MANAGING POST-MERGER & ACQUISITION (M&A) INTEGRATION: WHERE TO LAY THE FOUNDATION FOR SYNERGIES?

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ABSTRACT

Mergers and acquisitions (M&A), an inorganic growth strategy, serve as crucial catalysts for rapid business expansion. Globally, trillions of U.S. dollars are spent on M&A transactions annually. However, numerous endeavors fall short of realizing projected synergies, often due to inadequate post-deal integration, notably in Information Systems Integration (ISI). The effectiveness of integration heavily relies on organizational preparedness, particularly in navigating the intricacies inherent in the process. Seasoned acquirers, who have accumulated considerable experience, generally exhibit higher success rates in post-M&A integration, whereas newcomers or entities with infrequent integration endeavors encounter significant hurdles. Each integration brings its own characteristics, which may increase challenges and risk factors, even for experienced acquirers when integration ventures into unfamiliar territories, such as entering a new industry or geographic region.

Over the past few decades, there have been fair attempts by researchers to develop a body of knowledge in this area. However, lack of adequate research in Post-M&A integration, particularly in ISI, has confronted the research community to pay enough attention to this segment. Therefore, it is crucial that the phenomenon of post-M&A integration is thoroughly researched from various perspectives to offer guidance to the business community on areas to strengthen their preparation and lay the groundwork for realizing anticipated synergies as early as possible in the M&A process. This paper suggests a research model and calls on the research community to further explore this empirically.

***Keywords**: Mergers & Acquisitions (M&A), Information Systems Integration, Post-M&A Integration Research Model, Organizational Behavior, Organizational Processes, Integration Team's Capability*

1. INTRODUCTION.

Mergers & Acquisitions (M&A) represent a time-tested strategy for achieving rapid growth and expanding market presence on a global scale. Dating back over a century, M&A transactions have been instrumental in driving competitive advantage, growth, and organizational renewal (Junni & Teerikangas, 2019).
Companies often pursue M&A to gain access to new markets, introduce innovative technologies, enhance operational efficiency through economies of scale, or strengthen their competitive position (Savovic, 2012).

While the specific motives behind M&A may vary, they generally share the common goal of creating additional value through the transaction (Junni & Teerikangas, 2019) often understood in terms of synergies.

M&A decisions can reinforce or change a firm's direction (Haspeslagh & Jemison, 1991). As a result, M&A is a global phenomenon and continues to be a highly popular form of corporate development with increasing globalization activities (Bauer & Matzler, 2014 as cited in Hedman & Sarker, 2015). Additionally, cross-border M&A is becoming an increasingly common strategy adopted by firms to create value in the era of globalization (Hitt et al., 2012).