

**UNIVERSITY OF VAASA**  
**FACULTY OF BUSINESS STUDIES**  
**DEPARTMENT OF MARKETING**

Guido Marco Brusaferrò

**Managing post-acquisition integration: Cases of Italian firms acquiring in the  
USA, UK and France.**

Master's Thesis in  
International Business

**VAASA 2016**

# Table of contents

## LIST OF FIGURES

## LIST OF TABLES

## ABSTRACT

<b>1. Introduction .....</b>	<b>11</b>
1.1 Background of the study .....	11
1.2 Research gap .....	15
1.3 Research question and objectives .....	17
1.4 Delimitations of the study .....	19
1.5 Theoretical key concepts .....	20
1.6 Structure of the study .....	22
<b>2. Theoretical settings of the thesis .....</b>	<b>24</b>
2.1 Mergers and Acquisitions as a strategic choice .....	24
2.1.1 Types of M&A .....	25
2.1.2 M&A motives .....	26
2.1.3 Target choice .....	30
2.2 Post-acquisition integration .....	32
2.2.1 Integration approach .....	33
2.2.2 Focus of integration .....	35
2.2.3 Level of integration .....	37
2.2.4 Speed of integration.....	39
2.2.5 Socio-cultural and organizational integration.....	40
2.3 Acquisition performance and the role of culture and integration .....	43
2.3.1 M&A performance .....	45
2.3.2 Performance measurements.....	46
2.3.3 Impact of cultural differences on integration performance .....	48
2.4 Framework of the study .....	51
<b>3. Research Methodology.....</b>	<b>53</b>
3.1 Research philosophy and approach.....	54
3.2 Research design .....	55



3.3	Data collection and sample .....	58
3.4	Type of interview .....	61
3.5	Reliability and validity.....	62
<b>4.</b>	<b>Results and analysis .....</b>	<b>65</b>
4.1	Case A.....	65
4.1.1	Acquisition background and motives .....	65
4.1.2	Integration process.....	67
4.1.3	Performance evaluation and cultural issues.....	70
4.2	Case B .....	74
4.2.1	Acquisition background and motives .....	74
4.2.2	Integration process.....	75
4.2.3	Performance evaluation and cultural issues.....	77
4.3	Case C .....	81
4.3.1	Acquisition background and motives .....	81
4.3.2	Integration process.....	82
4.3.3	Performance evaluation and cultural issues.....	85
<b>5.</b>	<b>Summary and implications.....</b>	<b>88</b>
5.1	Summary of empirical findings .....	88
5.2	Theoretical contributions .....	92
5.3	Managerial implications .....	94
5.4	Limitations and further suggestions.....	95
	<b>List of references.....</b>	<b>96</b>
	<b>APPENDIX 1 – LIST OF QUESTIONS FOR THE INTERVIEW .....</b>	<b>115</b>



## LIST OF FIGURES

<b>Figure 1.</b> Foreign Direct Investment Outflows in Italy from 2004 to 2013 (OECD Statistics).....	8
<b>Figure 2.</b> Outward Italian M&A in 2014: completed cross-border transactions (KPMG Corporate Finance).....	8
<b>Figure 3.</b> Three main stages of the acquisition (based on Gomes et al., 2013).....	15
<b>Figure 4.</b> Structure of the study.....	19
<b>Figure 5.</b> Integration approaches (based on Ellis and Lamont, 2004).....	30
<b>Figure 6.</b> Spectrum of integration (Pitkethly et al., 2003: 33).....	33
<b>Figure 7.</b> Framework of the study.....	48
<b>Figure 8.</b> The research onion of this study (based on Saunders, Lewis and Thornhill, 2009).....	49
<b>Figure 9.</b> Case A: overview timeline of the integration process.....	66
<b>Figure 10.</b> Case B: overview timeline of the integration process.....	73
<b>Figure 11.</b> Case C: overview timeline of the integration process.....	80



**LIST OF TABLES**

<b>Table 1.</b> Main theoretical concepts.....	19
<b>Table 2.</b> Overview of M&A motives (based on Shimizu et al. 2004).....	27
<b>Table 3.</b> Summary of the sample.....	58
<b>Table 4.</b> Case A: Summary of the main findings.....	71
<b>Table 5.</b> Case B: Summary of the main findings.....	78
<b>Table 6.</b> Case C: Summary of the main findings.....	85



---

**UNIVERSITY OF VAASA****Faculty of Business Studies**

<b>Author of the Thesis:</b>	Guido Marco Brusafarro	
<b>Topic of the Thesis:</b>	Managing post-acquisition integration: Cases of Italian firms acquiring in the USA, UK and France.	
<b>Name of the Supervisor:</b>	Dr. Jorma Larimo	
<b>Degree:</b>	Master's Degree in International Business	
<b>Master's Program:</b>	International Business	
<b>Year of Entering the University:</b>	2014	
<b>Year of Completing the Thesis:</b>	2016	<b>Pages:</b> 117

---

**ABSTRACT**

Companies that undertake cross-border acquisitions have to face several managerial challenges and achieving success has proven to be a very complex task. An effective management of these transactions can lead companies to gain access to new markets, acquire strategic assets, as well as to improve portfolio diversification and increase efficiency. One of the most challenging phases of the acquisition process is the post-acquisition integration (PMI), which involves a variety of activities that consist in managing organizational operations and resources, in order to achieve a set of organizational goals. This thesis reviews the extant literature by providing fundamental concepts of mergers and acquisitions (M&A), putting a special emphasis on the motives that drives the choice of resorting to acquisition. The core theme of the study is analysed under several dimensions, such as integration approach, focus, level and speed of integration. Moreover, socio-cultural and organizational integration are investigated with the aim of including critical human and cultural aspects. Accordingly, the role of culture in the integration and the impact of integration performance on the overall acquisition outcomes is studied. Empirical evidences are collected through three semi-structured interviews with managers of the acquiring firms who played a crucial role in the integration process. In particular, the selected empirical cases show Italian firms acquiring in the USA, UK and France, which are the top three target countries in the outward Italian M&A market. Findings shed light on the integration strategies Italian firms choose to implement, how challenges during the process are managed, as well as how managers evaluate the performance and perceive cultural differences.

---

**KEYWORDS:** Cross-border acquisition, post-acquisition integration, integration performance, cultural differences, Italy, USA, UK, France.



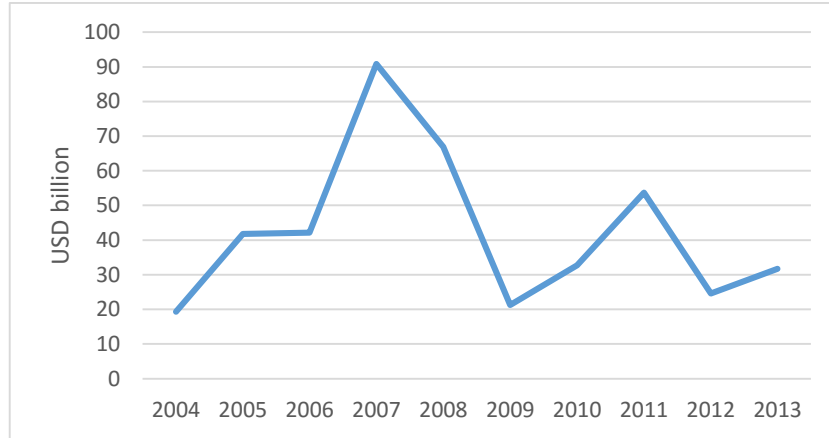
## **1. Introduction**

The aim of this chapter is to introduce the topic of the study by providing relevant information about actual data and trends and illustrating existing research in the field. Thereby, the background of the study and the research gap are pointed out. Accordingly, the research question is formulated and the objectives of the thesis are set in order to address the reader in the analysis. Subsequently, limitations of the study are discussed with the aim of specifying the area of research. Finally, a list of important definitions is provided in order to facilitate the understanding and the structure of the thesis is presented.

### **1.1 Background of the study**

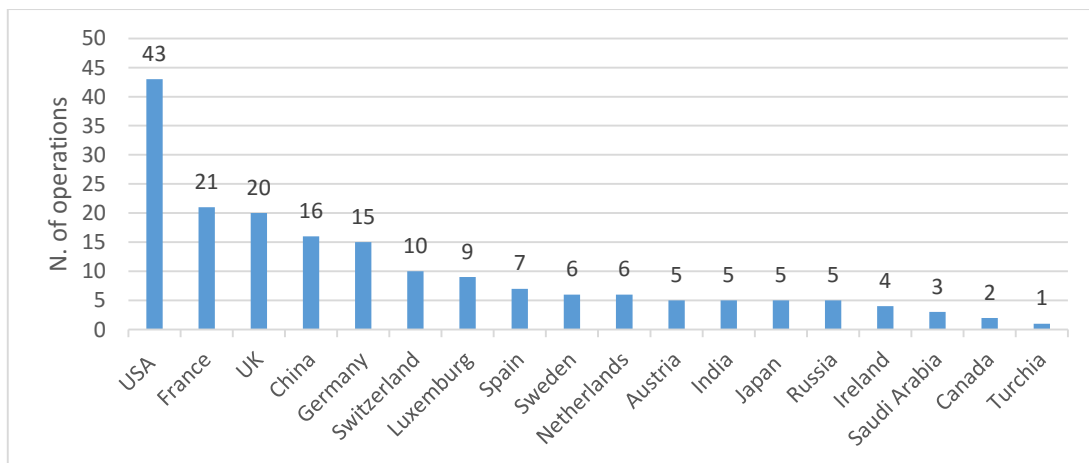
Cross-border merger and acquisition (M&A) have become largely popular strategy for firms to enter foreign markets. In the past three decades, an increasing amount of cross-border M&A operations have occurred, which can be partially explained by industry consolidation, privatization, and the liberalization of economies (Boateng, Wang and Yang, 2008). These trends can be observed in existing data reports, such as UNCTAD. In particular, UNCTAD global statistics (2015) show that, after two consecutive years of decline, M&A activity resumed growth in 2014; in value terms, cross-border M&As increased by 28% over 2013, achieving almost \$400 billion. Then, the gross value of cross-border M&A deals hit \$900 billion in 2014, which is a striking amount considering that the average over the period from 2010 to 2014 was \$775 billion. This study pays particular attention to the manufacturing sector that appears to represent the 77% in the gross value of cross-border M&As.

As regards to Italian FDI, OECD Statistics reported that the net outflows (% of GDP) in Italy was 1.33 in 2013. The highest value over the past twelve years was 4.18 in 2007, while the lowest value was 0.70 in 2012. Furthermore, Figure 1 illustrates Italian FDI outflows from 2004 to 2013 in USD billion value terms.



**Figure 1.** Foreign Direct Investment Outflows in Italy from 2004 to 2013 (OECD Statistics)

According to KPMG's M&As report (2014), after the 2012 interlude, when domestic activities dominated the Italian market, cross-border M&A deals experienced a rigorous growth in 2014, both considering foreign transactions in Italy and Italian acquisition abroad. This phenomenon contributed 80% of the total value of the market, even though there were still a supremacy of foreign transaction in Italy, compared to Italian acquisition abroad. Moreover, based on KPMG analysis by macro-sectors, manufacturing sector was the fourth one in terms of volumes, experiencing a 20% decrease compared to 2013, at the same time, it contributed 11% to the total volume. Finally, the USA, France and UK, the target countries under investigation in this study, are respectively confirmed to be the first three target countries for Italian firms totalizing 84 M&A operations in 2014.



**Figure 2.** Outward Italian M&A in 2014: completed cross-border transactions (KPMG Corporate Finance)

Throughout the acquisition process, companies have to cope with several interdependent tasks, starting from preliminary evaluation of the target market, through analysis of the strategic (Cartwright and Schoenberg, 2006; Chatterjee, 2009) and organizational (Haspeslagh and Jemison, 1991; Birkinshaw et al., 2000; Halebian, Kim and Rajagopalan, 2006) fit among the two firms, up to the complexities of managing, coordinating and executing the post-acquisition integration process (Jemison and Sitkin, 1986; Shanley, 1994).

Given the extent of such a topic, M&A have been largely discussed in the literature and many disciplines have been involved. Several scholars have contributed by employing different perspectives and focusing on various related topics, such as national culture difference, government policy, business operations or market characteristics. Finance scholars have mainly analysed the value-creation issue, investigating whether acquisitions are actually generating wealth; however, evidences have reported mixed findings. Whereas, strategic management research has attempted to identify strategic and process factors that influence the performance among individual acquisitions. In particular, the “strategic fit” literature has studied the relation between performance and strategic characteristics of the combining firms (King et al., 2004; Seth, 1990). More extended perspectives have led to deeper insights into value creation mechanisms within acquisitions build on knowledge transfer (e.g. Ahuja and Katila, 2001) or resource sharing (e.g. Capron and Piste, 2002). Nonetheless, M&A underperformance cannot be sufficiently explained by the goodness of the strategic fit, indeed, the integration process has a critical role.

In this regard, when scholars have attempted to identify the determinants of success of M&As, most of their findings emphasized the important role of the choice of integration strategy of the firm entering in the new market, which has been found to be essential to the success of cross-border mergers and acquisitions. Inappropriate decision-making, negotiation and integration processes may lead to unexpected acquisition outcomes. Significant contribution in this specific field has been given by Cartwright and Cooper (1996) and Haspeslagh and Jemison (1991) by providing contingency frameworks for the form of post-acquisition integration; furthermore, findings related to how various integration approaches may influence the final acquisition outcome have been provided by Child, Pitkethy and Faulkner (1999) and Schweiger and Very (2003). Further works

from this perspective have developed the understanding of how organizations learn from previous acquisition experiences (Haleblian and Finkelstein, 1999; Hayward, 2002). Last two decades have seen an emergent field of enquiry which involves cultural dynamics of M&As and behavioural and emotional reaction of the employees involved. Within this literature, many issues related to organizational fit have been analysed (Stahl and Sitkin, 2005). In this regard, foreign acquisitions need a *double-layered acculturation*, which implies the integration of both different organizational cultures and two national cultures (Barkem, Bell and Pennings, 1996). Therefore, increasing amounts of studies that have employed a cultural perspective have occurred in the last decades (e.g. Cartwright and McCarthy, 2005).

The purpose of this thesis is to investigate how Italian firms manage the post-acquisition process in cross-border acquisitions in the USA, UK and France by employing a longitudinal perspective that involves strategic, performance and cultural aspects. Cross-border acquisitions appear to be a dominant internationalization strategy (Park and Ghauri, 2011) due to attractive opportunities to access valuable resources, new networks and new capabilities. Nevertheless, according to recent research articles and reports (e.g. Martin, 2016) the failure rate for mergers and acquisitions overcomes 70 percent. Many of the failure determinants come from integration-related issues; indeed, problems arise when integration process starts because of the need to find a balance between acquiring firm strategy and acquired firm characteristics (Haspeslagh & Jemison 1991; Puranam & Srikanth 2007; Puranam, Singh & Chaudhuri 2009; Verbeke 2010). In conclusion, Deloitte's Integration Report (2015) has suggested that some acquisitions fall short of achieving benefits quickly, while others may fail plainly; only with a proper understanding of the leading practices for success, firms can manage the operational, organizational and cultural issues that arise in the post-acquisition phase in order to achieve the goals of the transaction.

## 1.2 Research gap

Nowadays, the literature widely acknowledges the critical role of the post-acquisition integration phase in the Merger and Acquisition (M&A) process, as well as the potential value creation coming from the integration. However, many scholars have called for deeper research on acquisition implementation and effective integration (Larsson, 1990; Haspeslagh and Jemison, 1991; Angwin, 2000; Heleblian et al., 2009). In particular, the analysis of different motives and strategies for M&A has been the major focus for strategists (Trautwein, 1990; Bower, 2001; Heleblian et al., 2009). Nonetheless, those studies that have attempted to investigate differences among various post-acquisition strategies suffer from a lack of empirical contributions following an isolated perspective (Larsson and Finkelstein, 1999; Schewe et al., 2007), or considering one specific integration strategy (Ellis and Lamont, 2004; Zaheer et al., 2013). Although there is a growing attention to the post-acquisition phase (Cartwright, 2006; Stahl and Voigt, 2008), research on post-acquisition activities has been mainly focused on human resource aspects, while few studies have discussed further changes occurring during this phase. Specifically, most of the literature on acquisitions focusing on human side has not been theory driven (Hogan & Overmyer-Day, 1994). Conversely, most researchers based the analysis on a single case study, and the findings were generalized and applied to the effective management of integration processes. Alternatively, other scholars examined only a “simple” relationship between some universally important variable, such as communication or culture and success, in order to figure out few factors of success (Hogan & Overmyer-Day, 1994). Consequently, mergers-related practices for successful organizational combination after an acquisition have been almost countless, relying on a weak theoretical and empirical basis (Seo & Hill, 2005). Moreover, although there might be different experience trajectories (Baum and Ginsberg, 1997) that, in turn, generate various learning outcomes (Kogut and Chang, 1994; Chang, 1995), there is an evident lack of argumentation about the acquisition experiences.

A prominent research stream in the field of strategic management considered the strategic fit as fundamental for M&A success (Seth, 1990; King et al., 2004; Homburg and Bucerius, 2006). Even though strategic similarity, intended as an indicator for the synergy

potential of a transaction, was found to provide for better results (Capron, Mitchell, and Swaminathan, 2001; Prabhu, Chandy and Ellis, 2005; Swaminathan, Murshed and Hulland, 2008; Tanriverdi and Venkatraman, 2005), there is a lack of consistency within findings. Furthermore, despite strategic similarity typically appeared to foster value creation, also complementarity was investigated and there were significant arguments that complementary differences are more crucial for the transaction success (Larsson and Finkelstein, 1999; King et al., 2004).

Research gaps mentioned above do not provide a comprehensive and coherent framework of post-acquisition strategies typologies; therefore, Angwin and Meadows (2014) suggested to further examine integration strategies in order to find out whether they are to be of value to both academics wishing to theorize and managers needing support to their decisions. Similarly, Faulkner and Teerikangas (2012) called for empirical support for existing post-acquisition typologies to be implemented by firms. Moreover, Angwin and Meadows (2014) stated that important variations in post-acquisition management have not been captured.

Finance literature often consider only the relation between acquisition focus and performance without a direct and explicit consideration of the integration process. For example, diversifying mergers and acquisitions were associated to negative performance by Megginson et al. (2004); conversely, Agrawal et al. (1992) and Hyland and Diltz (2002) found positive performance. Daniliuc et al. (2014) argued that the inability to explain the interaction between acquisition focus and post-acquisition integration has effected much of the inconsistency in this field of research. Part of the problem, then, might be that acquisition performance is sensitive to a mix of learning mechanisms, some of which have not been captured in previous studies. Furthermore, there has been mixed arguments concerning the acquirer's economic benefits in the time following the acquisition (Sharma and Ho, 2002; Megginson et al., 2004; Powell and Stark, 2005). In particular, despite an adequate illustration of integration benefits from a theoretical perspective, few empirical cases test this argumentation. The reason behind this lack of knowledge could derive from the absence of a relevant financial measure of post-acquisition integration (Daniliuc et al., 2014) and this has led to inconsistent statistical analysis.

However, recent research has shown growing interest and has recognized greater complexity in the integration process (Graebner, 2004; Zaheer et al., 2013); furthermore, the employment of different perspectives has indicated the existence of other categories (Angwin, 2012).

### **1.3 Research question and objectives**

The aim of the thesis is to find out which integration strategies are realized by Italian firms in cross-border acquisition; in particular, critical challenges and factors along the integration process will be investigated in more detail. Moreover, cultural differences will be taken into account as a source of further issues, attempting to highlight meaningful differences between target countries. Finally, the performance evaluation will be studied, focusing on the post-acquisition integration itself, with the aim of figuring out the adopted measurements and the impact of the integration performance on the overall acquisition performance. Thereby, the study will have a longitudinal perspective by referring to the entire integration process over time of accomplishment.

Therefore, the research question of the study is formulated as follows:

*Which are the integration strategy choices and challenges of cross-border acquisitions?*

In order to answer the above question, both theoretical and empirical objectives have been set up.

**Theoretical objectives** are:

- To review the existing literature related to integration strategies in order to understand critical factors that affect the choice
- To understand the impact of national and corporate culture on integration-related choices
- To analyse the impact of integration performance on the overall acquisition performance over time

The first objective is to gain a comprehensive understanding of all the dimensions which characterize the post-acquisition integration, trying to understand which factors need to be considered and how they influence the overall integration process.

The aim of the second objective is to review the extant literature on the role of both corporate and national culture in the integration process and understand how cultural differences can affect integration performance.

The third goal is to understand the relationship between integration performance and the performance of the acquisition as a whole. Moreover, existing literature is reviewed in order to find out which performance measurements are taken into consideration.

Whereas, **empirical objectives** are:

- To investigate which integration strategies are undertaken and the reasons behind these choices in the selected acquisition cases
- To understand how culture affects the integration strategy
- To analyse which integration factors managers take into account to evaluate the actual performance

The first goal is to find out whether the selected cases fit the reviewed literature on integration strategies and to illustrate similarities and differences in the execution of integration operations. Moreover, integration-related challenges are explored and their influence on the implementation and realization of the intended strategy is analysed.

In order to achieve the second objective, the study attempts to verify if the acquiring firm management perceives any cultural differences. In the case that cultural differences are perceived, the purpose is to figure out how and to what extent they affect the choice and the implementation of the integration process.

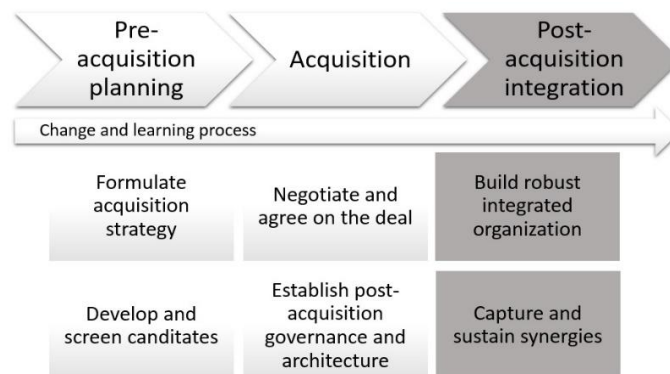
The aim of the third goal is to identify which performance measurements managers adopt to evaluate the integration performance by employing a longitudinal perspective; that is to say, to investigate if adopted performance measurements vary as the integration process goes on. Moreover, the research is meant to find out any

differences between the integration performance itself and the performance of the acquisition as a whole.

Overall, this work is expected to enhance the knowledge about the integration-related challenges acquiring Italian firms have to face and the understanding of how their decisions affect the overall acquisition outcome.

#### 1.4 Delimitations of the study

Delimitations are set in order to address the attention of the reader to a specific area of research by determining the boundaries for the analysis. From a theoretical point of view, the study is based on the existing literature; therefore, it refers to theoretical concepts that are described in the literature review. Although similar type of equity entry modes exist, such as international joint venture, greenfield investment and partial acquisition, only full acquisitions are taken into consideration with the purpose of referring to almost the same degree of risk, control and commitment of resources that this type of internationalization strategy presents. Even though the core topic is integration, an introductory illustration of the motives that have driven the acquisition is disclosed, since they are expected to influence the integration process itself. In particular, those actions that are taken before the acquisition deal, such as planning and valuation are not part of the analysis; more precisely, preliminary integration strategy planning is considered as it is correlated to the realized strategy, however, it is not analyzed in its accomplishment. Figure 3 illustrates acquisition stages in order to highlight the focus of this study.



**Figure 3.** Three main stages of the acquisition (based on Gomes et al., 2013)

The rationale for this choice rests on the fact that value creation occurs in the period following an acquisition, which is the reason that explains why researchers have recently focused on the process of post-acquisition integration. In studying post-acquisition integration, this study employs a process perspective. Commonly, the research framework for investigating PMI is found in an organizational and a process-oriented perspective (Savovic, 2012). An organizational perspective looks at organizational behavior in acquisition processes (Marks and Mirvis, 2001), whereas the adopted process-oriented perspective investigates potential issues in managing change during integration (Birkinshaw, Bresman and Hakanson, 2000; Haspeslagh and Jemison, 1991).

Moreover, the whole study takes the acquiring firm point of view, which means that both literature review and the empirical data collection are conducted within this perspective. In particular, the interviewed is a manager who has been involved in the activities following the acquisition.

## **1.5 Theoretical key concepts**

This section provides the definition of terms that are helpful to understand what is presented in this thesis. The key terms were selected based on their implication to the study; in particular, the explanation of concepts that are out of the actual analysis is included in the list, such as greenfield investment and partial acquisition, in order to understand how they differ from those which are into the field of enquiry. These terms make the reader aware of the specific meaning this study refers to, and the limits within they are applied.

**Table 1.** Main theoretical concepts

<i>Key term</i>	<i>Definition</i>	<i>Reference</i>
<b>Cross-border acquisition</b>	The purchase of the stocks of an established firm in the host country by another firm headquartered outside the country, alone or with one or more partners, in an amount sufficient to confer control.	Cheng (2006).
<b>Greenfield investment</b>	The creation of a subsidiary from scratch by one or more non-resident investors.	Bertrand (2004).
<b>Full acquisition</b>	The takeover transactions where the acquiring firm acquires the entire share capital of the target firm (95% - 100% of the total shares).	Lopez-Duarte and Garcia-Canal (2007).
<b>Partial acquisition</b>	Partial Acquisitions are a form of acquisition as the investor acquires an equity stake in existing organization, yet without obtaining full equity ownership (<95% of the total shares).	Jakobsen and Meyer (2008)
<b>Integration</b>	The process of combining several organizational systems, such as assets, people, resources, tasks, and the supporting information technology.	Buono and Bowditch (1989).
<b>Integration approach</b>	A process by which a company plans for and implements a successful integration of a newly acquired company.	Haspeslagh and Jemison (1991).
<b>Focus of integration</b>	Areas where acquiring firm combines similar processes, coordinates business units that share common resources, centralizes support activities, and resolves conflicts among business units.	Hitt et al. (2001).
<b>Level of integration</b>	The degree of post-acquisition change in an organization's technical, administrative, and cultural configuration.	Pablo (1994).
<b>Speed of integration</b>	The time from deal closing until the completion of the integration.	Cording, Christman and King (2008).

## 1.6 Structure of the study

This section presents how this thesis is structured by summarizing chapters and subchapters as Figure 4 shows below.

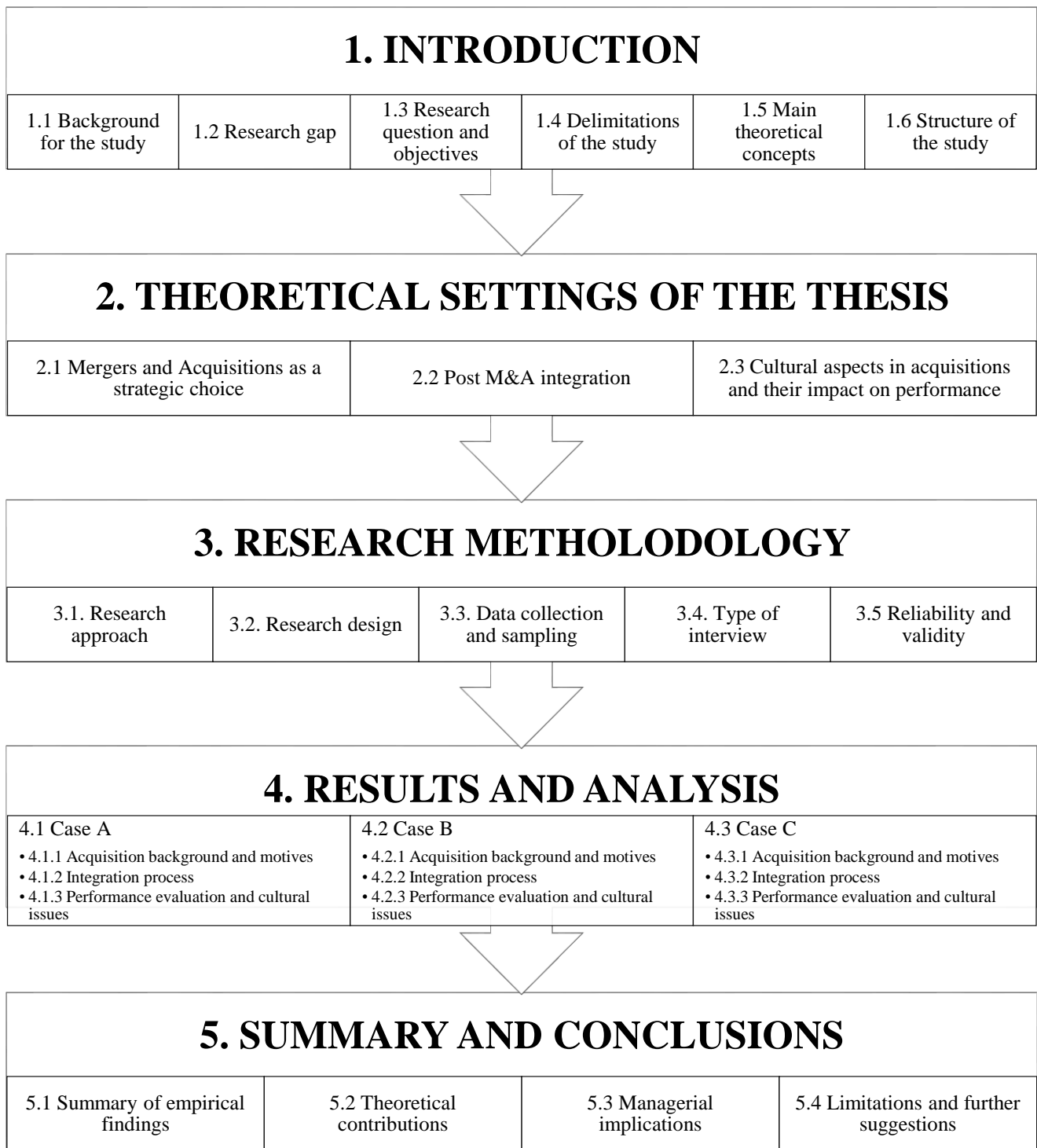
The first chapter comes with an introduction of the topic, a justification for the study through meaningful current data and the research gap, as well as the research questions and related objectives that drive the investigation.

Afterwards, the literature review provides the theoretical settings of the thesis by reviewing the extant literature on three topic areas and developing an adequate understanding of the phenomena that are analysed subsequently.

The third chapter explains the methodology of this study; in particular, the research approach and the way data are collected and analysed are described, as well as drawbacks and potential issues concerning the adopted method. Furthermore, the rationale for methodology-related choices is provided.

The fourth chapter presents the analysis of the empirical data collected from semi-structured interviews. In accordance with the logic of the theoretical framework of the study, the results of each acquisition case are presented in three sections. Indeed, the first part provides background information and explores the motives for the acquisition, the second part focuses on the integration process and the third sheds light on the performance evaluation and the influence of cultural differences. Moreover, at the end of each cases the main findings are summarised in a table.

The fifth chapter reports the summary of key findings from empirical data collection. The aim is to figure out meaningful similarities and differences among the selected cases. Subsequently, theoretical contributions of the study are presented. In conclusion, the thesis illustrate which are the managerial contributions of this research and discusses about limitations and suggestions for further area of research.



**Figure 4.** Structure of the study

## **2. Theoretical settings of the thesis**

This chapter presents the theoretical background on which the study is based on. In particular, it is divided into three topic areas. Starting from an introductory argumentation of the literature on mergers and acquisitions, where much attention is paid to acquisition motives that strongly affect the integration process. The latter is subsequently developed throughout its characteristics, such as different integration approaches, focus, level, speed and human and socio-cultural aspects of integration. Finally, the role of culture and performance are discussed with reference to integration.

### **2.1 Mergers and Acquisitions as a strategic choice**

The occurrence of cross-border mergers and acquisitions (M&As) has dramatically grown in the last decades, representing an important alternative for firm's strategic expansion. M&As are complex processes which involve preparing, analysing and deliberating. Various actors might be affected by the implementation of a merger or an acquisition, for example workers, managers and government agencies. Before finalizing a deal, each party needs to be taken into account, and their requirements need to be addressed, in order to avoid any potential hurdles.

The terms merger and acquisition are often considered as synonymous even though they may be distinguished from one another by different meanings. Indeed, According to Sherman and Hart (2006) merger is "a combination of two or more companies in which the assets and liabilities of the acquired firm(s) are absorbed by the acquiring firm. Although the acquiring firm may be a considerably different organization after the merger, it retains original identity." Whereas an acquisition is defined by Krishnamurti and Vishwanath (2008) as "the purchase, by one company (the acquirer), of a substantial part of the assets or the securities of another company (target company). The purchase may be a division of the target company or a large part (or all) of the target company's voting shares".

Throughout the M&A process, companies have to cope with several interdependent tasks, starting from preliminary evaluation of the target market, through analysis of the strategic (Rumelt, 1974; Singh and Montgomery, 1987; Porter, 1987) and organizational (Datta, 1991; Haspeslagh and Jemison, 1991) fit among the two firms, up to the complexities of managing, coordinating and executing the post-acquisition integration process (Jemison and Sitkin, 1986; Shanley, 1994).

There are many reasons for companies to acquire or merge with other companies. Basically, the objectives can vary among two intentions: to improve the company's performance through increased revenue and/or to lower costs, or to reinvent the business model. An acquisition might be expected to provide synergistic benefits. Such benefits could be expressed in terms of operating efficiencies and economies of scale requiring high levels of integration as might be feasible in related acquisitions (Porter, 1985; Salter and Weinhold, 1979). Alternatively, an acquisition could be motivated by a desire to improve one's price-earnings ratio or sales growth, and hence involve little or no integration or sharing of resources (Shrivastava, 1986).

### **2.1.1 Types of M&A**

Mergers and acquisitions (M&As) are conventionally classified as horizontal, vertical or conglomerate (Herger and McCorriston, 2013). Horizontal deals occur when two competitors combine. The combination is usually facilitated by the similarities in the industry processes. Specifically, this type of deal may have anticompetitive effects and, consequently, the resulted entity may experience an increase of market power. Moreover, a motive that triggers a horizontal M&A is synergies achievement, by which firms can both obtain cost savings (economies of scale) and exploit target's embedded features.

Recently, however, horizontal mergers have been somewhat allowed to go unopposed due to a more liberal stance of the U.S. government; even though, that stance seemed to toughen when, with the election of Barack Obama, new leadership was put in charge at the Justice Department. Whereas the European Commission has always been cautious when mergers may have anticompetitive effects.

Vertical M&As occur when there is a buyer-seller relationship between the firms, which means that both of them operate in the same value chain but in different stages. Therefore, the deal allows firms to expand their business either backward, moving towards a supplier, or forward, moving towards a buyer. Both of the cases can help companies to reduce costs and improve efficiency by, for example, decreasing transportation expenses and reducing turnaround time, as well as to reduce competitor's base and enlarge the market share (Gaughan, 2007).

As last, conglomerate M&As involve unrelated companies which have no relationship both in terms of value chain and in terms of competition. Usually, the motive behind the deal is to follow a diversification strategy by entering new markets and businesses that, in turn, may generate higher shareholders' wealth.

Another common way to classify mergers and acquisition is to determine the strategic fit between firms. Considering related and unrelated mergers and acquisitions, Salter and Weinhold (1981), figured out a system to identify three types of M&As: related supplementary, related complementary and unrelated. Subsequently, Shelton (1988), building on the aforementioned terminology, discussed the relation between strategic fit and value creation and concluded that acquisitions that allow the acquirer to enter new but related markets generate the most value with the least variance.

Finally, a deal can be classified by descriptive factors identifying whether it is hostile or friendly. A hostile deal occurs when the board of managers of the target firm is against the deal and rejects the acquirer. In these case, the bidder plans to go directly to the shareholders to overcome the board. Therefore, most of the hostile deals are not characterized as a merger, as the acquiring company aims to be in control. Conversely, friendly deals take place when both parties agree to carry on the operations, defining details concerning the acquisition itself.

### **2.1.2 M&A motives**

Cross-border M&As allow the firm's international diversification strategy and motivate the necessary search for new opportunities across foreign countries and markets to cope

with a turbulent and continuously changing environment. Thus, international M&As are driven by the attempt to take advantage of a new opportunity or to avoid a potential future threat. Furthermore, acquiring a firm headquartered in a foreign country provide a strategic opportunity to learn new knowledge and acquire new skills (Shimizu et al., 2004).

According to Shimizu et al. (2004) it can be argued that cross-border M&A as a mode of entry into a foreign market is usually influenced by (1) firm-level factors such as product diversity, international and local experience, internal isomorphism and international strategy; (2) industry-level factors such as sales force intensity, advertising intensity and technological intensity; and (3) country-level factors such as market growth in the target country, cultural distance between the home and the host countries, and the specific corporate culture of the acquiring firm.

Some scholars associate such factors with the likelihood of entry via acquisitions and findings tend to claim a positive association with industry- and country-level factors, such as high or low market growth (Brouthers and Brouthers, 2000; Hennart and Reddy, 1997), low cultural distance between local and foreign countries, and low uncertainty avoidance in the home country (Kogut and Singh, 1988). Nevertheless, the association with other factors reported mixed results. For example, Barkema and Vermeulen (1998) positively associated product diversification with greenfield ventures, as well as multinational experience (Barkema and Vermeulen, 1998; Brouthers and Brouthers, 2000; Wilson, 1980). Controversy, those same factors have been found to have no effects on the entry mode choice by Kogut and Singh (1988).

Focusing on the strategic level, the diversification action plays a crucial role in influencing the mode of entry. If the investors search for complementary resources, as well as for a part of the target assets, Hennart and Reddy (1997) argued that they should choose an acquisition only if it is possible to distinguish and separate those assets from the others (the so-called “digestibility” of assets). Moreover, Anand and Delios (2002), adopting a resource-based perspective, illustrated that firms distinguish between capability-seeking and capability-exploiting acquisitions, relying on the availability and relevance of the different types of resources. The most evaluated types of resources by investors are intangible and, mainly knowledge-based resources. Therefore, given the

complex transferability of these resources, equity-based modes seem to be preferred in industries where the importance of intangible assets and the intensity of R&D and advertising are high (Delios and Beamish, 1999). Vermeulen and Barkema (2001) employed an organizational learning perspective and claimed that firms undertake cross-border M&A in order to expand the knowledge base, thereby they found acquisitions more suitable to broaden the firm's knowledge base than greenfield ventures that tend to generate a path dependence which, in turn, may produce inertia in a firm. Another determinant influencing the choice may depend on the kind of investing firm's competitive advantage, for example, if it is based on a complex technology, it may be very difficult to transfer, for this reason Brouthers and Brouthers (2000) would suggest to choose a greenfield investment. Indeed, greenfield ventures allow the investors to train their own employees in the foreign facility, avoiding costs and risks to acquire new personnel. Finally, extant research has analysed the firm's corporate strategy as a further determinant of the mode of entry choice; specifically, Harzing (2002) found that multidomestic strategies often imply acquisitions, while global strategies are normally followed by greenfield investments. Whereas other factors, such as the level of prior experience of the investing firm (Huber, 1991), the size of the investment (Brouthers and Brouthers, 2000; Hennart and Reddy, 1997; Cho and Padmanabhan, 1995) and the product and market diversity (Barkema and Vermeulen, 1998; Kogut and Singh, 1988), have reported mixed findings.

Motis (2007) listed different M&A motives referring to, on the one hand, those motives that increase the firm value and, on the other hand, those that enhance the wealth of managers. The first group of motives, so called *shareholders gains*, includes the purposes to decrease costs, operate more efficiently, enhance market power and, consequently, increase profits. The second group is called *managerial gains*, these motives are grouped together building on the principal-agent theory, which emphasizes the conflicts between shareholders and managers due to the asymmetry and diversity in the information collection. Overall, these motives highlight that managers tend to search for gains at the expense of shareholders gains.

Furthermore, Larsson and Wallenberg (2002), found that motives are of mainly two sorts: explicit or implicit. For explicit motives the authors meant those reasons actually given

by firm management; whereas, the implicit motives are those reasons that may be suspected even though are not mentioned by the management.

In addition, Nguyen, Yung and Sun (2012), classified motives for M&As as either value-increasing or non-value-increasing. Value-increasing M&As seek for synergies creation by combining the physical operations of the involved firms. The aim to benefit from synergies can have multiple drivers, such as market power increasing, economies of scale, taxes, financial synergy, response to industry shocks, exploitation of the asymmetric information between acquirer and acquired firms. Value-decreasing motives can be grouped into three major types: agency, hubris, and market timing. First, agency motives are those which Motis (2007) called *managerial gains*; therefore, they occur when managers aim to excessive growth mainly driven by personal interests (Morck et al., 1990), or to diversification for reducing risk to managerial human capital (Amihud and Lev, 1981), or they tend to avoid activities that may reduce discretionary cash flow (Jensen, 1986; Stulz, 1990). Second, hubris has been found to affect managers in evaluating acquisition's opportunities. In particular, managers of larger firms are more likely to be infected by hubris and, consequently, tend to offer higher takeover premiums (Moeller et al., 2004). Third, Shleifer and Vishny (2003) introduced market timing through a model in which overvalued acquirers use stock to acquire relatively undervalued target firms even though both firms could be overvalued.

In sum, considering all the motives that have been analysed in the extant literature, it is useful to provide an overview by listing them as in the table below. In particular, the table builds on the categorization that has been figured out by Shimizu et al. (2004) and integrate each category by collecting aforementioned analysed motives.

**Table 2.** Overview of M&A motives (based on Shimizu et al. 2004)

<b>Firm-level factors</b>	<b>Industry-level factors</b>	<b>Country-level factors</b>
<ul style="list-style-type: none"> <li>➤ Improve capacity utilization</li> <li>➤ Economies of scale</li> <li>➤ Suppliers and distributors network</li> <li>➤ New technology</li> <li>➤ Knowledge-based resources</li> <li>➤ Diversification</li> </ul>	<ul style="list-style-type: none"> <li>➤ New market access</li> <li>➤ Avoid excessive competition</li> <li>➤ Enhance coverage of sales force</li> <li>➤ Increase market power</li> </ul>	<ul style="list-style-type: none"> <li>➤ Tax benefits</li> <li>➤ Government intervention</li> <li>➤ Market growth</li> <li>➤ Cultural fit</li> <li>➤ Geographical position</li> </ul>

### 2.1.3 Target choice

Entering a new geographic market means to extend the business into geographic areas where a company has never had presence before. Traditionally, this strategy is undertaken by firms who either are facing a fragmented industry or are taking advantage of market deregulation and liberalization.

In this regard, Schweiger and Very (2003) stated that market entry, in case of little geographic overlap, requires low levels of organizational consolidation, but may ask for high levels of standardization and coordination. Logically, this depends on how much the firm can benefit from running business the same way across geographic areas. Considering that, in case markets are heavily independent due to strong pressures for localization, there may be little opportunities for synergies. Otherwise, if each market is interconnected somehow, opportunities for synergies are likely to increase dramatically.

Research on the influence of geographic determinants on location choice has evolved from the analysis of diverse location attributes such as production costs, market size, infrastructure and propensity to invest across locations to deeper studies that figured out differences in location patterns considering industry and firm heterogeneity (Ramos, 2007).

First studies focused on the effect on location choice of several regional factors such as wages, taxes, market potential, employment, education, energy prices and furthers (e.g. Carlton, 1983; Bartik, 1985). Subsequently, another stream of research has analysed the effect of regional or state factors on the location of new plants by foreign firms (e.g. Coughlin, Terza and Arromdee, 1991; Woodward, 1992). Evidences have shown that locations with higher levels of similar industry activity are more likely to attract the installation of new plants, and such externalities lead to concentration (Head, Ries and Swenson, 1995).

Over the last decade, strategy scholars have adopted a broader view on location choice by considering various differences across firms. For example, Shaver and Flyer (2000) stated that previous literature on agglomeration economies overlooked the asymmetry in the net benefits from clustering, which they indicated as determinant for establishing

which firms are more likely to agglomerate. Further studies have investigated the impact of firm heterogeneity on location decisions taking into account firm factors such as market orientation and group membership (Belderbos and Carreé, 2002), product differentiation (Nachum and Wymbs, 2005) and industry and nationality (Chang and Park, 2005). Additional evidence have shown differences in location decisions across domestic and foreign firms (Mariotti and Piscitello, 1995; Shaver, 1998), across firms in different competitive positions (Belderbos and Sleuwagen, 2005) and across firms that differ in technological capabilities as they look for knowledge (Chung and Alcácer, 2002). Chung and Song (2004) also highlighted the importance to consider that firms may invest sequentially and with different reasons over time. However, the findings illustrated so far were not specifically related to acquisition strategy, indeed, they rather referred also to greenfield investments.

Green and Meyer (1997) referred specifically to international acquisition showing that many home and host country factors affect the geographic patterns of acquisition strategy; in addition, they found that acquirers are attracted by different attributes depending on the industry they are operating. Research provides further evidence of geographic patterns in acquisition; for example, Mariotti and Piscitello (1995) focused on acquisitions in Italy and found that foreign acquirers invest in specific regions, stating that adverse asymmetry in information costs related to domestic investors affects such pattern. Similarly, information asymmetry derived from geographic distance among companies' headquarters appeared to affect target selection in acquisitions across different industries within the United States.

The influence of geographic distance between headquarters of acquiring and target firms was also studied by Chakrabarti and Mitchell (2006). In particular, the scholars investigated the chemical manufacturing industry, finding that acquirers tend to prefer geographically proximate targets especially when greater post-acquisition integration efforts are planned.

## **2.2 Post-acquisition integration**

M&As involve several pre- and post-acquisition processes, in each of them, the acquirer should have adequate knowledge of how to manage them in order to reach a successful conclusion. One critical process is post-acquisition integration. PMI is the generator of organizational development and change, and it plays the crucial role in an overall strategic renewal. It implies post-acquisition reconfiguration, redeployment and the disposal of both tangible and intangible resources of the companies involved. Additionally, it is a process of adaptation where the acquiring firm and the target firm perform a transfer of knowledge and operations on achieving acquisition goals (Chakrabarti and Mitchell, 2004). Similarly, Savovic (2012) defined the process of post-acquisition integration as a long-term and open process, which usually starts with the signing of an acquisition agreement and lasts several years afterwards. Moreover, the process can be seen as an evolving organizational process, as it implies combination of organizations, multiple management initiatives and planned activities, and determination of related issues such as integration approach, focus, speed and level.

According to Shimizu et al. (2004) findings related to this topic can be summarised as follows: (1) the cultural differences between acquirer and acquired increase challenges in the integration process, (2) the process itself and the adopted control systems influence the success/performance of acquisitions and (3) preferences about types of integration processes and control systems differ according to the acquirer's home country. Hence, the multidimensional nature of the process is clearly observable. In this regard, Teerikangas (2006) emphasized the multidimensionality of integration by stating that it is a process dealing with organizational (organizational structure, compensation and communication systems, financial systems), administrative, social (cultural system), and operative (R&D, production, marketing) systems.

Concerning the cultural challenges of integration, Barkema et al. (1996) referred to "double-layered acculturation", indicating two issues that jointly produce a potential major challenge in the process: the corporate cultural differences between the two firms and the national cultural differences between the home country and the target country. Consequently, conflicts on cultural bases are more likely to arise as much as the degree

of integration required is greater (Nahavandi and Malekzadeh, 1988). Accordingly, Weber et al. (1996) found negative attitudes toward the acquisition when there were significant differences in corporate culture. Moreover, the strategic orientations undertaken by managers have been found to be affected by the cultural and institutional contexts (Hitt et al., 1997; Child et al., 2001). Specifically, Child et al. (2001), by referring to integration styles, named American acquirers “absorbers”, Japanese acquirers “preservers” and French acquirers “colonialists”; at the same time, they argued that each style may be successful if managed effectively.

Interestingly, by employing another perspective, Morosini et al. (1998) have looked at cultural distance like a motivating opportunity from an organizational learning point of view. As such, 52 firms investing in Italy have been analysed and a positive relationship between cultural difference and performance has been demonstrated. Therefore, the greater these differences, the higher the likelihood that the acquirer may learn and/or gain value from the acquired assets (Vermeulen and Barkema, 2001).

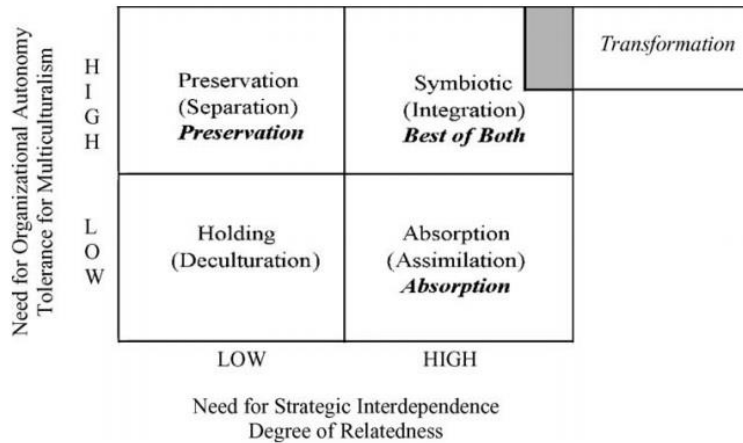
### **2.2.1 Integration approach**

It has long been argued that, according to different types of acquisitions, different integration approaches are required. In particular, Haspeslagh and Jemison (1991) provide three sets or configurations of processes, offering an ideal guideline for each of them, necessary to effectively manage the integration approach so as to generate value in the resulting entity. Similarly, to a lesser extent, additional prescriptions have been offered by Marks and Mirvis (1998) and Nahavandi and Malekzadeh (1988). Indeed, despite Marks and Mirvis (1998) focused on the degree of change in both the firms involved in the acquisition and Nahavandi and Malekzadeh (1988) employed a cultural based perspective, the resulting ways in which firms should reconfigure themselves after an acquisition are very similar to those described by Haspeslagh and Jemison (1991).

Scholars mentioned above have figured out a framework that combine two dimensions and the related level of importance. On one hand, the need for organizational autonomy and, accordingly, the degree of tolerance for multiculturalism; on the other hand, the need

for strategic interdependence and, specifically, the degree of relatedness. Each of these combinations result in a specific integration approach and they are generally categorized as follows: Preservation, Absorption, Symbiotic, Transformation and Holding.

Ellis and Lamont (2004) provided a graphical depiction of the overlap in these integration approaches identified by Nahavandi and Malekzadeh (1988), Marks and Mirvis (1998) and Haspeslagh and Jemison (1991). Approaches in normal print denote Haspeslagh and Jemison's (1991) work, those in parentheses belong to Nahavandi and Malekzadeh's (1988) categorizations, and those in bold and italics denote the work of Marks and Mirvis (1998).



**Figure 5.** Integration approaches (based on Ellis and Lamont, 2004)

Based on Figure 5, Ellis and Lamont (2004) provided the following useful and comprehensive descriptions of each approach, referring to Haspeslagh and Jemison's (1991) terminology.

The *Preservation* approach does not imply relevant changes in either of the two firms involved in the deal given that the aim is to keep a high operational autonomy in both firms and, at the same time, to have a limited strategic interdependence. Essentially, the idea is to execute integration tasks allowing for continuing differences within the target firm, as well as granting decision-making authority to the acquired firm management and providing resources in order to improve the performance of the target firm.

Contrarily, the *Absorption* approach sees a low need for operational autonomy in both firms but a high need for strategic interdependence. Thus, this approach usually implies

a relevant degree of change in target firm; therefore, it necessitates a well-structured planning for key integration issues, which considers efforts, communications, timing and milestones to undertake throughout the whole process. The main purpose of the acquiring firm is to assimilate the acquired firm in terms of operations and culture in order to consolidate the activities of both firms.

The *Symbiotic* approach represents the condition in which the need for both operational autonomy and strategic interdependence is crucial. It is a gradual process that involves an initial preservation period and, subsequently, a blending of best practices from both firms. Consequently, changes and efforts are required in order to combine the core competencies and leading practices of both involved firms. Managers of the firms have to front complex challenges as to coordinate integration activities and identify best practices; this condition requires a strong sense of cooperation between members which may lead to positive strategic changes in both firms.

In cases where the two firms face essential changes in the organizational culture and operating practices, the mode of combining and integrating operations is referred to as a *Transformation* approach. This approach involves a new combination and a drastic reinvestment of the firm itself, rather than blending the best practices of both original firms as for the Symbiotic one. Thus, a cooperation between firms' members is needed in order to clearly formulate the strategy of the new company and to figure out how and why main decisions are made.

Finally, in the  *Holding* approach the acquiring firm basically plays the role of a holding company with no purpose of integrating the two firms. In this case, the acquired firm may even be disintegrated as a cultural entity.

### **2.2.2 Focus of integration**

Diversity and multidimensionality of the task generate several challenges in the process of integration. The process itself consists in a set of synchronized efforts of personnel related to human resources, finance, marketing and product departments (Haspeslagh et al., 1991; Johnson, 1985; Lajoux, 1998; Pritchett, 1985; Yunker, 1983).

As regard to financial system, integration leads to a modification of the acquired firm's corporate chart of accounts according to the acquirer's account control manual that, usually, is more detailed and complex compare than the acquired. Such modifications are likely to occur even within reporting forms and instructions. Firms may encounter serious constraints in attempting to integrate financial systems, and ineffective integration manners can effect potential miscommunication and over-expectations (Yunker, 1983).

In addition, mishandling of human resources may cause many problems both directly and indirectly (e.g. Fried et al., 1996). In particular, several issues are associated with the management of human resources, such as corporate cultures, employee relations policies, job descriptions, salary structures, performance evaluation systems, benefit and profit sharing plans, pension and medical insurance policies. The inability to effectively manage and integrate this complex system may create ambiguities and clash of priorities that, in turn, lead to resistance to change (Pritchett, 1985; Yunker, 1983), and therefore undesired results of the acquisition.

Also purchasing and marketing interfaces may differ between acquirer and acquired firms, and that is often a demanding challenge during the integration process. Purchasing and marketing activities are usually adjusted in relation to the business area in which the firm is operating. Nevertheless, if the acquired firm is merged into an acquirer business unit it necessarily need to be integrated in order to avoid overlaps and retain the existing purchase and marketing teams operating in an existing business area. Similarly, if related products are grouped together the integration must involve the resources of suppliers and sales representatives, aiming not to have confusion. Therefore, the acquirer need to carefully evaluate which markets to enter, as well as goods and services to offer; moreover, the acquirer need also to understand the effectiveness of its purchasing and marketing strategies, before making subsequent integration decisions.

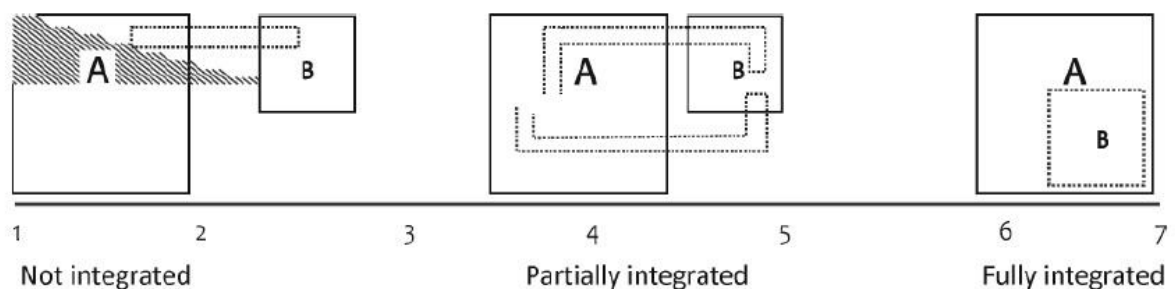
A further crucial issue in planning and managing the integration derives from production and technology. Indeed, it is hard to figure out the specific nature of knowledge involved (Yunker, 1983), and the value of technology during the time of acquisition (Slowinski et al., 2002).

In sum, the corporate renewal strategy following an acquisition is strongly influenced by the post-acquisition integration (PMI). The process of change undertaken by acquiring

firms involves retaining relevant resources, redeploying resources to and from targets, and disposing redundant resources. However, problems can occur throughout the any steps, for example because of employee resistance to change, cultural incompatibility, and mishandling of the integration process. Unsuccessful management of these issues may negatively affect the performance.

### 2.2.3 Level of integration

Some authors (e.g. Pitkethly et al., 2003) have argued that it is less important how well the two businesses are integrated to each other, but rather whether the integration has been accomplished on an adequate level. Child et al. (2001) referred to the level of integration as the degree of post-acquisition change in the organizations' administrative, structural and cultural configuration. Clearly, the overall level of integration that result after an acquisition is influenced by the acquisition's type and the characteristics of both firms operations. Schweiger and Walsh (1990) argued that integration design choices are sitting on a continuum from total autonomy and total absorption. Accordingly, there are several extents and forms in which firms can be integrated. Pablo (1994) attempted to identify three levels of integration: low, moderate and high. Similarly, a number of researchers have associated the integration level to this categorization as well (e.g., Bastien and Van de Ven, 1986; Buono and Bowditch, 1989; Napier, 1989; Chakrabarti et al., 2009)



**Figure 6.** Spectrum of integration (Pitkethly et al., 2003: 33)

In particular, at a *low level*, changes are mostly technical and administrative and firms usually share financial risk and resources, whereas basic management systems are

standardized in order to simplify communication. A *moderate level* of integration involves considerable changes in the value chain, as well as in the bases of decision-making systems, therefore, in reporting relationships, authority and structure. A *high level* of integration sees a comprehensive sharing of resources, the acquirer firm spread its operating, control and planning systems and procedures over the organization, involving a deep structural and cultural absorption of the target firm. Notably, the degree of relatedness in products and services between the acquirer and the acquired firms often affects the level of integration; indeed, unrelated acquisitions are likely to involve minimal sharing of resources and, thus, low level of integration, while a significant relatedness either in products or services usually leads to a high level of integration (Shrivastava, 1986).

Considering the distinction that has often been adopted by the extant research between “strategic tasks” and “organizational tasks”, it can be argued that, the first involves the successful sharing of resources and capabilities that lays the foundation for creating value, the second involves the preservation of key resources and capabilities of the acquired firm (Pablo, 1994). Pablo figured out a positive correlation between the level of integration and strategic tasks, whereas organizational tasks appeared to be negatively associated with it.

Furthermore, the level of integration may depend on the degree of post-acquisition turnover of human resources is pursued by the acquirer (Chakrabarti and Mitchell, 2004). In contrast to the theory of “market for corporate control” approach that claims the importance to replace underperforming management teams, Cannella and Hambrick (1993) argued that human turnover is likely to have a negative impact on the acquisition performance and, specifically, this negative impact is directly proportional to the degree of seniority of the replaced management team. Similarly, Krishnan, Miller and Judge (1997), found positive correlation between the degree of complementarity in the top management teams and the acquisition performance, therefore, they suggested to keep this situation, when possible.

#### 2.2.4 Speed of integration

Post-acquisition integration can be illustrated as a process made by at least two phases: “the first 100 days” and the following “transfer of competence” (Savovic, 2012: 199). The first phase starts straight away after the realization of the deal and main objectives of this stage is to keep the involvement of both companies and to create a favourable climate for achieving synergies (Savovic, 2012). Once a proper atmosphere is generated, the acquiring firm undertakes the stage of transferring competences. Hereby, the goal is to reach synergies in order to create value desired from the acquisition (Gates and Very, 2003).

First of all, the speed of integration is defined as the range of time from the closing of the deal to the achievement of the desired degree of integration (Homburg and Bucerius, 2006). Accordingly, Homburg and Bucerius (2005, 2006) execute an empirical study focusing on the role of integration speed in marketing and sales operations, finding that it lowers customer’s uncertainty and, consequently, improves sales-related performance, such as market share and market loyalty. Thus, they highlighted a strong correlation to performance, even though these results are impossible to generalize since they have considered only marketing and sales functions.

The speed of integration appears to be a key driver of successful acquisition outcomes. In particular, Epstein (2004) stated that it is of essential relevance to the success of post-acquisition integration and that elements such as fear indecisiveness can often be barriers to quick operations. This scholar argued that a slow integration process may face various threats, which usually derive from two key constituents: employees and customers. As regards to employees, they may demand for slower speed, as their perceptions tend to get worse in terms of security and stability. Concerning customers, they may turn to competing products if the visible aspects of integration are not rapidly accomplished. In addition, the author pointed out that a slow pace may hinder innovations and prevent firms from gaining synergies.

Some scholars believe that, given certain condition, a slower pace to integration can be better than a faster pace (e.g. Bragado, 1992). In fact, Bragado (1992) emphasized the

need for employees to experience a period of understanding and studying one another; furthermore, he stated that a suitable speed of integration is made possible by the “fit” between the firms involved, especially cultural fit.

Looking at the integration as a set of specific issues along a process, among others, the speed at which it takes place is one crucial point. Chase (1998) put a lot of emphasis on the importance of the speed of integration in his study. Nevertheless, previous research leads to mixing conclusions, in particular, it is still hard to understand the relationship between the speed of integration and the acquisition performance. Although some studies indicate the speed of integration as a key success determinant in M&As (Mercer management consulting, 1997; Price Waterhouse Coopers, 2000), some studies do not find a consistent positive influence on the performance (Olie, 1994; Ranft and Lord, 2002; Bragado, 1992). Most findings associate a slow integration process to a minimization of disruptive conflicts and a development of mutual trust between involved employees (Olie, 1994; Ranft and Lord, 2002). In contrast, some scholars pointed out that faster integration leads to lower level of uncertainty, as well as lower resistance of employees, and, at the same time, faster and more effective synergy realization, and positive response to competition (Angwin, 2004; Cannella and Hambrick, 1993; Cording et al., 2008; Homburg and Bucerius, 2005). Moreover, Homburg and Bucerius (2006) suggested further research on some remaining issues: studying non-linear effects of speed of integration (i.e. inverted U-curve relationship with performance), connecting the speed with other integration issues (i.e. communication), considering various cultural contexts (i.e. possible different influence of the speed according to the location of cross-border acquisition), and verifying the relationship with another moderating variable (i.e. prior acquisition experience).

### **2.2.5 Socio-cultural and organizational integration**

Shrivastava (1986) considered post-acquisition integration at three levels: *physical*, *procedural* and *socio-cultural* level. Physical and procedural integration appeared to be achievable in a shorter time than socio-cultural integration or acculturation (Berry, 1980),

which seemed to require from three to five years (Cartwright, 2005) or even longer (Schein, 1985). Socio-cultural integration is generally referred to “changes introduced in two cultural systems as a result of the diffusion of cultural elements in both directions” (Faulkner, Teerikangas and Joseph, 2012: 381). Even though this definition seems to suggest a balanced inter-change, it is very likely that acquirer attempts to dominate the other culture. Therefore, the integration process involving different organizational cultures, managerial styles, HR viewpoints and further aspects of the organization may lead to huge inter-organizational conflicts (Birkenshaw, Bresman and Hakanson, 2000; Cartwright and Cooper, 1996; Schweiger and Walsh, 1990).

Logically, these problems tend to be intensified when the two companies involved in the deal are based in different countries; in this regard, Angwin and Savill (1997) showed that 61 percent of acquirer firms’ managers perceived that cross-border acquisitions are riskier than domestic ones. Furthermore, what discussed above is also coherent with the already mentioned concept of “double layered acculturation” (Barkema et al., 1996) that highlights the need to cope both with different corporate cultures and different national cultures. Hajro (2015) assumed that the relation between national and organizational cultural differences and acquisition performance can only be deeply explained by acknowledging the crucial role and influence of socio-cultural integration. Aiming to figure out major aspects of socio-cultural integration, the same study built on social capital theory (Nahapiet and Ghoshal, 1998).

In prior research, this theory has often been employed in order to illustrate the nature of inter-organizational alliances in M&As (Shan, Walker, and Kogut, 1994; Ahuja, 1996; Madhavan, 1996; Koka and Prescott, 2002). Nahapiet and Ghosal (1998: 243) provided the following definition: “the nature of social capital is the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit”. In turn, social capital may be considered under three different but interrelated dimensions: the structural, the relational and the cognitive. The first refers to the pattern of connections among employees (Burt, 1992), the second explains the type of personal connections (Granovetter, 1992) and the third refers to shared interpretations and systems of meaning among parties (Cicourel, 1973).

In sum, factors of socio-cultural integration that have resulted fundamental to synergy realization are the emergence of a sense of trust (Krug and Nigh, 2001; Stahl and Sitkin, 2005) and shared identity (Larsson and Lubatkin, 2001; Van Knippenberg, Van Knippenberg, Monden, and Lima, 2002) and the creation of positive relationships (Stahl and Voigt, 2005, 2008) among organizations. These are the elements that can drive the use of social capital theory. In particular, evidence has shown that tight network ties between firms lead to effective flow of information and, consequently, better decision making (Ishii and Xuan, 2010).

Similarly, organizational integration was defined by Larsson and Finkelstein (1999) as the level of coordination and interaction between the two firms involved. Thus, acquirer can apply common incentives, procedures and authority aiming to reach a significant level of coordination and mutual adaptation (Datta, 1991). In this regard, Puranam (2007) identified two major effects in post-acquisition integration, so-called *coordination effect* and *loss of autonomy effect*. The first usually leads to the minimization of functional redundancy and the combination of daily routines, allowing to exploit target firm's capabilities. By contrast, the second may prevent employees from being motivated to put further efforts in more complex activities and damage the target firm's technological capability.

In addition to changes in formal structure and systems, organizational integration can lead to considerable changes in informal processes, such as communication channels, sharing values and knowledge transfer (Puranam et al., 2009). Logically, the informal changes are as relevant as the organizational integration occurs with high degrees of interaction between firms (Larsson and Finkelstein, 1999).

As regards to systems and procedures, organizational integration usually leads to the establishment of common goals and authority between acquirer and acquired companies, as well as cooperation and coordination. Whereas, informal organizational integration typically creates organizational identity, common knowledge and informal communication channels (Puranam et al., 2009). Moreover, Lin et al. (2015) have argued that acquisition integration, which implies coordination and interaction, can act as a moderator between proper acculturation and acquisition performance; the scholars have explained this concept by identifying two reasons. Firstly, aiming to achieve the whole

goals, organizational integration is expected to determine a common and collective identification, which strongly relies on cooperation and common organization goals across involved firms (Van der Vegt et al., 2003). Secondly, although employees can perceive themselves dissimilar others as out-group members and, therefore, may have less cooperating behaviours (Van der Vegt and Van de Vliert, 2005), an adequate level of organizational integration can lead the other group members to interact between each other, increasing helping behaviours and a common organizational identification.

In conclusion, considering the new entity resulting from the acquisition deal, a shared identity results as a set of beliefs, assumptions and values which is jointly accepted by two previously independent social groups (Larsson and Lubatkin, 2001). Thus, the post-acquisition performance is found to be influenced by the management of a shared identity creation.

### **2.3 Acquisition performance and the role of culture and integration**

When discussing about culture and its impact on acquisition performance it is necessary to distinguish between two separated concepts: national and organizational culture. Hofstede (1980: 25) defined national culture as “the collective programming of the mind” and usually its determinants are identified as business practices, management style and work-related norms and values. It has been argued that, since national culture occurs at a deeper level, it creates relatively greater integration issues as much as it differs between the embedded organizations, compared with organizational culture differences (Stahl and Voigt, 2008). As regards to organizational culture, it has been defined by O’Reilly and Chatman (1996: 166) as “a set of norms and values that are widely shared and strongly held throughout the organization”.

Some scholars who have employed the culture fit perspective have emphasized the need to manage organizational cultural differences since the early stages of the acquisition process in order to front potential significant barriers to achieving integration benefits (Cartwright and Cooper, 1996). Furthermore, research has seen a large degree of consensus on considering culture compatibility between firms involved in an acquisition

as a critical determinant of the subsequent integration process (David and Singh, 1994; Cartwright and Cooper, 1996; Javidan and House, 2002).

The role of culture in the post-acquisition integration process has been widely analysed by scholars who have assumed that cultural differences between two parties lead to problematic coordination and communication (Kogut and Singh, 1988). Culture has often been considered at national level, and hypothesis about cultural differences is usually formulated in order to study the performance of cross-border M&As (Chakrabarti, Gupta-Mukherjee, and Jayaraman, 2009; Morosini et al., 1998), the capability transfer between units (Bjorkman et al., 2007), the relation between integration and post-acquisition performance (Slangen, 2006) and acquired unit employees' reaction and behaviour (Weber and Shenkar, 1996). Thus, although the relevance of cultural differences is commonly acknowledged by scholars, there is still debate over the extent of their impact on the acquisition outcome.

Many studies have demonstrated that the lack of cultural compatibility lead to unsuccessful acquisitions (e.g., Cartwright and Cooper, 1993; Teerikangas and Very, 2006; Weber, 1996; Weber, Tarba and Reichel, 2009, 2011). Overall, empirical findings show the difficulty to achieve positive outcomes due to the so-called problem of "*double-layered acculturation*" which negatively affects the value creation in cross-border acquisitions. Accordingly, Williams (2001), claimed that similarities in values and norms ease the development of trust, which is a crucial aspect in transferring knowledge (Levin and Cross, 2004) as well as post-acquisition success (Bjorkman et al., 2007; Jemison and Sitkin, 1986a). The importance of culture, especially during the integration process, is also emphasized by Stahl, Chua and Pablo (2012) showing that the target firm employees react to an acquirer's integration approach according to their cultural background.

Conversely, some scholars have found positive relationship between cultural differences and acquisition performance (e.g., Larsson and Lubatkin, 2001; Weber and Shenkar, 1996) by indicating these differences as a basis of synergy creation; as such, differences are seen like opportunities to expand firms' knowledge base, to learn from each other and create additional value (Morosini et al., 1998). Similarly, Bjorkman et al. (2007) argued that complementarities are more likely to produce synergistic benefits rather than similarities.

### 2.3.1 M&A performance

Although organizational performance has been widely investigated in M&A research there are still areas of enquiry that need further exploration. Indeed, organizational performance has often been the dependent variable and several independent variables have been analysed to explain and predict performance variance. Van de Ven (2007) described the role of measurements emphasizing the purpose to verify theoretical construct by observable variables, selecting procedures and indicators in a reliable and valid way. Specifically, Van de Ven (2007) figured out two main steps of this process; the first aims to provide a meaning to the construct under measurement, the second consists in operationalizing the meaning of the construct by measurement procedures and operational indicators. Unfortunately, it is very unlikely that an indicator would exactly duplicate the meaning of a concept.

Moreover, literature has defined performance in different ways, ranging from narrow definitions in terms of financial performance to broader definitions regarding organizational effectiveness. This difference often depends on the field of investigation: strategic management field is likely to come with a concept of financial performance (Venkatraman and Ramanujam, 1987) or operational performance (Carton and Hofer, 2006); whereas, organizational field usually adopts broader concepts of organizational effectiveness.

While most of the studies have traditionally focused on strategic and financial variables to explain acquisitions performance, an emerging trend sees the sociocultural and human resources issues involved in the integration process as factors influencing the performance of the deal. In this regard, the impact of variables on the post-acquisition integration process such as cultural fit (Morosini, 1998; Weber and Shenkar, 1996; Very, Lubatkin, Calori and Veiga, 1997), the pattern of dominance between merging firms (Cartwright and Cooper, 1996; Jemison and Sitkin, 1986a), leadership philosophy and approach (Kavanagh and Ashkanasy, 2006; Sitkin and Pablo, 2005), the social climate surrounding a takeover (Birkinshaw, Bresman and Hakanson 2000; Hambrick and Cannella, 1993), the acquirer's degree of cultural tolerance (Chatterjee, Lubatkin, Schweeigr, and Weber, 1992; Pablo, 1994), management style similarity (Datta and

Grant, 1990; Larsson and Finkelstein, 1999), and integration speed (Angwin, 2004; Buono and Bowditch, 1989; Ellis, Weber, Raveh and Tarba, 2012; Mitchell, 1989), is measured in order to explain the overall performance of acquisitions. Similarly but in more general terms, other scholars have investigated “human integration” (Birkinshaw et al., 2000) or “sociocultural integration” (Bjorkman, Stahl and Vaara, 2007) as acquisitions’ success factors.

Interestingly, Daniliuc et al. (2014) have recently developed an integration-related measure based on changes in asset turnover. Furthermore, the same scholars have investigated the interaction between acquisition focus and integration in relation to performance. Thereby, they have found out that the extent of post-acquisition integration has an impact on the realization of synergistic gains offered by most focus-increasing acquisitions. Affirming that, they have argued that higher long-run post-acquisition performance accrues to firms that implement considerable post-acquisition integration following focus-increasing acquisitions. Conversely, they have showed that integration following focus-decreasing acquisitions is likely to be value neutral or value destroying.

### **2.3.2 Performance measurements**

Researchers have long attempted to figure out a performance measure within the organisational field (Dess and Robinson, 1984; Glaister and Buckley, 1998; Kirchoff, 1977). The most popular and, at the same time, objective adopted metrics are finance-related, for example share price fluctuations and further accounting data has been often used to evaluate the performance of organisational choices. Using different perspectives, such as organisational behaviour and strategic management, are usually associated to subjective indicators, as well as managers’ self-reports. To some extent, the adoption of subjective measures has been motivated by complexity in gathering objective data, for example Dess and Robinson (1984) claimed that the focal unit was just a constituent part of a larger corporate organisation.

Due to the inter-disciplinary nature of the mergers and acquisitions field, appropriate performance metrics may vary over a broad range that involves diverse origins (Larsson

and Finkelstein, 1999). Notably, some scholars have used subjective performance measures gathered from managers who have been involved in the acquisition (e.g. Brock, 2005; Capron, 1999), or from external experts who have provided information (e.g. Cannella and Hambrick, 1993; Hayward, 2002). Others employed objective measures, as well as profitability earnings (e.g. Hitt, Harrison, Ireland and Best, 1998) or the acquirer's stock market returns (e.g. Carow, Heron and Saxton, 2004; Datta and Puia, 1995). Moreover, Bergh (1997), similarly to Porter (1987), investigated whether the acquired company is subsequently divested. Thus, the large number of alternative measures makes the process of selecting the appropriate one difficult for prospective researchers.

Recent research has shown that inconsistent choice of performance measures may hinder knowledge development (King et al., 2004; Stahl and Voigt, 2004). Furthermore, some of the mixed findings within the literature may be effected by the adoption of different metrics. For example, the conflicting conclusions of Datta and Puia (1995) and Morosini, Shane and Singh (1998) about the extent to which national culture distance influences acquisition performance can be motivated by the employment of diverse performance metrics. Also acquisition experience has brought contradictory findings among the studies because of the variety of adopted performance measures (e.g. Hayward, 2002; Hitt et al., 1998).

In addition, Sarala (2008) stated that acquisition performance measurements have followed two main methods. The first has looked at acquisition from the investors' point of view with the aim to evaluate whether the deal creates or destroys value, thus, it is finance-oriented and considers either *stock market* or *accounting outcomes*. These methods usually reflect quantitative studies. The second method has employed the personnel's and managers' perspectives with the purpose to explain results related to socio-cultural processes in acquisitions. Both qualitative and quantitative studies have adopted these perspectives, analysing, for example, *human resource outcomes* and different *behavioural and organizational outcomes*.

Several scholars that have adopted accounting outcomes have found a negative performance effect in acquisitions. For example, King et al. (2004) showed that ROA was considerably negative after one year since acquisition. Similarly, Dickerson et al. (1997), indicated a negative performance of the acquiring firm as measured by ROA.

The role of integration has received little attention in the finance literature, indeed, there are almost no consistent evidences of its impact on performance. Notably, Alexandridis et al. (2013) suggested that most of value erosion occurring throughout the acquisition appears to be associated with ineffective post-acquisition integration.

Employing the personnel's perspective means using human resource outcomes. In particular, Hogan and Overmyer-Day (1994), focused their attention on the psychological and behavioural effects of acquisitions on employees. Another common human resource outcome is top management turnover that follows the acquisition. In many studies acquisitions have been associated to a significantly high top management turnover concerning the acquired firm (Krug and Hegarty, 2001; Davis and Nair, 2003). Moreover, several additional human resource outcomes have been used, often by qualitative studies. Among others, such examples are anxiety and stress (Buono and Bowditch, 1989; Astrachan, 1995; Panchal and Cartwright, 2001), conflict (Kuhlmann and Dowling, 2005; Olie, 2005), loss of trust (Chua et al., 2005) and dissatisfaction and disloyalty (Newman and Krzystofiak, 1993). To sum up, the aforementioned human resource outcomes tend to be negative, even though Sinetar (1981) also highlighted potential positive outcomes, such as higher probability of promotion, increased status, greater job satisfaction and compensation.

### **2.3.3 Impact of cultural differences on integration performance**

Cross-border acquisitions consist in combining two organizations that are embedded in their own national culture and institutional context that, in turn, affect their organizational structure and management (Olie, 2005). Although acquisition researchers have found national cultural difference to have a significant impact on post-acquisition integration, there is still a lack of consensus on the extent and the direction (positive or negative) of this impact. Indeed, divergent national cultural contexts have traditionally been considered as barriers to integration (Olie, 2005); for instance, Datta and Puia (1995) stated that national culture differences cause a misunderstanding of the target market and firm, as well as a subsequent overpaying for the deal. They also argued that functional

activities such as marketing and labour relationships are strongly related to specific national culture. Problems arising from large cultural differences may also be associated to a lack of a common frame of reference that would allow to coordinate post-acquisition mechanisms (Olie, 1994).

Considering integration as a multidimensional construct, Shrivastava (1986) divided post-acquisition integration into procedural, physical and cultural integration. The latter level, according to the same scholar, is assumed to be the most important one. In particular, integrating cultural factors means to combine both acquiring and acquired cultures and managerial styles in order to develop one compatible organizational culture (Shrivastava, 1986). Organizational culture has often been found to be embedded in national culture, for example, Calori et al. (1997) pointed out that organizational culture was influenced by nationally-bound administrative heritages in terms of centralized or decentralized decision-making. This may mean that cultural integration is more complex when it is in contrast with the administrative heritage than when it is in line with administrative heritage of the company.

Furthermore, Stahl, Mendenhall and Weber (2005) claimed that integration of culture and people is more difficult when high levels of integration are required; at the same time, cultural integration seemed to facilitate post-acquisition integration in different ways. In this regard, Teerikangas and Very (2006) affirmed that the perception of cultural differences depends on the effectiveness of cultural integration. This concept is coherent with Sherwood's findings (1983) that illustrated cultural integration as a bridge that addresses organizational cultural differences to unified organizational frames of reference. Thereby, cultural integration appears to limit negative outcomes, such as conflicts and organizational problems (Elsass and Veiga, 1994).

Cultural integration may also make communication between organizations' members easier by generating common assumptions and mental maps (Sherwood, 1983). Moreover, Teece et al. (1997) found that cultural integration may function as a form of social control over the behaviour of individuals. Cultural integration can allow to limit the extensive use of other control systems, such as knowledge transfer and organizational learning, that might be harmful in the achievement of long-term goals. In addition, Paine and Power (1984) stated that cultural integration can build mutual trust, which is crucial

for reducing negative employee reactions and consequent organization dysfunctions. Finally, through cultural integration it is possible to access tacit knowledge (Chaudhuri, 2005), which is often embedded in teams, individuals, relationships and culture of the firm (Ranft and Lord, 2000). In conclusion, procedural and physical integration alone, without a proper culture integration, result in unsuccessful strategy and performance (Bjorkman et al., 2005).

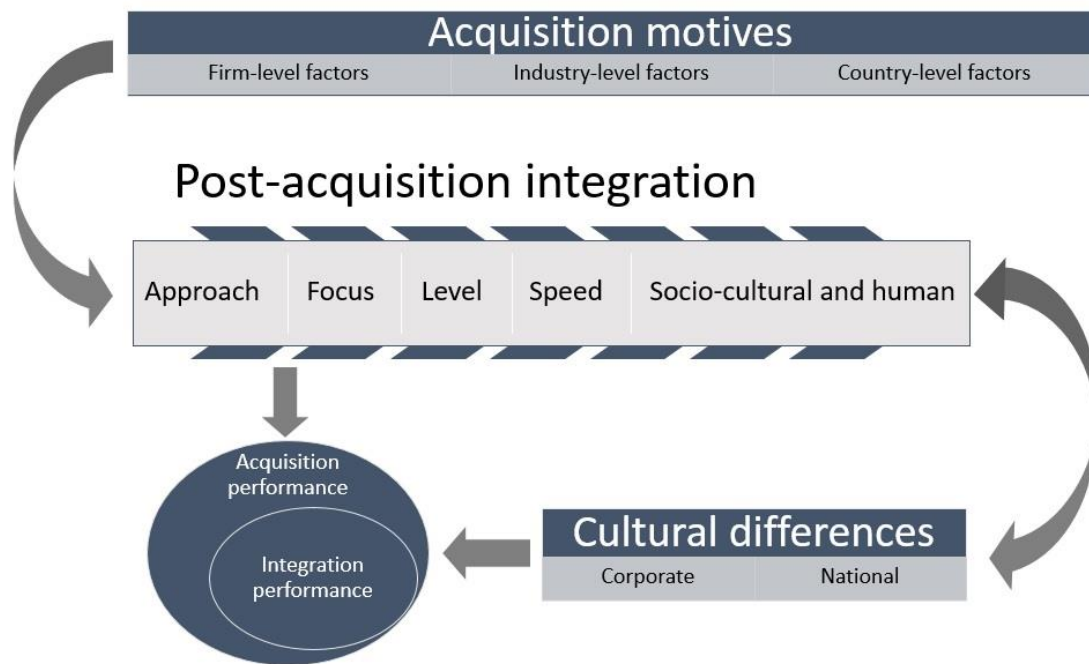
All the aforementioned advantages of cultural integration explain why Shrivastava (1986) and Evans and Pucik (2005) defined cultural integration as the most critical and challenging type of integration. However, it has been argued that cultural integration may also have negative responses. Organizational members can be affected by cultural anxieties due to a predominant culture (Styhre, Borjesson and Wickenberg, 2006). These cultural anxieties can be avoided with an effective planning and execution of the integration process. Sarala (2008) proposed two mechanisms through which cultural integration can be executed: cultural change and the creation of a new, shared culture.

## **2.4 Framework of the study**

So far, theories have been reviewed in order to understand phenomena and, in some cases, to challenge existing knowledge. In this section, the theoretical framework of the study is presented with the aim to illustrate the structure that support the theory of the research. Guided by relevant theories, the framework connects the main concepts logically, and the resulting structure influences both the choice of research methods and the empirical research. Moreover, focusing on specific key variables and defining the specific point of view of the researcher, the theoretical framework limits the scope of the study and facilitates the understanding of the research analysis.

The proposed framework starts introducing the motives for undertaking a cross-border acquisition. In this regard, the study builds on a collection of motives that have been analysed by the extant literature; in particular, this thesis refers to the categorization proposed by Shimizu et al. (2004) which consists of firm-level factors, industry-level factors and country-level factors. Thus, assuming the importance of motives in determining the post-acquisition phase and, consequently, the post-acquisition integration process, the core topic of the research is developed. In particular, the entire integration process is investigated into multiple dimensions. Specifically, the integration approach is detached from Haspeslagh and Jemison's (1991) vision, coupled with the graphical depiction of Ellis and Lamont (2004). The integration approach refers to the way of managing integration operations necessary to create value and achieve possible synergies. The focus of integration highlights the areas in which integration occurs, while the level of integration reflects the degree of change involved, which does not mean it has to be high for being successful but rather it has to be adequate. Whereas, the speed of integration represents the range of time that starts with the closing of the deal and ends with the achievement of the desired integration goals (Homburg and Bucerius, 2006). Finally, the framework considers human and socio-cultural aspects of integration, given their crucial role especially in cross-border acquisitions. Thereby, the core topic of the study deeply explored through the theory by exploring different dimensions of the integration phenomenon.

Moreover, culture-related issues and challenges are further investigated, attempting to achieve a comprehensive understanding of which type of cultural distances are perceived the most (national or corporate), where they can be found and how they can affect acquisition performance, as well as the integration-related choices. As regards to performance, multiple measures are taken into consideration, the study distinguishes between objective measures (e.g. Carow, Heron and Saxton, 2004) and subjective measures (e.g. Brock, 2005). Moreover, an additional distinction between acquisition and integration performance is considered; in this way, given the acknowledged relevance of the integration performance, it is possible to understand the relation between them.

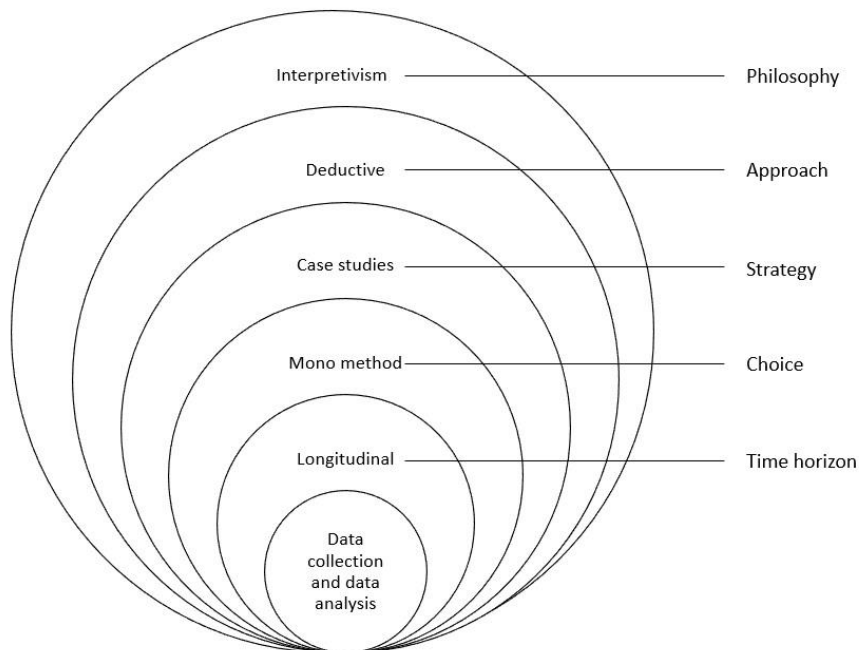


**Figure 7.** Framework of the study

### 3. Research Methodology

The thesis implements a qualitative methodology, relying on the examination and descriptive analysis of the researched issues. Research treats relevant literature based on theory and practical experience of managers who dealt with subject matter. Building on literature, the study analyses the process of the post-acquisition integration of firms, examines the critical area for value creation and main issues that may affect the given process.

Aiming to answer the research question properly, a set of norms and rules has to be adopted. Accordingly, this chapter presents the methodology that addresses this study. In particular, the research approach and the research design are firstly disclosed. Subsequently, the data collection, sampling and the type of interview are discussed in order to provide a clear explanation about the process of gathering data. Finally, the chapter assesses the quality of research findings by ensuring the reliability and the validity of this study.



**Figure 8.** The research onion of this study (based on Saunders, Lewis and Thornhill, 2009)

### **3.1 Research philosophy and approach**

As regards to the nature and the development of the knowledge, four categories describe different research philosophies: positivism, realism, interpretivism, and pragmatism. The first attempts to uncover the one truth and considers the world as objective; in contrast, interpretivism considers reality to have subjective meanings and observes social phenomena and motivating actions. Whereas, realism sees human thoughts and beliefs as independent, that is to say that objects exist independently of human knowledge. Finally, pragmatism employs multiple views, both from positivism and interpretivism point of view. (Saunders, Lewis and Thornhill, 2009).

This thesis applies the interpretivism philosophy. Indeed, it accesses reality through social constructions, such as language and shared meanings (Myers, 2008). In particular, the study builds on the managers' thoughts and the reality of the business environment and operations that characterize the integration process. The complexity of the area of investigation calls for an in-depth understanding of the case by interpreting collected data and focusing on their meaning.

While conducting a scientific study, a researcher can apply three different approaches: deductive, inductive and abductive. The first approach assigns great importance to the theoretical material, and hypotheses are formulated in order to test the existing theory (Wallén, 1993). In particular, this approach assumes that observations cannot be made with neutrality of theories; in fact, the aim is to pose initial hypotheses and allow them to steer the observations in proper directions (Hartman, 1998). Whereas, the inductive approach starts with observations in order to formulate theories without having any presupposition to be tested or developed. Thus, through the collection and the analysis of data, the researcher generalizes the results and searches for general theories. These two approaches are opposed to each other. A researcher with a deductive approach starts from general theories, out of which hypotheses are formulated; afterwards, an explanation is found through empirical observations. A researcher who undertakes an inductive approach starts from observing the real world and the outcomes of which lead to the development of theories. Moreover, the inductive approach can be seen as more flexible, since it allows alternative explanations of the same phenomenon by providing a human

vision (Saunders, Lewis and Thornhill, 2009). The combination of both the aforementioned approaches generates a third one: the abductive approach. Here, the methodology implies reasoning from phenomena, understood as presumed effects, to their theoretical explanation in terms of underlying causal mechanisms (Haig, 2005).

As regards to this thesis, the adopted approach is the deductive one, since the issues that are searched for in the empirical analysis are determined beforehand through the literature review. The purpose of this study is to explore the motives for acquisitions as they are figured out from previous research and narrow down into the implementation and management of the integration process. Specifically, the deductive method is followed by firstly starting with theoretical material, subsequently, moving on to observations and, eventually, providing a more comprehensive picture. This manner exactly reflects the deductive nature. Theory is chosen as the starting-point and the aim is to investigate possible differences and similarities coming out from the empirical analysis. In particular, theory serves as a mean for understanding empirical phenomena that, in turn, generate an exploratory research (Haig, 2005).

### **3.2 Research design**

The research design is defined as the general plan of how the study answers the research question. It illustrates objectives derived from the research question, the sources from which data are collected and how the collection and the analysis is accomplished (Saunders, Lewis and Thornhill, 2009: 159). The first methodological issue is related to the choice between a quantitative and a qualitative analysis. Generally, the first parameter that distinguish the two methods is the nature of data collected by referring to either numeric data or non-numeric data. Thereby, quantitative analysis are normally associated to data collection techniques or data analysis procedures, such as questionnaires and graphs or statistics; whereas, qualitative analysis are usually associated to those techniques and procedures that elaborate non-numeric data, such as interviews (Saunders, Lewis and Thornhill, 2009: 161).

This thesis follows a qualitative method, having the aim to deeply investigate what is collected from the interviews. In contrast, a quantitative analysis does not meet the need of the study. In fact, the non-standardised and complex nature of the data collected justifies the choice of conducting a qualitative analysis. Moreover, qualitative data are characterised by their fullness and richness that allow to explore a phenomenon in as real a manner as is possible (Robson, 2002). Therefore, the strength of qualitative research is its ability to provide complex textual descriptions of how people experience a given research issue; in practice, the interviewees give a “personal” explanation of the integration process in acquisition and questions are formulated in order to examine the *why* and *how* of decision making.

Moreover, this thesis pursues an exploratory approach in the sense that it attempts to find out new insights, explain what is happening, assess phenomena and ask open-ended questions (Robson, 2002: 59). This approach allows to clarify the understanding of a problem, such as the integration-related challenges Italian firms have been facing and how they have been managing them. Moreover, the use of open-ended questions gives the participants the opportunity to respond in their own words, rather than forcing them to stick with fixed responses, as quantitative method imposes (Mack et al., 2005).

Although the dominant nature of this study follows the exploratory approach, some features can be associated to another type of research: the explanatory research. In particular, this approach can be seen in the attempt to study a situation or a problem in order to explain the relationships between variables (Saunders, Lewis and Thornhill, 2009: 172).

As regards to research strategy, it defines a plan of action to achieve a goal; that is to say, how the researcher intends to answer his research question (Saunders, Lewis and Thornhill, 2009: 173). Since the goal of this study is to explore a research topic within a number of real-life contexts, the research strategy is based on a case study. Indeed, as stated by Eisenhardt and Graebner (2007), the case study strategy fits the case in which the researcher seeks for achieving a huge understanding of the context and the processes being enacted. An important distinction between diverse case study strategies is provided by Yin (2009). The scholar distinguishes, on the one hand, single case versus multiple cases, on the other hand, holistic case versus embedded case.

This thesis adopts multiple case studies and the rationale for this focuses on whether findings can be replicated across cases. In fact, each case accordingly needs to be chosen in the way that it either predicts similar outcomes or predicts contrasting outcomes. This strategy reflects a two-fold structure where, first, each case is analysed separately, second, the analysis turns into a cross-case comparison. Thereby, the study allows to come out with general conclusions.

Considering Yin's second dimension, holistic versus embedded, the distinction is based on whether the focus is on the organizations as a whole or on a number of logical sub-units within the organizations. This thesis definitely employs a holistic view, treating each organization as a whole entity.

In sum, main advantages in using case studies are:

- The examination of the data is accomplished within the context of its use, that means, within the situation where activities take place
- The detailed qualitative accounts often generated help to shed light on the complexities of real-life situations that may not be captured through other research design
- Case studies help in adding value to the participants through discussions on concrete subjects

Despite these advantages, there are some arguments against case studies:

- Findings tend to be hardly generalizable to a wider population
- Case studies are often accused of lack of rigour; in particular, it is difficult to provide a definite cause-effect relation

Finally, an additional feature of the study, which depends on the nature of the research question, distinguishes between cross-sectional studies and longitudinal studies. Both the approaches are observational studies; this means that researcher records information about the subject without manipulating the study environment. However, while cross-sectional studies make comparisons at a single point in time, longitudinal studies make comparisons over time. Specifically, when carrying out a longitudinal study, researcher conducts several observations of the same subjects over a range of time. This thesis is a

longitudinal study, since the researcher looks for detecting developments or changes in the integration operations along the execution of the entire process.

### **3.3 Data collection and sample**

Empirical data for the study are gathered from managers who have been in charge of managing critical integration activities following the acquisition; in addition, secondary data are collected in order to support the credibility of the analysis and provide a comprehensive framework. As a first step, the university have provided access to Thomson Reuters database containing a list of completed acquisitions undertaken by Italian firms in the investigated target countries. Acquisition cases belong to a 15 years' time period, ranging from 2000 to 2014. Going through the list, a first screening is made according to the industry where cases have taken place; in particular, those cases that have involved the manufacturing industry are picked up from the list. Subsequently, further investigations are conducted in order to pick cases that are comparable to one another. Therefore, some cases are left out, such as those involving different industries and those being partial acquisition (less than 95% of total shares). More precisely, the researcher wants both the acquiring and the acquired firm to execute manufacturing operations; no matters if, eventually, firms run additional businesses. Following this path, potential cases are listed and the phase of contacting companies' offices can start.

The first attempt at contacting companies was done by sending an email to a generic email address (e.g. info@companyname.com) in which the purpose of the study was presented, specifying the acquisition case and area of interest and requesting managers' availability for the interview. In case no reply was received, companies were contacted by phone, asking for department or personal email addresses or attempting to speak personally with managers. Once received availability from the manager who met the requirements for the analysis, the themes and the structure of the questionnaire with the list of questions (available in Appendix 1) were provided and date and time for the interview were set up. Face-to-face Skype conversation appeared to be the most suitable way to conduct the interview. The interviews took approximately 60 minutes each, they all were recorded with the permission of the interviewees who were also noticed with a non-disclosure

agreement in order to protect anonymity and confidentiality. Therefore, companies' and managers' names are expressed as anonymous form, such as "Company A" and "Manager A". Moreover, interviews are conducted in Italian, since both interviewer and interviewees are native Italian speaker, in this way, any form of bias is avoided.

Thereby, the aforementioned research activities enabled to select the sample for this thesis, which consists of three Italian acquiring firms that are briefly presented below.

Company A is an Italian manufacturing company specialising in the production of thermal and acoustic elastomeric insulation materials. The company has production facilities and subsidiary networks around the globe and supply products to a worldwide customer base. It is currently serving various market sectors, such as building, transportation, petrochemical and renewable energy. In 2008, Company A acquired the entire share capital of Target A, a UK manufacturer of beverage dispense insulated tubes. Target A was created in 2003 and its client include beverage industry giants. Company A moved the business of Target A to a 30.000 square feet site in Coalville and wanted to combine the operations to cut costs and win more contracts with the brewery industry. Moreover, the target location was strategically important for distribution of Company A. In terms of size, Company A registered \$332 mill. sales in 2015 and employs more than 200 workers.

Company B is an Italian leading manufacturer of commercial furniture, it operates in the retail space and storage market through its specialized divisions. As well as Company A, Company B has a well established international presence with 4 production plants worldwide and an extensive network of sales offices and distributors. The company registered around \$150 mill. sales in 2015 with 660 employees in 10 countries. In 2007, as part of its continuing expansion, Company B acquired Target B, a historic French company in the retail fitting sector since the 1960s. The main Target B site is located in Paris while the production plant at Romorantin covers an area of 60.000 square meters. The acquisition reinforced Company B's strategic presence in the retail sector and satisfied the requirements of numerous French clients. Moreover, thanks to this acquisition of know-how resources, Company B was able to become one of the three main players on the European market.

Company C is an Italian company specialized in the production of electric motors and drives for electric and hybrid vehicles. After expanding its business through acquisitions in the domestic market, Germany and China, the company undertook the first U.S. manufacturing operation by acquiring Target C in 2014. Company C registered \$123 mill sales in the year of the acquisition, employing 180 workers. Target C build specific parts for electric and hybrid vehicles, such as elevators, lift trucks, buses and refrigeration systems. After the acquisition, Company C moved the target firm into a manufacturing building located in Virginia; this operation allowed to save 70 pre-existing employees of Target C, which are expected to grow up to 80 within the next three years. The new location is owned by a U.S. authority that leased about 60.00 square feet of manufacturing space in exchange of a \$5 million investment.

**Table 3.** Summary of the sample

Main features	Case A	Case B	Case C
<i>Sector</i>	Thermal and acoustic elastomeric insulation materials	Commercial furniture for retail and storage market	Electric motors and drives for electric and hybrid vehicles
<i>Legal entity</i>	S.p.A. (Joint-stock company)	S.p.A. (Joint-stock company)	S.p.A. (Joint-stock company)
<i>Main financial indicator</i>	\$332 mill. sales in 2015	\$150 mill. sales in 2015	\$123 mill. sales in 2014
<i>N. Employees</i>	256	660	180
<i>Main operations type</i>	Manufacturing	Manufacturing	Manufacturing
<i>Year of acquisition</i>	2008	2007	2014
<i>Acquisition investment</i>	€8 mill.	€17 mill.	€15 mill.
<i>% acquired shares</i>	100%	100%	100%
<i>Target country</i>	United Kingdom	France	United States
<i>N. Employees of target company</i>	NA	170	70
<i>Sector of target company</i>	Beverage dispense insulated tubes	Retail fitting	Parts for electric and hybrid vehicles

### 3.4 Type of interview

Case studies research provides excellent opportunities for both respondents and researchers to verify their understanding and keep on asking questions until they gain sufficient responses and interpretations (Ghauri, 2003). Therefore, interviews meet the need of this thesis, since the aim is to understand behaviour of decision-makers. In general, interviews are useful when open-ended questions are used to collect data and when dealing with complex or sensitive issues (Hair et al., 2011).

Although there are various types of interviews, all interviews are commonly classified into three basic types, according to the level of formality and structure:

- Structured interviews
- Semi-structured interviews
- Unstructured or in-depth interviews

Concerning the first type, structured interviews, they use questionnaires based on predetermined and standardised questions. The interviewer record and report the answers on a defined schedule and, eventually, pre-coded answers are provided (Saunders, Lewis and Thornhill, 2009). By contrast, semi-structured and in-depth interviews are non-standardised. In particular, semi-structured interviews usually consist of a list of themes and questions to be covered; nevertheless, there can be some variations between an interview and another one. These variations are justified by the fact that the interviewer may make adjustments according to a specific organisational context. Both semi-structured and in-depth interviews are often referred to as “qualitative research interviews” (King, 2004). Finally, unstructured interviews are definitely informal and aim to explore a broad and general topic area. In fact, the interviewee is encouraged to talk freely about events, beliefs and behaviours in relation to the area of investigation (Saunders, Lewis and Thornhill, 2009).

Hence, considering the features discussed above, semi-structured interviews are the typology that meets the needs of this thesis the most. Indeed, they allow the interviewer the flexibility to examine initial participant responses by asking why and how. When conducting the interview, the researcher listens carefully to what the interviewee affirms

in order to be able to engage with him or her encouraging to further elaborate on the answer (Mack et al., 2005). Furthermore, a list of questions is provided to the interviewee and core themes are well indicated: motives of the acquisition, integration process, performance evaluation and cultural impact. In this way, a pre-determined structure addresses all the conducted interviews but, as useful and relevant insights arise during the discussion, the interviewer may deepen any of these particular issues.

### **3.5 Reliability and validity**

Scientific canons of inquiry, such as reliability and validity, serve for assessing the quality of research findings. The concept of reliability is defined by Saunders, Lewis and Thornhill as the mean by which ensuring that your data collection techniques and analytic procedures would generate consistent findings in case they were applied to another occasion or adopted by another researcher (2012: 192). To carry out the research in a rigorous methodological way can help to avoid various threats to reliability. In particular, these threats can be clustered in four categories:

- Participant error
- Participant bias
- Observer error
- Observer bias

The participant error occurs when the respondent is not truly willing to answer the questions and tend to deviate his or her response, rather than having a neutral attitude. Instead, when respondent is influenced by external pressure, for example when he or she is said what to answer, it is called participant bias. Accordingly, the anonymity is ensured to all the interviewees who contribute to this research. Furthermore, participant bias threatens the analysis of the data, especially the researcher's interpretation of them. Third, the observer error refers to the possibility of asking incorrect questions or mistaking the way to formulate them. A high-structured interview can prevent this issue and ensure a sufficient level of reliability. Finally, the observer bias influences the way the replies are interpreted.

As regards to validity, according to Saunders, Lewis and Thornhill (2009: 157), it is concerned with whether the findings are really about what they appear to be about. In particular, in qualitative research, validity means “appropriateness” of the tools, processes, and data. Therefore, choice of methodology has to enable detection of findings in the appropriate context for it to be valid.

Ensuring reliability and validity and, consequently, the rigor of a study, is a crucial issue in qualitative research. In order to do that, a set of mechanisms can contribute to a verification process. In this regard, it can be argued that a good qualitative researcher systematically correct his or her analysis when designing and implementing it because of the iterative nature (rather than linear) of qualitative studies (Morse et al., 2002). In fact, the research process requires congruence among research question formulation, literature review, data collection strategy and analysis. Hence, this verification mechanisms lead to a constant monitoring and help the researcher to identify when to continue, stop or modify the research process in order to ensure reliability and validity.

In order to ensure an appropriate level of reliability, questions to ask during the interviews were formulated through a rigorous method, attempting to follow the logic of the study and answer the research question. Moreover, before and, eventually, meanwhile, conducting the interview, the logic and the rationale for this study was explained to managers, in order to make them aware and address through to the same path. Accordingly, every interviewee was provided with the full list of questions few days before the agreed meeting; thereby, managers had time to think and elaborate proper answers. In addition, every interviewee was assumed to be extremely well aware of the topic, since he or she played a central role in the operations of the analysed acquisition. In sum, the selection of interviewees who played comparable role in the relative acquisitions permitted to have comparable perspectives on same processes and, in turn, to enhance the reliability of this study. Moreover, further enforcements of reliability came from the fact that interviews were conducted in Italian which is the native language of both the interviewer and the interviewees.

As well as for reliability, validity can be enhances through several methods. Among the others, triangulation process implies the combination of data collected with additional sources of evidence. In particular, the so-called data triangulation was used by this study

in the sense that the researcher combined existing literature on acquisition and integration process, data collected from interviews and secondary data that were collected and presented in order to give a preliminary overview of the case study. In particular, secondary data collected from companies' website and databases were verified together with the interviewed manager in order to grant their validity.

## **4. Results and analysis**

In this chapter, empirical data collected from the interviews are presented. The description of each case study is divided into three parts according to the questions order and themes. Indeed, the structure of the interview is organized into three main themes: the acquisition motives, the integration process and the related performance and cultural issues. Interviews are reported in a narrative format, therefore information are paraphrased from managers' statements and only some of them are reported by direct quotes. The questionnaire followed while conducting the interviews is available in the Appendix 1 and both interviewees and interviewer attempted to refer, as much as possible, to those questions. Eventually, being semi-structured interviews, the conversation may have been taken different trajectories, focusing more on one specific aspect rather than another. At the end of each case study, main findings are summarised in a table in order to provide an overview.

The first part of the interview has the purpose of introducing the acquisition case, shedding light on the existing situation of the two firms involved at the acquisition time. From an introductory description of the case, afterwards the attention is put on the motives for acquiring; thereby, it is possible to figure out the goals of the acquisition. The second section investigates the characteristics of the integration process, attempting to figure out the approach, the level, the focus the speed and human-related aspects. Finally, the third section focuses both on the performance evaluation of the acquisition and the integration itself, and on perception and influence of cultural issues are discussed.

### **4.1 Case A**

#### **4.1.1 Acquisition background and motives**

Manager A is currently the UK General Manager of Company A and was the person that conducted the purchase of Target A and all that entailed. Firstly, he started introducing the main motives that drove the acquisition. In this regard, referring to the table displayed

within the list of questions (Table 2), he stated that Company A, by acquiring the target firm, mostly aimed to improve the *capacity utilization*, exploit *economies of scale* and enhance *diversification*.

Prior to the acquisition, Company A was actually supplying the target firm for the manufacturing process of natural foam. Hence, this situation was seen as a potential opportunity for developing vertical integration. In addition, the UK natural foam market is relatively small, therefore, holding a relevant building size to distribute the product into the market was difficult to justify with only one business. Indeed, the company have been running this business for two years but that did not give the possibility to reach the critical mass of the UK market. As such, in order to justify the presence in the UK, the need to expand the business came out.

By the time of the acquisition, Target A was heavily affected by financial difficulties, coming from seven years of accumulated losses. Nevertheless, players in the domestic market were just four and this context was seen as an opportunity. Notably, there were two locations involved within the acquisition, the first is in the North-West of England (near Blackpool), the second is in Coalville, which is in Leicestershire region. As the acquisition was made, Company A planned to move its distribution centre from Blackpool to Coalville, which was considered a better location for running the business strategically and logistically. Moreover, this decision was also supported by the fact that the acquired company had a high level of semi-skilled and skilled workforce based in Coalville that would have been difficult to reallocate into the North-West. For these reasons, Company A management picked the Leicestershire area as the best position for exploiting synergies.

Thinking about Table 2, Manager A, as regards to the industry-level factors, pointed out that *new market access* was certainly one of the most important drivers, since the Company A could access the beverage dispense industry thanks to this acquisition. Indeed, as already mentioned in the previous chapter, this was the main sector of Target A. Secondly, the acquisition of a pre-existing company in the market allowed to face the competition effectively.

Deepening to country-level factors, beyond the market penetration itself, the interviewee mentioned the benefit of having an English-speaking company. Indeed, it made sense for

Company A since English is the business-language of the world and many documents need to be translated from numerous languages to English.

In sum, motives for resorting to the acquisition were clear from the beginning and they were all aimed at creating profitability and to establish presence in the UK market.

Specifically, at the time the beverage business was losing money, whereas the insulation business was break-even, this situation was generated by separate locations and costs overhead. Moreover, pricing strategies were controlled from Italy and that was not making the UK market profitable. Initially, Company A was not running any distribution activity into the UK market but, at the same time, insufficient customers were willing to take full containers because of the limited market size; therefore, the existing business was not enough profitable. Hence, the management decided to set the distribution in Blackpool but still the big volume of the business did not turn the business into profitable. So that, the acquisition came out as an optimal opportunity. Indeed, it allowed significant synergies even though it was not operating in the core business of Company A. Interestingly, the manager directly stated: “instead of being about to move strategically, it was rather a necessity, we were wondering what should we had to do next, we had to protect our supply line of tubing”. In fact, external environmental changes, such as suppliers’ movements, pushed the company to react consequently, even though it was not previously planned. Differently, nowadays Company A is seeking for expanding the business through diversification and new manufacturing plants in the UK, which means they are looking at the next stage, whereas the scenario that pushed to the acquisition was slightly different, it was unforeseen and it came as a necessity, rather than a planned strategic action.

#### **4.1.2 Integration process**

The integration strategy planning followed the logic of the aforementioned acquisition motives. Accordingly, the guideline was to bring everything into one location in order to exploit significant synergies. Manager A believes that the acquisition itself was somewhat

easy to undertake; the acquired firm was due to fail and Company A could have even let it go into liquidation and then “pick up the pieces”.

Within the acquisition the Company A reached and maintained key persons, such as the former director who is currently the production manager, and another talented manager who was able to keep a business that was drowning thanks to his massive knowledge of the sector. However, the acquisition also implied straight away the loss of one member, because he was non-executive and, within three months, even one consultant left. Moreover, a separation still exists: the two president of these companies are still running as two separated limited companies. The rationale for it is that the accumulated losses of the target firm could be offset against tax moving forward. Overall, the target company has currently twenty-six employees, whereas there were twelve when the acquisition was made.

As presented earlier, synergies were sought in vertical integration of products and distribution; moreover, in the recovering of an attractive business that was close to death though. Although Company A had not an adequate knowledge of the market and the products, they had already people who had, they knew the business and the management was strongly motivated to succeed.

Considering the configuration of the integration process, Manager A agreed on associating that to the *symbiotic* integration approach. In fact, the process is characterized by a pursuit of both operational autonomy and strategic interdependence. In particular, the maintaining of strategic key persons with relevant skills explains the need for operational autonomy; at the same time, the aim to bring two businesses together under the same roof explains the need for strategic interdependence. Moreover, even if the integration process itself was considered relatively simple and quick, it was a gradual process that started with an initial preservation period. Indeed, the relative easiness of the execution may be explained by the small size of the target firm.

As regards to the speed of the integration process itself, the interviewee said it was quite quick. In practice, the two firms involved were running separately for 4 months, afterwards, they started bringing the two set of operations under Company A’s control. In fact, the actual physical operations, the network of structures and people’s responsibilities and roles came together within a period of 8 months. As far as the

integration process was concerned, the geographical reallocation was delayed; indeed, that took longer than expected to be implemented. Company A prioritised the integration of systems, people and, more general, the essence of what they wanted to achieve. Afterwards, one year after the acquisition, the geographical reallocation was executed and it led to the consolidation into one building and the utilization of more space that, in turn, gave a reduced square kilometres price. In practice, the two previously separated businesses came together into Coalville generating additional synergies, such as workforce synergies and reinforcement of distribution and sales activities.

Currently, Company A is planning to bring the two companies as two brands under its own competence in order to keep the target company as a brand. This will facilitate accounting procedures, audits by avoiding duplication of efforts that, in turn, will allow gaining efficiency. Moreover, the fact that Company A was already established in the UK market gave the sufficient knowledge to make the process faster in the sense that many accounting and reporting aspects were “replicated” rather than integrated; in this regard, the manager said: “we realigned the businesses into one”. Of course, some of the reporting procedures were adjusted and other processes were modified but this did not take a long time.

The most challenging issues appeared to be the personnel and that is perceived as one of the most valuable lessons. It is not yet clear if the issue would have been better handled with a more effective due diligence or during the preliminary discussion. In fact, contracts were backdated and salaries changed; moreover, the management did not possibly accomplish the due diligence backwards far enough to be able to grant, for example, the last twelve months at the existing salary levels. One potential motive that explains these difficulties may have been the fact that target company’s directors have not been taking note salaries because there was not profitability. Therefore, when the acquiring firm came to negotiate on salaries, the counterpart presented the case without the actual figures of the books. Hence, directors that have been bailed appeared to be not truly collaborative and the human repositioning was the hardest part of the process. Whereas, as regards to the reallocation of resources, the logistics and the systems, the integration process went smoothly.



**Figure 9.** Case A: overview timeline of the integration process

#### 4.1.3 Performance evaluation and cultural issues

Overall, the first year following the acquisition Company A supported Target A financial losses; subsequently, the acquired firm just about broke even in the second year. Nowadays, the manager said: “Target A is supporting Company A”.

Financially speaking, the goal of the acquisition was to get a positive return on the investment made (ROI), therefore, Company A had to integrate Target A with the aim of turning it into profitability. Indeed, the acquiring firm did not only aim to gain a market share but also to run a profitable business.

When Manager A was asked about evaluating the overall performance of the acquisition, he provided a very personal interpretation; interestingly, he stated: “in the first year, I wished I had never done it”. In fact, Company A acquired a business which was quickly losing money, it was underfunded, the management team appeared not properly motivated, there were issues with stock losses and the due diligence process should have been slightly different. So that, initially Company A perceptions were not positive and, when they were approached by the market leader, they did consider giving up the business. Therefore, the first year following the acquisition was characterized by human and financial difficulties as well as market difficulties in the sense of dealing with customers on long-term credit while having low margins. The acquiring firm had to renegotiate many contracts’ terms of payment and to decide whether to stay with some clients or not. Indeed, it was of crucial importance to be able to maintain certifications with the existing companies on the supply chain because many of the major players

required those certifications under the name of the target company to carry on the business.

In addition, as regards to the integration evaluation, the manager said it was more a matter of emotional feeling rather than financial measurements. However, some financial indicators, such as net profit before tax, has been taken into account but still the manager emphasized the relevance of his personal feelings in evaluating the performance. The very first goal was the acquisition implementation itself, subsequently, once the deal was realized, the acquiring firm started analysing each issue was coming out from it.

Moving to culture-related challenges within the acquisition, Manager A argued that, approaching the new market, the complexity in terms of structure and path (*business practices*) was significant. In particular, the route to insulation market is fairly structured, especially in the United Kingdom, where distributors that sell to merchants that sell to installers; therefore, it is a fairly defined route to market. In contrast, the route to beverage dispense market is vastly diverse, firms may deal with contractors who are running a brewery and, in turn, they may subcontract the work. In addition, there may be either some breweries with their own engineering team or other breweries that supply all the materials to a subcontractor. Because of its diverse structure, business practices in the brewery sector are slightly different as well, for example, there have been difficulties in dealing with pricing differentials for the same product. Almost the same justification is applied to the change in *leadership and management style*; the interviewee stated that some management processes were kept and some others were changed. In addition, it is worth noticing how the manager emphasized the fact that when a company is about to be acquired, the entire personnel receives a letter that notice the acquisition and usually ensure that no critical changes will affect the organization. Nonetheless, the interviewee argued as follows: “the first thing an employee should be aware of is that when you receive that letter you have to realize that everything is going to change”.

However, since Company A had already approached the UK market and both the countries belong to the European context, perceptions of cultural differences were restrained. In addition, legislations are pretty similar within that field, although Italian legal structure tends to be slightly more rushed and less concerned with details and that is reflected on the strategy as well. Accordingly, the manager said that Italian companies

tend to buy and sell straight away without concerning enough about some “groundworks”, such as positioning planning, collection of information and product support. Thus, the interviewee argued that the acquisition could have been better if the processes would have been slower.

In conclusion, referring to the learning from this experience, Manager A affirmed: “we could have negotiate harder on some contracts, but the existing management team that we kept might not have been as good as it was”. Additionally, the manager personally concluded by comparing the acquisition process to the purchase of a car. When purchasing a car, a customer usually chooses among different features he is aware of, such as colours, shapes and engines; nonetheless, it is unlikely the buyer to have an adequate knowledge about consumptions, costs of maintenance, insurance and taxes.

**Table 4.** Case A: Summary of the main findings.

<b>Case A</b>	
<i>Main motives for the acquisition</i>	<ul style="list-style-type: none"> <li>· Improve capacity utilization</li> <li>· Exploit economies of scale</li> <li>· Enhance diversification</li> <li>· New market access</li> </ul>
<i>Integration approach</i>	Symbiotic: <ul style="list-style-type: none"> <li>· Key persons maintaining</li> <li>· Vertical integration</li> <li>· Consolidation through reallocation</li> </ul>
<i>Focus of integration</i>	<ul style="list-style-type: none"> <li>· Contractual terms and conditions</li> <li>· Physical operations</li> <li>· Distribution activities</li> <li>· Sales activities</li> </ul>
<i>Level of integration</i>	Low: <ul style="list-style-type: none"> <li>· Replication rather than integration of accounting and reporting processes</li> <li>· Still two presidents</li> </ul> High: <ul style="list-style-type: none"> <li>· From 12 employees to 26 in Target A</li> <li>· Operational control of Company A</li> </ul>
<i>Speed of integration</i>	High: <ul style="list-style-type: none"> <li>· Approximately 12 months</li> </ul>
<i>Performance evaluation</i>	Objective indicators: <ul style="list-style-type: none"> <li>· ROI</li> <li>· Profitability earnings</li> <li>· Break-even point</li> </ul> Subjective indicators: <ul style="list-style-type: none"> <li>· Manager's perceptions</li> </ul>
<i>Cultural differences</i>	Corporate culture: <ul style="list-style-type: none"> <li>· Business practices</li> <li>· Leadership and management style</li> </ul>
<i>Lessons learned</i>	<ul style="list-style-type: none"> <li>· Slower integration pace</li> <li>· Better preparation</li> </ul>

## 4.2 Case B

### 4.2.1 Acquisition background and motives

Manager B is currently the CFO of Company B and has been working for this company since 2002. Thus, the manager has been involved in the internationalization strategy of the company which, meanwhile, has been affected by its nature of family business. Before the analysed acquisition case in France, the internalization path has started in Argentina, with the installation of a strategic production plant and, subsequently, cross-border operations have taken place in Russia and France.

As already mentioned (see chapter 3.3), Company B's core business is retail shop fitting; as such, major clients are retailers and, especially during the first decade of 2000s, most of them were situated in France. Moreover, before the acquisition was made, Company B was already present in France with a distribution centre that was set up through an alliance with a local company. Due to the strategic importance of the French retail industry, this business was constantly profitable and played a crucial role for the company. Target B was a parent company of a group of companies that was owned by an Italian family. However, over the last years preceding the acquisition, Target B was negatively performing but, in Manager B's opinion, the reason may have been that the owners had not enough knowledge in that specific segment since they traditionally operate in a complementary one. Therefore, in 2007, an important financial advisor provided Company B with this acquisition opportunity. Hence, acquisition motives were strongly related to the acquisition of strategically relevant asset, such as the production plant and machinery, the brand and human resources. Whereas, the legal entity of Target B was planned to be completely abandoned with the purpose of unifying it to the already existing distribution subsidiary in France and adopting only one different legal entity. Thus, synergies were sought in the operational activities by summing Target B activities with those of the distribution centre.

Furthermore, once this acquisition opportunity occurred, Company B feared that the main Italian competitor may have exploited this opportunity first. This scenario would have been heavily harmful for Company B as it would have been prevented from gaining such

a strategic position. According to Manager B, this was the main driver of the acquisition, which is, in other words, exploiting the *first-mover advantage*. Secondly, in terms of firm-level factors, the acquisition led to an *improving of capacity utilization* and, consequently, the effect of *economies of scale*. Additionally, retaining some key persons of Target B allowed to *enhance the sales workforce*, thanks to their significant expertise in the French market. Last but not least, Manager B emphasized the importance of acquiring a traditionally well-known local brand as a fundamental *intangible resource*.

#### **4.2.2 Integration process**

Introducing the integration process, the interviewee wanted to make an assumption: “I do not feel we have actually executed a structured integration planning”. Thus, the impulsive nature of the acquisition was again emphasized by the manager, stating that company owner decided to undertake it and management reacted as a consequence. Moreover, Manager B highlighted the crucial role of a French manager who had already significant authority in the target country as regards to the pre-existing activities. Therefore, many decisions, especially in terms of integration, were strongly influenced by his personal position. These two assumptions were specific elements to take into account when discussing about the integration process. Moreover, they partially explain the reason why there were two separated integration phases.

The first steps of the integration process involved mostly administrative processes due to statute law; therefore, accounting and reporting procedures and rules were integrated in order to have a common and shared scheme. Furthermore, the only remarkable organizational change occurring in the initial post-acquisition phase was the optimization of the human resources; indeed, Target B saw a relevant decreasing of employees: from approximately 180 to 140 over the first year following the acquisition. This operation was justified by an existing high level of costs of labour at the time of the acquisition (around €10 mill.). Therefore, Company B heavily negotiated in order to reduce this excessive costs, in exchange of considerable expenses due to the strong power of French labour unions. This process implied an evident organizational restructuring of the sales workforce. Whereas, from the productive point of view, the integration was almost absent

because Target B was thought to be adequately structured and compatible with the Italian production department.

Accordingly, the integration approach that characterised this first phase following the acquisition was certainly comparable to the *holding* integration approach and lasted approximately one semester. Nonetheless, after one year running the businesses as non-integrated, a new General Director's nomination re-opened the integration-related issues on the Target B acquisition. Indeed, the General Director had a massive knowledge on integration operations and was strongly motivated to get the integration process started again.

Thereby, the second wave of integration activities was gradually implemented, starting from those already started (administrative), up to those more complex areas.

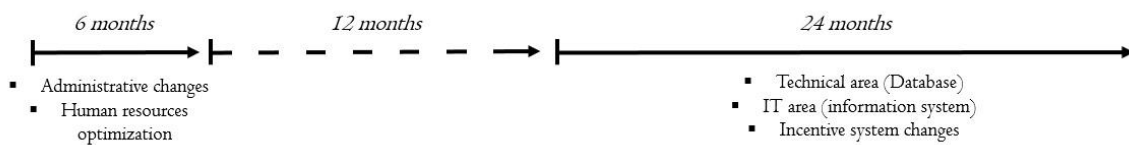
Company B's product is actually a commodity rather than a differentiable product, therefore, the competition is based on price, where the competitive advantage mostly derives from the installation service and the ability of the supplier to meet the need of clients in terms of visual merchandising. As such, considering the strategic relationship between Company B and big retailers clients, Company B is able to transfer valuable know-how to important operators, specifically to Target B. This is the reason why a second phase of integration process occurred with the new General Director. In particular, the area that was integrated the most during this phase was the technical one, aiming to transfer this value to Target B. For example, the company generates slightly 10.000 product codes per month from each production plant, therefore, the overhead generation of codes is considerably huge. Nevertheless, at the time of the acquisition, Company B did not have a shared database, which implied overlapping and duplication of efforts. Thus, the creation of a database collecting information from all over the departments was a significant integration operation in the technical area. Moreover, this operation was supported by the nomination of a Global Technical Director.

An additional involved area of integration was the IT area. In this regard, Company B have been holding the same information system for several years. Thus, although it belongs to an old generation of IS, it has been performing well so far, granting a satisfactory flexibility, especially in operational terms. At the time of the acquisition,

Target B was running a more advanced information system (SAP); nevertheless, Company B decided to implement its own information system.

Secondly, the second phase of the integration process involved the implementation of an incentive system for employees based on the profitability instead of on volume of sales. However, Manager B emphasized that, strategically, the most relevant area of integration was the aforementioned technical area. Although there was a significant degree of change, especially in some areas, in the target firm, the latter was not fully absorbed by Company B; indeed, most operational processes were maintained and, as discussed below, cultural identity of Target B was fully conserved. Therefore, as the manager agreed, the integration approach, within its second phase, was definable as *symbiotic*.

The great difference between the first and the second phase of integration derived, as stated by the interviewee, from the fact that, during the first phase, Company B had a strong family business nature, while during the second phase, the approach turned into a more managerial and value-oriented nature. A greater effort was put into the second integration phase reflected the speed of the process; indeed, although significant changes occurred, it was completed within two years, which was even a shorter period than expected.



**Figure 10.** Case B: overview timeline of the integration process

### 4.2.3 Performance evaluation and cultural issues

Manager B highlighted the positive performance of the company already one year after the beginning of the second phase of integration. The manager argued that this positive outcome was certainly supported by favourable market trends. Nonetheless, he also pointed out that, if the integration process had not been executed efficiently, the results would not have been proportional to the profitability. Instead, the growth was more than

proportional to the profitability. This performance evaluation has been made by looking at financial indicators resulting from the income statement; in particular, the EBITDA has been the most used indicator reference.

As regards to the performance evaluation of the integration, Manager B defined the first phase of the process as unsatisfactory; in particular, he affirmed: “Personal and family-oriented nature prevailed over managerial and long-term oriented types of choice”.

Overall, especially concerning the first phase, the interviewee argued that cultural aspects were underestimated. In fact, although Italy and France may appear to be culturally close, the management of Company B was strongly affected by the family business nature of the company. Therefore, dealing with a completely new and independent context led to significant cultural issues. In particular, some professional efforts French employees were asked to make were given almost for granted, while French labour culture did not result that flexible. Accordingly, the manager claimed he found cultural differences in *management and leadership style*. Target B appeared to be unwilling to accept the authority of Company B. Therefore, the acquiring firm management undertook a passive approach, aiming to meet, if possible, the needs of the target firm. In this regard, the interviewee believed that this approach had a role of moderating such cultural differences. The element that reflects this approach the most is the fact that, since the first day, the first spoken language is French, although at a group level the spoken language is English.

However, Manager B believed that there was no relation between the weak integration process and the overall performance of the acquisition. More precisely, the absence of transferring operational processes and know-how from Company B to Target B within the first phase, was not seen to have a negative influence on the performance. In fact, basing on the income statement reports, Company B saw positive results one year after the acquisition deal. By contrast, Manager B stated that, once Company B was better prepared, this transfer occurred in the second phase and, according to Manager B, these second integration operations did affect the performance positively.

As concerns the integration occurred in the IT area, according to Manager B, it led to positive outcomes in terms of operational activities, whereas, as for the number of information, the performance was dramatically negative. For this reason, a set of business intelligence tools were developed in parallel, in order to maintain an efficient quality of

information sharing. Nowadays, this area is still on progress; therefore, the integration process cannot be considered fully completed.

In conclusion, Manager B emphasized the importance of a previous acquisition experience made in a comparable sector, where the integration process was very well planned and executed. In fact, although the analysed acquisition case was not characterised by the same degree of managerial nature, the manager has always attempted to apply those procedures he learned in the previous experience during the selected case. Indeed, Manager B stated that, when it is possible, rigorous and formalized executions of the integration process, as they are meant to be, lead to successful results. Nevertheless, another important difference between the previous and this acquisition case was that, in the first, many specialized consultant were involved, whereas, in the analysed case, consultant were absent.

Overall, the manager argued that a better planning since the beginning would have led to more successful outcomes; in particular, Company B did not predict neither the importance of the technical integration, which was implemented only in the second phase of the process, nor the financial issues. Indeed, the acquisition was funded by leveraging only on Company B's debt and, considering the financial crisis started in 2008, this decision was definitely incautious.

Additionally, Manager B emphasized the importance of involving manager from both sides. From this point of view, except for the involvement of the local Commercial Director, a comprehensive involvement of the Target B's management would have been helpful to gain a better understanding of the business. Indeed, nowadays the approach has turned into a more open-minded approach that aims to understand, communicate and discuss issues with a meaningful involvement of the French side.

**Table 5.** Case B: Summary of the main findings.

<b>Case B</b>	
<i>Main motives for the acquisition</i>	<ul style="list-style-type: none"> <li>· First-mover advantage (anticipating competitor)</li> <li>· Improve capacity utilization</li> <li>· Economies of scale</li> <li>· Enhance sales workforce</li> <li>· Intangible assets (brand and local knowledge)</li> </ul>
<i>Integration approach</i>	<p>1<sup>st</sup> phase) Holding:</p> <ul style="list-style-type: none"> <li>· Administrative changes</li> <li>· Human resources optimization</li> <li>· Technical and operational independence</li> </ul> <p>2<sup>nd</sup> phase) Symbiotic:</p> <ul style="list-style-type: none"> <li>· Database creation</li> <li>· Information system integration</li> <li>· Incentives system changes</li> <li>· High degree of tolerance for multiculturalism: French speaking</li> <li>· Know-how transfer</li> </ul>
<i>Focus of integration</i>	<ul style="list-style-type: none"> <li>· Accounting and reporting procedures</li> <li>· Incentives based on profitability</li> <li>· Preserving national culture</li> <li>· Technical area</li> <li>· IT area</li> </ul>
<i>Level of integration</i>	<p>1<sup>st</sup> phase) Low:</p> <ul style="list-style-type: none"> <li>· Administrative changes</li> <li>· No technical and operational changes</li> </ul> <p>2<sup>nd</sup> phase) Moderate:</p> <ul style="list-style-type: none"> <li>· Relevant technical changes</li> <li>· No cultural absorption</li> </ul>
<i>Speed of integration</i>	<p>High:</p> <p>1<sup>st</sup> phase) 6 months</p> <p>2<sup>nd</sup> phase) 24 months (less than expected)</p>
<i>Performance evaluation</i>	<p>Objective indicators:</p> <ul style="list-style-type: none"> <li>· Ebitda</li> <li>· Profitability earnings</li> </ul> <p>Subjective indicators:</p> <ul style="list-style-type: none"> <li>· Manager's perceptions</li> </ul>
<i>Cultural differences</i>	<p>Corporate culture:</p> <ul style="list-style-type: none"> <li>· Leadership and management style</li> </ul> <p>National culture:</p> <ul style="list-style-type: none"> <li>· Labour culture</li> </ul>
<i>Lessons learned</i>	<ul style="list-style-type: none"> <li>· Better preparation</li> <li>· Involving managers from both sides</li> </ul>

## 4.3 Case C

### 4.3.1 Acquisition background and motives

Manager C is the CFO of Company C and he has been working for this company since 2006, being involved in the internationalization strategy that characterised the last decade. Indeed, the company is currently running production and distribution operations both in Germany and China. Nevertheless Company C entered these countries through different entry modes, which are export and joint venture; therefore, they are not comparable to this acquisition case. For this reason the interviewee stated: “Although we trusted in our financial resources and managerial capabilities, we were worried about entering such a huge and competitive market”. However, Company C has been monitoring the U.S. market for years and, in 2013, found out that an important business group was about to reformulate its strategy and, specifically, it was about to give up a manufacturer subsidiary that was running the business of electric and hybrid motors component.

A crucial element in the acquisition of Target C was the possibility to set up an agreement with a local institution (Montgomery County Economic Development Authority) that was located in Virginia, the same region where Target C was based. In fact, in parallel with the acquisition deal, Company C planned to move the target firm into the Technology Manufacturing Building near the Virginia Tech Transportation Institute. In particular, this building is owned by the institution which offered, coupled with approximately 60.000 square feet of office and manufacturing space, the access to expertise and research and development collaborations, in exchange of a \$5 million investment. This agreement allowed, on the one hand, to retain Target C employees without relocating them, on the other hand, to *improve capacity utilization* and meet the need of business expansion of Company C.

Moreover, the acquiring company saw the opportunity to develop a sort of *horizontal integration*, expanding the product portfolio of the company with the diversification of some product lines that were adapted to the requirements of the U.S. clients. Indeed, the Technology Manufacturing Building is provided with cost-effective facilities and

advanced technologies for manufacturing lift trucks, mobility devices, buses, mobile off-highway vehicles and refrigeration systems.

Last but not least, the relationship with the local institution was really helpful to deal with the U.S. authorities and the actual legislation, Manager C stated that a manager of Target C, together with the institutional committee played a fundamental role in meeting the mandatory requirements established by the labour law and obtaining necessary authorizations and certifications.

### **4.3.2 Integration process**

Once defined bureaucratic details that officially closed the acquisition deal, most of the geographical reallocation operations were dealt by the management of the acquired firm, establishing a three-month time span to accomplish the process. Meanwhile, Company C had the chance to monitor the internal organization of Target C and, accordingly, to plan the integration process.

Three months after the acquisition, the integration process could start and, initially, attention was given to administrative changes. In this area, beyond the implementation of a product order automatic flow into the company's software, a deep analysis of the reporting procedures and the costs centres of Target C was necessary. The aim was to ensure homogeneity within the structure used by Company C and, at the same time, to be consistent with the local requirements. Moreover, the alignment of reporting procedures allowed to evaluate the performance of the target firm and, eventually, to figure out some accounting issues.

At the same time, the integration process involved the production quality check and the exploitation of potential technical synergies. These operations resulted in a little adaptation of Target C routines, since they were almost compatible with the policy of Company C. Nevertheless, a significant integration operation occurred in the production of lift trucks, which was interrupted because of the development of a more effective machinery was in progress. In fact, a new activities workflow was implemented according to the structure of company's software JD Edwards (JDE). Thereby, each step of the

production process was meant to be formalized according to the company's software. This operation allowed to have a more rigorous structure of production and, consequently, to monitor and track the activities more effectively. As such, Company C is currently planning to apply the same procedures to other productions.

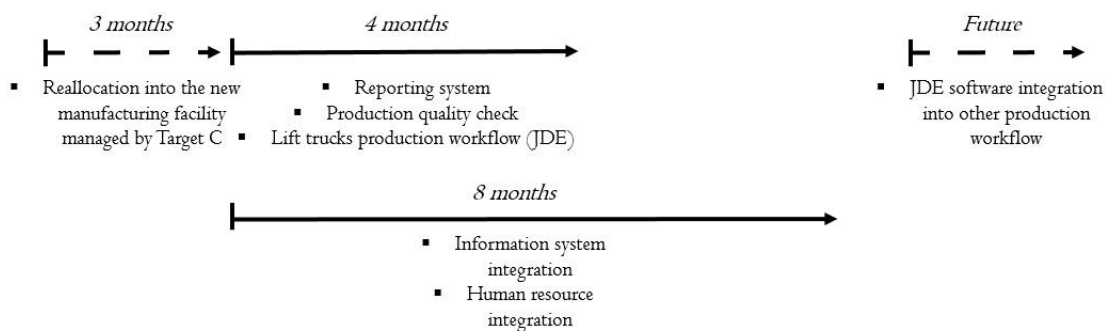
One of the most critical areas of integration concerned the Information Systems. In particular, the internal organization of Target C was found to be poorly defined, especially in terms of roles. More precisely, Manager C claimed that employees tended to execute different activities that actually were never executed by the same person. For example, the business assistant was used to manage both product orders and shipping confirmation. This confusion over roles and responsibilities was in contrast with the high degree of specialization that characterised Company C; for this reason, the integration of information systems was more critical than expected. The interviewee stated: "employees of Target C tended to have a 360 degrees vision in the activities flow". This relevant difference required a complex analysis for identifying which information system software to integrate and where and, consequently, establishing priorities for the implementation processes. Indeed, if the acquiring firm had transferred all the information systems used, one target firm's employee would have dealt with three different software at least. The analysis led to a limited transfer of IS software; in fact, the manager argued that only 30% of software used by Company C was transferred.

As regards to the speed of integration, Manager C clearly stated that there were differences among the different integration areas. As already mentioned, the actual integration operations started three months after the acquisition and, according to the interviewee, administrative area and production quality check activities went smoothly as it was foreseen. In particular, reporting procedures alignment did not imply relevant issues; similarly, production quality check of Target C did not differ significantly from those of the acquiring firm. Therefore, as concerns these two aspects, the level of integration was relatively low; consequently, they took approximately one month to be completed. In parallel, the implementation of a new activities workflow for the production of lift trucks in accordance with the company's software was executed and, although the high degree of changes that this operation involved, the manager emphasized the excellent performance in the execution of the process. In fact, thanks to the advanced technologies provided, it was possible to accomplish the task in four months.

The integration of the information system was expected to take six months at the latest; nonetheless, as already discussed, it required a longer preparation. Therefore, the actual speed of integration was slower, moreover, the resulting level of integration was lower than planned.

Despite the differences found in terms of internal organization, which affected the integration process of the information system, the integration of human resources did not brought significant difficulties. This, according to Manager C, may be explained mostly by two factors: firstly, thanks to the proximity of the new production facility to the previous location, the reallocation was well accepted by the employees, secondly, the presence and the support of the local institution facilitated the subsistence of a positive business environment, close to American habits. This context and a steady involvement of the acquired firm management, allowed to issue the new guidelines and to align Target C with the values of Company C. However, the interviewee stated that human resource management was considered a crucial aspect since the beginning, this was one of the main reasons why him and another key member of the board were moved to the U.S. Nowadays, the interviewee is back in the Italian headquarter, while the other manager is the General Manager of Target C.

In conclusion, the preservation of a relevant degree of organizational autonomy ensured by the retaining of the entire management of Target C, the occurring of significant tolerance for multiculturalism justified by the presence of a local institution, together with an overall significant level of integration given by a high degree of relatedness between the acquiring firm and the acquired firm, appeared to reflect the characteristics of the *symbiotic* approach.



**Figure 11.** Case C: overview timeline of the integration process

### 4.3.3 Performance evaluation and cultural issues

With regard to the performance evaluation, although the interviewee acknowledged the importance of individual financial indicators, he emphasized the fact that the company tends to take opportunities by favouring their commercial and technological nature, rather than merely looking at financial aspects. Thus, the value of the acquisition is firstly measured in relation to its possibility of contributing to the development of the company, especially during the execution of post-acquisition activities.

Accordingly, concerning the goal of developing a specific business segment, such as the lift trucks business, the performance was evaluated in terms of revenue and clients increasing within that specific segment. In this case, the performance was positively evaluated and the contribution of an effective integration process was considered fundamental. Whereas, concerning the goal of acquiring new advanced technologies and knowledge resources that allowed to have a more comprehensive portfolio, the performance was as well positive even though there was an increment of total production costs. Moreover, given the purpose of acquiring crucial competences, the evaluation was based on the human resources retention, which was considered strategic. Therefore, in these cases Company C preferred to measure the performance of single operations, and, as stated by the manager, the degree of influence of the integration process on the overall acquisition performance mostly depended by the level of the integration.

Since the acquisition was made only two years ago, the manager argued that profitability indicators of Target C will have more importance in the future; meanwhile, given the healthy financial position of the company, Manager C claimed that the acquisition gave the strategic results the company was looking for.

Nevertheless, while the integration process of the JDE software performed well, the IS integration did not go as Company C expected. As already mentioned, internal organization aspects caused this drawback; in particular, the interviewees claimed that Company C was very surprised when this issue came out. Indeed, American culture traditionally consists of a high degree of specialization and clear work division. By contrast, Target C appeared to be different; in this regard, Manager C argued that this

organizational type may have been derived both from the previous Corporation ownership and the relatively limited number of employees.

Overall, Manager C said he was satisfied about what has been done so far, even though there are still some integration process going on, such the implementation of the software into production activities and the improvement of the information system management. In the end, as for the previous two cases, the interviewee admitted the lack of a real preparation, stating that the company was caught by the attractiveness of this opportunity and started the integration operations rashly. Therefore, a slower pace might have been more appropriate.

**Table 6.** Case C: Summary of the main findings.

<b>Case C</b>	
<i>Main motives for the acquisition</i>	<ul style="list-style-type: none"> <li>· Intangible assets (expertise and R&amp;D access)</li> <li>· Improve capacity utilization</li> <li>· Horizontal integration</li> <li>· Tangible assets (advanced technology access)</li> <li>· New market access</li> </ul>
<i>Integration approach</i>	<p>Symbiotic:</p> <p>Organizational autonomy:</p> <ul style="list-style-type: none"> <li>· Target management retaining</li> </ul> <p>Tolerance for multiculturalism:</p> <ul style="list-style-type: none"> <li>· Local institution presence</li> </ul> <p>High degree of relatedness:</p> <ul style="list-style-type: none"> <li>· Overall high level of integration</li> </ul>
<i>Focus of integration</i>	<ul style="list-style-type: none"> <li>· Reporting procedures</li> <li>· Costs centres analysis</li> <li>· Production quality check</li> <li>· Technical synergies</li> <li>· Lift trucks production (JDE)</li> <li>· Information system</li> </ul>
<i>Level of integration</i>	<p>Low:</p> <ul style="list-style-type: none"> <li>· Reporting changes</li> <li>· Production quality check</li> </ul> <p>Moderate:</p> <ul style="list-style-type: none"> <li>· Information system</li> </ul> <p>High:</p> <ul style="list-style-type: none"> <li>· Lift trucks production</li> </ul>
<i>Speed of integration</i>	<p>High: 4 months</p> <ul style="list-style-type: none"> <li>· Reporting procedures</li> <li>· Production quality check</li> <li>· Lift trucks production (JDE)</li> </ul> <p>Slow: 8 months</p> <ul style="list-style-type: none"> <li>· Information system</li> </ul>
<i>Performance evaluation</i>	<p>Subjective indicators:</p> <ul style="list-style-type: none"> <li>· Level of strategic goals achievement</li> </ul> <p>Lift trucks business:</p> <ul style="list-style-type: none"> <li>· Revenue and clients increasing</li> </ul>
<i>Cultural differences</i>	<p>Corporate culture:</p> <ul style="list-style-type: none"> <li>· Internal organization</li> </ul>
<i>Lessons learned</i>	<ul style="list-style-type: none"> <li>· Better preparation</li> <li>· Slower pace of the integration process</li> </ul>

## 5. Summary and implications

In this chapter, the summary of key empirical findings is presented with the aim to provide an overview of data collected from the interviews. Furthermore, the researcher explains how this study can contribute to the existing theory and attempts to illustrate what are the managerial implications of this research. Finally, limitations of the study are discussed and further suggestions for potential future research are given.

### 5.1 Summary of empirical findings

The paragraph provides a summary of the key findings collected through the interviews, attempting to figure out meaningful similarities and differences between the cases. In accordance with the theoretical framework and the analysis in the previous chapter, the structure of the summary follows the same path.

The research question was: “*Which are the integration strategy choices and challenges of cross-border acquisitions?*”

First of all, before moving to the integration strategy itself, it is necessary to start from the main motives which drove the companies to the relative acquisitions. In this regard, it is possible to find some similarities between the cases especially for what concerns firm-level factors. Indeed, when asked about selecting the main motives, all the three managers justified the acquisition by mentioning the opportunity to *improve capacity utilization*. This motive was, in cases A and B, logically connected to the exploitation of *economies of scale*, whereas Manager C did not mention that since the acquisition actually brought higher production costs. However, the type of companies selected may explain the frequency of these motives; in fact, since their core operations concern the production, it is likely that they aim to make it as efficiently as possible. Moreover, the last firm-level factor that is worth noticing is the gaining of *intangible resources*. Relatively, Company B aimed to exploit the strength of a traditionally well-known brand at a local level, while

Company C obtained the access to strategically relevant expertise and R&D from both Target C and the local institution.

Among the industry-level factors, the motive that was mentioned by Manager A and Manager C was the *new market access*. Indeed, both the target firms were specialized on complementary businesses, in particular, Target A have been operating in the food and beverage industry for several years before the acquisition, while Target C have been operating into additional segments compared with Company C. This scenario allowed the acquiring firms to access new markets relying on both tangible and intangible resources of the acquired firms. Whereas, Company B, under this point of view, did not get any additional benefit since it was already serving the foreign market through its distribution activities.

As regards to country-level factors, overall they did not appeared particularly appealing for the companies selected. *Geographical position* was considered strategic by Manager A, since target location allowed to serve the UK market more easily in terms of geographical distances; whereas, the target geographical position itself did not significantly attract the other two companies. Interestingly, none of the interviewees mentioned any taxation issues, neither as an advantage nor as a disadvantage.

Concerning the integration strategy, the first question managers were asked was related to the integration approach. In this regard, it is necessary to assume that, although interviewees were provided with the questionnaire available in Appendix 1 and, therefore, they were aware of the terminology and the categorization the study builds on, they were not necessarily forced to refer to that (see Figure 5). In fact, in the case that the interviewee had not felt confident with it, an interpretation of the approach description would have been made in order to find the proper association with the figure. However, two of them were found familiar with this figure and were able to refer to it; moreover, they said it made them thinking, that means it has been effective in conveying the concepts. Thus, the most common approach was definitely the *symbiotic* one; indeed, even though there were different characteristics that lead to the identification of this approach, it appeared in all the three selected cases. Significantly, Company B did not go for this approach initially but, as emphasized by Manager B, the best integration performance occurred in

the second phase, where symbiotic approach was applied and actual strategic synergies were gained.

Overall, the symbiotic approach consisted in putting efforts to create a combination of core competences and practices of both firms. Moreover, each case presented a considerable atmosphere of cooperation between members even though Manager B would have wanted a greater involvement of Target B management. As a result, the three integration approaches saw the companies willing to remove boundaries between each other, such as the consolidation of distribution and manufacturing activities in case A, and the high degree of tolerance for multiculturalism in case B.

Referring to the focus of integration, several different areas came out during the interviews. In order to figure out similarities among the cases, it is possible to acknowledge the importance of integrating account and reporting procedures. Indeed, although these integration operations did not take a long time, all the three acquiring firms prioritized them. Whereas, relevant integration efforts were put into the IT area both in Company B and Company C; the first implemented its own information system although it belonged to an older generation compared with the one running in the target firm, the latter expected to integrate more than it did, however a deep analysis was conducted in order to succeed in integrating its information system to a significant extent. Others important areas of integration involved technical changes and human resource management; in this regard, each case presented different issues and each acquiring firm acted differently.

As already mentioned, the speed of integration for accounting and reporting procedures can be considered high; in particular, none of the acquiring firms took more than one semester to accomplish the task. In addition, the level of integration in this area was commonly low, indeed, just a low degree of change was required to align the businesses together and the companies did not face relevant issues.

Although Company C did not fully complete its operation process, since it still has further operations going on, the overall duration of the analysed integration processes was within a range from 12 to 24 months. Considering that Company C started the actual integration operation less than two years ago and being aware of its future plans, it is possible to assume that also its integration process will last roughly two years.

Evidences from the empirical cases highlighted that acquiring firms attempted to reach a considerable level of integration in the operational activities of target firms. In particular, Company A gained a significant degree of control by bringing two previously separated business under the same roof. Company B created a huge database in order to have the production control all over the departments, including Target B production. Company C implement its software into one production line of Target C and it is planning to apply this software into additional production line.

As regards to the evaluation of the performance, managers mentioned different performance measurement systems used to evaluate the acquisitions and the integration processes over time. Interestingly, all the interviewees provided personal opinions and perceptions to describe the performance; in particular, Manager A emphasized his negative feelings over the first year after the deal, when the acquisition was bad performing both financially and strategically, whereas Manager B felt that the second phase of integration gave a substantial contribution to the business profitability. Even though financial and strategic evidences supported the answers, managers acknowledged the subjective nature of the evaluations and the importance of non-financial and subjective measurements. Similarly, Manager C argued that the performance was evaluated in relation to the strategic contribution of the acquisition to the company, rather than to objective indicators. Thus, the integration process played a crucial role in determining the overall acquisition performance in Case C, whereas financial indicators are expected to gain more importance later on. Also Company A and Company B saw financial measurements gaining more relevance once the main post-acquisition activities were carried out. Financially speaking, the main goal was to turn the acquired business profitable; therefore, ROI, net profit before tax, EBITDA and other profitability index were used by managers to evaluate the performance. However, as already mentioned, managers tended to look at these indicators at a later stage.

Concerning cultural differences, Case A and Case B were found to be similar, indeed, both the cases presented differences in *leadership and management style* between the firms involved. In these cases, acquiring companies were able to face this cultural issue by undertaking a “soft” approach, such as retaining key management members and keeping some management procedures. Thereby, the integration process acted as a moderator of this cultural difference. Differently, Case C presented different culture-

related challenges; in particular, the internal organization of Target C appeared to be the main cultural difference and it affected the speed of integration, making the process longer than expected. Interestingly, main cultural issues were related to the *corporate culture*, whereas *national culture* did not have great influence on post-acquisition activities. Concerning national culture, only the strong power of French labour unions affected Company B operations, whereas the support of the local institution in the U.S. allowed to overcome potential national culture issues in Case C.

## 5.2 Theoretical contributions

The study attempted to collect the above empirical findings following the proposed theoretical framework. Thereby, the relevance of the concepts discussed in the literature review has been tested by the empirical cases. In particular, as regards to the motives of the acquisitions, the categorization of Shimizu et al. (2004), as it has been integrated (see Table 2), appeared to be suitable for driving managers throughout their answers. In particular, *firm-level factors* and *industry-level factors* were found to have a significant influence on the subsequent execution of the integration process.

This thesis proved that post-acquisition integration (PMI) plays a crucial role in the strategic reconfiguration of organizational activities and resources. As defined by Savovic (2012), the integration process in the analysed cases has clearly reflected the definition of “open process”, as it consists of multiple management decisions and activities, which can result in different phases and strategic areas involved over time. Moreover, empirical cases of the study, in accordance with Teerikangas (2006), emphasized the multidimensionality of integration by showing that acquirers deal with organizational (e.g. internal organization), operative (e.g. production) administrative, and social systems.

In the analysed acquisition cases, the *symbiotic* approach was the most used, which means that Italian firms aimed to reach both operational autonomy and strategic interdependence. In particular, as it has been said in the literature review, this approach needs a gradual implementation of integration operations and this concept reflected the

empirical findings in the sense that different phases and different approaches were needed along the process in order to reach the desired integration.

Except for Case B, where the Italian acquirer had to deal with differences in national culture, issues on cultural bases appeared to be generated more by corporate culture rather than by national culture. In particular, UK and France appeared not to significantly differ in national culture with Italy, whereas potential national cultural differences in the U.S. were eased by the presence of a local authority. Conversely, differences in corporate culture were perceived by managers as remarkable challenges in the integration process, and generated unforeseen outcomes. This aspect may lead to two important considerations: on the one hand, differences in corporate culture can slow down the integration process and produce a lower level of integration than it was expected, on the other hand, the highlighted differences in leadership and management style, together with the emphasized importance of involving managers from both sides, can be seen like opportunities to learn from each other and create additional value (Morosini et al., 1998).

As regards to the performance evaluation, managers used both objective and subjective measures. Concerning objective financial indicators, those concerning the profitability of the acquired business were found to be the most adopted. However, as already mentioned (see chapter 5.1), the performance, especially for what concerns the integration process itself, was evaluated according to strategic and operational factors that tend to generate organizational effectiveness (Van de Ven, 2007). These type of evaluations are often influenced by the subjective perception of managers. Moreover, empirical evidences emphasized the dominance of these evaluation methods during the initial phases following the acquisition deal, whereas objective and financial indicators tend to gain more importance later on. Finally, concerning the impact of the integration performance on the overall acquisition performance, positive integration performance has been associated with higher overall profitability, while negative or, more precisely, a lower level of integration than expected has not been associated with negative financial performance.

### **5.3 Managerial implications**

This study can help Italian firms undertaking cross-border acquisitions in these three top target countries, gaining further knowledge about the potential integration-related challenges that may arise during the process. Managers need to consider several aspects while dealing with the integration process, and a lack of understanding can lead to unsatisfactory outcomes; in particular, the failure can be caused by the choice of improper integration approach, inadequate level and/or speed of integration, ineffective communication or wrong management of cultural differences (Simpson, 2000). Moreover, although this thesis have not paid attention to the phase preceding the acquisition deal, from the conducted interviews the need of a better evaluation and preparation has come out.

Therefore, the success of an acquisition, especially in terms of value creation, strongly depends on the effectiveness of the integration activities. Managers have to be capable of understanding which areas can be highly integrated and which areas require a lower level of integration, considering both organizational and cultural aspects. Similarly, the speed of integration has not to be necessarily high, sometimes a slower pace of integration can help both sides to better understand each other and find out further possible synergies.

Interestingly, considering the fact that many Italian firms are family-owned, and empirical evidences have shown this phenomenon as well, the nature of family business appeared to be somewhat unable to undertake such complex tasks. For this reason, when resorting to cross-border acquisitions and dealing with the integration process, Italian firms should acquire a truly managerial approach, assume a long-term perspective and be prepared to cope with culture-related challenges.

## **5.4 Limitations and further suggestions**

This paragraph aims to acknowledge a number of limitations this study presents. As concerns the selected cases, they belong to different periods, ranging from 2007 to 2014. Thus, many economic and political changes occurred over these years; in particular, acquisitions of Case A and Case B took place just before the huge economic crisis that strongly affected international markets. Moreover, although all the three companies carry out manufacturing activities as their core business, they belong to different industries.

As regards to culture-related findings, they cannot be generalized since countries are different from each other, therefore, even though western countries are expected to have some cultural similarities, studying more than one case for each country could have led to more reliable results. Other limitations come from the perspective from which data have been collected, in fact, interviewees belong to acquiring firms' side and their opinions and views of the deal may differ from those who stand on the target side. Furthermore, the study takes a managerial perspective, which means that little attention has been given to the perceptions of lower organizational levels.

With regard to the theoretical settings of the thesis, operations pre-acquisition, such as pre-deal negotiation, planning and due diligence have been left out even though they can influence the integration process as well. Hence, it could be worth investigating the integration process by taking into consideration the phases preceding the implementation, in order to shed light on the importance of an effective preparation.

Further research could also be conducted by attempting to highlight employees' reaction and perception about the integration process and, as already mentioned, it would be interesting to take both firms side points of view in order to find out potential differences, especially for what concerns cultural issues.

Moreover, it could be worth focusing more on one specific dimension of the integration process, such as speed or level of integration; this could permit to analyse the relationship between one single dimension and the performance.

## List of references

Agrawal, A.; Jaffe, J. & Mandelker, G. (1992). The post-merger performance of acquiring firms: A re-examination of an anomaly. *The Journal of Finance*, 47: 1605–1621.

Ahuja, G. & Katila, R. (2001). Technological acquisitions and the innovation performance of acquiring firms: A longitudinal study. *Strategic Management Journal* 22(3): 197-220.

Alexandridis, G.; Fuller, K., P.; Terhaar, L. & Travlos, N., G. (2013). Deal size, acquisition premia and shareholder gains. *Journal of Corporate Finance*, 20(1): 1-13.

Amihud, Y. & Lev, B. (1981). Risk reductions as a managerial motive for conglomerate mergers. *Bell Journal of Economics*, 12: 605-617.

Anand, J. & Delios, A. (2002). Absolute and relative resources as determinants of international acquisitions. *Strategic Management Journal*, 23, 119-134.

Angwin D., N. & Meaddows, M. (2013). Acquiring poorly performing companies during economic recession: Insights into post-acquisitions management. *Journal of General Management*, 38(1): 1-24.

Angwin, D. (2001). Mergers and acquisitions across European borders: national perspectives on pre-acquisition due diligence and the use of professional advisors. *World Business Journal*, 36 (1): 32–57.

Angwin, D., N. & Savill, B. (1997). Strategic perspectives on European cross-border acquisitions - A view from top European executives. *European Management Journal*, 15: 423 – 435.

Angwin, D., N. (2012). *Typologies in M&N Research*. In: Faulkner, D.; Teerikangas, S. & Joseph, R. (Eds.). *Oxford Handbook of Mergers and Acquisitions*. Oxford University Press, Oxford.

Astrachan, J., H. (1995). Organizational departures: The impact of separation anxiety as studied in a mergers and acquisitions simulation. *Journal of Applied Behavioural Science*, 31(1), 31-50.

Bartik, T., J. (1985). Business location decisions in the United States: Estimates of the effects of unionization, taxes, and other characteristics of States. *Journal of Business & Economic Statistics*, 3(1): 14-22.

Bastien, D., T. & Van de Ven, A., H. (1986). *Management and Organisational Dynamics of Mergers and Acquisitions*. SMRC Discussion Paper Series. Minneapolis: University of Minnesota.

Baum, J., A., C. & Ginsberg, A. (1997). *Acquisition Experience and Profitability: Exploring the Value of Learning by Doing*. Unpublished manuscript, New York University.

Belderbos, R. & Carree, M. (2002). The location of Japanese investments in China: Agglomeration effects, keiretsu and firm heterogeneity. *Journal of the Japanese and International Economies*, 17(2): 194-211.

Belderbos, R. & Sleuwaegen, L. (2005). Competitive drivers and international plant configuration strategies: A Product level test. *Strategic Management Journal*, 26(6): 577-593.

Bergh, D. (1997). Predicting divestiture of unrelated acquisitions: An integrative model of ex ante conditions. *Strategic Management Journal*, 18: 715-731.

Birkinshaw, J.; Bresman, H. & Håkanson, L. (2000). Managing the post-acquisition integration process: How the human integration and task integration process interact to foster value creation. *Journal of Management Studies*, 37: 3.

Björkman, I.; Fey, C., F. & Park, H., J. (2007). Institutional theory and MNC subsidiary HRM practices: evidence from a three-country study. *Journal of International Business Studies*, 38: 430-446.

Björkman, I.; Stahl, G., K. & Vaara, E. (2007). Cultural differences and capability transfer in cross-border acquisitions: The mediating roles of capability complementarity,

absorptive capacity, and social integration. *Journal of International Business Studies*, 38: 658-672.

Bower, J., L. (2001). Not all M&A are alike – and that matters. *Harvard Business Review*, 79 (3): 93-101.

Bradley, M.; Desai, A. & Kim, E., H. (1988). Synergistic gains from corporate acquisitions and their division between the stockholders of target and acquiring firms. *Journal of Financial Economics*, 21(1):3-40.

Bragado, J., F. (1992). Setting the correct speed for postmerger integration. *M&A Europe* 5: 24-31.

Brock, D. (2005). Multinational acquisition integration: The role of national culture in creating synergies. *International Business Review*, 14: 269-288.

Brouthers, K., D. & Brouthers, L., E. (2000). Acquisition or greenfield start-up? Institutional, cultural and transaction cost influences. *Strategic Management Journal*, 21, 89-97.

Buckley, P., J. & Casson, M., C. (1976). *The Future of the Multinational Enterprise*. Homes & Meier: London.

Buono, A., F. & Bowditch, J., L. (1989). *The Human Side of Mergers and Acquisitions: Managing Collisions Between People and Organizations*. San Francisco.

Burt, R. (1992). *Structural Holes versus Network Closure as Social Capital*. In Lin, N., Cook, K., & Burt, R. (Ed.) (2001). *Social Capital: Theory and Research*. NY: Aldine DE Gruyter.

Capron, L.; Mitchell, W., & Swaminathan, A. (2001). Asset divestiture following

Carlton, D. & Fischel, D. (1983). The regulation of insider trading. *Stanford Law Review* 35, 857-895.

Carow, K.; Heron, R. & Saxton, T. (2004). Do early birds get the returns? An empirical investigation of early-mover advantages in acquisitions. *Strategic Management Journal*, 25: 563-585.

- Carton, R., B. & Hofer, C., W. (2006). *Measuring Organizational Performance: Metrics for Entrepreneurship and Strategic Management Research*. Northampton, MA: Edward Elgar.
- Cartwright, S. & Cooper, C., L. (1995). *Managing Mergers, Acquisitions and Strategic Alliances. Integrating People and Cultures*. Butterworth/Heinemann, London.
- Cartwright, S. & McCarthy, S. (2005). *Developing a Framework for Cultural Due Diligence in Mergers and Acquisitions: Issues and Ideas*. In: G. K. Stahl & M. Mendenhall (eds), *Mergers and Acquisitions: Managing Culture and Human Resources*. Palo Alto, CA: Stanford University: Stanford Business Books.
- Cartwright, S. & Schoenberg, R. (2006). *Thirty Years of Mergers and Acquisitions Research: Recent Advances and Future Opportunities*. *British Journal of Management*, 17.
- Cerrato, D. & Piva, M. (2012). The internationalization of small and medium-sized enterprises: the effect of family management, human capital and foreign ownership. *Journal of Management and Governance*, 16(4): 617-644.
- Chakrabarti, A. & Mitchell, W. (2004). *A Corporate Level Perspective on Acquisition and Integration*. In (ed.) *Advances in Mergers and Acquisitions*, (4). Emerald Group Publishing Limited: 1 – 21.
- Chakrabarti, A. & Mitchell, W. (2006). *The Role of Geographic Distance in Acquisition Target Selection*. Working paper, The Fuqua School of Business, Duke University.
- Chakrabarti, A.; Gupta-Mukherjee, S. & Jayaroman, N. (2009). Mars-Venus marriages: Culture and cross-border M&A. *Journal of International Business Studies*, 40(2): 216-236.
- Chang, S., J. & Park, S. (2005). Types of firms generating network externalities and MNC's co-location decisions. *Strategic Management Journal*, 26(7): 595–615.

- Chang, S., J. (1995). International expansion strategy of Japanese firms: Capability building through sequential entry. *Academy of Management Journal*, 38: 383-407.
- Chase, D., G. (1997). A suggested ethical framework for evaluating corporate mergers and acquisitions. *Journal of Business Ethics*, 16: 1753-1763.
- Chatterjee, S.; Lubatkin, M., H.; Schweiger, D., M. & Weber, Y. (1992). Cultural differences and shareholder value in related mergers: Linking equity and human capital. *Strategic Management Journal*, 13(5):319-334.
- Chatterjee, S. (2009). The keys to successful acquisition programmes. *Long Range Planning*: 137-163.
- Child, J.; Pitkethy, D. & Faulkner, R. (2003). *The Management of International Acquisitions*. Oxford: Oxford University Press.
- Cho, K., R. & Padmanabhan, P. (1995). Acquisition versus new venture: The choice of foreign establishment mode by Japanese firms. *Journal of International Management*, 1 (3): 255-286.
- Chung, W. & Alcácer, J. (2002). Knowledge seeking and location choice of foreign direct investment in the United States. *Management Science*, 48(12): 1534–1555.
- Chung, W. & Song, J. (2004). Sequential investment, firm motives, and agglomeration of Japanese electronics firms in the United States. *Journal of Economics and Management Strategy*, 13(3): 539-560.
- Coughlin, C., C.; Terza J. & Arromdee, V. (1991). State characteristics and the location of Foreign Direct Investment in the United States. *Review of Economics and Statistics*, 73: 675- 83.
- Coviello, N., E. & McAuley, A. (1999). Internationalization and the small firm: A review of contemporary empirical research. *Management International Review*, 39(3): 223-237.
- Daniliuc, S.; Bilson, C. & Shailer, G. (2014). The interaction of post-acquisition integration and acquisition focus in relation to long-run performance. *International Review of Finance*, 14: 587-612.

- Datta, D. & Puia, G. (1995). Cross-border acquisitions: An examination of the influence of relatedness and cultural fit on shareholder value creation in US acquiring firms. *Management International Review*, 35: 337-359.
- Datta, D., K. (1991). Organizational fit and acquisition performance: Effects of post-acquisition integration. *Strategic Management Journal*, 12 (4): 281-297.
- David, K., & Singh, H. (1994). *Sources of Acquisition Cultural Risk*. In: G. Krogh, A. Sinatra & H. Singh (Eds), *The Management of Corporate Acquisitions*. Houndmills: Macmillan.
- Delios, A.; Beamish, P., W. (1999). Ownership strategy of Japanese firms: Transactional, institutional, and experience influence. *Strategic Management Journal*, 20: 915 – 933.
- Dess, G., G. & Robinson, Jr., R., B. (1984). Measuring organizational performance in the absence of objective measures: The case of the privately-held firms and conglomerate business unit. *Strategic Management Journal*, 5(3):265-273.
- Dickerson, A., P.; Gibson, H., D. & Tsakalotos, E. (1997). The impact of acquisitions on company performance: evidence from a large panel of UK firms. *Oxford Economic Papers* 49 (3), 344–361.
- Eisenhardt, K., M. & Graebner, M., E. (2007). Theory building from cases: Opportunities and challenges. *Academy of Management Journal*, 50(1): 25-32.
- Ellis, K., M. & Lamont, B. (2004). “Ideal” acquisition integrations strategies in related acquisitions of equals: A test of long-held beliefs. *Advances in Mergers and Acquisitions*, 3: 81-102.
- Elsass, O. & Veiga, J. (1994). Acculturation in acquired organizations: A force field perspective. *Human Relations*, 47(4): 431-453.
- Epstein, M. (2004). The drivers of success in post-merger integration. *Organizational Dynamics*, 33(2): 174-189.
- Faulker, D.; Teerikangas, S. & Joseph, R. (2012). *Oxford Handbook of Mergers and Acquisitions*. Oxford University Press, Oxford.

Fernandez-Ortiz, R. & Lombardo, G., F. (2009). Influence of the capacities of top management on the internationalization of SMEs. *Entrepreneurship and Regional Development*, 21(2): 131–154.

Finkelstein, S., & Halebian, J. (2002). Understanding acquisition performance: the role of transfer effects. *Organization Science*, 12(1): 36-47.

Fraenkel, J., R. & Wallen, N., E. (1993). *How to Design and Evaluate Research in Education* (2nd ed.). Singapore: McGraw-Hill.

Fried, Y.; Tiegs, R., B.; Naughton, T., & Ashforth, B., E. (1996). Managers' reactions to a corporate acquisition: A test of an integrative model. *Journal of Organizational Behaviour*, 17(5): 22-59.

Gates, S. & Very, P. (2003). Measuring performance during M&A integrations. *Lay Range Planning*, 36(2): 167-185.

Gaughan, P., A. (2007). *Mergers, Acquisitions, and Corporate Restructurings*. 4 th Ed. John Wiley & Sons, Inc.: New Jersey.

Ghauri, P., N. & Park, B., I. (2011). Key factors affecting acquisitions of technological capabilities form foreign acquiring firms by small and medium sized local firms. *Journal of World Business*, 46(1): 116-125.

Ghauri, P., N. & Usunier, J., C. (2003). *International Business Negotiations*. 2nd Ed. Pergamon: Boston.

Glaister, K. & Buckley, P. (1998). Measures of Performance in UK International Alliances. *Organization Studies*, 19: 89-118.

Gomes, E., Angwin, D., N., Weber, Y. & Yedidia Tarba, S. (2013). Critical Success Factors through the Mergers and Acquisitions Process: Revealing Pre- and Post-M&A Connections for Improved Performance. *Thunderbird International Business Review*, 55: 13–35.

Granovetter, M., S. (1992). *Problems of Explanation in Economic Sociology*. In *Networks and Organizations*, Nohria N., Eccles RG (Eds). Harvard Business School Press: Boston, MA; 25–56.

Green, M., B. & Meyer, S., P. (1997). International acquisitions: host and home country explanatory characteristics. *Geografiska Annaler (Ser. B)*, 79: 97–111.

Haig, B., D. (2005). Exploratory factor analysis, theory generation, and scientific method. *Multivariate Behavioral Research*, 40: 303–329.

Hair, J., F.; Ringle, C., M. & Sarstedt, M. (2011). PLS-SEM: Indeed a Silver Bullet. *Journal of Marketing Theory and Practice* 19 (2): 139-151.

Hajro, A. (2015). Cultural influences and the mediating role of socio-cultural integration process on the performance of cross-border mergers and acquisitions. *International Journal of Human Resource*, 26: 192-215.

Haleblian J.; Devers C., E.; McNamara, G.; Carpenter M., A. & Davison R., B. (2009). Taking stock of what we know about mergers and acquisitions: A review and research agenda. *Journal of Management*, 35: 469–502.

Hambrick, D., C. & Cannella, A. (1993). Relative standing: a framework of understanding departure of acquired executives. *Academy of Management Journal*, 36: 733-762.

Harzing, A. (2002). Acquisitions versus greenfield investments: International strategy and management of entry modes. *Strategic Management Journal*, 23(3): 211-227.

Haspeslagh, C. & Jemison, B. (1991). *Managing Acquisitions. Creating Value Through Corporate Renewal*. The Free Press, New York.

Hayward, M., L., A. (2002). When do firms learn from their acquisition experience? Evidence from 1990 – 1995. *Strategic Management Journal*, 23: 21 – 39.

Head, K.; Ries, J. & Swenson, D. (1995). Agglomerations benefits and location choice: Evidence form Japanese manufacturing investments in the United States. *Journal of International Economics*, 38(3-4): 223-247.

Hennart, J., F. & Reddy, J. (1997). The choice between Mergers/Acquisitions and Joint Ventures: The case of Japanese investors in the United States. *Strategic Management Journal*, 18, 1-12.

- Herger, N. & McCorriston, S. (2014). Horizontal, Vertical, and Conglomerate FDI: Evidence from Cross Border Acquisitions. *Working Papers 14.02, Swiss National Bank, Study Center Gerzensee.*
- Hitt, M., A.; King, D.; Krishnan H.; Makri, M.; Schijven, M.; Schimizu, K. & Zhu, H. (1997). *Mergers and Acquisitions: Overcoming Pitfalls, Building Synergy and Creating Value.* Marquette University Press.
- Hitt, M., Harrison J.; Ireland, D. & Best, A. (1998). Attributes of successful and unsuccessful acquisitions of US firms. *British Journal of Management, 9: 91-114.*
- Hofstede, G. (1980). *Culture's Consequences: International Differences in Work-Related Values.* Beverly Hills, CA: Sage.
- Hogan, E. & Overmyer-Day, L. (1994). The psychology of mergers and acquisitions. *International Review of Industrial and Organizational Psychology, 9: 247-282.*
- Homburg, C. & Bucerius, M. (2005). A marketing perspective on mergers and acquisitions: How marketing integration affects postmerger performance. *Journal of Marketing, 69: 96-113.*
- Homburg, C. & Bucerius, M. (2006). Is speed of integration really a success factor of mergers and acquisitions? An analysis of the role of internal and external relatedness. *Strategic Management Journal, 27: 347-367.*
- horizontal acquisitions: A dynamic view. *Strategic Management Journal, 21(10- 11): 1061-1081.*
- Huber, G., P. (1991). Organizational learning: the contributing processes and literatures. *Organisational Science, 2 (special issue): 88–115.*
- Hyland, D. & Diltz, J., D. (2002). Why Firms Diversify: An Empirical Examination. *Financial Management, 31: 51–81.*
- Ishii, J. & Xuan, Y. (2010). Acquirer-target social ties and merger outcomes. *Journal of Financial Economics: 1-50.*
- Javidan, M. & House, R., J. (2002). Leadership and cultures around the world; findings from GLOBE: An introduction to the special issue. *Journal of World Business, 37 (1): 1-2.*

Jemison, D., B. & Sitkin, S., B. (1986). Corporate acquisitions: A process perspective. *The Academy of Management Review*, 11 (1): 145-163.

Jensen, M., C. (1986). Takeover: Their causes and consequences. *Journal of Economic Perspectives*, 2(1): 21-48.

Kavanagh, M., H. & Ashkanasy, N., M. (2006). The impact of leadership and change management strategy on organizational culture and individual acceptance of change during a merger. *British Journal of Management*, 17: 81–103.

King, D.; Dalton, D.; Daily, C. & Covin, J. (2004). Meta-analyses of post- acquisition performance indications of unidentified moderators. *Strategic Management Journal*, 25: 187-200.

Kirchhoff, B. (1977). Organization effectiveness measurement and policy research. *Academy of Management Review*, 2: 347-355.

Kogut, B. & Chang, S., J. (1994). Technological capabilities and Japanese foreign direct investment in the United States. *Review of Economics and Statistics*, 73: 401-413.

Koka, B., R. & Prescott, J., E. (2002). Strategic alliances as social capital: A multidimensional view. *Strategic Management Journal*, 23(9): 795.

KPMG, (2014). *La ripresa si consolida ma l'Italia é sempre più preda*. M&A Report. [online] Available at: [https://www.kpmg.com/IT/it/IssuesAndInsights/ArticlesPublications/Documents/KPMGMA2014\\_web.pdf](https://www.kpmg.com/IT/it/IssuesAndInsights/ArticlesPublications/Documents/KPMGMA2014_web.pdf).

Krishnamurti, K. & Vishwanath, S., R. (2008). *Mergers, Acquisitions and Corporate Restructuring*. Sage Publications. New Delhi, India.

Krishnan, H., A.; Miller, A. & Judge, W., Q. (1997). Diversification and top management team complementarity: Is performance improved by merging similar or dissimilar teams? *Strategic Management Journal*, 18: 361-374.

Krug, J., A. & Hegarty, W., H. (2001). Predicting who stays and leaves after an acquisition: A study of top managers in multinational firms. *Strategic Management Journal*, 22, 185–196.

Krug, J., A. & Nigh, D. (2001). Executive perceptions in foreign and domestic acquisitions: An analysis of foreign ownership and its effect on executive fate. *Journal of World Business*, 36: 85–105.

Kuhlmann, T. & Dowling, P., T. (2005). *DaimlerChrysler: A Case Study of a Crossborder Merger*. In G. K. Stahl and M. E. Mendenhall (Eds.), *Mergers and Acquisitions: Managing Culture and Human Resources*. Stanford, CA: Stanford University.

Lajoux, A., R. & Nesvold, P., H. (2004). *The Art of M&A Structuring: Techniques for Mitigating Finance, Tax, and Legal Risk*. McGraw-Hill, New York.

Larsson, R., & Finkelstein, S. (1999). Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: A case survey of synergy realization. *Organization Science*, 10: 1-26

Larsson, R. & Lubatkin, M. (2001). Achieving acculturation in mergers and acquisitions: An international case study. *Human Relations*, 54(12): 1573.

Larsson, R. (1990). *Coordination of Action in Mergers and Acquisitions*. Lund University Press, Sweden.

Larsson, S. & Wallenberg, C. (2002). Motives for and evaluation criteria of Mergers and Acquisitions. [Online]. Available from World Wide Web <<http://www.diva-portal.org/smash/get/diva2:17329/FULLTEXT01.pdf>>

Levin, D., Z. & Cross, R. (2004). The strength of weak ties you can trust: The mediating role of trust in effective knowledge transfer. *Management Science*, 50(11): 1477-1490.

Lu, J., W. & Beamish, P., W. (2001). The internationalization and performance of SMEs. *Strategic Management Journal*, 22: 565–586.

Mack, N.; Woodson, C.; MacQueen K., M.; Guest, G. & Namey, E. (2005). *Qualitative Research Methods: A Data Collector's Field Guide*. Family Health International. North Carolina: USA.

- Madhavan, A. & Cheng, M. (1997). In search of liquidity: Block trades in the upstairs and downstairs markets. *Review of Financial Studies*, 10: 175-203.
- Mariotti, S. & Piscitello, L. (1995). Information costs and location of FDI within host country: empirical evidence from Italy. *Journal of International Business Studies*, 26(4): 815–842.
- Martin, R., L. (2016). M&A: The one thing you need to get right. *Harvard Business Review*. [online] Available at: <https://hbr.org/2016/06/ma-the-one-thing-you-need-to-get-right>.
- Meggison, W.; Morgan, A. & Nail, L. (2004). The determinants of positive long term performance in strategic mergers: Corporate focus and cash. *Journal of Banking and Finance*, 28, 523–52.
- Mirvis, P., H. & Marks, M., L. (1992). *Managing the Acquisition*. Making it Work: Prentice Hall.
- Moeller, S., B.; Schlingemann, F., P. & Stulz, R., M. (2004). Firm size and the gains from acquisitions. *Journal of Financial Economics*, 73: 201-228.
- Morck, R. & Yeung, B. (1991). Why investors value multinationality. *Business Journal*, 64: 165 – 187.
- Morck, R.; Shleifer, A. & Vishny, R. (1990). Do managerial objectives drive bad acquisitions? *Journal of Finance*, 45: 31–48.
- Morosini, P.; Shane, S. & Singh, H. (1998). National cultural distance and cross-border acquisition performance. *Journal of International Business Studies*, 29 (1): 137-158.
- Morse, J.; Barrett, M.; Mayan, M.; Olson, K. & Spiers, J. (2002). Verification strategies for establishing reliability and validity in qualitative research. *International Journal of Qualitative Methods* 1(2), 1–19.
- Motis, J. (2007). *Mergers and Acquisitions Motives*. University of Crete. Working Paper.
- Myers, D., G. (2008). *Exploring Social Psychology*. 5<sup>th</sup> Edition. McGraw Hill: Boston.

- Nachum, L. & Wymbs, C. (2005). Product differentiation, external economies and MNE location choices: M&As in Global Cities. *Journal of International Business Studies*, 36: 415–434.
- Nahapiet, J. & Ghoshal, S. (1998). Social capital, intellectual capital, and organizational advantage. *Academy of Management Review*, 23(2): 242-266.
- Nahavandi, A. & Malekzadeh, A. (1988). Acculturation in acquisitions and acquisitions. *Academy of Management Review*, 13: 79-90.
- Napier, N., K. (2007). Mergers and acquisitions, human resource issues and outcomes: A review and suggested typology. *Journal of Management Studies*, 26 (3): 271-290.
- Newman, J., M. & Krzystofiak, F., J. (1993). Changes in employee attitudes after an acquisition: a longitudinal analysis. *Group & Organization Management*, 18(4), 390-411.
- Nguyen, H., T.; Yung, K. & Sun, Q. (2012). Motives for mergers and acquisitions: Ex-post market evidence for the US. *Journal of Business Finance & Accounting*, 39 (9-10): 1357-1375.
- O' Reilly, C., A. & Chatman, J., A. (1996). Culture as social control: Corporations, cults, and commitment. *Research in Organizational Behaviour*, 18: 157-200.
- Olie, R. (1994) Shades of culture and institutions in international mergers. *Organization Studies* 15(3): 381–405.
- Pablo, A., L. (1994). Determinants of acquisition integration level: A decision-making perspective. *Academy of Management Journal*, 37 (4): 803-836.
- Paine, F., T. & Power, D., J. (1984). Merger strategy: An examination of Drucker's five rules of successful acquisitions. *Strategic Management Journal*, 5: 99-110.
- Pitkethly, R.; Faulkner, D. & Child, J. (2003). *Integrating Acquisitions*. *Advances in Mergers and Acquisitions*, 2: 27-57.
- Porter, M., E. (1987). From competitive advantage to corporate strategy. *Harvard Business Review*, 65 (3): 43-59.

- Powell, R. & Stark, A. (2005). Does operating performance increase post-takeover for UK takeovers? A comparison of performance measures and benchmarks. *Journal of Corporate Finance*, 11: 293–317.
- Pritchett, P. (1985). *After the Merger: Managing the Shockwaves*. Dallas, TX: Dow Jones and Irwin.
- Puranam, P. & Srikanth, K. (2007). What they know vs. what they do: How acquirers leverage technology acquisitions. *Strategic Management Journal*, 28: 805-825.
- Puranam, P.; Singh, H. & Chaunhuri, S. (2009). Integrating acquired capabilities: when structural integration is (un)necessary. *Organization Science*, 20: 313-328.
- Ramos, M., A. (2007). *When Do Firms Value the Whole versus Parts? Acquisition of Multi-Location Targets*. Ph.D. dissertation. University of Minnesota.
- Ranft, A., L., & Lord, M. (2002). Acquiring new technologies and capabilities: A grounded model of acquisition implementation. *Organization Science*, 13: 420–441.
- Robson, C. (2002). *Real World Research: A Resource for Social Scientists and Practitioner Researchers*. Oxford: Blackwell
- Rumelt, R., P. (1974). *Strategy, Structure, and Economic Performance*. Division of Research, Harvard Business School, Boston.
- Salter, M., S.; Weinhold, W., A. (1988). *Corporate Take-Over: Financial Boom or Organizational Bust?* In: Coffee Jr., J., C., Lowenstein, L., Rose-Ackerman, S. (Eds.), *Knights, Raiders and Target: The Impact of Hostile Take-Overs*. Oxford University, Oxford.
- Sarala, R. (2008). The impact of cultural factors on post-acquisition integration. [Online]. Available from World Wide Web <[https://helda.helsinki.fi/bitstream/handle/10227/289/186-978-952-232-006-3.pdf?sequence=1&origin=publication\\_detail](https://helda.helsinki.fi/bitstream/handle/10227/289/186-978-952-232-006-3.pdf?sequence=1&origin=publication_detail)>
- Saunders, M., P., L. & Thoruhill, A. (2009). *Research Methods for Business Students*. 6<sup>th</sup> Edition. Harlow: Prentice Hall.

Savovic, S. (2012). The importance of post-acquisitions integration for value creation and success of mergers and acquisitions. *Economic Horizons*, 14(3): 195-207.

Schleifer, A. & Vishng, R., W. (2003). Stock market driven acquisitions. *Journal of Financial Economics*, 70: 295-311.

Schweiger, D., M. & Walsh, J., P. (1990). *Mergers and Acquisitions: An interdisciplinary View*. In: K. Rowland & G. Ferris (Eds), *Research in Personnel and Human Resources Management* (vol. 8, pp. 41–107). Greenwich, CT: JAI Press Inc.

Schweiger, M. & Very, P. (2003). *Creating Value Through Merger and Acquisition Integration*. *Advances in Mergers and Acquisitions* (2), 1-26. Elsevier Sciences Ltd. Eds.

Seo, M., G. & Hill, N., S. (2005). Understanding the human side of merger and acquisition. *The Journal of Applied Behavioural Science*, 41: 422-443.

Seth, A. (1990). Sources of value creation in acquisitions: an empirical investigation. *Strategic Management Journal*, 11: 431-446.

Shanley, M., T. (1987). *Acquisition Management Approaches: An Exploratory Study*. Unpublished doctoral dissertation, University of Pennsylvania.

Shanley, M., T. (1994). *Determinants and Consequences of Post-Acquisition Change*. In: G. Von Krogh, A. Sinatra & H. Singh (eds). *Managing Corporate Acquisitions: A Comparative Analysis*: 391-413. London, UK: McMillan Press.

Sharivastava, P. (1986). Postmerger Integration. *Journal of Business Strategy*: 65-75.

Sharma, D. & Ho, J. (2002). The impact of acquisitions on operating performance: Some Australian evidence. *Journal of Business, Finance and Accounting*, 29: 155–200.

Shelton, L., M. (1988). Strategic business fits and corporate acquisition. Empirical evidence. *Strategic Management Journal*, 9 (3), 279-287.

Sherman, A., J. & Hart, M., A. (2006). *Mergers and Acquisitions from A to Z*. AMACOM: New York.

- Shimizu, K.; Hitt M., A.; Vaidyanath, D., & Pisano, V. (2004). Theoretical foundations of cross-border mergers and acquisitions: A review of current research and recommendations for the future, *Journal of International Management*, 10(3): 307-353.
- Shrivastava, P. (1986). Postmerger integration. *Journal of Business Strategy*, 7: 65-76.
- Siehl, C. & Smith, D. (1990). Avoiding the loss of a gain: retaining managing executive in an acquisition. *Human Capabilities Management*, 29 (2): 167-185.
- Simpson, C. (2000). Integration framework: Supporting succesful mergers. *Mergers and Acquisitions in Canada*, 12(10).
- Sinetar, M. (1981). Mergers, moral & productivity. *Personnel Journal*: 863-867.
- Singh, H. & Montgomery, C. (1987). Corporate acquisition strategies and economic performance. *Strategic Management Journal*, 8 (4): 377-386.
- Slangen, A. & Hennart, J., F. (2007). Greenfield or acquisition entry: A review of the empirical foreign establishment mode literature. *Journal of International Management*, 13: 403-429.
- Slangen, A., H., L. & Hennart, J., F. (2008). Do foreign greenfields outperform foreign acquisitions or vice versa? An institutional perspective. *Journal of Management Studies*, 45 (7): 1301-1328.
- Slangen, A., H., L. (2006). National cultural distance and initial foreign acquisition performance: The moderating effect of integration. *Journal of World Business*, 41: 161-170.
- Slowinski, G.; Rafii Z., E; Tao, J., C.; Gollob, L.; Sagal, M., W. & Krishnamurthy, K.(2002). After the acquisitions: Managing paranoid people in schizophrenic organizations - Successful integration of the R&D function requires management to focus on six factors. *General Business Journal*.
- Sommer, L. (2010). Internationalization processes of small- and medium-sized enterprises-a matter of attitude? *Journal of International Entrepreneurship*, 8(3): 288–317.

Stahl, G. & Voigt, A. (2008). Do cultural differences matter in Mergers and Acquisitions? A tentative model and examination. *Organization Science*, 19(1):160-176.

Stahl, G., K. & Sitkin, S., B. (2005). *Trust in Mergers and Acquisitions*. In G. K. Stahl, & M. E. Mendenhall (Eds.), *Mergers and acquisitions: Managing culture and human resources*. Palo Alto, CA: Stanford Business Press.

Stahl, G., K. & Voigt, A. (2005). Meta-analyses of the performance implications of cultural differences in mergers and acquisitions. *Academy of Management Best Paper Proceedings, IM, 11-16*.

Stahl, G., K.; Chua, C., H. & Pablo, A. (2012). Does national context affect target firm employees' trust in acquisitions? A policy-capturing study. *Management International Review*, 52: 395-423.

Stulz, R., M. (1990). Managerial discretion and optimal financing policies. *Journal of Financial Economics*, 26: 3-27.

Styhre, A.; Börjesson, S. & Wickenberg, J. (2006). Managed by the other: Cultural anxieties in two Anglo-Americanized Swedish firms. *International Journal of Human Resource Management*, 17(7): 1293-1306.

Teece, D., J. (2007). Explicating dynamic capabilities: the nature and microfoundations of (sustainable) enterprise performance. *Strategic Management Journal*, 28:1319-1350.

Trautwein, F. (1990). Acquisition motives and acquisition prescriptions. *Strategic Management Journal*, 11 (4): 283-295.

UNCTAD, (2015). *World Investment report 2015: Reforming International Investment Governance*. [online] Available at: [http://unctad.org/en/PublicationsLibrary/wir2015\\_en.pdf](http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf).

Van Knippenberg, D.; Van Knippenberg, B.; Monden, L. & de Lima, F. (2002). Organisational identification after a merger: A social identity perspective. *British Journal of Social Psychology*, 41: 1-14.

- Venkatraman, N. & Ramanujam, V. (1986). Measurement of business performance in strategy research: A comparison of approaches. *Academy of Management Review*, 11(4): 801-814.
- Verbeke, A. (2010). International acquisition success: Social community and dominant logic dimensions. *Journal of International Business Studies*, 41: 38-46.
- Vermeulen, F. & Barkema, H., G. (2001). Learning through acquisitions. *Academic Management*, 44: 457-476.
- Very, P.; Lubatkin, M.; Calori, R. & Veiga, J. (1998). Relative standing and the performance of recently acquired European firms. *Strategic Management Journal*, 18(8): 593-614.
- Walker, G.; Kogut, B. & Shan, W. (1997). Social capital, structural holes and the formation of an industry network. *Organization Science*, 8: 109-125.
- Weber, Y., Shenkar, O. (1996). National and corporate cultural fit in mergers/acquisitions: An exploratory study. *Management Science*, 42: 1215-1227.
- Weber, Y., Shenkar, O., & Raveh, A. (1996). National and corporate cultural fit in mergers/ acquisitions: An exploratory study. *Management Science*, 42(8): 1215-1227.
- Weber, Y.; Tarba, S., Y. & Reichel, A. (2009). *International Mergers and Acquisitions Performance Revisited – The Role of Cultural Distance And post*. In Cary L. Cooper, Sydney Finkelstein (ed.) *Advances in Mergers and Acquisitions (Advances in Mergers and Acquisitions, Volume 8)* Emerald Group Publishing Limited: 1 – 17.
- Weber, Y.; Tarba, S., Y. & Reichel, A. (2011). A model of the influence of culture on integration approaches and international mergers and acquisitions performance. *International Studies of Management & Organization*, 41(3): 9-24.
- Williams, S., M. (2001) Are intellectual capital performance and disclosure practices related? *Journal of Intellectual Capital*, 2(3): 192-203.
- Wilson, B. (1980). The propensity of multinational companies to expand through acquisitions, *Journal of International Business Studies*, 12: 59-65.

Woodward, D., P. (1992). Locational determinants of Japanese manufacturing start-ups in the United States. *Southern Economic Journal*, 58 (3):690-708.

Yin, R., K. (2009). *Case Study Research: Design and Method*. 4<sup>th</sup> Edition. London: Sage.

Yunker, J., A. (1983). *Integrating Acquisitions: Making Corporate Marriages Work*. New York: Praeger.

Zaheer, A.; Castaner, X. & Souder, D. (2013). Synergy sources, target autonomy, and integration in acquisitions. *Journal of Management*, 39: 604-632.

# APPENDIX 1 – LIST OF QUESTIONS FOR THE INTERVIEW

## BACKGROUND INFORMATION

*Preliminary collection of basic information about the firm and the deal with the aim to have a common presentation draft for each case study (e.g. firm size, market, year of the acquisition, interviewee role etc.). Verify the information validity with the interviewee and ask him/her possible missing information.*

### Questions:

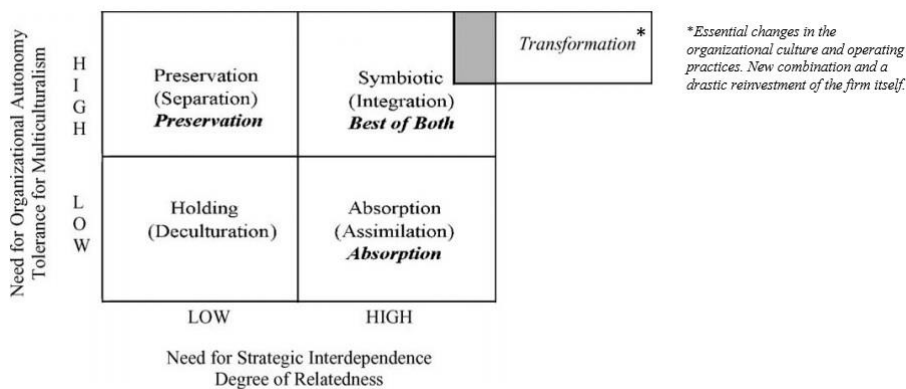
#### MOTIVES

1. What are the motives behind the acquisition? Could you be able to pick at least 3-4 top motives from the list below?

Firm-level factors	Industry-level factors	Country-level factors
<ul style="list-style-type: none"> <li>➤ Improve capacity utilization</li> <li>➤ Economies of scale</li> <li>➤ Suppliers and distributors network</li> <li>➤ New technology</li> <li>➤ Knowledge-based resources</li> <li>➤ Diversification</li> <li>➤ Others</li> </ul>	<ul style="list-style-type: none"> <li>➤ New market access</li> <li>➤ Avoid excessive competition</li> <li>➤ Enhance coverage of sales force</li> <li>➤ Increase market power</li> <li>➤ Others</li> </ul>	<ul style="list-style-type: none"> <li>➤ Tax benefits</li> <li>➤ Government intervention</li> <li>➤ Market growth</li> <li>➤ Cultural fit</li> <li>➤ Geographical position</li> <li>➤ Others</li> </ul>

#### INTEGRATION STRATEGY

2. What was your intended integration approach?



3. Did you follow and implement the intended strategy? If not, what was the emergent strategy and how did it differ from the intended one? What were the factors that led to these changes? Where there any unexpected challenges?
4. How long did the integration process take to be fully accomplished since the execution started? (do not consider the planning phase)
5. Which were the synergies you were looking for? Did you succeed in achieving them? Could you be able to say when they have been realized along the integration process?

## **PERFORMANCE**

6. How did you evaluate the integration performance? Which were the key performance measurements you adopted?
7. Were there any differences in the way you evaluated the integration performance over time?
8. To what extent did the integration performance influence the overall performance of the acquisition?

## **CULTURE**

9. Were there cultural differences? What were the cultural differences you perceived the most? How did they affect your integration strategy?
  - *Leadership and management style*
  - *Organization structure*
  - *Business practices*
  - *Terms and conditions*
  - *Communication style*
  - *Others*

10. Do you think the integration approach had a moderating effect on cultural distances?
11. Were there any internal cultural conflicts between and across organizations?  
How did you deal with them?

#### **ADDITIONAL INFORMATION**

12. Did you have any previous acquisition experience? To what extent do you think it has been beneficial for the analyzed acquisition?
13. How did this acquisition differ from the previous?
14. Are there any aspects would you have paid more attention to?
  - *Better preparation*
  - *Faster integration pace*
  - *Better communication strategy*
  - *Different integration areas*
  - *Preliminary training*
  - *Others*
15. What did you learn from this acquisition?

*The importance of:*

- *Executive leadership support*
- *Involving manager from both sides*
- *Developing an appropriate integration plan*
- *Others*