Human integration following M&A:

Synthesizing different M&A research streams

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Abstract

Despite the extensive amount of research on mergers and acquisitions (M&A), failure rates continue to be high. Increased attention has been attributed to human integration; however, as M&A are multifaceted complex phenomena, this paper presents a literature review on the strategic management school, the organizational behavior school, and the process school in order to provide an integrative perspective on post-merger integration. By exemplifying interrelationships in human resource management (HRM) in each school of thought, as well as in intricacies of human matters, we provide suggestions for research. First, human integration and its consequences for HRM need to be considered in a context-dependent manner. Second, human integration is not a static event, as employees evolve from the integration process, where changes need to be analyzed over time to develop an understanding for implications in HRM. Third, research needs to consider new methods or combinations of methods in order to overcome the de-naturalization of humans in M&A.

Keywords: mergers & acquisitions (M&A), post-merger integration, human integration, (classic) research streams in M&A

Highlights:

- M&A research is strongly fragmented.
- Most classical M&A research draws implicit rather than explicit assumptions about humans in M&A.
- Humans are a major differentiator among organizations and M&A failure is often attributed to poor integration.
- The results of a literature review on classical M&A literature show (1) an integrative perspective that includes context would be favorable; (2) a dynamic perspective is needed to understand the phenomenon; and (3) with the application of new methodological approaches, research should overcome the de-naturalization of humans.

1. Introduction

Mergers and acquisitions (M&A) continue to be an important topic for organizations that want to adapt to external or technological changes or enter new geographical or product markets more quickly than possible with organic growth (Cartwright & Schoenberg, 2006). Despite their popularity, M&A are prone to fail, and the regularly reported failure rates range between 40 and 60 percent (Bagchi & Rao, 1992; Homburg & Bucerius, 2006; Homburg & Pflesser, 2000). Other authors state that 70 to 90 percent of acquisitions fail in creating value (Christensen, Alton, Rising, & Waldeck, 2011). Considering the annual value of the M&A market, which exceeds the GDP of large economies like Germany, the failure rates appear to be even more dramatic. Not only are financial values spoiled, but M&A usually go hand-in-hand with the elimination of redundant resources or a so-called "optimization of human resources" (Cording, Christman, & King, 2008; Karim, 2006; Pablo, 1994a) resulting in dramatic turmoil within organizations. This is in line with managers usually externalizing reasons for M&A failure by attributing it to "soft issues" (Vaara, Junni, Sarala, Ehrnrooth & Koveshinkov, 2014). Despite this strong negative narrative, layoffs, managerial turnover, cultural clashes, and organizational resistance are often the consequence of M&A directly affecting employees in both the acquiring and target organizations. Explicit indicators of possible negative consequences on individuals include anxiety, increased sick leave, joblessness, or even suicide (Schweiger, Icancevich, & Power, 1987).

Due to the practical importance of M&A and the continually high failure rates, research attention has intensified enormously in recent decades (Cartwright, 2005) as displayed by the increasing number of publications and research efforts in the field. M&A have been studied through various theoretical lenses (Barkema & Schijven, 2008; Birkinshaw, Bresman, & Håkanson, 2000; Larsson & Finkelstein, 1999) that can be organized among four distinct areas identified by

Haspeslagh and Jemison (1991). These schools of thought include financial economics, strategic management, organizational behavior, and the process school (Bauer & Matzler, 2014; Birkinshaw et al., 2000; Haspeslagh & Jemison, 1991). On the one hand, these schools of thought reduce the complexity of the research field and allow for highly specialized and focused analyses. On the other hand, interrelationships and dependencies are often ignored, as an individual school's perspective is not exclusive or independent from the effects being analyzed in other schools (Bauer & Matzler, 2014).

Even though research on M&A is still dominated by finance and strategy scholars (Stahl & Voigt, 2008), post-merger integration (PMI) and soft issues of M&A have received increased attention by scholars because the disappointing results of M&A might be attributed to poor human integration (Appelbaum, Gandell, Yortis, Proper, & Jobin, 2000; Marks & Mirvis, 2011; Weber & Fried, 2011a; Sarala, Junni, Cooper & Tarba, 2016). PMI in general refers to actions taken by the management to realign two formerly separate entities (Haspeslagh & Jemison, 1991; Pablo, 1994) aiming to realize synergies, which neither part would be able to derive separately (Gomes, Weber, Brown, & Tarba, 2011; Weber, Tarba, & Öberg, 2013). Integration itself is a multifaceted process with many interrelated tasks and dimensions (Birkinshaw et al., 2000; Shrivastava, 1986); and "it may not be enough for a merger or acquisition to have potential synergies to exploit; structural and processual changes must be undertaken that allow those synergies to be realized" (Larsson & Finkelstein, 1999, p. 16). Thus, the ultimate success or failure of an acquisition is determined by PMI activities (Pablo, 1994b; Weber & Tarba, 2010). This "combination of activities within the same set of organizational boundaries" (Puranam, Singh, & Chaudhuri, 2009, p. 313) is – in cases of significant levels of interdependence between the combined firms – a powerful means to achieve coordination among operational, structural, and cultural units. The complexity and inherent causal ambiguity of combining related activities, which originate in different organizational boundaries, make post-acquisition integration the most challenging phase in M&A (Cording et al., 2008; Gomes et al., 2011).

Despite the common agreement on the importance of PMI, there are different assumptions as well as heterogeneous empirical results for different integration approaches. Commonly used integration frameworks or typologies appear to be inappropriate and lack empirical evidence (Angwin & Meadows, 2015). Even though research on integration has made serious progress in understanding the phenomenon, there is still no common understanding on M&A integration, while managers continue to attribute M&A failure to cultural or other soft problems (Vaara et al., 2014). In particular, the effects on the human side of M&A integration as well as its antecedents and consequences are, less explored and understood (Sarala, Vaara & Junni, forthcoming). To give an example of the underrepresentation of human resource management (HRM) issues in the area of strategic partnerships, a 22-year spanning review of literature on strategic alliances by Gomes et al. (2016) has revealed only a two percent dip in the field of HRM (e.g., job security, recruitment, or retention of employees). With increased research interest, HR-related topics are no longer a peripheral matter (e.g. Khan, Rhao-Nicholson, Akhtar & He, forthcoming; Khan, Soundarajan, Wood & Ahammad, forthcoming), as there was and still is a clear need to better understand the human side of M&A (Graebner, Heimeriks, Huy & Vaara, 2017; Sarala et al., forthcoming). Traditionally, human resource and organizational scholars focus on specific topics, such as trust or organizational identity (Bijlsma-Frankema, 2005; Olie, 1994), communication (Benner & Tushman, 2003), cultural differences and socialization (Khan et al., forthcoming), and coordination based on the theory of organizational design (Thompson, 1967). In a recent review on integration, Graebner and colleagues (2017) highlighted the importance of humans in terms of decision making and emotionality for future M&A research. However, PMI and HR topics appear to be the “elephant in the room,” and remain a puzzle for practitioners and scholars (Capasso & Meglio, 2005). The prevalent fragmentation of research highlights the importance of synthesizing current knowledge (Graebner et al., 2017). HR-related M&A integration aspects should neither be neglected, as the "success of the integration process depends on cooperation and requires the ability to address conflicts and various HR problems" (Weber & Tarba, 2010, p. 205), nor analyzed as an abstract or enclosed topic in the field of M&A (Graebner et al., 2017; Rouzies, Colman & Angwin, forthcoming). Instead, PMI and HR topics deserve a broader and more integrative perspective.

On this basis, our paper intents to contribute to research by broadening the perspective on human integration in M&A by considering M&A research and its implications for HRM from various literature streams. Against the fragmented background of M&A research, this paper will review three out of the four schools of thought with regard to explicit and implicit conclusions for human integration and for HRM during acquisition integration. Choosing this integrative frame is important to better understand the role of human integration, as HRM in M&A is neither a self-purpose nor a self-contained process (Rouzies et al., forthcoming), but rather, it is dependent on strategic, organizational, and procedural issues (Larsson & Finkelstein, 1999). Based on an analysis of empirical and conceptual articles of strategic management, organizational behavior, and the process schools of thought, we evaluate and summarize explicit and implicit conclusions for human integration and HRM during integration. Grounded on our literature review, we argue that research dealing with humans in acquisitions should open up and consider different contexts, dynamics, and methods.

The structure of our paper is as follows. First, we delineate the schools of thought, review relevant articles and summarize and evaluate our knowledge stock. As a complete coverage of all articles on M&A is not possible simply due to the amount of research, we concentrate on articles published in highly ranked journals or on high impact articles in terms of citations. Second, we combine the explicit and implicit conclusions from the different schools of thought. Third, we develop future research questions.

2. What the schools of thought tell us about integration

Even though the financial economics school of thought is the most prominent (Stahl & Voigt, 2008), our literature review does not consider this area. The main purpose of this school is to investigate the performance and wealth effects of M&A based on event studies with stock market data (Birkinshaw et al., 2000; Dixon Wilcox, Chang, & Grover, 2001; Haspeslagh & Jemison, 1991a). Based on event study research, this school investigates the development of stock prices of both acquired and acquiring companies, while the underlying success factors or mechanisms influencing the performance are largely neglected (Buono & Bowditch, 2003; Chatterjee, 2009). One-dimensional success measured on the one hand, and the short-term event windows on the other, are a major point of criticism concerning our understanding of the realization of success potential in M&A (King, Dalton, Daily, & Covin, 2004). Consequently, the organization itself and its employees are not the focus of this research stream; rather it is primarily concerned with the shareholders' expectations and their evaluation of transactions. Since implications for the field of HRM are limited, we have not integrated this school of thought in our literature review.

2.1 The Strategic Management School

The strategic management school, as a sub-section of the M&A domain, is primarily concerned with antecedents of M&A success, ranging from the degree of relatedness (e.g., Capasso & Meglio, 2005; Cartwright, 2005; Chatterjee, 2009) over strategic fit (e.g., Ramaswamy, 1997; Swaminathan, Murshed, & Hulland, 2008) to strategic complementarity (e.g., Kim & Finkelstein, 2009; Swaminathan et al., 2008). Within this context, scholars argue that some kind of pre-merger fit, such as market relatedness, resource similarity, or complementarity, acts as an indicator for synergy potential and thus for acquisition performance (Kim & Finkelstein, 2009; Larsson & Finkelstein, 1999). Contrary to the financial economic school that usually covers short event windows, the strategic management school's timeframe is longer, as the proposed synergies must be leveraged during integration (Hubbard & Zollo, 2001; Vicari, 1994). While most empirical studies draw, more or less, a direct relationship from fit on performance (Finkelstein & Haleblian, 2002; Krishnan, Miller, & Judge, 1997; Pehrsson, 2006; Ramaswamy, 1997; Singh & Montgomery, 1987), only a very few articles implement integration-related variables in their research models (e.g., Bauer & Matzler, 2014; Homburg & Bucerius, 2006; Larsson & Finkelstein, 1999; Zaheer, Castaner, & Souder, 2013). The arguments for a positive relationship of fit—independent from its conceptualization—range from market power and productivity (Cartwright, 2006), economies of scale, and the elimination of redundant resources (Capasso & Meglio, 2005) to enhancement-based synergies (Bauer & Matzler, 2014; King, Slotegraaf, & Kesner, 2008). The following table displays a selection of pre-merger fit studies that also implement integration-related variables in their empirical research.

>>> insert Table 1 about here <<<

The five articles use some strategic fit measures. While Larsson and Finkelstein investigate combination potential (1999), Homburg and Bucerius split their fit conceptualization into internal and external relatedness (2006). Bauer and Matzler concentrate on strategic complementarity (2014) and Zaheer, Castaner, and Souder use both similarity and complementarity (2014) as pre-merger indicators for synergy potential. Even though all articles draw a relationship on post-merger integration, only Larsson and Finkelstein argue that the combination potential as well as organizational integration, which have a positive effect on synergy realization, affect humans, resulting in employee resistance (1999). Combination potential indicates overlapping structures and functions and thus is associated with restructuring and consolidation. Consequently, employees perceive themselves under stress and in an unstable situation (Larsson & Finkelstein, 1999).

Homburg and Bucerius (2006) analyze the moderating effect of internal and external relatedness on the speed performance relationship. Their results indicate that relatedness is a strong indicator for beneficial and detrimental effects of speed and conclude that relatedness is an antecedent for pertinent integration approaches. Nevertheless, humans are not in the focus of their study as they concentrate on marketing-related issues of integration (Homburg & Bucerius, 2006).

Bauer and Matzler found that strategic complementarity affects the degree of integration positively, as there is a necessity for complementary resources to interact with each other. Even though they have no human integration focus, their degree of integration measure has a sociocultural dimension (2014).

In contrast to the first three articles that in general argue for beneficial effects of integration, the latter two draw a more nuanced perspective. Capron and Hulland (1999) investigate the transfer effects of the sales force and figure out that in horizontal domestic deals, sales forces are usually redeployed from acquirer to target, indicating that redundant resources are eliminated.

Zaheer and colleagues (2013) argue that complementarity and similarity have different implementation requirements, but both deep integration and autonomy can have beneficial effects. They find that similarity and complementarity affect integration in terms of strategy formulation, marketing, R&D, and operations. Again, humans are not explicitly mentioned but it is stated in the discussion that employee collaboration is necessary for leveraging complementarities while deep integration could alienate them (Zaheer et al., 2013).

M&A literature within the strategic management school focuses on value creation by developing a sustainable competitive advantage based on pre-merger characteristics (Kim & Finkelstein, 2009). In this regard, M&A success is visible through an improved competitive situation in a long-term time horizon. However, the underlying value-creation mechanisms (e.g., integration-related measures) are not in the focus of this school of thought (Haspeslagh & Jemison, 1991; Hubbard & Zollo, 2001). Thus, the majority of publications exclusively focus on a performance link of relatedness, strategic fit, and strategic complementarity; implications on the human side of a transaction are not addressed. In summary, the strategic management school draws implicit assumptions about human behavior in acquisitions. Only the paper of Larsson and Finkelstein explicitly analyzes human reactions in terms of employee resistance.

2.2 The Organizational Behavior School

While the strategic management school of thought primarily focuses on the consequences that specific premerger characteristics have on the combined organization, the organizational behavior school (OBS) analyzes effects of human resources and organizational compatibility. “HR problems, such as stress, negative attitudes, low cooperation, and low commitment, following a merger” (Weber & Drori, 2011, p. 83; see also Appelbaum & Gandell, 2003; Cartwright & Cooper, 1993; Schweiger et al., 1987) can result in increased turnover and decreased M&A performance (Appelbaum & Gandell, 2003; Buono & Bowditch, 1989; Weber & Drori, 2011) that consequently “may prevent exploitation of the potential synergy that can arise from sharing or transferring resources and skills” (Weber & Fried, 2011b, p. 566). This challenge has essentially been analyzed in light of cultural and social psychological processes.

Cultural aspects of post-merger integration are widely discussed among M&A researchers. An inter-cultural encounter, no matter whether it takes place on a national, institutional, organizational, or professional level, affects people's attitudes and behavior (Weber & Tarba, 2011). Particularly distances, differences, and similarities between the combined firms have been examined on international (e.g., Brock, 2005; Jöns, Froese, & Pak, 2007; Larsson & Risberg, 1998; Weber, Tarba, & Bachar, 2011; Weber, Tarba, & Reichel, 2009, 2011), national (Barkema, Bell, & Pennings, 1996; Calori, Lubatkin, & Very, 1994; Morosini, Shane, & Singh, 1998; Reus & Lamont, 2009; Weber, Shenkar, & Raveh, 1996), organizational (e.g., Chatterjee, Lubatkin, Schweiger, & Weber, 1992; Lakshman, 2011; Marks & Mirvis, 2011; Stahl, Mendenhall, & Weber, 2005; Stahl & Voigt, 2008; see Ahammad, Tarba, Liu, & Glaister, 2016; Sarala & Vaara, 2010 for both national and organizational level), and top management team levels (e.g., Appebaum & Gandell, 2003; Lubatkin et al., 1999). Consequences, particularly from an HR perspective, are detrimental, as the emotional situation causes negative effects on employee retention and, therefore, on knowledge transfer (Ahammad et al., 2016). International Business (IB) scholars have advanced M&A research in cross-border transactions not only by scrutinizing different aspects that can bridge cultural differences, but by also applying not-yet-established methods in the field. Durand (2016), for instance, applied critical-incident techniques to investigate expert managers' perceptions of contextual changes after a merger. This allowed her to support that positively related perceptions and emotions can promote PMI activities in cross-border M&A, findings which tie in to the findings of Rottig (2013) and Kusstatscher (2006).

In the last years, researchers have not only applied linguistic cues in M&A research, but also used artifacts to examine how national identities and differences (Riad & Vaara, 2011) or international relations written into organizational acquisitions (Riad, Vaara, & Zhang, 2012) are reproduced through media coverage about international M&A. Another approach within the same orbit was conducted by Vaara & Tienari (2011) using discourse-cultural studies of organizations, and it revealed that organizational storytelling paves the way for explaining identities and interests in the aftermath of M&A.

The main drivers of examining M&A from a cultural perspective stem from the concept of social capital, where the central proposition claims that networks of relationships constitute a valuable resource. This resource increases the efficiency of actions as well as information diffusion, or reduces transaction costs and facilitates new forms of association and innovation (Nahapiet & Ghoshal, 1998). The acculturation process as such aims at forming a jointly determined culture by harmonizing beliefs, assumptions, and values of previously independent workforces (Larsson & Lubatkin, 2001). Such a unified organizational frame is necessary to maintain a cooperative working environment (Ashforth & Mael, 1989; Hatch & Schultz, 2002; van Dick, Ullrich, & Tissington, 2006). However, a collision of different cultures, no matter whether this encounter takes place on an organizational or national level, can lead to disruptions, predominantly at high levels of planned integration when collaboration is most intensive (Slangen, 2006; Weber et al., 1996).

One approach used to tackle this problem has been suggested by Weber, Tarba, and Bachar (2011), who claim that in order to effectively achieve synergies of sameness (and eventually M&A success) and to overcome cultural differences, managers need to choose the appropriate PMI approach (holding, preservation, absorption, or symbiosis). More specifically, Weber and Tarba (2011) even suggest that the symbiosis approach is the most promising one in cases of high synergy potential and considerable cultural differences. Others have analyzed whether a cultural fit can predict M&A success (Cartwright, 2006; Cartwright & Cooper, 1993; Datta, 1991). Bauer and Matzler (2014) provided empirical evidence that compatibility on a cultural level contributes positively to M&A success. According to Stahl and Voigt (2008, p. 172), "cultural differences can be both an asset and a liability in M&A, depending on the degree of relatedness and the dimension of cultural differences separating the firms." In their meta-analysis they examine the effects of cultural differences on sociocultural integration, synergy realization, and shareholder value. Further, they suggest that the degree of relatedness can be a predictor for sociocultural problems in the integration phase. Deep integration in related M&A might cause struggles on the organizational levels, whereas low levels of integration in cross-border M&A can lead to positive integration results. The paper by Stahl and Voigt (2008) serves as an example of simultaneously covering pre- and post-merger considerations related to cultural aspects. The authors draw a broad picture on culture, integrating cultural differences on organizational and national levels, i.e., sociocultural integration, which is the process of creating a positive attitude toward the merger and eventually a shared identity among all involved employees, and the overall effect on M&A in order to overcome contradictory results in previous, rather isolated research.

Studies with a direct relationship to HRM are rarely conducted. However, since a lot of articles have been published about cross-cultural M&A, IB scholars have also analyzed HR practices in the context of cross-cultural conflicts in M&A (Weber, Rachmann-Moore, & Tarba, 2012). Thereby, Weber and colleagues (2012) reveal that in cross-border M&A there are no generalizable HR practices, but that HR practices and their impact on M&A performance stems from a national context. An interesting link between the question of relative status and cultural differences has been drawn by Yildiz (2016). In his experimental studies he found that similarity and status have different effects on competence- and benevolence-based trust, when analyzing interpersonal relationships in the aftermath of M&A. These findings have implications for knowledge transfer processes, as a fine-grained understanding on micro-processes helps managers to more effectively cope with similarity and status. Another study that directly relates to HR issues is the case survey by Rao-Nicholson, Khang, and Stokes (2016). They showed that it is not visible open leadership that helps target employees to develop psychological safety in the aftermath of a cross-border transaction, but rather employees' trust in an executive's leadership abilities. Further, in a study on domestic M&A with an international context, Reynolds and Teerikangas (2016) show that even in domestic M&A, employees' behavior and reactions can be similarly intensive to the emotional reaction from a cross-border M&A. Nowadays, in an increasingly globalized world, emotional turmoil cannot be ascribed to M&A integration in an international context only (Reynolds & Teerikangas, 2016); it calls for boundary-spanning research that analyzes more inter-cultural aspects among IB scholars.

Despite the cultural considerations, various studies within the organizational behavior school focus on the individual's reactions following a merger. In a study on continuation and changing group identities in M&A, van Leeuwen, van Knippenberg, and Ellemers (2003) have shown that feelings of job insecurity, resistance and intergroup discrimination (among the merged parties) are triggered in the presence of two prospects. First, this occurs when the pre-merger identity is at risk of being changed in the merger process, and second, when one group needs to incorporate a subgroup. Reasoning is based on social identity theory according to which individuals are bound together as part of a social group allowing each of them to delineate their own identity through their social environment (Ashforth & Mael, 1989; Tajfel, 1972). According to Benner and Tushman (2003), process management activities in general cause impacts, which provoke resistance to change among employees. Consequently, the organization's variability and ability to adapt is inhibited. This resistance and subsequent value deterioration has been observed in particular when firms have been acquired due to their innovative capabilities and when the success of an acquisition was dependent upon the acquirer's ability to retain inventors and maintain their productivity (Paruchuri, Nerkar, & Hambrick, 2006; Puranam et al., 2009; Puranam & Srikanth, 2007). Puranam et al. (2009) concede that integration may improve the alignment of activities. However, the way in which internal and external capabilities combine depends upon the interdependence between the merged firms. Taken from an agency theory perspective synthesized with the theory of organizational design, Puranam and colleagues (2009) infer that even though bringing together two formerly structurally distinct organizations in order to effectively use capabilities in conjunction, a “loss of autonomy” effect can result. This weakened link between reward and effort as well as freeriding behavior can cause high costs due to disruptions. Their findings also showed that, in the presence of high interdependence between acquirer and target, the gains from combining both entities outweigh the costs. However, in the presence of common knowledge, integration is not necessary at all, and thus, costs of disruption can be avoided. Paruchuri et al. (2006) draw an analogous conclusion in their study on acquisition integration in the technical core. They emphasize the negative effects of PMI and claim that valuable knowledge creation is a path-dependent process. Therefore, integrating acquired knowledge workers negatively impacts their status relative to others and disrupts their productivity. A more recent study by Bauer, Matzler, and Wolf (2016) supports these arguments, as the authors provide empirical support that integrating employees disrupts organizational routines leading to a negative impact on innovation outcomes.

Papers discussed under the umbrella of the organizational behavior school are summarized in Table 2.

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The organizational behavior school implicitly and sometimes explicitly acknowledges human integration as one of the most critical yet least controllable issues in M&A (Shrivastava, 1986). In respect thereof, several areas of tension are considered. For instance, on the organizational level of analysis, the cultural encounter and relatedness of the integrated entities have been widely researched (oftentimes analyzed in terms of national or organizational cultural differences and its consequences, termed as cultural clash). While the investigation of consequences of PMI measures on individuals is one concern, another level of analysis is involved with psychological topics (e.g., stress, sense of justice, communication). Even though, consequences of PMI on the human side are more explicitly discussed than within the strategic management school, literature of the organizational behavior school so far does not provide an integrative perspective on the whole PMI phase, but remains isolated with regard to specific topics.

2.3 The Process School

The process school is not an original school of thought, but rather has emerged from the strategic management school and the organizational behavior school (Haspeslagh & Jemison, 1991). Within the process school of thought, success factors of a transaction are analyzed in terms of the course of action to be taken in order to allow for a more systematic, integrative understanding by examining, for instance, decisions and their consequences on the involved organizations, units, and people (Bijlsma-Frankema, 2004; Birkinshaw et al., 2000; Haspeslagh & Jemison, 1991; Jemison & Sitkin, 1986). Therefore, determining effective and efficient means of how to shape the whole PMI process is crucial (Birkinshaw et al., 2000). Considerations from a process perspective are mainly made from a change management perspective. On the operational level, this involves actions taken by management to navigate the transaction (Birkinshaw et al., 2000). This is necessary, as M&A can come with enormous organizational changes that affect employees, organizations, and existing structures and, consequently, influence the overall M&A success (Bijlsma-Frankema, 2004; Birkinshaw et al., 2000). A first step in this regard is the analysis of different integration dimensions. One stream of authors has examined which levels of changes and corresponding integration goals are sought during PMI. For example, Pablo (1994) distinguishes between task, cultural, and political characteristics, while Birkinshaw et al. (2000) claim that human integration (i.e., the creation of a shared identity) is necessary in order to achieve task integration goals (i.e., synergy creation through knowledge transfer). Zollo and Meier (2008), however, differentiate integration in process-, employee-, and customer-related dimensions; while Cording, Christman, and King (2008) discern integration according to employees, production, marketing, and systems.

These examples show different categorizations in terms of integration dimensions; however, all of them use a process perspective for integration management. For instance, according to Cording et al. (2008), one impediment to successful strategy implementation is a lack of understanding the causal link between actions or decisions and their performance outcomes. This uncertainty affects employees, managers, and competitors for several reasons. First, the quality of decisions is diminished, as the missing link of understanding causes deficiencies in the creation and transfer of knowledge. Second, making adjustments or transferring best practices is in line with increased complexity. Third, a company’s ability to react to changes is reduced. In an M&A context, pitfalls are detrimental, since integration managers cannot predict how implementation decisions affect acquisition performance. Thus, the authors outline that this intra-firm causal ambiguity can be reduced in acquisition integration, particularly by considering intermediate goals. Holding a resource-based view of integration, whereby the overall objective of combining two firms is to transfer, delete, and retain resources, Cording et al. (2008) found that intermediate goals are effective for reducing causal ambiguity during the integration process. In their study they consider PMI (next to market expansion) as a transitional step for acquisition performance. In doing so, they measured the degree to which the acquirer induced changes to the target in terms of employees, production, marketing, and systems.

Zollo and Meier (2008) added another dimension to the process perspective and determined that synergy creation should be analyzed from a more fine-grained perspective, considering short-term, such as knowledge transfer, and long-term measures, such as customer or employee retention. The results of their study emphasize how crucial PMI is for the overall M&A performance.

Another matter that captures researchers' interest is the pace of the integration process during PMI. Some scholars recommend quick implementation efforts, while others suggest a slower approach. Ranft and Lord (2002) argue that acquirers need time to learn about the target's technologies and capabilities and, therefore, call for a slower and more cautious integration. Angwin (2004) piloted the first comprehensive discussion on speed of integration in M&A, and suggests that it is beneficial for reducing uncertainty among employees and customers. Homburg and Bucerius (2006) agree with Angwin and point out that the study by Ranft and Lord (2002) is entirely qualitative and does not provide any statistical data. Homburg and Bucerius (2006) analyzed the effect of speed of integration on M&A success. They focus on the fact that in the case of low external relatedness (similarity in terms of target markets and market positioning) and high internal relatedness (similarity in terms of management style, premerger performance, and strategic orientation) a strong positive impact of speed of integration on M&A success can be observed.

Contributing to this stance, Birkinshaw, Bresman, and Nobel (2010) describe two modes of integration involving pre-conditions for each integration speed: When a company is being bought for its physical assets and for its market presence, the acquirer should integrate quickly in order to impose rules and systems to the target. However, when a company is being acquired for its human assets, the buyer should allow the target to retain autonomy and should successively encourage interaction and integration between both organizations.

Another area in the process school related to the discussion about time and timing in M&A is communication. Information processing and the exchange of content among all involved parties has to be fostered during M&A, starting from the announcement of a merger, and continuing throughout the whole PMI process (Colombo, Conca, Buongiorno, & Gnan, 2007). Upon the completion of a transaction, the more time it takes, the more rumors and uncertainty evolve among employees (Cording et al., 2008; Schweiger & DeNisi, 1991). Once the deal is sealed, ample information must be transparently shared to avoid tensions and ambiguity in order to establish a predictable atmosphere and promote positive attitudes toward the merger (Brannen & Peterson, 2009; Daft & Lengel, 1986; Hogg, 2007; Napier, Simmons, & Stratton, 1989; Ranft & Lord, 2002; Schweiger & DeNisi, 1991; Sutton & Kahn, 1986). This involves factual communication regarding the logic and reasons behind the focal transaction and explanations of each unit's or employee's role in the organization (Smidts, Pruyn, & Riel, 2001) in the (new) meaning of the organization (Daft & Lengel, 1986).

Controlled communication is one of the most crucial facilitators of the M&A process (Appelbaum et al., 2000). It enables employees to make sense of the merger and promotes cooperation (Epstein, 2004; Jetten, Duck, Terry, & O'Brien, 2002; Lüscher & Lewis, 2008). Continual and transparent communication is perceived as a representation of trust and justice (Ellis, Reus, & Lamont, 2009; Schweiger & DeNisi, 1991). This eventually results in knowledge sharing (Brown & Duguid, 2001) and identification with the newly formed organization (Bartels, Douwes, de Jong, & Pruyn, 2006). In this regard, studies based on the organizational justice theory have advanced the understanding of the importance of communication in terms of procedures and information (e.g., Ellis et al., 2009; Meyer & Altenborg, 2007).

When employees feel they are treated fairly, by, for instance, having a voice and gaining respect and appreciation, trust and commitment evolve as a consequence of intellectual and emotional recognition (Brockner, O'Malley, Hite, & Davies, 1987; Ellis et al., 2009; Folger & Konovsky, 1989; Kim & Mauborgne, 1998). This facilitates the mobilization of involved employees, particularly when large-scale changes, expected after a merger or acquisition, are pending (Daly & Geyer, 1994; Kim & Mauborgne, 1998; Monin, Noorderhaven, Vaara, & Kroon, 2013). Meyer and

Altenborg (2007) applied the organizational justice theory, arguing that a sense of equality (e.g., by providing procedural justice) positively influences social integration. However, if principles of equality are perceived as not being followed, consequences are detrimental, as the relationship between buyer and target is disrupted. In their survey of 62 transactions, Ellis and colleagues (2009) distinguish between procedural and information justice in the context of M&A. Hereby procedural justice is the “extent to which the acquirer makes the effort to assure fairness of procedures and processes in decision-making.” (Ellis et al., 2009, p. 138). It is crucial for the target side to be able to control processes and to have a stake in the decision-making process. Information justice is understood as being transparent and frank in communicating information and explanations for decisions made. This allows for a feeling of justification for upcoming processes (Bies & Shapiro, 1988; Ellis et al., 2009; Greenberg, 1993). Both procedural and information justice during communication can prevent negative attitudes during a transaction by giving involved parties the opportunity to understand the rationale behind the focal M&A and thus, receive support when changes are implemented (Ellis et al., 2009). Therefore, the perception of justice is supportive for affirmative organizational behavior, because it allows people to comprehend the change process, thereby increasing the likelihood of accepting PMI activities (Ellis et al., 2009; Meyer & Altenborg, 2007; Zaheer, Schomaker, & Genc, 2003). More recent studies add further dimensions to the justice discussion by analyzing temporal dynamics (Monin et al., 2013) or by showing that trustworthiness and the willingness to cooperate can be increased with exemplarity of management (Melkonian, Monin, & Noorderhaven, 2011). In particular, the study conducted by Monin and colleagues (2013) can be considered as a mutual enrichment within the process school, since it combines justice and sensemaking/-giving procedures. Exemplary papers of the process school are displayed in Table 3.

>>> insert Table 3 about here <<<

Similarly, to the literature of the strategic management school and the organizational behavior school, many topics from a process perspective have furthered our understanding on timing, decision-making, and problem-solving approaches, but explicit deductions for HRM cannot be comprehensively extracted, as the effects remain implicit in most cases.

3. An integrative perspective on humans in acquisitions

It is evident from the exemplary review of the different schools of thought that M&A research is strongly fragmented among different schools of thought and specific phases of the M&A process (Birkinshaw et al., 2000; Larsson & Finkelstein, 1999). The focus on a specific issue or on a specific sub-topic leads, on the one hand, to a deep understanding, but on the other hand, it is at the cost of an integrative understanding of the M&A phenomenon (Cartwright & Schoenberg, 2006). As Larsson and Finkelstein (1999, p. 2) indicated, "Although the streams of research are not mutually exclusive, they have only been marginally informed by one another. M&A are clearly multifaceted phenomena that are poorly understood through incomplete and partial application of theories from separate fields." The obviousness of the interdependencies of the different schools and different phases leads to the fact that implications from M&A studies for human integration and HRM during integration must be taken with caution. The following table organizes the key implications for HRM derived from classical M&A literature among the schools of thought and the phases of the M&A process.

>>> insert table 4 about here <<<

As the table shows, the implications of M&A research on HRM are in most cases implicit rather than explicit. As the human factor is a major discriminator among firms, a lack of or poor human integration leads to an offset of operational synergies (Krug, Wright, & Kroll, 2014). HRM is an important task during acquisitions, yet pleased employees are not an end in itself in PMI, even though a state of physical and psychological health among employees is desirable and corresponds to many firms' attitude of considering employees as their most valuable resource. Unfortunately, it must be stated that the term "valuable" can become a double-edged sword. Humans can be a major source of competitive advantage, but in the case of acquisitions, "valuable" often equals expensive in managers' and shareholders' eyes, as failure is often post hoc attributed to employee or soft issues (Vaara et al., 2014). This is especially true in consolidation-driven acquisitions whereby the elimination of redundant resources also entails an optimization of human resources, and, therefore, becomes a core topic. Thus, ethically sustainable HRM is not free of constraints and has to deal with the area of conflict between strategic intentions and the creation or enhancement of synergies. For a better understanding of HR-related issues in M&A, we argue that both an integrative and a deeper perspective or research approach is essential, while not necessarily performed simultaneously. As a consequence, we develop two major avenues for future research in the next section: a) covering the interrelationships and the complexity of M&A involving human aspects and b) investigating consequences for humans in organizations with different methodologies.

4. Future research directions and implications

4.1 Interrelationships and complexity of M&A

It is apparent from the literature review that the implications of classical M&A literature for HRM are limited and mainly implicit. Even though the number of published articles in the field of M&A has dramatically increased since the 1980s, the success and failure rates have not improved. A major reason for the paradox of this increased knowledge base and continual low success rates in M&A can be found in the dominance of incremental gap-spotting research (Alvesson & Sandberg, 2011). The pressure of getting published leads to precise and focused research questions and thus to narrow contributions, even though this concern has been raised by many prominent scholars (Starbuck, 2006). Especially in the field of M&A, it is observable that most studies focus on very specific issues that reduce the complexity of the phenomenon despite the fact that complexity could help us in understanding intertwined relationships leading to specific M&A outcomes.

In line with others, our literature review has demonstrated that the majority of research has investigated diverse potential antecedents predicting M&A performance (Weber & Tarba, 2010) without finding clear and univocal relationships (King et al., 2004). This result can be attributed to several shortcomings. First, HRM should support integration-related measures to achieve the desired outcome. Therefore, major tasks should involve minimizing conflicts, disruptions, stress, and organizational resistance to achieve coordination between the formerly separate firms and eventually and effectively promote M&A success. Poor HRM measures may lead to negative attitudes (Weber et al., 1996), less willingness to cooperate (Chatterjee et al., 1992), ingroup or outgroup biases (Jetten et al., 2002), increased managerial turnover, and organizational resistance (Larsson & Finkelstein, 1999), all of which minimize M&A performance. Second, we need to comprehend the interdependencies of different phases and different schools of thought to understand indicators for risks as well as appropriate measures during the entire acquisition process. Therefore, it is important to note that there is no single pathway to success and recognize that what leads to acquisition performance is not necessarily the opposite of what causes failure. Third, several studies investigate context-related issues and their impact on M&A. Contextual variables include, for instance, the institutional environment (Capron & Guillén, 2009), the industry lifecycle (Bauer, Dao, Matzler, & Tarba, 2017), the national culture (Bauer et al., 2016; Slangen, 2006), and the organizational context (Rouzies et al., forthcoming). Despite the recognized importance of context-related variables, research results are not univocal.

We argue that next to focused research questions, which add knowledge to a specific domain, a bird´s eye view is necessary to identify a grand logic or theory in the puzzle of research results. The following Figure 1 displays the complex relationships that are subject to description and the development of propositions.

>>> insert figure 1 about here <<<

Strategic and Organizational Antecedents: Both the strategic management school as well as the organizational behavior school investigate pre-merger indicators as antecedents for acquisition outcomes. While strategic management literature assumes that relatedness, similarity, or complementarity are indicators for synergy potential that helps firms to effectively leverage resources and capabilities (Palich, Cardinal, & Miller, 2000), organizational scholars argue that a lack of cultural or organizational fit is a major reason for acquisition failure (Bijlsma-Frankema, 2001; Cartwright & Schoenberg, 2006; Nguyen & Kleiner, 2003). The importance of cultural fit derives from the fact that organizational culture finds its expression in nearly all organizational practices, directives, leadership styles, and administrative processes (Chatterjee et al., 1992). Despite numerous theoretical arguments, a meta-analysis from King and colleagues (2004) found no significant relationship of relatedness in terms of resource or product-market similarity on M&A performance, indicating that fit is an important but not sufficient pre-condition for M&A success (Larsson & Finkelstein, 1999). One reason can be found in integration and integration-related measures and actions. Even under the best conditions—in terms of strategic and cultural fit—acquisitions can fail in creating value in the absence of managerial actions necessary to avoid negative human reactions and to leverage proposed synergies (e.g., Dao, Bauer, Strobl, Matzler, & Eulerich, 2016). We hold that the best premises are worthless without any action. We, therefore conclude:

Proposition 1: Strategic and organizational antecedents are an important but insufficient predictor for human reactions and condition for the realization of proposed synergies.

Strategic and organizational indicators for synergy realization: The majority of research investigates the degree of integration as a decisive success factor. Even though a higher degree of integration goes hand-in-hand with greater changes that could cause employee resistance and other negative human reactions (Buono & Bowditch, 2003; Larsson & Finkelstein, 1999), a certain degree of integration seems to be required to achieve acquisition goals.[1] A major reason is that synergy realization requires resource redeployment and exploitation, or the elimination of redundant resources (Cording et al., 2008; Pablo, 1994). Alongside empirical evidence on positive effects of the degree of integration, it must be acknowledged that integration provokes coordination costs (Slangen, 2006; Teerikangas & Very, 2006) that could outweigh the beneficial effects. Some research reports that integration disrupts innovators, leads to a loss of social status, and, therefore, drives productivity losses in the technical core (Paruchuri et al., 2006). Puranam et al. (2009) find that structural integration is unnecessary in the presence of a common ground as the costs of disruption are greater than the benefits. Even though there tends to be the assumption that integration and autonomy are a dichotomy, a recent study by Angwin and Maedows (2015) finds a broader variety of different integration strategies and Zaheer and colleagues (2013) find that both could occur simultaneously within one acquisition.

Nevertheless, integration-related decisions should not be made suddenly and unexpectedly, but rather based on rational analyses of goals, antecedents, abilities, and context. Recent research investigated pre-merger similarity and complementarity as antecedents for appropriate integration

[1] Please note: The decision on the degree of integration is not free of constraints, as most countries have strict legal regulations with regard to the integration of, e.g. accounting or controlling.

decisions (Zaheer et al., 2013). The authors argue that autonomy is in line with complementarity and integration with similarity. Contrary Bauer and Matzler (2014) find that integration has beneficial effects when high complementarity exists. In summary, even though not univocal in terms of direction, research results point toward strong relationships between pre-merger indicators and integration-related decisions. Thus, we propose:

Proposition 2: Strategic and organizational antecedents indicate pertinent integration-decisions.

Integration-related decisions: Integration and autonomy have both advantages and disadvantages. While a higher degree of integration allows firms to leverage the proposed synergies and to increase operative efficiency and market power (Meyer & Altenborg, 2007), it might disrupt employees, lead to organizational resistance (Larsson & Finkelstein, 1999), and increased coordination costs (Cording et al., 2008). Even though structural integration is usually seen as a major reason for negative employee resistance, Dao and colleagues (2016) demonstrate in a case study that no changes can also lead to negative consequences. We argue that integration- decisions are pivotal for human reactions and thus, indirectly for the acquisition outcome. Whether the effect is positive or negative depends on antecedents as well as managerial measures and actions taken during integration. As a consequence, we propose:

Proposition 3: Integration-related decisions determine human reactions.

As previously stated, the relationship of integration-related decisions on human reactions is neither unidirectional nor free of constraints, but rather moderated by managerial measures and actions taken during integration. This is in line with research suggesting that discrepancies explaining variables in M&A as well as their interactions are still missing (King et al., 2004). Most

M&A research treats PMI as a static event. Usually, integration is quantitatively assessed at a single point in time in terms of degree of integration (e.g., Bauer & Matzler, 2014) and/or in terms of the duration until the desired degree of integration is reached (Cording et al., 2008). However, it takes three to five years to complete the whole integration process (Ellis et al., 2009; Homburg & Bucerius, 2005; Zollo & Meier, 2008), which can hardly be captured with an ascertainment at a single point in time. Due to the static perspective on PMI, we tend to ignore all the intermediate stages that are necessary in integration (Meglio & Risberg, 2010) as well as the inherent ambiguities of causalities (Jemison & Sitkin, 1986).

The process school highlights several managerial measures and actions for managing the integration process. Communication is cited to be a decisive success factor for integration (Angwin, Mellahi, Gomes, & Peter, 2014; Schweiger & DeNisi, 1991). If the target is granted autonomy, a lot of communication could raise expectations of changes that do not come and thus, lead to employee anxiety while little communication in combination with a high level of integration would lead to less transparency. Setting the right speed of integration is another important measure (Angwin, 2001; Homburg & Bucerius, 2005, 2006). Speed has beneficial as well as detrimental effects. A high speed of integration could blindside employees out or reduce uncertainty as clarity is quickly established (Angwin, 2001). On the other side, slow integration allows employees to discern differences and create a common understanding as well as mutual trust (Olie, 1994). In a recent study, Bauer, King and Matzler (2016) argue for a relative measure for speed that sets the degree of organizational change in relation to the duration of integration. They find that human integration should be done quickly to establish transparency and clarity while task integration should be slower. This is in line with Birkinshaw and colleagues' findings (2000) that state that closer task integration requires a common understanding and mutual trust. However, if autonomy is granted to the target, integration could be completed very quickly, whereas a high degree of integration requires greater changes, and thus, slows down the process. Other variables that impact integration-related decisions on human reactions are, e.g., decision-making styles during integration (Uzelac, Bauer, Matzler, & Waschak, 2015), HR manager autonomy (Weber & Tarba, 2010), and intermediate goals (Cording et al., 2008). All these measures and actions are not isolated events, as they occur in combination with integration-related decisions and antecedents. Instead of assuming a direct relationship, we argue for an interaction of these variables and conclude:

Proposition 4: Measures and actions taken during integration moderate the relationship of integration-related decisions on human reactions.

Human reactions: Incorrect integration decisions can trigger negative individual and organization wide human reactions (Schweiger & Walsh, 1990). Negative effects range from increased managerial turnover that goes hand-in-hand with a loss of talent and knowledge, to organizational stress, ingroup and outgroup biases, and organizational resistance. All these human reactions make the integration process less efficient and the likelihood of synergy realization decreases dramatically. In a seminal paper on success factors in acquisitions, organizational resistance had a constant detrimental effect on synergy realization throughout all calculated models (Larsson & Finkelstein, 1999). As mergers and acquisitions are project management at its fullest (Vester, 2002), with many decisions that affect employees, their trust, commitment, and organizational resistance, we must acknowledge that mistakes could end in a project full stop and thus in failure. As a consequence, we propose:

Proposition 5: Human reactions determine the realization of proposed synergies.

Context affects humans in organizations and, of course, acquisition behavior of individuals and organizations. There is evidence that in times of crisis all employees are affected (de Vries &

Balazs, 1997), which leads to scapegoating, resistance to change, fragmented pluralism, withdraw of credibility, and so forth (Cameron, Kim, & Whetten, 1987), aspects that hinder the organization in managing their daily business. Treating acquisitions as a self-contained process ignores the internal and external contexts involving, e.g., coevolving organizational processes and initiatives (Rouzies et al., forthcoming) as well as environmental hostility (Strobl, Bauer & Matzler, forthcoming). In a recent paper Bauer, Dao, Matzler, and Tarba (2017) provide empirical evidence that the industry lifecycle acts as a boundary condition for M&A integration. Furthermore, competitor behavior also strongly affects employees. During M&A and especially during PMI, firms are in unstable, oftentimes unpredictable, situations and most managerial resources are spent on matters of reorganization (Angwin, 2004; Homburg & Bucerius, 2006), thus competitor attacks as well as the enticement of key employees can be easily overlooked. Furthermore, the institutional environment matters. Even though this area is less researched than the cultural context, Capron and Guillen (2009) find evidence that national corporate governance institutions impact target reorganization. In line with their research, Bauer and Matzler (2014) find that institutional distance impacts integration approaches as targets from less developed countries are integrated deeper. Next to the industrial and institutional environment, national culture strongly impacts organizational as well as individual behavior (e.g. Weber & Tarba, 2009; Slangen, 2006). Various studies report positive and negative effects, causing us to believe that a broader perspective on M&A integration is necessary to overcome the puzzle perspective, and instead to understand complex relationships and establish a more integrative perspective on acquisitions. Thus, we conclude:

Proposition 6: Firm context in terms of the organizational, competitive, industrial, institutional, and national environment acts as a boundary condition for the entire M&A process.

4.2 Humans in organizations – time for different methodologies

Most empirical M&A research applies either secondary data research (Paruchuri et al., 2006; Puranam et al., 2009) or primary data research with a cross-sectional key informant design (Bauer & Matzler, 2014; Cording et al., 2008; Homburg & Bucerius, 2005, 2006). Secondary data research is very common in the field of M&A, but conclusions drawn for individuals are strongly implicit, as individuals' understanding and behavior cannot be uncovered with financial or patent data only. For instance, in the seminal papers by Puranam et al. (2009) and Paruchuri et al. (2006), both used proxy variables to account for human processes. Puranam et al. (2009) used patents that where filed by the acquirer and target prior to the focal acquisition as an indicator for common ground, an informal coordination mechanism. Paruchuri at el. (2006) measured the inventor's loss of relative standing by the relative development of patents filed between, prior to, and after the focal acquisition. Their results and conclusions are highly valued and acknowledged, as in the context of the pharmaceutical industry, such a measurement approach appears to be comprehensible and secondary data allows for large samples.

However, if we seek a more fine-grained and in-depth understanding of human processes, such approaches entail limitations, as humans and human behavior is de-naturalized by using "proxies," which do not reflect "actual" social processes. Primary data research commonly uses a single key informant design, which is faced with the problem of key informant bias. Even though top managers tend to be most knowledgeable about strategic and organizational issues (Ellis et al., 2009; Walsh, 1988), it is doubtful if their attitudes and opinions are comparable to those of the average employee with regard to organizational change, trust, commitment, justice, and many other commonly requested matters (Kumar, Stern, & Anderson, 1993). Both approaches have a de-naturalization of humans, which has been particularly criticized in management research (Alvesson, 2009). Therefore, some M&A researchers argue for a methodological rejuvenation of the research field (Meglio & Risberg, 2010) and highlight the need for longitudinal processual approaches (Graebner et al., 2017).

The claim for qualitative approaches, such as participant observation or other ethnographic methods, would support a better understanding of the effects and consequences of M&A. Nonetheless, most M&A research applies some kind of multiple regression analysis (MRA) to test hypotheses. MRA itself has some inherent problems like multi-collinearity when using many independent variables and interaction effects (see Woodside, 2013). However, to cover the complexity and the case sensitivity of M&A and to detect complex relationships beyond linear and direct effects, researchers should also consider that there are many different ways to reach a desired outcome, and these different ways may coexist (Fiss, 2007). Thus, methods should be applied that are able to uncover complex if-then relationships and multiple paths instead of simple cause-effect relationships. One tool that combines the depth of qualitative insights with quantitative methods is the qualitative comparative analysis (Schneider & Eggert, 2014; Woodside, 2013), which awaits cumulative research.

4.3 Managerial implications

Several managerial implications have been derived from our literature review and the proposed future research avenues. First, managers need to understand humans as the major key to success. Negative human reactions on acquisitions and their integration could end in dramatic failure. As there are no simple rules and solutions, managers should treat acquisitions as well as the involved humans individually. Decisions as well as intermediate process steps are highly case sensitive and again context-specific. Integration-related decisions and process steps could be beneficial in one case but detrimental in another. Thus, managers should realize that there is no single pathway to success, as all acquisitions differ.

Second, as causal ambiguity is a serious issue during PMI, setting intermediate goals could avoid non-controllable long term cause-effect relationships (Cording et al., 2008). M&A and especially integration is a process; thus, managers should treat it as such and investigate changes and possibilities over time suggesting more flexible approaches to integration. Managers would be well-advised to conduct more detailed analyses of intermediate process steps and decisions to achieve a more dynamic understanding of the consequences on individuals as well as on the acquisition outcome.

Third, acquisition integration-related decisions and HR measures are not isolated actions that could lead to acquisition success. Managers should be aware of the interplay of pre-merger antecedents, integration-related decisions, measures and actions taken during integration, as well as the context. Acquisition management should be flawless and completely rounded by considering the interdependencies between the different phases and by making integrative decisions aimed at achieving the realization of the proposed synergies.

5. Conclusion

Humans are strongly affected by M&A. As our review has shown, most M&A research draws implicit assumptions about humans and their behavior in acquisitions. Additionally, M&A research is strongly fragmented. The focus on specific topics has been at the cost of a more integrative understanding. Additionally, context-related topics are broadly ignored. We argue that future research should first, broaden the perspective and consider broad research ideas instead of spotted gaps. Second, M&A and integration are dynamic processes. Instead of treating M&A and integration as static events, a process-oriented perspective could help us in understanding the involved ambiguities, particularly as regards HRM. Third, humans are strongly de-naturalized in management literature and especially in general M&A literature. We believe that in addition to traditional quantitative approaches, qualitative methods that account for several path-opportunities to a desired outcome, like the qualitative comparative analysis, could foster our understanding and lead to stronger explicit conclusions for HR theory and practice.

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Table 1: Exemplary Papers of the Strategic Management School

Authors	*Topic & Theory*	*Sample & Method*	*Unit of Analysis*	*Definition & Measure*	*Outcomes*
Larsson & Finkelstein (1999)	Integrative perspective (strategic, organizational, and human resources) on M&A Process perspective from economics, finance, strategy, and organization theory	• 61 case studies in the US and Europe during a period of 30 years • Success: extent of synergy realization (e.g., purchasing, production, marketing, market power, new market access, knowledge transfer)	Organizational (merged parties)	• PMI as a synthesis of two conceptions leading to synergy realization: (1) degree of interaction between the joining firms; (2) extent of coordinative effort to improve the quality of interaction	• Synergy realization more directly captures M&A activities than financial performance • The greater the degree of interaction and coordination between the combining firms, the greater the degree of synergy realization
Homburg & Bucerius (2006)*	Influence of speed of integration on M&A success	• Survey of 232 US horizontal transactions • Success: the merging firms' return on sales	Organizational (merged parties)	• External perspective on PMI: customer's reaction after a merger	• There is a moderated relationship between relatedness and speed of integration • Speed of integration is positive in the case of low external and high internal relatedness (and oppositely for the vice versa case)
Bauer & Matzler (2014)*	The effect of integration speed on M&A success	• Survey of 106 transactions of the German-speaking part of Europe between January 2005 and April 2008 (acquirer's perspective) • Success: objective and subjective performance evaluation made by key informants	Organizational (merged parties)	• PMI for resource redeployment and exploitation and, therefore, leads to value creation (which derives from operative efficiency and market power) • Degree of integration measured on four dimensions: sociocultural integration, integration of production, marketing integration, and systems integration	• M&A should be researched from an integrative perspective, across separate phases and schools of thought • M&A success is a function of strategic complementarity, cultural fit, and degree of integration

Capron & Hulland (1999)	Redeployment of three marketing resources (brands, sales forces, and general marketing expertise) Resource-based view	• Survey of 253 acquisitions	Organization (merged parties)	• PMI as a means for business reconfiguration in order to sustain competitive advantage	• Immobile resources are more likely to be redeployed from target to acquirer • Horizontal acquisitions display opportunities to leverage marketing resources
Zaheer, Castaner, & Souder (2013)	Trade-offs in PMI regarding autonomy and integration Theory of organizational design (reciprocal interdependence requires greater integration effort) Theory of complementarity (components of a target round out the acquirer with elements that are different but potentially mutually enhancing)	• Survey of 86 US acquisitions between 1995 and 2002 (acquirer's perspective)	Organizational (merged parties)	• PMI and autonomy are distinct concepts which are related, but not two ends of a continuum. Levels of similarity and complementarity determine the degree of integration (low, moderate / selective, high)	• Alternative perspective on integration, autonomy, similarity, and complementarity is given • Dependent upon the source of synergy (i.e., similarity or complementarity) high/low levels of both integration and autonomy are applied

*Please note, papers marked with a * are also attributed to the tables of other schools of thought

Table 2: Exemplary Papers of the Organizational Behavior School

Authors	*Topic & Theory*	*Sample & Method*	*Unit of Analysis*	*Definition & Measure*	*Outcomes*
Weber, Tarba, & Bachar (2011)	The mediating role of integration approach Process perspective	• 52 Israeli symbiotic transactions (acquirer's perspective) • Success: Effectiveness of integration (e.g., operations, production, marketing, R&D, personnel) that leads to synergy creation (i.e., capability transfer, resource sharing)	Organizational (merged parties)	• PMI as means for synergy creation (synergies of sameness) • Trade-off between levels of integration and levels of synergy (due to cultural clashes) • PMI approaches: holding, preservation, absorption, & symbiosis (based upon level of cultural differences & synergy potential)	• PMI approaches need to be determined based on the cultural differences and the synergy potential sought • Chosen integration approach mediates the relationship between cultural distance and synergy for effective integration
Bauer & Matzler (2014)*	see Table 1				
Stahl & Voigt (2008)	The role of culture in M&A and mechanisms through which cultural differences affect M&A performance Social identity theory (negative views toward out-groups enhances a member's relative standing in their own group)	• Meta-analysis of 46 studies with a combined sample size of 10,710 transaction • Success: Synergy realization (accounting-based performance) and shareholder value (abnormal returns)	Organizational (merged parties)	• PMI as a means for synergy creation through transfer of capabilities, resource sharing, and learning • PMI dimensions: sociocultural integration (e.g., employee commitment and attitudes, acculturation, trust) and task integration (e.g., capability transfer, resource sharing, learning)	• Instead of creating major obstacles, differences in culture between merging firms can be a source of value creation and learning • Effects of cultural differences on sociocultural integration, synergy realization, and shareholder value are not only different, but partly opposing; cultural differences can be a liability or an asset, depending on the degree of relatedness and the dimension of cultural differences separating the firms

van Leeuwen, van Knippenberg, & Ellemers (2003)	The effects of mergers on social identification and in-group bias Social identity theory	• Experiment with 141 participants	Individual	• PMI as an organizational change, which might force employees to define themselves in relationship to the partner of the merger (potential threat to the group identity)	• Higher levels of pre-merger identification can cause bias and resistance to change • Perceived continuation of pre-merger identity strengthens identification with the post-merger group
Puranam, Singh, & Chaudhuri (2009)	Theory of organizational design (interdependence: value of one activity depends on how another activity is performed) Agency theory perspective (despite the risk of freeriding, cooperation is enhanced through integration)	• 207 technology acquisitions (acquirer's perspective)	Organizational (merged parties)	• PMI as a means of achieving coordination between acquiring and acquired organizations • PMI is distinct from structural integration, which is the combination of two formerly separate organizations into one unit to achieve coordination • Capability leverage of the target company strongly depends upon interdependencies between the merged firms	• Empirical support for the positive relationship between interdependence and the likelihood of integration • Common ground as a form of shared knowledge can help coordinating interdependence in order to avoid disruptive effects of structural integration
Paruchuri, Nerkar, & Hambrick (2006)	Acquisition integration in the technical core; Knowledge-based view; Relative standing theory (individual's status relative to others in a proximate social setting)	• 3,933 inventors of acquired firms from the pharmaceutical industry • Success: post-acquisition productivity (patent output)	Individual (knowledge workers of target companies)	• PMI as a means to enable knowledge transfer	• PMI is disruptive for some technical personnel, but can be avoided when the interaction of inventors' characteristics and integration are jointly taken into consideration
Bauer, Matzler, & Wolf (2014)	M&A and innovation: The role of integration and cultural differences	• Survey of 103 target companies of central Europe • Success: increased innovation outcome	Organizational (merged parties)	• PMI is not one-dimensional, but encompasses human and task integration (according to Birkinshaw et al., 2000)	• Human integration negatively impacts innovation output (due to interruptions of organizational structures, cultures, and routines) • Task integration is necessary for resource and capability sharing • National cultural similarities between acquirer and target positively moderate the integration-innovation relationship

Vaara & Tienari (2011)	How antenarratives were mobilized in intentional organizational storytelling to legitimate or resist change	*In-depth case analysis	Organizational (during and post-merger)	* PMI as a process of construction of organizational life	* Storytelling as an inherent part in PMI that is conducted by all levels of involved parties resulting in continuous multilogues * Forms of storytelling can impact organizational resistance
Weber, Rachmann-Moore, & Tarba (2012)	Differences in HR practices during PMI cross-cultural conflict situations	* Survey of 70 to 136 acquirers in 5 different countries each	Organizational	* PMI from a resource-based view: acquisitions as a means to obtain know-how and develop skills	* HR practices (training methods, communication, autonomy of HR managers) used during PMI cross-cultural conflict are related to M&A performance * National differences in the effect of HR practices are to be found
Durand (2016)	Critical incidents in cross-border M&A from the perspective of middle managers	* CIT interviews with 9 managers	Individual	* PMI as a multi-dimensional process, whereby actors' perception at the micro level construct meaning	* Positive perceptions and emotions in cross-border M&As as a potential driver of success. * (Positive) emotions are contagious and may predict team performance
Ahammad, Tarba, Liu, & Glaister (2016)	The role of cultural distance and employee retention for knowledge transfer in cross-border M&A	* Survey of 69 UK firms involved in cross-border acquisitions	Organizational (merged parties)	* PMI as means for knowledge transfer and value creation	* Knowledge transfer as indicator for cross-border success * National and organizational differences affect M&A success differently * Employee retention does not mediate knowledge transfer
Rao-Nicholson, Khan, & Stokes	Leadership effects on target employees' psychological safety in cross-border M&A	* case survey method	Organizational	* PMI to preserve well-being of employees for knowledge and capability transfer	* Visible and open leadership has a limited impact on the employees psychological safety * Trust in the leadership plays an important role in overcoming employee psychological safety during the post M&As integration

*Please note, papers marked with a * are also attributed to the tables of other schools of thought

Table 3: Exemplary Papers of the Process School

Authors	*Topic & Theory*	*Sample & Method*	*Unit of Analysis*	*Definition & Measure*	*Outcomes*
Birkinshaw, Bresman, & Håkanson (2000)	PMI from a process perspective, whereby human and task integration are processes that can be understood separately	• Multiple case studies on three Swedish acquisitions • Mixed method (semi-structured interviews with key individuals of both sides and questionnaires) • Success: satisfied employees and operational synergies	Organizational (merged parties), departmental, and individual (acquirer and target members)	• PMI as a track-bound and interdependent function with two objectives: value creation (through transfer of capabilities and resources) and generating a shared identity (satisfaction and identification among employees of both firms)	• Acquisition success is a function of both human and task integration • Human integration should create mutual respect and a shared identity among employees involved • Task integration encompasses efforts for synergy creation (knowledge transfer and combination) • Human integration is necessary for better task integration
Cording, Christman, & King (2008)	Intermediate goals as mediators of integration decisions and M&A success Causal ambiguity theory (a lack of understanding the causal link between actions or decisions and their performance outcomes)	• Survey of 129 US acquisitions (acquirer's perspective) • Success: long-term abnormal stock returns to an acquirer	Organizational (merged parties)	• PMI as transformational process with high complexity, interdependence, and uncertainty • 4 different dimensions of PMI: employee, production, marketing, and systems integration	• Intermediate integration goals (i.e., internal reorganization and market expansion) reduce causal ambiguity between PMI decisions and outcomes • Integration depth and speed have a positive influence on internal reorganization
Zollo & Meier (2008)	Acquisition performance as a multifaceted construct that should be investigated in terms of task, acquisitions, and firm performance with different time horizons (short- and long-term) Process perspective	• Survey of 146 transactions (consultants' perspective) • Acquisition performance: degree of value creation meeting expectations (in terms of e.g., cost improvements, sales, new customers, new product development, new business development)	Task, acquisition, and firm level	• PMI as a means for synergy creation with short-term (i.e., knowledge transfer, systems conversion) and long-term (i.e., customer retention, employee retention) performance measures	• Acquisition performance is directly dependent upon the task-level performance of the post-acquisition process and mediated by customer retention

Angwin (2004)	Speed of integration during the first 100 days	• Survey of 70 executives of target companies • Success: subjective and objective indicators	Organizational (merged parties)	• PMI as complex change process that is necessary in order to reap synergies	• PMI is a critical stage, whereby speed of integration helps to avoid uncertainty among employees and customers • Speed of integration is influenced by other variables, such as resources or coordination in management team
Ranft & Lord (2002)	Analysis of organizational processes for technology and capability transfer in M&A Knowledge-based view	• Multiple case study design with 7 cases • Success: Transfer of technologies and capabilities	Organizational (merged parties)	• PMI as a complex process for knowledge transfer	• Creating learning opportunities during PMI requires a certain extent of autonomy, which might slow the PMI process • Richness of communication is a crucial PMI facilitator with two positive outcomes: developing a favorable climate and facilitating knowledge exchange (a useful complement to granting autonomy) • Too rapid or too extensive changes during PMI can cause fluctuation with negative consequences on the organization's social context
Homburg & Bucerius (2006)*	see Table 1				
Schweiger & DeNisi (1991)	Effectiveness of communication to mitigate negative effects of M&A	• Longitudinal field experiment in two different manufacturing plants	• Organizational (individual merger parties)	• n.a.	• Communication is positively related to M&A success • Communication is positively related to employee performance
Ellis, Reus, & Lamont (2009)	Independent and interactive effects of informational and procedural justice on post-merger value creation Organizational justice theory	• Survey of 62 large-scale transactions • Success: combined firm value creation	Organizational (merged parties)	• PMI as a means for value creation during and post-acquisition • Procedural justice (assurance of fairness of procedures and processes) and informational justice (provision of adequate information and explanation) crucial in order to increase	• Informational justice is crucial in achieving market position gains • Procedural justice is important in realizing market position improvements

				receptivity of the focal transaction	
Meyer & Altenborg (2007)	Effects of a principle of equality on PMI Organizational justice theory (adopting a principle of equality has positive effects on social integration)	• Case analysis of a failed merger	Organizational (merged parties)	• PMI as means to allocate resources and rewards Social integration: creation and maintenance of relationships • "The principle of equality has more positive effects on social integration and PMI (compared to other allocation principles)" (p.260)	• Due to perceptual (e.g., involved parties have different perceptions on what is a fair outcome) and structural fallacies (i.e., decision paralysis in top management team, inability to bridge national interests) the equality principle disrupts the social integration process in M&A
Melkonian, Monin, & Noorderhaven (2011)	How distributive and procedural justice influence employees in their willingness to cooperate	*Repeated cross-sectional survey.	Organizational (merged parties)	*PMI as a drastic change situation for employees with high levels of uncertainty	*The impact of procedural justice is stronger than the impact of distributive justice on willingness to cooperate amongst acquired and acquiring employees *Justice perception at group level can be positively influenced by exemplarity of management
Monin, Noorderhaven, Vaara, & Kroon (2013)	How justice is given sense and making sense of it in PMI	*Longitudinal real-time analysis of a merger	Organizational (merges parties)	*PMI as a process of social construction, whereby norms of justice govern PMI activities	In symbiotic mergers, temporal dynamics of justice need to be considered in conjunction with cultural, identity, and political factors A dominant norm of justice has to be adapted in the course of PMI (first equality, then equity, finally the attention to distributive justice decreases)

Teerikangas, Very, & Pisano (2011)	Integration managers influence	* Case analysis of 6 acquisitions	Individual (integration manager)	PMI as a process, in which the outcome can be shaped by actors	* Integration managers have three value-capturing roles that impact the economic performance by enabling value creation and avoiding value leakage * The three roles integration managers assume are: staff mobilizer, know-how respecter, and know-how promoter role

*Please note, papers marked with a * are also attributed to the tables of other schools of thought

Table 4: Summary of Explicit and Implicit Conclusions of the Schools of Thought

School of Thought	Pre-Merger Phase	Post-Merger Phase	Implications for HRM
Strategic Management School	Strategic fit between the firms - independent from its operationalization - is an indicator for synergy potential.	Integration is not a major concern in this school of thought, even though it is acknowledged that integration is necessary to leverage synergies.	Research shows only implicit conclusions for HRM. Strategic fit and integration can cause employee resistance. However: Maybe this effect is not unavoidable due to strategic motives and synergy realization requirements.
Organizational Behavior School	Cultural fit (on organizational or national level) can be a predictor for synergy creation.	Sociocultural integration (creation of commitment and trust toward the merger) is necessary in order to exploit synergies Individuals should not be neglected (as their resistance can have detrimental effects).	Organizational and psychological topics are in the foreground, which acknowledges humans and their reactions as a crucial success in M&A. However, an integrative perspective is needed to comprehend various contexts as well as interrelationships.
Process School	Integration decisions are crucial for the course of PMI Frank and ample communication is important.	Integration takes place on different levels (e.g., human and task); speed of integration can be beneficial; procedural and information justice is crucial to maintain effective and efficient integration processes.	Fragmented research toward processes with a lack of explicit deductions in terms of HRM; there is a need to re-naturalize humans throughout the whole M&A process.

Figure 1: Propositions for future research