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## Managing the retention of key employees in international acquisitions: a multiple case study

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## Managing the retention of key employees in international acquisitions: a multiple case study

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**Abstract:** How do we retain key employees in international acquisitions? Drawing from international business and human resource management literature, this study develops an integrated conceptual framework that identifies the factors enabling the retention of key employees in international acquisitions (IAs) as effective leadership, financial and non-financial benefits, effective communication, autonomy granted to the employees of acquired unit, and level and speed of integration of acquired unit. The findings from three case studies show that effective leadership of the acquirer, both financial and non-financial incentives, effective communication, high autonomy granted to the employees of the acquired unit, and moderate level and speed of integration of the acquired unit help in retaining key employees of the acquired unit. This study also discusses the implications for both researchers and practitioners.

**Keywords:** key employees' retention; international acquisitions; IAs; managing key employees' retention; integration speed and levels.

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## 1 Introduction

International acquisitions (IAs) are popular entry modes among firms desiring quick market expansion and growth across national borders (Gomes et al. 2011; Rao-Nicholson et al. 2015). In addition to economic benefits, IAs offer new competencies, abilities, and efficiencies of particular value to organisations that seek to expand internationally (Khan et al., 2020). Nevertheless, regardless of the popularity and several potential advantages of IAs, it has been shown that 70% of IAs fail to meet their set objectives (McGrath and Neill, 2023; Young et al., 2019). Prior literature suggests that one major cause of IA's failure is the higher turnover of key talent following IAs (Ahammad et al., 2012, 2016; Degbey et al., 2021; Kiessling et al., 2012). This higher turnover of key talent not only results loss of key employees and their knowledge and skills, but also causes high recruitment costs for replacing the lost talent and difficulties in managing the business of the acquired unit (Ahammad et al., 2016). While the negative attitude of acquired unit employees, such as anxiety, stress and uncertainty, has been reported as a major cause behind this high turnover (Brahma and Srivastava, 2007; Degbey et al., 2021), practitioners and researchers have limited understanding of factors facilitating key employees' retention in IAs (Ahammad et al., 2012). Therefore, an understanding of the factors facilitating key employees' retention in IAs is vital for the success of IAs (Kiessling et al., 2012).

To provide a comprehensive understanding of managing key employees' retention in IAs, this study integrates pertinent understandings from the human resource management (HRM) and international business (IB) literature streams. Existing literature offers unique perspectives concerning key employees' retention in IAs. HRM literature (Child et al., 2001; Brahma and Srivastava, 2007; Zhang et al., 2015) suggests the role of financial and non-financial incentives, communication strategies, and leadership approaches in retaining key employees in IAs. On the contrary, IB research (Ahammad et al., 2012; Schweizer and Patzelt, 2012) suggests the role of given autonomy, integration speed, and integration level in retaining key employees in IAs. Given the intricate behaviour of employees of the acquired company, we believe that both strands of prior literature should be integrated to better understand the management of key employees' retention in IAs. Thus, our study aims to contribute to the literature on managing key employees' retention both in HRM and IB by examining the interplay between HRM-driven factors and IB-driven factors in explaining the key employees' retention in IAs. We ask the following research question: How can acquirers retain the key employees of acquired units in IAs? We use a multiple case studies research approach to investigate the management of key employees' retention in IAs undertaken by Finnish firms. Finnish firms are actively involved in foreign mergers and acquisitions (M&As) (Oguji et al., 2019). Therefore, IAs by Finnish firms offer a rich setting to explore how to retain employees in IAs. This study contributes to the literature by examining the interplays of different factors from two different streams of research and integrating them for employees' retention in IAs.

The remainder of this article is as follows: We present the theoretical standpoint of this research in the next section where all the relevant literature streams and identified factors are discussed. Then we present the research methods and approaches used in this study. Further, the results and findings of the study are presented which is followed by the discussion and conclusions sections that also include the managerial implications and limitations of the study.

## **2 Theoretical standpoint**

### *2.1 Key employees' retention in IAs*

The body of literature on talent retention has experienced consistent growth, alongside broader scholarship on talent and talent management (Niemi et al., 2021). Nevertheless, the majority of this research has focused on talent retention within organisational contexts, predominantly within multinational corporations. The resource-based view suggests that firms undertake IAs to develop a bundle of tangible and intangible specialised resources that are external to the firms (Kiessling et al., 2012). Key employees of acquired firms, such as managers and those reporting to them, are the specialised resources which many acquiring firms desire to retain during IAs. Ahammad et al. (2016) and Kiessling et al. (2012) maintain that during IAs, if firms keep their employees intact, they can utilise it as a source of competitive advantage for the acquiring firm and therefore a prerequisite for the success of IAs. However, research has confirmed that the ratio of turnover among management teams in the acquired organisation is relatively higher during IAs (Ahammad et al., 2012, 2016; Degbey et al., 2021; Kiessling et al., 2012). Existing studies elucidate why top management voluntarily leaves during IAs. For example, drawing from the theory of relative standing, Ahammad et al. (2012) and Brahma and Srivastava (2007) suggest that employees of acquired companies feel inferior, and lost autonomy and identity as compared to the managers of the acquiring company and therefore develop negative attitude, such as anxiety and stress, that ultimately leads their volunteer turnover. Although these studies provide some important reasons for key employees' turnover in IAs, very little is examined on how acquirers can retain the key employees of acquired units in IAs. Extending previous work, this study examines the role of several HRM-driven factors (financial and non-financial incentives, communication strategies and leadership approaches) and IB-driven factors (autonomy, integration speed, and integration level) in reducing the turnover of key employees in IAs.

### *2.2 Factors driving key employees' retention during IAs*

Firms must proactively work to maintain or retain key employees of acquired companies in IAs as prior research has proved that they are valuable assets and their departure has a negative effect on the performance of IAs (Ahammad et al., 2016; Kiessling et al., 2012). The HRM literature emphasises financial incentives, communication strategies, and leadership approaches, and IB literature emphasises autonomy, integration speed, and integration level to retain the key employees' in IAs. In the following, we discuss these factors and develop the conceptual framework of our paper.

### *2.2.1 Effectiveness of leadership and communication*

Atoniou et al. (2021) stated that leadership is crucial in mitigating key employees' challenges in IAs. Effective leadership can help them minimise stress and uncertainty levels during the process of acquisition. As effective leadership characterises a clear vision and strong attitude of the leadership, this ensures employees' trust in leadership. In addition, Antoniou et al. (2021) stressed the need for leaders to become highly supportive and empathetic to understand the experiences of their employees which can help in alleviating stress and resistance to the acquisition. Scholars (e.g., Schweizer and Patzelt 2012) have also found a positive correlation between effective leadership and organisational performance. Additionally, when leadership creates such an environment where employees feel psychologically safe, it enables a sense of safety in testing new behaviours and culture. Thus, effective leadership has been considered a positive influencing factor affecting employees' commitment to the organisation, which can result in reduced employees' turnover during and after the IAs (Haapakoski, 2024).

On the other hand, clear and timely communication with employees during IAs is crucial for retaining key employees (Doplin and Reed, 1999). Brahma and Srivastava (2007) mention that top management should keep effective communication with employees so that they find answers to their questions, understand the underlying rationale for key ongoing changes, and accept the changes during IAs. Brahma and Srivastava (2007) and Atoniou et al. (2021) mentioned that ineffective communication is an important contributor to key employees' turnover and therefore leads to failed IAs. Thus, it is essential to strategically plan the type of communication and ensure its effectiveness, so everyone receives the necessary information. Epstein (2004) suggested that providing detailed information and describing the roles of employees in the new organisation can reduce the level of employees' concerns and their feelings of uncertain future. Additionally, maintaining mutual and reliable communication at all stages is crucial as it ensures that everyone is aware of current and upcoming events. Appelbaum et al. (2017) emphasised that early communication helps limit the spread of rumours within the company about the IAs. Consistent information flow is essential for the success of IAs as it minimises uncertainty and resistance to change. Moreover, Veen (2013) noted that stress experienced by employees during IAs can be alleviated with clear and understandable information.

### *2.2.2 Financial and non-financial incentives for employees*

Financial and non-financial incentives are important strategies for retaining employees during IAs. They restore employees' trust during acquisitions, give them job satisfaction and encourage them to achieve their set objectives (Ahammad et al., 2012). Employers may offer various incentives such as long-term contracts with bonuses, stock options, higher salaries, retention bonuses, and training for capability development. Ahammad et al. (2012) suggest that acquiring companies should offer financial as well as non-financial incentives to retain their key talent. Financial incentives alone do not provide long-term solutions for employee retention in IAs, as employees may seek other opportunities once these incentives are received. Thus, it is crucial to provide a combination of financial and non-financial incentives. Acquiring companies should particularly emphasise employee training and development to build trust and demonstrate commitment to IAs and their employees. Degbey et al. (2021) also highlighted that

relying solely on financial benefits is insufficient, as they are short-term solutions for retaining key employees.

### *2.2.3 Autonomy to key employees*

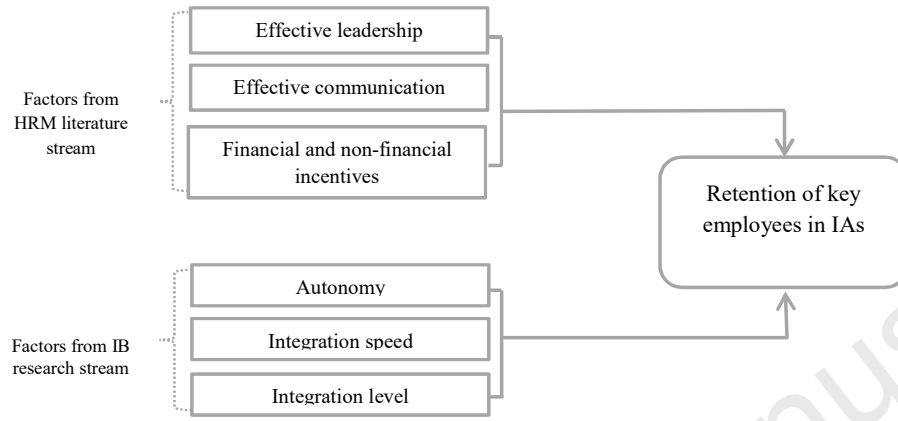
Autonomy refers to the independence and freedom of employees from any internal or external control or influence while performing tasks (Ahammad et al., 2012). It significantly impacts job satisfaction and organisational commitment as employees who can perform tasks their way are more committed and satisfied than those directed to follow specific methods (Veen, 2013). He also argued that employees who feel they have sufficient autonomy are more likely to stay with the organisation, feeling recognised and supported by their superiors. Degbey et al. (2021) agreed that autonomy is crucial for employee retention in IAs. Therefore, managers must address autonomy during and after IAs, knowing autonomy affects voluntary turnover, to ensure employees are satisfied with the level of autonomy they have (Haapakoski, 2024).

### *2.2.4 Integration speed and integration level*

Integration speed is another important factor in IAs. Prior research suggests high integration speed is an important driver for retaining key employees as well as the success of IAs (Goecke et al., 2018). Schweizer and Patzelt (2012) mention that higher speed of integration minimises key employees' uncertain feelings and ambiguities, and strengthens their commitment to acquisition. Nevertheless, higher integration speed might have negative effects, as it might hinder employees from adapting to the new organisational culture and developing trust. There may remain uncertainty in employees regarding their conduct and behaviour and whether they can trust leadership and the commitments made about their jobs. Therefore, a higher speed of integration and leadership effectiveness develop employees' dedication and their willingness to stay with the new organisation. Even though both viewpoints exist, the central view demonstrates that a higher speed of integration improves the retention of employees during IAs (Haapakoski, 2024).

The level of integration might also have an impact on the success of IAs. A higher level of integration causes a high turnover of employees (Iborra and Dolz, 2006). In a high level of integration, the acquiring company retains the power, does not share authority with the acquired company, and asserts strong influence over the acquired company's strategic and operational issues. Consequently, key employees are forced to yield to the acquirer's needs and surrender autonomy over their decisions. Thus, key employees experience limits on their decision-making, and lose authority and freedom, thus leading to their turnover. Ahammad et al. (2012) also mention that higher integration levels of acquired organisations can result in higher turnover rates as key employees lose their autonomy and feel inferior as compared to employees of acquiring company. In conclusion, lower integration levels result in lower rates of turnover, as the expertise of employees is highly valued within the organisation (Haapakoski, 2024).

In summary, Figure 1 depicts the conceptual framework of the study considering the interplay between different factors from HRM literature and IB literature which can enhance the key employees' retention in IAs.

**Figure 1** Conceptual framework

### 3 Research context and methodology

We employ the qualitative multiple case study approach to investigate the Finnish firms' strategies to retain key employees in IAs. Our objective is not to develop a new theoretical perspective on key employee retention in IAs, but to work within the existing prevailing literature views to provide comprehensive and new empirical evidence on the factors driving key employee retention in IAs. Therefore, the research question of this study is scoped within the context of HRM and IB literature streams to obtain an understanding of factors driving key employees' retention in IAs (Eisenhardt and Graebner, 2007). In particular, the use of a qualitative approach enables us to examine the existing literature and provide new empirical insights on key employees' retention in IAs.

#### 3.1 Sampling

Following Yin (2003), three criteria were set to select the sample firms and interviewees. First, the acquiring company has to be from Finland. Second, the acquired company must be from a foreign country. Third, the interviewee must be responsible for managing the personnel of the company being acquired during the acquisition. Thus, those working in the HRM department were considered to be the most appropriate respondents. Seven potential companies were approached through the author's personal network. The results are drawn from investigating three leading companies that are involved in IAs. We selected these cases based on methodological expediency, which enables convenience sampling to select unique and easily accessible cases and offer prospects to explore the study's topic (Huberman et al., 2012). Based on initial communication with the interviewees, it is found that two acquisitions were ongoing, and two were mergers, thus exploring the employees' retention in the remaining three cases of IAs makes our approach interesting. Details of cases are discussed below.

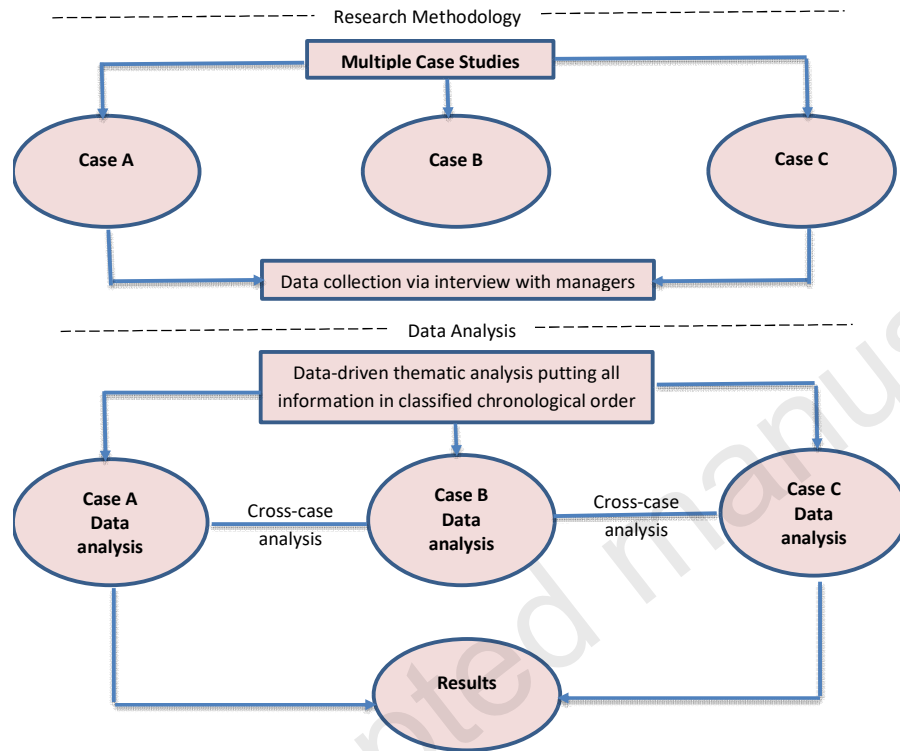
### *3.1.1 The three cases*

Case company A is a leading industrial and technology provider based in Finland and has more than 2,000 employees worldwide. It has vast experience in managing IAs as the company had acquired ten companies abroad previously. In the current case, the company acquired a small Canadian company with 50 employees. The main motive for the acquisition was to get a patented service of the acquired company that was complementary to its technology and more values to the customers with consistent performance. Case company B is an industrial company based in Finland and has more than 6,000 employees worldwide. In the current case, the company acquired a French industrial company with 5,000 employees. The main motive for acquiring a French company was to advance understanding and enhance the current lines of products in its business portfolio. Case company C is also an industrial company based in Finland, and has 400 local employees. The company acquired a Swedish company operating in the same industry with 200 employees. The main motive for the acquisition was to capture the growing Swedish market.

### *3.2 Data collection and analysis*

In this research, we collected research data through conducting semi-structured interviews on Teams. We invited interviewees to discuss their roles in IAs with which they have been involved. A semi-structured interview guide was designed to comprehensively understand different factors and how employee retention was ensured during IAs. While certain questions were tailored to each interviewee's role and expertise, the main focus was on their experiences with the phenomenon being studied. In total, three interviews were conducted – in case company A an HR Manager, in case company B an HR Director and in case company C a Senior Vice President of HR – were interviewed. The interviewees hold prominent and influential positions in their organisations and made significant contributions to their IA initiative. Interviews lasted an average of one hour and 30 minutes and each interview was online recorded and later transcribed. In addition to the primary data collected through interviews, additional insights were gathered from secondary data sources, including web blogs, online interview videos, organisational reports, marketing materials, and website information. Construct validity was ensured by the use of prior secondary literature in developing questions for the central constructs, and by seeking the interviewees' comments on the transcripts for factual verification. External validity was verified by using replication logic in multiple case studies (Yin, 2003).

The data collected was examined using qualitative analysis methods, specifically data-driven thematic analysis and organising the information chronologically, to identify the factors influencing key employees' retention in IAs (Miles and Huberman, 1994). We adhered to the recommended steps for analysing the collected data, breaking down recorded interviews within the context of constructs. Each case was analysed individually, followed by a cross-case analysis to identify similarities and differences in central constructs across different cases (Ragin, 1994; Eisenhardt, 1989). Figure 2 details the entire research methodology process used in this study.

**Figure 2** Research design (see online version for colours)

## 4 Results

In this section, we describe how central constructs in terms of the degree of effective leadership, type of financial and non-financial incentives, degree of effective communication, autonomy, integration speed, integration level, and key employees' retention case by case. Next, we present the comparative case findings in Table 1.

### 4.1 Case company A

An interview with a representative from Case A discovered that it was extremely important to retain the key personnel of the acquired firm because of its small size. However, retaining key employees was only medium (65% of key employees retained) after one year of integration. The interviewee mentioned that although the acquired unit was small, it took two years to integrate the organisational functions and working culture of the acquired unit.

"..... It took two years to fully integrate the organisational processes, business practices, and working culture of the acquired unit. Despite the small size of the acquired firm, the integration period was quite lengthy, considering it involved only a few people".

In terms of granted autonomy to the acquired firm, the employees of the acquired unit were given greater autonomy to carry on their tasks.

“The acquired company had a higher level of autonomy. They could continue to perform their tasks as they had performed before the acquisition. They had a greater job description in their company (i.e., in the acquired company). This was because, in a smaller firm, individuals often had broader roles due to the limited number of staff”.

Moreover, the management of the acquiring company did not display effective leadership to the employees of the acquired unit. Interviewee mentioned that:

“Leadership was not as committed as it should be because the appointed manager for integration was located at a different location (i.e., not in the country of the acquired unit), and later was replaced with another manager during the integration period. So, there were different managers (responsible) for the integration. So, the leadership commitment was not according to the requirement”.

Moreover, the quality of communication with the acquired unit employees was very low. One representative highlighted that:

“The future plans for the employees (of the acquired unit) might be expressed better because they were somewhat hidden from them. This could have increased the commitment and retention of key employees”.

In terms of financial and non-financial incentives, the employees of the acquired unit were given both types of incentives. The interviewee mentioned that:

“They were provided different incentives to retain them. The senior managers received a retention bonus. All employees were transitioned to our incentive plan, which is superior to their previous one. Their salaries remained unchanged. Additionally, they gained access to a significantly larger array of training courses than they previously had”.

#### *4.2 Case company B*

An interview discussion with the representative from Case B revealed that it was extremely important to retain the key employees of the acquired firm and most employees (85%) stayed after the acquisition because they were satisfied.

“We had already recognised that it is essential to retain the key personnel, and we succeeded to retain almost 80% of employees which is a high percentage. Their higher satisfaction level was also one of the reasons they stayed”.

Further, the acquiring company set two years to integrate the functions of the acquired unit, but the integrated process was completed rather quickly due to the high similarity in the working culture of both companies.

“Although the timeframe for integrating some key functions was planned for two years, it finished rather earlier – within 16 months- because of the similar organisational culture (i.e., acquiring company). Despite being from other nations, their organisational culture was quite close to what we have. So, it was very easy from very early to coordinate and all went well. I must say that the cross-cultural aspect posed no issues because of the same organisational culture”.

In terms of autonomy granted to the acquired company, the personnel of the acquired unit were given greater autonomy to carry on their task.

“High autonomy was given to them (i.e., employees of the acquired company) as they worked with freedom, but only the reporting was kept stricter than before the acquisition”.

The interviewee further mentioned that:

“Leadership was in fact deeply involved and fostered confidence and trust of employees of the acquired firm. They were very excited about the acquisition and managed to inspire the employees of the acquired unit as well. By leading through example, they demonstrated that the change would be beneficial and showed their full commitment to making it successful. The leadership instilled trust and confidence in the employees, ensuring they believed in the process and its positive outcome”.

Moreover, the quality of communication with the acquired unit employees was very good. The interviewee mentioned that:

“Everyone in the acquired firm was kept informed about our firm, and what would happen in the acquired firm. So, the employees knew that a big firm was supporting them and providing several opportunities”.

In terms of financial and non-financial incentives, the employees of the acquired unit were given both types of incentives. The interviewee mentioned that:

“Different benefits were given to key personnel. For management and key personnel, there were long-term benefits, for instance, the permanent contracts. Additionally, employees were provided with e-learning courses and talent management programs, which opened up new opportunities for personal growth. As our company expanded significantly with the acquisition, numerous growth opportunities were made available”.

#### 4.3 Case company C

In this case, the retention of the key employees of the acquired company was very important due to the knowledge of employees and most employees (95%) were retained after the acquisition.

“We had already our eyes on the Swedish market for several years because of its growth, and when a suitable opportunity came along, it was seized. The acquired company was very successful, and its employees were a valuable asset. So, it was very crucial to retain them and we succeeded in retaining almost 95% employees”.

Further, the acquiring company integrated some key functions of the acquired unit within one and a half years.

“It was important to tie the companies together so that everyone ends up under the same conditions. .... I do not think there were any major problems with integration between the companies. I feel that we were already working quite similarly in the companies. So, the integration of some key functions like product, production, social and human, and financial management was done rather quickly within one and a half years. However, the integration of some functions like marketing and sales was done at a lower level because they were already following best regional practices”.

In terms of autonomy granted to the acquired company, the employees of the acquired unit were given greater autonomy to carry on their tasks.

“We wanted the acquired company’s functions should be aligned with us so that everyone is on the same page. But we were very clear from the beginning that the acquired company should retain decision-making and we respected their autonomy”.

Interviewee mentioned that:

“Leadership was very effective during the whole process of acquisition. They regularly visited the acquired Swedish firm, discussed ongoing and future changes, motivated employees, and gained their trust and commitment. It was paramount to have effective leadership to make acquisition successful”. Moreover, the quality of communication with the acquired unit employees was very good. The interviewee mentioned that:

“A good conversational connection and a good knowledge of individuals and organisations about each other help to mitigate challenges. We had regular and clear communication regarding the future steps of the integration because we had a clear plan”.

In terms of financial and non-financial incentives, the employees of the acquired unit were given both types of incentives. The interviewee mentioned that:

“Their salaries were kept the same. They were transferred to our incentive plan. They were also provided with training courses access that enhanced their career growth”.

#### *4.4 Results from comparative case analysis*

Table 1 sums up the comparative effect of the level of effective leadership, type of financial and non-financial incentives, degree of effective communication, autonomy, integration speed, and integration level in three analysed cases of IAs. It describes the role of these central factors in retaining key employees. Based on the findings, we categorised the central factors into low, medium, and high levels to identify areas that need improvement. These ratings, shown in Table 1, were determined by the presence of central factors in each case. Dividing the degrees into low, medium, and high aids in understanding and achieving the research objectives. Additionally, the responses were analysed and transcribed into these ratings for clarity. This helps pinpoint which central factors need enhancement to retain key employees.

Drawing from the analysed findings outlined in Table 1, this research presents results from comparative case analysis across all three cases. It is evident that leadership effectiveness was lower in case A but was high in cases B and C. Consequently, the high level of effective leadership in cases B and C contributed to retaining key employees. Further, financial and non-financial benefits were offered in all three cases, but key employees’ retention was low in case A and high in cases B and C. This suggests that both financial and non-financial benefits are important to retain key employees, but alone this factor is not sufficient to explain the retention of key employees in IAs. Moreover, communication was low in case A and high in cases B and C. So, high communication in cases B and C helped to retain the key employees.

Further, high autonomy was given to the employees of the acquired unit in all three cases, but key employees’ retention was low in case A and high in cases B and C. This

suggests that giving high autonomy to the employees of the acquired unit is important to retain key employees, but alone this factor is not sufficient to explain the retention of key employees in IAs. Moreover, integration speed was low in case A and medium in cases B and C. So, the medium speed of integration in cases B and C helped to retain the key employees. Finally, the integration level was high in case A and medium in cases B and C. So, the medium level of integration in cases B and C helped to retain the key employees.

**Table 1** Factors explaining key employees' retention in cases

	<i>Case A</i>	<i>Case B</i>	<i>Case C</i>
Effective leadership	Low	High	High
Financial and non-financial benefits for employees	Both (high)	Both (high)	Both (high)
Effective communication	Low	High	High
Autonomy	High	High	High
Integration speed	Low	medium	medium
Integration level	High	Medium	Medium
Key employees' retention	Medium (65%)	High (80%)	Very high (95%)

#### 4 Discussion and conclusions

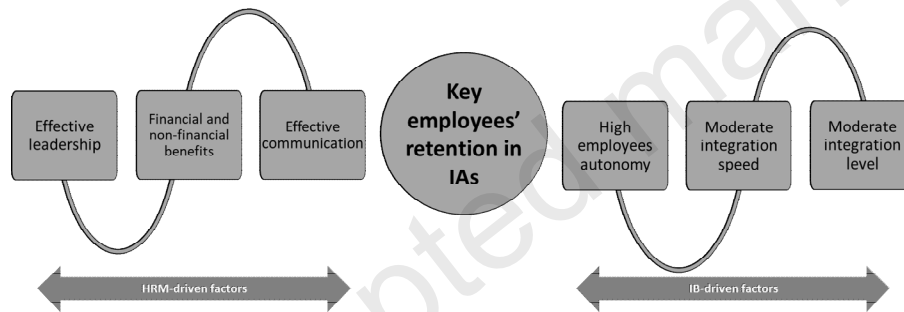
To provide a comprehensive understanding of factors in retaining key employees in IAs, this study empirically explored different factors from two major research streams: HRM and IB. Previous research lacks in combining these two research streams and therefore does not provide a comprehensive understanding of important factors in retaining key employees in IAs. Based on qualitative data analysis of three IAs of Finnish firms, several interesting results are discovered.

This study uncovers that HRM-proposed factors of effective leadership, financial and non-financial incentives for employees of the acquired unit, and effective communication are all important factors in retaining key employees of the acquired unit. These findings correspond to earlier research that has suggested that effective leadership (e.g., Asdar, 2023; Goecke et al., 2018; Schweizer and Patzelt, 2012; Zhang et al., 2015), financial and non-financial incentives for employees of acquired unit (e.g., Ahammad et al., 2012; Degbey et al., 2021), and effective communication (e.g., Asdar, 2023; Brahma and Srivastava, 2007) are important factors for retaining key employees in IAs. Our findings advance the argument by highlighting that these factors do not only reduce employees' uncertainty and stress during IAs but also motivate them to stay. However, our findings also suggest that although both financial and non-financial benefits are important to retain key employees, they alone are not sufficient to explain the retention of key employees in IAs.

Findings also show that IB proposed factors also have an important role in retaining key employees during IAs. More specifically, we find that a high level of autonomy given to employees of acquired units, and moderate speed and level of integration enhance key employees' retention in IAs. Our finding regarding integration speed is against the result found by Schweizer and Patzelt (2012) that a higher speed of

integration minimises key employees' level of stress and ambiguity, and therefore enhances their retention. One possible explanation is that a faster pace of integration makes it challenging for employees to swiftly adjust to the new culture and build trust in the acquiring company. Therefore, it may have a negative impact on key employees' retention. Our finding regarding integration level is against the result found by Ahammad et al. (2012) that low integration level enhances key employees' retention because employees feel a sense of belonging in the company and believe their skills and expertise are still appreciated. One possible explanation is that a low integration level may make the employees of the acquired unit too isolated and ignored by the acquirer and therefore it may have a negative impact on key employees' retention. Further, our findings suggest that although autonomy given to the employees of the acquired unit is important to retain them (Ahammad et al., 2012), it alone is not sufficient to explain the retention of key employees in IAs. Figure 2 presents the empirical framework where different factors and their interplays are depicted in enhancing the retention of key employees during IAs.

**Figure 2** Empirical-based integrated framework of employees' retention in IAs



#### 4.1 Managerial implications

This research highlights several key factors for retaining key employees of acquired units during IAs, offering valuable managerial implications. Effective leadership, financial and non-financial benefits, and effective communication are the key factors in reducing uncertainty and stress among employees, thereby motivating them to stay. Managers should focus on developing strong leadership skills, offering a balanced mix of incentives, and maintaining clear communication channels. Furthermore, granting a high level of autonomy to employees from the acquired unit and adopting a moderate speed and level of integration can enhance retention. However, managers should be careful with integration speed and level, as too rapid integration can hinder adaptation to new cultures, and too low integration can lead to feelings of isolation. A holistic approach that combines these strategies will be more effective in retaining key employees during IAs.

#### 4.2 Future research direction

It is significant to acknowledge that this research has some limits, which offer opportunities for further research. Our study is limited to three IAs. An interesting avenue for future research can be to conduct quantitative research on a large sample of IAs to test the proposed integrated framework. Future research can also be developed to test the

interaction effect of these factors in explaining the key employee retention in IAs. This is because we found that financial and non-financial incentives and autonomy given to the employees of the acquired unit alone are not sufficient to explain the key employees' retention in IAs. Further, it would be intriguing to explore the scope and effectiveness of our proposed framework in other country settings. Finally, future research can also collect data from both employees of the acquired company and the acquired company. This would help to get a complete picture of factors driving key employees' retention in IAs.

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