of the daughter company to become part of the people of the mother company.

The *mild effects* of the M&A comprise *the reporting practices of the financial department* and *the mother's interest in influencing the procurement of the daughter*. The category of the *marginal effects* includes responses in which the interviewees clearly stated that they assumed the effects of the M&A on the organizational level to be rather weak.

Not all respondents mentioned the quality of the effect, but those that did mention it usually considered the effects on the organizational level to be positive. However, we can infer from the responses concerning the reporting requirements for the CEO and from the tighter schedules of the financial department that not all changes were unambiguously positive. In addition, some changes were seen as both positive and negative, such as the effects on sustainability. Although the effects on sustainability involved more work on the level of the daughter's organization, the changes were also seen as important and necessary, and involving cooperation between the daughter and the mother

Table 12. Effects of the M&A on the organizational level.

Strength of the effect	Location of the effect	Effects of the M&A on the organizational level (Condensed quotes of the response segments)	Quality of the effect (if mentioned)
1. Notable effects	Management	• 'In the management: the ability to take greater risks and to approach difficult decisions more rationally' • 'The CEO of Lilja has a lot of external reporting, and the CEO is also the main channel outwards from the company, and the board as well.'	
	Financial department	• 'Schedule pressures in monthly financial performance reporting' • 'Tight schedules for the financial department'	
	Sustainability	• 'Cooperation between the daughter and the mother in matters of QEHS and sustainability' • 'The greatest changes are probably related to sustainability.' • 'Cooperation in quality and sustainability: probably quite a lot of pressure and reporting for Lilja.'	Laborious and in-volving many people
2. Moderate effects	Management	• 'More reports are required of the CEO of Lilja.'	
	Financial department	• 'The management of the working capital' • 'In the finance department: integrations, new reporting practices, and new ways of working' • 'The budgeting schedules have become tighter.' • 'Changes in reporting Lilja's performance to Kielo' • 'The financial department has undergone the strictest scrutiny, but their way of working has not changed significantly.'	
	Sustainability	• 'A new tool for reporting about sustainability, which has led to some extra work, but it has been seen as important and nec-essary work.' • 'The general image of the company is very positive, green, and sustainable, which has helped the daughter to find new re-cruits.' • 'A project related to sustainability, organized by the daughter' • 'New requirements and deadlines concerning sustainability reporting, but both cooperation and automation are involved.' • 'Some extra work arose for Lilja because the internal sustainability needs of Lilja did not correspond to Kielo's needs.'	• Both laborious and helpful • Positive • Positive
	Sociocultural effects	• 'Shared events which have helped Lilja to join the Kielo people'	Positive
3. Mild effects	Financial dept.	• 'In the financial department: integrations, new reporting practices, and new ways of working'	
	Supply Chain	• 'The mother is interested in their possibilities for influencing the procurement of the daughter.'	
4. Marginal effects		• 'Different effects according to function / position' • 'Not very strong effects. A larger company in the background is a clear key owner there.' • 'Not very many effects' • 'No strong effects, but the work concerning sustainability has continued to increase.' • 'The mother pays attention to occupational safety.'	Positive
5. Non-existent effects		• 'I assume that on the level of production there have not been any changes at all.'	

4.3   Active agency / agents' practices for maintaining and creating value

Question 9: If **the best possible type of cooperation between the management of these two companies** was the goal, what would be **your personal role** in it? What would you do and how, and what would restrain your scope of action within your position? You can think of both maintaining something or changing something, and you can think of both strategic/structural aspects and 'soft' leadership or human aspects.

Before considering the analysis of the replies to question 9, it is important to emphasize three points: First, no systematic deeper cooperation between the two companies has been planned, and at the moment of conducting this study, the daughter remains an autonomous company. This means that question 9 was purely hypothetical, and the respondents were thus encouraged to use their imagination and to base their replies on their personal opinions. Second, every respondent acknowledged that if a deeper cooperation between the two companies was planned in the future, the respondents would be able and willing to adopt a role in which they could support such cooperation through their position, but the level of this support varied considerably. Some respondents were more open to such cooperation than others, but no one stated that they could not or would not be available for tasks that could enhance the cooperation, in case such cooperation was planned. Third, the analysis of the responses will be reported on a very general level in order to maintain the anonymity of the respondents. More detailed reporting of individual replies would have included too many details of the respondents' positions. Thus, considerable parts of the responses to question 9 have been omitted from the analysis, and only those parts have been included that can be published without obvious references to the positions of the respondents.

All replies to question 9 differ from each other, which can partly be explained by the fact that each of the respondents have a different position in the management of the daughter. However, such different positions alone may not be the only reason for the fact that the respondents were interested in different aspects and stages of a hypothetical deeper cooperation. Personal preferences might play a role, since the question was hypothetical, and the respondents were able to freely express what their ideal role in the possible

deeper cooperation would look like. The summaries of the replies to question 9 are listed in Figure 7 below. The responses have been organized in a hypothetical temporal sequence of stages, which was created by the author. The purpose of this sequence of stages was to illustrate the variety of interests of the respondents in contributing to a possible deeper cooperation.
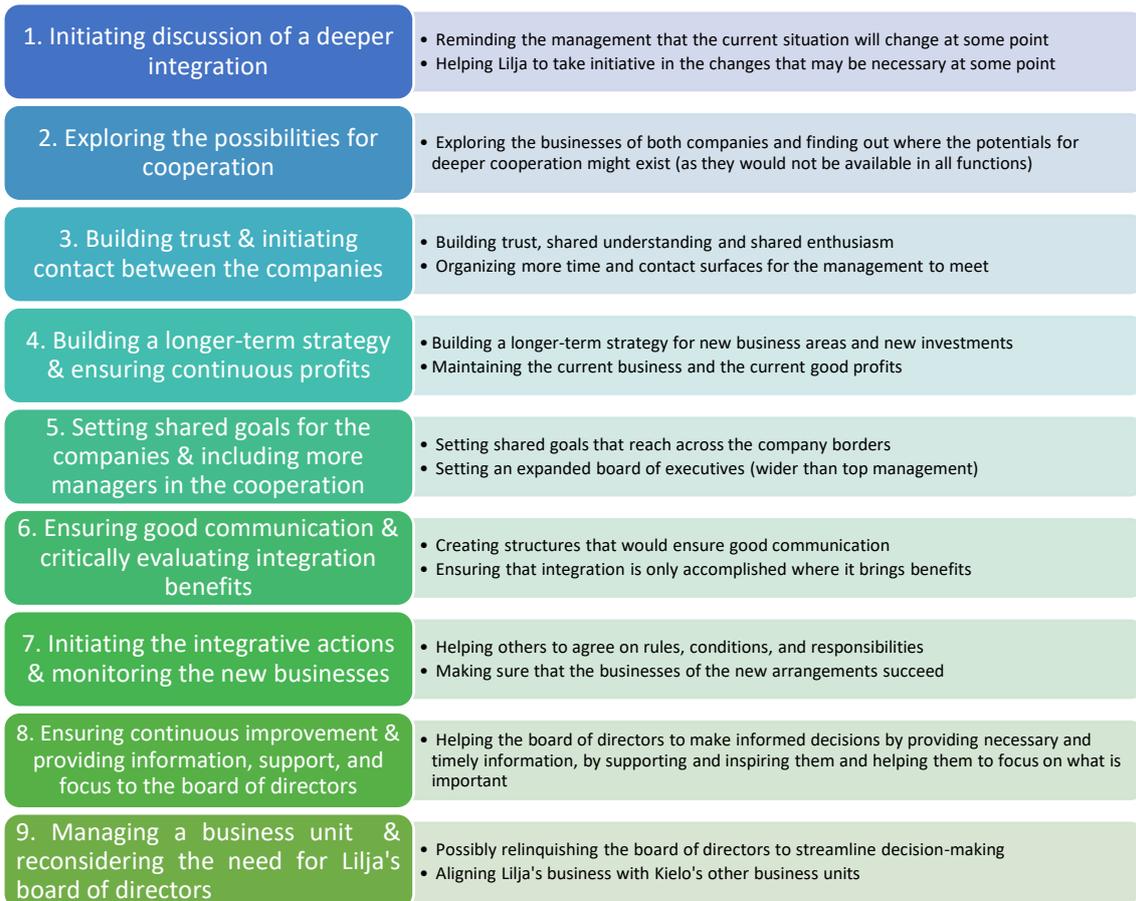
1. Initiating discussion of a deeper integration	• Reminding the management that the current situation will change at some point • Helping Lilja to take initiative in the changes that may be necessary at some point
2. Exploring the possibilities for cooperation	• Exploring the businesses of both companies and finding out where the potentials for deeper cooperation might exist (as they would not be available in all functions)
3. Building trust & initiating contact between the companies	• Building trust, shared understanding and shared enthusiasm • Organizing more time and contact surfaces for the management to meet
4. Building a longer-term strategy & ensuring continuous profits	• Building a longer-term strategy for new business areas and new investments • Maintaining the current business and the current good profits
5. Setting shared goals for the companies & including more managers in the cooperation	• Setting shared goals that reach across the company borders • Setting an expanded board of executives (wider than top management)
6. Ensuring good communication & critically evaluating integration benefits	• Creating structures that would ensure good communication • Ensuring that integration is only accomplished where it brings benefits
7. Initiating the integrative actions & monitoring the new businesses	• Helping others to agree on rules, conditions, and responsibilities • Making sure that the businesses of the new arrangements succeed
8. Ensuring continuous improvement & providing information, support, and focus to the board of directors	• Helping the board of directors to make informed decisions by providing necessary and timely information, by supporting and inspiring them and helping them to focus on what is important
9. Managing a business unit & reconsidering the need for Lilja's board of directors	• Possibly relinquishing the board of directors to streamline decision-making • Aligning Lilja's business with Kielo's other business units

Figure 7. Possible roles in the event of speculated deeper cooperation.

Figure 7 thus sketches one possible temporal sequence of creating a deeper cooperation between the two companies. In addition to this temporal perspective, the sequence described above might also be considered *a map of position-practices*, as it positions the respondents in relation to each other, to the two organizations (mother and daughter) and in relation to a hypothetical sequence of actions steps for a deeper cooperation among the companies. The sequence could start with the hypothetical role of a

respondent who might (1) *initiate discussion of a deeper integration* with the assumption that the current relationship between the daughter and the mother may not last ad infinitum and that it would be beneficial for the daughter to take initiative in the changes that may be necessary at some point. However, this respondent also stated that fundamentally, they were satisfied with the current status of the company. After a possible initial discussion, the next logical step might be (2) *the exploration of possibilities for the potential for deeper cooperation*. According to the respondent that raised this topic, such exploration could also include structures that ensure good communication between the companies. This respondent was rather cautious about integrative measures in general, and underscored the importance of concentrating on maintaining the successes of the current situation. A more emphasized focus on the human side of integration was expressed by the respondent who stated that they might (3) *contribute to building trust, shared understanding and shared enthusiasm and to organizing more time and contact surfaces for the management* to meet and discuss their cooperation. What might be a beneficial next step, according to the author, is the hypothetical role of the respondent who stated that they would like to (4) *build a longer-term strategy for new business areas and new investments*. This respondent also emphasized the importance of maintaining the success of the daughter's business. After the hypothetical contribution of this respondent, it might be beneficial, according to the author, to introduce the role of the respondent who introduced the importance of (5) *setting shared goals for the two companies and building an expanded executive board* that would include managers outside the top management.

According to the author, the previous five steps could be implemented on the organizational level by the respondent who suggested that they could (7) *initiate the planned integrative actions by helping the organizations to agree on rules, conditions and responsibilities* around the new activities as well as *monitor the success of the new businesses*. A combination of "hard" and "soft" management approaches was supported by the respondent who acknowledged that they could (8) *help the board of directors of the daughter to make informed decisions* by providing the board with necessary and timely

information, by supporting and inspiring them, and by helping them to focus on the big picture instead of the details. This respondent also stated elsewhere during the interview that they strongly support the current model of managing the daughter. Thus, the support offered to the daughter's board of directors by this respondent is already taking place, and the response of this interviewee to question 9 is less connected to a possible deeper cooperation of the companies in the future as were the responses of other interviewees. Finally, if the cooperation between the companies was ever taken to a level where the daughter would be integrated into a business unit of the mother, one respondent stated that they could (9) *take the position of a business unit manager*. In such a case, the board of directors of the daughter would be relinquished and the daughter would be aligned with the mother's other business units. No such actions have been planned, but this respondent took the speculation up to the point where full integration was made. Many other responses from this interviewee indicated that this respondent also thought it might be equally probable that the position of the daughter remains as it is currently. Apart from this ninth response, the entire sequence or map of position-practices described above refers to cooperation that still maintains the autonomous position of the daughter.

Questions 10a and 10b are intended to explore the concepts of creativity, improvisation and innovation that are an integral part of active agency. Question 10a concerns the occurrences of unexpected or unplanned interactions or events during the current M&A process, while question 10b concerns the risk of such interactions and events in the future.

> **Question 10a:** Could you tell us about **managerial interactions or events** during this M&A when things did not go as planned. What happened and why?

Four respondents stated that no such interactions or events had taken place during this M&A. The rest of the five respondents reported on a total of eight interactions or events that had involved unplanned aspects. Six of these topics can be considered *solved* while two might still be *at least partly unresolved* during the writing of this text. The first of

the possibly unresolved topics involves a possible discrepancy concerning the necessary frequency of face-to-face meetings, which is described by a representative of the mother company in the following quote:

> (1)
>
> We, on the side of the mother company, may not always feel the need to meet physically. We might think that everything is running quite smoothly and a Teams meeting or a phone call every now and then is enough. But we don't understand that they on the other side [i.e., the management of Lilja] might feel that they are not receiving enough attention, and they might question the extent of their importance, and so on. So I kind of believe it has an enormous effect on this dynamics of how satisfied they are and what they are feeling. So it is a question of one side not understanding what the other side expects.

It must be noted that the respondent quoted above does not disclose whether this topic has been discussed with the daughter and whether solutions have been actively sought. The topic described above is a case of interactional processes, which have been the topic of two other events that have been resolved. Another respondent brought up the occurrence of misunderstandings among the members of the daughter's management. The respondent stated that these misunderstandings had been resolved and that it is important to bring them up for clarification as soon as they are noticed. A third case of unexpected interactional events was a case where the respondent remembers a meeting where some of the participants resorted to a poor choice of words, resulting in a less than fruitful outcome. This event had also been resolved, and this respondent also stated that the management had not experienced any serious disagreements.

The other partly unresolved topic is described by a respondent who explains how the possibilities for exit of the minority owners, all of which are part of the current executive board of the daughter, had affected the decision-making capabilities of the executive board:

(2)

> Another example of discontinuity was the so-called second opportunity for exit. The management had made a contract until the year 2024. I noticed that just before this time approached, the avoidance of risks was rather extreme. It was difficult to make important decisions, as we were kind of approaching a big decision. We would receive some of the compensation that had been agreed on, and no one wanted to risk that. We need to remember that in the future, we will have at least one more similar point of discontinuity in the future, and we cannot afford to postpone important decisions because of it. But I would not say that it is a serious problem, just a small thought at the back of my head as well.

The response quoted above, concerning risk avoidance before the next exit opportunity, was also coded as a response to question 10b, which deals with the future possibilities of unplanned or unexpected events on the managerial level.

The remaining four unexpected but subsequently solved events are all different from each other and were not further categorized in the analysis of the data. They are briefly summarized here. The first one was 1) *differing opinions between the representatives of the daughter and the mother at the negotiation stage of the M&A*. The respondent who mentioned this topic stated that the differing opinions of the mother and the daughter had been the most serious during the negotiation stage, not after the M&A deal. However, the negotiation stage with all the related discussion and compromises had helped the companies to pave way for the rather good harmony that they were experiencing later. The second unexpected but solved event was 2) *insufficient information sharing*, which had caused slight friction between Kielo's [Business Area A] and Lilja's management, as some meetings within this business area concerned Lilja, but the management of Lilja had not been aware of it. According to the respondent who raised the topic, this had never been a serious matter, and both parties had been able to solve it through discussion, which had resulted in an agreement on the part of both companies to inform each other whenever such meetings were arranged. Third, the two companies have 3) *partly different interests due to the current management of Lilja still owning a minority of the company*. This setting had required negotiations and even some disagreements, but these had all been agreed on in a positive atmosphere. Finally, 4) *the differences in*

the business models of the mother and of the daughter lead to different financial needs, as the mother's business is not as strongly focused on production as the daughter's. Thus, as one respondent representing the daughter put it:

> (3)
>
> There is a difference in perspectives caused by the fact that Kielo's business is not as focused on production as Lilja's. [...] Of course they understood what production requires, but they were maybe not in the same way aware of the expenses that were caused by larger-scale production, such as replacement investments. So we reminded them that such replacement investments must be made every year to keep the production running.

The daughter's production facilities thus require yearly replacement investments. The mother, with considerably smaller-scale productive activities, did acknowledge these requirements from the part of the daughter once the need for them was discussed. The responses to question 10a were thus examples of creative, innovative, and improvised active agency that was needed on the managerial level of the M&A process.

Question 10b deals with the same topic but focuses on the risks of unexpected or unplanned interactions or events *in the future*.

> **Question 10b:** What kind of **unexpected or unplanned interactions or events** do you expect in the future **between the management of the two companies**? You can also think of e.g. changes in the management of the daughter company.

A total of 12 possible unexpected or unplanned events were recognized by the respondents. One additional respondent stated that they were certain of the future occurrence of such events, but they were not able to specify their nature, adding that they believed such events would take place more and more seldom as time passes. The responses that did specify certain unexpected or unplanned interactions or events in the future were first assigned first-order concepts that summarized the nature of the risk concerning value loss. These risks were then grouped under five second-order themes that state the type of value loss that the daughter is subjected to if the event takes place. The second-

order themes were named 1) *loss of autonomy*, 2) *loss of customers*, 3) *loss of capabilities within the daughter's management*, 4) *loss of motivation within the daughter's management*, and 5) *loss of efficiency in internal processes* (time and money). These second-order themes are listed below in Table 13, with the related first-order codes.

Table 13. Possible unexpected or unplanned events in the future.

Type of value loss (2nd-order themes)	Possible unexpected or unplanned interactions or events in the future (1st-order concepts)
1. Loss of autonomy	• Changes in the requirements for reporting to the mother, and the involvement of the mother in the decision-making of the daughter (only in a situation where the business would be unsuccessful) • Conflicts of interest between Lilja's daughter company and Kielo (as Lilja's daughter company supplies to both Kielo and Lilja)
2. Loss of customers	• Conflicts of interest within the market (cooperating with one another's competitors) • Changes in the market
3. Loss of capabilities within the daughter's management	• Discontinuities in the availability of human resources within the executive board • Changes within the composition of the executive board due to health-related or other risks • Preparing for the transfer of knowledge due to exits within the executive board
4. Loss of motivation within the daughter's management	• Possible disagreements between the remaining members of Lilja's established management and the new managers that will replace earlier ones in Lilja's executive board in the future
5. Loss of efficiency in internal processes (time & money)	• Changes that affect Lilja's production • Legislative changes • Possible disagreements in the future choices concerning ERP and CRM systems • Risk avoidance before the next exit opportunity

Question 11 is aimed at investigating the degree of cultural distance and reflection regarding the agent's internal structures.

> **Question 11:** Have there been moments or events during the cooperation between the mother and daughter companies when you have taken **a critical stance towards your own thinking and your actions**? Please tell us about these moments and about how your criticism towards yourself changed the way you thought about this M&A.

Three respondents stated that there had been no instances of moments or events described in question 11. The other six respondents recounted a total of seven topics that are listed in Table 14 below, with condensed quotes of the response segments. All seven instances were rather different from each other. Thus, besides assigning a first-order concept, no further classification was made for the responses to this question. The first column in Table 15 summarizes the response. The middle column includes the first-order

concept that was assigned to the response. Finally, the right-hand column of Table 14 indicates a management-related skill that might have been further developed by experiencing the event that the respondent reported. This classification into the related management skill that might have been developed is the assumption of the author and was not a topic of discussion during the interview. As a whole, the replies to question 11 may be considered examples of the respondents developing their active agency through critical reflection. When faced with similar situations in the future, it is very likely that the respondents will be able to react from a viewpoint where their choices are more conscious. The topic of cultural distance and reflection is very wide, but this question was aimed at investigating it in the simplest way possible within the context of this M&A.

Table 14. Moments of an agent's critical stance toward themselves.

Condensed quotes of the response segments	Topic of the event (1st-order concepts)	Management skills
'We should probably always remain critical, but… I do not see anything radical here. It has all gone very well in terms of finding a good partner and being where we are now.' [The rest of the reply is omitted here, as it concerns another topic.]	(none)	
'Well I cannot think of any such things at the moment.'	(none)	
'No, there are no such things.'	(none)	
'There are always those situations. It is typical for every human being when we are doing something, when we are in a negotiation, for example, that we strive to be constructive and analytical, but we tend to react to what happens within the moment. And when the situation is over, we can think of many ways how it could have been done better. But the other side is often forgotten. When you do something well enough, you do not think about it so much.'	Emotions vs. rationality, Giving credit to oneself for successes	Intrapersonal skills
'Well, sometimes you might say something a little too directly even if you do not mean to say it that way. But we are on good terms with each other, and little by little you learn to get to know other people and will get to know how they will react to what you say. These are also sort of cultural issues.'	Familiarity with the people in the other company	Interpersonal skills
'This was a very difficult question. There have been several moments where I have had the need to question my way of thinking. I have needed to consider whether something is a good choice at the moment or whether I am just stuck in a certain type of thinking. One example is the fact that we are now backward integrated. I am not completely sure whether it is positive or negative.'	Objective assessment of a situation vs. personal views	Critical thinking
'People were rather worried about their positions, but I think I quite successfully managed to give them a comforting message about the continuity of their jobs.'	Success in comforting the personnel about the consequences of the M&A	Interpersonal skills, The sociocultural aspects of integration
'I think I could be more active towards Lilja. I could be more interested and engaged with them. Part of the explanation of why I have not been that is the restricted amount of time and focus that we always have (laughter). But the question is whether I have used my time and focus optimally. In terms of Lilja's size, they have performed very well, but I could give them more focus.'	Using time and focus optimally	General management skills
'During the M&A negotiations, there was a lot of discussion, sometimes in a tense atmosphere, concerning the conditions of the M&A deal. But we managed to create a good deal for both companies, and the autonomous position of Lilja has ensured smooth daily operations.'	Thorough M&A deal negotiations ensured smooth daily operations later.	Negotiation skills
'One example is the period of due diligence in the negotiation stage of the M&A, during which I had a tremendous workload, but I could not share it with anyone due to the NDA. At some point I asked for permission to delegate some of the work to two other people, since I alone simply could not amass all the information for the due diligence inspectors. So if I could do something differently, I would have asked for this permission earlier.'	The possibility of asking for help earlier in the due diligence process	Delegation skills

Question 12 involves the so-called horizon of action of the agents. This question is directed at investigating which kinds of means and norms are included in the agents' interpretation of the situation.

> **Question 12:** If **the best possible type of cooperation between the personnel of these two companies was the goal**, how would the cooperation look like? **What would be done together and how, and what would restrain the scope of action of the organizations?** You can think of both maintaining something or changing something, and you can think of both strategic/structural aspects and "soft" leadership or human aspects.

On a general level, the responses to question 12 indicated that no structured search for deeper cooperation within the companies had been conducted so far. Thus, very few respondents were able to point out specific areas or functions within which deeper cooperation could be immediately possible. Thus, most of the replies indicated that *further search* for the possible points of cooperation should first be organized to find out if any possibilities for further cooperation are available. While some respondents suggested that such exploration should be conducted on the level of the *entire organization*, others pointed to *specific areas or functions* that should be investigated in more detail to find possible points of cooperation. Some of the suggested areas or functions included *sales* (partially), *HR*, *procurement*, *quality*, *compliance*, *the monitoring of legislation*, and *key customers*. One respondent explained the benefits of a direct integration of the sales functions of the two companies concerning specific business areas. On the other hand, one respondent did not voice an opinion on how a possible future cooperation would look like but only referred to existing cooperation within the functions of procurement, logistics, and sustainability. Table 15 below lists the summaries of the responses to question 12, their classification into the desired practices of cooperation, the suggested actions for reaching such cooperation, and the desired levels of exploring further cooperation.

Table 15. The best possible cooperation between the personnels.

Condensed quotes of the response segments	Desired practices of cooperation (1st-order concepts)	Suggested actions (2nd order themes)	Preferred level of exploring further cooperation
'A deeper integration would require some active thinking of the cooperation structures on the part of the management. So we should have the basic structure for meetings, and we should bring people together in sort of professional forums.'	Creating the structures for cooperation: meetings & professional forums for bringing people together	Structured search for cooperation possibilities on the level of the entire organization	Organizational
'We should think about where deeper cooperation would be suitable. It should not be forced. We would need to choose the functions where cooperation would be suitable, and this is something that we have already done, to some extent.'	Choosing the functions where deeper cooperation would be suitable	Structured search for cooperation possibilities on the level of the entire organization	Organizational
'The personnels of Lilja and Kielo do not really know each other, as there is no day-to-day cooperation. One way to start the cooperation might be to spend short periods of time together, in the same offices and the same places, or even in Teams meetings.'	Spending short periods of time together	Structured search for cooperation possibilities on the level of the entire organization	Organizational
'The two companies are quite far from each other geographically, but there could maybe be more benchmarking between the production units as well. We have hardly had any personnel changes from the daughter to the mother or the other way around. In some integrations, people are just asked to move to another company, and then they act as sort of messengers who distribute knowledge and enable mutual learning.'	• Benchmarking • Moving people to the other company	Structured search for cooperation possibilities on the level of the entire organization	Organizational
'I think there are possibilities for cooperation between the systems of Kielo and Lilja's daughter company. It would be good to be able to transfer data from one system to another through one input, which would save time for both companies.'	Cooperation within the data systems between Kielo and Lilja's daughter company	IT system coordination	Organizational
'It kind of always starts with respecting the other side. Appreciating their skills and their work is a good starting point for cooperation.'	Respecting the other side & appreciating their skills	Human skills	Organizational
'I think networking is useful in this respect. There has been some cooperation between Lilja and Kielo in [Function X]. Lilja has bought some equipment from Kielo, and Lilja has been pleased with the quick and professional service.'	• Networking between members of the company • Buying equipment from the mother	• Networking • Referring to earlier successful cooperation	• Organizational • Functional
'I think it would be very interesting if the people responsible for a certain function in both organizations met up and actively communicated with each other in a spirit of trust and development. It could give them inspiration to renew the routine work. A feeling of safety is essential to make it work, and we should support the feeling of safety in both companies, and especially on the level of the daughter company.'	Communication in a spirit of trust and development between those responsible for a certain function → Possible inspiration to renew the routine work.	• Structured search for cooperation possibilities on the level of the entire organization • Promoting an atmosphere of trust, development, and safety	Organizational
'It starts with creating a shared understanding between the companies. We should strive to understand each other's businesses and the details that are related to them. If we just pick tasks from each other without understanding what is going on, it will not work. So, it starts with gathering information.'	• Creating a shared understanding • Gathering information	Structured search for cooperation possibilities on the level of the entire organization	Organizational
'I think a good starting point for the cooperation would be to have regular meetings and information sharing, even though I recognize the fact that at the moment neither of the two companies have had very much time for it. But as far as the production of [Product E] is concerned, it	• Regular meetings and information sharing	• Structured search for cooperation possibilities on the level of the entire organization	• Organizational • Product

might be useful to initiate a forum where the two companies could cooperate in topics related to quality, compliance and the monitoring of legislation. And we should ensure that there is enough time for it, as it could save time in the long run. But at the moment both companies are so busy that it might be difficult.'	• Concerning a specific product: Initiating a forum where the two companies could cooperate in topics related to quality, compliance and the monitoring of legislation.	• Structured search for cooperation possibilities on the level of a specific product	
'There are kind of two ways to cooperate. One is the key customer activity, and the other is next-level synergies, where different segments work together. The challenge in both types of cooperation is that the responsibilities and the remuneration policy within the entire Kielo group has not been built to enhance such types of cooperation. They have been built to support individual performance. So, we should do something about it, we should have positions where the people are responsible for key customers, and we should have positions where the people are responsible for drawing synergies out of several segments. Making such changes would mean significant changes to the organizational structure. It would take a lot of time and result in many multiplier effects.'	• Two types of possible cooperation: key customer activity and next-level synergies. • The responsibilities and the remuneration policy within the entire Kielo group have not been built to enhance such types of cooperation, and making such changes would take time and have many multiplier effects.	• Cooperation within a certain customer group • Structured search for cooperation possibilities on the level of the entire organization • (Current organizational structure as a preventive factor)	• Key customers • Organizational
'Kielo's HR is clearly more organized than that of Lilja's. Lilja's HR is being run by a rather small group of people and there is no HR manager. I do not mean that Kielo should send us an HR manager, but I mean we would be pleased to learn some good HR practices from Kielo. We also know that Kielo uses HR systems in a much more effective way than we do, so we could adopt some best practices from there. The restrictive factor is the use of time, the extent to which we can invest time in it.'	Adopting best HR practices from Kielo	Structured search for cooperation in HR	Functional
'Lilja's procurement could be further examined to check if all the possibilities for cooperation between Lilja and Kielo have been discovered or whether the current cooperation could be emphasized. This could be done by creating cross-organizational teams.'	Further cooperation in procurement	Structured search for cooperation in procurement	Functional
'On a more general level, where we probably have possibilities for cooperation is among the customers. So in practice both Lilja and Kielo serve the same customers but only from a different angle, with different products, and we deal with different parts of the customer's organization. But a good goal would be to manage the customer better and in a more holistic way.'	Managing the customer better and in a more holistic way	Cooperation within the sales to a certain customer group	Key customers
'The sales organizations of certain business areas could be integrated. The sales within [Industry Z] could be concentrated within Lilja. And [Product range X] could remain within Kielo. I think Kielo could maintain ownership of the infrastructure, and Kielo could take care of the logistics. But the sales could be delegated to Lilja's sales team. They would of course receive compensation for selling Kielo's products. This would be the most efficient option if we think of what is good for the entire Kielo group, as we could avoid overlaps.'	Integrating the sales organizations of certain business areas	The integration of sales within certain business areas	Functional
'There has already been some cooperation within procurement and in logistics, and then this sustainability is a big theme, and we have thought about what sustainability means for the different parts of the company, and we have partly shared sustainability goals.'	Existing cooperation within procurement, logistics, and sustainability.	(None. Referring to existing successful cooperation.)	Functional

Question 13: How do you see the significance of **the company culture and values** in creating a successful integration? What would you do to contribute to a value-based integration?

Out of the nine responses to question 13, six indicated that the respondents considered the company culture and values to be significant. One respondent stated this explicitly by saying "Yes they are important." The four other respondents pointed towards the significance of the company culture and values in more indirect ways, such as: "If we think about integration, similar values between the companies makes it easier." Two respondents expressed that the company culture and values are very significant, one stating: "Well in many contexts it is said that they are one of the most important things that always need to be addressed first and also be compatible." The other respondent who considered values to be very significant connected values with motivation:

(4)

I think it has a tremendous influence, and I want to emphasize what you could call excitement or motivation. People can have this feeling in their hearts that they belong to Lilja and they want to support Lilja and its values. At that point, they may not resonate with Kielo's values in the same way. I think it is very significant, and it will change as time passes by, but it happens by free will; you cannot force anyone to have Kielo's values. Of course, if we imagine that the two companies were integrated more deeply, there would have to be a lot of discussion about the values and the culture and about what we are. And I must say that we will not integrate unless there are good reasons for doing it. We have had a daughter company in [Country X] for two decades and they still have their original name. They are not called Kielo. Changing any of our daughter company's name to Kielo is not an intrinsic value for us.

Seven respondents explained that the values of the mother and the daughter are already quite similar. The quote below illustrates this:

(5)

I would say both are entrepreneurial and extremely honest and have high integrity. So, actually, I would claim that in both companies, it is important to do your job, to do it correctly and to keep your promises. Of course this is important in the Finnish culture in general, but I think it is even more pronounced in Lilja and Kielo, and we share that quality in these two companies.

And then I also think the human side is very similar. Lilja's management has run their own business, and they have kind of considered the employees to be their own employees that they have wanted to take good care of. They have wanted to make sure that everything is ok with their employees, and they are able to do their work in the best possible way. And in the same way we have thought about this in Kielo for decades, so we have [Value 1, Value 2, and Value 3], and they match with Lilja's values even though the wording is different.

Interviewer: What would you do if those values were kind of utilized in a possible deeper cooperation?

I think we could start by explaining what we want to accomplish by these values and what we mean by them. It is also very effective to explain what the values mean as close as possible to concrete actions, and that is what we have already done as well.

Only four respondents gave recommendations for contributing to value-based integration. One of them was quoted above, involving the *explaining* of the values and the goals behind them as well as how those values would become visible in action. Three other respondents mentioned that *discussion* or *evaluation* are important courses of action in value-based integration.

Questions 14a and 14b are intended to explore the concepts of creativity, improvisation and innovation. In contrast to the managerial level that was the focus of such exploration in questions 10a and 10b, questions 14a and 14b focus on the organizational level. Question 14a concerns the occurrences of unexpected organization-level changes or events related to this M&A in the past, whereas 14b deals with the future.

Question 14a: Please tell us about **organization-level changes or events** related to this M&A when things did not go as planned. What happened and why?

Five respondents stated that they had no response to question 14a. One respondent stated that they did not know of any specific events but admitted that something close to what is described in question 14a does tend to take place when the members of the two companies are learning about each other. However, this respondent considers it to be normal. With one respondent, question 14a was skipped because the interview time

was close to running out and other questions were prioritized by the interviewer. Of the remaining two respondents, both mentioned two things. The first respondent explained that compared to the M&A of Kielo and Lilja, there had been more organization-level changes in the subsequent M&A of Lilja and Lilja's daughter company. This respondent also recounted that during the M&A of Kielo and Lilja, it had been possible to sense that some people had been nervous about what was going to take place. The second respondent first recounted an event where the combination of the political circumstances and the subsequent request from the mother company had resulted in a situation which had been unfamiliar to the daughter company:

(6)

Well, one example of discontinuity was the sudden rise of [raw material] prices when the war broke out. It has always been important for Lilja to respect contracts. We thought we could take this on ourselves, and I also supported it. But the way of thinking in Kielo was different: they said that something had to be done immediately. And it succeeded very well. We went to our customers with the message that we would like to see you cooperate with us in this, we need help with the pricing. So, it was a kind of demand or request, but with the undertone that if the customer does not want to cooperate with us, we do not have such responsibility either if the roles are reversed one day.

Besides illustrating the characteristics of creativity, improvisation and innovation during active agency, the above quote can also be seen as an instance of the effects of *external structures* that affected the daughter company in the form of the request from the mother company to react to the higher raw material prices immediately. In a similar way, the changes in the macro environment of the business, in the form of rising raw material prices, can be considered an example of external structures that affected the mother company.

Question 14b focuses on the future possibilities of unexpected events or risks on the organizational level:

Question 14b: On the **organizational level**, what kind of **unexpected events or risks** do you expect in the future during the cooperation between the two

companies? You can think of both maintaining something or changing something, and you can think of both strategic/structural aspects and "soft" leadership or human aspects.

Three respondents stated that they did not have a reply to this question. With one respondent, question 14b was skipped because the interview time was close to running out and other questions were prioritized by the interviewer. The remaining five respondents produced replies in which it was possible to identify six first-order concepts, all of which will be explained below and three of which will be quoted. The first two first-order concepts concern *the risks of beginning to integrate Lilja with Kielo too soon* (quote 7) or *with insufficient information* (quote 8).

(7)

There is of course quite a lot to work on within Lilja alone. We are in different locations physically, and different factories have different procedures in many respects, and there is still quite a lot of work there as well. […] For example, there are differences in how the servicing of the production facilities has been organized. In one of Lilja's locations, an external servicing company is responsible for it, whereas Lilja's daughter company takes care of it by themselves. In another site of Lilja, some things are done by Lilja, and at a third site, there is some outsourcing. So, there might be possibilities for streamlining this within Lilja, and it would benefit the functioning of the facilities locally if it was all more coordinated between the sites. But there is a long way to go before we can move on to discussing [servicing cooperation with Kielo].

(8)

Well, maybe if someone wanted to combine functions or practices that are really incompatible, we could have such events.

The third first-order concept which will be quoted below involves *differing opinions concerning investments*:

(9)

We are running large projects, and we are growing. We need to invest in them. Kielo's business is not growing as fast. They have other business segments that are not doing so well. The message from the mother company at the moment is: please save money. And we are growing. And we are also making quite a

good profit now. So, these two situations are in opposition to each other. It is something that I cannot solve right now, and it can be a sensitive topic in the future as well.

The mother's reported request to postpone investments of a certain size at the moment is thus in opposition to the daughter's need to grow. Three further first-order concepts were detected from the replies. First, one respondent stated that *the daughter's autonomous position simply may not last forever*, and the mother might want to integrate the daughter with one of its business areas. This respondent said that they did not consider it to be a positive or a negative possibility; they just thought it was an opportunity that might be possible at some point in the distant future. Second, another respondent stated that although the topic was not directly related to integration, *the daughter should be able to retain its personnel better*, adding that some employees had left the company recently. Finally, a third respondent believed that there would be *unplanned or unexpected events on the organizational level* in the future, but that they would probably be *related to less significant, everyday topics*. Besides assigning these six first-order concepts to the replies, no further classification was made to the replies to question 14b.

Question 15 deals with the degree of cultural distance and reflection on the organizational level.

> **Question 15:** Have there been moments or events during the cooperation between the mother and daughter companies when **an individual or a group** (outside the management of either of the companies) has taken **a critical stance towards their own thinking and their actions**? Please tell us about these moments or your impressions of what took place.

Five respondents stated that they did not have a reply. Indeed, question 15 is challenging for a representative of the upper management. However, the interviewer emphasized that the manager's own impression of what took place would be a sufficient perspective and no in-depth analysis was requested. With two respondents, question 15 was skipped because the interview time was close to running out and other questions were prioritized by the interviewer. What was left were two responses, the first (quote 10) focusing

on the challenge of having a separate company ownership from the management of the daughter, and the second response (quote 11) illustrating how it is normal to reflect on what the mother might think of something that is being done in the daughter organization:

(10)

Well, I think some people might have the experience that events take place unexpectedly and without preparation, if they have not been fully included in the preparation of some decisions. One reason for that might be the fact that the ownership of the company and the management, which are both very committed, should kind of function together, but the ownership and the management must be dealt with as separate from each other. This might be a challenge and it might restrict the extent to which the rest of the organization can take part in the integration. So if it had been just an M&A where the management was in no way part of the ownership, the preparation and the decision-making and such would have been different, kind of naturally.

(11)

Well, I don't know. Of course, people will often think: "Oh, I wonder what the people in Kielo will think about this," when something did not go as planned or something is late or the like, but I think such thinking is kind of… normal. I do not have anything more serious in my mind, or I have no knowledge of anything more serious.

4.4   Projected outcomes of a possible deeper integration

Questions 16–19 focus on the hypothetical outcome of a possible deeper integration. At the time of the interviews, such deeper integration between the mother and the daughter had not been planned. However, through answering questions 16–19, the interviewees were asked to speculate on the projected outcomes of a possible deeper integration. In line with the principles of the Strong Structuration Theory, questions 16–19 concern the speculated outcomes of a possible deeper integration from the perspectives of both *maintaining* something and *changing* something.

> **Question 16:** Let us imagine a situation in which the cooperation between the parent and the daughter is deeper than it is now, in order to strengthen the value-creation capability of the daughter. **How would the management of such a successfully integrated company look like? How could the management of the daughter company be supported or changed?** At this point, please think of changes more than preserving something.

The first-order concepts of the replies to question 16 entail *statements* that summarize the main ideas of each response. These statements were categorized into second-order themes involving *actions* that would change the management of the daughter, in case a deeper integration was pursued. At this point of the analysis, it became visible that these actions were aimed at managing the *capabilities* of the daughter in various ways: preserving them, developing them, making use of them within the mother company, or in some cases, managing a two-way exchange of capabilities between the daughter and the mother. This categorization has been included in Table 16 below.

Table 16. Managing the daughter's value through changes in the management.

1st-order concepts with condensed quotes of the response segments	Possible changes in the daughter's management (2nd-order themes)	Managing the daughter's capabilities
• '[Future] integration could be more related to the integration in the value chain that we already accomplished to some degree.' • 'It might not need to be a case where the mother completely integrates the daughter.'	• No changes in the management; instead, further integration and cooperation in the value chain	• Maintaining the current capabilities
• 'The management should not be changed.' • 'The work and the challenges of the current management should be understood. The current management should be supported in all circumstances.'	• Maintaining the current, local management • Supporting the current management	• Maintaining the current capabilities
• 'A local management, similar to the current one, will probably be needed in the future.' • 'Kielo might be able to integrate some management positions in their [Business Area D] and their [Daughter company W], as the same people might have wider responsibilities there.'	• Maintaining the current, local management • Integrations elsewhere in the parent company group	• Maintaining the current capabilities • (Integration that does not involve Lilja)
• 'The executive board should have more members, and from a wider variety of functions.'	• Expanding the executive board	• Inwards flow of capabilities
• 'Bringing Kielo's people in Lilja's management'	• Expanding the executive board with Kielo's managers	• Inwards flow of capabilities
• 'Some exits in the management board will be acceptable, provided that there are not too many of them. These [exiting] people will need a chance to leave the company in a good atmosphere, and someone else needs to be found to replace them.'	• Managing possible exits carefully	• Outwards flow of capabilities
• 'The way I would see it, [Lilja] could cooperate with Kielo's [Daughter company W], since it's located close to Lilja's daughter company, and that could include integrating the production management.' • 'And then in terms of [Industry Y], it would be better if Lilja was in charge of the sales.' • 'Even if Lilja was integrated, I would not expect any substantial changes, since Lilja's facilities are quite far from Kielo, and Lilja will always need special capabilities there.'	• Making use of Lilja's [daughter's] production management capabilities elsewhere in the Kielo group • Integrating Lilja's and Kielo's sales within a certain industry • No substantial changes	• Bi-directional flow of capabilities • Bi-directional flow of capabilities • Maintaining the current capabilities
• 'If a deeper integration was carried out, processes and ways of working from both companies should be included in it.' • 'Caution should be taken in preserving the positive aspects of Lilja.'	• Maintaining and combining the best aspects of both companies	• Bi-directional flow of capabilities
• 'If there was a closer integration, the Lilja identity would need to be closer to Kielo.' • 'If someone feels that they do not have what it takes to continue in the Kielo spirit, a shared agreement can be made for them to leave. The ones that stay at Lilja would need to be people who are able to draw knowledge, skills and resources from the entire Kielo group.'	• Changing the identity of the daughter towards that of the mother • Managing possible exits carefully • Ensuring the drawing of capabilities from the entire Kielo group towards the daughter	• Bi-directional flow of capabilities • Outwards flow of capabilities • Inwards flow of capabilities

• 'Different options exist for strengthening the integration:
  - Kielo does not have experience of Lilja's products and their applications at the customer.
  - If there was a deeper integration, it could involve including Lilja in one of Kielo's business areas.'
	• Maintaining the capabilities related to Lilja's products
	• Integrating Lilja as a separate unit in one of Kielo's business areas.
		• Maintaining the current capabilities
		• Bi-directional flow of capabilities

• 'When a manager wants to exit, they should share at an early stage that they want to leave. When that position is re-filled, the executive board could plan together how to fill that position and whether it deepens the integration.' • 'If Kielo is involved in screening and choosing the new person, the umbilical cord to the mother could grow naturally.'	• Managing possible exits carefully • Possibly involving Kielo in screening and choosing the new person	• Outwards flow of capabilities • Bi-directional flow of capabilities

It is thus possible to distinguish between four categories of managing the daughter's capabilities through changing or supporting the daughter's management. First, *maintaining the current capabilities* of the daughter can be accomplished through simply choosing not to make any changes to the management. In these cases, integrative actions could still be undertaken somewhere else in the daughter company, and the functioning of the current management could be offered support. Second, an *inward flow of capabilities* denotes the development of the daughter's capabilities in various ways, for instance through expanding the daughter's executive board (by adding members from within the mother or from elsewhere), or by ensuring that the remaining management of the daughter is able to draw capabilities from the entire mother group towards the daughter. Third, the category of an *outward flow of capabilities* refers to the loss of certain capabilities of the daughter through possible exits by members of the current management. The responses that mentioned this outward flow of capabilities often focused on two perspectives: on the one hand, the exit of a member of the current management would need to be accomplished in a good atmosphere, and on the other hand, the daughter company should have the possibility to prepare for the replacement of the capabilities that will be lost through an exit.

Finally, the fourth category of managing the daughter's capabilities involves a *bidirectional flow of capabilities* between the daughter and the mother. This could be accomplished, according to the respondents, through six actions: 1) *making use of the daughter's production management capabilities elsewhere in the mother group*, 2) *integrating the daughter's and the mother's sales within a certain industry that they both share*, 3) *maintaining and combining the best aspects of both companies*, 4) *changing the identity of the daughter towards that of the mother*, 5) *integrating the daughter as a separate unit in one the mother's business areas*, and 6) *involving the mother in screening and choosing new persons for those management positions of the daughter company that need to be re-filled after a possible exit by a member of the current management*. Regarding the fourth item of the above list, *changing the identity of the daughter towards that of the mother*, it is somewhat speculative to state that the flow of capabilities

would always be bidirectional in such a case. However, a change in the identity of the daughter towards that of the mother is likely to involve a greater degree of communication between the two companies. If the daughter is able to maintain their capabilities in such a situation, it can be speculated that both companies could then make use of each other's capabilities through the communication that possibly takes place if the identity of the daughter company is being changed intentionally to bring it closer to the mother.

> **Question 17:** Let us imagine that there are aspects in the management of the daughter company that should be preserved as they are in order to maintain the ability of the daughter company to create value. In your opinion, **what should remain unchanged in the management of the daughter company**?

The responses to question 17 were obtained as follows: a total of seven respondents produced a direct response to this question. One respondent replied to question 17 earlier in the interview, and that earlier response was moved among the replies to question 17. Another respondent replied to question 17 later in the interview, and that segment of their response to a later question was also moved here, to complement their initial response to question 17. With one respondent, question 17 was skipped because the interview time was close to running out and other questions were prioritized by the interviewer. Thus, the responses of a total of eight interviewees were included in the analysis. Some of these responses included two clearly separate topics, which were coded as separate first-order concepts. These analytical choices produced a total of *eleven* first-order concepts that were then further classified into *five* categories (second-order themes) of *value source of the daughter company*. Table 17 below summarizes the 11 first-order concepts of the eight responses and the five categories of value source.

Table 17. Sources of value within the management of the daughter.

Condensed quotes of the response segments	Aspects that should remain unchanged within the management of the daughter (1st-order concepts)	Source of the daughter's value (2nd-order themes)
'And then there is the production. There is nothing like Lilja's production anywhere in the Kielo group, so there must be respect for the people and for the retainment of the best people here. Not only in the production but in the development of the production, and the R&D. These are topics that must be dealt with professionally.'	The production, the development of the production, and R&D	**Specific capabilities of the management**
'I think the point in integrations is to reach integrative benefits. And I believe one of the strong sides of Lilja is the management of and the preservation of production. So I believe that it could lead us to form a sort of umbrella including several plants. So that might be the direction we could be going to, and we could try to find synergies there.'	The management of and the preservation of production, possibly leading to the formulation of an umbrella of several plants	**Specific capabilities of the management**
'There are certain management positions that I believe we need to maintain locally, if we remain an independent company, and they are production manager, sales manager, R&D manager, and certain aspects of financial management, such as the future perspective and the strategic financial perspective. But I do acknowledge that the positions of the CEO and the CFO are usually the ones that are in danger.'	Certain management positions should remain local: • Production manager • Sales manager • R&D manager • Strategic aspects of financial management	**Specific capabilities of the management**
'Of course we need to guarantee that there are the right kinds of skills for the positions in the executive board. They should have a certain kind of touch and know-how for every segment and function.'	The capabilities of the executive board	**General capabilities of the management**
'Well, the current setup is good, but we should of course maintain the structure and the skills and the independent decision making, as far as important topics are concerned, so that we can remain profitable.'	The structure, the skills, and the independent decision-making of the management	• **General capabilities of the management** • **The autonomy of the management**
'Decision making should remain close to what the decisions deal with. If the chain of decision making becomes too long or rigid or has too many steps or is too far from the activity, the quality of the decisions will suffer. So there will be a delay and a lack of the information that is needed to make a more distant decision.'	Local decision making	**The autonomy of the management**
'The power to make decisions should remain in the daughter company. Especially commercial decisions.'	The power to make decisions	**The autonomy of the management**
'What needs to remain is the entrepreneurial spirit and the shared goals. It means that no one should have the feeling that they are "just working here". So it needs to be clear that we have a shared interest in doing something, in getting somewhere.'	The entrepreneurial spirit and the shared goals	**The motivation of the management**
'It is always important to maintain the balance between power and responsibility. It helps in maintaining motivation in the management positions.'	The balance between power and responsibility	**The motivation of the management**
'What should remain in Lilja's management is the shared team spirit, the excitement. I think it is a higher level of teamwork where capable, professional people come together. And they share a large vision which inspires them. And if you, as a manager or as a leader, get into a situation where the team is always waiting for Mondays to get back to work (laughter), it is very rare, but it happens. So this is what should be maintained.'	High-quality teamwork	**The motivation of the management**

'The appreciation of customers, understanding customers, and the contacts with customers. The following is a good example: Our customer [G] received a new CEO, who wanted to meet all their largest suppliers. Lilja is a large supplier to them, and they wanted to meet the CEOs, but they chose [the CEO of Lilja] instead of the chairman of the board of directors. In my opinion, if we remain an autonomous company, this is what must remain. The customer who wants to meet a representative of Lilja must be convinced that the person who meets them speaks in the voice of Lilja.'	The appreciation of customers, understanding customers, and the contacts with customers	**Customer contacts**

The five sources of the daughter's value in this M&A thus include 1) *the specific capabilities of the management*, 2*) the general capabilities of the management*, 3) *the autonomy of the management*, 4) *the motivation of the management*, and 5) *customer contacts*.

In question 18, the respondents were asked about their opinions on how far they would take the integration of the mother and the daughter, in case a deeper cooperation between the two companies had been decided on.

> **Question 18:** Let us imagine a situation in which the cooperation between the parent and the daughter is deeper than it is now, in order to strengthen the value-creation capability of the daughter. **How far would you take the integration between these two companies?** Which tasks or functions would you like to have integrated and why? At this point, please think of changes more than preserving something.

A total of five respondents stated that *further investigation* would be the necessary first step before any integration could be planned. Nevertheless, these same five respondents also suggested some functions where the likelihood for added value could be obtained through integration. Another topic that was mentioned five times in the responses to this question was *the integration of sales*, either with or without a mention of shared customers between the mother and the daughter within a certain industry. Other functions or tasks that were mentioned several times were *production*, *HR processes*, *logistics*, *procurement*, and *sustainability*, each of which received 3 mentions in the data. The topics that were mentioned 2 times each were certain *IT systems*, *financial administration (or parts of it)*, *supply chain*, and *quality*. In addition, a collection of topics occurred only once in the data. All the functions and tasks described above have been listed in Table 18 below, with the number of mentions that they received stated in the middle column of the table. The reasons that were given for integrating the suggested functions or tasks have been listed in the right-hand column of the table.

Table 18. Possible points of integration.

Possible points of integration	Number of mentions	Reasons for the integrative actions, in case such reasons were given by the respondents (Condensed quotes of the response segments)
The possibilities for integration would need to be examined further before making any decisions.	5	• 'I am not able to answer these questions yet because I think these are matters that need to be investigated.' • 'I would start by recognizing the genuine synergies, the concrete synergies, the profits that we can seek. And on the basis of that, I would start building a matrix of what we could integrate and combine. There are some aspects of Lilja's business where we cannot add any value, such as the production of [Product D], and other aspects where we could add value, such as [Industry Y]. But people usually over-estimate the synergies and underestimate the human side of integrations.' • 'We should think about where deeper cooperation would be suitable. It should not be forced. We would need to choose the functions where the cooperation would be suitable, and this is something that we have already done, to some extent.' • 'The personnels of Lilja and Kielo do not really know each other, as there is no day-to-day cooperation. One way to start the cooperation might be to spend short periods of time together, in the same offices and in the same places, or even in Teams meetings.' • 'I think there could be more cooperation within the organization, not only on the managerial level but kind of in the middle manage-ment. So if the management is aware of some strengths within the company, they could encourage people to cooperate over certain areas, such as sustainability, which is very strong in Lilja.'
Sales (& customer contacts)	5	• 'I think the greatest benefits come from working in the customer interface, one way or another, but my job would be to bring together the people who work there. They should exchange thoughts and understand what each of them is doing and think about whether they could benefit from each other's knowledge. So I believe the possible benefits might be in sales and in the customer contacts.' • 'Well, if it was decided that the companies were integrated, I think it would maybe start with the key processes, which in the case of Lilja would be procurement, sales, supply chain.'
Cooperation in production	3	• 'We have a deeper knowledge of production compared to Kielo, and already now we are transferring many trends and silent knowledge related to production to Kielo.' • 'There are possibilities for cooperation also in production, for example in the form of projects, education, servicing, and the like, which could help in developing those activities. It could start by first just visiting each other and discussing how things are done and whether you could adopt something from the other's way of doing things.' • 'What could be integrated is the sales function, and the production of Lilja, of Lilja's daughter, and of Kielo's [Daughter company W]. So there could be one person responsible for [the production of] all three, and this person could have two middle managers working for them. One of them could be working at Lilja's location and the other at Lilja's daughter's location, which is close to Kielo's [Daughter company W], so one person could manage that location. I also think Lilja has a good organizational culture in terms of production, so the production manager at Lilja could ensure that the production of all these three units would be organized according to the same princi-ples.'
HR processes	3	• 'Of course, the HR function is one option, since it is quite scattered in Lilja. But we would need to consider very carefully whether coop-eration there would bring added value.' • 'There could be possibilities for synergy in the recruitment processes. We would want to continue being responsible for our recruitment, as we have the skills to choose the most qualified candidates, but there could be room for more efficient practices in the channels of recruitment and in the onboarding process.'
Logistics	3	• 'I do not think it would be problematic to integrate logistics, financial administration and procurement. These are all very important, and it is not acceptable if an inexperienced person at Kielo is given the responsibility for one of these functions. It will not bring any

		additional value. It would have to be made elegantly, cleverly, and so that our people could be part of the new team. The management of the function may or may not be at the location of Kielo's main office. It does not matter so much.'
Procurement	3	• 'Procurement is something that we need to take a closer look at if the integration is ever deepened. Making use of the synergy with the mother company would bring us more bargaining power.' • 'Of course, the goal is always to be able to save if we are able to manage the procurement better and buy with lower prices.'
Sustainability	3	• 'Our knowledge of sustainability is quite good, and it is something that we could share with Kielo.'
Certain IT systems	2	• 'It would make our work easier if similar systems were used across the Kielo group.' • 'Probably the IT system side has been a little different from Kielo, and usually in these days, the system would always need to be integrated.'
Financial administration (or parts of it)	2	• 'The financial administration is probably able to assess by themselves whether there would be any possibilities for centralization, whether payroll administration or something could be more centralized.'
Supply Chain	2	• 'In the long run we could think about the support functions, but I cannot see anything in the near future, except for strengthening the supply chain as a cluster.'
Quality	2	
Communications	1	
Financing processes	1	
HR systems	1	• 'Kielo is probably making better use of HR systems in terms of training records, HR key figures and such, where we could find synergies.'
Human resources (capabilities)	1	• 'We are growing at the moment. And it means that we will have the need for new capabilities in any case, so I think when we experience the need, through organic growth, for new resources, we do not always need to seek them from outside, but we can think about what to do in cooperation with the mother.'
IT infrastructure (but not systems)	1	• 'In the long run, cloud services, operating system licensing, mobile phones, telephone subscriptions and the like could be sourced together [with the mother].'
Marketing	1	
Some administrative processes, such as the management of insurances	1	
Supplier evaluation in terms of sustainability	1	• 'In assessing the sustainability of our suppliers, it would be helpful if the processes and the instructions had already been thought of in the Kielo group, so we would not need to rewrite those things. The Code of Conduct for the suppliers and for our personnels is already being shared within the group.'
The monitoring of legislation	1	• 'There could also be some cooperation in the monitoring of legislation, and there are all kinds of assessment models related to legislation. Aligning the practices and the instructions for the personnel might help us and bring savings.'

Question 19 deals with the preservation of the daughter's value-creating aspects:

> **Question 19:** Let us imagine that there are features of the daughter organization that should be preserved as they are, in order to maintain the ability of the daughter company to create value. **In your opinion, what would you preserve in the daughter organization and why?** Which tasks or functions would you exclude from the integration or restrict their integration?

Regarding the features of the daughter that should be preserved, according to the respondents, a total of eleven first-order concepts were discovered in the data. These were further classified into five second-order themes: 1) *the daughter's capabilities*, 2) *the daughter's organization*, 3) *the daughter's critical infrastructure*, 4) *the daughter's critical processes*, and 5) *the collection of the competitive advantage of the daughter*. The first category, the *daughter's capabilities*, includes the following five first-order concepts: *R&D, production, production management, expertise in the customers' production*, and *sales*. The second category, *the daughter's organization*, includes the first-order concepts called the *daughter's efficiency at organizing its own functions* and *the local organizational structures*. The third category, *the daughter's critical infrastructure*, only contains the first-order concept named *an ERP system that enables the competitive advantages of the company, enabling flexibility and traceability*. The fourth category, *the daughter's critical processes*, includes *procurement*, which was mentioned by two respondents, both underscoring the idea that cooperation between the daughter and the mother is possible, but a complete integration is unlikely to bring benefits, either due to the importance of procurement for the daughter or to the geographical distance between the daughter and the mother. Finally, the fifth category, *the collection of the competitive advantage of the daughter* includes two responses that underscore the unique features of the daughter's business in comparison to the mother. Table 19 further illustrates this categorization with condensed quotes of the response segments.

Table 19. Value-preserving features of the daughter.

Condensed quotes of the response segments	Aspects of the daughter that should be preserved (1st-order concepts)	Value-preserving features of the daughter (2nd-order themes)
'R&D is quite an intrinsic part of the current business. Our products are of course kind of unique, and you have to have a very complete understanding of the manufacturing, the structure, and the different rules and regulations related to our products. There is no point in developing them in Kielo's laboratory. And there is no point in us starting to develop Kielo's products here. We could think about the possibilities for cooperating in the monitoring of the legislation, for instance by having more people at a time listening to the consultants who monitor the regulations and present their work to us. It will not reduce our workload, but we could maybe save a little in the process.'	R&D	**Daughter's capabilities**
'Lilja's R&D function should be preserved, as the products are so different from Kielo's products.'	R&D	**Daughter's capabilities**
'I do not think Lilja's production could be integrated in any circumstances. There is no point in doing so.'	Production	**Daughter's capabilities**
'Well, I think it is difficult to see how the operative tasks of the production could be changed very much.'	Production	**Daughter's capabilities**
'Well, I think the production and the production processes have qualities that cannot be improved by integrating them with Kielo. So I do not believe we could integrate production, production planning, or the administration of the production in the various systems. It is so different from Kielo.'	Production	**Daughter's capabilities**
'We need to be careful with the production management who are familiar with the facilities, who know about the development of the production facilities, and so on. We must make sure that these people will stay with us.'	Production management	**Daughter's capabilities**
'Something that maybe cannot be changed or something that we need to be very careful about are the things that concern the customers' production. We cannot just send anyone to the customers; it will not work.'	Expertise in the customers' production	**Daughter's capabilities**
'Production, sales, and R&D. We already talked about production.* And concerning R&D, Kielo has nothing that compares to what we have. As far as the sales are concerned, I think the customer contacts are important. I do not think it would be impossible to integrate the sales of Kielo's [Business Area A] with their [Daughter Company W], but not with us completely; that would not kind of make sense. Our way of selling is more like selling the expertise related to the product, much more than Kielo's other units. So we need to understand how the customer is able to use our product efficiently, we need to understand what kinds of changes the customer will face in the future, and we have to react to them before they take place. So our customers have kind of outsourced this developmental work to us. And it is very important to us. We cannot afford to fail it.' (* *This respondent mentioned the preservation of production in their response to question 17, when they stated the following:* 'And then there is the production. There is nothing like Lilja's production anywhere in the Kielo group, so there must be respect for the people and for the retainment of the best people here. Not only in the production but in the development of the production, and the R&D. These are topics that must be dealt with professionally.')	• Production • Sales • R&D	**Daughter's capabilities**
'Well, if the mother company gave us the message that they would want to deepen the integration, well, I know they are satisfied with the current set-up. I do not recognize a possible situation or need for suddenly taking over all functions in the financial or general administration and moving them over to the mother's office, since at least in the beginning it would not be a very efficient way to do it. The synergies that would be extracted out of it might remain very questionable.'	The daughter's efficiency at organizing its own functions	**Daughter's organization**

'It is good to make sure that we will not reduce the local organizational structures in Lilja's units, as they are quite small units. It would be too risky.'	The local organizational structures	**Daughter's organization**
'ERP systems are usually integrated, but I think integrating the ERP would pose a very serious challenge. Lilja has an ERP and some related tools that are quite heavily tailor-made. This brings the company one of its competitive advantages, as the ERP configuration enables flexibility and traceability. But it works to a certain extent, as not all ERP systems can grow with the business. When the business grows, at some point one must consider whether the system is suitable for the growing business.'	An ERP system that brings competitive advantage, enabling flexibility and traceability	**Daughter's critical infrastructure**
'Procurement might be possible, but it is quite an important function with large transactions, so I believe we will need our own personnel for that.'	Procurement	**Daughter's critical processes**
'Procurement is a kind of question mark. Some cooperation is already being done between Lilja and Kielo, but I think buying the raw materials for the production should be done at Lilja. Kielo is quite far from it geographically, so I think it is not viable for Kielo to buy the raw materials for Lilja's production.'	Procurement (possibly)	**Daughter's critical processes**
'Well, I do not quite know what to say, I do not know if there are any such features. I think everything could basically be integrated but I do not believe that they will be integrated at this point, since there are many things that do not have a comparable counterpart in the mother company.'	In theory, the entire organization could be integrated, but it would not bring benefits at the moment, as the companies are so different.	**The collection of the competitive advantage of the daughter**
'Our business has features of its own. I would not want to change the competitive factors that, at the moment, distinguish us from many others. It is a certain kind of flexibility, professional skills, and the ability to act fast when needed. A large size usually makes a company slower. One of our strong sides is the fact that everyone in the company understands what brings money to us and why, and who we serve, and why it is important. In a larger company, it might be more difficult to see clearly why the work is being done.'	The competitive advantage of the daughter: • Flexibility • Professional skills • The ability to act fast when needed • An understanding of how the organization functions and what is important for success	**The collection of the competitive advantage of the daughter**

4.5   Summary of the key findings and the revised framework

The analysis of the data was aimed at discovering how a post-acquisition integration process could support value-maintaining and value-creating practices within the acquired company. The data was gathered at a point where integration activities between the case company and its mother had not been planned, and the daughter company enjoyed an autonomous position. Through the analysis of the interview data, the following four key findings were discovered.

First, in terms of **the internal structures of the agents**, both general-dispositional knowledge of M&As and conjuncturally-specific knowledge of this particular M&A was available in abundance. The nature of the **general-dispositional knowledge** of M&As suggests that the agents' knowledge of M&As in general concerns two levels of the organizations, the managerial level alone and the managerial level in combination with the organizational level (see the findings related to the responses to question 1). The scope of this knowledge covers three broad areas: *people*, *tasks*, and *people and tasks* in an intrinsically combined manner. With regard to the general-dispositional knowledge of M&As that is needed on the organizational level, the findings point towards a diverse collection of skills, of which *attitudinal skills* and *communication skills* received more attention than others (see the findings related to the responses to question 2).

As far as the **conjuncturally-specific internal structures** of the management are concerned, the most important aspects of the case M&A, according to the respondents, pertain to the value-creation mechanism of the M&A, including the categories of 1) *the mother's capabilities*, 2) *the managerial and operational autonomy of the daughter*, 3) *financial leverage*, 4) *supply chain arrangements*, 5) *aligning the goals of the management of both companies*, 6) *the daughter's alignment with the mother*, and 7) *the daughter's capabilities*. Together, these aspects of the M&A create value for both the daughter and the mother separately as well as immediate shared value for both companies (see the findings related to the responses to question 3). On the organizational level, the maintenance of the daughter's capabilities seems to center around actions that provide

information and *reassurance* to the personnel of the daughter company, accompanied by actions that recognize the new post-M&A *position of the daughter* and communicate this position to the personnel (see the findings related to the responses to question 4). Regarding the normative expectations of the agents, the respondents reported various roles of contributing to the cooperation between the mother and the daughter (question 5a), with an emphasis on *existing synergies on the operational level* that require *a rather high need for strategic interdependence* (the transfer of strategic capabilities) and *a moderate level of organizational autonomy* (boundary protection). An example of this type of synergy is cooperation on the level of individual functions, such as procurement or marketing. Despite this cooperation, the case M&A can be characterized as *preservative* (instead of symbiotic or absorptive), since the autonomous position of the daughter company is strong. The interview questions related to the internal structures of the agents also covered past or existing sources of contradictions or pressure. Only two topics of past or existing sources of contradictions or pressure were discovered: one relating to *a respondent's position at the crossing point of the two companies*, reported by two interviewees, and another to *an existing but unrealized synergy potential between the companies*, reported by two interviewees as well (see the findings related to the responses to question 5b). The future plans of the management point towards a rather stable short-term status of the management of the daughter, as all respondents planned to stay within their current positions, at least in the short term (see the findings related to the responses to question 5c).

The conjuncturally-specific knowledge of the M&A on the organizational level was investigated by interviewing the management. Consequently, the data concerning the organizational level reflects the conceptions of the management and may or may not be aligned with the conceptions of those that work outside the management. When asked what the organization of the daughter could do to enhance the cooperation between the companies (question 6a), the respondents suggested various activities that could be classified as *managerial/sociocultural*, *physical* and *procedural*, and directed either *towards the mother* (e.g., networking through projects, bringing forward the strengths of

the people and of the company, planning projects well), *towards the daughter* (e.g., acknowledging and responding to the mother's desire/need for information, creating incentives for bringing people closer to the mother, and being open towards new things) or *towards both companies* (e.g., maintaining trust, being active and direct in developing the companies, and both companies observing each other and learning from each other). As far as the possible sources of contradictions and pressure on the organizational level are concerned, the management speculated that the following four topics could be possible sources of concern (question 6b): *resistance to change*, *a feeling of isolation* (from the mother company), *polarization of identification* (within the daughter), and *differing interests of the two companies*. Finally, the management was asked to speculate on the possible reactions of the personnel of the daughter company in case a deeper integration was planned between the mother and the daughter (question 6c). The responses indicated that the management expected four types of reactions: *positive*, *neutral*, *negative*, and those that involve *both positive and negative tones*. What is more, the responses included *various suggestions for action* for managing the expected reactions of the personnel.

Second, the key findings concerning the **external structures of the case M&A** suggest that both the managerial and the organizational level of the daughter are affected by the presence of the mother company, and these effects vary in their nature and strength. The external structures that involved having to ask for the mother's permission or being able to do something new because of the M&A (question 7) materialized in the form of the daughter *needing the mother's approval* for financial decisions, such as investments, budgeting, and operative decisions of a certain size. These responses were interpreted as examples of creating value through financial supervision by the mother. In addition, the external structures of the mother also materialized in the form of *enabling something that would not have been possible without the mother*, such as further M&As by the daughter, the development of sustainability, new financial opportunities, or seeing other larger opportunities or next-level synergies. These responses were interpreted as creating value through enabling the daughter to grow. What is more, it was somewhat

surprising that many features of the external structures were negotiable. For instance, a representative of the mother stated that they tend to ask for and appreciate other people's views before making decisions, and a representative of the daughter reported that they had been able to negotiate over the choice of management reporting tools. These negotiable external structures were interpreted as maintaining the daughter's value by preserving the motivation of the daughter's executive board, or by ensuring the maintenance of the strategic capabilities of the daughter.

On the level of the daughter's organization, the findings suggest that the management perceives the strength of the mother's presence among the personnel of the daughter in very different ways (question 8). Most effects of the M&A on the daily work of the daughter organization were considered either *moderate* or *notable*, and the three areas that were most often mentioned were *management*, *financial department*, and *sustainability*. The effects related to increased reporting were sometimes assessed to be laborious, while the cooperation in matters concerning sustainability was seen as welcome. However, several respondents also stated that this M&A *has not caused notable effects* on the organizational level of the daughter.

Third, the findings concerning the **active agency / agents' practices of the daughter company** indicate that the agents possess a considerable number of ideas concerning a deeper cooperation between the mother and the daughter, but they are also sharply aware of the differences between the two companies and of the restrictions for cooperation that these differences pose. When asked how each respondent could personally contribute to creating the best possible type of cooperation between the management of the mother and the daughter (question 9), the respondents described various activities. Taken together, these activities can be organized sequentially to produce a plan for deeper cooperation. However, this sequence of activities was created by the author based on the responses to question 9 and does not reflect the views of the respondents. The creation of this sequence of activities serves the purpose of drawing a map of *position-practices*, which refers to the understanding of the positions of the agents in

relation to each other (see Stones, 2005, pp. 62, 94). For reasons of anonymity, the personal positioning of the agents was not analyzed in detail. It would have been possible to create several other types of maps of position-practices, based on other criteria, but the sequence of activities created on the basis of the replies to question 9 was the closest to the purposes of this study.

The findings related to the creativity, improvisation and innovation of the agents on the managerial level in the past, present, or future suggest that the management is able to critically review the relationship between the daughter and the mother and their own active agency related to this M&A. Most unplanned events or interactions between the management of the daughter and the mother had reached a closure or an agreement (question 10a). A partly unresolved issue is the approach of a new exit possibility for the minority owners of the daughter company, which in the past had caused unnecessarily strong caution in decision making. Regarding possible unplanned events in the future (question 10b), the findings suggest that possible unplanned events center around the five topics of 1) *loss of autonomy of the daughter*, 2) *loss of customers*, 3) *loss of capabilities within the daughter's management*, 4) *loss of motivation within the daughter's management*, and 5) *loss of efficiency in internal processes*. When asked about having taken a critical stance towards their own actions (question 11), the agents recounted events that were likely to develop their management skills in areas such as *intrapersonal or interpersonal skills*, *networking*, *critical thinking*, *negotiation skills*, and *delegation skills*.

The findings on active agency on the organizational level represent, again, the views of the management. In response to being asked about the best possible type of cooperation between the personnel of the two companies (question 12), four interviewees reported that a *further investigation* into the possibilities of cooperation would need to be conducted before responding to this question. However, almost all respondents had ideas of how the personnels of the two companies could possibly cooperate, starting from *organization-level actions* (such as a structured search for points of cooperation,

networking, promoting an atmosphere of trust, development and safety) and reaching further into specific *functional-level recommendations* for either *further search for co-operation on the level of functions* (such as in HR or procurement) or for *direct integration of a task* (sales within a certain business area). The findings concerning the importance of company culture and value (question 13) suggest that these topics are considered as *significant* (6 respondents) or *very significant* (2 respondents). For promoting value-based integration, the respondents suggested either *explaining the values and the goals behind them* or *discussing and evaluating the values* on the organizational level.

Questions 14a and 14b dealt with the concepts of creativity, improvisation and innovation on the organizational level. The most notable finding related to these is the recount of a respondent who described the mother's request, due to increasing raw material prices, to *increase the daughter's sales prices in the middle of a contract period*, which had not been done previously by the daughter. As far as the future is concerned, unexpected events or risks may lie ahead if the daughter is integrated with the mother *too soon* or with *insufficient information* (question 14b). In addition, the mother's request, on the level of the entire group, to save money was in opposition to the strong growth of the daughter's business. Question 15 inquired whether the management knows of a person or a group on the organizational level having taken a critical stance towards themselves. Understandably, most respondents stated that they do not have an answer.

Finally, **the possible outcomes, projected by the agents, of a possible deeper integration** were investigated from the perspective of enhancing the daughter's capabilities for value creation (questions 16 and 18) and from the perspective of maintaining the daughter's value-creating capabilities (questions 17 and 19). Even though no such integration had been planned at the moment of the study, most respondents shared their ideas of a projected outcome with great detail. With regard to the ideal management of a successfully integrated company (question 16), some respondents clearly stated that the current management should not be changed at all, as the daughter is performing well. Those that were more open to changes suggested measures such as *expanding the*

current executive board, *making use of the daughter's production management capabilities* elsewhere in the mother company group, *ensuring the drawing of knowledge, skills and resources from the mother* towards the daughter, and *involving the mother in the process of screening and choosing new people* to replace the managers that one day might want to exit the daughter's management, to name just a few. Altogether, the suggested measures were classified as either *maintaining the current capabilities* of the daughter or *managing the flow of capabilities towards the daughter or outside from it,* or in *a bi-directional flow between the daughter and the mother*. On the organizational level, most respondents (5) indicated that a *further examination* would have to be undertaken before any decisions of a deeper integration were made. In a similar way, five respondents stated that the most probable points of integration would be available in the *sales* function, possibly backed up by benefiting from the existing customer contacts. The following three areas each received three mentions: *production* (in the form of cooperation, not complete integration), *HR processes*, *logistics*, *procurement*, and *sustainability*. In addition, many other areas received individual mentions that were often clearly justified.

Questions 17 and 19 focused on aspects of the daughter company that should, according to the respondents, remain as they are. The findings reflect the side of structuration whereby the agents aim at deliberately preserving certain structures, both internal and external. With respect to the management of the daughter, the specific capabilities to be preserved concern *R&D*, *sales*, *the management of production*, and *the strategic aspects of financial management*. In addition, two respondents mentioned the *general capabilities of the management*. *The autonomy of the daughter's management* and *the motivation of the daughter's management* received two mentions each, and one person underscored *the appreciation and understanding of customers and the contacts with the customers*. The findings concerning the organization-level aspects to be maintained reflect those that were seen as worth maintaining of the managerial level, underscoring the daughter's production, R&D, and sales, as well as the identity of an autonomous company.

On the basis of these findings, the theoretical framework of the study was accommodated to include the insights provided by the analysis of the data. The revised framework is depicted in Figure 8.
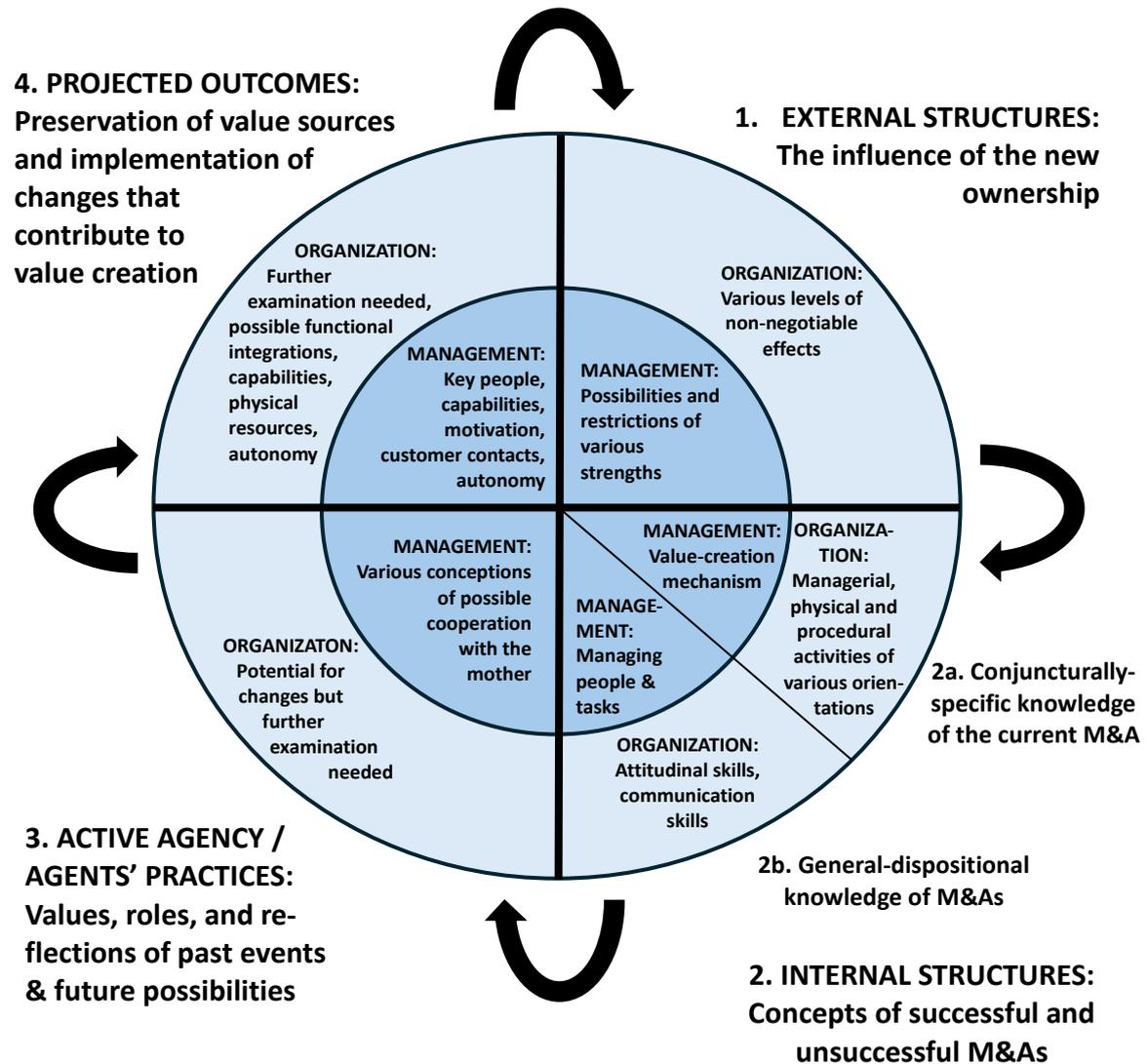

Figure 8. Strong structuration framework for maintaining and creating value in a preservative M&A, revised on the basis of the data analysis.

5 Discussion

The study will be concluded in this chapter, which consists of the following sections: theoretical contribution (5.1), managerial implications (5.2), limitations (5.3) and suggestions for further research (5.4).

5.1 Theoretical contribution

This study contributes to existing literature in three ways. First, the study contributes to **the understanding of M&A as a process**, which has been the topic of insistent calls for further research over the past decades, starting from Jemison and Sitkin (1986a) and continuing through Haspeslagh and Jemison (1991) and Pablo et al. (1996) until Friedman et al. (2016). For instance, according to Friedman et al. (2016, p. 2360), "M&A researchers and practitioners should adopt a more holistic view of the factors contributing to M&A failure and devote more attention to the processual and behavioral aspects of M&As". The present study has responded to such calls by studying the processual aspect of the post-acquisition stage of an M&A that has been successful. This study did not thus measure the financial gains of the M&A but aimed at discovering how the financial benefits of an M&A can be achieved.

The second contribution of the present study to the existing literature has been made within the research on **the integration stage of the M&A process**. Several earlier findings regarding the integration stage have been confirmed in this study, including 1) the foundational characteristics of a preservative type of acquisition, 2) the mechanisms of value creation in a preservative acquisition, and 3) the important role of the acquired company in contributing to the success of the M&A.

With reference to *preservative acquisitions and their typical mechanisms of value creation*, this study confirms many of the claims originally put forward by Haspeslagh and Jemison (1991) in their seminal work on integration types. Of special interest here is the concept of value, which, according to Haspeslagh and Jemison (1991), is maintained and

created according to specific principles in preservative integrations. This study has confirmed that a great deal of the value of a preservative integration emerges out of the combination of a high need for organizational autonomy and a low need for strategic interdependence. The high need for organizational autonomy of the case company was visible in many of the interview responses that mentioned the autonomous nature of the daughter company. On the other hand, the need for strategic interdependence of the daughter was moderate, as the responses to question 3 indicate. On the basis of these responses, concerning the most important aspects of the case M&A, a system of value creation could be suggested where supply chain arrangements and the alignment of the management goals of both companies brought immediate shared value for both companies. However, the number and intensity of the existing type of cooperation was relatively moderate, which is why the integration type of the case company can be confirmed to be preservative, not symbiotic. (The symbiotic type combines a high need for organizational autonomy with a high need for strategic interdependence). The respondents also stated, on many occasions, that an integration (in the traditional sense of the word, meaning an absorption integration) had not been planned and would not be implemented. Some of the respondents were open to more cooperation between the mother and the daughter, while others considered the present level of cooperation optimal. Nevertheless, the present study confirms two of the value-creation strategies of preservative integrations suggested by Haspeslagh and Jemison (1991, pp. 215–217): *continued boundary protection* and *nurturing to accelerate business development*. Of special interest here is the fact that the findings of this study suggest an active awareness and utilization of the value-creating capabilities of the daughter company among the managers of the daughter. This study is not able to confirm or deny the presence of the other two strategies of value creation in preservative integrations (Haspeslagh & Jemison, 1991, pp. 217–221), *accumulating business learning* and *organizational championing*, as investigating them would have required more extensive data gathering within the mother company.

This study also adds to the present understanding of integration typologies. Angwin and Meadows (2015, p. 249), after confirming the existence of three of the integration typologies suggested by Haspeslagh and Jemison (1991) and after suggesting the addition of two new ones, made a call for subsequent research on integration typologies. Angwin and Meadows (2015, p. 249) suggested further research into the performance of the five integration strategies, the mobility barriers between them, and on the nature of the acquiring companies. The present study, lacking quantitative analyses of performance, cannot make claims of the success of the preservative integration strategy over other types. However, the successful nature of the preservation acquisition is evident in the data of this study, and it is being actively safeguarded by the entire ownership of the daughter company. As such, it is an example of a successful case of preservation integration and contributes to the stream of exploratory research concerning integration typologies.

A further contribution to integration research is the emphasis on *the perspective and the active role of the management of the daughter company* in creating value for the M&A. This study confirms many of the claims made by Graebner (2004, p. 774), whose work is among the few studies concentrating on the role of the acquired company. Graebner's (2004) findings cannot be directly compared to the context of a preservative M&A of the present study, as the mobilizing and mitigating actions discovered by Graebner (2004) tend to focus on deepening the interaction between the acquired and the acquiring company, whereas preservative acquisitions need to protect the boundary between the two companies. However, the fact that the data of the present study included the acquired managers' suggestions for further cooperation with the mother signifies the presence of actions that can be likened to Graebner's (2004, p. 760) idea of *mobilizing actions*. The present study also confirms the presence of *mitigating actions*, or "activities that resolved complaints or addressed concerns of acquired personnel" (Graebner, 2004, p. 765), aimed at helping to minimize turnover and disruptions to productivity (and thus maintaining the realization of the expected value of the acquisition). This type of activity was evident in the responses to interview question 1, where the respondents were asked about the most important aspects of any M&A (their general-dispositional knowledge of

a successful M&A). The respondents mentioned the importance of matters such as building trust, engaging in communication directed at reducing uncertainty, maintaining key people and employees, and creating a spirit of integration. As far as the realization of serendipitous (unexpected yet significant) value (Graebner, 2004) is concerned, the present study did not find many instances of it, but the high need for organizational autonomy might explain their scarcity. If further cooperation between the case company and its mother is planned and implemented, the existence of instances of serendipitous value is likely to increase. All in all, both the present study and the findings of Graebner (2004) emphasize the importance of the active role of the acquired company in creating value for the M&A.

Finally, in terms of methodology, the present study **contributes to the praxis school of SAP research by applying the _Strong Structuration Theory_ by Stones (2005)** in analyzing the structuration processes of value maintenance and value creation. This methodological choice has important implications for the claims of micro-isolationism (Elbasha & Wright, 2017; Seidl & Whittington, 2014; Vaara & Whittington, 2012) within the SAP school of research. Throughout its history, Strategy-as-Practice has been accused of micro-isolationism, or interpreting empirical evidence "wholly in terms of what is evidently present, cut off from the larger phenomena that make it possible" (Seidl & Whittington, 2014, p. 1408). Within strategic management, the problem of micro-isolationism has previously been approached in various ways. Jarzabkowski (2008) combined the Giddesian structuration theory (Giddens, 1984) with the work of Barley and Tolbert (1997). Kohtamäki et al. (2022, p. 221) suggested the adoption of _practice-driven institutionalism_. Such solutions are needed to bridge the micro with the macro, but what is required is a mechanism that demonstrates the interplay of the two levels. A methodological bracketing into an institutional realm and into an action realm will often fail to explain the logic of structuration and the duality of structure. According to Stones (2005), this is a shortcoming that appears even in the works of Giddens himself. The crucial bridge between social structures and the agent's choices lies at the intersection of external

structures and internal structures, and this is something that earlier literature within strategic management has not taken into account sufficiently.

The present study shows how external social structures find their way into the active choices of individual agents, and how the choices of individual agents create external social structures. The external structures discovered in this study include the autonomous status of the daughter company, the power that the mother has over the daughter (e.g., in matters concerning reporting and sustainability), and the position-practices of the agents, which were only investigated from the perspective of a hypothetical deeper cooperation between the mother and the daughter. Both the daughter and the mother seem to prefer negotiation over the decisions of the board of directors in cases where the interests of the companies differ, but both companies know that board decisions are an external structure that constrains the decision-making power of the daughter. On the other hand, the abundant support of the mother company towards the success of the executive board of the daughter is also a tangible external structure. The internal structures of the agents include their conceptions of earlier M&As that they have internalized on the basis of their earlier professional experience, either as observers or actors of earlier M&As. This would constitute the general-dispositional knowledge of the agents. With regard to conjuncturally-specific knowledge, or the knowledge of this particular M&A, the responses of the agents were combined to form the value-creation system of the case M&A. This study also collected data on how the management of the daughter views the external and internal structures of the agents on the organizational level, as that information is important from the perspective of dynamic models of intergration (Kroon et al., 2022). Thus, this study contributes to our understanding of how the duality of structure functions within the recurring cycles of structuration, demonstrating the interplay of the micro and the macro levels.

As far as the agents' active agency is concerned, the nature of the study was exploratory, which means that it was conducted prior to any decisions to change the present relationship of the daughter and the mother. The findings showed that for the near future,

the continuation of the independent status of the daughter was the most likely scenario. Despite this, when asked about the possibilities of protecting and enhancing the value of the daughter, the respondents replied with a wide array of possibilities for further cooperation. Some respondents stated that no changes to the status quo were needed, whereas others were ready for more cooperation between the mother and the daughter or even direct integration of parts of the sales functions. Thus, the independent status of the daughter is an existing social structure, but the representatives of both companies are aware that under certain circumstances in the future, the representatives of the mother company have the possibility to change this situation. What determines the continuation or change of the status quo was also reflected in the findings, with the presence of the daughter's key people and their capabilities playing a larger role than, say, the daughter's financial performance, which might be more decisive in another type of M&A. Thus, the concepts of external structures and individual or collective agency are closely intertwined, and this study managed to give insights into the interplay of those two within the context of a preservative M&A.

Finally, the revised theoretical framework (the strong structurational model of a preservative M&A), suggested on the basis of the findings, combines social theory with the models of the integration stage of M&As (Kroon et al., 2022; Steigenberger, 2017). So far, earlier research (e.g. Kroon et al., 2022; Steigenberger, 2017) has suggested that integration results are the function of contextual factors, intentions, "hard" and "soft" integration measures, intergroup interactions (or other actions that take place on the organizational level), and various types of outcomes. The present study confirms and deepens this idea of how value is created in the post-acquisition stage of an M&A. Moreover, with the methodological bracketing of Strong Structuration Theory (Stones, 2005) between the agent's context analysis and the agent's conduct analysis, this study avoids the danger of micro-isolationism that has tended to appear in earlier SAP research (Elbasha & Wright, 2017; Seidl & Whittington, 2014; Vaara & Whittington, 2012).

5.2   Managerial implications

The purpose of all M&As is to bring increased value to the acquiring company. Such increased value, regardless of the way in which it is measured, must ultimately be visible in the financial performance of the mother company. Earlier M&A research indicates not only that M&A success is not always easily available but also that the integration stage is one of the most crucial aspects of a successful M&A. What is more, a *preservative* type of M&A differs from other types (*absorption*, *symbiosis*, *intensive care*, *re-orientation*) in the mechanisms through which value is created (Angwin & Meadows, 2015; Haspeslagh & Jemison, 1991). This study, having concentrated on the value-creation mechanisms of a preservative M&A, offers the following four implications for practicing managers.

First, managers dealing with M&As might benefit from **understanding the difference between strategic interdependence and organizational autonomy**, the two factors introduced by Haspeslagh and Jemison (1991) and confirmed by Angwin and Meadows (2015) that determine how value is created in different types of M&As. When deciding over what aspects of a company to integrate and when and how, the concepts of strategic interdependence and organizational autonomy help managers to make decisions that steer the M&A towards the intended type of value creation and possibly save them from expensive mistakes. To take an example, speedy integration might be beneficial both in an absorptive type and in an intensive care type of M&A, as a quick takeover might save a poorly performing daughter company from experiencing further financial losses. However, a quickly implemented integration is likely to be detrimental for a preservative or symbiotic M&A, as paying attention to the high speed of the changes might distract attention from the high need for organizational autonomy that is the cornerstone of both preservative and symbiotic types of M&As.

Second, the findings of this study suggest that **the focus of preservative M&As should be on the protection and increasing of the value of the daughter company**. In line with the findings of Haspeslagh and Jemison (1991), the findings of this study imply that the strategic capabilities of a daughter company are a crucial aspect of the daughter's value,

and the management of both the daughter and the mother should be aware of what those capabilities are and how they can be protected and nurtured. The case company of this study is a prime example of a situation where such active awareness and protection are present.

Third, if any deeper strategic interdependence or other cooperation is planned or implemented between a mother company and its preservation-type or independent daughter, **the transfer of strategic capabilities should be well planned and executed with precision**. It is also beneficial to be aware of which type of cooperation is strategic, and which is not. As the findings of this study suggest, the transfer of capabilities is possible, to some degree, even in preservative M&As. The case company had greatly benefited from cooperation with the mother's expertise in matters related to the supply chain and to sustainability. In addition, the combination benefits offered by the M&A enabled the case company to enjoy the increased purchasing power over financial institutions, and it even enabled a further M&A, in which the case company acquired another one. What is more, the sincere support of the representatives of the mother company towards the daughter's management apparently enabled the daughter to experience a sense of autonomy and agency. It might be a matter of degree when the transfer of strategic capabilities renders a preservative M&A symbiotic. The findings of this study show that the respondents were careful in assessing the benefits of a possible deeper cooperation, and many stated that further investigations would be needed before anything was done. Thus, in the process of planning and executing cooperation between a daughter and a mother, it is good to be aware of the nature and effects of any cooperative actions.

Finally, **everyone involved in M&As might benefit from being aware of the "soft" or human side of integrations**. Recent research (Graebner et al., 2017; Kroon et al., 2022; Steigenberger, 2017) and the findings of this study suggest that topics such as identity, trust, motivation, and the feeling of safety (created through informing and reassuring the personnel) are important topics for practicing managers. In this study, these topics were referred to in the responses to various interview questions. As one respondent to

question 1 expressed it, it is the people who complete the tasks. The findings of this study also suggest that although deemed important, the human side might not always be systematically addressed in the best way possible. It is thus worth considering the recent literature on the "soft" side of integration and, on the basis of it, planning the various human aspects of M&As in the same way that the strategic or structural aspects are being planned. To take an example from a structuration viewpoint, the concept of institutional trust (the trust that members have in their organization) introduced by Maguire and Phillips (2008) might be located at an interesting intersection between the external structures of an M&A and the internal structures of its agents. If we take the view suggested by Stahl et al. (2011) and confirmed by three respondents in the present study that trust is essential in integrations, the processes regarding the emergence and maintenance of trust should not be ignored or left to happen by chance. This advice applies equally to other "soft" aspects of integration, which have already been investigated to a considerable extent in the strategic management literature.

5.3 Limitations

The findings of the study should be considered with caution due to several factors that limit the quality of the study. At least three of these limiting factors are caused by the restricted scope of the study, and at least one is caused by the pursuit of anonymity requested by the case company. The scope of the study posed the following three restrictions. First, data was only gathered on the managerial level and thus, any claims concerning the organizational level were made by the managerial level. Although the credibility of these claims can be considered extremely high due to the professional status of the respondents of the case company, interviewing a representative sample of the personnel of the daughter company would have given a more precise understanding of the views on the organizational level.

Second, the time perspective of the study was relatively short, as all interview data was gathered within a time frame of a few months. Thus, it was not possible to gather longitudinal data, which would have given a more versatile insight into the structuration

process at hand. Collecting data at a later point, e.g. after the next possible exit possibility of the management might have given new insights, especially if at that point the exit possibility had been used by one or some of the existing managers. The present study therefore only offers a cross-section of the current situation, in which the status of the independent daughter company seems rather stable.

Third, including a larger number of case companies in the analysis would have enabled the comparison of different preservative integrations. Through such comparisons, it might have been possible to pinpoint the features of preservative integrations that are shared by several preservative M&As and those that are case-specific. To take an example, the importance of production management capabilities was deemed valuable for the daughter company within the current case M&A. It would have been interesting to compare daughter companies where the critical capabilities are different, and to investigate how the nature of these capabilities, as well as their presence or absence within the mother corporation, affect the daughter's position of value creation within the mother.

Finally, the request of the case company to remain anonymous restricted the scope of the agents' context analysis in terms of drawing the position-practice map of the respondents and in terms of using secondary data. As Stones (2005, p. 124) suggests, the context analysis and especially the analysis of the position-practices of the agents involves, among other things, the researcher's interpretation of the agents' positioning among each other. Without the need to sustain anonymity, the current position-practices of the respondents could have been reported visually, showing the relations of power and network status of the respondents. Instead of this, the current study only sketched a possible temporal sequence for the (anonymous) roles of the respondents within the imaginary scenario of a deeper cooperation between the daughter and the mother. Regarding secondary data, direct references to the daughter's financial performance would have given an interesting perspective to the study. Moreover, without the need to remain anonymous, a longitudinal view of the financial performance of the

daughter would have been possible and useful, since financial performance is the best measure for the objective value that a daughter produces to its mother.

5.4   Suggestions for future research

Based on the findings, two types of further research will be recommended. First, the limitations of the present study could be addressed and overcome in a larger-scale study concentrating on the same type of research question. Second, further research that makes use of the Strong Structuration Theory is called for at least within the field of strategic management. (For a treatment of how to bring back into sociology an epistemology that translates ontological concepts info strong and defensible empirical accounts, see Stones, 2017.)

As described above in section 5.3, the present study is limited in its scope. Therefore, a more comprehensive picture of the value preservation and value creation of preservative integrations could be accomplished by collecting a larger sample of interview data, encompassing both the managerial and the organizational level and stretching over a longer period of time. Comparisons across different types of preservative integration settings would be welcome as well. In addition, the financial effects of preservative M&A interventions directed at a daughter company could be investigated. All in all, the research question of the present study could be further studied by collecting different data and using different methods.

What is more, the principles of structuration in general and the ideas of the STT in particular could be taken more seriously within strategic management. Kennedy et al. (2021, p. 433) explain the importance of understanding the role of structuration in explaining the functioning of organizations:

> Much of the research on organisational outcomes is theorized in terms of either the decisions and actions of (rational) managers, or in terms of institutional and contextual factors that constrain and shape managers. This dichotomous framing of agents or structures is reflective of differing ontological positions with respect to the recursive nature of agent–structure interactions (Archer,

1995; Bhaskar, 1975; Giddens, 1979, 1984), differing emphasis on the constraining role of institutions (Jackson & Deeg, 2008), and the under socialisation of strategy (Golsorkhi et al., 2010). Examples of the dichotomous framing of theory are widespread, including for example, agency or structure (Cardinale, 2018), strategy making or social forces (Vaara & Whittington, 2012), individuals or processes (Lamb et al., 2011), and entrepreneurs or opportunities (Sarason et al., 2006). This bifurcation underpinning management and organisational theory is recognized as limiting, with calls for greater recognition of the role of context in management research (Johns, 2006), the development of more "contextualised knowledge" (Tsui, 2004), and more nuanced approaches to understanding "how institutions influence and shape" firms (Aguilera & Grøgaard, 2019, p.21). More ambitiously, some scholars have called for research to explore the interdependence, coexistence and co-evolution of managers and their context, and how this interdependence influences managerial and firm behaviours and outcomes (Cardinale, 2018; Contractor et al., 2019; Stones, 2005). (Kennedy et al., 2021, p. 433)

Thus, understanding the principles of structuration might help organizations overcome the "dichotomous framing of theory" described above. (For criticism of the structuration theory within sociology, see Sharrock, 2010.) While Giddens (1984) managed to overcome the structure-agent debate on the level of abstract theorization, it was the work of Stones (2005) that made available the empirical application of structuration theory in diverse fields of study.

As Kennedy et al. (2021, p. 441) suggest, the interwoven nature of the quadripartite framework by Stones (2005) prevents us from fully separating context analysis from conduct analysis or conduct from context. Thus, STT "overcomes the dichotomous framing of structure and agency which has been dominant within the management domain" (Kennedy et al., 2021, p. 441). A timely example of a strategic management issue that could benefit from further strong-structuration-theoretical research is a process view into the inconsistent success rates of M&As, but there are certainly many other areas of strategic management where STT could bring new insights.

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Appendices

Appendix 1. Interview questions

Part A: General conceptions of integrations

Question 1: If you think of **M&As in general** (and not the specific one between these two companies), which ones are, in your opinion, **the most important aspects** that need to be taken into consideration in the integration process between any two companies?

Question 2: If you think of **M&As in general** (and not the specific one between these two companies), which ones are, in your opinion, **the most important skills** that the **personnels** of merging companies need during the integration process of any two companies?

Part B: Case-specific conceptions of an integration

Question 3: What are **the most important aspects within this particular M&A** that you have either thought about, heard of, or talked about, or already witnessed? You can think of both changing something or maintaining something within the daughter company.

Question 4: What do you believe to be **the most important aspects** of the the integration of these two companies **from the perspective of the personnel**? What will they turn their attention to in this M&A process? You can think of both structural/strategic aspects or 'soft' leadership or human aspects.

Question 5a: What are **your responsibilities in the present M&A**? How do you support the cooperation between the parent and the daughter company? You can think of both structural/strategic aspects or "soft" leadership or human aspects.

Question 5b: Do you experience **internal contradictions or external pressure** related to these responsibilities? Do you think that you are expected to act differently than you would like to, either because of your own opinions or because of contradicting expectations that you might experience from two or more different directions?

Question 5c: How do you see **your future** in this company? What are your long-term plans for your career?

Question 6a: What should **the entire organization of the daughter company** do to enhance the cooperation between these two companies?

Question 6b: Do you think that members of the daughter company might experience **internal contradictions or external pressure** related to their responsibilities in the integration? Do you think that they might be expected to act differently than they would like to, either because of their own opinions or because of contradicting expectations that they might experience from two or more different directions?

Question 6c: If these two companies were integrated more deeply, how do you think it would affect **the behavior of the personnel of the daughter company**? Which changes might lead to positive reactions and which ones to more negative reactions?

Part C: The institutional structures of integrations (independent of the individual)

Question 7 for representatives of the daughter company: Which decisions **in your position** require permission from the mother company? And what kinds of decisions has the existence of the mother company enabled within your position (compared to the situation when there was no mother company)?

Question 7 for representatives of the mother company: Which decisions **in your position** regarding the daughter company require permission from other representatives of your company? And what kinds of decisions regarding the daughter company are you able to make independently?

Question 8: How has this M&A affected the daily work of **the personnel of the daughter company**?

Part D: Active agency / Practices

Question 9: If **the best possible type of cooperation between the management of these two companies** was the goal, what would be **your personal role** in it? What would you do and how, and what would restrain your scope of action within your position? You can think of both maintaining something or changing something, and you can think of both strategic/structural aspects and 'soft' leadership or human aspects.

Question 10a: Could you tell us about **managerial interactions or events** during this M&A when things did not go as planned. What happened and why?

Question 10b: What kind of **unexpected or unplanned interactions or events** do you expect in the future **between the management of the two companies**? You can also think of e.g. changes in the management of the daughter company.

Question 11: Have there been moments or events during the cooperation between the mother and daughter companies when you have taken **a critical stance towards your**

own thinking and your actions? Please tell us about these moments and about how your criticism towards yourself changed the way you thought about this M&A.

Question 12: If **the best possible type of cooperation between the personnel of these two companies was the goal**, how would the cooperation look like? **What would be done together and how, and what would restrain the scope of action of the organizations?** You can think of both maintaining something or changing something, and you can think of both strategic/structural aspects and "soft" leadership or human aspects.

Question 13: How do you see the significance of **the company culture and values** in creating a successful integration? What would you do to contribute to a value-based integration?

Question 14a: Please tell us about **organization-level changes or events** related to this M&A when things did not go as planned. What happened and why?

Question 14b: On the **organizational level**, what kind of **unexpected events or risks** do you expect in the future during the cooperation between the two companies? You can think of both maintaining something or changing something, and you can think of both strategic/structural aspects and "soft" leadership or human aspects.

Question 15: Have there been moments or events during the cooperation between the mother and daughter companies when **an individual or a group** (outside the management of either of the companies) has taken **a critical stance towards their own thinking and their actions**? Please tell us about these moments or your impressions of what took place.

Part E: Final results (intentional/unintentional & change/preservation)

Question 16: Let us imagine a situation in which the cooperation between the parent and the daughter is deeper than it is now, in order to strengthen the value-creation capability of the daughter. **How would the management of such a successfully integrated company look like? How could the management of the daughter company be supported or changed?** At this point, please think of changes more than preserving something.

Question 17: Let us imagine that there are aspects in the management of the daughter company that should be preserved as they are in order to maintain the ability of the daughter company to create value. In your opinion, **what should remain unchanged in the management of the daughter company**?

Question 18: Let us imagine a situation in which the cooperation between the parent and the daughter is deeper than it is now, in order to strengthen the value-creation

capability of the daughter. **How far would you take the integration between these two companies?** Which tasks or functions would you like to have integrated and why? At this point, please think of changes more than preserving something.

Question 19: Let us imagine that there are features of the daughter organization that should be preserved as they are, in order to maintain the ability of the daughter company to create value. **In your opinion, what would you preserve in the daughter organization and why?** Which tasks or functions would you exclude from the integration or restrict their integration?