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Integrating Acquisitions

An examination of which variables affect the level of integration: a case study

Bachelor thesis

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Abstract

This thesis studies mergers & acquisitions and its integration process. The main focus has been to examine the variables that affect the level of integration. An initial literature review was conducted where the authors found a slight discrepancy within the M&A literature about which factors should determine the level of integration. The authors found this interesting and decided to investigate it further, wherefore a case study was conducted. The empirical findings were analyzed using the theoretical frame of reference and the authors found the variables in the theories to be applicable. However, there might be a common ground where the theories intersect wherefore a framework was developed, taking all variables affecting the level of integration into consideration simultaneously. The findings, both theoretical and empirical, suggest that the variables that do affect the level of integration are the motives behind the acquisition, the organizational relatedness and the need for strategic interdependence or organizational autonomy.

Keywords: Mergers and acquisitions, M&A, integrating acquisitions, motives, relatedness, strategic interdependence, organizational autonomy, level of integration

Table of Contents

1. Introduction

This chapter will present a general background on mergers & acquisitions with emphasis on the importance of this topic. Thereafter, the chapter will present the area of research and problem identification, followed by an exposition of the purpose, the research question, the delimitations and the disposition of the thesis.

1.1 Background

To merge and acquire companies is a popular way of adding value to an organization. It is the most common way to achieve rapid growth (Som, 2009). But also a common way to enter foreign markets (Som, 2009; Roberts and Barry, 1984), get access to intellectual property rights, or to acquire particular expertise and knowledge (Cartwright and Cooper, 1993; Gaughan, 2001). According to Shau et al (2012), the global mergers & acquisitions, henceforth called M&As, totaled 2,178.4 billion US dollars and there were 12,455 deals announced in 2011.

Two types of acquisitions exist, friendly or hostile (DePamphilis 2012). Friendly acquisitions occur whenever the board of the target company approves the acquisition and recommends its shareholders to accept the bid. Contrary to that, hostile acquisitions occur when the initial approach from the acquiring firm is unwanted by the target company, which does not want to be acquired or merged. A friendly acquisition is therefore preferred, since they often consummate at a lower price, and the post-merger integration is much easier to conduct since both parties cooperate (Ibid).

The assertion about friendly or non-friendly M&As is supported by Pritchett et al (1997), although they divided the two groups into four sub groups that spans from cooperative to adversarial (figure 1). This framework is supposed to help management to cope with problems that might occur during the M&A processes.

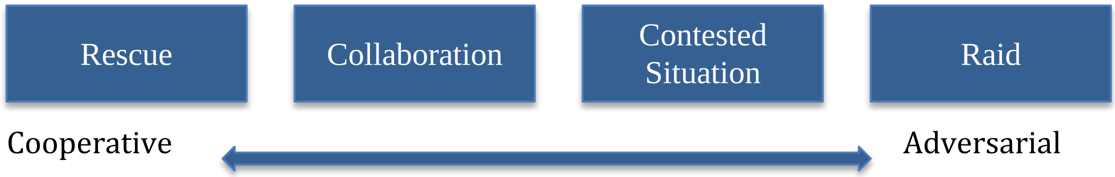

Figure 1 Acquisition Strategies (Pritchett et al, 1997, p. 17)

The first category of a friendly acquisition is a rescue operation, which is initiated by a company that is in a direct need of a savior. The acquirer either performs a financial salvage operation or acts as a white knight. The second category of a friendly acquisition is the collaborative acquisition, characterized by the mutual efforts of both companies to merge. The contested situation is quite similar to the collaborative acquisition, but there is one major difference, since here it is only one company that has a strong will to close the deal. The raid is a direct hostile takeover where personal motives from executives are an important factor for the acquisition.

According to Schweizer (2005) there are as many motives behind M&As as there are number of M&As, since all companies have different needs and capabilities. Every M&A agreement will be unique in some aspects, although there will be a remarkable number of features they all hold in common (Pritchett et al, 1997). Mergers are enough alike, that one can learn from one and apply it to the other, so that managers and executives can be told what to expect and how to contend with the M&A effectively (Ibid).

The motives behind the M&A are necessary to take into consideration when studying the integration between the acquiring and acquired company, since they often determine the integration approach and the level of integration chosen (Shrivastava, 1986; Haspeslagh and Jamison, 1991; Schweizer, 2005).

Brouthers et al (1998) divides the motives into three main groups, namely economic, personal and strategic motives (table 1).

Table 1 M&A motives, (Brouthers et al, 1998, p. 348)

Economic motives	Personal motives	Strategic motives
Economies of scale	Increase sales/firm growth	Pursuit of market power
Increasing profitability	Managerial challenge	Acquisition of a competitor
Risk-spreading and cost reduction	Acquisition of inefficient management	Acquisition of raw material
Create shareholder value	Enhance managerial pride	Creation of barriers to entry

According to DePamphilis (2003), most M&As are a result of a number of different motives combined. Some of the more common motives are business synergy, financial synergy, diversification, market power, strategic realignment, hubris, acquiring undervalued assets, mismanagement, managerialism and tax considerations (Ibid).

Although the concept of M&As is very popular and often appreciated by investors, the outcome of an M&A does not always meet the expectations. Kelly et al (1999) states that of the benefits anticipated from M&As, only about 75 % of the benefits were attainable. Another study made by Jennings (1985), showed that over 70 % of the acquisitions studied failed to meet expectations. With this stated, it seems that to merge and acquire, i.e. to put together two autonomous businesses and make it into one, is not as easy as it might seem. Either the expectations from an M&A need to be lowered, or most of the companies of the world have to improve and gain more knowledge about M&As.

One of the most important elements to make an M&A successful is the integration process (Bohlin et al, 2000; Datta & Grant, 1990), which is determined by the level of integration chosen. The level of integration spectrum ranges from a laissez-faire approach with minimal contact between the target and the acquirer, to a full integration approach where the two organizations truly merge into one (Hubbard, 2001). However, a closer integration between the companies will not necessarily make the M&A more successful (Bohlin et al, 2000; Datta & Grant, 1990.). In some cases less integration between the companies is needed to make the M&A successful (Ibid). This is why the level of integration is such an important element to take into consideration and why it is important to study.

1.2 Problem identification

The authors have found a discrepancy within the M&A literature about which factors should determine what level of integration to choose. Hubbard's (2001) view is that the level of integration is determined by the strategic motives behind the acquisition. Another view is presented by Howell (1970), Dundas and Richardson (1982) & Datta and Grant (1990). They claim that the level of integration should be determined on the basis of the relatedness between the two businesses. A third view is presented by Haspeslagh and Jemison (1991) whom claim that the level of integration should be dependent on the need for strategic interdependence and the synergies that is to be realized versus the need for organizational autonomy between the two firms. Do all these variables really affect the level of integration?

1.3 Purpose

The purpose of the thesis is to contribute to the M&A literature by studying an acquisition and analyze its level of integration, in order to examine what affects the level of integration.

1.4 Research question

What variables affect the level of integration?

1.5 Delimitations

This thesis will solely focus on the variables that affect the level of integration between the acquirer and the acquired company. There will be no discussions about key aspects for a successful M&A integration. The authors are aware that much of the M&A literature focuses on how to conduct the integration process, rather than deciding the level of integration. Wherefore, this thesis aims to act as a counterweight to the other M&A literature and focuses on the level of integration.

The framework, developed by the authors, which will be presented in this thesis, is not indented to be used as a tool for managers, but rather as a guideline for understanding the theoretical aspects of what affects the level of integration.

1.6 Disposition

Theoretical frame of reference – this section provides the theoretical basis for this thesis. The theories presented will describe and explain the different points of view on what should determine the level of integration.

Methodology – this section describes how the research process for this thesis was conducted. The research approach, the research method and the case study is described along with a discussion of the validity and reliability of the research approach.

Empirical findings – This section presents the empirical findings. The empirical data has been gathered from Company Alpha, during four in-depth interviews with the executives involved in the acquisitions. The first part describes Alphas acquisition of Beta and the second part describes Alphas acquisition of Gamma. These parts are thereafter divided into two sections, one describing the motives behind the acquisition and the other describing the integration processes.

Analysis and discussion – This chapter analyzes the empirical findings and how it correlates with the theoretical frame of reference. Thereafter, the existing theoretical models will be discussed and a combined framework, developed by the authors, is presented.

Conclusion and suggestions for further research – this section presents the author's conclusion as well as recommendations for further studies.

2. Theoretical frame of reference

An important part of the integration process is to determine the level of integration. The level of integration ranges from nearly non-existent to a full integration between the two companies. The authors have found three main views that determine the level of integration, all of which will be presented below.

2.1 Integration based on strategic motives

The first view, held by Hubbard (2001), is that the strategic motives behind the acquisition will determine what level of integration to choose. When the level of integration is decided there is a delicate balance between achieving the acquirer's goals in the quickest possible time and the potential disruption of the acquired firm's business, so that the expected benefits from the acquisitions cannot be realized. There is also a balance between cost and achieving a deeper level of integration. Hubbard (2001) also states that personal motives are common in M&As, but generally do not affect decisions regarding the level of integration. Hubbard (2001) has developed a framework that can be used to determine the likely level of integration during an M&A (figure 2).

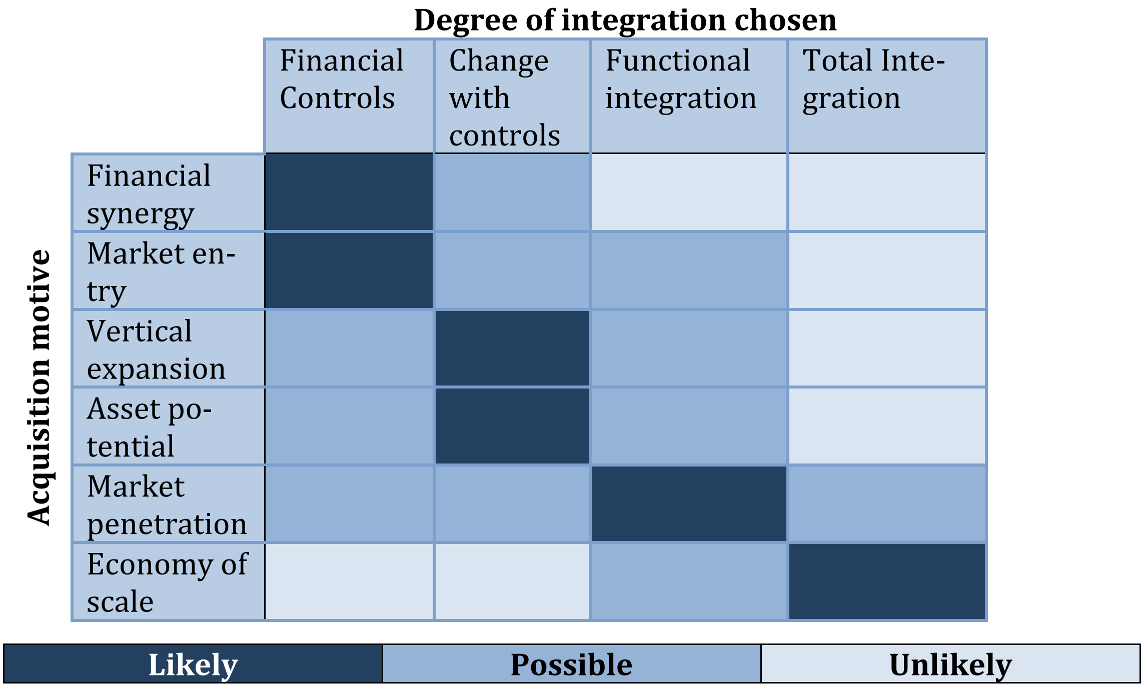

Figure 2 Strategic motive and degree of integration (Hubbard, 2001, p. 59)

In this framework, the strategic motives for M&As, found on the vertical axis, are grouped into six different categories: financial synergy, market entry, vertical expansion, asset potential, market penetration and economy of scale. The framework identifies the level of integration that is most probable in regards to the strategic motive behind the M&A. The degree of integration is categorized into four general levels, which are found on the horizontal axis. The four levels are financial control, change with controls, functional integration and total integration. There are often several strategic motives behind an M&A, and the framework is structured so that the combination of the strategic motives will display the most probable level of integration. The most probable level of integration is displayed via a frame around the combination of the motives behind the acquisition and the levels of integration, explained in figure 3.

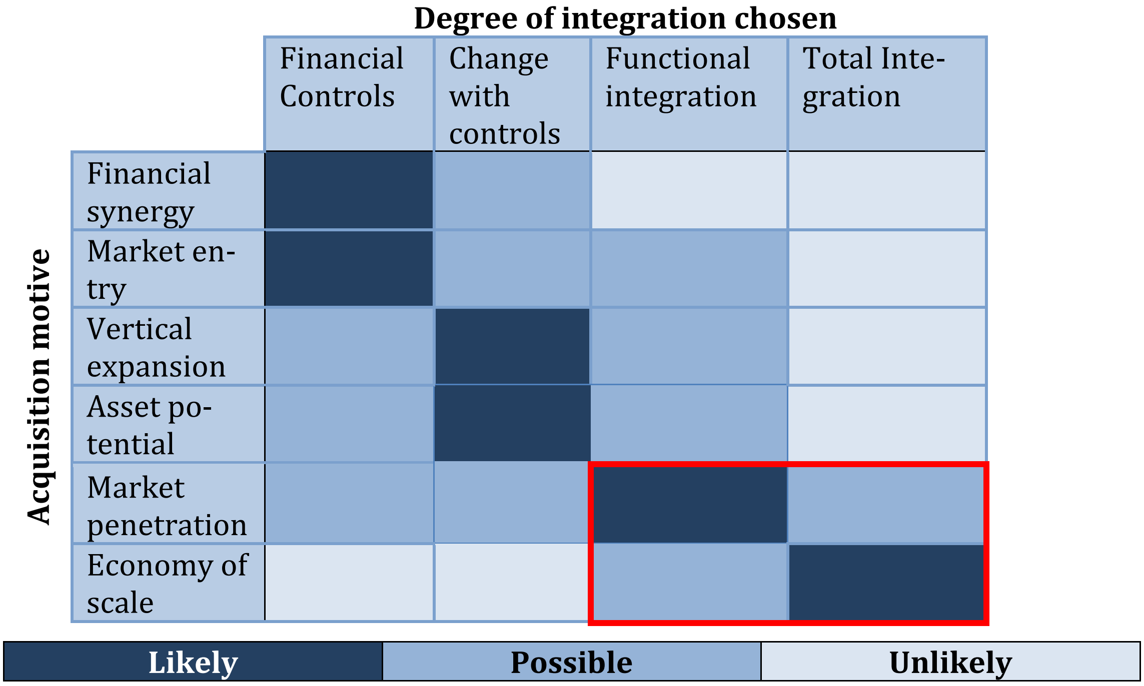

Figure 3 How a combination of the motives generates the most probable levels of integration. (Hubbard, 2001, p. 60)

The strategic motives in Hubbard's (2001) model are the following:

Financial synergy is when the M&A takes place in order to achieve enhanced earnings via tax breaks, accounting modifications, better facilities or more attractive financing terms.

Market entry is an organizational acquisition with the intent to enter into new, related or unrelated markets, to enter an unrelated industry or to enter new geographic regions as in cross boarder M&As.

Vertical expansion is when the M&A is made as an attempt to increase the control of distribution channels, the procurement of resources or to gain new technology through an acquisition of a related business.

Asset potential is when the management of the organization believes they can use the assets of a target company in a better way than before. This can be done through more effective management, knowledge or technology transfer, change in control systems or by realization of several potential synergies between the organizations.

Market penetration is when the M&A is carried out to increase the market power. This can be done through increased market shares, increased supplier power against the customers, via customer base similarities, market share protection or expansion on a geographical basis. Typically, the acquiring company buys a target that operates in a related business.

The economy of scale motive is when the organization wants to consolidate operating sites, administrative departments, and different functions or counter cyclical businesses to achieve cost savings. This can be done by realizations of synergies between parts of, or the whole organization.

The different levels of integration in Hubbard's (2001) model are the following:

Financial control is when there is no physical integration, and the acquired company is supported and controlled only by financial means. The management of the acquired firm still has strategic decisions responsibilities and remains independent to operate the business.

Change with control is when the acquiring company integrates some areas and makes small changes, e.g. replacement of existing management, introduction of new technology or implementation of more efficient working practices in the acquired company. The acquired company is left to operate the business with little interaction with other units. Financial controls are implemented to ensure that the acquired company complies with the strategies and objectives of the head office.

Functional integration is when key functions or key departments are integrated, e.g. merging marketing or administrative departments, or centralization of key operating functions into a head office. Often, the objective is to achieve cost savings through economies of scale.

Total integration is when the target and the acquirer truly merge into one, with integration of all similar functions and operations and also by merging the two organizations. The objective is to achieve significant economies of scale and to capitalize on both cost savings and operational synergies.

2.2 Integration based on organizational relatedness

Another view contends that to retain a successful integration process, related businesses should be closely integrated to realize synergistic benefits (Howell, 1970; Dundas and Richardson 1982; Datta and Grant, 1990). Whereas not as related businesses, with less synergy, are better off if they are allowed to be autonomous, in order to prevent destruction of the qualities that made the acquired company attractive in the first place, and also to keep the commitment, creativeness and enthusiasm among the acquired managers alive (Ibid). In M&As between companies in unrelated businesses, it has been statistically proven that there is a strong correlation between the autonomy given and M&A success (Datta and Grant, 1990). However, in M&As with firms in related businesses, the results of the level of autonomy to be given are ambiguous due to the fact that a greater degree of autonomy will increase the motivation, morale and ability to take initiative among acquired firm managers (Ibid). At the same time, a lower level of autonomy will open up for a higher degree of interdependence, with possible economic benefits through integration of resource management, operation and functional activities (Ibid). Therefore, decisions on the degree of autonomy given, in related business acquisitions, should be made after a careful examination of the potential synergies that are available (Ibid). Also, the costs of the realization of such synergies and the potential loss of motivation within the acquired firm when the autonomy is suppressed should be taken into consideration (Ibid).

To determine the level of integration, Howell (1970) argues that one has to look at the level of integration as a continuum of strategies based on a market and product mix. The continuum can be divided into three broad groups, with two extremes at each side and one group in the middle.

The first end extreme on one end, involves a company's acquisition of another unrelated company and implementation of a strategy where their businesses are intended to operate autonomously, but underneath the financial resources of the corporation. Therefore, the link between the acquisitions is solely financial. The acquiring company seeks to combine businesses that neither has the same market served or any relations between the products manufactured.

The second end extreme consists of an acquisition of a closely related business, with similar operations. The intention is to merge them into one company, with a combined manufacturing process. The products manufactured are related, but the market served might, or might not be related.

The middle group comprises acquisitions that are linked through marketing. Normally the market or product areas, in which the acquisitions are made, are defined in order to organize the businesses by the markets served, rather than the products manufactured.

To achieve a full integration, there is a need for a common core of unity between the two companies. According to Paine and Power (1983), financial ties alone are not sufficient. The acquiring company has to be able to contribute with certain skills to the acquired company, and they have to show respect to the acquired company's products, markets and customers (Ibid).

Another factor to consider in creating a successful M&A is the strategic and organizational fit between the companies (Nupponen, 1995). Angwin (2007) states that identification of potential synergies is important both for the financial results i.e. value creation, and the outcome of the integration between the two companies.

Strategic fit is how the target firm complements or adds value to the strategy of the acquirer and therefore contributes to both the financial and non-financial goals of the combined business (Jemison and Sitkin, 1986). The optimal output is not found in acquisitions between companies with identical product ranges, production technologies or marketing channels, but from the strategic complement and differences in resource allocation (Nupponen, 1995).

Organizational fit is the match between culture, organizational practices and personnel characteristics between the companies, which will affect the day-to-day operations (Jemison and Sitkin, 1986). The organizational fit will determine the ease of integrating two companies (Ibid). High organizational fit between the companies will often increase the post-acquisition performance (Nupponen, 1995). A low organizational fit may indicate that the post-acquisition integration can provide organizational uncertainty, conflicts and misunderstandings during the integration process (Ibid). However, a low organizational fit does not necessarily mean that the acquisition will have poor performance (Ibid). Datta (1991) emphasizes particularly on the similarities of management styles and management reward systems. Differences in management styles will most likely decrease the post-acquisition performance.

2.3 Integration based on strategic interdependence and the need for organizational autonomy

The last view highlights a framework, developed by Haspeslagh and Jemison (1991) that outputs the level of integration based on the firms different needs concerning organizational autonomy and strategic interdependence. A high need for organizational autonomy means that the attractiveness of the acquired company lies in the way the company operates, their special corporate culture and their unique organization, wherefore a close integration would destroy the company boundary and possibly also the uniqueness of the company. A high need for strategic interdependence is when the expected synergies only can be achieved through close cooperation and deep integration between the two companies. Depending on the combination of these needs, Haspeslagh and Jemison (1991), suggest four different integration approaches: preservation, symbiosis, absorption and holding. Below, figure 4 illustrates which integration approach is preferred, depending on the need for organizational autonomy and strategic interdependence, followed by an explanation of the four approaches.

		Strategic interdependence	
		High	**Low**
Need for organizational autonomy	**High**	Symbiosis	Preservation
	Low	Absorption	Holding

Figure 4 Four types of integration approaches based on the need for strategic interdependence and organizational autonomy (Haspeslagh & Jemison, 1991, p. 145)

Absorption acquisitions, according to Haspeslagh & Jemison (1991), occur when two firms absorb each other and truly merge into one. This approach is implemented when there is a high need for interdependence to create the expected value from the M&A, and at the same time a low need for organizational autonomy between the two companies. The integration process should be a full consolidation of culture, organization and operation. The objective in absorption acquisitions is to decompose all the boundaries between the two organizations, which could potentially take a very long time. The acquiring firm needs courage and determination to fulfill its vision of how the acquisition should be integrated. The issue in absorption acquisitions is not a question of how much integration that should take place, but rather a timing issue. It is important that everybody is onboard and that people do not start counteracting the integration process. Unexpected problems due to cultural differences are common, especially when interdependence is forced upon people. Therefore, it is often difficult to estimate exact cost and time of the integration process.

The symbiotic approach, according to Haspeslagh & Jemison (1991), is preferred when there is both a high need for strategic interdependence and organizational autonomy. A substantial transfer of competencies and capabilities has to take place, but at the same time the capabilities of the acquired firm needs to be preserved. This approach is commonly used when there are synergies to be made, but other things such as brand, culture and corporate identity are initially to be preserved to avoid confusion. Symbiotic acquisitions start like a preservation acquisition, where the two firms coexist. Then the firms gradually integrate deeper, becoming increasingly interdependent. Symbiotic acquisitions need both boundary preservation and boundary permeability simultaneously. This approach presents the biggest managerial challenge, due to its complex nature.

The preservation approach is, according to Haspeslagh & Jemison (1991), desired when the acquired firm has a high need for organizational autonomy and the two firms have a low need for strategic interdependence. Since the acquired firm is given a high level of autonomy, the acquired corporation preserves much of its independence, which reduces the risk of deterioration of the qualities and benefits of the acquired firm. The preservation approach is preferred in situations where few operational synergies can be achieved and the context of their businesses requires a high degree of autonomy in the decision-making process. Full autonomy is often difficult to provide and even in preservation acquisitions, areas such as financial risk sharing are often made interdependent and general knowledge transfer among managers is often made. The preservation approach is common in cross-border M&As, due to the need of local market adaptation, which the acquired company, in most cases, has more knowledge of. The objective in the preservation approach is to preserve the acquired organization's identity as far as possible. Since value from synergies is not to be sought, value should instead be created through funding of the acquired company, the enlargement of markets, positive changes in ambition, risk-taking and professionalism of the acquired firm managers.

The holding approach is more rarely used, but takes place when there is a low need for strategic interdependence and at the same time a low need for organizational autonomy. This would, according to Haspeslagh & Jemison (1991), be acquisitions where the acquiring firm has no intention of integrating or creating value thought anything except financial risk sharing and transfer of general management capabilities, even though the two firms operate in such similar businesses that there is no need for independence between them. Even though holding acquisitions are rare, companies do sometimes use a holding approach, since it is easy due to the low integration needed. But, the two firms might benefit from more integration since there is no real need for organizational autonomy.

3. Methodology

This chapter will provide a general description of the research process for this thesis. The chosen methodological approach will be defined and explained. The methodology for this specific study is a qualitative case study where primary data was collected via semi-structured interviews and secondary data from official documents. The research method was inspired by deductive principles.

3.1 Research approach, process and case selection

The authors of this thesis whishes to get a deeper understanding of how the level of integration is decided after an M&A, they therefore decided to formulate an initial, broad, research question in order to understand the main concepts and variables involved in the M&A process. A critical literature review was thereafter conducted, to get a solid background within the field of M&A. The theories presented in the theoretical frame of reference consist of the most cited theories concerning the level of integration that the authors could find. During the literature review, the authors found a slight discrepancy between the theories about what affects the level of integration. The authors found this interesting and decided to investigate this further via a case study.

The case study was designed according to Yin's (2009) principles of a deductive method, who states that the procedure is similar to an experiment, where an initial hypothesis is formulated and tested against the empirical findings in order to be verified or falsified. The hypothesis was that the theories within the theoretical frame of reference match reality. According to Yin (2009), it is possible to generalize from the empirical findings, in order to validate the existing theories.

The process for finding a suitable case began with identification of an interesting industry, where there has been M&As during the last years. A specific company was identified and chosen since it was one that could provide a single case, with two subcases. The authors thought that a single case with subcases might be a suitable choice since it provides the possibility to study the processes and simultaneously provide the possibility to compare the subcases. Also, the choice of case company was made by accessibility, since the company chosen gave the authors access to key personnel, which had been involved in the M&A process. The case can be seen as representative or typical, since the studied company has gone through M&As and its integration processes. It provides the knowledge that is needed in order to understand the process that occurs during an M&A.

When the data was analyzed, it became obvious that the existing theories could not be used one by one to explain why a certain level of integration had been used by the company in the case study. The authors found that all theories affected the level of integration, but to get a broader picture of the complex matter of M&A integration, a combination of the theories could be used. A new framework for deciding the level of integration was developed but not tested, which is suggested for further research.

3.2 Data collection

Empirical material was collected during four in-depth interviews. The interviews were conducted with open-ended questions, since the authors did not want to restrain interviewees' answers. The questions were formulated with the intent to get the interviewees' answers to relate to the studied subject. The interviewees are all executives who were involved in the processes before, during and after the M&As. The three interviewees will be referred to as Adam who is Alpha's Corporate Communication manager, Bernard who is president at one of Alpha's business units, Tax and Charles who was the CFO at Gamma before becoming vice president at one of Alpha's business units and David who is CFO at Alpha. The company where the case study was conducted has chosen to be anonymous, due to the sensitive data they provided the authors with. The anonymity gave them the chance to speak more freely and not being afraid of company strategies or secrets to be revealed to their competitors. Therefore are all the names, dates and numbers in the empirical findings and in the analysis and discussion fictitious. There is no possibility for other researchers to get access to the exact same persons at the exact same company, since it cannot be deduced from this thesis at which company the research was conducted.

3.3 Validity and Reliability

Validity and reliability is key aspects of a research project. In order to maintain a high degree of research quality throughout the whole process, the authors constantly kept these factors in mind during the whole research process in order to be able to present a scientific, valid and reliable thesis, within the given time frame. There have been many and long discussions, concerning the framework developed by the authors, about how it shall be presented, explained and used. The link between this thesis and earlier research is important, since this thesis only uses a single case, which is impossible to quantify.

All interviews were recorded and later on compiled. The recordings were re-listened many times, so that no important information was left out in order to increase the internal validity as described by Merriam (1998). The external validity will not be further discussed, since this thesis' findings is based the specific, wherefore they are not to be generalized. To further increase the internal validity, the interviewees had different perspectives of the M&As which gave the authors, according to Merriam (1998), the possibility to triangulate the findings. During the whole empirical process, the authors had a constant dialogue with the interviewees. They got the interview questions in advance, so they could prepare answers. After the interviews the authors compiled the findings and e-mailed it to the interviewee for acceptance, to avoid misinterpretation and misunderstandings. The finished empirical text was also sent to the interviewees for further validation. Also, there has been a constant dialogue and discussion with the tutor, who brought many interesting new thoughts and came with guidance.

Some critique against the method of this study is that replication can be hard to obtain due to the nature of the research approach and the anonymity of the respondents. However, Merriam (1998) argues that reliability in qualitative is not found by replication, but whether the results are consistent with the collected data.

4. Empirical findings

This chapter will present the empirical findings gathered by the authors during four face-to-face interviews with executives at the company, Alpha. Initially, a case description is presented, followed by two parts, one for each M&A, describing its motives and integration processes. Since the studied company wishes to be anonymous, all names, dates and numbers are fictitious.

4.1 Case description – Company Alpha

The studied company, Alpha, is a large publicly traded Scandinavian accounting firm. In the year 2005 they acquired two different companies, Beta and Gamma. Beta was a former business partner to Alpha, operating in another European country with different customers. Gamma was a local competitor, having the same customers as Alpha. All three companies were equal in size, with approximately 10 000 employees and a total turnover of approximately €850 million.

Alpha's vision is to become a global partner within its field of business, since it will create possibilities to canalize the company's financial and strategic resources in the most optimal direction. To achieve this vision, Alpha had an expansion approach towards new markets. There was also a criterion that all acquisitions had to add value to the company. There was a consensus within the board of directors that Alpha had a non-organic growth strategy for its globalization, and they started the search for possible acquisition targets. During the time of the pre-acquisition planning, there were several changes of key personnel within the company and also a major change within the ownership structure, as the Kappa-Group became the main shareholder, thus affecting the strategy.

4.2 Alphas acquisition of Beta

This section will describe Alpha's acquisition and integration of Beta, a former business partner in another European country.

4.2.1 Motives behind the acquisition

A new strategy for Alpha's business unit, Tax, was set in 2003. At that time, they had a large exposure towards a few local customers who contributed to about 85% of the department's annual turnover. The new strategy was to become less independent on those few large customers. In order to achieve this they had to expand outside the local market, preferably by entering a new country. The decision was between a Greenfield entry or buying a local actor. A joint venture project was never relevant.

Alpha had former experience of entering new markets via Greenfield entry, and therefore knew that this strategy would not be cost effective and be too time consuming. Alpha had a history of acquisitions. Since its foundation in the 1970s they had acquired numerous companies comprised of 1-200 employees with relatively good results. In 2003, the tax department began to collaborate with a foreign company, Beta, since one of their major customers asked if they could provide a shared tender offer for a larger project.

The following year, the management of Alpha, Beta and Beta's owners held a meeting where they discussed if and how they could develop their collaborations on their shared market. At that meeting, Beta's owners asked Alpha's management if they would be interested in buying Beta. The owners of Beta wanted to build a large conglomerate, but had failed to achieve profitability and were, therefore, interested in selling Beta. Despite this friendly approach, there were many prospective buyers of Beta and Alpha had to participate in a bidding war that they finally won.

By this time, Alpha had a new ownership structure and a new major shareholder, The Kappa-Group, who had to accept the proposition. Their plan for Alpha was to change the agenda of the company. The strategy was about to change from being a market follower to becoming a market leader. The owners of Beta did not have a clear strategic intention with Betas business, and therefore Beta felt a bit mistreated. Alpha decided to acquire Beta in order to follow their vision to become a global actor within its field of business. Another contributing factor was that Alpha was able to negotiate a favorable loan, and therefor had the financial strength for this acquisition.

By acquiring Beta, Alpha got access to a new market in another country along with new customers and a broadening of their business, due to the differences between the companies. Beta had the knowledge of managing larger and more complex projects, wherefore knowledge transfer between the organizations was possible. As a larger company they could now reach larger customers with a new offer, and the market became more aware of their existence. Adam, Bernard and David stated that the motives behind the acquisition were solely strategic and economical, but Bernard, who is president of the merged divisions, described that there is a person behind every acquisition.

4.2.2 Integration process

Acquisition processes do take time. It ranges from the first intention to the full closure, and since Alpha had been involved at a high level from the beginning of the Beta selling process, they had time to set up both a pre-merger and a post-merger plan, concerning both financial issues and the integration process. They had set both short- and long-term goals for Beta, in order to energize the organization and stimulate the integration processes.

The post-merger goals aimed to achieve profitability and to stabilize the business. In order to achieve this in the shortest possible amount of time, they decided to appoint a new board of directors at Beta directly after the acquisition. This was carried out at the same time as Beta's finances were integrated into Alpha's budget, which was considered to be the final step of the acquisition. However, the integration process started before the acquisition was completed, in order to kick-start the process. They had set a time limit of 100 days for the integration, with the motivation that this is the amount of time one has the largest chance to affect the organization and usurp the short-term synergies.

Since Beta's business was located in another country, Alpha chose not to use its Scandinavian office for the integration processes. Instead, they used an external consultancy firm that held the responsibility. Bernard, from the Tax department which had the most synergies to Beta, was involved in the process as a supervisor. Since many organizational parts differed between Alpha and Beta, and due to the fact that they were located in different countries, they decided not to integrate several elements, which include the accounting systems and law departments, and instead focus on the cooperation between their business departments. The focus of the integration was not to merge Alpha and Beta; instead they decided to make Beta autonomous, but with extensive collaboration with, and under the same financial umbrella as the Tax department. The integration processes were therefore focusing on introduction and information of key personnel from both companies, in order to obtain organizational understandings between the two companies, and informing customers of the new organization and its capabilities. Nevertheless they consider their strategies to be dependent. Their goal is to broaden their markets, to become a more competitive actor in the local market and to create technical synergies. Since the intention was to achieve a lower level of integration, the cost for the integration was low. When re-organizations were necessary, the redundant personnel had to leave the company.

The cooperation and collaboration between Beta and the Tax department is considered to be extensive, as intended. Beta had a high degree of organizational autonomy through its own financial and organizational plans. Despite the financial differences, Beta had the same rules for investment as the rest of the company. They did not have enough autonomy to do their own financial investments, even though they had their own financial and profitability goals.

Adam, Bernard and David all consider the acquisition and integration of Beta successful. They all state that Alpha would not have the market position they have today if the acquisition had not been realized, and both the economical and strategic goals have been fulfilled. Adam even states that the acquisition was necessary for the survival of both Alpha and Beta. Despite this, Alpha had to make a goodwill impairment of Beta's book value, for a total of one third of the acquisition price as a result of the bidding war where Alpha paid too much for Beta.

Today, the integration between Alpha and Beta is considered done and they have reached the sought level of integration. The process took a bit longer than expected, due to a financial and following branch crisis. There was not an exact time that the process was closed; it was rather a natural step. Today there are no active integration processes, but there is an ongoing process of continuous improvement, mostly with respect to the effectiveness within the organization.

4.3 Alphas acquisition of Gamma

This section will describe Alpha's acquisition and integration of Gamma, a local competitor.

4.3.1 Motives behind the acquisition

Alpha's main strategy was to achieve growth. They were interested in organic expansion and acquiring rapid growth, as well as to expand and strengthen their market. Alpha's board of directors had set a vision for the company that stated its focus on becoming a global actor, with a strong and well-established local market. They also emphasized particularly on being an attractive employer for potential new talents. In the same area where Alpha had their main market and largest customer, they also had a local competitor, namely Gamma. In general, Alpha and Gamma had the same customers and market share.

Gamma had a history of being acquired. At this time, they were owned by a company that was only partly related to their core business and were not pleased with their situation. The owner of Gamma, Delta, put Gamma up for sale but failed to gain the interest of other companies to acquire Gamma. During the time that Alpha got a new main shareholder, Delta was sold to Theta, and Gamma expressed the will to be sold since theirs product did not correlate to those of Theta. The main owner of Alpha, the Kappa-group, identified Gamma as a potential part of Alpha and the possibility to merge the two companies. The Kappa group had identified many operating and financial synergies and therefore decided to acquire Gamma. At this time, Alpha was in the middle of the integration process with Beta, where they currently had their full focus. However, when the Kappa-Group acquired Gamma, Alpha, who had previously identified Gamma as a potential partner, knew that a merger between them could soon be reality. Soon after, The Kappa-Group sold Gamma to Alpha for the same price as they had acquired it for from Theta. Alpha's acquisition of Gamma was leveraged, which resulted in a high loan to value ratio. Alpha was able to take a second big loan, with a promise to sell their unrelated subsidiaries later on and, therefore, they did not have to issue new stocks.

The vision for the acquisition was to merge Alpha and Gamma, as well as Beta, into one company with one mutual strategy. In addition, there was a desire to share one vision, one set of values and have the same business goals. The economical motive was to increase the cash flow via increased sales, realized synergies, shared brand management, pressed supplier prices and raised customer prices. In addition, there were possibilities to streamline the organizations by cutting overhead costs such as offices, personnel et cetera. Although Alpha acquired Gamma, they wanted the acquisition to be seen as a merger of equals.

There was a broad understanding within both organizations for the fundamentals behind the acquisition. Gamma was excited over the possibility to finally be able to operate under a clear strategic plan, and Alpha was positive to the possibility to follow their strategy of creating a more competitive business and act more as a market leader rather than a market follower.

4.3.2 Integration process

At the time for Alphas acquisition of Gamma, they were already involved in the integration process with Beta. The process of integrating Beta was slowed down and the focus shifted towards integrating Gamma. Since the businesses, of Alpha and Gamma, were related, they decided to perform a full integration and merge into one unity. There were no plans of merging Beta and Gamma since their businesses were too different. Instead Alpha wanted to ensure a close cooperation between the Tax departments of Alpha, Beta and Gamma, with extensive knowledge transfer between the three companies.

They decided to use the same 100 day time span as is in the integration process with Beta. They also put up an integration office and assigned an integration officer, Charles. As a result of the desired level of integration, they decided to use a best practice approach, where the best of both companies would be used in the new constellation. Alpha thought it would be important to not force their processes onto Gamma, since they knew that Gamma had had previous negative experience of forced integration processes. Internally, they were very keen to use the term merger of equals. All interviewees stated that they had learned much from the integration process with Beta, and used this experience in the new integration process.

As a result of the best practice approach during the realization of the cost synergies, they had to let personnel off. The merge between the two organizations and the realization of cost synergies sometimes demanded replacement of two employees with one. Also, if there were two different offices doing similar activities, they had to cut down to one. Alpha was very keen on keeping the employees informed of the integration progress in order to avoid misunderstandings and misinterpretations.

Even though Alpha was keen to avoid misunderstanding and misinterpretations, they did not focus on the integration of the organizational cultures. The integration general from Gamma, Charles, claims that the board of directors did not notice any major differences between Alpha's and Gamma's organizations and cultures, and therefore, decided to focus on the financial integration and thereafter take care of the organizational integration. However, Charles claims that there were some cultural differences and that, before the acquisition, employees rarely started working at Gamma after leaving their jobs at Alpha, and vice versa. Charles identified Gamma's corporate culture as strong and Alpha's weakened due to current owner situation, which caused some initial tensions between the merged organizations. As an example, Charles explains that the coffee cups were not changed into a standard model and that the employees kept their old cups with their previous company logos on, which created a slight lack of affinity around the coffee table. Another consequence of stalling the organizational integration was the branding issue, i.e. what to call the company. Charles suggested that they should drop the name Gamma and simply call the organization Alpha, but Alpha's managers decided to not offend any of the organizations, and focused more on merging the companies, rather than putting time and effort on branding, and simply called the company Alpha Beta Gamma Corporation. After a year they changed the name to Alpha, signifying that the companies were fully merged. Charles also states that, as a consequence of the merger, a couple of former managers, from both Alpha and Gamma, left the companies and founded their own accounting firms, which are still up and running today.

During the 100 day long integration process, they fully reach the objective of integrating the financial aspects and realizing their cost synergies. The organizational integration did take a slightly longer time, but they decided to put those processes down from the board level to the business unit level. New managers for the business units were appointed and became in charge of larger units with new personnel. They now identify the two companies to be fully integrated and no integration processes are current today. The units that were not merged are now either autonomous or sold.

As a result of the acquisition of Gamma, Alpha identifies that they now have a much broader business, a more solid ground as a base for their existence where their bargaining power, as a much larger supplier, increased. They now have a larger local market and a wider knowledge base. In combination with the acquisition of Beta, they have expanded their market and market share, broaden their competences and strengthen their market position. All interviewees state that the acquisitions and integration processes were successful and necessary for Alpha's survival. They have fully reached their goals.

Alpha is today seen as a market leader within their branch; therefore, it can be seen that they have accomplished their vision of turning into a market leader from a market follower. Today they have a broad business base in many different countries and a large market share in their local market. The three former companies are nowadays seen as one.

5. Analysis and discussion

This chapter will analyze the empirical findings and how it correlates with the theoretical frame of reference. Thereafter, the existing theoretical models will be discussed and a combined framework, developed by the authors, is presented.

5.1 Integration based on strategic motives

One of the main reasons behind Alphas acquisition of Beta was the Tax department's new strategy, where they set that the department should not be depending on a few large customers. They needed to be more global in order to obtain new customers. The identification of Beta as a potential acquisition was made and they started the acquisition process. The strategic shift of the whole Alpha Company, where the new ownership structure did contribute to the will to acquire Beta, since the new owners wanted to expand the markets served via entering new markets. Therefore was the decisively aspects of the decision to acquire Beta rather economical than strategical. There is clear evidence that the motives were also to use the acquired company's resources better then the former owners did. There was no intent to penetrate the market via incensement in market power, due to the different markets served by Alpha and Beta. This gives us the possibility to identify the motives behind the acquisition, and plot that into Hubbard's (2001) model (figure 5). The model suggests that the level of integration shall be either financial controls or change with controls. The empirical findings give by hand that the actual level of integration was a change with control rather than just financial controls. For example, there were changes in existing management of Beta; introduction of new working practices and an implementation of a shared vision and strategy was made. Also, Alpha obtains financial control over Beta, which also points towards a change with control integration level.

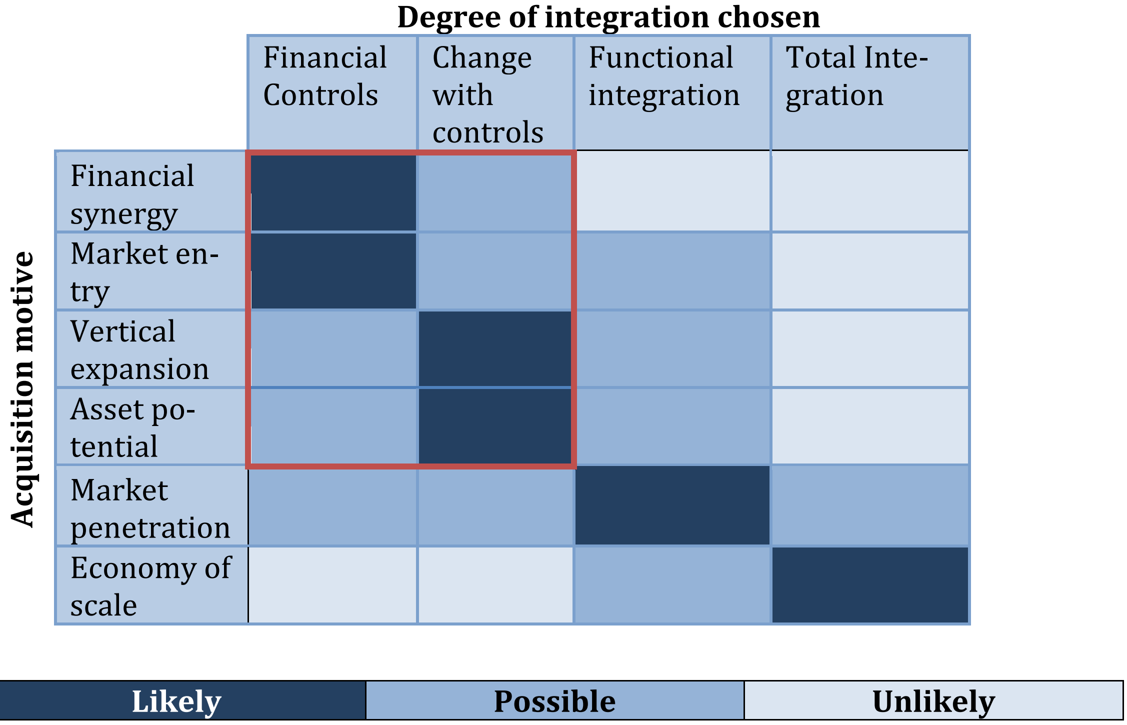

Figure 5 Alphas and Betas integration level based on Hubbard's (2001) model (the authors)

One of the motives behind the acquisition of Gamma was to strengthen the market power. In fact, all the motives of the market penetration category can be identified except expansion on a geographical basis. Alpha wanted to increase the market share, probably more than protecting the current market share. This was later on achieved with ease, since Alpha and Gamma had such a similar market offer with similar customers, and through the acquisition Alpha immediately got a larger market share. They also wanted to strengthen their bargaining power against their customers, which they also managed to achieve and they were able to charge their customers more for the same amount of service provided. Alpha were aware that there probably would be operating synergies between the companies, for example, realization of substantial cost synergies via merging offices where both companies had offices in the same city or region and merging their administrative departments. They knew that there would also be income synergies, since they would be able to take on larger projects, even though they did not focus on realizing those in the integration process and instead let them happen naturally, since they found the outcome of those synergies hard to measure. Altogether, this indicates that they also had an economy of scale motive. Since the motives behind this acquisition are market penetration and economies of scale, we can plot this into Hubbard's (2001) model (figure 6) and find out that the suggested level of integration is either a functional or total integration level. The empirical findings show that the actual level of integration was a total integration, rather than a functional integration. Since all similar functions and operations was merged, and not just the key functions, there is clear evidence of a full integration. Although the two organizations were merged, they intentionally did not merge the two cultures in the beginning, which indicates that a total integration was not achieved initially. However, over time the cultural differences evaporated and the two organizations turned into one, completing a full integration.

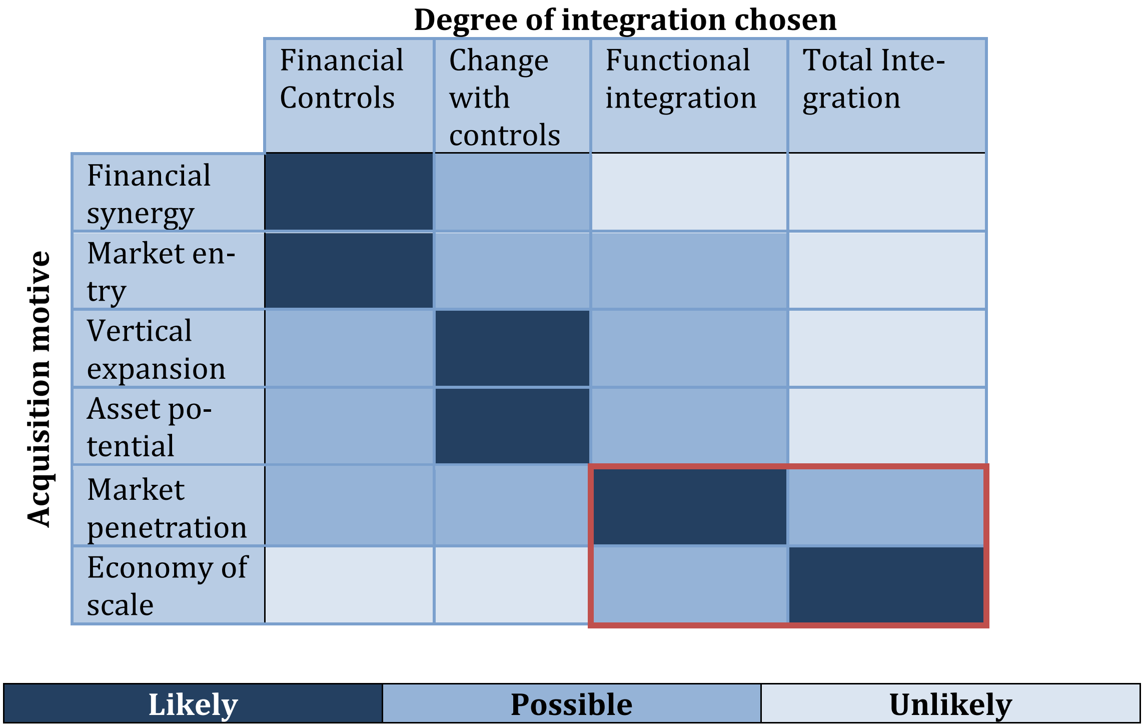

Figure 6 Alphas and Gammas integration level based on Hubbard's (2001) model (the authors)

5.2 Integration based on organizational relatedness

Alphas intention when acquiring Beta was to prevail the differences between the two companies. They had different markets served, and an already established organization at those markets. Due to this, they did not have the chance to merge the two organizations; there were no coexistence between them, which also were the reason for the acquisition. Also, the strategic fit between the companies can be seen as high since they complement each other's strategies. Altogether, this indicates that Alpha and Beta has a high organizational relatedness giving by hand that the two companies should have a high level of integration. However, the high strategic fit does not necessarily indicate that a high level of integration is needed. If the two companies were to merge their organizations, the strategic fit would be destroyed and the whole acquisition would be unnecessary.

The organizational relatedness between Alpha and Gamma was high, since they operated within the same business area, had many mutual customers and they offered almost the same product the same market. At one side the organizational fit was high since the organizational practices and personnel characteristics was similar, but on the other hand the organizational cultures had slight differences. The organizational relatedness and the organizational fit between Alpha and Gamma are high, wherefore a high level of integration is preferable. The empirical findings supports that the actual level of integration between Alpha and Gamma was high.

5.3 Integration based on strategic interdependence and the need for organizational autonomy

Since the main goal of the acquisition of Beta was to enter a new market in another country, they did not need a high level of integration in order to reach the set goal and the synergies to be realized were not to be found in cost savings, the strategic interdependence between the companies was low. At the same time, the need for organizational autonomy was arguably high. If a larger part of Beta would have been integrated with Alpha and moved to the same location, a larger part of the benefit in the new market would also have been lost. Because the need for strategic interdependence was low and the need for organizational autonomy was high the model created by Haspeslagh and Jemison (1991) dictates that the integration approach would preferably be a preservation acquisition, demonstrated in figure 7. This corresponds well with what was found in the case study. The integration level was low, and instead value was created through funding of the acquired company, the enlargement of markets and positive changes company vision.

		Strategic interdependence	
		High	**Low**
Need for organizational autonomy	**High**	Symbiosis	Preservation
	Low	Absorption	Holding

Figure 7 Alphas and Betas integration level based on the need for strategic interdependence and organizational autonomy based on Haspeslagh & Jemison's (1991) model (the authors)

The need for strategic interdependence between Alpha and Gamma was high. To be able to take on bigger projects, the two companies had to merge into one. Also, to be able to realize the expected cost synergies, they had to consolidate their offices, departments, merge their accounting systems and streamline the organization. The need for organizational autonomy was low since the differences in working practices and culture was not something that had to be preserved. Instead, it would perhaps have been beneficial if those differences were erased. Because the need for strategic interdependence was high and the need for organizational autonomy was low the model created by Haspeslagh and Jemison (1991) dictates that the integration approach would be an absorption acquisition, demonstrated in figure 8. This also corresponds with what was found in the case study. The integration level was high and instead value was created through realization of cost synergies and a full merger of the two organizations.

		Strategic interdependence	
		High	**Low**
Need for organizational autonomy	**High**	Symbiosis	Preservation
	Low	Absorption	Holding

Figure 8 Alphas and Gammas integration level based on the need for strategic interdependence and organizational autonomy based on Haspeslagh & Jemison's (1991) model (the authors)

5.4 Theoretical discussion and introduction of a new framework

The authors consider all three views relevant to the level of integration decision and when applying them to the gathered empirical material they have all been proven to affect the level of integration, but in different ways. To pin point what exact level of integration to choose is difficult, but the different methods are all helpful in the decision process, one by one. The different methods all have their own advantages and disadvantages.

Hubbard's (2001) model provides a direct link between the acquisition motive and the level of integration. The advantage of using this model is that the acquisition motive is relatively easy to identify, which makes the model applicable. The disadvantage is that when there are several motives behind the acquisition the likely degree of integration becomes vague, due to the design of the matrix.

Integration based on organizational relatedness has the advantage of taking the organizational structures into consideration, which in theory makes the decision decision process quick and easy. But in reality, it might be hard to identify the relatedness between the organizations and their strategic and organizational fit. Furthermore, the levels of integration are seen as continuum rather than specific categories and therefore the model does not provide an exact solution.

Haspeslagh and Jemision's (1991) model is based on the needs for strategic interdependence and organizational autonomy is rather complex, due to the high level of understanding of all comprised parts needed, and might be difficult to get acquainted with. Also, when finally familiarized with the model, the results to be retrieved from it become obvious. If, for example, a high need for organizational autonomy is identified, it is rather clear that a close integration is not optimal. However, the different elements within the model are important for the determination of the level of integration.

Although there are three different views on how the level of integration should be determined, there might be a common ground where the theories intersect. A framework has been developed by the authors of this thesis, combining the three views into one framework, in an attempt to display the intersection between them, and to provide an understanding of what variables affect the level of integration by taking all the variables into consideration simultaneously. The model is to be found in figure 9, followed by an explanation of the model.

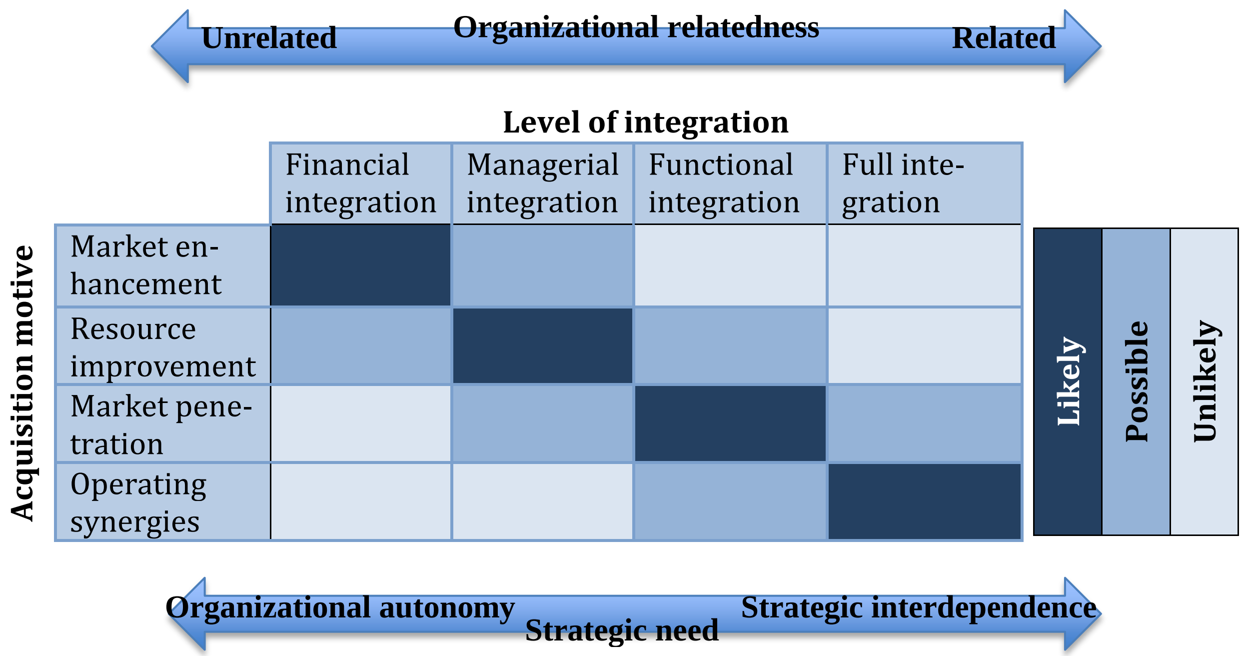

Figure 9 Relations between acquisition motive, organizational relatedness, strategic dependence and level of integration, developed by the authors

On the vertical axis, the motives behind the acquisition are listed. The motives derive from Hubbard´s (2001) theory, but the authors have chosen to take the first four categories and instead use two broader categories. The last two categories in Hubbard's (2001) model are similar to the last two in this model. However, the names of the categories are altered to names which the authors find more appropriate. The authors share the view that personal motives do not directly relate to the level of integration. Hence, they are excluded from the model. In reality, the motives, as well as the level of integration, can be seen as a continuum. However, we have chosen to follow Hubbard's (2001) example, using categories to make the model more practical and easier to use. The four motive categories are:

Market enhancement; where the motive is to improve the conditions of the market, or to widen the market served. It includes both financial motives, such as enhanced earnings via tax breaks, accounting modifications, better facilities, more attractive financing terms and the market entry motive, where the company acquires in order to enter into a new geographic, related or unrelated market.

Resource improvement; where the motive either is to improve existing resources or to use the resources of the acquired company in a better way. It includes increased control of distribution channels, procurement of new resources, purchase of new technology, potential knowledge transfer and improving the acquired company assets via more effective management, change in control systems or potential synergies in resource allocation.

Market penetration; where the motive can be to increase market power within the market where the company operates. This includes increasing market share, increasing supplier power against customers, protection of market share and expansion on a geographical basis within the current field of operation.

Operating synergies; where the motive can be to consolidate operating sites, administrative departments, and different functions or counter cyclical businesses to achieve cost savings, enhanced earnings and increased efficiency.

On the horizontal axis, the levels of integration are to be found, as well as the organizational relatedness and the strategic need between the companies. The levels also derive from Hubbard's (2001) model, but the names are altered to names that the authors think better describes the differences between the levels of integration. There are also similarities between the four levels used in this model and the four integration approaches described in Haspeslagh and Jemison's (1991) model. The four levels of integration are:

Financial integration; where there is no physical integration and the acquired company is supported and controlled only by financial means. The management of the acquired firm still has responsibility for strategic decisions and they are left to operate the business autonomously.

Managerial integration; where the existing management are either replaced or given new practices, to make minor changes in the acquired company, by introducing of new technology or implementing of more efficient working practices. The acquired company is then left to operate the business with little interaction with other business units. However, financial controls are implemented to ensure that the acquired company complies with the strategies and objectives of the head office.

Functional integration; where key functions or key departments are integrated, e.g. merging marketing or administrative departments or centralization of key operating functions into a head office.

Full integration; where the target and the acquirer truly merge into one, with integration of all similar functions and operations and also by merging on an organizational level.

The organizational relatedness arrow is based on the theories by Howell, 1970; Dundas and Richardson, 1982; Datta and Grant, 1990, where closely related businesses should be closely integrated and not as related businesses with less synergy are better off if they are allowed to be autonomous. The authors see a relationship between organizational relatedness and organizational fit, where related organizations should be more closely integrated and the organizational fit will determine the ease of implementing this close integration.

The strategic need arrow is based on the theory by Haspeslagh and Jemison (1991) where companies with high strategic interdependence ought to make a deeper integration. Whereas, if there is a low strategic interdependence the companies, as proven by Datta (1991), are better off if they are allowed to act independently. If the strategic benefit of the acquired company is to be found in the uniqueness of the company, there is a need for organizational autonomy. If the acquired company gets to closely integrated, the company boundary will be destroyed and the strategic benefit from acquiring the company might be destroyed. Hence, if there is a high need for organizational autonomy, there should be less integration between the companies.

To use the model, the motives behind the acquisition should first be identified. If there is more than one motive, the motive which fits in the category closest to the bottom of the list should be used, since the model is cumulative. To achieve functional integration, for example, one has to achieve both financial and managerial integration first, in order to achieve functional integration. Once the motive category is found, one can use the model to point out the level of integration that is more or less likely. Following, depending on the strategic need and organizational relatedness, the level of integration desired will shift on the horizontal plane according to those needs. However, if there is, at the same time, both a high need for strategic interdependence and low organizational relatedness, one has to evaluate which of those needs are more important to be able to make a sound decision on the level of integration.

As an example of how the model works: if the motive behind the acquisition is to penetrate the existing market, by getting a bigger market share, one can read from the model, found in figure 10, that functional integration is the most likely level of integration. In other words, key functions or key departments are likely to be integrated. If the organizational relatedness is identified as high, this opts for a deeper integration. Since the companies are related, it will probably be easy to implement a deeper integration. Then looking at the strategic needs, finding that there is a low need for organizational autonomy but a high need for strategic interdependence, this also indicates that the integration probably should be deeper. In other words, the companies are almost doing the same thing and there is no need to protect the acquired company boundary. At the same time, the strategic interdependence is high and if a deeper integration is implemented, more synergies might be realized. Since there is both a high need for strategic interdependence and a high organizational relatedness, our model would suggest a full integration.

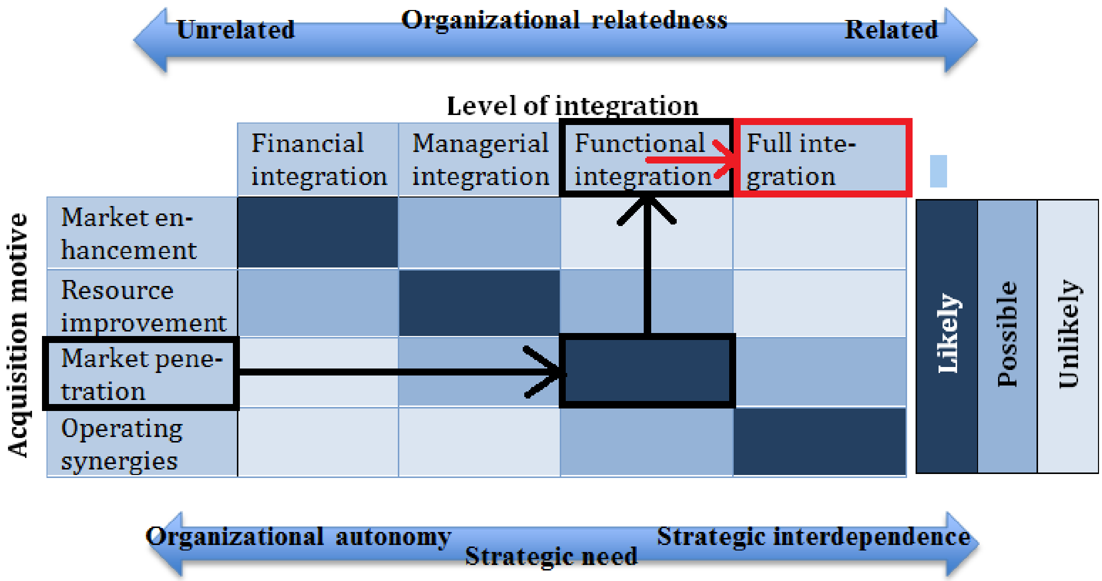

Figure 10 How to use the model (the authors)

6. Conclusion and suggestions for further research

This part will try to provide an answer to the research question, as well as present suggestions for further research within the field.

6.1 Conclusion

The research question of this thesis is: which variables affect the level of integration.

Our findings, both theoretical and empirical, suggest that the variables that do affect the level of integration are the motives behind the acquisition, the organizational relatedness and the need for strategic interdependence or organizational autonomy.

Since all variables affected the level of integration, we saw a potential need to take them all into consideration simultaneously, and the framework was developed with the intention to display this mindset. The framework is not indented to be used as a tool for managers, but rather as a guideline for understanding the theoretical aspects of what affects the level of integration.

Our empirical findings are based on a case where the integration processes were successful and correlated to the existing theories. Wherefore, we cannot conclude what will happen with the integration process, if managers do not comply with the theories.

Finally, we would like to propose that this thesis is to be seen as a validation of the theories concerning the level of integration that is presented in the theoretical frame of reference.

6.2 Suggestions for further research

As a result of the empirical findings and the differences between the previous theories about the level of integration after an M&A, a new framework has been developed. This framework might be plausible on other cases, wherefore the authors of this thesis recommend others researchers to verify or improve the developed framework, since the authors sees a potential in the convergence of the existing theories into one.

Furthermore, we suggest that the link between the different parts of the model is further investigated, since we have seen tendencies that there might be such a linkage, for example, between a specific motive and a specific strategic need.

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Appendix 1 – Interview Guide

Interview with NN

Can you describe how XX were before they got acquired?

- How similar was Alpha and XX
- What were the differences

What motives can be identified behind the acquisition of XX?

- Personal
- Strategical
- Economical

Which were the personal?

- Managerial challenge
- Pride, status, larger company, mores sales

Which were the strategical/economical?

- Larger market share
- New market
- New product
- Economies of scale and scope
- Larger influence on the market
- Acquire new technology
- Financial gains
- Better use of resources
- Potential synergies

What kind of acquisition was it?

- Friendly/hostile, why
- Financial aid, white knight
- Consensus about buy/sell
- Bidding war
- Raid

How were the bidding process conducted?

In what extent should the companies be integrated?

- Financial
- Management
- Operations

How were the integration processes conducted?

Did it became as planned? Why/why not?

Has the strategy behind the acquisition affected the integration processes?

- The level of integration
- What parts that has been integrated
- What economies of scale and scope that has been realized
- The time the integration process took

Were there any resistance within the organizations about the changes, and how did you deal with them?

How did XX perceive the acquisition and integration process?

Which economical gains were to be expected?

What costs occurred during the acquisitions?

How was the costs distributed during the integration processes?

How dependent were XX allowed to continue its business, how dependent is the companies today?

Has differences between the organizations or strategies affected the integration, and in that case how?

Were there any unexpected problems? How did you solve them?

Has the requested level of integration been met? If yes, when did you considered it reached, and what processes were still ongoing? If no, does Alpha still work with the integration processes? Is it the same processes as before, or has the focus shifted? How will it be in the future?

Which parts were integrated and why?

What differences are to be found between the integration processes of Beta and Gamma?

Have the acquisitions become profitable, why and in what way?