Kaunas University of Technology

School of Economics and Business

Factors Influencing Human Integration in M&A

Master's Final Degree Project

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Kaunas, 2021. 75.

Summary

Despite the high failure rates, businesses continue to invest in mergers and acquisitions (M&A) to reach inorganic growth. Human integration is essential in M&A because it plays a crucial role in determining the outcomes of the integration process. Even with the significance of human integration and the vast research landscape, cultural and social integration obstacles continue to rank among the top causes of M&A failures. This is due to the fact that M&A transactions often involve combining two distinct organizational cultures, each with its own set of values, norms, and practices. Failure to address these differences and integrate them effectively can lead to cultural clashes, low morale, and decreased productivity among employees. However, the research mainly focuses on M&A outcomes rather than the integration process, therefore, the research seeks to identify what factors and to what extent have an influence on human integration in M&A.

Research question: what factors have an influence on human integration in M&A and to what extent?

Research object: factors influencing human integration in M&A.

Research aim is to develop the framework of factors influencing human integration in M&A and provide recommendations for its managerial implications.

Research objectives:

1. To identify the importance of human integration in M&A.
2. To develop a conceptual framework of factors influencing human integration in M&A.
3. To justify the research methodology by exploring the factors influencing human integration in M&A.
4. To conduct results analysis and prepare recommendations for managing the factors influencing human integration in M&A.

Research method:

1. Literature review was performed to determine the topic’s relevance and provided the foundation for building a conceptual research framework as it helped to identify factors influencing human integration in M&A.

2. Qualitative research methodology was applied with the expectation to evaluate what impact the factors described in the conceptual research model have on the human integration outcomes in M&A and add valuable insights to the existing knowledge by revealing additional factors. The research is designed as a qualitative single case study that due to the multilayered nature of the research objectives, relies on a semi-structured interview method. The interviews were performed in a company qualifying as a serial acquirer – having a strategy of growth through acquisitions. Eight participants were selected four of them representing the acquirer side and the other four being from the target companies acquired within the past five years. The interviews were coded using MAXQDA software to identify emerging factors and group them into factor groups. Then research findings, managerial implications, and research limitations were discussed.

Research findings:

Three factor groups were identified during the literature review: M&A background, integration strategy, and human factors. The empirical research revealed that the proposed conceptual research model is a sufficient framework for determining high-level factor groups influencing human integration in M&A. Additional factors were identified within the groups of factors revealing that human integration and overall integration outcomes are closely related, with each group of factors influencing the other. A comprehensive strategy that considers the organizational and human aspects of integration is necessary for a successful M&A integration. The demands and interests of all involved stakeholders must ultimately be aligned in a proactive, collaborative, and empathic strategy for a successful M&A integration. Limitations, future research suggestions, and managerial implications are provided in the final chapters.

Meškauskienė, Gabrielė. Veiksniai lemiantys darbuotojų integraciją įmonių susijungimo ir įsigijimo metu. Magistro baigiamasis projektas / vadovė doc. dr. Jurga Duobienė; Kauno technologijos universitetas, Ekonomikos ir verslo fakultetas.

Studijų kryptis ir sritis (studijų krypčių grupė): Verslas, Verslas ir viešoji vadyba.

Reikšminiai žodžiai: Įmonių susijungimai ir įsigijimai, darbuotojų integracija.

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Santrauka

Nepaisant didelio nesėkmių lygio, įmonės ir toliau investuoja į įmonių susijungimus ir įsigijimus, kad pasiektų neorganinį augimą. Žmonių integracija yra esminė susijungimų ir įsigijimų dalis, nes ji atlieka lemiamą vaidmenį pasiekiant teigiamus integracijos proceso rezultatus. Net nepaisant žmonių integracijos svarbos ir didžiulio mokslinių tyrimų kiekio, kultūrinės ir socialinės integracijos kliūtys ir toliau yra viena iš pagrindinių nesėkmingų susijungimų ir įsigijimų priežasčių. Taip yra dėl to, kad susijungimų ir įsigijimų sandoriai dažnai apima dviejų skirtingų organizacinių kultūrų derinimą, kurių kiekviena turi savo vertybių, normų ir praktikos rinkinį. Nesugebėjimas išspręsti šių skirtumų ir jų veiksmingai integruoti gali sukelti kultūrinius konfliktus, daryti įtaką moralei ir darbuotojų produktyvumui. Tyrimuose daugiausia dėmesio skiriama susijungimų ir įsigijimų rezultatams, o ne integracijos procesui, todėl tyrime siekiama nustatyti, kokie veiksniai ir kiek turi įtakos žmonių integracijai susijungimų ir įsigijimų metu.

Tyrimo problema: kokie veiksniai ir kokiu mastu lemia žmonių integracijos sėkmę įmonių susijungimo ir įsigijimo metu?

Tyrimo objektas: veiksniai, lemiantys žmonių integraciją įmonių susijungimo ir įsigijimo metu.

Tyrimo tikslas – sukurti veiksnių, turinčių įtakos žmonių integracijai įmonių susijungimo ir įsigijimo metu, modelį ir pateikti pasiūlymus jo taikymui įmonėse.

Tyrimo tikslai:

1. Nustatyti žmogaus integracijos svarbą įmonių susijungimuose ir įsigijimuose.

2. Sukurti konceptualų, veiksnių lemiančių žmonių integraciją įmonių susijungimo ir įsigijimo metu, modelį.

3. Pagrįsti tyrimo metodiką, tiriant veiksnius, lemiančius žmonių integraciją įmonių susijungimų ir įsigijimų veikloje.

4. Atlikti rezultatų analizę ir parengti rekomendacijas, kaip valdyti veiksnius, lemiančius žmonių integraciją susijungimų ir įsigijimų metu.

Tyrimo metodas:

1. Literatūros apžvalga buvo atlikta siekiant nustatyti temos aktualumą ir sudarė pagrindą kuriant konceptualų tyrimo modelį, nes padėjo nustatyti veiksnius, turinčius įtakos žmonių integracijai susijungimų ir įsigijimų srityje.

2. Taikyta kokybinė tyrimo metodika, tikintis įvertinti, kokią įtaką konceptualiame tyrimo modelyje aprašyti veiksniai daro žmonių integracijos rezultatams susijungimų ir įsigijimų metu ir papildyti turimas žinias vertingomis įžvalgomis, atskleidžiant papildomus veiksnius. Tyrimas sukurtas kaip kokybinė vieno atvejo analizė, kuri dėl tyrimo tikslų daugiasluoksniškumo remiasi pusiau struktūrizuoto interviu metodu. Pokalbiai buvo atlikti įmonėje, atitinkančioje serijinio pirkėjo reikalavimus – turinčioje augimo per įmonių įsigijimus strategiją. Buvo atrinkti aštuoni dalyviai, keturi iš jų atstovauja pirkėjo pusei, o kiti keturi – iš tikslinių įmonių, įsigytų per pastaruosius penkerius metus. Interviu buvo koduojami naudojant MAXQDA programinę įrangą, siekiant nustatyti atsirandančius veiksnius ir sugrupuoti juos į veiksnių grupes. Tada buvo aptartos tyrimų išvados, rekomendacijos įmonėms ir tyrimų apribojimai.

Tyrimo išvados:

Literatūros apžvalgos metu buvo nustatytos trys veiksnių grupės: susijungimų ir įsigijimų fonas, integracijos strategija ir žmogiškieji veiksniai. Empirinis tyrimas atskleidė, kad siūlomas konceptualaus tyrimo modelis yra pakankamas pagrindas nustatyti aukšto lygio faktorių grupes, turinčias įtakos žmonių integracijai susijungimų ir įsigijimų veikloje. Veiksnių grupėse buvo nustatyti papildomi veiksniai, atskleidžiantys, kad žmogaus integracija ir bendri integracijos rezultatai yra glaudžiai susiję, o kiekviena veiksnių grupė daro įtaką kitai. Išsami strategija, kurioje atsižvelgiama į organizacinius ir žmogiškuosius integracijos aspektus, būtina sėkmingam susijungimų ir įsigijimų integravimui. Visų susijusių suinteresuotųjų šalių poreikiai ir interesai galiausiai turi būti suderinti taikant iniciatyvią, bendradarbiaujančią ir empatišką sėkmingos susijungimų ir įsigijimų integracijos strategiją. Apribojimai, būsimų tyrimų pasiūlymai ir rekomendacijos įmonėms pateikiami paskutiniuose skyriuose.

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List of Abbreviations and Terms

Abbreviations:

Assoc. prof. – associate professor

Lect. – lecturer

Prof. – professor

M&A – mergers and acquisitions

PMI – post-merger integration

PwC - PricewaterhouseCoopers

Terms:

Human integration – the process of integrating employees from an acquired organization.

M&A – in the context of this paper, terms merger and acquisition are used interchangeably rather than as two separate constructs.

Introduction

Mergers and acquisitions (M&As) are a common business strategy used to achieve growth, expand market share, and enhance organizational capabilities. However, M&A transactions are complex and can be challenging to execute successfully.

Research relevance:

Some resources claim that up to 90% of M&As fail to realize perceived value (Clayton et al., 2011). While companies typically put a strong emphasis on M&A due diligence, it is obvious that a transaction's success cannot be ensured by the due diligence, value research, and negotiation that take place before the close (Venema, 2015). The overall success of M&A deals relies heavily on the post-merger integration processes as majority of M&As fail during post-merger integration phase (Galpin, 2014; Panibratov, 2017; Steigenberger, 2017). Post-merger integration is a significant transition for the employees that requires sufficient change management techniques in place in order to retain key staff members and achieve M&A success, however, despite a large body of research on M&As, it offers few insights into how integration is accomplished (Smeets, Ierulli & Gibbs, 2016; Chang-Howe, 2019). The human side of integration is often overlooked or undervalued, yet it plays a critical role in determining the success or failure of the integration process (Graebner et al., 2017).

Research problem analysis:

A review of recent literature indicates that there are significant challenges that businesses encounter when combining two previously independent companies. Despite the many management strategies that have been suggested, there is still a lack of knowledge regarding the dynamics of the integration process (Graebner et al., 2017; Weber et al., 2019). Moreover, an extensive amount of research on international business leverages Hofstede's cultural dimensions to address negative consequences associated to cultural differences (Stahl & Tung, 2015). Although it is a helpful tool that is primarily used to examine cultural group differences, some academics argue that it poses a risk for generalizability on the socio-cultural side of M&As and may neglect to address the complex role of individual attributes that contribute to the overall success or failure of M&As (Sarala, Vaara & Junni, 2017). Additionally, some sources suggest that certain strategy elements such as integration speed are critical to M&A success while others claim speed of integration is insignificant when compared to quantitative data and argue that speedy integrations can result in lack of employee training, alignment, line management involvement (Gerd et al., 2010). This signals that research focusing on cultural M&A attributes is fragmented and leads to the question what factors and to what extent influence human integration in M&A. Therefore, the research problem is stated as what factors have an influence on human integration in M&A and to what extent?

Research object: factors influencing human integration in M&A.

Research aim is to develop the framework of factors influencing human integration in M&A and provide recommendations for its managerial implications.

Research objectives:

1. To identify the importance of human integration in M&A.
2. To develop a conceptual framework of factors influencing human integration in M&A.

3. To justify the research methodology by exploring the factors influencing human integration in M&A.

4. To conduct results analysis and prepare recommendations for managing the factors influencing human integration in M&A.

Thesis structure and research methodology:

Chapter 1 grounds research novelty and build the foundation for the research object and aim relevance. Chapter 2 provided theoretical overview of M&A background, post-merger integration process and suggested determinants of integration success. The theoretical findings serve as the foundation for conceptual research model that is analyzed empirically in chapters 3 and 4.

The thesis is built on qualitative research methodology used to evaluate what impact and to what extent the factors included in the conceptual research model have on the human integration outcomes in M&A and add valuable insights to the existing knowledge by revealing additional factors. The research is designed as a qualitative single case study that relies on a semi-structured interview method. The interviews were performed with eight participants from a company that qualifies as a serial acquirer - a company that has a strategy of growth through acquisitions. Four out of eight participants were selected to represent the serial acquirer side, and the other four where from several of the companies acquired within the past five years. The interviews were coded using MAXQDA software to identify emerging factors and group them into factor categories. Then research findings, managerial implications, and research limitations were discussed.

1. Problem Analysis for Factors Influencing Human Integration in M&A

Mergers and acquisitions (M&A) are strategically important mechanisms for company growth. The worldwide M&A activity was worth as much as six trillion U.S. dollars in 2021 alone. According to Bain & Company (2023) annual M&A report, the number of M&A deals dropped in 2022 after 2021 being a record year due to turbulence in the global economy. However, the findings of the survey also suggest that historically some companies choose to make bold moves during turbulent times and continue to acquire in order to win over the long term as economic turbulence can provide opportunities for companies to acquire undervalued assets, expand into new markets, and consolidate their positions in existing markets. Other resources such as Financier Worldwide (2023) also claim that despite the challenges, M&A activity is set to increase again later in 2023. This suggests that M&A deals are important for companies despite associated risks and due to turbulence, they become even more risky and reliant on well-defined integration plans in place amongst other factors.

Due to the strategic importance of M&A for firm growth, a vast body of research has addressed this phenomenon and provided insights into M&A processes. However, the elements affecting a deal's final outcomes remain poorly understood despite the money and resources spent on M&As and the hundreds of academic studies looking at firm performance before and after a merger (Renneboog & Vansteenkiste, 2019). Since M&As can take years to compelete, it is hard to evaluate the success/failure rate of the recent activity. However, a vast body of decades-old research demonstrates that up to 60–70% of M&A acquisitions result in the destruction of shareholder value (Christensen, Rising & Waldeck, 2011). According to the Hardvard Business Review, the number is even more devastating with up to 90% of failure rate (Clayton et al., 2011).

The overall success of the M&A deals relies heavily on the post-merger integration (PMI) processes. In general, PMI involves strategic actions taken by the acquiring firm in order to integrate and realign the formerly separate entities into one (Pablo, 1994). PMI research is built on three main pillars: strategic, sociocultural integration, and experience and learning during the PMI process (Graebner et al., 2017). Strategic integration is the process of aligning organizations and combining resources to add value. Social and cultural dimensions of PMI, such as questions of identity, fairness, and trust, are together referred to as sociocultural integration. The last category, experience and learning, refers to the manner in which earlier acquisition experience may affect future PMI performance. Research by Graebner et al. (2017) reviewed more than 300 scientific articles focused on M&A research since 1985. Despite the vast landscape of academic work, the researchers argue that in particular work on temporality, decision-making, practices and tools, network dynamics, and emotionality remains fragmented and calls for further research. The authors also suggest that cultural diversity should remain an area of research interest as historically it has been vastly attributed to negative PMI consequences. Miller (2022) reviewed literature sources focusing on M&A failure and suggests that even though culture aspect in M&A is somewhat controversial and existing research is fragmented calling for more research on the topic, one thing is consistent – M&As typically fail due to mismanaged PMI phase.

Thus, a lot remains to be done as many researchers agree that the academic work is fragmented, and little is known about factors related to human integration including but not limited to integration project management, integration team composition, and collective sense-making processes (Steigenberger, 2017). Most of the research focus on humans in M&A has focused on the human resource (HR) effect on factors such as conflict resolution, training and onboarding, and much less attention has been focused on the integration processes (Chang-Howe, 2019). Idemtifying factors influencing human integration processes in M&A can help to realize synergies, or on the contrary, if mismanaged, they can pose significant risks to M&A success.

1.1. Integration Issues

According to Harward Business School (2019), miscalculated synergies and integration issues can have a significant impact on PMI success. An overly optimistic outlook on potential synergies can lead acquirers to disappointment once they realize that workforce and operational processes consolidation is in fact a lengthy process and if mismanaged, can have devastating consequences. While each acquisition is unique, one thing is certain – there are always people involved. The decisions related to retention and layoffs of the employees are typically predetermined by the M&A strategy. According to Venema (2015) synergies are likely to be realized by firing employees who are regarded to be redundant if the acquisition's objective is to build economies of scale. In contrast, if the acquisition's strategic goal is to create new capabilities within the company, retaining the key target team members will be crucial to the transaction's success. As a result, the integration plan will put an emphasis on creating suitable corporate governance procedures over the target without diminishing the qualities that first attracted investors to the target in the first place. Also, Chang-Howe (2019) claims that in cases like this, human integration is the defining factor in M&A, as human capital is acknowledged as the primary asset, which makes it a top priority focus area during PMI and suggests that M&A studies should treat it as such. M&A integration involves combining the people, cultures, and processes, which can create challenges in terms of communication, collaboration, and cultural differences. From a change management perspective, M&A is a major organizational change for all involved stakeholders and requires adequate resources and understanding of the phenomen. According to research by McKinsey (2019), when it comes to workforce integration, approximately 95% of executives consider cultural factors to be critical for PMI success. A lack of strategy around managing culture and social aspects of integration can take its toll on the new teams, cause collaboration issues and decrease efficiency which can ultimately lead to a failure in realizing perceived synergies.

Steigenberger (2017) carried out an inductive analysis that adds to the M&A integration research by proposing a coherent integration framework. The author developed and integrative framework on the M&A integration that provided a better understanding of the integration phenomenon and influenced many academics to continue discussions around the topic. Four topical groupings were identified by the inductive analysis carried out by Steigenberger as having a combined and independent impact on integration outcomes. Pre-integration background such as prior M&A experience, cultural distance, and acquired firm employee perceptions on the acquirer provide M&A context that, as the researcher suggests, has the most influence on the PMI process (1). Context is expected to have an influence on the collective sensemaking, and the negotiation processes involved (2). Also, structural interventions (3), or strategic integrations that deal with management PMI actions are expected to fit the context. Last but not least, leadership and communication (4) impact the success of PMI outcomes by moderating relationships between context, structural interventions, and sensemaking guiding towards desired PMI outcomes. The author suggests that based on this framework, research gaps still exist in regard to all four topical groups and calls for research on relationships between subtopics in these prevailing topical groups (e.g.: integrations speed and employee well-being). Also, it suggests that the cross-border cultural construct can be further analyzed drawing from the research by Reus (2012) in the context of emotional attending – the level at which the acquirers consider and care about emotions experienced by the acquired employees.

Similarly, in his research Panibratov (2017) reviewed a large portion of research focusing on M&A integration processes and reveiled key factors that influence the overall integration success in cross-border M&A deals of emerging market firms. Even if if the research focus is limited to the emerging market firms, it presents a significant number of insights into the existing overall M&A integration research. The author suggests that cultural and organizational integration are key integration aspects and amongst other sources, uses evidence from a survey by Hewitt (2011) to support these claims. Hewitt conducted a survey of 123 firms from around the world in 2011 to learn more about culture integration in M&A activities. Interestingly, even if the survey was conducted eleven years ago, it is consistent with more recent findings by Steigenberger (2017). Hewitt (2011) reveiled that 41% of respondents claim integration took longer than expected signaling organizational integration issues, which in Steigenberger's research are represented as strategic integration and leadership and communication; and 33% of respondents identified cultural differences as obstacles to M&A integration success which in Steigenberger's research are consisent with cultural distance. This suggests that despite vast interest in the topic from academics and researchers over the years, the issue of cultural integration and the organizational processes involved remains strongly prominent. Moreover, despite vast interest in the human factors in M&A, no clear outline has been developed to explain how the integration should be excecuted and what factors are critical for success (Chang-Howe, 2019).

1.2. Social and Cultural Integration

To achieve the intended benefits of the transaction, it is essential to effectively integrate the people involved in the M&A. Research by Dao & Bauer (2021) argues that human integration during PMI is an active process that requires the adaptation of all involved stakeholders and demands the development of certain implications. The authors suggest that both acquiring and target organization employees are subject to negative impacts resulting from negative narratives around M&A, managerial turnover, cultural clashes, and organizational resistance (Dao & Bauer, 2021). In their research on the human integration aspect in M&A practice, Larsson & Finkelstein (1999) proposed an idea that despite potential M&A synergies to exploit, structural and processual changes must be put in place in order to integrate the human capital, otherwise, these synergies may never be realized. That is especially true for cross-border M&A activity. However, an extensive review of strategic alliance research by Gomes et al. (2016) on more than 800 articles published within the span of 22 years revealed that only two percent of articles covering the human resource management (HRM) topics in M&A deal with the "human side" of business processes.

According to the Global M&A Report published by Bain & Company (2022), even more recent source, based on the 2022 M&A Practitioners Survey, success in M&A deals is largely dependent on having a clear value creation and strategy, effective senior management, and a cultural fit (Figure 1).

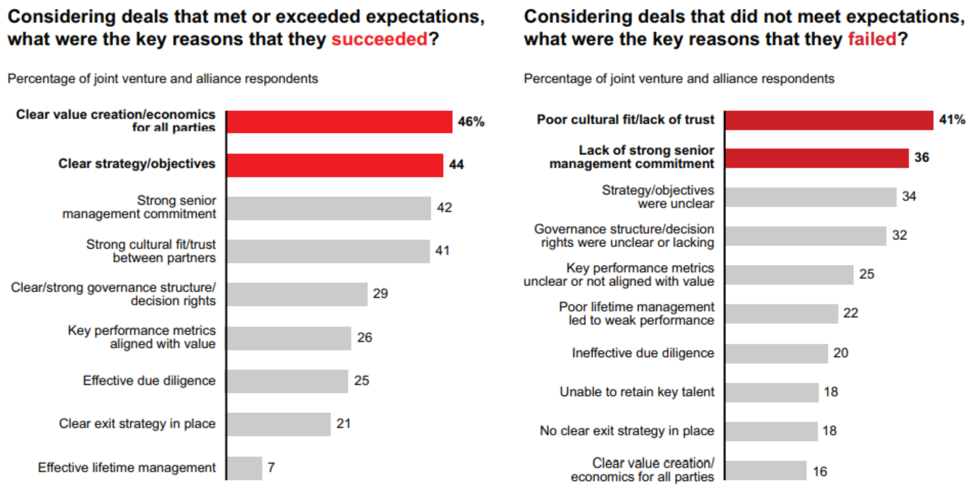

Figure 1. Bain M&A Practitioners' Survey, 2022 (N=281)

Continuing to build on the same idea, despite receiving vast interest from scholars and practitioners, cultural fit remains one of the most prominent M&A failure reasons. A substantial amount of research focuses on cultural paradigms between acquiring and acquired companies, however, a large amount of international business research uses Hofstede's cultural dimensions to address adverse outcomes related to cultural differences (Stahl & Tung, 2015). It provides risk for generalizability on the socio-cultural side of M&As and failure to address the multifaceted role of individual attributes which play a role in the overall M&A success/failure (Sarala, Vaara & Junni, 2017). Also, researchers suggest that managers use cultural differences to explain failure but not success, which implies that manager biases may arise while interpreting PMI outcomes. Moreover, the existing research largely focuses on negative emotions associated with M&A, omitting positive emotions, even though it suggested that emotions link many key aspects dealing with human integration in M&A (Sarala, Vaara & Junni, 2019), Melanie, Reynolds and Sandberg (2018) conducted a research on emotions of high level managers during M&A and concluded that M&As are very intense in terms of emotions and organizations can benefit from assigning leaders with positive outlook towards stressful events such as M&A and that managing emotional climate should be taken into consideration during PMI as negative emotions can quickly result in unwanted actions. A negative emotional situation can lead to unwanted business consequences due to the risk of poor knowledge transfer, increased sick leave, and staff retention (Dao & Bauer, 2021).

After all, the PMI continues for several years after the deal is completed and mismanaging the human aspects can have a tremendous negative impact on both the success of the deal and the employees involved. In their research, Uzelac, Marzler & Waschak (2016) suggest that due to the prolonged nature of PMI processes, involved parties are likely to reach the limit of their conscious decision-making capabilities at some point and rely on the unconscious, intuitive decision-making. Here deliberate decision-making is described as a conscious, analytical, and verbal process, whereas intuitive decision-making is primarily nonverbal, unconscious, often deriving from an affect. It suggests that individual actions taken by the management, both conscious and unconscious, play a role in the overall PMI success. Bertrand and Schoar (2003) were among the pioneers in the area of research that looks into individual manager performance and its effect on corporate behavior and argues that individual management qualities play a role in shaping corporate business outcomes.

It is evident that cultural component management is crucial to internation business activity, suggesting that not only it has to be effectively managed, but managers as well as other employees should possess certain qualities that would instill cultural sensitivity, respect, and open mindedness. A set of certain competencies should be possessed by corporation to effectively navigate and work within different cultural contexts. This includes understanding and respecting cultural differences, being able to communicate effectively across cultures, and being able to adapt business practices and strategies to meet the needs of different cultural groups.The lack of cultural competence negatively impacts growth and competitiveness of global companies with as many as 30% of companies failing to capitalize on global business opportunities due to lack of global capabilities of the leadership and many CEOs reporting that they cancelled global strategic inititiaves based on lack of talent and agile leadership (Caligiuri et al., 2019). Moreover, the same study has found that self-ratings on the effectiveness of managerial tasks from more than 13,000 proffesionals from different countries and industries revealed that top-three lowest ratings were all with a cross-cultural component, such as foreign environment integration, cross-cultural communication, and leading cross-culturally. Without some degree of cross-cultural ability, communication problems might arise and prevent the development of common cognition (Gu and Meng, 2022). This hinders the development of trust and has a detrimental effect on the preservation of social capital. Summing up, companies engaging in M&A are expected to able to navigate the challenges and opportunities that arise from doing business in a multicultural environment. Employees from different cultural backgrounds shoul be able to effectively make informed decisions, empathize, communicate and work together in order to achieve the goals of the merger.

Review of the recent literature signals that there are significant troubles that companies face while merging two previously separate companies into one, and while there are numerous approaches suggested to be taken by the management, there is still lack of understanding around integration process dynamics M&A outcomes drives (Graebner et al., 2017; Weber et al., 2019). Nevertheless, some companies, labeled as serial acquirers, have M&A embedded into their growth strategies despite the many potential pitfalls. For companies like this, several acquisitions can occur simultaneously, thus requiring the management of overlapping integration processes, suggesting that they put time and effort into the development of dedicated integration capability (Colman & Lunnan, 2022). In a joint study with University of St. Gallen, Delloitte (2015) attempted to investigate what makes serial Swiss acquirers successful to reveal that while many companies have standardized approach to pre-merger evaluation, only 23% of the acquirers have standardized PMI processes and tools which is identified as one of the key challenges by majority of the respondents and more than half of the respondents have goals in place to document lessons learned during PMI. While the outcomes of this research suggest that companies can greatly benefit from a standardized PMI approach and improve their integration success rate, it also suggests that it should remain flexible as each acquisition is unique. This calls for more understanding in regard to what tactics do successful acquirers employ during PMI phase. Research by Colman & Lunnan (2022) took relational perspective on integrations by serial acquirers to discover that some companies failed at integration efforts due to relying on standardized approach and failing to cater the unique instances (i.e.: miscalculated need for autonomy in target organization) and lack of attentions to integration issues. Moreover, the research revealed the importance of building relations between the employees of two merging organizations rather than imposing new organizational structures. While it almost seems intuitive that companies should focus on building relationships during PMI phase, the authors call for futhert research whether this process can follow standardized procedures or whether differentiated approaches should be employed.

In recent research regarding relationship building in M&A, Gu and Meng (2022) proposed a multi-case study-based framework to explain how cross-cultural competence impacts transformation of social capital. Social capital refers to to the relationships, networks, and trust that exist within an organization and among its employees, partners, and stakeholders. Internal positive social capital of the organization can help to foster trust and cooperation between employees and mitigate resistance. The model by Gu and Meng (2022) positions cross-border M&A as the context where cross-cultural competence dimensions (knowledge, emotion, skill, implementation) are linked with the dynamics of social capital and represents cross-cultural competence influence on social capital. The authors propose that cross-cultural competence influences social capital during three stages of social capital formation. It suggests that successful cross-border acquirers should have strategies in place to assess and manage competencies around culture in order to build effective relationships and mitigate risks and calls for further research.

The analysis of the recent M&A and PMI research has revealed the need to further explore the human integration processes happening as part of the post-merger integration. While human integration is often associated with human resources management, it is clear that it is also an international business management topic as successfully managing and integrating diverse teams is essential for achieving business success in today's globalized economy. And even given the importance of human integration and vast research landscape, cultural and social integration bottlenecks remain among the most prominent reasons determining M&A failures. Research on how companies manage to tailor their human integration efforts to each specific case leading to a successful integration would be a valuable addition to the existing academic research and could provide valuable managerial implications.

2. Theoretical Solutions for Factors Influencing Human Integration Following M&A

2.1. Definition of Mergers and Acquisitions

Mergers and acquisitions (M&As) are a method for businesses to achieve faster expansion than organic business growth can provide and can be a strategy for businesses to boost their positioning in the global market and become more competitive (Candra et al., 2021). Organic growth allows companies to expand based on their existing infrastructures by building their own manufacturing, distribution, and sales channels internally without disruptions to the corporate structures (Kumar & Sharma, 2019). On the other hand, M&A is one of the corporate restructuring strategies for exponential grow that can provide businesses with access to opportunities for profit growth, market dominance or share gains, and increased competitive advantage.

According to Hooke's segmentation (2014) there are four broad types of mergers and acquisitions: (1) horizontal, (2) vertical, (3) strategic/diversification/conglomerate, and (4) private equity. A *horizontal* deal is defined as one in which a company acquires its direct competitor in the same or different region or a company that has product portfolio similar to that of the acquirer. Hooke argues that three quarters of all M&A deals occur in this category. A vertical deal occurs when a company acquires/merges with its supplier or customer and it is defined as a rather rare type of M&A deals. Strategic/diversification/conglomerate deals are of two organizations with unrelated business activities, where the buyer seeks to diversify the services/products they provide. Private equity invests in or acquires private companies. Those are debt funded deals where lenders rely on the acquired company for repayment. Each of these M&A types can be realized across borders.

Cross-border M&As are the corporate action to buy shares or assets of a company that operates abroad (Li et al., 2022). Cross-border M&As are a popular type of foreign direct investment (FDI) that is driven by free trade policies and investment policies of national governments seeking to attract FDI as well as the rise of emerging economies (Nagano, 2013). On the contrary, greenfield investment is another type of FDI that is realized through the establishment of a new company or new facilities in a foreign country. M&As are considered to be a more common type of FDI (and acquisitions are more common than mergers) than greenfield investments due to the lower risk of uncertainty, and speed of transaction processes, because essentially – construction of new facilities requires a lot of time (Sandler, Bobek & Maček, 2019). According to the United Nations 2022 World Investment Report, greenfield investments especially suffered during the COVID-19 pandemic and despite FDI recovering to pre-pandemic levels with a lot of activity in cross-border M&A deals, greenfield investment recovery remains slow. Although Sandler, Bobek & Maček (2019) argue that greenfield investments would encounter fewer knowledge transfer problems as M&As are subject to culture clashes and yet, acquirers focused on knowledge acquisition will most likely opt for M&A. The authors suggest that one way to overcome cultural clashes is to raise cultural awareness prior to new market entry and choose the right integration strategy.

2.2. Cross Border M&As

In 2021 global M&A activity peaked at record levels in terms of volume and value (Smith, 2021). Domestic and cross-border M&A deals tend to occur for the same reason: to increase perceived value based on the perception of the acquiring firm (Erel, Liao & Weisbach, 2012). However, cross-border M&As must deal with increased risks due to potential frictions that can arise from geographical and cultural differences which can obstruct the M&A success and increase associated costs. In their research, Erel, Liao, and Weisbach (2012) analyzed a large sample of 56,976 cross-border M&As from 1990 to 2007 and suggested potential M&A pattern determinants. The authors have found that geography is in fact of significant importance in M&A deals when determining who becomes the acquirer and who gets acquired: geographical proximity, economic development, and the firm's financial performance, as well as accounting quality, are factors that influence patterns and reasons for cross-border M&A. Therefore, in order to make the decision and choose the M&A targets, companies must run the multifaceted due diligence procedure to identify risks and opportunities of foreign markets. The challenges regarding the cross-border M&A deals are usually different levels of foreign policies, cultural, legal, and financial concerns (Caiazza & Volpe, 2015).

Cultural fit is often deemed to be the most prevalent reason for M&A failure. That is because in cases of incompatibility, conflict and integration difficulties may cause companies to fail to achieve the perceived potential synergies. The impact of cultural fit is so significant because it has an influence on almost all areas within the organization, including but not limited to directives, leadership styles, and administration processes (Bauer & Matzler, 2014). In academic research, cultural fit has often been researched through the lens of Hofstede's cultural dimensions theory (1980), especially to understand the adverse outcomes (Stahl & Tung, 2015). The cultural dimensions help to understand people's values within a society on the following dimensions: power distance index, individualism vs collectivism, uncertainty avoidance, femininity vs masculinity, short-term vs long-term orientation, and the latest addition to the scale – restraint vs indulgence. While it is a useful tool that is largely applied to examining organizational differences, some scholars claim it provides risk for generalizability on the socio-cultural side of M&As and can fail to address the multifaceted role of individual attributes which play a role in the overall M&A success/failure (Sarala, Vaara & Junni, 2017). Also, it is important to point out that the academic research suggests national culture and organizational culture have different levels of impact on M&A success with organizational culture being more critical to the integration success (Stahl & Voigt, 2008). Stahl & Voigt (2008) performed a meta-analysis of 46 studies resulting in a sample size of 10,710 M&As to find that while it is generally agreed that cultural distance has an impact on the M&A success, the empirical findings are somewhat inconclusive as some report negative cultural difference effects and others are positively related to the M&A performance. To conclude, despite being vastly attributed to M&A failures, cultural differences can be both valuable assets as well as liabilities when it comes to cross-border M&As, most likely depending on how they are managed in the post-merger integration (PMI) phase.

M&A deals are more likely to take place between companies that are in close geographic proximity. Cross-border M&As impose challenges to the acquiring firms due to a lack of information regarding the value of a remote target firm (Jin, Yang & Zhang, 2021). Information is of crucial importance in these deals and can be divided into two categories: hard and soft information. Hard information refers to quantitative information that is easy to store and share in an impersonal manner and independent of how it was gathered, whereas soft information deals with rumors, ideas, perceptions, economic projections, statements on future plans, etc. (Liberti & Petersen, 2019). Since M&As deal with a significant amount of soft information that needs to be transferred, high geographic distance entails significant risks, especially when it comes to employee integration. Research also suggests that familiarity with local information, such as culture and economic environment as well as the easiness of information acquisition in a home country can lead the capital market participants to the existence of home bias (Sun et al., 2021). Investopedia describes home bias as an investor's inclination to invest in domestic rather than foreign equities due to feelings of unfamiliarity. This phenomenon is believed to be grounded in emotions rather than objective decision-making. Thus, due to the unfamiliarity with geographically distant regions in terms of their legal regulations, governmental restrictions, higher transaction costs, and associated negative emotions, acquiring companies are more likely to invest in companies that are in countries nearby.

While determining M&A patterns in terms of who is an acquirer and who gets acquired, Erel, Liao, and Weisbach (2012) concluded that companies in countries that are superior in terms of their economic development will likely purchase companies in worse-performing countries. According to Statista Research Department (2018) The United States with over 4,700 M&A transactions was the top acquiring country in 2018, accounting for nearly half of all cross-border transactions. However, the United States was also the most targeted country for M&A transactions in 2021. Also, recently researchers observed a new phenomenon in cross-border M&A activity – emerging economy companies buying developed country companies (Caiazza & Volpe, 2015). This suggests that while it is true that companies from wealthier economies dominate the M&A market, the economic development of a country is a far smaller determinant of M&A decision-making than the strategic rationale involved in determining strategic fit. On the other hand, accounting quality is of crucial importance in M&A decisions. The premise that financial reporting is intended to offer financial information that is both pertinent and accurately depicts a company's current financial state forms the basis of the accounting quality concept. According to Lajoux & Elson (2000) it is particularly important during the due diligence phase as it involves the review of the financial statements – the most important step during the M&A due diligence process. The accounting quality of a firm can even determine whether it will be sold through negotiation or auction process, the speed at which the deal will reach a final resolution, and the likelihood that the proposed deal will ultimately get completed (Marquardt & Zur, 2015). Without a robust method for gathering information, the acquirer may become entangled in difficult tax situations and legal disputes.

To conclude, the due diligence process is critical for M&A decisions. While it is evident that firms from wealthier economies tend to dominate the M&A market, strategic reasoning behind M&A deals is more important than purchasing power. The inclination to purchase firms that are in closer geographic proximity suggests that there is a fear of distant and relatively unknown cultures. The acquirers must have a good understanding of the cultural differences in order to be able to effectively address them during PMI and capitalize on potential synergies. Nonetheless, while the discussed areas of concern must be understood and properly addressed, the company’s decision to merge or acquire will likely be based on its strategic motives.

2.3. Strategic Motives

There are several strategic motives that companies may have for engaging in M&As. Some authors suggest that there might be several reasons behind the M&A motives including the peculiarities of the acquiring firm's home location in addition to the target firm's country location advantages (Didakova, Panibratov, and Veselova, 2019). However, there are also firm-specific strategic motives such as diversification that will differ per each firm's case (Zamborsky et al., 2021). One of the first academic works offering a theory on common motives for M&A by Haspeslagh & Jemison (1991) suggests that the M&A motives are based on market expansion, synergy realization, and diversification strategies, as well as agency problems and tax considerations. There are also several theories that classify M&A motives aimed at discovering the potential M&A outcomes in broader categories, namely synergy realization, market power, financial nature, management decisions (Kumar & Sharma, 2019). However, Finkelstein & Cooper (2007) reflect the proposed strategic motives by grouping them into four broad categories. The authors categorize these motives into (1) "synergy exploitation" where motives are ascribed to financial, economic, and strategic synergies; (2) "synergy exploration" where managers seek secure future opportunities; (3) "stasis" where M&A is performed for potential damage control (i.e., a company may acquire and close down its competitor to avoid threat); (4) "survival" where acquirers choose to acquire or merge in order to survive. While it is impossible to uncover all motives as they are very much case-specific and are probably always a mix of different reasoning, the further sections of this chapter shall expand on the broad categories proposed by Finkelstein & Cooper (2007).

The concept of synergy exploitation can be explained as the combined performance or value of companies being greater than the sum of their individual parts. M&A deals with potential synergies to exploit are usually performed with a high degree of acquirer certainty (Finkelstein & Cooper, 2007). Kumar & Sharma (2019) suggest that synergies can be realized through efficient resource allocation in order to reach economies of scale, economies of scope, and ultimately gain market power. Pablo & Javidan (2005) add to the economies of scope theory by suggesting that synergy potentials can be evaluated upfront by benchmarking different types of corporate combinations and one of the most important ones is relatedness through similarity. Pablo & Javidan argue that companies that are similar in regards of the markets they serve, and their products or services have potential synergies through horizontal M&A and will be able to create economies of scale by extracting value from combined operations. Research suggests that firm relatedness has an impact on the level of integration in PMI as more related firms will have a higher level of integration leading to enhanced potential for cross-cultural conflict (Stahl & Voigt, 2008). To sum up, through exploitation, competitive advantage is created through the refinement of existing procedures, routines, channels, etc., and the outcomes are more predictable in their nature (Bauer et al., 2018), however, they still impose PMI challenges due to cross-cultural conflict risk.

M&A exploration motives tend to be dictated by the demand for continuous strategic improvement. Companies often face the dilemma of balancing the allocated funds and resources between their exploitation and exploration activities which are both also important drivers for M&A activity. While exploitation allows to build and capitalize on existing assets, exploration is dictated by the need for variation, flexibility, and innovation in order to create breakthrough products or services and stay competitive (Bauer et al., 2018). Also, Larsson (1990) expands on the complementarity concept by suggesting that in addition to relatedness, synergies can also be realized through vertical integration by benchmarking "complementary combinations" where companies can benefit from their complementary values rather than similarity. Potential similarities or complementarities are behind synergy theory strategic motives, however, as Pablo & Javidan (2005) point out – the potential synergy is very different from synergy realization which can be impacted by a number of factors, including cultural fit.

According to Finkelstein & Cooper (2007), the M&A motives that fall under the "stasis" category can be ascribed to strategies aimed at damaging competitors, innovation stifling, and internalizing risks. Here the acquirer's decision is not based on directly perceived returns, instead, the benefit may be neutral or even negative, however, it can help to reduce future threats. Even if that is a generally accepted motive, there is little academic research and literature focusing on this type of strategic M&A motive (Finkelstein & Cooper, 2007). Similarly to stasis, survival motives are little researched by scholars. Survival motives are often imposed to companies by external forces such as government institutions, competitor actions, Corporate Social Responsibility (CSR) pressure, etc. (Finkelstein & Cooper, 2007). Externally dictated motivation can arise from anticipation of changes that may arise in the future and become a defense mechanism or in some cases as least bad imposed decision (i.e., in cases of political persuasion). However, these are the least common types of M&A.

Galpin (2014) suggests even a more straightforward approach to the strategic motives and suggests eight Cs approach as key strategic motives: (1) costs (minimizing costs by realizing efficiencies across duplicate functions); (2) channels (access to new sales, distribution or other channels); (3) content (adding products or services to portfolio; (4) capabilities (i.e., R&D or technology); (5) customers (access to new customers); (6) countries (entry strategy to enter foreign markets); (7) capital (access to valuables that a company may possess); (8) capacity (adding to the existing operations to extend their volumes. However, just like Finkelstein & Cooper (2007), Galpin (2014) suggests that for companies pursuing M&A deals, it is always mixed motives and no matter how strong a strategic fit may seem, M&A requires a well-planned integration plan in order to capitalize on the perceived synergies.

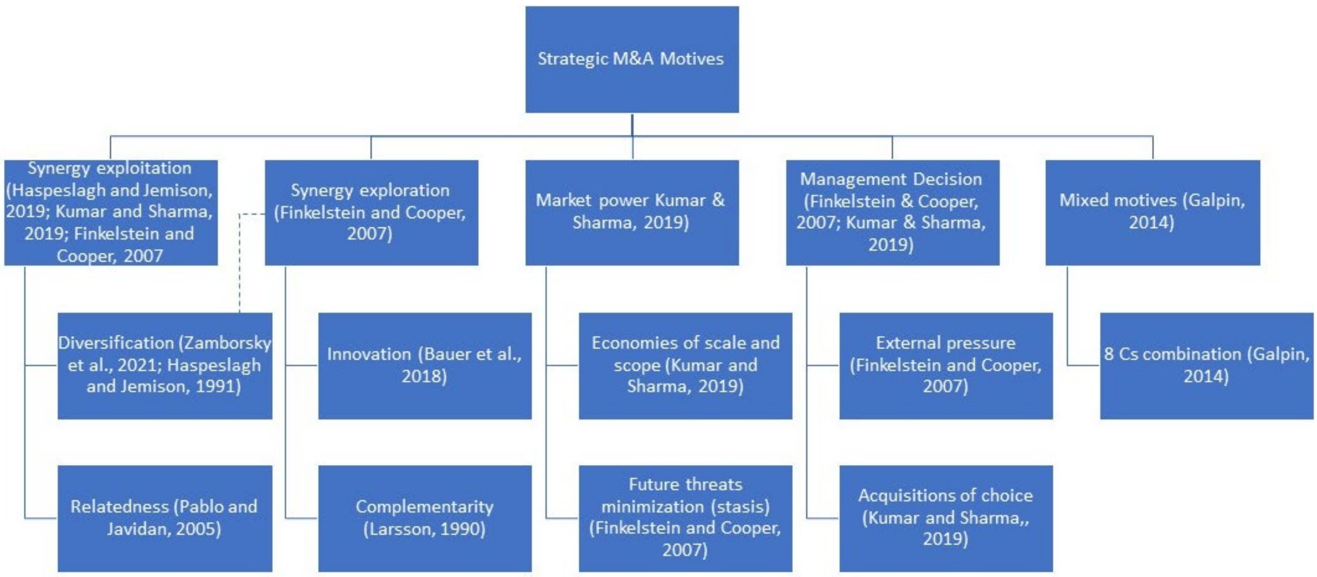

Figure 2. Strategic M&A motives (created by the author based on the reviewed literature).

To conclude, based on the reviewed literature, strategic M&A motives have been grouped into five broad categories, namely synergy exploitation, synergy exploration, seeking market power, management decisions, and mixed motives (Figure 2). It is important to note that quite often there is no single clear-cut strategic motive behind M&A decisions and many of them can happen simultaneously. One of the important things to point out is that whatever the strategic motives are, the acquirer will not be acquiring just the product portfolios and distribution channels. They are also acquiring the talent and expertise of the people who have been leading the target companies and making them what they are today. Without a plan to address cultural differences and integrate people, the synergies realization may fall short as the acquirer may fail in retaining newly acquired key talent.

2.4. Post-Merger Integration

Post-merger integration (PMI) is the process following a merger or acquisition through which two or more companies are structured into one. It is a massive change for the employees that requires adequate change management strategies in place in order to retain key talent and achieve M&A success, however, despite a vast body of research on M&As, it provides little insights into how integration is achieved (Smeets, Ierulli & Gibbs, 2016; Chang-Howe, 2019). The success of the PMI process is a complex phenomenon and can be viewed through many lenses and on different levels. One of the most influential models providing a blueprint for measuring the key factors of integration success was proposed by Larsson and Finkelstein (1999) where the success is influenced by levels of combination potential, organizational integration, and employee resistance; and complemented by the factors such as management style, relative size, and cross-border cultural peculiarities. Gerd et al. (2010) conducted quantitative research on the risk factors related to PMI effectiveness to identify four major risks: synergy realization, structure creation, people integration, and project implementation as significant in PMI. They discovered that when it comes to people, the general belief is that most resistance happens at the worker level, while in fact, resistance is even more prominent at the top management due to likelihood of role redundancies.

Building on Larsson and Finkelstein’s model, Steigenberger (2017) proposed an integration framework that can help predict integration outcomes. Steigenberger performed an inductive analysis of the existing integration research and literature in order to reveal topical groups of influence on integration outcomes, namely: context, collective sense-making and negotiations, structural interventions, and leadership and communication-based interventions. Influential M&A integration survey carried out by PwC annually provides insights into key success factors related to PMI success. A review of the surveys carried out in 2017 and 2020 has revealed consistencies in key success factors that are reflected in Table 1. The 2017 survey reflects results from 260 M&A deals conducted from 2014 to 2017 and the 2020 survey reflects results obtained from 200 respondents of Fortune 1000 companies and reveals that the ultimate desired outcomes are synergy realization and organizational integration. PwC has found speed and governance to have significant impact to these outcomes. However, this is inconsistent with the findings by Gerd et al. (2010) who have found speed of integration to be a myth when compared to quantitative data and proposes that speed can result in lack of employee training, alignment, line management involvement, etc; suggesting that when it comes to speed – it should rather be done right than fast.

Table 1. Post-merger integration success factors (based on PwC M&A Integration Survey Report, 2017; PwC M&A Integration Survey Report, 2020)

Outcome Goal	Success factors	Description
Synergy realization	Target operating model Go-to-market strategy Revenue synergies Cost synergies Key performance indicators (KPIs) tracking Return on investment (ROI)	Perceived synergies must be realized during PMI process in order to define success of the deal. Path to synergy realization is set through defining target operating model that entails overall PMI strategy, that leads to financial synergies and allows to meet ROI goals.
Organizational integration	Culture Organization Communications Leadership Policies and procedures Employee onboarding Incentives Key talent retention	Culture is among the so-called soft factors that are difficult to measure, control and predict making it the most common barrier to PMI success. PwC suggests that culture and other issues related to employees should be a priority.
Process Goal	**Success factors**	**Description**
Speed	Compensation linked to achieving deal success Focused integration strategy	Prolonged integration process can lead to employee frustration, doubts and resistance, also causing delay in realization of synergies. Successful dealmakers tend to complete integration within one year timeframe with the exception to more complex functions and processes.
Governance	Dedicated project team Early leadership involvement Target company employee involvement	PMI is a complex process that if mismanaged, can lead to serious business interruptions, and might even destroy the M&A deal. Companies are encouraged to create dedicated project teams that would drive performance, hold accountability for synergy realization strategy, track KPI's, manage risks, focus on change management, etc. Leadership forms the acquiring company as well as key stakeholders from the target company should be involved in order to form successful integration teams.

Hence, PMI integration success is influenced by a combination of multiple variables, however, it is evident that the research is fragmented. This chapter provides insights into how companies seek to achieve synergy realization and organizational integration goals and what components human integration process entails.

2.4.1. Integration Strategy

Typically, the acquiring companies begin integration efforts by set a target operating model that is frequently created as part of the due diligence process in the context of M&A, in order to comprehend how the target business is currently run and to determine any potential synergies or opportunities for development. Target operating model serves as a blueprint that outlines how an organization should function in order to achieve its goals. There are two types of integration that should be accounted for in the target operating model, namely integration of tangible and intangible assets (Panibratov, 2017). The tangible assets integration deals with task, operations, structures, and organization integration processes. The intangible assets integration is primarily concerned with knowledge, sociocultural integration, and the integration of employees. Steigenberger (2017) argues that in order to set integration goals companies should also take into account context, which is important in order for companies to be well-prepared for the M&A and understand the associated challenges. Steigenberger suggest that to understand the context companies should start by evaluating their relatedness in regard to similarity or complementarity, which is consistent with the strategic motives proposed in the previous chapter. Also, cultural distance, previous M&A experience, and employee perceptions of M&A set a context for the integration. The better these areas are addressed, the stronger foundation is set for the overall process. However, the early M&A literature has been largely divided between the organizational integration approach and the financial markets approach, the latter viewing M&As strongly as financial transactions and omitting acquisition management practices (Haspeslagh and Jemison, 1991). Consequently, to better understand how companies prepare for M&A and set critical integration components, it is worth addressing some of the more practical challenges from the economics perspective first.

Regarding the economic perspective, integration is costly and needs to be performed in a manner that provides the most returns and effectively minimizes costs. Smeets et al., (2016) suggest that the level of integration will largely depend on the M&A purposes. For example, companies pursuing economies of scale will likely pursue efficiencies by minimizing costs on headcount thus reducing it. This type of integration is cheaper than combining all operations and retaining employees, however, it has a negative impact on employee morale. Another type of integration would follow if the acquiring company was looking to diversify operations and gain from the knowledge of the target company employees. Then the key talent and knowledge would have to be retained incurring more costs related to tangible and intangible assets such as changes in structures, compensation, benefits, employee training, etc., in order to prevent employee turnover. In academic literature, the varying types of integration approach are usually categorized into three modes: absorption, symbiosis, and preservation (Panibratov, 2017). With absorption approach, the acquired firm is fully integrated into the structure of the acquiring firm, symbiosis indicates mutual changes in structures of both companies, and preservation implies that the acquisition target company's prior culture is preserved which requires the lowest degree of integration. Bauer ant Matzler (2014) suggest that the degree of integration is associated with risks relating to employee resistance as more changes need to be implemented. Moreover, they argue that a greater degree of integration has a positive effect on synergy realization, however, it has an effect on the speed of integration, which is also positively related to synergy realization. Thus, depending on the strategic motives and desired M&A outcomes, the managers and executives need to choose the right strategies in order to adequately manage tangible and intangible benefits and appropriately evaluate incurred costs.

Another important aspect in the PMI process is that the process is lengthy, and the acquiring companies will not be able to capitalize immediately on the perceived potential. Research by Cheng (2019) has found that the PMI duration is negatively associated with the market leverage of the newly combined firms. The empirical analysis suggests practical implications that the acquiring company managers should critically evaluate the expected integration duration, anticipate increased costs during the PMI process and adequately allocate funds. Acquiring companies should also anticipate unexpected delays and related costs incurred by failing to retain key employees, losing customers and suppliers, merging companies' infrastructures, and integrating product portfolios and cultures (Tsyplakov, 2019). Thus, costs related to PMI as well as factors that can delay the process should be taken into account by the acquiring companies in order to make the right capital structure, payment, and integration timing decisions to bring the deals to the finishing line (Cheng, 2019; Tsypalkov, 2019)

All of the managerial decisions discussed above are usually made during the due diligence phase that entails identification of macroeconomic trends as well as structural differences in financial, legal, cultural and human resource areas (Caiazza and Volpe, 2015). Primarily it helps to understand the overall deal rationale, context, deal value, related costs, and risks, as well as potential synergies. Moreover, a successful due diligence effort will aid in prioritizing integration efforts and setting the overall integration strategy, which is one of its primary outcomes (Galpin, 2014). The target operating model should be a part of the integration strategy and help to prevent business disruption. Research by Finkelstein and Larsson (1999) revealed that in order to realize synergies, companies should match strongly based on the combination potential, focus on organizational integration, and be prepared to address employee resistance since all three antecedents were proven to correlate strongly to the synergy realization outcomes. It suggests that as part of the target operating model companies should not only ensure that business continues to run smoothly during integration but also take into account more complex issues. PwC suggests eight core components for target operating model development:

- Mission and values alignment
- Go-to-market strategy
- Business processes and systems integration plan
- Legal and regulatory management
- People and organization integration
- Policies and procedures integration
- Data management and analytics approach
- Performance management approach

These elements should be outlined in a targeted operating model for the merged firm, together with the timeframe and level of integration across functions and locations and contain a clear knowledge of what is in and out of integration scope.

In conclusion, preparing for an integration starts much earlier than the PMI itself. Based on the due diligence performed during the decision-making phases, companies can build their integration plans by planning financial aspects, setting out integration timelines, making depth and speed decisions, and preparing to integrate humans while mitigating cultural, as well as employee resistance-related risks. Moreover, companies must be prepared to foster a culture of collaboration and communication between the employees of two merging organizations keeping in mind that cultural fit can become an obstacle to this process.

2.4.2. Integration Process

The process of integrating the firms remains challenging and might possibly be getting more challenging than it was in the past, despite the fact that the most of mergers and acquisitions today are meticulously planned to achieve a close strategic match between two organizations (Galpin, 2014; Dao and Bauer, 2021). From a change management perspective, vision, communication, participation, and qualification, along with a timeline and consideration for employee emotions are the pillars that the change management strategy should be built on (Stolzenberg and Heberle, 2022). Two companies forming a new unified organization are subject to cultural clashes, different business processes and organizational culture, systems and technologies, employee resistance, and communication difficulties. In short, M&A possess a significant change management challenge to the companies and an effective integration plan should be able to address all the areas impacted by change.

How far and how fast companies will seek to integrate is an important decision to be made during due diligence phase and also requires significant attention and strong governance during the PMI phase as difficulties may arise and dictate changes in the initial plans. Choosing the desired level of integration and autonomy retained by an acquired firm is a critical strategic decision in integration projects (Steingerberger, 2017). Based on the findings of the 2017 PwC's M&A Integration Survey Report, deep functional integration is difficult, but tends to help generate synergies, as more successful acquirers tend to integrate more deeply. Which is also supported by findings from Larsson and Finkelstein (1999) and Bauer and Matzler (2014) who have found that higher degree of integration has strong positive effect to the M&A success. However, there is no one-size-fits-all approach. Steigenberger (2017) suggests that these decisions will largely depend on the integration strategy decisions and companies will benefit from deep integration when: integrating operational support functions, seeking to realize cost synergies, and perceived firm relatedness is high. However, M&As focusing on growth or knowledge, and innovation will tend to require less need for deep integration as it can impede innovation exploration (Dao and Strobl, 2019).

In both academic and business management literature, the speed of the integration process is often accounted as one of the most important factors in M&A success (Davis, 2012; Panibratov, 2017). The PwC survey provides results on integration speed, suggesting that companies with integration processes stretched to a lengthy timeline tend to face employee frustration, whilst the most successful acquirers will complete their integrations within one year in order to quickly return to managing day-to-day operations. Also, human integration should be completed as quickly as possible to avoid employee burnout due to uncertainty (Davis, 2012). It was also proved by Bauer and Matzler (2014) who created a formula to measure speed of integration and demonstrated that rapid human integration not only fosters mutual trust and a shared sense of self, but also serves as a foundation for successful task integration. On the contrary, some researchers suggest that when integrations are difficult due to cultural distance, slower integrations would allow for building trust and creating a foundation for common sensemaking (Ranft and Lord, 2002). Moreover, the integration of difficult tasks and processes may require more time. Uzelac et al (2016) have found that whilst in fact human integration is related positively to integration success, fast task integration has a strong negative effect, which suggests that the effects of integration speed are a mix of benefit and damage to the PMI success, thus should be assessed and managed carefully.

With integration strategy, financial decisions, and cultural due diligence in place, companies will start driving integration efforts through dedicated governance mechanisms that refer to the systems, processes, and structures that are put in place to manage and oversee the integration. Previous mergers and acquisitions (M&A) experience can benefit the post-merger integration process by allowing the parties involved to better understand and anticipate potential challenges and issues that may arise during the integration process. Research by Dao and Strobl (2019) aimed at testing how formal and informal integration mechanisms affect innovation exploration post-M&A. The results revealed that despite having previous M&A experience, companies would fail to achieve desired results if the experience was held tacit, thus, suggesting that companies should explicitly engage in formal PMI, supporting the idea of formal M&A integration groups formation.

Also, the 2020 PwC M&A Integration Survey has revealed that even though 70% of companies had synergy plans in place at the time of deal signing, even carefully developed synergy models built during due diligence may not help deliver value during the integration. The PwC survey suggests that companies should have dedicated M&A integration teams in place and involve them early in the process to achieve synergy success. Galpin (2014) also suggests that PMI efforts should be driven by a dedicated integration team consisting of executive sponsor, steering committee, integration lead, integration project team and task forces from different functions in order to minimize confusion and prevent duplicate efforts. Integration leaders must put governance mechanisms in place in order to set responsibility and accountability for driving the PMI strategy, and have dedicated people driving planning, delivery and controls efforts at all levels of the organization (Davis, 2012). This team should define integration metrics, prepare detailed integration plans, and track their performance throughout integration as the PMI strategy can easily derail without approaches to check plan feasibility throughout all stages of PMI and adapt if unexpected difficulties arise.

Summing up, M&A integration governance typically involves establishing a dedicated team or committee consisting of both internal subject matter experts and external advisors responsible for making integration speed and depth decisions and overseeing the integration process. The teams should evaluate every aspect of PMI taking into account peculiarities of tangible vs intangible asset integration. Whitaker, (2016) suggests that PMI management should give significant attention to the soft side of the integration such as people, culture, and communication. That is especially true for cross-border M&As where the PMI deals with more than just straightforward project management components, but also must deal with sensitive topics relating to national and organizational culture.

2.4.3. Organizational Integration

Galpin and Herndon (2014) ran a series of surveys with 153 managers from different sectors to find out that between 52 percent to 77 percent of respondents feel their companies perform from "poor" to "average" when it comes to the key measures of integration efficiency including but not limited to communications, timely decision making, integration planning, employee onboarding, and understanding and integrating culture. According to numerous surveys on M&A integration reviewed by Galpin (2014) conducted between 2009 and 2012, the results suggest that planning and execution, people integration, understanding the culture and focusing on it during the integration, and managing human capital were all identified as factors critical to PMI success. Interestingly, the majority of respondents have pointed out that they did not excel in these practices and if they did, the integrations would have been more successful. The findings of the surveys suggest that the factors critical to integration are identified and yet vastly unaddressed leading to failed M&A deals destroying shareholder returns. Based on these surveys as well as previous ideas throughout the paper, humans are a major aspect of M&A integration and poor PMI results are often attributed to poor human integration. Galpin (2014) identified twelve change dynamics created in organizations during PMI (Table 2). Failure to address these dynamics has been found to correlate strongly with the failure of M&As. Thus, PMI teams should focus their effort on effective change management.

Table 2. Change dynamics created in organizations by M&A (based on Galpin, 2014)

Organization-related change dynamics	**Human-related change dynamics**
Financial targets	Cultural issues
Growth-related challenges	Downsizing
Challenging timelines	Staff retention
Restructuring	Communication issues
Exposure to public scrutiny	Employee motivation issues
Reengineering	
Internal political and positioning	

First, it is important to understand what organizational change management is. Simply put, change management is a process through which companies identify, plan, and implement changes in an organization in a controlled and structured manner that helps to minimize disruptions and ensures that the company continues to operate while undergoing change. More specifically, summing up the insights by Payne, Trumbach, and Soharu (2022), change can be divided into categories such as planned and emergent and it is an unpredictable process of aligning and re-aligning an organization to its changing environment, instead of being a linear process or a one-of-a-kind isolated event. However, whatever the change, it deals with people's attitudes and beliefs as well as it should be voluntary rather than forced in order to be successful. Unfortunately, in practice, that is what makes change management subject to many challenges with the most prominent being resistance from the employees, as well as other important variables such as overwhelming change pace and unclear objectives and goals (Lauer, 2020). The widely known Walmart international expansion case in Germany is a perfect illustration of how resistance can have devastating results for companies. American multinational retail corporation Walmart entered the German market in 1997 but failed to address cultural differences between Americans and Germans which led to resistance from employees in Germany, extreme dissatisfaction, accusations of cultural ignorance and eventually the end of Walmart in Germany in 2007. However, resistance does not only derive from cultural differences. According to Litch (2005), resistance is two-dimensional and happens both on organizational and personal levels and can be expressed on rational and non-rational dimensions. An effective change management plan can help to address the rational dimension by reasoning and clarity, setting clear goals, and engaging in discussions, however, personal feelings and attitudes should be also taken into account.

Second, coming back to the soft challenges of integration, cultural distance is an extremely important topic in cross-border M&As as proposed in previous chapters of the paper, and yet remains to be largely omitted in different areas of business (Boguslauskas and Kvedaravičienė, 2010; Yildiz, 2016). Different national cultures between the acquirer and target companies have impacts on individual and organizational levels and can imply both negative and positive PMI outcomes (Steigenberger, 2017). The research on the cultural distance phenomenon is vast and yet largely fragmented. Boateng et al.

(2019) have found that the existing literature largely has either a positive or negative view of culture and the empirical results have been inefficient in providing a coherent approach to culture, thus suggesting that cultural integration risks mitigation is largely dependent on the leadership actions and moderating effects of acquirer size and prior experience. Geert Hofstede's cultural dimensions model has been vastly attributed to evaluating the cultural distance between countries. In regard to integration, understanding the cultural values of the companies involved in an M&A can help identify potential challenges and help set the strategies for overcoming them. However, each case is largely unique, and it is worth considering each dimension separately in order to make informed decisions (Rozen-Bakher, 2018). To sum up, as it has been stressed throughout the paper, cultural challenges can cause integration pitfalls if unaddressed adequately and managers should be able to not only evaluate cultural fit early in the transaction process to put strategies in place, but also continue to approach them and adapt throughout the PMI process.

Third, it is important to understand the role of emotions related to PMI. The employees of merging cross-border organizations are subject to increased anxiety and distress due to a combination of national culture clashes and different organizational cultures. Also, from a psychological perspective, people tend to adopt "we versus them" perception which leads to distrust, tension and hostility between employees; as well as acquisitions tend to have significant impact to the career plans of the acquired company employees (Larsson and Finkelstein, 1999). As represented by the survey by Galpin and Herndon (2014), executives understand the importance of addressing these issues, however, that understanding often comes from previous negative M&A experiences where these aspects were mismanaged and caused PMI difficulties (Marks and Mirvis, 2011). Learning through practice in M&A can be costly, thus companies should put the effort in understanding and minimizing risks associated with human integration and instilling a willingness to change. It all starts with the right mix of transformational and transactional leadership within the organization (Lauer, 2020; Payne, Trumbach, and Soharu, 2022). Transformational leaders are the visionaries responsible for creating a corresponding climate that generates a willingness to change, provides orientation, maintains motivation, and conveys meaning while the transactional leaders within the organization are responsible for coordinating action, providing order, and coordinating across different change management areas. In their research on existing PMI literature concerning human integration aspects, Dao and Bauer (2021) synthesized existing literature into three key areas that are concerned with human resource management (HRM) practices:

- Strategic school of thought – concerns strategic motives and strategic fit evaluation; In this research area little attention is given to PMI, however, it is agreed that integration is important for synergy realization.

- Organizational school of thought – focus on cultural fit during the pre-merger phase, during PMI focus is placed on sociocultural integration and trust building.

- Process school of thought – deals with integration decisions, and governance, combines human and task elements of integration.

The authors suggest that in each school of thought humans are largely de-naturalized even though they are essential to integration success, and they are strongly affected by the PMI process which can lead to negative emotions resulting in alienation, loss of talent, biases, stress, and resistance. During

PMI managers should be ready to assess the PMI actions and their effect on employees and readily adapt to negative reactions and conduct analysis for causes.

Also, the Dao and Strobl (2019) research results revealed that informal integration, described as "voluntary, lateral relations, and communication modes, which create social bonds and trust" has positive impact on integration success and innovation exploration. This also supports Steingerbergen's (2017) ideas on the importance of collective sense-making, which is a continuous retrospective process based on personal identity construction through which people make sense of specific situation, and attributing narratives to them in order to validate and inform actions in ways that are in line with their identity and assumptions (Van der Giessen et al, 2022). Collective sense-making can be a powerful tool for organizations, as it allows for the creation of shared understanding and meaning among group members. It can help to foster collaboration and promote more effective decision-making and problem-solving. To sum up, while formal integration planning procedures should be in place and the acquirers could benefit from forming formal M&A integration teams, the emphasis should also be put on informal integration and relationship building among the members of a newly formed organization.

Finally, communications are rated as a mission-critical and strategically significant necessity in almost every study on the efficacy of M&A integration as suggested by a study with more than two hundred acquirers with 90% of them naming communications as the most important activity required for successful integration (Galpin, 2014). The significant importance of communications can be explained primarily by it being a tool to overcoming many of the enlisted PMI challenges. Steigenberger (2017) suggests that communication with internal and external stakeholders is primarily a tool for mobilization (setting pace and direction of M&A) and mitigation (ensuring smooth process). Through mobilizing communications leaders set goals, create common-sense giving and interpretation to changes and build a shared identity, whereas mitigation is used to reduce negative emotions and resistance by building trust through transparency and creating a perception of fairness (Steigenberger, 2017). Dao and Bauer (2021) suggest that communication can prevent negative attitudes by providing rationale behind processes involved in PMI and consequently building support for the implemented changes. However, even if academics and practitioners generally tend to agree that there is no such thing as too much communication during the PMI process, Dao and Bauer (2021) suggest that communications should be tailored to integration depth. That is because if the target company is granted autonomy and the desired depth of integration is preservation, too much communication from the acquirer could create a perception that more changes are coming than was agreed resulting in employee anxiety, whereas if the integration depth were complete absorption, too little communication would prevent transparency. In regard to change management and communications to internal stakeholders, people want to know about the operational, marketing, systems, and financial components of the newly created company because these issues will also directly affect their personal circumstances (Galpin, 2014). Throughout the integration process, transparent and regular communications can help mitigate risks, dispel rumors, and reduce employee anxiety.

This chapter provides insights into human integration aspects critical to overall PMI success. Organizational integration in post-merger integration combines the organizational structures by combining departments and teams, aligning business strategies and goals, and establishing clear lines of communication and decision-making. Without proper change management plan, transparent communications and governance in place which provide a structured approach to managing the changes that occur, organizational integration can lead to employees to confusion, resistance, and ultimately, a failure of the M&A. The goal of organizational integration is to create a cohesive, efficient, and effective organization that can capitalize on the strengths of a merged company.

2.5. Determinants of PMI Success

Overall M&A success is largely explained by financial determinants such as reductions in expenses and enhances to revenues. Das and Kapil (2012) studied empirical works on M&A performance by other researchers and identified a variety of M&A performance measures which were categorized under accounting, market, and other measures (i.e., perceived innovation success by the managements, quality and quantity of innovation, etc.). The researchers also identified explanatory variables, namely deal characteristics, managerial effects, firm characteristics, and environmental factors. However, even if it is important to acknowledge these measures as important while evaluating the overall success of the M&A deal, the focus of this paper is limited to exploring the success of the PMI process that is concerned with the integration of employees rather than the overall deal as successful human integration has been found to be critical for PMI success.

Overall, employee integration is the foundation for success in M&A deals, because losing key talent means losing the key component of what made the acquired company great and what caused the acquirer to make the deal in the first place (Venema, 2015). Early and influential research on M&A by Mirvis and Marks (1992) suggested that when the acquirers seek to exploit potential synergies, they should assess potential risks related to human problems including but not limited to turnover of key people, resistance, costs, and downtime due to resistance, morale problems and found these problems to be associated with cultural clashes. Dao and Bauer (2021) have found that relatedness, similarity, and complementarity in terms of strategy and culture between the merging firms are important factors for synergy realization, however, if the PMI process is mismanaged, they can lead to negative reaction and destroy perceived synergies. Moreover, the impact of integration-related decisions on human reactions is moderated by the measures and actions adopted during integration, ultimately making human reactions a determinant to the realization of proposed synergies. Panibratov (2017) has found factors influencing PMI and categorized them by importance based on consequences witnessed by twenty case companies with national culture being the most influential factor to success across all cases.

Galpin (2014) proposed that the most important measure of integration process is the assessment of integration efforts as perceived by the concerned stakeholders such as employees, integration team and executives. In their research, Gates and Very (2003) performed surveys in order to assess which measures are relevant to the integration process monitoring. They have found three types of measures such as: strategic measure, operating measure and economic measure, with the operating measure being linked to the integration approach or PMI. They also found what operating measures of integration are used and what is perceived importance of those measures by the management with several of the measures having direct impact to employee integration (Table 3). As much as 85% of managers perceive employee retention as an important factor to PMI success which supports the idea that human integration is key to the overall M&A success.

Table 3. Measures used to track PMI success that link directly to integration of employees (based on Gates and Very, 2003).

Operating measure	Percentage of respondents tracking the measure	Percentage of respondent who perceive this measure as valuable
Employee retention	64%	85%
Reducing headcount	61%	78%
Employee satisfaction	52%	53%
Management selection	47%	67%
Speed of integration	78%	75%

Larsson and Finkelstein (1999) synthesized strategic, organizational, and human resource perspectives into an integrative M&A model to find that the greater the employee resistance, the greater is the loss of synergy realization potential. Galpin (2014) suggests that difficulties pertaining to employee issues can be overcome by a strong change management efforts and effective communication campaign.

Summing up the literature findings, factors influencing the human integration have been discovered and grouped into culture/human factors and organization/strategy factors (Table 4).

Table 4. Factors influencing human integration in M&A (created by author based on literature review).

Culture/human factors	
National culture	Graebner et al., 2017; Panibratov, 2017; Sarala, Vaara & Junni, 2017; Whitaker, 2016; Boateng et al., 2019
Emotional attending	Reus, 2012; Dao & Bauer, 2021
Organizational culture	Panibratov, 2017; Stahl & Voigt, 2008; Whitaker, 2016; Dao & Bauer, 2021
Communications	Stolzenberg & Heberle, 2022; Larsson & Finkelstein, 1999; Galpin & Herndon, 2014; Dao & Strobl, 2019; Steingenberger, 2017; Dao & Bauer, 2021
Talent retention & onboarding	Galpin & Herndon, 2014; Galpin, 2014; Venema, 2015; Mirvis & Marks, 1992
Employee resistance	Litch, 2005; Larsson & Finkelstein, 1999
Employee motivation	Larsson & Finkelstein, 1999
Collective sensemaking	Steingenberger, 2017; Van der Giessen et al, 2022

Organization/strategy factors	
M&A context	Reus, 2012; Steigenberger, 2017
Integration planning	Davis, 2012
Integration project management	Steigenberger, 2017; Miller, 2022; Galpin, 2014; Davis, 2012; Whitaker, 2016
Integration strategy	Didavoka, Panebratov, & Veselova, 2019; Zamborsky et al., 2021; Haspeslagh & Jemison, 1991; Finkelstein & Cooper, 2007; Dao & Strobl, 2019; Galpin, 2014
Leadership & management actions	Sarala, Vaara & Junni, 2017; Uzelac, Marzler & Waschak, 2016; Bertr& & Schoar, 2003; Larsson & Finkelstein, 1999; Lauer, 2020

Prior M&A experience & planning	Steigenberger, 2017
Integration depth	Stahl & Voigt, 2008; Bauer ant Matzler, 2014; Larsson & Finkelstein, 1999
Integration speed	Cheng, 2019; Tsyplakov, 2019; Davis, 2012; Ranft & Lord, 2002; Uzelac et al, 2016
M&A type	Finkelstein & Cooper, 2007; Bauer et al., 2018; Smeets et al., 2016;

Based on the literature analysis a gap has been identified as it is evident that there are many different factors described and researched in the academic literature and business management resources, and yet there is a lack of consistency explaining factors influencing human integration processes. This serves as a base that conditioned the following research to help understand what are the factors having influence on human integration during the PMI phase of M&A deals are important for PMI success.

2.6. Conceptual Model for The Factors Influencing Human Integration in M&A

A conceptual research model was created based on the summary of literature review findings discussed in the previous chapters. The factors listed in Table 4 were grouped into three topic groups namely strategy implementation, M&A background, and human factors. The conceptual model below reveals the factors influencing human integration in M&A (Figure 3).

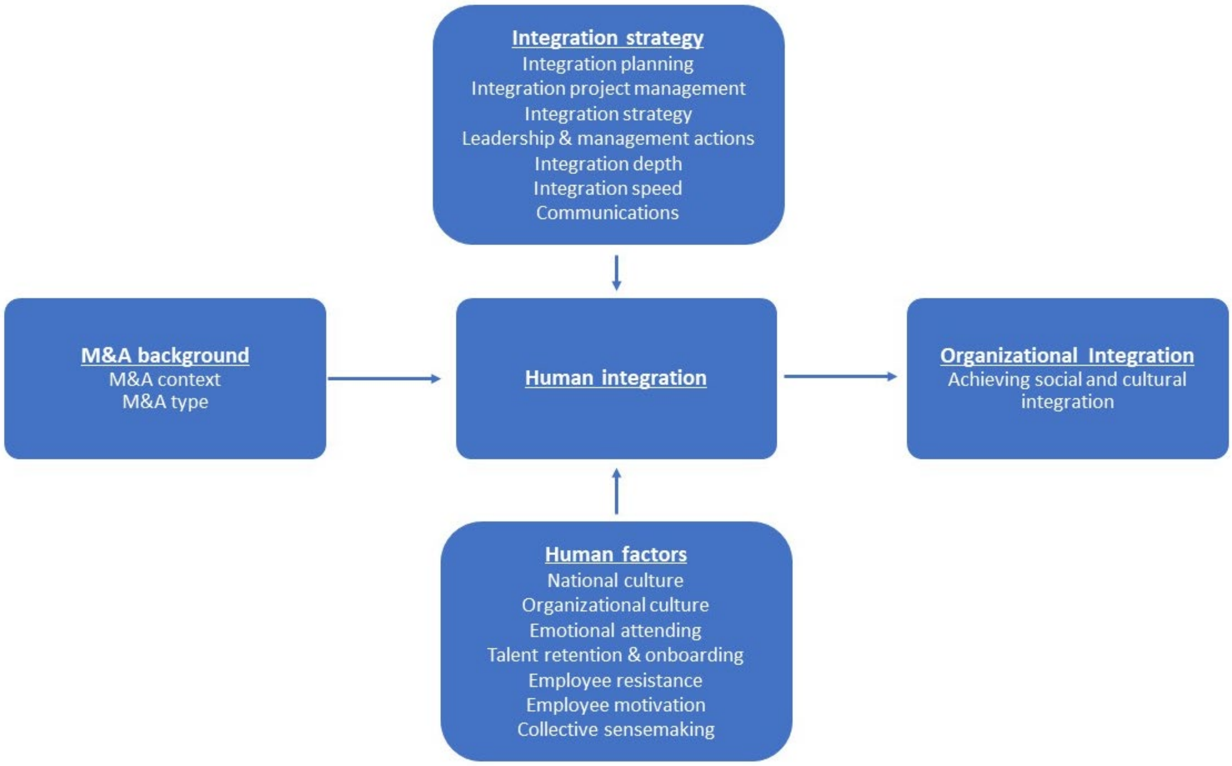

Figure 3. Conceptual model for factors influencing human integration in M&A.

3. Research Methodology of Factors Influencing Human Integration in M&A

Given that the literature review has revealed the academic literature to be fragmented in terms of factors influencing human integration in M&A, the following methodology has been developed to further analyze this area. By applying the research methodology, it is expected to identify what impact the factors described in the conceptual model (Figure 3) have on the human integration outcomes and add valuable insights to the existing knowledge and provide managerial implications.

3.1. Research Aim and Objectives

The aim of the empirical research is to identify the influence of M&A background, integration strategy, and human related factors on human integration following M&A and provide suggestions for future research.

Objectives of the empirical research:

Based on the research aim the objectives of the empirical part of the research were identified as follows:

1. To identify M&A background factors that have influence on human integration.

   It will allow to understand how M&A background sets the stage for human integration efforts and what factors if any are important to human integration as well as whether the.

2. To identify integration strategy factors that are most important to human integration in M&A.

   Identifying integration strategy factors at the acquiring company will allow to assess whether there are consistencies across integration strategies during different acquisitions that can be considered as best practice. Or on the contrary, whether applying different strategies case by case is in fact best practice.

3. To identify human factors influencing human integration.

   Due to inconsistencies in academic literature, the research will seek to understand what human factors have a mediating effect on human integration.

4. To evaluate the relationship between human integration and organizational integration outcomes and provide managerial implications.

   The research will seek to understand whether human integration has impact on the effectiveness of organizational structures created by combining departments and teams, aligning business strategies and goals.

These four research objectives will also help to understand whether the factors emerging from literature review are evident in a real case example.

3.2. Research Design

The research is designed as a qualitative single case study that due to the multilayered nature of the research questions, relies on semi-structured interviews as a method of the research. Multiple researchers advocate for single case studies claiming they provide profoundly valuable data for theory testing as long as the case object possesses certain valuable features or qualities that align with study objectives (Siggelkow, 2007; Gaya & Smith, 2016). Moreover, a case study that can provide information on a certain phenomenon, qualifies as an illustration of best practice (Robinson, 2014). Semi-structured interviews are best used as an instrument to add to the existing body of knowledge about certain areas of inquiry and are particularly valuable for understanding the areas of human behavior (Franceschetti, 2017). Semi-structured interviews provide the advantage of reciprocity between the interviewer and the participant (Galetta & Cross, 2013). Also, as the goal is to understand the factors influencing human integration, it is possible that not all factors have been discovered through literature review, thus the research can benefit from the flexible nature of semi-structured interviews as they allow the interviewer to adapt questions based on the respondent's answers. This means that the researcher can explore unanticipated topics and probe more deeply into areas of interest. The overall research design is built on exploratory research as it attempts to discover factors influencing human integration outcomes in M&A and if relationships between the factors exist, and if so, what influence they have (Franceschetti, 2017).

3.2.1. Sampling

The case company was selected based on it qualifying as a serial acquirer – a company that frequently engages in cross-border M&A to grow their business or investment portfolio. A global manufacturing company (herein the Company) functioning across various industries in several countries and with over 19,000 global employees was chosen for case analysis. The Company has a history of engaging in M&A as a growth strategy. The Company has made several acquisitions over the years to expand its product offerings, enter new markets and increase its market share. As far as the public information goes, the Company has not had any failed M&As suggesting strong positioning in the M&A field. Since 2018 the company has made six acquisitions and has completed four out of six integrations. The research is conducted with the respondents from the Company as well as the employees from the acquired companies. Robinson (2014) suggests that sampling should be carried out in adherence to the four following criteria: sample, size, universe, strategy, and sourcing.

Malterud et al. (2016) suggest the concept of “information power” as a guiding principle in determining the sampling size in qualitative research. It indicates that the more information relevant for the study the research participant has, the less participants are needed. The authors suggest evaluating the following criteria: broadness of the aim, sample specifity, analysis strategy, and strength of dialogue. Given specific research focus on human integration, specifity of knowledge and M&A integration experience of the respondents leading to in-depth conversations and exploratory nature of the study, the initial sample size proved to be adequate during the research stage. In qualitative research, the sample size is also often determined by the point of saturation, which is when no new information or themes emerge from additional data collection (Boddy, 2016). While a secondary guiding principle for respondent sample size, the saturation condition was also satisfied by the selected number of participants. While coding research data, a point to where no new codes were occurring in the data was achieved. Sample size selected is eight respondents in total. Four of the respondents are from the Company and with four of them are from the acquired companies that were acquired within the last five years. The respondents from the acquired companies were added to the research in order to increase research validity and provide more valuable insights.

Sample universe outlines that inclusion and exclusion criteria should be clearly defined. The respondents from the Company as well as the acquired companies had to meet the following criteria:

1. Participants sharing life history homogeneity thus being through the same experience of having been involved with one or more of the acquisitions made by the Company within the past five years or having joined the Company through one of these acquisitions.
2. They are familiar with the aspect of human integration during PMI
3. They are in positions to have the knowledge about M&A background and PMI

Purposive sampling, a non-probability sampling technique was used to select participants based on specific characteristics defined in the sample universe category. The participants from the Company were selected based on the assumption that they have unique knowledge on the human integration in M&A phenomenon and are experienced in M&A integration practices. The respondents from the acquired companies were also selected on purposive sampling basis. They were from the acquired companies that the respondents from the Company identified as the acquisitions they had been involved with. This was done in order to compare the responses between representatives of the Company and the acquired companies to understand whether the factors perceived as important by the Company correlate with the factors perceived as important from the acquired company employees' perspective.

Finally, participant sourcing was carried out by informing the potential respondents about the research aim, ensuring confidentiality, and inviting them to participate. An important aspect here is voluntary participation – Robinson (2014) calls it self-selection and suggests that people who consent to be a part of the research are more open and interested in the topic which ultimately leads to deeper conversation and valuable outcomes.

3.2.2. Respondent Demographics

The topic of human integration in M&A requires a level of understanding of the processes involved as well as expertise and insight into the integration strategies used in order to provide accurate and relevant responses. The respondents were chosen for the research based on their level of knowledge, as well as making sure they are exposed to the global company processes and engage in cross-border collaboration. They are also diverse in terms of their experience with integration processes. The respondent demographics from the acquiring company (the Company) are presented in Table 5. In order to avoid bias, six potential respondents were approached and invited to participate in the research. The interviews were conducted on a first come first served basis.

Table 5. The acquiring company respondent demographics.

Participant ID	Region	Years with the Company	Role at the company	Role during the integration	Number of M&As supported	Supported integration ID (within the past 5 years)
R1	U.S.	7	Business unit VP	Due diligence; Integration leader	2	A1, A7
R2	Asia	7	Integration manager	HR workstream leader	5	A0, A3, A4, A5, A7
R3	Asia	16	HR VP	Due diligence; HR workstream leader	5	A0, A1, A2, A4, A5
R4	U.S.	18	Integration manager	Integration leader	3	A5

R1 – the respondent is based in the Company headquarters in the United States of America and has extensive business acumen. Their position as business unit vice president allows them to provide high-level overview of the Company M&A strategy, due diligence phase, as well as strategy implementation. The respondent led integration efforts of the acquired company A1 and is currently leading the integration of the most recent acquisition made by the Company – A7.

R2 – the respondent is based in South Korea, Asia, and has recently assumed the role of human resources integration manager. Throughout the years with the company, they were both leading and supporting HR integration workstream during five integrations: A0, A3, A4, A5, A7. The respondent has wealth of knowledge in different cultural settings as with the earlier M&As they were supporting integration of the acquired company entities operating in Asia, and later transferred to a global role providing exposure to cross-border M&As and integration efforts.

R3 – the respondent is based in China, Asia and has been with the Company for 16 years. Throughout their career the respondent has witnessed and been a part of many integration efforts, however, for the scope of the research, the interview focused only on the experience with the most recent acquisitions made within the past 5 years: A1, A2, A4, A5. Acquisition A0 that the respondent was involved with on the HR side was not made within the past five years, however, it was stressed multiple times during the interview as the largest acquisition made by the company to date and described as important in terms of lessons learned, thus a decision was made to include the experience with A0 acquisition to the scope of the research. The respondent is also a part of due diligence for M&As made in Asia, thus has extensive knowledge on the end-to-end M&A process.

R4 – the respondent is based in the Company headquarters in the United States of America. Respondent possesses unique M&A knowledge as while the other respondents are typically involved with PMI alongside their other job functions, R4 is a part of the dedicated M&A team formed specifically for one of the three business units within the Company. Currently the respondent oversees a large cross-border integration A5 and previously supported two smaller integrations that were excluded from the research scope as the respondent did not have as much exposure to them. Moreover, the respondent has been with the company for 18 years and has extensive knowledge on business processes and Company culture.

The demographics of the respondents from the acquired companies are presented in Table 6. Respondents from the acquired companies were approached randomly. The targeted respondents were at mid-level to senior level specialist/manager positions and were expected to have the knowledge on human integration efforts within the acquired company.

Table 6. The acquired companies' respondent demographics.

Respondent ID	Region	Years with the company prior to acquisition	Job level prior to the acquisition	Current job level	Acquired company ID
R-A5	Europe	6	Manager	Manager	A5
R-A1	U.S.	1,5	HR specialist	HR specialist	A1
R-A4	U.S.	3	Manager	Manager	A4
R-A2	Europe	7	Engineer	Manager	A2

R-A5 – the respondent possesses unique knowledge as they were involved in the due diligence process prior to A5 getting acquired. With the acquisition, the respondent assumed the role of an integration manager serving as the intermediary between the Company and A5. While the respondent is now part of the integration team that was created specifically within the business unit acquiring A5, they have remained at the A5 headquarter location thus have the exposure to the A5 employee feedback, questions, and can provide insights into the employee perception on the Company and perceived PMI outcomes.

R-A1 – the respondent was hired upon the acquisition to help manage culture and the integration of humans thus possesses extensive knowledge on the topic. Their lack of experience with the A1 prior to acquisition is compensated by their unique role to manage conflict, foster engagement, and support the Company efforts to integrate A1 during PMI phase.

R-A4 – the respondent brings in diversity to the acquired companies respondent group as they are not in an HR role which allows to capture a range of different perspectives on integration efforts. Upon acquisition they were transferred into a position within one of the Company business units, thus started collaboration with the new team immediately. Early during PMI, they were also involved with the employee resource groups (ERGs) within the Company, thus were exposed to the acquirer social groups which allows the respondent to provide insights around collaboration and emotions within merging teams.

R-A2 – the respondent made a unique career shift upon the acquisition and was tasked with improving manufacturing processes within A2 which made them collaborate closely with the employees from the Company. This unique exposure to the Company processes and collaboration with the employees enabled the respondent to make important insights into the integration outcomes.

Ultimately, while each respondent possesses unique set of qualities and knowledge allowing them to provide feedback on behalf of their respective M&A benefiting the research in unique ways, they all also represent themselves as employees who experienced integration as a result of M&A.

3.3. Data Collection and Analysis

A research tool with four categories of pre-determined open-ended questions was developed to gather the data. The questions were reflective of the three factor categories represented in the conceptual model (Figure 3), namely M&A background, strategy implementation, and human factors. The interview questions for the Company can be found in Appendix 1 and the questions for the respondents from the acquired organizations are in the Appendix 2. The order of the questions was only preliminary to allow flexibility in the interview process and adaptability to the participant's responses in case new topics would emerge during the conversation.

During each interview, the respondents were asked for a permission to record the interview process. After, the interviews were transcribed and coded using MAXQDA software in order to quantify and measure code frequency. Coding is an iterative process of grouping data into comparable “bucket” segments that allow to create and represent links between hypotheses and data findings. Locke, Fieldman, and Golden-Biddle (2022) carried out research on coding practices and found that in coding practices, there is no unified pre-established coding process that entails making sense out of codes, instead, it is a relational process where researchers move from their current understanding of the phenomenon to a next level understanding through subjective research logic.

Based on this notion, the data was analyzed as follows:

1) The interviews were transcribed and company and respondent identifiers were classified.

2) Data was coded by engaging with the literature as proposed by Locke, Fieldman, and Golden-Biddle (2022). The findings of the literature review outcomes depicted in the conceptual research model (Figure 3) were used as a starting point while engaging with the data. First the factors identified in the conceptual model were used as codes, then through iteration, additional codes were identified and synthesized.

3) Primarily, the codes were organized into three categories based on the conceptual research model: (1) M&A background, (2) integration strategy, (3) human factors; through iteration – additional codes emerged that were added to the category named “unassigned” which was later used to create new categories or codes were moved into on of the three pre-determined categories based on re-evaluation of relationships between code labels, ideas and data.

4) Finally, through inductive iterative process code patterns were established and analyzed to understand the prevalence of some factors over the other, their relationships, and impact on human integration outcomes in M&A.

Prior to conducting the interviews, chief human resources officer and chief legal officer were approached to attain permission to do the research inside the company. Upon receiving permission potential respondents were approached and introduced to research aim, scope, and the purpose of the interview. The interviews conducted between March 31 and April 14, 2023, ranged between 45 to 60 minutes in length. Following ethical practices of research conduct, the respondents were assured confidentiality and anonymity, thus no other details than respondent demographic information will be disclosed in the research in order to protect their privacy. Moreover, the Company name will not be disclosed due to an agreement with the Company authorities.

Research findings and managerial implications are discussed in the following chapter.

4. Research Results in Factors Influencing Human Integration in M&A

Upon coding interviews using MAXQDA, 600 codes representing different factors influencing human integration in M&A were retrieved and arranged in three categories of factors consistent with the conceptual research model (Figure 3): M&A background, integration strategy and human factors. No new factor categories emerged, however, several additional factors were identified. M&A background code category revealed to be the smallest of the three categories with 61 codes identified while integration strategy and human factors account for 272 and 267 codes respectively. Further the section will cover findings within each code category.

4.1. M&A Background

Overall, the codes within M&A background category are spread unevenly across all respondents (Figure 5). Evidently, respondent R1 accounts for around 40% of M&A background factors identified during the interviews. It is likely, this is due to the respondent's position as a business unit vice president allowing the respondent to be heavily involved in the due diligence phase and decision making. Respondent R4 accounts for 21% of M&A background factors.

Code System	R1	R2	R3	R4	R-A5	R-A1	R-A4	R-A2	SUM
M&A background									0
Previous ownership	2	1		3	1	1	2		10
Management influence on perc			1		3		3		7
Due diligence	8		2	3					13
Strategic M&A motives	7	1	1	1	1			2	13
Previous organization	1			1		3		3	8
Culture assessment	1			4	1				6
Acquired company size	2			2					4
Σ SUM	21	2	4	14	6	4	5	5	61

Figure 4. M&A background code matrix.

Previous ownership. A new factor that was not considered in the conceptual research model was identified in seven out of eight interviews. Respondents share those different types of company ownership have a strong effect on integration outcomes and acquired company employees' attitude towards the acquirer: *"If they were owned by a private equity firm the have been through quite a few acquisitions in the past where ownership was not consistent <…>. They look forward to being a part of a public company that has been in business for a long time because they want that stability. <…> but if a company was privately held their ownership and leadership were very stable."* (R4). This is also consistent with the insights shared by the respondents from acquired companies: *"<…> we were owned by a private equity, so to be acquired by a public company it was very important for people <…> because with private equity each 5 to 7 years we change the owner."* (R-A5). Moreover, previous management of the acquired company has been described as having a strong influence on people perception towards the acquirer: *"Initially the people said 'Who cares? We will have a new owner in a few years' – I guess you know this is because they've been through different ownership a couple times."* (R-A1). *"I think globally we did a good job because the people who had the power before made a good job making people enthusiastic from the very beginning."* (R-A5). Thus, previous type of ownership not only provides a set of challenges due to predetermined differences in company management style and organizational structure, but it can also set the tone of the acuisition and predetermine employee attitude towards the acquirer.

Due diligence. Careful due diligence was identified as an important factor by three out of four respondents from the Company. It is a critical step in the M&A decision making process and typically the process is described as “searching for red flags” inside the target company: *“We search for red flags to determine whether the acquisition may be bad for us. <...> we search for legal, environmental, and employee related issues to make sure we follow the laws and regulations <...> then we will write a report for the due diligence team assessment to determine whether a company is worth acquiring.”* (R3). Despite its importance, all respondents reported due diligence related pitfalls such as miscalculated capabilities inside the target company, previous arrangements such as employee compensation plans made by the previous management, lack of communication and organizational structures assessment. These pitfalls tend to negatively impact integration outcomes either through stalling the processes or creating friction between the acquirer and acquired company employees.

Strategic motives. Even though strategic motives behind the acquisition were identified during the interviews, the respondents did not associate them with human integration. They were discussed only to provide acquisition context: *“The acquisitions are made based in the strategic fit <...> either make our market share bigger, acquire some new technology, or address some of our weak points.”* (R2). Some very specific examples of strategic motives were identified for the acquisition of A1: *“A1 was a dominant player for the products they build in their industry. <...> We thought we could take some of the capabilities within A1 and use their core capability to develop new products outside of their primary industry.* (R1). However, even though the human capabilities inside the target organization are not listed as a primary strategic motive, it is evident that by targeting the technology, the company is also targeting the “know-how” of the employees inside the target organization: *“A couple months later they told us that they wanted to copy our products, but they were unsuccessful do they decided to buy us.”*

Previous organization. Several respondents identified previous organizational structures and lack of understanding around those structures to have an impact on the integration outcomes. There is a certain level of frustration coming from a lack of alignment on the acquirer expectations and existing infrastructure inside the acquired company: *“I’ve heard people complain about being asked to follow certain Company processes <...> they say how should I do this while we don’t have an infrastructure for that <...> or how should I deliver that data if the Company has a database while we do it manually.”* (R-A2). *“Up until the Company people came to the site and sat down with people from accounting, supply chain they could not understand their challenges. And they were like ‘oooh, I see now” and they became much more understanding why the processes take so much time.”* This could be attributed to due diligence, however, given that due diligence is more high-level identification of company value red flags, organizational structures require more in-depth assessment and engagement not only from the top management, but from employees at all levels in order to ensure collaboration and alignment on expectations.

Culture assessment. The respondents unanimously agreed that the Company would benefit from target company culture assessment during due diligence, however, the soft side of cultural differences is not assessed. Several differences in culture were identified as due diligence items such as what difference exist in different countries regarding worker’s council. However, that hardly relates to the assessment of differences in national and organizational culture: *“The culture and associated differences are not the determining factor of whether a target company get acquired or not.<...> I am not a part of the due diligence, but if I were I would really want to spend more time with the* *leaders of the company to understand their structure, culture, and ask a lot of 'why?' questions."* (R4).

Acquired company size. Naturally, size of the acquired company has been found to correlate with integration speed with companies smaller in revenue, size and number of employees are easier to integrate. It also correlates with the core integration team factor in terms of lack of resource allocation: *"I think A7 is small enough, so I'm fine to lead the integration, however, for a bigger acquisition it has to be a full-time job because there are just too many demands and too much communication that has to happen especially when there are multiple sites around the world."* (R1). Based on the lessons learned, the Company created dedicated integration team in some business units to work on the biggest acquisitions, however, with smaller acquisitions, integration leaders take on integration as an additional task.

To sum up, previous company ownership and previous management influence on employee perception as well as due diligence and alignment on organizational structures emerged as the most important M&A background factors for human integration outcomes. Strategic M&A motives indirectly signal that the Company tends to acquire capabilities and products thus signaling that human integration is important for the Company due to the target company intellectual assets.

4.2. Integration Strategy

During the interviews 272 integration strategy codes emerged and were categorized into 12 codes four of which were split into subcodes (Figure 5). Several new factors that were not considered in the conceptual research model emerged: resource allocation, previous M&A experience, seeking feedback, layoffs, guidance, and systems integration.

Code System	R1	R2	R3	R4	R-A5	R-A1	R-A4	R-A2	SUM
Integration strategy									0
Communication	3		4	7	6	12	4	2	38
Strategy communication	2		2	1		6	2	3	16
Informal communication	3	1		1					5
Strategy	3	2	11	1	2			3	22
Management decisions		1	3						4
Integration planning	3		1	2		2		1	9
Integration project managemen	7	2	1	2			1	1	14
Leadership	7	3	1	3		5	1	5	25
Appointing new management		1			1			9	11
Culture integration	1	3	3	3		2	3	8	23
Integration speed	4	2	1	4	2	3	3	4	23
Employee retention	7	2	1	1	1	5		1	18
Resource allocation	1	3		2					6
Core integration team	5			2	1	2			10
Previous M&A experience	7		1	1		3			12
Seeking feedback	1	1	1	4	1	2		1	11
Guidance	1					1		9	11
Layoffs	3	1				1	4		9
Systems integration						2	2	1	5
SUM	58	22	30	34	14	46	20	48	272

Figure 5. Integration strategy code matrix.

Communication. By far the most important factor of PMI strategy is communication as identified by all eight respondents. Communication is identified as a tool to provide leadership, guidance, and help employees build a sense out of ongoing integration activities: *"Communication should be better to ensure that the employees are aware of our common targets."* (R-A2). The communication factor was divided into additional subcodes. The high-level code with 59 coded segments represents overall communications regarding organizational updates, acquisition day 1 communications approach and the importance of leveraging communications for effective collaboration: *"Previously there was no communication with our direct labor. After the acquisition, the supervisors started having morning meetings before the shift by saying you know this is what's coming down the road, what do you think, etc. It's the time for the supervisor to check in and also opportunity for the employees to discuss the things they care about."* (R-A1). While several respondents claim that the Company has a good communication strategy, they all agree that there is room for improvement. Communications subcode *strategy communication* accounts for 16 codes within the communications code category and represents communications that are focused on communicating integration objectives. Another communications factor emerged on the Company respondent's side – informal communication that is purposeful intent to approach acquired company employees and build informal communication channels: *"With A7 I'm walking around the building a couple times a day just through the production area, engineering area, stopping at the canteen, <…> to have informal conversations. <…> I'm not doing this because I'm bored, you know, but I try to ask questions like how are we doing? What do you really think about the Company? I'm getting real time feedback. <…> I think by making myself more approachable, I've been able to get people come to my office randomly and say "hey, can I talk to you for a few minutes?'."* (R1). Communication factor has also revealed to correlate with majority of other factors with some of the strongest relationships represented in Figure 6. The numbers represent the number of codes intersecting in a single segment. The strongest intersection of 11 codes occurs with *collective sense-making* factor in human factors category, supporting the idea that communication is a tool to build understanding of the occurring events. There is also strong intersection with *building relationships* factor (6 codes) *emotional attending* factor (5 codes), and *support* factor (5 codes) all in the human factors category suggesting communication can be a valuable tool in dealing with intangible human factors.

Code System	Communication	Strategy communication	Informal communication	SUM
Human factors				0
Collective sense-making	9	2		11
Onboarding		1		1
Acquired company culture	1			1
Building relationships	3		3	6
Motivation	2	1		3
Acquired employees attitude				0
Company culture				0
Emotional attending	2	2	1	5
Support	4	1		5

Figure 6. Communication intersection with other codes.

Strategy. Strategy factor represents strategic integration approach and accounts for 49 codes. Approximately 76% (37 codes) of those codes were retrieved from the interviews with respondents R1 and R3 representing the Company side. It is likely due to their leadership positions that enable their involvement in integration strategy decision making. Overall, the Company follows standardized procedures with each acquisition. For example: *"For the first three to six months we will not touch employees' pay, bonus target, or incentive plan. We won't touch that and do a detailed side by side comparison between the acquired company and the Company to see what the gap is. Normally we will keep the total package slightly higher than it previously was at the acquired company to make employees happier and more motivated."* (R3). However, no standardized M&A playbook exists, and the approach is typically tailor based on *management decisions* factor: *"At A7 we've set it up so that the people who are doing the functional leading of the integration will be the people that the people in A7 eventually report to."* This approach has not been used in previous integrations. A factor *integration planning* has been lacking as reported by the respondents on the company side stating that the integration team would encounter unforeseen circumstances during the integration that would stall the process and cause setbacks. For example: *"So we had to have some very tough conversations with the sales guys. <...>. We completely missed reviewing their compensation plans."* (R1). Factor *integration project management* represents overall integration approach. Some of the lessons learned include that overwhelming integration project management would also cause frustration on the acquired company employees' side: *"Feedback I received was like you guys are a big company and have too many processes and we're overwhelmed."* (R2); *"Too many people were coming in asking for different things."* (R-A2). The insufficient integration planning may be due to a lack of dedicated M&A integration function. As mentioned previously, the company formed an M&A integration team specifically for A5 integration due to its size in revenue, number of employees and geographic span across different regions. However, the team future is unclear as there is no information on what the team will focus their efforts on after the integration is complete. Likely, because the team was formed of long-term employees previously focusing on other functions, they will either be transitioned into other roles or retained and repurposed to focus on other integrations within that same business unit. Transition to other business units is unlikely, as the business units within the Company are rather independent from each other and have different processes and structures.

Leadership. M&A is an enormous change for all involved parties; thus, it is safe to expect that the associated processes can become overwhelming at times. However, leadership can set the right pace, help manage expectations and help employees overcome encountered challenges. With acquisition A1 the Company had made a decision to assign two integration co-leads who would visit the site interchangeably, which turned out to be inefficient: *"It turned out to be confusing for people. They did not know if they should come to me or to the other co-leader if they had questions. <...>. You know you need the Company presence onsite, because when the leadership leaves it creates a vacuum and people will just fill it and do what they want, right?"* Ideally, integration leader should relocate for at least several months and remain onsite to support employees locally and oversee all ongoing activities. During several interviews A2 was identified as the most difficult integration. One of the reasons identified by the respondent from acquired company A2 was lack of leadership: *"How do we interact? Who is really responsible? Or if there's a conflict – whom should we go to get a decision. This was and still is not clear and I know some departments really suffered because of it."* (R-A2). Also, similar to the *management influence on perception* factor in the M&A background category, a factor *appointing new management* emerged from the conversations with respondent R-A2. The respondent described that the integration difficulties were caused largely by appointing a wrong cultural fit to the position of site manager: *"It had a very negative effect. Some people left. <…> He was let go a few months later which is good. Otherwise, they would have destroyed many good things here."* (R-A2) It is important to note that appointing new management from internal employee pool can have a positive effect on employee motivation and perception towards the acquirer.

Culture integration. Integrating culture in M&A has been identified as a critical component of the integration process, as it helps to ensure that employees from both companies feel valued and supported in the new organization. It also helps to create a cohesive and productive work environment that can drive long-term success. Despite the perceived value in culture integration, the Company does not have an approach to it. In fact, the most culture integration codes were captured in the interview with respondent R-A2, who, as mentioned before represents acquired company A2 that was reported as the most difficult integration. This suggest the Company was reactive instead of proactive and focused on culture to perform damage repair after experiencing a pitfall with the appointed manager. Culture workshops were held at the acquired company A2 and offered insights in lessons learned: *"Get people of all levels to discuss culture, learn about core values, what they mean. Don't do it just at the management level."* (R-A2). Overall sentiment is that culture integration should have a more comprehensive approach. Typically, the Company culture replaces acquired company culture, however, this appears to be more of a perception than reality, because with some integrations even after five years, "us vs them" attitude prevails.

Integration speed. Overall, the Company sets integration speed goals for hard targets that are concrete, quantifiable goals typically related to financial performance, market position, or systems integration: *"I know that for example IT was really working hard to give us Company emails by a certain date. So, things like that I think need to have a time frame. But as far as understanding what we were doing as a company for certain processes – I don't think it's something you could really put a deadline on"* (R-A4). Soft targets, on the other hand, are more intangible and difficult to measure. They are typically related to cultural fit, talent retention, and other non-financial factors. The integration speed has not been found to be significant to human integration outcomes, however, it is suggested that even for hard targets the time the integration takes will vary based on mediating factors such as number of employees, global footprint, and how well the companies were integrated within their own structures prior to getting acquired. Cultural differences also play a role on what employees perceive as adequate speed: *"<…> so the same procedure for some regions is is in perfect pace, but some say that's too slow or that's too fast."* (R4). Respondents from the acquired companies report that the fact pace has caused frustration within some departments due to workload, while others experienced frustration due to feeling excited about the integration at first and then prolonged integration in their department delayed changes and resulted in decrease of excitement. Two respondents from the acquired companies share that the Company should make it a priority to rebrand: update marketing materials, merchandise, building signage, and start referring to the employees at the acquired company as Company employees in order to reduce animosity and increase inclusion.

Employee retention. Seven out of eight respondents confirmed that the Company prioritizes employee retention in M&A accounting for 16 identified codes. The Company integration strategy prioritizes immediate talent assessment as soon as they have access to it to understand who the key people are and ensure they are retained. They also typically promote key employees and ensure their compensation meets the market salary average to build motivation: *"There's been a number of* *promotions within A1 and part of that was just grade leveling. Having been run by a private equity firm, there was a lot of people that were underpaid even for the market that they were in. And there were people capable of doing more, so we gave them that responsibility."* (R1). The Company sees the value in employee retention as they gain access to the knowledge and expertise of the target company employees. However, this knowledge transfer can only happen if the employees stay on board. If they leave, the acquirer loses out on valuable institutional knowledge, which can be detrimental to the success of the merger or acquisition.

Resource allocation. Resource allocation accounting for 12 codes in six out of eight interviews correlates with the integration planning factor suggesting that a lack of dedicated integration function causes integration process inefficiencies. Integration teams are typically formed by assigning workstream leads from different functions who take on the role as addition to their regular job duties: *"She didn't have the time to be on the team and she was, honestly, she was absent. And so, there were things that were happening that we missed."* (R1). Three out of four respondents on the company side identifies that as a process constraint. One respondent expressed that they believe the Company is making too many acquisitions overloading the Company employees, suggesting that the people working with integration should be provided bonus payments and have other projects deprioritized to be able to carry out their integration duties effectively. Moreover, some of the lessons learned across many acquisitions are that the integration team should have a strong project manager assigned serving as the liaison between the workstream leads, the acquired company stakeholders and the integration leader making sure everyone addresses issues that occur in the process and the deadlines are met. Also, communication between the stakeholders is identified as another success factor for the positive integration outcomes.

Previous M&A experience. Four respondents with three of them being on the Company side identified previous M&A experience as an important success factor accounting for 12 coded segments. In general, the Company collects best practices, however they are largely held tacit. While the Company does not have one dedicated integration team for all M&As they also do not have formal integration guidelines and standardized processes: *"People were reaching out saying oh my God, how do you this? How did you do that? What did you provide there? We found out there was no documentation of stuff."* (R-A1). While flexibility is also stressed as an important component due to the need to adapt to different organizational structures and culture inside the acquired company, the respondents agree there could be more alignment on the base principles of integration.

Seeking feedback. All four respondents on the Company site as well as three out of four respondents on the acquired company respondent side suggest that the Company should be actively seeking feedback from acquired company employees. During the interviews three types of feedback were identified: before integration, during, and after. Actively seeking feedback prior to starting integration efforts can help set expectation and understand how departments function: *"First maybe we should get feedback and say to people hey this is your department – how do you run it? And then we can do evaluation and say OK, we think the integration of your department will start in three months."* (R-A5). Feedback received during integration is important for understanding acquired employee emotions and it can help steer integration efforts in the right direction: *"Like I'm talking to some of these engineers to understand so what do you really think about the Company? And kind of getting real time feedback of what we are doing, what we could do better."* (R1). Finally, post integration feedback is an area of improvement for the Company: *"We need to care more about people after they* *are integrated and find out if they are still doing OK."* (R2). In fact, with a lack of post-integration follow-up, some integrations appear to be somewhat incomplete. For example, in case of A2, the PMI is complete, and it has been five years since the acquisition was made. However, the "us vs them" attitude is still somewhat prevalent with the company employees referring to themselves by the previous company name instead using the name of the Company. Another interesting example in case of A1, the respondent from the Company who lead the integration, as well as the representative from A1 have bought labeled A1 integration as a success. However, when asked whether employees on all levels would agree it is a success, R-A1 respondent: *"I don't know. That is a very good question, because I don't think we have ever asked like how they feel. That's a very good question. It is a very good question."* This suggests that there may be opportunity for the Company to receive first-hand feedback from the employees who went through their integration strategy, however, they do not seem to utilize this resource.

Guidance. The factor guidance was captured in 11 coded segments, 9 of which are attributed to respondent R-A2. As discussed previously, integration of the acquisition A2 was reportedly the most difficult integration by the Company to date. The repetition stressing the importance guidance, suggests it was a process staller in case of A2. For example: *"Where should we go first? What is the priority? Whom? The one who screams the loudest? I got the work done, but this is not the way it should be, right?"* Guidance factor also echoes the leadership factor – at the times of uncertainty, leadership should set priorities and drive guided employee efforts. Without guidance, the process can become too overwhelming and even destroy synergies. Also, the guidance factor has been found to correlate with systems integration factor, suggesting that even higher level of guidance is required until the acquired company employees can perform their job duties using the same systems the rest of the company uses.

Layoffs. As mentioned, while discussing employee retention factor, the Company overall tends to prioritize talent retention which has a positive effect on employee morale: *"They had no intention of like laying off anyone, or anything like that. They wanted to keep the good thing going, figure things out as we go and really understand how we work."* (R-A4). Needless to say, if during the talent assessment stage, the Company will see that some employees are not as talented, or if there are duplicate roles they will make that decision and lay people off. However, that is a natural outcome in M&A as the acquirer must ensure they are able to maximize efficiencies, thus, unless they can relocate redundant roles to other functions, layoffs can be expected. This seems to be more likely to happen in higher positions as a former chief executive officer would not be needed or likely be expected to make a career transition to a lower position. The extent of the layoffs will depend on the specific circumstances of the M&A in one reported case. In one acquisition, the Company decided to layoff four people and instead of terminating all four employees from the acquired company, they chose to terminate two people from the acquired company and two from the Company, thus confirming suggesting there is no inclination towards familiriaty bias, and the decisions are based on strategic motives. In one case, the company laid off many people in the acquired company because they moved several functions to other countries to maximize cost efficiencies. While that had a negative impact on employee morale, the Company did a good job being transparent and explaining their motives inside the acquired company.

Systems integration. The factor has been captured in three out of four interviews with the respondents from the acquired companies, accounting for 5 coded segments. Lack of systems integration not only stalls integration of processes, but also negatively impacts the feelings of inclusion and belonging: *"Not being on the same system itself was kind of a struggle, because you had to be added as a guest. <…>. Things like just learning more about the Company was hard at first because you don't feel as included. I guess you don't feel a part of the Company even though it's been official for a few months."* (R-A4). In terms of processes, it also goes back to the guidance factor suggesting that the Company should be involved to understand process at the acquired company in order to align on expectations what employees can and cannot do due to not having access to the Company system.

4.3. Human Factors

During the interviews, 267 human factor codes were captured and split into 17 factor groups. Human factors are the second largest factor group and relate to the individual and subjective feelings and emotions experienced by the employees in the merging organizations.

Code System	R1	R2	R3	R4	R-A5	R-A1	R-A4	R-A2	SUM
Human factors									0
Collective sense-making	2	2	2	14	4	3	4	2	33
Onboarding	3					2	2	1	8
Acquired company culture	6	2	1	4	5	12	2	3	35
Building relationships	3	1	1	5	3	6	5	3	27
Motivation	2	6	2	1	2	7	3	2	25
Acquired employees attitude			1	3	2	11	2	5	24
Company culture	7	7	2	1	1	3		3	24
Emotional attending	2		3	4		2	3	2	16
Support	3			5	3	3			14
"Me" issues			2	2	1	2	3	3	13
Transparency and trust	1	3	1			1	5	1	12
Inclusivity						2	7	1	10
National culture		1		4	1			3	9
Talent assessment	3		3				1		7
Resistance to change	2	1	1		1	1			6
Respect to the acquired company le				2		1		1	4
Σ SUM	34	23	19	45	23	56	37	30	267

Figure 7. Human factors code matrix.

Collective sense-making & Onboarding. Collective sense-making described as a shared understanding of collective action has been identified as the most important factor in human factors category. Together with onboarding sub-code group, it accounts for 41 coded segments across all eight interviews. Collective sense-making appears to be essential to ensure that all stakeholders understand the reasons for the M&A and are aligned with the integration plan. During M&A integration, collective sense-making can help to overcome cultural differences, identify common goals and values, and build trust and cooperation among the two entities. It can be built by facilitating communication of key messages, such as the vision, mission, and strategic objectives. The Company should be very proactive not only in communicating but also ensuring people understand what is behind that communication and remaining conscious that nothing should be left up for acquired company employees' assumption: *"We need to be very patient while explaining our processes and practices, because the do not understand them. Even various term specific to our business – they may not know them. <…>. Do not just put the announcement out there but make sure they understand it."* (R3.) On the acquired companies' respondents side it has been evident that a lack of effort to build a shared understanding of integration processes has led to decrease of enthusiasm and engagement: *"In fact some people were really frustrated, because nothing happened. Apparently for some departments there was no need to do anything at the beginning, but the people were expecting something more and finally they were not demotivated, but it's difficult now for them to understand that they need to engage in some action 10 months acter the acquisition and not in the beginning."* (R-A5). Humans tend to fear the unknown, thus respondents from the acquired companies suggest that even if the Company does not know answers to some of the questions, the employees would appreciate communicating that more than not communicating until there are some definite answers: *"Just say we don't have an answer, but we understand that you have expectations so here's what we know now: x depends on y and we expect to have more answers in z weeks."* (R-A5). Most importantly, even if there are no definite answers around some of the short-term action items, one of the best ways to build collective sense-making is communicating the target end goal and ensuring people understand what outcomes they are working to achieve.

Acquired company culture. The acquired company culture factor contains 35 coded segments. Even if the Company does not perform culture assessment in due diligence, all respondents identified acquired company culture as the second most important human factor influencing integration outcomes. Respondents refer to company culture as a set of shared values, beliefs, norms, and behaviors that define the way people think, act, and interact in an organization. It has not been reported to cause conflict between acquired company employees and the employees at the Company. However, there have been cases of resistance to accept the Company culture. In the case of acquisition A1, prior to acquisition A1 had poor culture where gossip and conflict were a regular and tolerated practice while the Company is committed to acting by the ethical business practices outlined in their Code of Conduct. Due to non-conformity to Code of Conduct upon acquisition, several employees had to be let go from A1 in order to repair existing culture and pave a path towards a common culture. Needless to say, not all employees enjoyed the previous culture, thus, culture repair initiated by the Company has largely made a positive impact and received support: *"The Company has a lot to offer career-wise and they value diversity. Enforcing that, encouraging, coaching – it changed things here big time. You know, I mean the females are starting to feel a lot more confident. <...>. Another positive outcome is that people have so much more opportunities now, because before they were not really valued or given the tools for development."* (R-A1). While enforcing a positive culture to replace a toxic one is likely to be perceived as a benefit, it can also be expected, that if an acquired company has very good culture and they perceive Company culture as worse, implementation can become much more difficult. Respondents from smaller acquired companies identify that the most difficult shift is from a close-knit family-like culture to a big corporation. In cases like this highlighting career opportunities that a global corporation can offer seems as an effective approach as well as acknowledging and preventing certain positive aspects of the acquired company culture,

Building relationships. All respondents identified effective relationship building as an essential factor for human integration success. 27 code segments were found to represent the factor. Building relationships with the acquired company employees correlates with many other human factors such as employee trust, support, and motivation as well as integration strategy factors such as communication ultimately leading to more effective integration process: *"When they feel comfortable, when they feel they can trust you and that you kept your promises <...> after a while it becomes natural for things to start to flow with much fewer roadblocks."* (R4). Based on the lessons learned, R1 shares that on the latest acquisition they are very proactive in managing and building relationships in order to build out effective reporting structures: *"I coached <…> so he's calling each of the engineers to ask what they are working on, what they need help with, where their projects stand. <…>. You know so when eventually they go work for him – it's natural."* (R1). On the side of the acquired companies, respondents share that the people want to be heard and be able to address their concerns and questions and feel like they belong to the group and are valued. It is worth noting, that team building events and less formal outings are reported as extremely valuable for relationship building.

Motivation. Another factor identified as crucial for integration success is motivation as identified from all eight interviews and accounting for 25 coded segments. Respondents on the Company side talk about two types of motivation: (1) tangible motivation of the acquired company employees built by promotions and transition bonuses; (2) intangible motivation of the acquired company employees built by acknowledging their value, involving them in the integration processes, communicating the vision; as well as (3) Company employees' motivation to support integration processes. Naturally, M&A causes additional work for all employees across both companies, thus, to support the integration productively, employees at the acquired company should be motivated as well. Evidently, employee motivation relies on much more than monetary incentives. It requires a proactive approach that involves communication, acknowledgment, growth opportunities, involvement in the integration process, incentives, and transparency. No respondent from the acquired companies referred to monetary benefits while talking about motivation. Instead, they refer to development tools, better culture, team building, and reassurance on job safety. The efforts to address these topics seem somewhat scattered on the end of the Company. They do a good job motivating employees at first but tend to fail keep them motivated throughout the whole integration: *"When we were acquired, we created this work stream and people were really motivated to be involved, because they were expecting to have information, to have interaction with Company people. But at the end some people were very frustrated because nothing happened."* (R-A5).

Acquired employees' attitude. Five out of eight respondents with two of them on the Company side identified acquired employees' perception towards the acquisition as a factor that plays a role in the PMI outcomes. 24 segments were coded in the factor category. This factor largely overlaps with the previous ownership and management influence on perception factors from M&A background factor category: *"If a company was privately held in the past, they used to have it a certain way and their leadership is typically stable. And now they realize they are a part of the bigger corporate America type of culture <…>. And they realize they must adapt to new culture and accountability, and more aggressive growth targets <…>."* (R4). Also, to build trust with the acquired employees the Company needs to manage attitude of superiority: *"For the acquired company they will think that we are superior to them because we buy them, right."* (R3). While on a certain level the acquirer is the new owner thus a superior to the acquired company, it seems that acquirers should exercise superiority with caution if they want to build trust and relationships with the employees.

Company culture. Seven out of eight respondents identified the culture of the acquirer to be an important factor in PMI. In total, 24 segments were coded to form company culture factor, 17 of these codes were captured in the interview with representatives of the Company. In this case, the Company was established nearly 100 years ago, thus has an established culture driven by adherence to company policies and core values. Respondents from the acquired companies admire Company culture, although some report that becoming a part of big corporation changes decision making dynamics making on of the more difficult shifts: *"Prior to acquisition we had a local committee formed by* *representatives from finance, R&D, operations, as well as our company president who made all the decisions. And now with the Company you have to ask for authorization on everything. So flexibility and the cycle of power – that's different."* (R-A5). In cases of acquisitions that are more difficult due to organizational culture distance, the Company tends to either hire new people from outside the organizations to dilute the culture existing in an acquired acquisition, or transition people from the Company to bring in that culture: *"We're adding in like traditional Company salespeople to bring in more of that Company culture."* (R1). Overall, the Company is perceived to have a good culture that is enabled by integrity and respect, which appears to be one of the components driving their success in M&A. By taking the time to get to know the employees and perform talent assessment, they are earning trust and respect: *"I think our strength is that we are very generous and kind to the acquired companies. For example, we see some other cases where the acquirer fires many people after the acquisition. I've seen this kind of thing a lot. They go over there like military and fire everybody, but here at the Company we always embrace their culture and their technology with respect to their experience."* (R2).

Emotional attending. Containing 16 coded segments, emotional attending was identified as an important factor by six out of eight respondents with three on the Company side and three on the acquired companies' side. Described at the level at which the acquirer considers and cares about the emotions experienced by the acquired employees. Emotional attending is an important element for effective communication and relationship building. By practicing emotional attending, the acquirer can demonstrate that they care about the employees and their well-being and create a safe and supportive space for them to express themselves: *We need to be more patient and like I said, communication and respect are especially important to the acquired employees. They may be afraid to raise a question and they may even have some concerns, so we need to properly manage that."* (R3). In one case, as reported by the respondent A3, employees at the target company expected to have severance paid by the previous owner and join the Company after the acquisition as new hires, as a result they became extremely resistant to the acquisition. At the time the acquisition was not finalized so the Company did not have to engage with the target company employees, however, to ensure a smooth transition and help the employees to understand the process, the Company talked to the employees, addressed questions, and successfully made the transition.

Support. 16 codes were assigned to the support factor across four out of eight interviews. Employees of the acquiring and acquired companies may experience stress and uncertainty during the M&A integration process. By offering support at this difficult period, acquirers may raise spirits and allay fears, which will promote work satisfaction and retention. Moreover, providing support on prioritization can help to align on targets and minimize process disruptions: *"Align on the set of priorities and understand how long it will take to complete those tasks. Then help them understand which milestones can be delayed <…> and help them communicate that to the broader organization <…> there may be other functions dependent on their deliverables so make sure to help them achieve the understanding from further organization and why other priorities are more important at the time. <…> Once they feel that support, they tend to become much more comfortable to communicate with you on what they need to do instead of feeling frustrated."* (R4). Another important aspect in assisting knowledge transfer and cultural integration is a buddy system that pairs up employees from the acquiring firm with those from the acquired company. Where applicable, it may not only speed up knowledge transfer, but also provide employees from the acquired company exposure to the broader organization outside their primary region and work function: *"In finance, it was really difficult for* *people to interact in this new world, so we got assigned like a buddy who had the same position inside the Company and she relocated to our facility and has been with us for six months now which has really sped up some of our integration processes."* (R-A5).

"Me" issues. 13 coded segments were attributed to this factor. Six out of eight respondents referred to the so called "me" issues that can be described as personal issues that employees and other stakeholders may have such as uncertainty regarding job security, cultural differences between the merging organizations, and adjustments to remuneration or perks. "Me" issues are typically prevalent at the beginning of the acquisition when employees at the acquired company view the acquirer as the unknown: *"Once the deal is made, of course the people they have concerns about their future and about their job security, about their package and also who will be their manager. <…>. They are worried about the change."* (R3). Thus, at the beginning of integration, the acquirers must understand that employees care less about the big picture than about what the acquisition means for them: *"Hey you have to change your email address, you have to do this and that and finally it's not key for people. They would rather know who their new boss is, what the organizational chart looks like, etc."* (R-A5). Failure to effectively address these questions can lead to a decline of engagement, cause frustration and eventually lead to increased turnover. Psychologically, people tend to be anxious in situation where they cannot predict what is going to happen next, suggesting that acquirer transparency is key in addressing these issues and turning them around towards positive outcomes: *"Change in itself can also be interesting. Of course, as long as you know you are safe at your job."* (R-A2).

Transparency and trust. Accounting for 12 coded segments, transparency and building trust go hand in hand and have been coded in intersection with other factors such as: collective sense-making, building relationships, communications, and layoffs factor. Thus, suggesting it is a supporting factor helping to achieve effectiveness across many areas: *"Open and transparent communication is very important to help the acquired employees to get to know the Company, and that's very important success factor, because once people trust you, they respect your culture and start to become a part of the team."* (R3). Transparency is a tool to earn trust which is especially critical in situations where the acquirer needs to push the employees at the acquired company towards more aggressive targets or have them volunteer information for performing assessments. For example, in one case and HR person had to gather information about the employees to perform talent assessment and received feedback as the following: *They said why are you guys pushing us so much – it seems like you don't trust us."* (R2). While the acquirer can demand that information, building trust through transparent communication can lead towards a more effective process. In one case, due to turbulence in the market there were a number of layoffs several years into the acquisition. While that put a negative spin on the overall employee morale, the overall sentiment is that they appreciate the transparency and Company executives taking the time to hold an employee town hall, explain the situation and answer questions. Suggesting that even in the most difficult situations, transparency can help build trust with the employees and mediate negative impacts.

Inclusivity. 10 segments across three interviews with the employees from the acquired companies were attributed to the inclusivity factor. Majority of these codes were captured in the interview with the respondent R-A4 who found it particularly appealing that the Company sets diversity goals and has a number of employee resource groups (ERGs) functioning inside the Company. While the respondent shares that the employees at the acquired company A4 viewed these elements as perks, the Company could have done a better job leveraging them to benefit the integration: *"I remember* *the first time I heard about the Company, I researched their website and saw that there are these ERGs. I saw there was this women's network and so I asked whether I can be a part of this. They told me I can join, but I had to ask about it – there was no like hey this is available."* (R-A4). Getting employees involved in the events and employee activities at the acquirer company could get them more excited about the acquisitions, help build engagement, trust and reduce animosity. One way to build inclusivity is through the acquirer merchandise and marketing materials. Respondents report that changes in building signage, items with branded with the Company name, as well as simply referring to the acquired employees as the Company employees helps feel them more as part of the Company.

National culture. 9 segments across two interviews with the Company employees and two with the acquired companies' employees were attributed to the national culture factor. Interestingly, the national culture does not come up as a significant determinant of integration outcomes. Across all interviews much more significance is attributed to the organizational culture and even in the cases where the respondents from the Company were asked about the impact of national culture, they do not identify attributes arising from national culture distance: *"We apply the same approach to all the different regional teams because we are organized by function, and they are organized by region. So, the same procedure for some regions could be perfect pace but for some could be too slow or too fast."* (R4). Thus, knowing that the acquired company A5 was organized and managed regionally instead of functionally, it is difficult to make the distinction whether it was national culture that had this varying impact, or whether different regional entities formed separate organizational cultures by functioning independently from each other. However, employees at the acquired companies identify some of the differences in national culture: *"The Company needs to understand that maybe recognition events and teams building in Germany is different from what you do in Mexico. <…>. In Mexico they have events with music, take lots of pictures or whatever and in Germany you ask someone can I take a picture and they are like no no no don't take a picture of me."* (R-A2). This suggests that there is a gap in how the Company addresses differences in national culture as they place the primary emphasis on the organizational culture. The primary aim in regard to culture seems to be implementation of unified organizational culture across all entities of the Company, however, there is a benefit in taking into account differences in national culture and tailoring certain organizational culture elements to increase employee engagement.

Talent assessment. Strategic actions taken to ensure key talent retention were attributed to the integration strategy factors category in the previous subsection. However, here talent assessment in the human factors category is attributed to the talent recognition and conscious effort to cultivate that talent and build employee engagement. 7 coded segments across three interviews were attributed to this factor. The Company goes being simple identification of key personnel and building out retention plans. The seem to make the effort to understand workforce strengths and weaknesses and determine how they can best contribute to the success of the newly merged organization: *"I think the Company saw what our strengths were, we saw what their strengths were and so the Company kind of combined that arranged it to how it made sense."* (R-A4). The effort to foster talent is also evident from the interviews with the respondents from the Company: *"You know in some cases we even encouraged some people to apply for roles that were outside of just A1. The roles that they were interested in."* (R1). Assessing the talent and engaging in discussions with the acquired company employees to understand what they want to pursue career-wise can help build engagement as well as increase employee retention and aid in filling open positions.

Resistance to change. Six coded segments across five interviews were attributed to the resistance to change factor. The respondents shared examples on cases there was some resistance from the acquired company employees and while resistance to change can be detrimental to PMI outcomes, it has been effectively managed in the case of the Company. In the case of acquisition A1, the sales team used to set the product pricing, and in the case of the Company, product managers set the pricing. Thus, the sales team at the acquired company resisted the new ways and continued to overpromise the customers. In cases like this, strong leadership and communication are very important in order to address resistance in a timely manner. It has also been reported that long-term employees are typically more resistant to change and more set in their ways. Also, it is evident that resistance can appear on all levels and functions and unavoidably some people would rather leave than anticipate the upcoming changes. Analyzing code relations, it was revealed that resistance to change intersects with segments coded in factors such as acquired employees attitude, emotional attending, “me” issues, and communication, leadership thus suggesting that acquirers should focus their efforts to overcome resistance by attending to the emotional side of the employees through effective communication and leadership.

Respect to the acquired company legacy. The last factor in the human factors category accounts for four coded segments across three out of eight interviews. A company's history, culture, values, and reputation - all of which frequently take years to establish are referred to as a company legacy. These are significant resources that have helped the business succeed and are highly appreciated by stakeholders, including the employees and clients. The respondents suggest that by paying respect to those elements, the acquiring company can leverage elements that made the acquired company an attractive target to their own benefit as well as build a sense of inclusivity: *“To create a sense that they belong here is to really empathize why we acquire them. You know like to celebrate their success, their global footprint, and their capabilities and their success in the past. Because we enter their space, and we are new while they are the experts.”* (R4). Preserving the elements that work well, can aid in knowledge transfer, as well as retaining employees and customers: *“A lot of these associates have been here for 20 something years and they have been here growing up together with the company and they are very knowledgeable of the product line.”* (R-A1). Also, paying respect to the acquired company legacy can help cultural integration: *“I think it is important to think about what has been great from the inherited culture and what are the things that should be adopted and how we can learn from each other to make the best out of the integration.”* (R-A2). Respecting the heritage of the organization shows that the acquirer is dedicated to creating a successful and long-lasting organization that recognizes the inputs of all stakeholders, which can ultimately foster trust and collaboration.

4.4. Comparison of the Cases

In order to provide more valuable insights into what factors are perceived as important by the acquirer and what factors are perceived as important by the employees from the acquired companies, a cases comparison was performed. As outlined in the Research Methodology chapter, the interviews were performed with four respondents from the Company who have been involved with the integration efforts for acquisitions A1, A2, A4, and A5. Respondents R-A1, R-A2, R-A4, R-A5 are each from one of the four acquired companies and the suffix after the dash represents which acquisitions, they joined the Company through. This subsection shall provide insights into what factors are seen as important both by the acquirer and the acquired employees using case comparison models that represent up to 10 factors with the most coded segments that are common for both participants as well as up to 10 factors with the most coded segments for each respondent individually.

R1 and R-A1. Respondent R1 representing the Company described A1 as one of the more difficult integrations due to difficult organizational culture inside A1. Previously owned by a private equity, the company has been through acquisitions several times before, which did not aid in employees' attitude towards the Company and resulted in a lack of enthusiasm at the beginning of the integration. Two-cases model (Figure 8) comparing answers between respondents R1 and R-A1 the most common factor between the two respondents is the acquired company culture and communication. Six factors occurring between the two respondents are from the integration strategy factors category, namely: (1) communication, (2) leadership, (3) employee retention, (4) previous M&A experience, (5) strategy communication, and (6) integration speed. Another four factors occurring between the two respondents are from the human factors category, namely: (1) acquired company culture, (2) company culture, (3) building relationships, and (4) motivation. Also, it is evident that in the case of the interview with R-A1, there are eight more factors captured that do not intersect with the factors identified in the interview with respondent R1, the most important of which, with 11 captured codes, is acquired employees' attitude, confirming that how employees perceived the acquisition, and the acquirer may have caused difficulties with the integration. Also, the respondent R-A1 is much more focused on the "human side" of the integration process as seven out of these eight non-intersecting factors are from the human factors category. This may be due to the fact that the respondent was hired upon the acquisition to help manage culture and the integration of humans, making the human factors a core focus of their role. On the other hand, respondent R1 is a business unit vice president involved in due diligence as well as integration leader, thus it is evident that the non-intersecting factors on the R1 side are more focused on M&A background and integration strategy implementation factors. Overall, a conclusion can be made that in the case of A1, acquired company culture played a big role in the integration and was managed through effective communications, leadership, and employee retention practices.

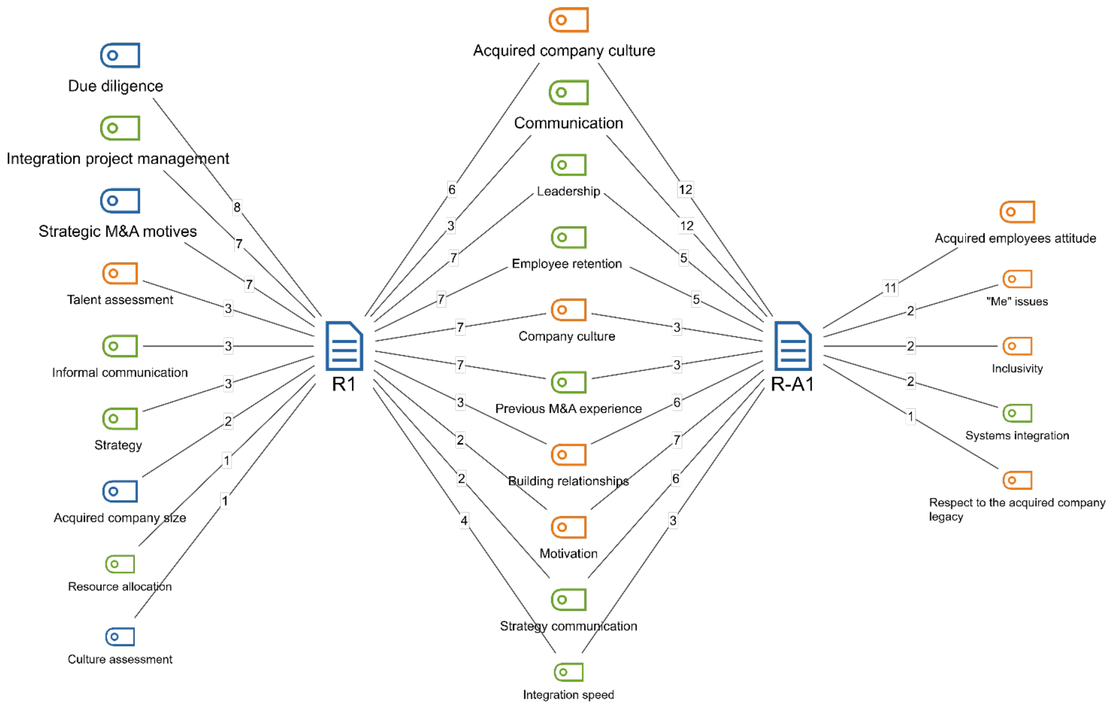

Figure 8. Codes comparison in the case of acquisition A1.

R2 and R-A4. Based on the interviews, the acquisition A4 does not stand out as being particularly difficult, however, the respondents report that there have been some good outcomes and generally there is good feedback around the integration implementation efforts, suggesting there are some best practices worth taking into account. In the case of acquisition A4, there is an equal number of factors intersecting between the two respondents (Figure 9). Five most common integration strategy factors commonly identified the by both respondents are: (1) culture integration, (2) integration speed, (3) layoffs, (4) leadership, and (5) integration project management. There is also an intersection of five human factors: (1) motivation, (2) transparency and trust, (3) collective sense-making, (4) building relationships, (5) acquired company culture. Based on the interviews with the respondents R2 and R-A4 the Company did a good job motivating employees at the A4 through reassurance on showing the potential of the acquisition also represented by motivation being the most common intersecting factor. One of the motivation building practices by the Company as reported by the respondent A2 was promoting the employees at A4 to management positions, as well as through generous compensation plans and support. Respondent R2 shared that the Company was transparent in their communications helping to earn the trust of the employees which is supported by the statements from respondent R-A4: *"They have been as transparent as possible throughout the journey."* In this case, unlike in the case of A1, there are no M&A background factors on the Company respondent side R2. This may be due to the case that the respondent R2 is only a part of the integration teams, however, they are not a part of due diligence and is not involved in the M&A decision-making, thus the majority of non-intersecting codes on the R2 side are concerned with the integration strategy. On the other hand, respondent R-A4 was particularly motivated to become a part of the Company due to the fact they set diversity goals and enable ERGs activity, thus the most common non-intersecting code group on the side of R-A4 is inclusivity. Management influence on perception factor stands out in the case of R-A4 as the only M&A background factor. The respondent shared that they found it particularly valuable how the previous management of A4 took the time to get employees excited about the acquisition and took the time to say goodbye to the employees. In conclusion, the case of A4 further enforces the idea that the importance of different factors varies on an individual level depending on where a person is on the integration team and what their personal circumstances are. However, through effective motivation mechanisms, transparency and effort to build collective sense-making an relationships the Company was able to realize synergies and achieve positive outcomes

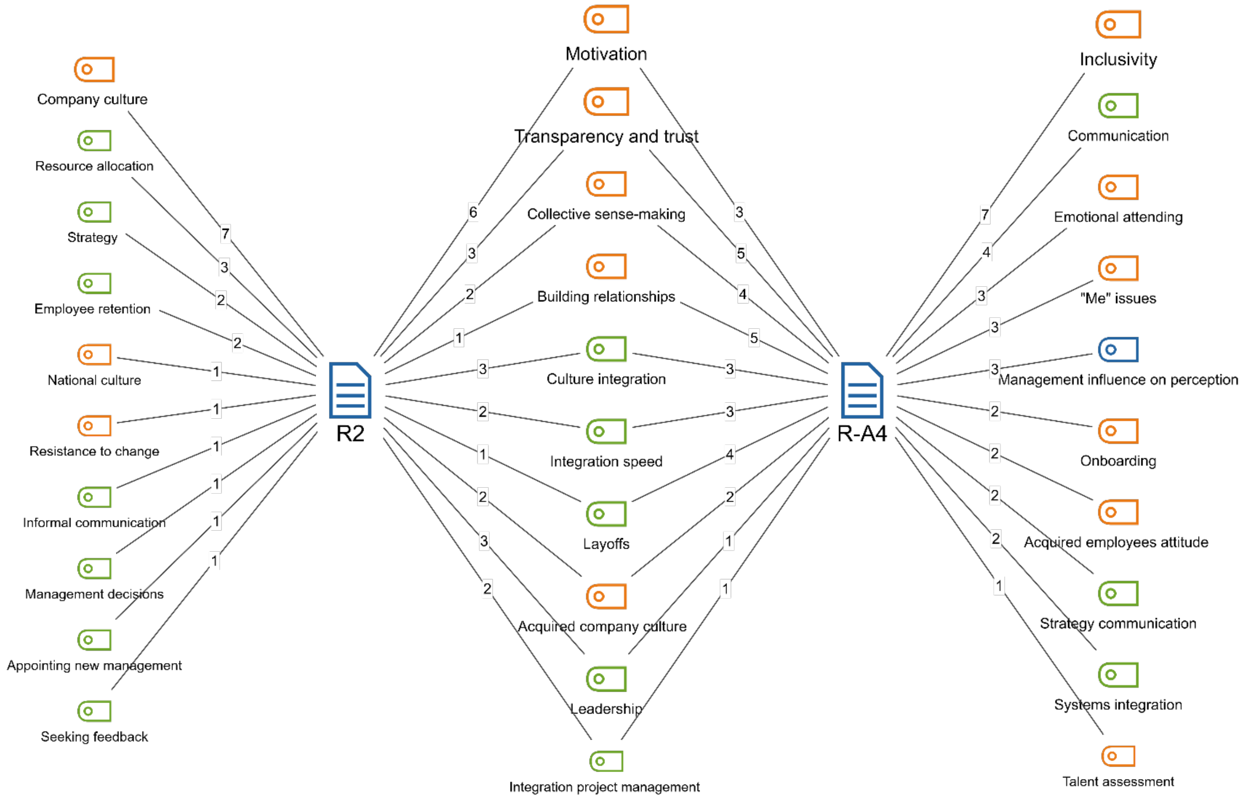

Figure 9. Codes comparison in the case of acquisition A4.

R3 and R-A2. All respondents who have been exposed to the integration of A2 referred to it as the most difficult integration where there was resistance from the employees as well as setbacks caused by differences in the organizational culture. Prior to acquisition A2 was run hierarchically with extremely strong top-down approach. While the Company is also structured hierarchically, it incorporates some of the more collaborative and flat organizational elements that value accountability and team-oriented approach. This is a likely reason why the most common group of intersecting codes is culture integration. Respondent R3 is a human resources vice president who is also involved in M&A due diligence, thus the non-intersecting factors also include elements of M&A background factor group, as well as integration strategy, and human factors. Two factors that stand out on the non-intersecting side of the respondent R-A2 are appointing new management and guidance. Based on the interview it is evident that in one of the A2 locations the Company made a mistake of appointing a new manager from outside the organization who was a poor cultural fit and caused integration setbacks. As the manager was replaced a couple months later the integration was set to be back on track, however the unfortunate and frequent changes in management have caused turmoil inside the company and resulted in a lack of guidance. Both respondents most commonly referred to integration strategy as an important PMI factor (Figure 10). Six out of ten intersecting factor are in the integration strategy factors category, namely: (1) strategy, (2) culture integration, (3) communication, (4) leadership, (5) strategy communication, (6) integration speed. Another four intersecting factors from the human factors category are: (1) acquired employees' attitude, (2) Company culture, (3) emotional attending, and (4) "me" issues. To sum up, the intersection of factors suggests that even if strategy is the most common intersecting factors, code frequency on the side of the respondent R-A2 is only three coded segments, while culture factor has eight coded segments and non-intersecting factors appointing new management and guidance have nine coded segments each. While this case is rather specific, it suggests that in cases like this that are difficult integrations, the acquirer should especially focus efforts on tailoring their integration strategies taking the time to understand what does not work in case x and what issues should be addressed.

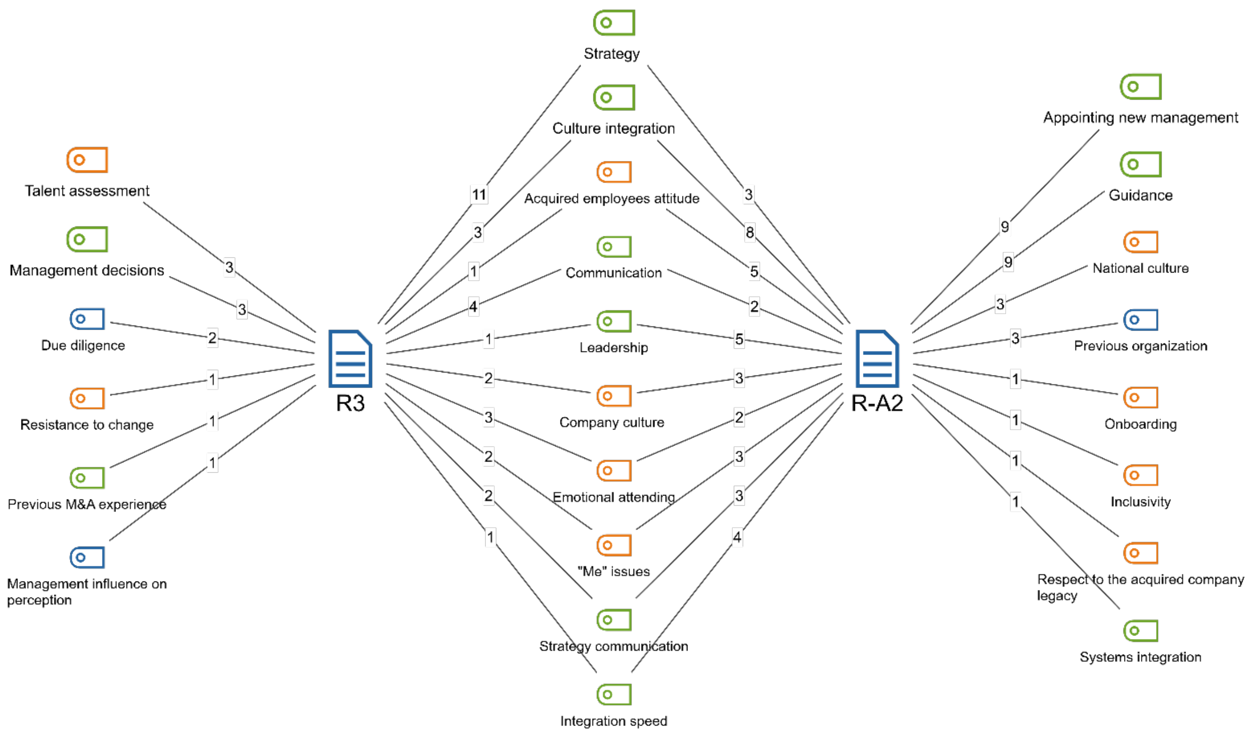

Figure 10. Codes comparison in the case of acquisition A2.

R4 and R-A5. Out of all four acquisitions analyzed in the paper, the A5 is unique in terms of the respondent R-A5 possessing unique knowledge as they were involved in the due diligence process prior to A5 getting acquired. With the acquisition, the respondent assumed the role of an integration manager serving as the intermediary between the Company and A5. Also, this is the only integration out of the four that is not yet completed, as well as it is the biggest one in terms of the number of employees. Respondent R4 shared that upon starting the integration, the integration team had learned that previously A5 was organized and managed by region instead of being organized by function which had caused integration setbacks. Thus, due to the differences in organizational structures as well as due to A5 being dispersed across different regions building collective sense-making was the most common intersecting factor between the two respondents, especially stressed by respondent R4 with 14 coded segments. Majority of the intersecting segments represented in Figure 11 are from the human factors category: (1) collective sense-making, (2) acquired company culture, (3) building relationships, (4) support, (5) acquired employees' attitude, (6) national culture. Three of the intersecting code segments are from the integration strategy factors group: (1) communication, (2) integration speed, (3) seeking feedback. A5 is the only case out of four where one of the intersecting code segments belong to the M&A background category, namely culture assessment, as both respondents believe the Company would have benefited from culture assessment during due diligence which could have also prevented set back due to realized different than anticipated organizational structures. Overall, there are many more non-intersecting factors on the side of the respondent R4, with six out of ten factors falling into the integration strategy category. Summing up, from the two-cases model it is evident that the integration is still ongoing, and the efforts are focused around building a shared understanding of collective action across different regions and functions, dealing with acquired company culture and building relationships by leveraging communication as an integration tool.

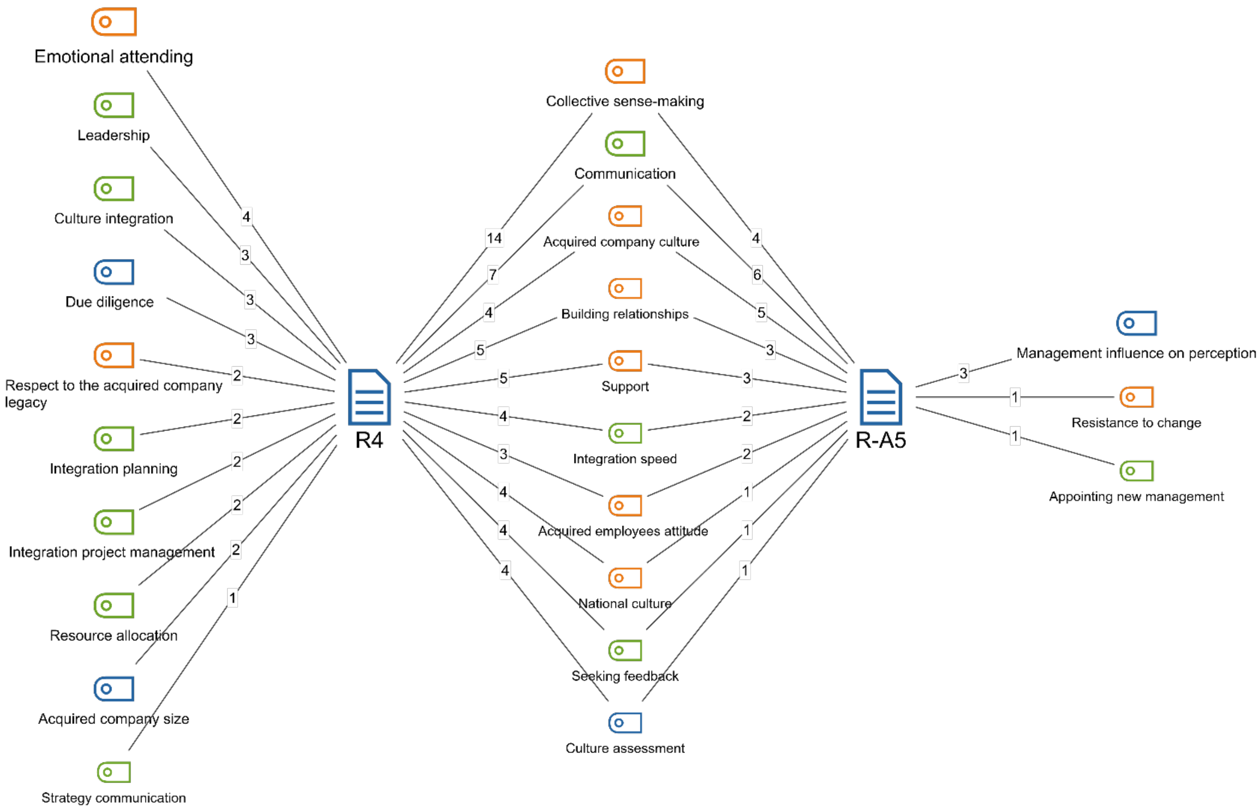

Figure 11. Codes comparison in the case of acquisition A5.

In conclusions, 23 intersecting groups of coded segments across the four pairs of interviews represent factors from integration strategy factor group, 19 intersecting groups of coded segments represent factors from human factors group, and only 1 intersecting segment from the M&A background factors groups. This suggests that integration strategy and human factors go hand in hand and while the acquirer is concerned with the big picture of the M&A and places more emphasis on the M&A background, it is not something that the employees at the acquired companies are concerned with. The most common intersecting factors across all four pairs of interviews are leadership, integration speed, communication, acquired company culture and building relationships (Table 7). Suggesting those are referred as the most important factors influencing human integration in M&A.

Table 7. Count of intersecting factors across four pairs of interviews.

Row Labels	Count of Intersecting factors
Leadership	3
Integration speed	3
Communication	3
Acquired company culture	3
Building relationships	3
Acquired employees' attitude	2
Strategy communication	2
Company culture	2
Motivation	2
Collective sense-making	2
Culture integration	2
Transparency and trust	1
Culture assessment	1
Seeking feedback	1
Previous M&A experience	1
National culture	1
Integration speed	1
Layoffs	1
Strategy	1
Emotional attending	1
Support	1
Employee retention	1
"Me" issues	1
Integration project management	1
Grand Total	**40**

Overall, based on the interview pairs comparison, it is evident that the perception towards the integration objectives differs between the acquirer and the employees at the acquired companies. While employees from the Company place a lot of emphasis on the strategic compatibility and are focused on achieving strategic and financial objectives, acquired employees, are concerned with job security, career development, and feeling included. The Company tends to communicate from a top-down perspective, focusing on the rationale for the acquisition and the benefits for the combined organization. Acquired employees, however, may feel left out of the communication loop and may be more interested in hearing about how the acquisition will impact them specifically, who their new leaders are, how they can get involved in the activities inside the company and build connections, and what is the shared vision they are working towards achieving. When the Company fails to address these areas of interest, they create a sense of frustration and mistrust.

4.5. Summary of Research Results and Discussion

Corresponding with the aim of the research, interviews conducted at the case company allowed to identify and evaluate the influence of M&A background, integration strategy, and human-related factors on human integration following M&A. This section provides insights into the research findings, sets out suggestions for future research as well as managerial implications.

Following the research objectives M&A background factors that have an influence on human integration were identified. In total, 61 segments were coded and attributed to M&A background factors category making it the smallest influencing factors group with six coded factors and one subfactor within previous ownership factor group (Figure 4). The research showed that previous company ownership as well as management influence on employee perception have the most influence on how employees perceive the acquirer. Companies previously owned by private equity are typically managed with a limited lifespan funds; after a few years, the assets they acquired are reorganized and sold, with the proceeds going to the subscribers (Meeks & Meeks, 2022). The frequent change of ownership in private equity firms has both negative and positive effect with the negative effect being that the employees perceive the acquirer as temporary owner and expect change in ownership in the near future. On the other side, being acquired by a publicly held company as the research case company, employees view the stability as a positive outcome.

According to Steigenberger (2017) employee perception towards the acquirer is socially constructed by interactions with others and seeing change as an opportunity or threat is more of a personality trait and may or may not transfer into actual resistance. Human interactions with one another and leadership actions can both have an impact on how someone feels about change. Thus, the acquirer may leverage previous ownership component to their own benefit by reinforcing the stability component. A subfactor management influence on perception within the previous ownership factor group was discovered. Steigenberger (2017) claims that resistance from stakeholders is especially important if they have the authority to directly influence the integration process. Especially in smaller close-knit companies, the previous owners as well as newly assigned managers play an important part in setting the tone of the acquisition. If they enforce the change, take the time to talk to their employees as they hand their company to the owner, it can improve overall employee morale. M&As are emotionally demanding events and organizations can benefit from assigning leaders who have a positive outlook on stressful situations like M&A. Managing the emotional climate should be taken into account during PMI because negative emotions can quickly lead to unwanted actions (Melanie et al., 2018). Also, Larsson and Finkelstein (1999) found that the degree to which managers in combined firms emphasize taking risks, having authority, and following rules known as management style similarity has significant effect on employee resistance, the lower similarity, the greater resistance.

Due diligence is certainly an important factor on the acquirer side to determine the business fit. However, in the case company, no due diligence is performed on company culture. While assessing the human factors it has been found that acquired company culture (29 coded segments) is far more important than the national culture factor (9 coded segments). Because organizational culture is ambiguous, it is extremely difficult to conduct a thorough analysis of the cultural risks involved in each deal. A pragmatic cultural analysis that allows for a clear comparison of the cultures of the merging organizations is necessary. Both academic research and business practice provide evidence that it is essential to determine whether and how these challenges will be handled during a process of cultural integration by recognizing the inescapable differences and similarities between the organizational cultures of the merging organizations (Galpin, 2014). Overall, M&A background factors set the tone for the integration and while they have not been found to be perceived as significantly important to the acquired employees, the acquirers should take these factors into account in order to be better prepared to mitigate potential risks.

Integration strategy factors that are important to human integration following M&A were identified. With 272 coded segments, integration strategy factors group with 19 factors and subfactors. Communication is the most significant factor in the factor group with 59 coded segments that also include sub-factors strategy communication and informal communication. In fact, in the human factors group, collective sense-making has been discovered to be the most significant integration factor. Steigenberger (2016) has found that the continuous management of the human side of the integration involves leadership and communication-based interventions that focus on motivating stakeholders and mediating issues brought on by contextual or structural changes. In terms of both internal and external stakeholders, it also refers to the management of stakeholders' perception of an ongoing integration process through sense-making activities. Thus, the two most significant factors in the human factors and integration strategy factors groups are closely intertwined and also tie back to the management influence on perception factor in the M&A background factors group as through communication, leadership can influence how others perceive a particular process or event and can have an impact on integration outcomes.

Regarding the integration strategy itself, integration planning and overall project management have been found to correlate with adequate resource allocation. In the case company a lot of the best practices and lessons learned from separate acquisitions are held tacit as there is no dedicated integration team for all acquisitions. For larger acquisitions, integration teams are created ad hoc and dismantled when the acquisition is complete. For companies, that prefer to run integration projects without dedicated full time resources, the leadership should ensure the workstream members are able to devote adequate amount of time for the integration and they leverage the experience gained from previous acquisitions. The integration needs to be viewed as a coordinated set of transformational activities. For instance, corporations typically do a good job of conveying important events via the deal's initial announcement, day-one celebrations, and similar events. But because the organization lacks both a constant strategic communication process and the senior-level resources required to handle this important responsibility, those events are frequently followed by protracted periods of silence (Galpin, 2014). Human integration should be completed as quickly as possible in order to get back to the day-to-day operations and avoid employee burnout due to uncertainty (Davis, 2012). The research revealed that prolonged integration causes disruptive events due to the lack of uniform approach to various areas of the business.

Another important aspect is integration planning ensuring it is paced out evenly to avoid prolonged quiet periods that result in decrease of enthusiasm and prevent “manic” periods that cause burnout and frustration. Also, it has been found that even after the integration processes are complete, the “us versus them” attitude still remains in some cases even five years after the acquisition. This suggests that the value of cultural integration should not be underestimated, and acquirers should continue their efforts to create a sense of belonging and continue to reinforce common culture and values after formal integration is completed. This should be done through pragmatic culture assessment early in the integration, establishing clear strategy and common targets and managing culture continuously or it will not yield sustained results. Overall, successful M&A transactions depend on human integration because losing key talent means losing what made the acquired company exceptional and what motivated the acquirer to pursue the acquisition in the first place (Venema, 2015). Exceptional attention should be paid to assessing talent and ensuring they are compensated fairly and provided development and career building opportunities, as it was found to have a positive effect on the overall employee morale when they see that their colleagues and managers are being promoted and take on more responsibilities within the merged organization. On the other hand, layoffs have negative impact on the employee morale, which can be minimized through transparency and effective communication.

Human factors influencing human integration were identified. In total, 267 segments were coded and attributed to human factors groups. The collective sense-making mentioned in the previous paragraph was discovered to be the most influential factor in this factor group. Steigenberger (2017) talks about the significance of collective sense-making and suggests it can greatly benefit organizations because it enables the development of common understanding and meaning among group members. It can aid in fostering teamwork and encourage better decision and problem-solving processes. One way to build collective sense-making is through applying onboarding practices and ensuring that the employees have the necessary tools, knowledge, and resources to be successful in their roles. In regard to culture, national culture has been attributed far less significance than organizational culture and people-related aspects of the company's culture, such as values, attitudes, behaviors, and interpersonal relationships. According to Galpin (2014), because cultural integration seems so challenging to manage, many organizations choose to ignore it. Instead, they concentrate on the integration types that involve operations, machinery, systems, and processes, which are thought to be more concrete. However, there must be clear connections between the organizational culture, strategy, and operations of the merged organization to achieve and maintain desired transaction results.

The way employees perceive the M&A can impact their morale, productivity, and engagement, and ultimately determine the success of the integration. To build a sense of belonging and aid in efforts to integrate culture, managers should build relationships with the employees and create motivation mechanisms. And while national culture was not attributed a lot of significance in the case company, emotional attending factor emerged, and, as proposed by Reus (2011) acquirers appear to have more trouble attending to emotions in distant cultures, and cultural training may be especially helpful in this regard. This also ties back to the call from Colman & Lunnan (2022) who raised a question whether relationship building can be standardized across different acquisition and suggested that building relationships is far more important than creating new organizational structures. The research supports the notion that relationship building is crucial for the integration success and suggests they can be built through effective communication, team building events and informal gatherings and are reinforced by feelings of trust, motivation, and support. However, these activities should be carried out with respect to national and organizational culture. Overall, "me" issues that refer to concerns that employees may have about how the M&A will affect them personally, such as job security, compensation, and career development opportunities dominate across different factors. It's important to be transparent about any planned changes to roles or job functions, and to provide clear communication around integration processes, to attain trust and overcome employee resistance. While important, strategic factors concern the acquired employees less than the events that affect them directly and personally, thus, addressing concerns around job security, compensation, career development, culture fit, and workload can help to build employee engagement, reduce anxiety, and ensure a smooth integration process.

Last, the relationship between human integration and organizational integration outcomes was evaluated. The success of the organizational integration process is closely tied to the success of human integration. Without a focus on human integration, the integration process may be met with resistance from employees, leading to decreased productivity, engagement, and morale. Conversely, a successful human integration process can lead to a smoother organizational integration process, as employees are more likely to be engaged and supportive of the changes. In addition, the success of the organizational integration process can impact the success of human integration. For example, if the two organizations are not successfully integrated at the operational level, employees may struggle to work together effectively, leading to frustration and decreased engagement. Overall, it is important for both the acquirer and acquired employees to be mindful of these differences in perspectives and work to address them during the integration process. The acquirers could benefit from opening communication channels using tools such as surveys to get insights into employee perspectives, while on the other hand, they could help employees understand their perspective as the acquirer through focused communication initiatives.

While this study serves in helping understand what factors influence human integration and its relationship to overall integration outcomes, this study has several limitations. First, the study is focused on a single case company. While this research method is advocated by researchers claiming it can provide profoundly valuable data for theory testing as long as the case object possesses certain valuable features or qualities that align with study objectives (Siggelkow, 2007; Gaya & Smith, 2016), the future research could benefit from comparing multiple companies and even across different industries. Also, the research is subject to self-serving bias as the respondents may have been inclined to present a more favorable representation of their integration efforts as well as their perception of the acquirer's efforts to avoid perceived repercussions. Future research may benefit from quantitative anonymous surveys. Last but not least, the research was conducted with a single respondent from each of the four acquired companies while some of the acquisitions span across regions. Future research could benefit from examining a single cross-border case and analyzing factors influencing human integration in M&A in different case regions. Additionally, an interesting area for future research could be ownership structure influence on organizational culture evaluating how ownership type and company size shape organizational behaviors and perceptions towards M&As.

Conclusions and Recommendations

Based on the findings of theoretical analysis and result of empirical research, such conclusions can be stated:

1. M&A transactions are intricate affairs that entail a lot more than just financial considerations. Problem analysis revealed that culture clashes, leadership transitions, and employee morale are examples of human aspects in M&A that are frequently disregarded but can significantly affect a deal's success or failure. Human integration is a vital part of any merger or acquisition. The integration process can be difficult and risky without a well-planned and carefully carried-out due diligence, integration strategy, and consideration to human factors. It may lead to conflicts, talent loss, operational disruptions, and financial failures. Companies may optimize the value of their M&A deals and achieve long-term success by focusing the human side of integration and adopting a holistic strategy that takes into account human integration outcomes.

2. Upon analyzing and summarizing theoretical solutions, factors influencing human integration in M&A were identified and synthesized into primary topical groups (M&A background, integration strategy, and human factors) which allowed to create a conceptual research model. Even though numerous diverse factors have been documented and explored in academic literature and business management resources, a gap was identified during the literature analysis created by a lack of consistency in evaluating the impact of the elements influencing human integration outcomes. This served as the foundation for the research, which was conducted to identify and evaluate the variables affecting human integration during the PMI phase of M&A transactions and their significance for PMI outcomes.

3. The qualitative research methodology was applied with the expectation to evaluate what impact the factors described in the conceptual research model have on the human integration outcomes in M&A and identify additional emerging factors. The research was designed as a qualitative single case study that relies on a semi-structured interview method. A case company was selected based on it qualifying as a serial acquirer – a company that frequently engages in cross-border M&A to grow their business or investment portfolio. Based on the ideas by Malterud et al. (2016) the concept of "information power" was applied as a guiding principle in determining the sampling size indicating that the more information relevant for the study the research participant has, the less participants are needed. In total, eight participants were selected for the interviews with four of them representing the acquiring company and four of them representing companies acquired within the last five years. The interviews were coded using MAXQDA software to identify emerging factors and group them into factor groups. Interviews conducted at the case company allowed to identify and evaluate the influence of M&A background, integration strategy, and human-related factors on human integration following M&A. In total, 600 segments were coded across all eight interviews.

4. The analysis of empirical research provided findings about the factors of human integration in M&A, described in the conceptual framework:

4.1 *M&A background.* Amongst M&A background factors group, previous ownership revealed to have the most significant impact on human integration outcomes as it shapes target company employees' perception towards the acquirer. Moreover, a subfactor group of management influence on target company employees' perception was revealed reinforcing Steigenberger's (2016) idea that employee perception towards the acquirer is socially constructed by interactions with others. Overall, M&A background factors were identified more commonly on the acquirer side as they are concerned with the overarching M&A strategy. Employees from the acquired companies attribute far less importance to M&A background, although they all agree that cultural assessment during due diligence would benefit integration success.

4.2 *Integration strategy.* Amongst integration strategy factors, communication was identified as the most influential factor that also includes factors of strategy communication and informal communication. Communication factors revealed to correlate significantly with the collective sense-making factor from the human factors group as well as management influence on perception factor from M&A background factors group as employee perception towards the acquirer are constructed socially through interactions with others (Steigenberger, 2016). Also, when it comes to the integration strategy itself, resource allocation, integration, planning, and project management have been found to be critical for integration success. In terms of speed, human integration including talent assessment and systems integration should be completed as quickly as possible in order to get back to the day-to-day operations, avoid employee burnout due to uncertainty, and ensure key talent retention (Davis, 2012). The research revealed that it is hard to put a timeline on how soon employees will feel as they belong to the newly merged organization, however, prolonged integration causes disruptive events due to the lack of uniform approach to various areas of the business. Also, it was revealed that employees from the acquired integrations would prefer integration activities that are phased out evenly rather than carried out in sprints as it can result in employee frustration.

4.3 *Human factors.* Collective sense-making built through onboarding, communications, transparency, and leadership actions was revealed to be the most influential factor in the human factors category. Regarding culture, national culture has been attributed far less significance than organizational culture and people-related aspects of the acquired company culture, such as values, attitudes, behaviors, and interpersonal relationships. Building a sense of belonging through fostering relationships helps in efforts to integrate culture. Also, emotional attending factor emerged that can be built through effective communication, team building events and informal gatherings as well as reinforcing feelings of trust, motivation, and support. However, while national culture was not attributed a lot of significance in the case company, these activities should be carried out with respect to national and organizational culture as cultural differences in how employees approach relationships were revealed. Overall, issues that impact the acquired employees directly, such as concerns about job security, compensation, and career development opportunities dominate. Transparency revealed to be key in attaining trust and overcoming employee resistance.

Recommendations:

Based on the research findings, the following managerial implications were formulated:

1. Companies can construct their integration plans based on the due diligence carried out during the decision-making phases by planning financial aspects, outlining integration timelines, setting the pace, and getting ready to integrate people. It is important to assess cultural fit and prepare mitigate risks related to culture and employee resistance. Companies can leverage the strategic decisions behind the acquisition to build the trust of the acquired employees by communicating the strategic

importance of the deal. Also, previous ownership structure and the perception that the previous management builds are crucial to the success of the PMI. While replacing the unaligned management could raise concerns among employees about job security, it is important to carefully assess what impact they have on the employees and address any areas of concern.

2. Additionally, businesses must be ready to promote a culture of cooperation and communication among the employees of two merging organizations while keeping in mind that cultural fit may present a barrier to this process. Setting a paced-out integration strategy is crucial. Employees have been found to get frustrated over prolonged periods of silence followed by periods of intense integration action. Companies should target systems integration as early as possible during PMI. Finally, allocating adequate resources and building a strong communications strategy are key elements of the PMI implementation strategy.

3. Last but not least, human factors are crucial to keep in mind throughout the integration. The acquirers must build a shared understanding around the integration strategy, continuously assess existing and reinforce desired culture and timely address any issues that may arise. It is also of great importance to attend to employee emotions by addressing "me" issues early in the integration reassuring employees around their job security, building their motivation and trust. Also, key talent should be identified as early as possible and provided with adequate compensation as well as growth opportunities as it helps with building overall employee morale.

Overall, the relationship between human integration and overall integration outcomes is symbiotic, with each process impacting the other. A successful M&A integration requires a holistic approach that addresses both the human and organizational elements of integration. Ultimately, a proactive, collaborative, and empathic strategy that prioritizes the needs and interests of all engaged stakeholders is essential for a successful M&A integration.

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Appendices

Appendix 1. Interview Questions for the Company Respondents

Interview type	Semi-structured interview
Scope	The acquirer (the Company) has made 7 acquisitions (A1, A2, A3, A4, A5, A6, A7) within the past five years (2018-2022). The scope includes respondents who have supported at least one of the acquisitions within the last five years
Generic questions	How long have you worked at the Company? How many integration projects have you supported? What was the size of the acquisition(s) you've supported? What role(s) did you have on the integration team(s)? How many of the acquisitions you've supported you consider to be successful in terms of human integration?
Category 1: M&A background	Why did the Company acquire company Ax?
Category 2: Integration strategy	What were the main integration goals in terms of human integration? Do you think the Company has a good strategy for human integration in M&A? If yes: What are the strengths of the human integration strategy? If no: What are the weaknesses of the human integration strategy? Have you received any feedback about strategy implementation practices from Ax employees? If yes: what was the feedback? If no: what do you personally think were the strengths and weaknesses of the integration strategy? How fast did you seek to integrate? How long did the human integration take? How did you measure integration strategy success?
Category 3: Human factors	Could you tell me about the culture at the Ax? What was it like to collaborate with employees of the Ax? Follow up with: Do you recall any difficult situations you had to manage? How did you maintain employee engagement and morale during the human integration process following a merger or acquisition?
Closing questions	Looking back at the Ax integration, what do you think could be done better? What are the best practices? Anything else you would like to share?

Appendix 2. Interview Questions for the Acquired Company (Ax) Respondents

Interview type	Semi-structured interview
Scope	Respondents from the acquired companies
Generic questions	How long have you worked at the Ax prior to it getting acquired? What was your role prior to the acquisition? How has it changed?
Category 1: M&A background	Why did the Company acquire company Ax?
Category 2: Integration strategy	What do you think were the main integration goals in terms of human integration? Do you think the Company has a good strategy for human integration in M&A? If yes: What are the strengths of the human integration strategy? If no: What are the weaknesses of the human integration strategy? How would you evaluate the strategy implementation practices of the Company? How long did the human integration take? Do you think the speed of integration was appropriate?
Category 3: Human factors	Could you tell me a bit about the culture at the Ax prior to integration? Do you recall your feelings upon learning that you've been acquired? If yes: what were they? How did the Company address your concerns? If no: how do you think your colleagues at the Ax took the news? How did the Company maintain employee engagement and morale during the human integration process following a merger or acquisition? What was it like to collaborate with employees of the Company during integration? Follow up with: What is it like now? Do you recall any difficult situations you had to overcome?
Closing questions	Do you consider integration efforts to be successful in terms of human integration? Looking back at the Ax integration, what do you think could be done better? Anything else you would like to share?