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**HOW TO SUPPORT POST-ACQUISITION INTEGRATION WITH BUSINESS
PROCESS MODELLING**

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ABSTRACT

Lappeenranta-Lahti University of Technology (LUT)
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How to support post-acquisition integration with business process modelling

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The purpose of this thesis is to develop business process models in order to support case organization's integration after mergers and acquisitions. The goal of this study is on organizational learning, as the business process models capture the tacit knowledge of integration people and transform it into explicit and distributable form. From theoretical perspective, this study first explains what the most common drivers for mergers and acquisitions are, why the integration stage is examined as an individual stage in this study, why knowledge management is important in M&A and what are the essentials of business process modelling and workflows. The empirical point of view concentrates on constructive research method, as the developed business process models go through adjustments on their way to their realistic versions.

This study followed a three-dimensional strategy: qualitative research as for forming the research outline, multi-case study strategy as for the research environment, and constructive method as for conducting the research itself. The case organization acts as the research environment, and it is a global, publicly listed company that provides industrial and building system services and technologies. The cases in this study are two acquisitions the case organization has made in recent past, and the interviewees represent the current integration project team.

As the result, this thesis is able to describe the case organization's post-acquisition integration in business process models with the most important process participants and realistic task allocation. This study succeeded in identifying case organization's most important drivers for M&A, and two vital processes contributing to the motive. Based on the interviews and theory, the thesis also provides an optimized process model which includes adjustments to the case organization's current model.

TIIVISTELMÄ

Lappeenranta-Lahti University of Technology (LUT)
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Kuinka prosessimallinnuksella voidaan tukea yritystoston jälkeistä integraatiota

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Tämän tutkimuksen tarkoituksena on kehittää prosessimalleja kohdeyrityksen suorittamien yritystosten jälkeiseen integraatiovaiheeseen. Työn tavoitteena on organisaation oppiminen, sillä prosessimallit tallentavat integraatioissa työskentelevien henkilöiden hiljaisen tiedon ja muuttavat sen kirjalliseen muotoon, minkä jälkeen tieto on jaettavissa muille. Tutkimuksen teoreettinen näkökulma esittelee yleisimmät ajurit yritystosten tekemiseen, integraatiovaiheen tutkimisen omana kokonaisuutenaan, tietojohdamisen merkityksen yritystostoissa, sekä tärkeimmät osa-alueet prosessimallinnuksen ja työnkulun tutkimisen saralta. Empiirinen osio keskittyy konstruktiiiviseen tutkimustapaan, sillä kehitettäviin prosessimalleihin täytyy tehdä parannuksia, jotta ne vastaisivat todellisuutta.

Tutkimus suoritettiin kolmiulotteisena: laadullisena tutkimuksena, monitapaustutkimuksena sekä konstruktiiivisena tutkimuksena. Kohdeyritys, joka on kansainvälinen pörssiyritys kiinteistötekniikan ja teollisuuden alalla, toimii tutkimusympäristönä. Tutkittavat tapaukset ovat kaksi kohdeyrityksen taannoin suorittamaa yritystostoa, ja haastateltavat henkilöt edustavat integraatioihin erikoistunutta projektiryhmää.

Tutkimuksen lopputuloksena kohdeyrityksen yritystosten jälkeinen integraatiovaihe on onnistuneesti kuvattu prosessimalleissa. Mallit sisältävät integraatioiden tärkeimmät osallistujat sekä realistisen työnjaon osallistujien välillä. Tutkimus tunnisti kohdeyrityksen merkittävimmät motiivit yritystosten tekemiseen sekä kaksi elintärkeää prosessia ajureiden näkökulmasta. Pohjautuen haastatteluihin ja teoriaan, tämä tutkielma esittelee myös optimoidun prosessimallin, joka sisältää parannusehdotuksia kohdeyrityksen nykyiseen toimintamalliin.

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“Thankfully the process has been simplified,

Since the last time you tried”, the Arctic Monkeys sing in “Batphone”.

Not only a funny coincidence regarding this Master’s thesis, but I used to listen to the song repeatedly on my way to Lappeenranta, where I am now honored to graduate from.

The road to this point has not obviously been easy: frustration, sleepless nights and battles with my inner perfectionist became apparent especially with Master’s thesis. Fortunately, I did not have to go through the struggle alone. First of all, I want to thank my family from the bottom of my heart, who has supported me during my school years. I will always remember those Sunday dinners where I tried to explain my train of thought for this thesis, and you kept smiling and comforting me. As a result, our family now has two graduates from LUT University. Of course, I cannot thank my grandmother enough for her support in my studies. Given the situation with a global pandemic, I value the time we spent on the phone talking about our lives and experiences. I am sure my grandfather would be proud of me.

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Helsinki, September 1st 2020

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1. INTRODUCTION

Companies spend over \$2 trillion in mergers and acquisitions (M&As) every year even though the failure rate of those activities is shockingly high and varies somewhere between 70% and 90% (Christensen et al. 2011). The failure rate is often explained by, for instance, the complexity of acquisitions, clash of cultures, lack of synergies, and wrongly chosen strategy (Gomes et al. 2013; Epstein 2005), and the literature is rich with recommendations of key success factors and benchmarks. A significant part of M&A literature tends to view the phenomenon of mergers and acquisitions as a whole rather than a project with separate stages. Instead, this Master's thesis takes the pre-acquisitions factors as given, and aims to study the integration process in a global case organization. After the integration process in the case organization is identified, the process can be visualized with the use of business process modeling in order to find areas of improvement. According to Angwin & Meadows (2015), the post-acquisition integration stage is now widely recognized as a critical part of the merger and acquisition process, and a main source of value creation.

This Master's thesis is influenced by Jemison & Sitkin's (1986) seminal work where they suggested that the traditional choice perspective of M&A literature would be supplemented with a process perspective, which recognizes the acquisition process itself as a determinant of acquisition activities and outcomes. Zollo & Singh (2004) argue that the process perspective, which emphasizes the role of the integration phase, should be considered relevant in understanding the performance of the overall acquisition. According to Steigenberger (2017), Jemison & Sitkin conceptualized mergers and acquisitions as processes with independent stages. The view of identifying separate stages in M&A process is important regarding this thesis, because it focuses on the issues that occur in the integration stage, which tends to be a single stage in the overall M&A process. In fact, Angwin & Urs (2014) argue that more fine-grained approaches are needed to understand how sub-organizational units can affect acquisition integration performance.

Most importantly from this thesis' perspective, contemporary work from process approach is linked to the knowledge of how companies can learn from their previous acquisitions experiences (Cartwright & Schoenberg 2006). The acquisition experience in this thesis is gathered through interviews and feedback discussions with the key people of the case organization and

transformed into visualized representation in order to the case company to learn from its mistakes and achievements. The visual representations in this thesis are business process models. Nature, variety and performance of prior acquisition experiences seem to play major role in organizational learning (Hayward 2002), and process models are aimed to portray the current integration process and the optimal process with the organizational learning in mind.

M&As are often viewed as projects, because they can be characterized as temporary activities that a company has to undertake in order to plan and execute necessary measures that are connected to the actual transaction. Projects require people to be in charge of them, and in mergers and acquisitions this means that there should be a project team for the M&As (Jemison & Sitkin 1986; Meckl 2004). The project organization, or integration infrastructure, usually consists of different organizational layers such as executive team, integration team and task forces that know their specific work during the integration. However, Van der Aalst et al. (2004) mention that the high degree of specialization often results in losing the “big picture” and employees not realizing why they have to do certain things they are told to do, which then result in decreased productivity. The project organization of the M&A project itself is neglected as a possible reason for acquisition success, and the factors for M&A complexity are that (1) the content and methods of various M&A activities are heterogeneous and partially intellectually challenging, and (2) the number and interactions of project participants with partially differing interests makes the internal and external coordination difficult. (Meckl 2004) In other words, there is no right way to execute M&A projects. This Master’s thesis aims to clarify the integration process by visualizing the tasks and responsibilities of participants by portraying them in a business process model.

Business process models (BPMs) are real world facts that are presented in a structured and documented form (Kalpič & Bernus 2006). Business process modelling has also contributed significantly to the process of knowledge management (KM), which is a concept of capturing, externalizing, formalizing, structuring and re-using knowledge (Kalpič & Bernus, 2002). When the tacit knowledge is transformed and visualized, it can be distributed across the organization and others can use it for learning purposes, as well. (Kalpič & Bernus 2002) In fact, many sub-processes are similar across the different stages of the M&A process (Barkema & Schijven, 2008), and therefore in order to gain experience in generalizable tasks across the acquisition, deliberate learning mechanisms are required (Chatterjee 2009). These learning mechanisms contribute to the development of an M&A capability, which builds on the articu-

lation, codification, sharing, and internalization of knowledge (Trichterborn et al. 2016). Knowledge codification refers to the sum of acquisition tools, such as process models, and there is a proven positive correlation between codified knowledge and M&A performance (Zollo & Singh 2004).

1.1 Case introduction

In this research, the case organization is a global, publicly listed company that provides industrial and building system services and technologies. Its strategy includes M&As as ways to gain growth in the market, and it could be characterized as a serial acquirer. However, the integration stage, which occurs after the deal has been closed, is detected to be problematic in the case organization as there is no codified knowledge for the employees to act by. The forthcoming acquisitions usually follow the patterns of previous ones even though the employees feel that the performance and results from individual acquisitions differ greatly. In other words, the departments involved in the acquisition process usually know their tasks from their department's perspective, but may not be familiar with the overall acquisition process from company's point of view. Therefore, the aim of this Master's thesis is to create a business process model that minimizes the risk of losing the "big picture" on departmental level and codifies the tacit knowledge so that the case organization can learn and perform better in the future post-acquisition integrations.

The cases are two separate acquisitions that the case company has made in the recent past, and the interviewed people have been involved in both or at least in one of the two. Case Acquisition 1 is considered as complete, and Case Acquisition 2 is on-going during this study. Given the fact that both acquisitions have occurred in near past, the project team should already know where they have succeeded in and where they have made mistakes. The case organization currently divides integration-related tasks to their respective departments and appoints an integration manager to lead each individual acquisition. Also, they possess an information map which lists the necessary procedures during the post-acquisition integration. Consequently, this thesis does not have to start from a scratch. The current situation of integration work in the case organization enables the identification of key people so that the interviews can be conducted in a streamlined manner. The interviews try to investigate not only the tasks that every department handles but also if there are cross-functional tasks that are found problemat-

ic due to the lack of communication or knowledge. The so called “bottlenecks” are also targeted with the interviews, and the resulting business process model aims to resolve them or at least portray them so that the case organization may acknowledge them.

1.2 Research gap

There is a lack of standard textbook integration plans (Carleton & Lineberry 2004), and generally applicable models for managing integration projects (Meckl 2004). As mentioned, the performance of corporate acquisitions has been a topic interest for some time to researchers in fields such as finance, strategic management and culture (Cartwright & Schoenberg 2006). However, Carleton & Lineberry (2004) state that generalizable patterns for development and implementation of integration plans exist.

There is a minor amount of literature concerning the tasks within a company during post-acquisition integration as universally generalizable descriptions are understandably difficult to produce. For example, it is nearly impossible to develop a process model for Finance department that would be applicable for all companies. However, Birkinshaw et al. (2000) argue that acquisition success is a function of “task integration” and “human integration”, where the former refers to transfer of capabilities and resource sharing and latter to generating satisfaction and shared identity among the employees of combining companies. Even though the two concepts are presented as distinct, in reality they are not, because enhanced employee satisfaction is likely to make capability transfer and resource sharing easier, for example. The key observation of their study is that the human integration process seems to contribute to the effectiveness of the task integration process. This means that if the task integration is pursued before human integration has begun, individuals from both companies do not know each other and the likelihood of acquisitions problems become high. (Birkinshaw et al. 2000) The fact that these two processes are recognized and studied contributes to this Master’s thesis, but they still lack the description of smaller tasks within these processes.

The literature of acquisition learning and knowledge management argue that the process models and other representations of codified knowledge are helpful in those areas, but the actual process models of integration work are scarce or inexistent. Carleton & Lineberry (2004) present a flowchart that focuses on the cultural integration and discusses the organizational struc-

ture of people involved in the process (see Figure 1). However, the flowchart aims to ease the possible culture clash of companies combining, and does not present the task allocation on departmental level that is valuable for the case organization. It presents the workflow with arrows and tasks with their own boxes, so it is easy to follow, but at the same time it lacks the specific participants of integration work.

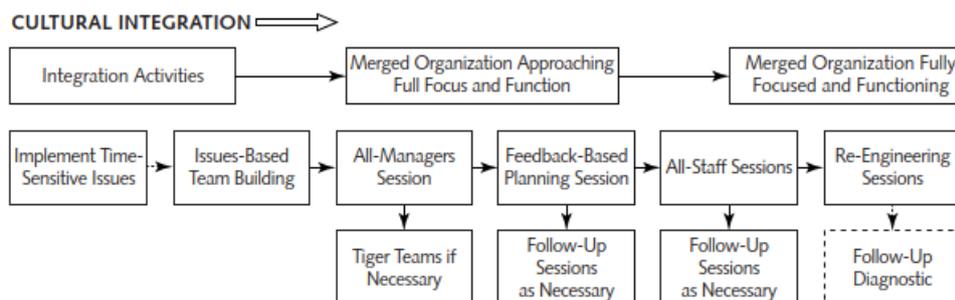


Figure 1: Cultural integration process flowchart (Carleton & Lineberry 2004)

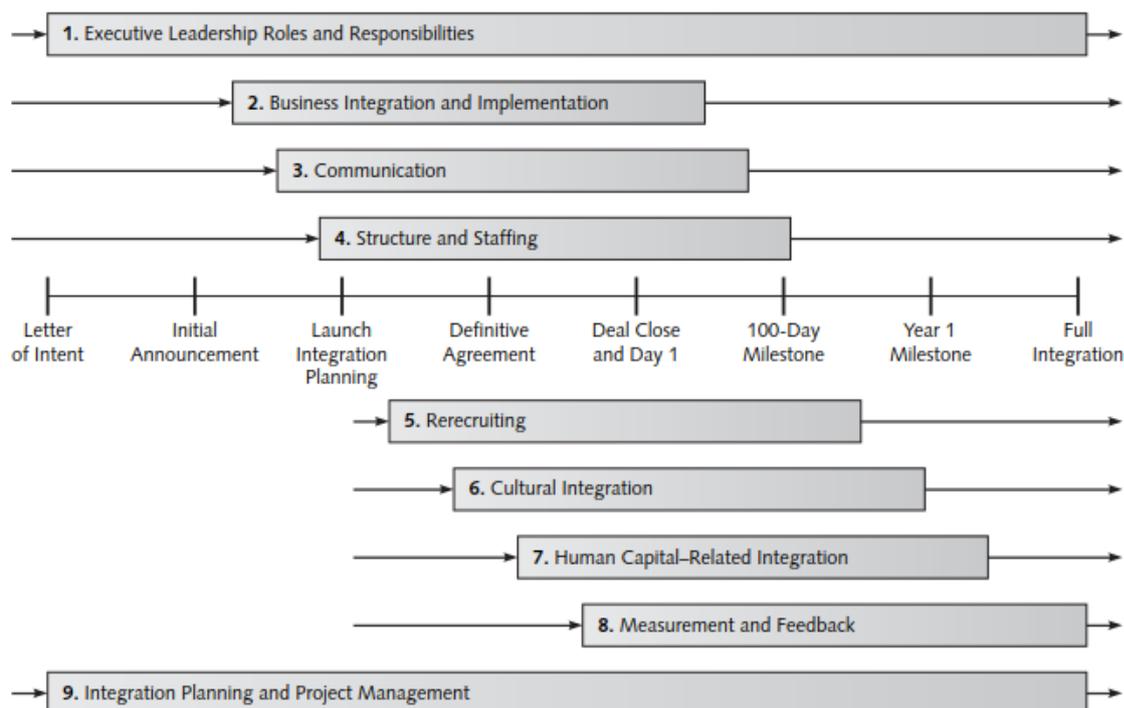


Figure 2: The merger integration work-stream model (Galpin 2007)

On the other hand, Galpin (2007) presents the specific work streams for merger integration in his model (see Figure 2). The model is useful in detecting different phases of integration and

what work is required in those phases. However, the model includes tasks and procedures that start well before the deal has been closed and continue after the closure. It can be seen as a model for higher management to supervise how the overall M&A process evolves, but it also includes tasks that could be allocated to human resources and communications departments. Nevertheless, the tasks are visualized in a broad way and lack the visualization of possible cross-functionality.

The business process model in this Master's thesis takes influence from these two models and aims to present the tasks allocated to respected departments within a certain timeframe after the closure of the deal and once the integration is regarded as completed.

Cartwright et al. (2012) point out the lack of qualitative methods in M&A research, as they discovered that only 16,1% of the studies were conducted using qualitative methods. In fact, the articles published on M&As in top-tier management journals between 1963 and 2009 have been mostly (60,6%) about strategy and only approximately one third (33,8%) discuss the management of M&A which includes the process of pre-deal management, post-merger integration, human side of M&As, cultural issues, or knowledge related perspectives (Cartwright et al. 2012). Sarala et al. (2017) state that qualitative data based on in-depth interviews and group discussions can increase our understanding of the dynamics around the human side in M&As.

1.3 Research questions, goals and objectives

The previous section reveals the gap in the current knowledge of process models during post-acquisition integration. This study is aiming to provide an answer for the problem that the case organization currently has, which is the lack of knowledge capturing, formalizing and externalization regarding post-acquisition integration stage. The research questions find their basis from theory, and in order to conduct process modelling, the processes and their goals need to be understood.

The research questions are formed in a way that the business process model can be created and it satisfies the needs of the case organization. First of all as there is no official codified knowledge regarding the post-acquisition integration and the M&A process has not been vis-

ualized, it is worth studying that how business process modelling can be beneficial for the case organization in their upcoming acquisitions. Therefore, the main research question is the following:

Main research question: How to support the post-acquisition integration stage by using business process modelling?

The sub questions 1, 2 and 3 support the main research question. The sub question 1 is formed to understand the fundamental goals of the acquisition efforts. The general motives for M&A activity are presented in the literature review in the section 2.1. Simultaneously, the sub question 1 aims to find out if people have varying visions of why acquisitions are done in the first place. The sub question 1 is the following:

Sub question 1: What are the goals of the acquisition?

The sub question 2 aims to identify the key people in the integration project organization that are involved in the M&A integration efforts. The theories behind this question relate to organization infrastructure as well as business process modelling literature. It is assumed that the interviewed key people represent their respective departments with their answers, and the resulting business process model represents the participants as departments, and not as individual persons. The role and the responsibilities of different participants are studied through the conducted interviews. As a result, the sub question 2 is the following:

Sub question 2: Who are the participants in the integration process?

The sub question 3, on the other hand, studies how the integration efforts evolve across time and how the information flows between the participants and tasks. This question is formed from business process modelling theory, especially from workflow management literature. The answer to this question helps in identifying the essential tasks and their order in the business process model. The sub question 3 is structured as followed:

Sub question 3: What should be the information flow in the integration process?

The goal of this research is to create a process model, which the case organization may use during their post-acquisition integrations, and by which they can identify their learning points. While this is the main goal of the thesis, the research aims to solve other practical problems, as well. These problems could be missing information, bottlenecks in workflow, misunderstandings as well as communication problems between the process participants. The objective of the process model is to visualize the integration stage and to create certain level of transparency, which means that everyone's tasks and their influences to other departments are visible. Creating links between process participants may prevent information loss or gaps. Also, a visualized model represents the responsibilities within the process.

1.4 Theoretical framework

Figure 3 illustrates the relevance and relationship of the most relevant theoretical areas for this thesis. The theories that contribute to the main research question are visualized in squares with the most significant concepts listed under each square. The relationships between the squares aim to help the reader to understand why certain theories are presented in the chosen order in this thesis, beginning from the overall understanding of mergers and acquisitions and resulting in the theory of business process modelling. As it was mentioned in the section 1.2, there is a research gap in the current knowledge regarding process models for post-acquisition integration, and therefore a theoretical “bridge” has been built to connect M&A and BPM literature.

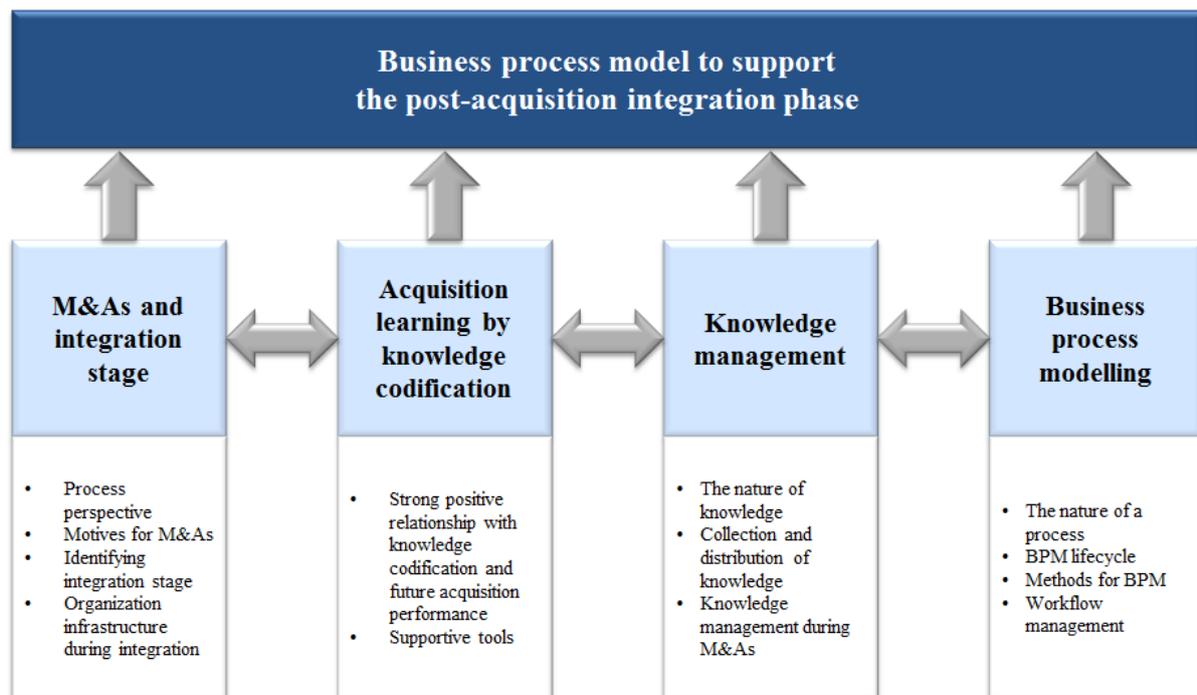


Figure 3: Theoretical framework

1.5 Methodology choices and data collection

This thesis is conducted to meet the needs of the case organization, and is therefore an applied research. The research focuses on two separate acquisitions that the case organization has made, which means that the research has a multi-case study strategy. With this in mind, the case organization is not the case here, but it provides the environment and acts as a context for the cases. The used research methods are qualitative with semi-structured interviews and constructive research method.

The research begins with semi-structured one-on-one interviews taking place first in order to capture the knowledge of pre-set key people. The interviewees are managers who were involved in both or in one of the two case acquisitions, and they are expected to represent their respective departments with their views. Simultaneously, the departments are presumably the process actors in the final process model. Association of Business Process Management Professionals (ABPMP 2009, 54) mentions one-on-one interviews as one of the common ways to capture information regarding the process modelling, as the interviews can create a sense of participation and ownership during the documentation and modelling. In addition, the approach minimizes the time consumption and disruption of normal duties from the interview participants. However, it might be difficult to model the process in a cohesive way with interview data solely, and this technique usually requires follow-ups as there is a risk of not uncovering all the activities during the interviews. (ABPMP, 2009, 54)

The constructive research method is used to support the data from the interviews and to uncover the needed data for the process model. As a result, the interviews and constructive research method are the data collection methods in this thesis. According to Kasanen et al. (1993), the constructive approach refers to problem solving through the construction of models, diagrams and plans, for instance. In this thesis the constructions are various versions of the intended process model until the final version is completed. Kasanen et al. (1993) continue by arguing that the goal of constructions is to develop something that has not existed before. As there is no previous codified knowledge existing in the case organization regarding integrations, this requirement gets fulfilled.

The first constructions of the business process models are produced based on the interviews, but they presumably need adjustments. When the model is exposed to the real world, there

may be need for modifications to be made. Therefore, research team discussions will be held with the interviewees after each process model construction until the final version is completed. The goal of these feedback discussions is to receive feedback from the process model as well as to raise discussion. The final versions of the business process models should provide something novel to the case organization, which is the previously mentioned requirement of constructive method.

Constructive approach satisfies the requirements of valid applied research, and may in fact be viewed as a type of applied studies (Kasanen et al. 1993; Oyegoke 2011). Before problem solving, one needs to identify practically relevant problem and understand the theory around it in order to provide feasible solution to the problem (Kasanen et al. 1993). Research outline is further discussed in the chapter 5.

1.6 Research delimitations

There are certain limitations to the study that the researcher does not have a control on. Firstly, the two acquisitions that act as cases in this research are determined by the case organization, and the choice of the cases is justified by the fact that they are recently occurred and study participants are able to answer reliably in interviews. Secondly, the interviewees are pre-set by the case organization as they have been found the most reliable sources of information regarding the cases. In fact, Browning et al. (2006) argue that in order to capture most reliable knowledge, it is important to involve those workers to the process development who are currently working with the process. Given the fact that the individuals in this study are managers of their departments, this thesis is also highly aimed for managerial purposes.

The research is also limited to focus on the post-acquisition integration stage, which means that the factors that occurred before the closure of the deal have been left out and are taken “as is”. This limits some important aspects of M&A literature, such as the choice of integration strategy and planning phase. The focus of the thesis is on the tasks and workflow of different departments until the integration is considered as done. Consequently, the limitations work on the other end of the integration process, as well, as the implementation and performance of the process model in the future acquisitions is left out intentionally. Theories around

change management and change implementation are assumed to take away the focus of the thesis' main goal, and would require a longitude study.

Kasanen et al. (1993) see testing and implementation as fundamental parts of constructive researches. However, the schedule for conducting the thesis is flexible yet limited which out rules some possibilities for expanding the research topic to include issues such as implementation and testing of the process model, and change management. Sikdar & Payyazhi (2014) emphasize that organizational change as a result of business process implementation takes place automatically, as the implementation has been primarily seen as a redesign of the underlying workflow.

The research is limited to the case organization's operations in one country, and might not be applicable to other operative units or subsidiaries. This choice is justified by the fact that the case acquisitions have occurred in the same country, and even though their performance affects the global organization, the resources at hand are not realistically enough to include international mergers and acquisitions.

1.7 Key Concepts

Mergers and acquisitions (M&A):

The terms are used interchangeably in literature, and mean that two or more companies are combined through a merger of related companies or through an acquisition.

Integration:

The term usually refers to a specific stage during the overall M&A process where the companies are pulled together in order to form a new organization.

Integration infrastructure:

People and departments who are involved in the post-acquisition integration. The members of integration infrastructure have varying roles and responsibilities. Usually consists of Executive Team, Core Team, and Task Forces.

Business process (BP):

A collection of interrelated tasks or activities to solve an issue in question, triggered by specific events, and may have one or more outcomes that may result in the termination of the process or shift to another process (ABPMP 2009, 24).

Workflow (WF):

Often used interchangeably with a business process, but comprises cases, resources, and triggers that relate to a particular process (Van der Aalst et al. 2004, 356).

Workflow management (WFM):

Ideas, techniques, methods, and software utilized in controlling and coordinating activities within business processes.

Knowledge management (KM):

Transforming implicit and tacit knowledge into an explicit and formal presentation. After being transformed, the knowledge may be distributed throughout the organization.

Business process modelling (BPM):

Actions to develop a simplified and visualized representation of processes. Business process models are often comprised of diagrams, and include information about the activities of the processes (de Pádua et al. 2014).

2. MERGERS AND ACQUISITIONS

Corporate restructuring, like mergers and acquisitions, has become worldwide phenomena for companies to achieve their strategic objectives. In an ever-changing business environment, M&A have become one of the quickest ways for firms to operate in new markets and add resources to their existing resources. (Kumar 2019, 1) In fact, mergers and acquisitions are one of the possible tools for companies to gain growth (Bauer & Matzler, 2014), and M&As have been recently recognized as an important mechanism for companies to acquire knowledge (Yoo et al. 2007). Kalpič & Bernus (2002) actually recognize knowledge as the key capital of enterprises that contributes to overall competitiveness and provides basis for long term growth, development and even existence.

As mentioned in the introduction chapter, this thesis utilizes the process perspective that was first introduced by Jemison & Sitkin in 1986. Cartwright & Schoenberg (2006) recognize the process perspective as one of the fundamental schools of M&A literature, with others being finance, strategic management and culture perspectives. Both strategy and cultural perspectives emphasize that inappropriate decision-making, negotiation and integration process may lead to underperforming acquisition outcomes. Therefore they contribute to the process perspective of M&A literature that concentrates on the significant role of integration strategy and acquisition process. (Cartwright & Schoenberg 2006) Process perspective has also contributed to understanding of how different integration approaches may impact the ultimate outcome of two companies combining (Schweiger & Very 2003, in Cartwright & Schoenberg 2006).

An acquisition is also known as a takeover, and it means a situation where a company takes a controlling interest in another firm, a legal subsidiary of another firm, or selected assets of another firm (DePamphilis 2019, 21). In order to gain control over a firm, the acquiring company usually must offer a premium to the target's current stock price that reflects the perceived value of obtaining a controlling interest in the target, the value of expected synergies, and any overpayment for the target firm. Overpayment is the amount an acquiring firm pays for the target in excess of the present value of future cash flows, including synergy. (DePamphilis 2019, 22) This is supported by Gaughan (2015, 136), who argues that the expected existence of synergistic benefits allows firms to incur the expenses of the acquisition process and still be able to afford to provide target shareholders a premium for their shares. This has

not always been the case though. Galpin (2007) mentions that in past decades such as the 1980s, the integration phase was not seen as a primary value driver and price premiums were less common. Today, however, the typical acquisition or merger is quite strategic and operational in nature. (Galpin 2007, 5)

Takeovers are usually divided into friendly and hostile takeovers, and the difference between them depends on the fact if the target company's board and management recommend shareholder approval (DePamphilis 2019, 22). As mergers usually require approval from both companies' boards, the management of both buyer and seller keep their respective boards informed of the progress of the negotiations (Gaughan 2015, 23). In fact, friendly takeovers are usually preferred by acquirers as the post-acquisition integration process is often more expeditious when both parties are cooperating fully, customer and employee attritions are less, and the takeover is often consummated at a lower purchase price (DePamphilis 2019, 22-23).

2.1 Motives for M&A activity

Driven by globalization and economic or strategic barriers to organic growth, M&As have become the primary means by which companies can attempt to grow their revenues quickly (Galpin 2007, 4). Mergers and acquisitions also enable companies to enter new geographic markets, join forces with or eliminate competitors, obtain novel technologies rapidly, and achieve economies of scale and scope (Graebner et al. 2017). Despite the vast number of possible reasons for M&A activity, Gaughan (2015, 125) summarized the reasons to two fundamental motives; faster growth and synergies. These reasons are introduced in the following sections.

2.1.1 Growth

As undoubtedly one of the most fundamental motives for M&As to happen, growth can be done within one's own industry or by expanding to another, where the latter scenario is also known as diversification. Usually, companies that are aiming for expansion have to decide between internal (organic) growth and growth through M&As (inorganic). According to Gaughan (2015, 125-126), organic growth is slow, and if the company has a window of opportunity that will remain open for only a limited period of time, slow approach might not be

beneficial, as competitors may act more quickly and capture the market share. Therefore, acquiring another company that has established offices and facilities, management, and other resources might be the only solution. (Gaughan 2015, 125-126) Knowledge, such as acquired knowledge, is recognized as a key factor contributing to enterprise competitiveness and as a basis for long term growth, existence and development (Kalpič & Bernus 2002).

Demonstrating successful growth puts constant pressure on corporate managers, especially if the company has experienced growth in the past. In industries where the growth has slowed down, continuing it might be problematic and managers often look to mergers and acquisitions as a way to jump-start growth. Acquisitions are often hoped to provide increased sales revenues together with improved profitability through synergistic gains, but in reality it is difficult to improve the profitability of the overall enterprise. Instead, acquisitions impose greater demands on management, which has to run an even larger company now. Generating revenue growth can be viewed as more effortless action, because the management can simply stack the revenues of the merged companies. The focus of growth generation should be on shareholders, and management has to make sure that the greater revenue size has also brought increased profits and returns for shareholders with it. (Gaughan 2015, 125-126, 129)

2.1.2 Synergy

Often associated with the physical sciences rather than economics or finance, the term synergy means a type of reaction that occurs when two substances or factors combine to produce a greater effect together than operating independently. In business combinations such as mergers and acquisitions this translates into the ability of a corporate combination to be more profitable than the individual parts of the firms that were combined. The phenomenon of synergy can be presented simply as $2 + 2 = 5$. (Gaughan 2015, 136) The two primary classes of synergy are operating synergy and financial synergy (Gaughan 2015, 136; DePamphilis 2019, 8) (see Figure 4). Operating synergy can occur in (1) revenue enhancements and (2) cost reductions. Financial synergy, on the other hand, refers to the possibility that the cost of capital can be lowered by combining one or more firms. (Gaughan 2015, 136-137) Next, brief descriptions of both operating and financial synergies are presented without going into excessively deep knowledge of calculations and formulas.

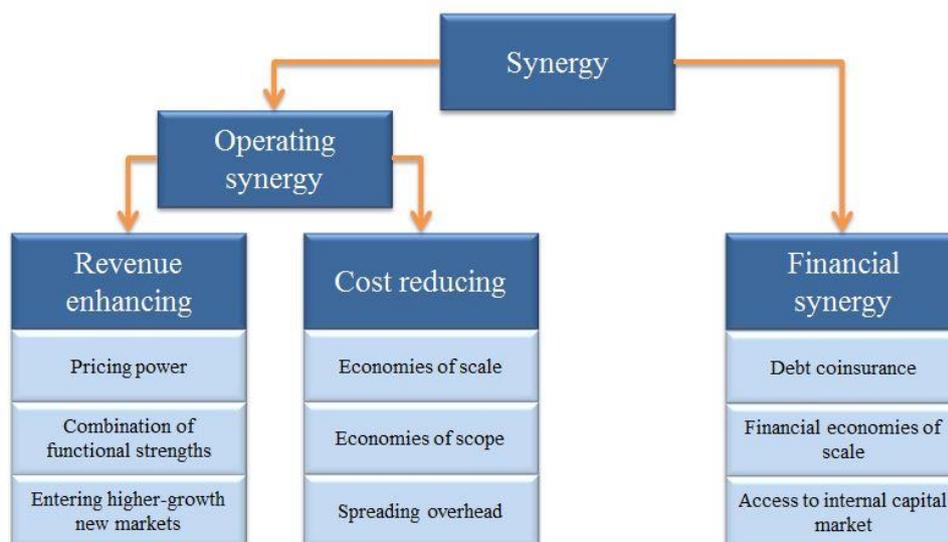


Figure 4: Synergy definitions, illustrated from Gaughan (2015)

Firstly, revenue enhancements for operating synergy can be achieved by greater pricing power, but the achievability depends on the degree of competition in the industry, relevant geographic markets and the size of the combining companies. If the merger leads to a more oligopolistic market structure, the likelihood of greater pricing power increases. (Gaughan 2015, 138) Evidence also shows that increased industry concentration can force suppliers to lower their selling prices (Bhattacharyya & Nain, 2011). However, market regulators might not approve excessive concentration (Gaughan 2015, 138). Secondly, revenue enhancements can be achieved with the combination of functional strengths, which means that the merging companies complement each other's abilities (Gaughan 2015, 139; DePamphilis 2019, 11). For example, the buying company might have established a vast distribution network, but lacks in R&D and innovativeness. As a result of merger, merged companies might gain potentially from increased rate of innovation, because they might have access to each other's technical skills and patent portfolios (DePamphilis 2019, 11). Lastly, entering higher-growth new markets might provide increased revenues. This is reality especially in mature markets such as Japan and Europe, where large companies have to invest greater amounts to increase their markets share or even maintain their current position. Such companies may be able to achieve increase in growth by moving into more rapidly growing markets. (Gaughan 2015, 139)

As mentioned, operating synergies are achievable through cost reductions, as well (Gaughan 2015, 138-139). These reductions can come as a result of economies of scale, which means

that the per-unit costs decrease as the size or scale of company's operations increase (Graebner et al. 2017; Gaughan 2015, 139). Often confused with the previous concept, achieving economies of scope refers to a firm's ability to utilize one set of inputs to provide a broader range of products and services (Graebner et al. 2017; Gaughan 2015, 139). The third common concept of cost reducing operating synergy is spreading overhead, which is typical especially for capital-intensive manufacturing firms that tend to operate at high per-unit costs for low levels of output. Spreading overhead refers to a situation where the per-unit costs decline as a result of rise of output levels. Some of the other sources of these gains come from increased specialization of workforce and management, and the more efficient use of capital equipment, which might not happen at low output levels. (Gaughan 2015, 139-140) According to DeLong (2003), concepts of operating synergy can be important determinants of shareholder wealth creation.

The second common classification of synergy is financial synergy, which refers to the impact of a merger or acquisition has on the costs of capital to the buying company or the merging companies together, as it is possible that the costs of capital may be lowered as a result of a business combination. The first concept of financial synergy is debt coinsurance which describes an effect that occurs when the risk of bankruptcy becomes less as a result of increased trust from the suppliers of capital. Investors might see merger or acquisition less risky if the combined companies are able to lower the volatility of the cash flows. (Higgins & Schall, 1975) As stated in operating synergy text, acquisitions provide an opportunity for companies to achieve economies of scale. According to Levy & Sarnat (1970), acquisitions may provide an opportunity for companies to also experience financial economies of scale in the form of lower flotation and transaction costs. The third financial synergy concept involves a situation where, as a result of acquisition or merger, the target company gains access to an internal capital market (Gaughan 2015, 147; DePamphilis 2019, 11-12). The reasoning behind this concept can be simplified to mean that larger companies have access to lower cost capital due to their lower risk, and after an acquisition the target can enjoy the better access, as well. (Billett & Mauer 2003; in Gaughan 2015, 147) Accumulated research supports this, as it shows that larger companies not only have better access to capital markets, but also enjoy better credit quality (Dimitrov & Tice, 2006).

3. INTEGRATION STAGE

Integration is the process of pulling things together by integrating and merging them. All businesses that drive for change, restructuring or become more efficient will go through integration process of some sort. (Davis 2012, 21) Larsson & Finkelstein (1999) divide organizational integration conceptually into (1) the degree of interaction between the combining companies through restructuring and material flows, and (2) the extent of coordinative effort to improve the quality of the interaction through, for example, special integrators and transition teams. Integrations do not always have to occur in large scale as they can also happen more frequently in smaller perspective, such as when IT departments consolidate systems, integrate data and change processes. However, integration becomes complicated in larger mergers or acquisitions as there are a great number of processes and projects involved. The reasons for confusion and complexity during M&A process are lack of information and uncertainty among employees together with scarcity of resources such as time and money. (Davis 2012, 21)

Depending on the source, integration has multiple definitions, but it usually refers to a specific stage at the end of overall merger or acquisition process. The M&A literature uses various terms for the integration, but the most common ones are “post-acquisition integration”, “post-merger integration” (PMI), or simply “integration”. This thesis uses these terms interchangeably. Viewing M&A transaction as a distinct process with numerous varying and specific contents, tasks and procedures is gaining ground in academic and practical literature (Lucks & Meckl 2002, in Meckl 2004). For example, Galpin (2007) presents integration as the fifth stage of the whole M&A six-staged process (see Figure 5). On the other hand, Gomes et al. (2013) split the overall M&A process into pre-acquisition and post-acquisition phases, and justify the bifurcation by the fact that post-acquisition phase cannot take place without achieving the ownership of acquired firm (see Figure 6). The boundaries between other phases in M&A process might not be that clearly defined, and it is not uncommon for informal negotiations to start at a senior level before strategic planning or formal selection processes have begun (Gomes et al. 2013). This is supported by Ellis et al. (2011), who state that M&A integration begins with the closure of a deal and typically takes years to complete, with integration planning often beginning well before deal closure.



Figure 5: Deal Flow Model, modified from source (Galpin, 2007, 9)

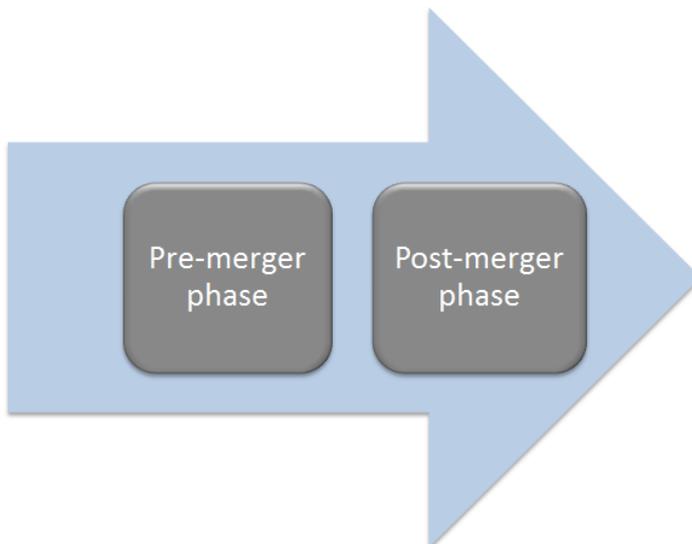


Figure 6: Merger process, modified from source (Gomes et al. 2013)

This Master's thesis utilizes the three-phased M&A model introduced by Meckl (2004), because it describes the stages and their respective activities in a clear way. Also, the model describes the organizational infrastructure during those stages. The stages are:

- Preparatory;
- Transaction; and
- Integration (Meckl, 2004)

During preparatory phase, the acquiring company creates its basic strategy and plans the acquisition process in broad perspective. The potential target company candidates are screened during this stage. In transaction phase, the chosen candidate is more closely examined through due diligence, and precise evaluations are conducted. Lastly in the integration phase, traditional management tasks such as downsizing and restructuring should be solved within the context of merging two units. The main activities in the integration stage are performing the post-acquisition integration plan, organizational and functional integration, managing cultural change and controlling the activities. The Postmerger Integration Organization, which is discussed in the next section, has its own responsibilities during the integration stage. Those responsibilities include demands such as integration of units and people from the target company, knowledge management in order to minimize knowledge loss, and specific time frame to complete the integration. (Meckl 2004)

3.1 Organization's integration infrastructure

Companies being combined must be coordinated through a single project infrastructure that has been given clear roles, responsibilities, and expectations (Galpin 2007, 93). DePamphilis (2019, 210) refers to the infrastructure as a Postmerger Integration Organization, and argues that it should be formed before the closure of the deal. More convenient in friendly acquisitions than in hostile ones, the infrastructure should consist of individuals from both the acquiring and target companies with a mutual interest in the newly formed organization (DePamphilis 2019, 210-211). Epstein (2004) supports this by stating that successful postmerger integration rests on things such as a strong integration team with representation from both firms and dedicated integration manager in charge.

Meckl (2004) argues that the organization goes through changes in each specific stage of M&A process. As acquisition is seen as a project, the temporary organization structure has its termination date that depends on the speed of reaching valuable milestones in the integration process. The transformation from transaction phase to the integration phase includes challenge of who are the people that should be involved in the integration phase. (Meckl 2004) Therefore, identifying the participants of project infrastructure is important and contributes to the sub question 2. The most common teams involved in the integration effort are Executive Team (Management Integration Team), Integration Project's Core Team, and Tasks Forces

(Galpin 2007, 93; DePamphilis 2019, 217-220). Their roles and responsibilities are presented in this section, and in addition, the role of integration manager and its significance are discussed separately. The team names are written with capital letters in order to ease the reading.

3.1.1 Executive Team/MIT

One suggestion for infrastructure is presented by Galpin (2007, 93), where the new organization's executives have the ultimate accountability for the success of the integration by providing strategic direction, establishing boundaries, resolving impasses, making critical decisions on integration plans, and by providing oversight to integration effort participants (see Figure 7). DePamphilis (2019, 211) refers to them as Management Integration Team (MIT), and continues by arguing that MIT is charged with realizing synergies identified during due diligence stage, and that their focus during integration period is to maximize shareholder value. The team is formed from executive staffs from both partnering companies, and the responsibility is shared among them (Galpin 2007, 92-94; DePamphilis 2019, 211). Therefore, coordination and communication become critical between the two companies' senior management teams (Galpin 2007, 92-94). DePamphilis (2019, 211) emphasizes that having senior managers from both companies captures the absolute best talent, and sends comforting message to employees that their issues are dealt by the right decision-makers. Combining management teams may be helpful to transfer tacit knowledge, as well (Ranft 2006).

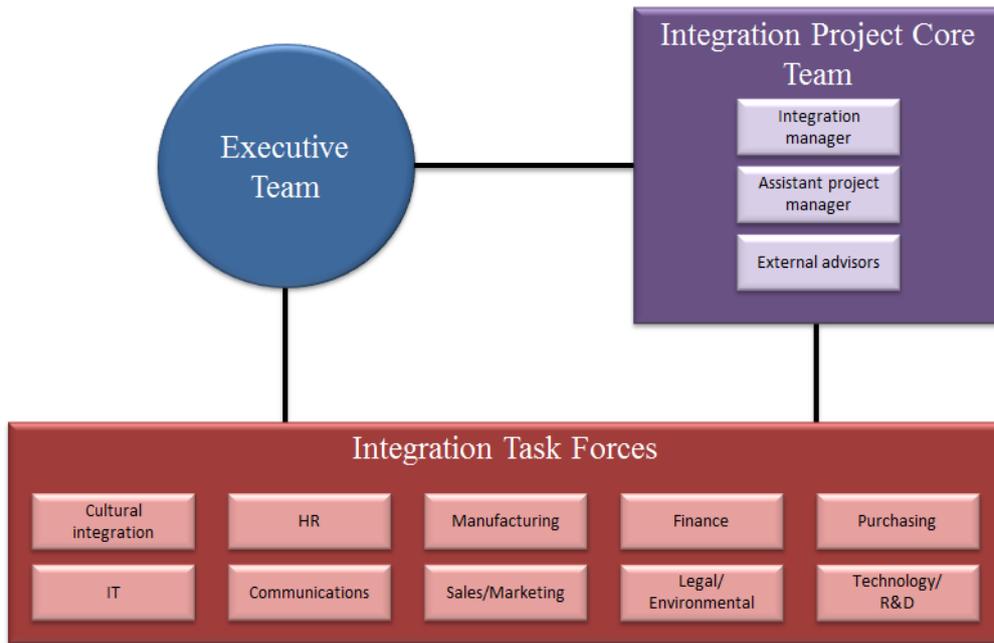


Figure 7: Model for the integration's infrastructure, modified from source (Galpin 2007, 93)

3.1.2 Integration Project's Core Team

The Integration Project's Core Team assumes primary day-to-day responsibility for coordinating the Task Forces and the overall process (Galpin 2007, 92). The responsibilities can be seen as a part of operational integration, which refers to the hands-on integration tasks that are often performed by specific work groups and headed by an integration manager (Teerikangas et al. 2011). According to Galpin (2007, 92), the role in Core Team is full-time, and their responsibilities are, for example, overseeing and managing the establishment of the Task Forces and their leaders, ensuring coordination between and among the Task Forces, and managing the business of problem identification, communication and solving. The Core Team can be supported by additional full-time resources, such as an assistant project manager, and representatives from legal, HR, and/or communication department (Galpin 2007, 92). Integration work teams can also include outside advisors such as investments bankers, accountants, attorneys, and consultants (DePamphilis, 2019, 211; Meckl 2004)

If there are issues in infrastructure that the Core Team cannot resolve, Carleton & Lineberry (2004) argue that specialized Tiger Teams can be formed. These teams usually consist of ap-

proximately three to ten people that are directly involved in the performance-affecting problem, issue, or possibility, and have the specialization to solve them. With the aid of a manager or consultant, the Tiger Teams aim for the resolution in a relatively short time frame, because such issues might seize the overall integration process. (Carleton & Lineberry 2004)

3.1.3 Integration Manager

The role, responsibilities and the significance of Integration Manager are discussed in literature widely, and the selection of Integration Manager is recognized as critical regarding the performance of an acquisition (Ashkenas & Francis 2000; DePamphilis 2019, 206; Teerikangas et al. 2011; Meckl 2004). According to Teerikangas et al. (2011), the term “Integration Manager” is used for the project manager that is appointed by the acquiring company to be responsible for coordinating all activities related to successfully integrating the acquired company into the acquiring company’s operations and organization. In addition, Integration Manager usually coordinates the work of those involved in the integration activity (Teerikangas et al. 2011). DePamphilis (2019, 187) emphasizes that Integration Manager should be appointed already in integration planning phase. This statement is supported by Uhlaner & West (2008) who argue that in order to minimize potential confusion later in integration and to guarantee more efficient integration, Integration Manager should be involved in the process in the pre-acquisition phase.

Integration Managers can have technical background from engineering, accounting, HR, or law, and depending on the size of the organization, successful Integration Managers have been vice presidents, directors, managers, and even internal consultants with a strong background in the operations. More importantly, Integration Manager should have knowledge of the business, ability to lead people, and serve as a change agent. (Galpin 2007, 93-94). Teerikangas et al. (2011) found that as a change agent, Integration Manager helps to spur change, ensures integration progress, represents a sign of support, and provides a link to top management. Integration Manager should possess some integration experience (Ashkenas & Francis 2000), and excellent interpersonal and project management skills (DePamphilis 2019, 187). If Integration Manager is selected from the buying company, it is a general rule to appoint assistant project manager from the acquired company, as he/she is in the best position to

receive feedback data from the acquired company and channel it to the Core Team and Executive Team (Galpin 2007, 94).

3.1.4 Integration Task Forces

The number, focus, and composition of the Task Forces depend on the planned business structure and business process requirements, but usually the Task Forces create the majority of the integration infrastructure and are organized around basic functional areas (Galpin 2007, 94). Similar to Executive Team and the Core Team, Task Forces should have a symbolic and purely practical balanced representation from both partnering companies (Meckl 2004; Galpin 2007, 94). The primary responsibilities of Task Forces are designing transition plans, capturing synergies, and implementing the actions that the organization identifies as keys to integration success. Some specific business processes can have dedicated teams, and cross-functional mindset can be ensured with highly interdependent functions. Special issues, such as customer retention, culture, synergies, and specific operational projects can have their own Task Forces, as well. (Galpin 2007, 94-96) The most common Task Forces are HR, finance, IT, sales and marketing, communications, legal, R&D, purchasing, and manufacturing (Galpin 2007, 93; DePamphilis 2019, 217-220). Task Forces should be led by individuals who are senior enough to have the required authority but still understand the details of the business processes. (Galpin 2007, 94-96)

Specified subteams can be formed inside the Task Forces, too. As Task Forces identify their synergy projects, they should form dedicated teams to validate, plan, and execute the initiatives, with the similar level of accountability and involvement anticipated of other subteams. For instance, HR department can be divided into subteams of compensation and reward, health and welfare, and personnel transition. The teams are not operating in a vacuum, and therefore coordination with other subteams and Task Forces on issues of mutual dependence is needed. (Galpin 2007, 96)

According to Bettinazzi & Zollo (2017), involving other stakeholders in post-acquisition stage helps the buying company in its redesigning activities, because the presence of stakeholders brings informational richness. Such stakeholders can be employees, suppliers, customers, and local communities (Bettinazzi & Zollo 2017; DePamphilis 2019, 213) For example, customer

oriented post-acquisition stage can result in increased customer retention after the deal has been closed (Payne & Frow 2005). The relationship with stakeholders works another way around, too, as the merging companies can communicate the situation to their stakeholders at the same time. Kansal & Chandani (2014) state that proper communication plans to stakeholders can often decrease their resistance to change that mergers and acquisitions cause. Communication plans are also crucial in employee retention and in boosting morale and productivity (DePamphilis 2019, 191).

3.2 Acquisition learning and knowledge codification

Accumulated experience on mergers and acquisitions and company's overall strategy are considered as one of the critical success factors in M&As (Gomes et al., 2013). Nevertheless, most companies fail in their efforts because they do not have a consistent strategy for growth and they miss the opportunity to learn from continuous and accumulated experience of previous acquisitions (Jemison & Sitkin 1986). According to Steigenberger (2017), previous integration experience is one of the contingencies in M&A integration. Studies back up the relationship between learning and performance to some extent (Al-Laham et al. 2010), but the findings seem to be inconclusive (Zollo 2009). For example, a study by Hayward (2002) found that acquisition experience per se does not grant superior acquisition performance in the future. Instead, the companies that performed well in the study made acquisitions that were moderately similar to the businesses of prior acquisitions. Also, the time interval between the acquisitions and the size of the acquisition seem to be connected; the optimal time between the acquisitions is longer when previous acquisitions are larger. (Hayward 2002)

Trichterborn et al. (2016) suggest practical steps for companies that want to enhance their acquisition learning. These practical steps can be found to be similar to the aim of this thesis. The steps are:

- Collecting information on M&As and identifying people with M&A expertise
- Defining a formalized M&A process based on the information
- Establishing e.g. M&A committees to distribute the collected knowledge
- Applying the accumulated knowledge to following M&As; and
- Establishing a steering committee that provides support to certain M&As (Trichterborn et al. 2016)

Despite the fact that many factors affect the organizational learning in acquisitions, Zollo & Singh (2004) found that there is a strong positive relationship between codification of integration experience and upcoming acquisition performance. This finding is supported by Meckl (2004), who says that learning effects from one acquisition to another can be institutionalized by identifying crucial issues and solutions to them in advance within a process oriented organization. DePamphilis (2019, 193) states that companies often neglect the lessons learned from each transactions and tend to repeat their mistakes in upcoming acquisitions. One of the reasons for mistakes in the future is that the people that are involved in the acquisition process may change between the individual deals (DePamphilis 2019, 193).

Knowledge codification refers to the sum of acquisition tools, such as checklists, manuals, models, maps, and training packages (Zollo & Singh 2004). Galpin (2007, 6) explains codified knowledge as “written procedures that a company articulates in the form of routines or norms that guide integration actions and decision making during the formation and implementation phases of the M&A deal.” In addition, Galpin (2007, 6) gives examples of codified knowledge to be procedures and guidelines for structuring the merging companies, or process models and instructions for staffing and selection. In other words, codified knowledge refers to knowledge that is written down or visualized, and does not have a risk of getting lost. According to Hayward (2002), codification of knowledge enables a vast number of personnel to gain information about the acquisition, which means that the organization is less dependent on individuals. For instance, if the employee turnover is identified to be high, it is beneficial for the company to “write down” its employees’ knowledge so it does not get lost after they might leave the company.

The “as is” analysis is a fundamental part of business process modelling, and refers to an analysis of current situation of certain issue. According to Galpin (2007, 102), it is also helpful for Task Force members in finding the best mutual solution for the companies combining.

The “as is” analysis often results in process maps, plan descriptions, side-by-side comparative matrices and other tools that can help Task Force members in visualizing the essential similarities and differences between the merging companies before they identify the absolute best solutions (Galpin 2007, 102-103). The “as is” analysis, among other process modelling concepts, is discussed in the next chapter.

4. BUSINESS PROCESS MODELLING

It can be concluded that M&A, integration and process modeling literature lacks process models for post-acquisition integration, and modelling theory commonly concentrates on models that are related to IT or computer science. Simultaneously, this is the research gap and the challenge for this thesis.

As mentioned earlier, the purpose of process modelling in this thesis is to capture the organizational knowledge of post-acquisition integration and to visualize it so that the organization can learn how to perform better in their future integrations. According to ABPMP (2009, 39-40), other common reasons why process models are created include reasons such as that they document the existing process clearly, they provide a basis for communication and discussion, and they identify opportunities for improvement. Models are also relatively fast, easy and inexpensive to complete, and understanding them should be easy when compared to other ways of information documentation (ABPMP, 2009, 40). Kalpič & Bernus (2002) present business process modelling as an important contribution and approach to the process of knowledge management, as business process modelling provides mechanisms for capturing, externalizing, formalizing, structuring and re-using knowledge.

In this chapter, the key elements of business process modelling are introduced and discussed in order to understand what is needed to conduct process modelling. These elements are the processes themselves, process modelling notation, workflow management and knowledge management. The chapter is formed in a way that even readers with no prior familiarity of business process modelling could understand the elements and purpose of it, and the natural starting point is to define a process. After all, Melão & Pidd (2000) argue that one needs to understand business processes before they can understand business process modelling.

4.1 Defining processes

According to ABPMP (2009, 24), process “is a defined set of activities or behaviors performed by humans or machines to achieve one or more goal”. Processes involve a collection of interrelated tasks or activities to solve the issue in question, are triggered by specific events

and can have one or more outcome that may result in the termination of the process or shift to another process.

In order to understand the basics of process concepts, Van der Aalst et al. (2004) introduce a term “case”, which means any type of work from baking bread to filing an insurance claim. Every case has its beginning and its end. Each individual case involves a “process” being performed, and every process involves a certain number of “tasks” that need to be performed in an order that is determined by given “conditions”. The tasks can have specific characteristics that steer the process to a certain direction, such as a certain order or a selection between the tasks. (Van der Aalst et al. 2004, 3-5) For example, baking bread requires certain tasks to be completed before the bread can be put into oven. However, there can be a selection of ingredients depending on what kind of bread is to be made. All in all, the case, which is baked bread in this example, is eventually completed.

According to Van der Aalst et al. (2004, 5-7), tasks can be performed by a computer or by a human, and in order to execute tasks, human workers need knowledge that is stored in their minds by experience, which is also known as tacit knowledge. A person who is assigned to execute a task is either called a “contractor” or a “resource”. However, the term “actor” is commonly used, because actors can also be company departments or separate firms rather than individual people in every scenario. There are two forms of principals that affect the work of actors: the “boss” and the “customer”. The boss assigns tasks for execution and the customer is the one that enjoys the end result. However, employees might be unfamiliar with the customer in larger organizations. (Van der Aalst et al. 2004, 5-12) In the case of post-acquisition integration, similar unfamiliarity might be present as the customers could be other departments, or ultimately, the shareholders.

Caetano & Tribolet (2006) argue that organizations often find themselves troubled when they are trying to find suitable actors for performing the tasks within a process. In order to create business value, the process actors need to possess required competences and skills, and it is the organization’s responsibility to map those skills and competences. Many business process modelling languages do not describe the required skills when the tasks are visualized. (Caetano & Tribolet 2006) However, humane elements are becoming more important, and processes such as engineering processes might need to involve them in order to improve processes effectively (Pajerek 2000). According to Pajerek (2000), business processes are not prepared to

face any unexpected incidents as they are expected to work when things go as planned. The vulnerability of processes means that the recovery from unanticipated incidents might be challenging. (Pajerek 2000)

The role of process owners is identified to be critical in organizations where business process management is successfully implemented, as the process owner is responsible for the whole process across the functional departments. The individual needs to have certain authority to control the budget and make decisions regarding the continuous improvement of the process. (ABPMP, 2009, 33) This is supported by Davenport (1993), who emphasizes the importance of process ownership. Finding suitable process owners is not necessarily easy as the processes follow the pre-defined structures and might need radical change at some point. However, suitable process owners can be found if the organization does not intervene excessively and allows the process to go over boundaries. Also, the organization should let the process owners to change the processes to better fit the needs and organizational structure. (Davenport 1993)

4.1.1 Processes from different perspectives

To make sense of various forms of processes, Lillrank (2002) categorizes them in three ways: standard, routine and nonroutine processes. Standard processes are repetitive in an identical manner even though constraints and conditions around them are changed. The standard processes represent the basic level of processes that can be benchmarked and codified, and their performance can be verified through comparison. The routine processes, on the other hand, are rather similar to the standard processes, but may differ slightly. These kinds of processes cannot be exactly standardized or automated, but they permit certain predictability, skill accumulation and performance that are based on tacit knowledge. Lastly, the nonroutine processes are found in continuously shifting contexts where organizations have to operate with exceptions, high task variety and unexpected issues. In fact, these nonroutine processes are designed to address such events, and they allow room for problem solving. Due to their nature, nonroutine processes cannot be standardized or repeated each time. (Lillrank 2002)

In order to take things even further, Melão & Pidd (2000) present a framework to understand the business processes from four different perspectives that are helpful when it comes to the actual process modelling (see Figure 8). Despite the fact that the perspectives divide processes

into four categories, Melão & Pidd (2000) argue that one needs to understand that the perspectives overlap each other. The perspectives are:

- Business processes as deterministic machines;
- Business processes as complex dynamic systems;
- Business processes as interacting feedback loops; and
- Business processes as social constructs (Melão & Pidd 2000)

BPs as “deterministic machines” and as “complex dynamic systems” are linear, organized and relatively fixed, and even though people are the actors who execute the tasks, these kinds of processes enjoy only a little people interference. Business processes as deterministic machines are usually the simplest illustration of a process, while BPs as complex dynamic systems take a step toward more complicated approach due to the fact they include people interaction. What these two perspectives have in common is that their key is to optimize the resources and efficiency. (Melão & Pidd 2000)

Business processes as “interacting feedback loops” and as “social constructs” represent even more complex processes. This is simply due to the higher people involvement. In BPs as “interacting feedback loops”, each shape and arrow include people’s effect, because during the process the people involved take in the information, process and discuss it and shape the information in order to release the best seen output. Lastly, business processes as “social constructs” is the most complicated perspective when it comes to processes. In addition to the previous one, these processes include people with varying perspectives, agendas and mental models that are seen to affect the resulting output or even interfere it. (Melão & Pidd 2000)

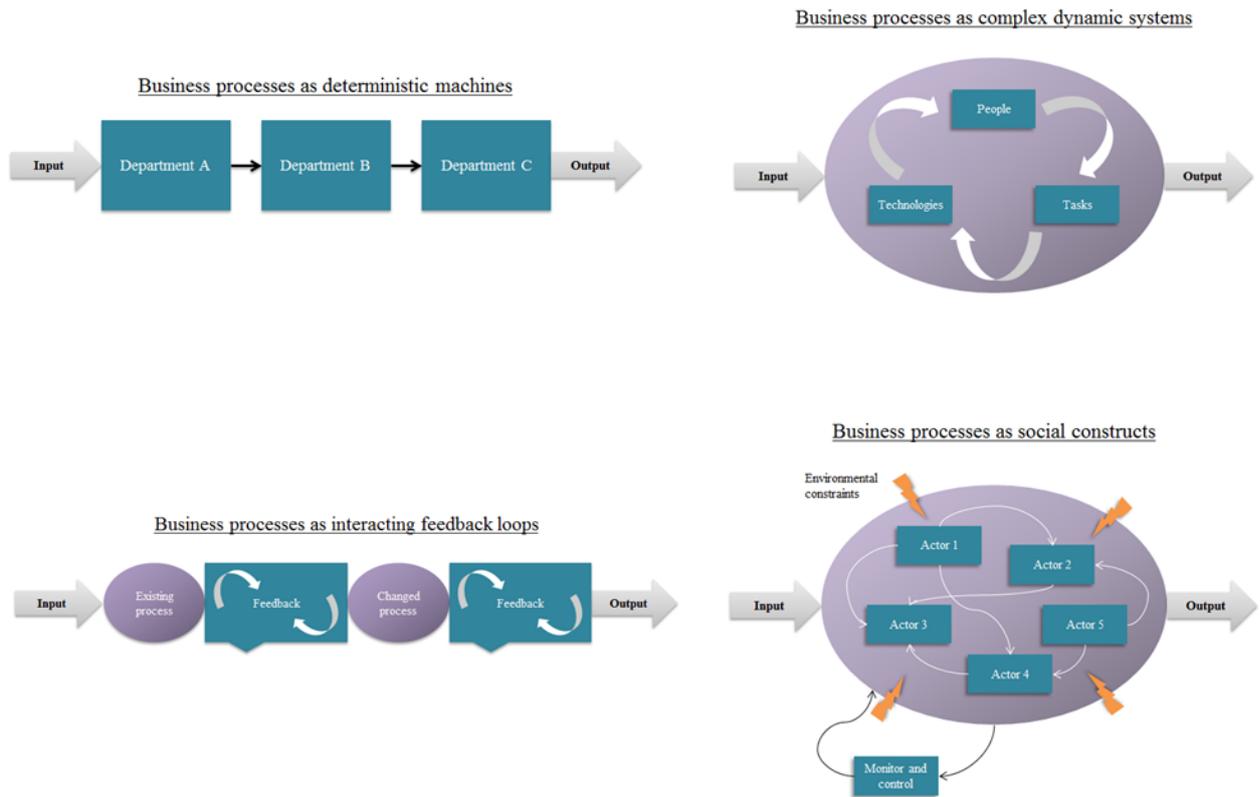


Figure 8: Perspectives of business processes, modified from source (Melão & Pidd 2000)

4.2 Defining business process modelling

By one definition, process modeling refers to a simplified representation of a set of end-to-end activities, also known as processes (ABPMP, 2009). According to de Pádua et al. (2014, 250), “the models are traditionally comprised of diagrams and include information about the activities of the processes, about the interrelations between these activities, about the relations of the activities with the environment, and about the behavior and performance of these processes”. The information is processed with the use of business process modeling and represented in process models (Eikebrokk et al. 2011, in de Pádua et al. 2014). In the context of post-acquisition integration, this means that the work of different departments is visualized and the work flows in a certain order.

4.2.1 Business process management lifecycle by ABPMP

According to ABPMP (2009, 28), the management of business processes may be seen as a lifecycle, where the modelling is one of the phases. The phases are (1) process planning and strategy, (2) analysis of business processes, (3) design and modelling of business processes, (4) process implementation, (5) process monitoring and controlling, and (6) process refinement (see Figure 9). Stated by ABPMP (2009), their model begins with an understanding of organizational strategies and goals in the planning phase. The plan provides direction and structure, and also identifies the organizational roles and responsibilities. The analysis phase then aims to understand the current organizational processes from the perspective of the desired goals and objectives. After the current situation is identified in the analysis phase, the process design begins, where the focus is on intentional design of how the work happens from its start to its end. In this phase, it is critical to think and document what work is performed, at what time, what are the locations and who are the actors. Therefore, the design phase defines what the organization wants the process to be. For example, if the organization does not have a business process model yet, the initial design activities may aim for standardizing or automating current ad hoc activities, but organizations that are more advanced with business process modelling may critically evaluate their current model in order to find room for redesign activities. (ABPMP 2009, 28-30)

In the modelling phase, the issues that were thought in the design phase are captured in the visualized form with possible factors that enable or constrain the process. Measuring and monitoring phase is vital in order for the organization to adjust its resources to meet the process objectives. This phase is also significant for the continuous improvement, as the analysis of process performance information may lead to improvement, redesign or even reengineering activities. Lastly, in the transformation phase the output of the iterative analysis and design cycle is implemented. The goal of the processes is them to be optimized, which means that the processes consistently achieve their predefined objectives in terms of efficiency and effectiveness. (ABPMP 2009, 28-30)

From business process management lifecycle perspective, this thesis focuses more on the analysis, design and modelling phases. This choice may be justified by the fact that the needs for adjusting, redesigning or reengineering might uncover much later in time. Also, constructive method is used along the modelling in order to minimize the work in the future.

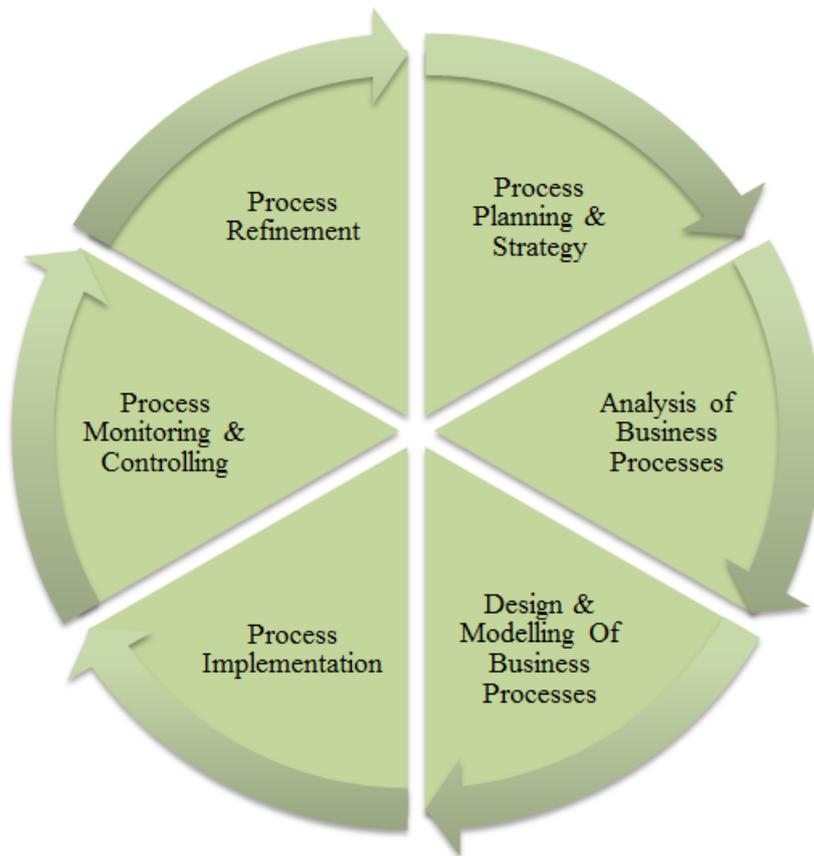


Figure 9: BPM Lifecycle, modified from source (ABPMP 2009, 28)

4.2.2 Modelling notation

The processes can be visualized in various languages, and literature uses term “notations” for them. One of the most common languages is called Business Process Modeling Notation (BPMN), which is a standardized notation form officially launched by Object Management Group and Business Process Management Initiative in 2006. According to Recker (2010, in de Pádua et al. 2014), it has become widely used in shorter time than other notations, it is supported by commercial and educational organizations, and even has influenced other previously existing notation forms. Rozman et al. (2008, in de Pádua et al. 2014) state that the significant process concepts, such as the process itself, activity, event, routing, fusion, synchronization, messages and roles can be modelled with BPMN and presented in a graphic way. Also, this notation form allows focusing on the tasks and information flows (Cull and Eldabi 2010; in de Pádua et al. 2014). Therefore, BPMN is used in this thesis to model the processes.

Modelling notations, such as BPMN, are based on flow charting, which means that there are certain symbols that represent tasks, decisions, and other process elements. Also, flow charting requires that all processes should flow from top to bottom and left to right. The adoption of flow charting techniques in business process modelling has its roots in Total Quality Management (TQM) movement, which originated in the early 1950's and became more popular during the 1970's. Flow charting is often used by industrial engineers to describe the things such as flow of materials, roles and work, placement of machinery, and analysis of egress and ingress in dispatch centers. (ABPMP 2009, 44)

Figure 10 presents typical symbols that are found in business process models. Usually a typical flow chart includes some of the following kinds of symbols:

- Start and end symbols that are represented as lozenges, ovals or rounded rectangles and contain words “Start” and “End”. The beginning and termination of a process may be signaled with other words, as well, as long it is made clear;
- Arrows coming from one symbol to another that indicate how the control is passed between the symbols;
- Processing steps are represented as rectangles;
- Input and Output are portrayed as parallelograms; and
- Conditions and decisions are represented as diamonds, or rhombuses, and usually contain a Yes/No question or True/False test. The uniqueness of this symbol is seen as it has two labeled arrows coming out of it, one corresponding Yes/True and the other one No/False. (ABPMP 2009, 44-45)

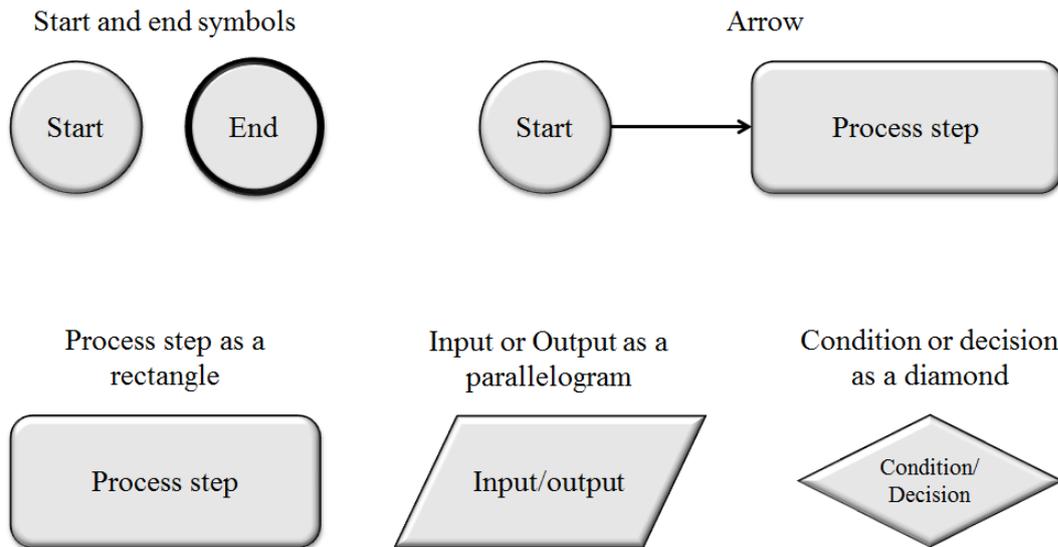


Figure 10: Typical symbols used in BPM

In order to represent organizational units, roles, or even external organizations in process models, many modelling languages, including BPMN, use “swim lanes” to show how the work flows across organizational units or how the work is handed-off from one role to another. The swim lanes may be horizontally or vertically arranged to meet the process requirements, and they are used to visualize handoffs in the work. (ABPMP 2009, 45) However, it should be noted that business process modelling languages, such as BPMN, lack the means to describe the skills required to complete activities and the competencies that process actors possess (Caetano & Tribolet 2006). Figure 11 portrays a simplified example of a cross-functional process with two departments in their own swim lanes.

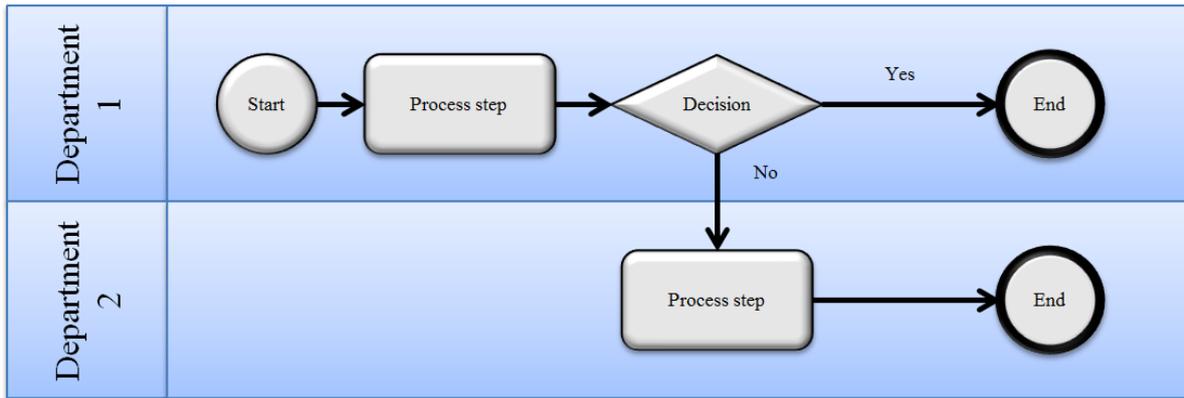


Figure 11: Swim lanes

According to Kalpič & Bernus (2002), business process models are part of enterprise models, and represent structured form of knowledge. The advantage of using structured models for process description is the quality of captured and formalized knowledge. However, the models have to be interpreted for larger audience and integrated in working knowledge in order to improve competencies as not everyone understands business process models. (Kalpič & Bernus 2002) Ribiere (2001, in Kongpichayanond 2009) states that knowledge should be presented in useful and appropriate format during the transferring process so that it is understandable and interpretable by its users.

4.2.3 Workflow management

One definition of workflow is introduced by Van der Aalst et al. (2004, 356) who claim that “a workflow comprises cases, resources, and triggers that relate to a particular process.”

According to Reijers (2003, 18), a workflow and a business process can be easily mixed as they are often used interchangeably. Workflow management (WFM), on the other hand, refers to the ideas, techniques, methods and softwares that are used to support business processes (Van der Aalst et al. 2004). Workflow management is seen as controlling and coordinating different activities within business processes and the usage of information systems importance in them is highlighted (Reijers 2003, 18; Lawrence 1997, in Zhuge et al. 2001). WFM belongs under business process management, and consequently it is also a part of business process modelling (Reijers 2003, 18; Zhuge et al. 2001). According to Georgakopoulos et al. (1995)

workflows have two conceptually different tasks: to define business process tasks and to define information process tasks.

Bußler & Jablonski (1994) use terms process modelling and workflow modelling as synonyms, and present an approach where workflow modelling is distinguished from organization modelling. Workflow modelling tends to be concerned with the questions “what”, “when” and “how”, while organization modelling aims to answer the question of “who” by modelling members of an organization and the organizational relationships in a way that the organization’s ultimate goal is reached efficiently. With organization modelling, one can define agents for each flow and managers for each agent. The contribution to efficiency can be seen as the work may be done efficiently by the correct people. (Bußler & Jablonski 1994)

Zhuge et al. (2001) argue that when dealing with workflow within the processes, the time related factors need to be incorporated in order to build a timeline between the activities to be able to identify the actual workflow. The role of pace is significant especially in the case of M&As as the speed of integration implementation is widely recognized as one of the key factors of M&A success (Gomes et al., 2013). Zhuge et al. (2001) continue by emphasizing the importance of incorporating time related factors to WFM especially when dealing with global organizations as with them time can be crucial point to understand the workflow in action for example data transfer cases as the organization may deal with different time zones. In addition, activity related time definition helps the process users to build expectations of the occurring activities and time consumption of them (Zhuge et al. 2001).

4.3 Knowledge management

Knowledge management can be described as actions to transform implicit and tacit knowledge into an explicit formal presentation, which then allows the knowledge to be distributed throughout the organization. Similar to traditional strategic resources, such as raw materials and energy, knowledge and information require understanding of knowledge management and its supportive tools called knowledge management systems (KMS). (Kalpič & Bernus 2002) The purposes of a KMS are (1) externalization of knowledge of individuals or groups, and (2) providing access to information and knowledge so that the enterprise’s intellectual capital is eventually leveraged (Harreld 1998, in Kalpič & Bernus 2002). Bock & Kim

(2002) argue that knowledge dissemination and transfer describe the business processes that distribute knowledge among individuals or groups involved in the processes, which makes knowledge dissemination a critical aspect in KM processes. With knowledge management, organizations aim usually for the increase of return of knowledge, where return is defined in terms of financial proceeds, working pleasure and learning results (Grotenhuis & Weggeman, 2002). The line of research that views knowledge as a material that can be created, collected, stored, retrieved and reused, as well as managed through codification is called codification approach in the literature (Hansen et al. 1999, in Yoo et al. 2007).

Knowledge can be defined as the meaningful structured accumulation of information (Nonaka & Takeuchi 1995, in Kalpič & Bernus 2002). Grotenhuis & Weggeman (2002, 84) provide more process-related approach and define knowledge as “a personal capacity that enables someone to perform a task”. Commonly knowledge can be divided into explicit and tacit knowledge, where the first one includes knowledge that has been formally articulated and codified (written down), and is easily shared and spread. Tacit knowledge, on the other hand, is developed and derived from the practical environment, and is formed subconsciously in specific situations. Sometimes it might be difficult to externalize, and is suitable for exchange through direct conversation, storytelling, and going through a mutual experience. (Zack & Serino 1998, in Kalpič & Bernus 2002)

In his seminal work, Nonaka (1994) argues that individuals are the prime movers in the process of organizational knowledge creation, and that individuals accumulate tacit knowledge through direct experience. He continues by stating that one of the important factors that influence the quality of tacit knowledge is the variety of an individual’s experience, as the knowledge obtained from monotonous and repetitive tasks will tend to decrease over time. Therefore in order to widen their knowledge, individuals need tasks that include creative thinking. However, individuals need to feel that the various experiences are somewhat related to each other in order to create new perspectives, which makes “high quality” experiences matter. Sometimes this means that the individual’s nature of a job might need redefining. The perspectives that individuals create through knowledge enlargement stay personal if they are not articulated and distributed to others through social interaction. Therefore, “fields” or “self-organizing teams” can be created inside organizations for individual members to collaborate in order to create new concepts. The field or the team may be autonomous and self-organizing with participation of several members from a variety of functional departments. (Nonaka

1994) As mentioned in the chapter 3, organizations are encouraged to establish a temporary project team for M&A that includes individuals from different departments. This project team could possibly serve as a platform for sharing perspectives and innovating new concepts, too.

Even though individuals need creative tasks for knowledge accumulation, Kalpič & Bernus (2002) note that formalization and structural description of creative or innovative processes is complex or even impossible due to their nature. Such processes could be management and design processes, for instance. However, illustrations of such processes on the level of coordination between activities performed by separately acting individuals or groups can be formalized and structured to a certain degree. This formalisable knowledge is significant for KM, as it can be distributed and shared with relatively low effort. (Kalpič & Bernus 2002) Kongpichayanond (2009) argues that issues such as knowledge distribution and presentation in appropriate format contribute to the speed of M&A process, too.

This thesis does not focus on the issues that companies face when the knowledge of the acquired company is transferred to the parent company, but rather aims to capture the current knowledge of the people in the acquiring company. However, a brief review of knowledge management from transformation perspective is worth mentioning. Grotenhuis & Weggeman (2002) argue that in mergers and acquisitions, two bases of knowledge are combined in the expectation of synergies to be derived from the joint forces, and the knowledge from two units needs to be managed in order to maintain the resources and to be able to reach the expected synergies. In the early stages of M&As companies usually aim for knowledge sharing, and later knowledge generation and the application of knowledge become more important. (Grotenhuis & Weggeman 2002) In fact, Grotenhuis & Weggeman (2002) found that potential synergies as a result of knowledge sharing in M&As depend on factors such as communication, motivation and employee rewarding. Meckl (2004) argues that the change of the structure, people, and responsibilities within a project, such as an acquisition, may lead to the loss of information and knowledge. As a matter of fact, capturing of working knowledge of employees (the knowledge which we would like to spread and share through the organization) represents the main objective of knowledge management (Kalpič & Bernus 2002).

5. RESEARCH OUTLINE

This chapter gives an expanded view on the methodology and the data collection plan from the introduction chapter 1.5. First, the research strategy and methods are discussed, and the choices are justified by the situation in case organization and by the support of literature. Next, the data collection plan is presented, and the choice of themes in interviews is justified by their contribution to the research questions. The method for research analysis is described and reasoned in contrast to the goals of this study, and the chapter ends with discussion of reliability, validity and ethics.

5.1 Research strategy and methods

Briefly described in chapter 1.5, the research follows a three-dimensional strategy with (1) a qualitative research as for forming the research outline, (2) multi-case study strategy as for the research environment, and (3) constructive method as for conducting the research itself.

Qualitative research is conducted with semi-structured interviews taking place first. The interviews are held on a one-to-one basis. According to Saunders et al. (2016, 391), semi-structured interviews are non-standardized and are often referred to as qualitative research interviews. Standardization in interviews refers to utilization of an identical set of questions with questions asked exactly as they are written and with same tone of voice in order not to indicate any bias (Saunders et al. 2016, 391). However, an identical pattern of questions is avoided in this thesis simply because the interviewees do not necessarily possess the same experience in post-acquisition integrations or they were involved in only one of the two cases. Instead, the interview questions are themed, and key questions are decided depending on the interview. The interviews are audio-recorded in order to capture the data from discussions, which is a data gathering method also mentioned by Saunders et al. (2016).

The purpose of conducting one-to-one interviews first in this research is to capture the knowledge that the participants have of post-acquisition integration stage from their department's perspective. The interviews can therefore uncover some issues that would not come up if all the departments participated in a group interview, for example. The interviewees might have their own assumptions and mental models affecting their answers. In fact, the assump-

tions are acknowledged in this research, and they are given room as the personal perspectives of interviewees might unveil issues regarding the perception of the motive behind acquisitions and workflow.

As mentioned, this research studies two post-acquisition integrations, which makes it a multiple case research. According to Saunders et al. (2016, 187), “the rationale for using multiple cases focuses on whether findings can be replicated across cases”. Yin (2014, in Saunders et al. 2016, 187) uses term “literal replication”, when similar findings are predicted to be produced from each case. As the cases in this study are two integration stages within the same organization with presumably same departments and tasks, literal replication might become useful if the business process model can be applied to future integrations, as well.

Constructive research method is not a commonly used method in business research, but it has been widely used in fields such as technical sciences and clinical medicine (Kasanen et al. 1993). The aim of constructive research method is to solve a specific problem through constructions of tools, such as models, diagrams and plans, with the use of existing knowledge. (Kasanen et al. 1993; Crnkovic 2010; Oyegoke 2011) With constructions, the existing knowledge may be used in novel ways with possible added links that would remain missing without constructions (Crnkovic 2010). Unlike in traditional research methods, the involvement of the researcher is common in constructive research and is not intended to be avoided (Kasanen et al. 1993; Crnkovic 2010; Oyegoke 2011)

According to Oyegoke (2011, 576) “constructive research as a methodology begins with strong grounding in identifying a practical problem from practice complemented by related literature”. Crnkovic (2010) argues that, for example in software engineering, the research begins with empirical investigations prior to the constructive work. This includes qualitative methods, such as case studies. When sufficient amount of understanding is obtained, the constructive research method may be used for addressing the problem. (Crnkovic 2010) The research method has faced criticism due to the perception of providing only practical relevance, but researchers have identified it as a method that builds a bridge between practice and theory. In fact, constructive research method combines practical experience and theory in the form of a construction, and it also seen to provide results with both practical and theoretical relevance (Kasanen et al. 1993; Crnkovic 2010; Oyegoke 2011) Constructive method in a research with case study strategy has its risks, as the method requires significant support from the case or-

ganization in order to succeed. The requirements include commitment, managerial support, resources (people) and understanding. (Labro & Tuomela 2003)

5.2 Data collection

As mentioned in this paper, the data is collected by conducting semi-structured one-on-one interviews first and by using constructive research method to fill the gaps in knowledge regarding the process modelling. The first construction of the process model will be created based on the data from the interviews, and the constructive method is used each time the construction is presented to the research group. The discussions regarding the constructions will be held in a group that consists of the interviewees. It should be noted that constructive research method does not demand or limit specific data collection methods or techniques to be used (Kasanen et al. 1993; Labro & Tuomela 2003; Crnkovic 2010; Oyegoke 2011). In fact, constructive researches are commonly developed with a project team or a study group where the researcher is one of the members or leader of the group (Kasanen et al. 1993; Labro & Tuomela 2003; Crnkovic 2010; Oyegoke 2011).

Appendix 1 presents the data collection plan for this study. The participants in the study are pre-set by the case organization and they are considered as the knowledge intensive people in post-acquisition integration process. The interview questions are formed in a way that they contribute to the research questions and ultimately to the goal of this thesis. The interview questions are themed to:

- Mergers and acquisitions, and motives behind them;
- Organization's integration infrastructure;
- Workflow in integration phase; and
- Organizational learning.

The first theme aims to study the motives behind the acquisitions and if there are varying perceptions of them in different departments. Simultaneously, it will be studied if the expected outcomes actualized. Therefore, the first theme contributes to the sub question 1. The second theme studies the current formation of participants during the post-acquisition integration, and if there are possible changes to be made to it. This theme finds its basis from the sub question

2. The third theme aims to understand the current process of doing things, also known as the “as is situation”. This theme is trying to find the most important tasks and process actors in the integration phase as well as vital connections between departments. This data will also contribute to the technical part of process modelling as the departments with a great number of cooperation may be placed close to one another using the swim lanes. The sub question 3 was the basis for the third theme. Lastly, the fourth theme aims to find out if the participants feel like the organization has learned from its previous acquisitions and if they believe it is possible. Also, the interviewees are asked to describe methods for better learning experience. Given this, the fourth theme contributes to main research question of this Master’s thesis.

5.3 Research analysis

As the theoretical framework presents (see section 1.4), this thesis focuses on certain theories and creates connection between them in order to answer the research questions. This approach contributes to the idea of dividing interview questions into themes, and also to the idea of analyzing the data with the use of certain themes. Therefore, the data from qualitative interviews is analyzed with thematic networks method (Attride-Stirling 2001) in order to help the development of the process models. Thematic networks offer an opportunity to visualize larger entities, such as themes, in a web-like network, and make explicit the procedures that could be employed in going from text to interpretation (Attride-Stirling 2001). Appendix 2 presents the data collection process and a simplified example of the created thematic network. After the development of the first constructions, the process models are presented to the study group in order to gain feedback about the correctness and usability of the constructions. Therefore, the constructive research method becomes apparent after the qualitative one-on-one interviews.

The interview questions are divided into four themes: (1) Motives behind acquisitions, (2) Integration infrastructure, (3) Workflow during integration, and (4) Organizational learning. By dividing questions into themes, the use of thematic networks as an analysis method becomes easier.

5.4 Reliability, validity and ethics

According to Saunders et al. (2016, 397), concerns about reliability and dependability become present with semi-structured and in-depth interviews due to the lack of standardization, and if other researchers would receive the same results.

As the research analysis is conducted with thematic networks (Attride-Stirling 2001), it could be assumed to provide reliable analysis method. Also, it could be assumed that the interviewees would not benefit from providing misshapen information during the interviews, as the process models aim to enhance their work. According to Attride-Stirling (2001), thematic analysis helps a researcher to transform text into cluster of themes, unravel the mass of text and make sense of others' sense-making. This study aims to create process models that would work in the reality of the case organization, which raises also a question of "what means a working process model". However, Kasanen et al. (1993) argue that the valid construction is concluded as the one solving the initial problem.

As a researcher, I acknowledge my position in the case organization as it is my current working place and the people of the case organization are familiar with me. In order to control the interviewer bias (Saunders et al. 2016, 397), the researcher aims to conduct the research as objectively as possible. This means that the researcher focuses on avoiding any significant differences in the interviews and research team discussion situations. The interviewee bias (Saunders et al. 2016, 397) is also taken into consideration. The interview questions are formed in a way that they contribute to the research questions, and any sensitive questions are not asked. However, it is notable that semi-structured interviews are conducted in situations that are found complex, and the lack of standardization in interviews is justified by the fact that the findings reflect the reality at the time they were collected (Saunders et al. 2016, 397).

The participation of the researcher is usually seen as a negative aspect when it comes to reliability, validity and ethicality of the research. However, in the constructive research method it is a common procedure and the researcher should have an effect (Kasanen et al. 1993; Labro & Tuomela 2003). Regarding the reliability of the study, Oyegoke (2011) argues that the underlying assumptions of the research participants should be taken into account in constructive and qualitative research in order to understand how the participants would construct their own understanding of the subject matter. As a researcher, I acknowledge my subjectivity towards

the research as a member of the research process in data collection, analysis and research outcome.

6. EMPIRICAL FINDINGS

In the following sections the results of my empirical study will be covered. As this study is a multi-case study, some of the findings are divided to their respected cases when possible in order to ease the reading experience. It should be noted that the Case Acquisition 1 is considered as completed, while the Case Acquisition 2 is in its integration stage during this study. Also, the integration managers were different persons in the two cases, and they answered questions only from their case's perspective.

The interviews were held in Finnish in order to capture the knowledge without misunderstandings as everyone involved speaks Finnish as their native language. The quotations in this chapter are translated to English for the purpose of this paper.

In total, 10 one-on-one interviews were conducted, and the interviewees represent various parts of the case organization. Senior Advisor is a member of Executive Team, both Case Acquisitions have their own Integration Managers, Task Forces include HR, IT, Finance, MARCOM, Procurement and Administrative Services, and Unit Manager is a person that is responsible for receiving and placing the acquired personnel to their new positions. It should be noted that Unit Manager is not considered as a part of integration infrastructure, but is a vital part of integration success after the work of integration infrastructure. The interviewees are portrayed in Table 1.

Integration infrastructure	Role	Additional information
Executive Team	Senior Advisor	A member of Executive Team
Project Core Team	Integration Manager 1 Integration Manager 2	Integration Manager in Case Acquisition 1 Integration Manager in Case Acquisition 2
Task Forces	HR IT Finance Marketing Communication Procurement Administrative Services	Managers represent their departments
Not part of integration infrastructure	Unit Manager	Responsible for receiving the new personnel

Table 1: Interviewees of the study

6.1 Motives for M&As

As mentioned in the section 2.1, there are multiple reasons to participate in M&As activity, but Gaughan (2015, 125) summarized the motives to two fundamental reasons; faster growth and synergies. During the interviews, the general motives for the case acquisitions were asked and if the motives were fulfilled or are believed to be fulfilled in the future. Also, the interviewees were asked to describe factors that affect the fulfillment of anticipated motives.

The interviewees were asked about the motives of the case acquisitions in order to study if they have varying perspectives and if the case organization has communicated the motives for the study participants. Also, the motives are important to understand for the sake of the process model, as the motive contributes to the “case” that in this study is the post-acquisition integration. Most importantly, motives contribute to the sub question 1.

6.1.1 Motives for Case Acquisition 1

When asked about the motives for Case Acquisition 1, all the interviewees mention knowledge and capabilities of the new acquired technology as the most important motive. Also, all the Task Force members as well as Integration Manager 1 simply mention growth as a driver for the acquisition. What is more, the acquired technology is described as “the technology of the future” by majority of the interviewees, which could be seen as a growth-related factor. Interestingly, two of the interviewees, who participated in decision-making regarding the acquisition itself, emphasize the legislation of European Union as one of the motives, as well, but this motive is not mentioned by Integration Manager 1 or the Task Force members. The EU decision is set to reduce companies’ carbon footprint to a certain level until the year of 2030. This contributes to the description of “the technology of the future”, but cannot be seen strictly as a motive for growth. Only one of the interviewees mentioned a motive that is related to the customers, as with the acquired technology the case company can provide better selection of service for their customers. Synergies and benefits from them were not mentioned as drivers for the Case Acquisition 1.

Only two of the interviewees saw that the motive for Case Acquisition 1 was fulfilled or will fulfill eventually. The rest of the interviewees saw that the motives were partially fulfilled.

New customers, workforce retention and “compulsory” EU legislation were mentioned as factors that contributed to the goal. On contrary, the factors that were seen affecting negatively the desired outcome can be presented in three categories:

- Integration infrastructure and bureaucracy;
- Issues related to human resources; and
- Issues related to the difficulty of receiving valuable information from the target company

“The decision regarding an acquisition is relatively fast to make and visible results are expected immediately. However, you might need to wait 1-3 years to see results on operational level.”

6.1.2 Motives for Case Acquisition 2

A clear majority of interviewees saw that the motives for Case Acquisition 2 were similar to the motives of Case Acquisition 1. Other motives that were mentioned were added resources, production and customers. Customer perspective as one of the motives was also mentioned by Integration Manager 2.

Case Acquisition 2 is seen more promising by interviewees when it comes to the fulfillment of the motives. As mentioned, Case Acquisition 2 is still in its integration phase, and is set to be completed by the end of the year of 2020. However, eight out of nine interviewees saw that the motives have been fulfilled or they are believed to be fulfilled in the future. Only one of the interviewees responded that the goals are met partially at best.

When asked about factors that contributed to the achievability of goals, the interviewees mention that they learned from Case Acquisition 1 in issues such as:

- Integration manager is appointed in the beginning of the integration and that the role is full-time; and
- More realistic integration schedule

Even though the interviewees saw that they have learned from Case Acquisition 1, there are still factors that limit the achievability of goals. The limiting factors can be presented in three categories:

- Case organization's internal issues;
- Integration schedule is seen too long; and
- Issues related to the difficulty of receiving valuable information from the target company

6.2 Integration infrastructure

The second theme in the interviews is concerned with the integration infrastructure, and the questions were formed in a way that the case organization's current state of infrastructure would be revealed. The interviewees were asked to describe any changes they would do to the infrastructure, as well. This theme aims to understand who the process participants are and what their roles include. Therefore, this theme contributes to the sub question 2.

6.2.1 Integration infrastructure in Case Acquisition 1

The general view on the infrastructure in Case Acquisition 1 is that it was flawed in the beginning, but got slightly better once Integration Manager 1 was appointed during the integration phase. Case acquisition 1 was considered as smaller-scale acquisition than the still-ongoing Case Acquisition 2, and completing the integration was considered more straightforward than it actually was.

“In my opinion, our problem in [Case Acquisition 1] was that... it was a lapse on our behalf. We created unrealistic expectations, as we were too enthusiastic with the acquisition.”

It was also mentioned that the case organization failed to recognize the integration process and its role in the overall acquisition schedule. However, one of the interviewees pointed out that both Case Acquisitions were organized in a better way than some of the other previous

acquisitions. In fact, the case organization's ability to appoint people in correct roles was praised by the people of this study. There seems to be a mutual trust between participants, and people are expected to handle their branch of the overall integration work. Sharing knowledge is seen important and monthly meetings are thought to improve the integration work.

“We have interdisciplinary people [in the integration infrastructure], which is a good thing.”

However, participants feel that integration work is based on experience of “how things were made previously”, and that the experience is personified.

“We have done multiple acquisitions over the years, but there has been workforce turnover, and we mainly proceed with knowledge that is based on experience. During the periods of time when acquisitions are not made, the experience tends to be forgotten.”

6.2.2 Integration infrastructure in Case Acquisition 2

Integration infrastructure in Case Acquisition 2 is seen more practical than in Case Acquisition 1 and the overall integration efforts are now managed more systematically and logically. The interviewees felt that the appointment of full-time Integration Manager 2 has been a game-changer in Case Acquisition 2. This was something that the interviewees saw as a “lesson learned” from Case Acquisition 1. The role of Integration Manager is seen the most significant by the interviewees mainly because his/her full-time role, and because people trust integration manager's work.

“The roles and responsibilities are not as clear for me as they could be. The most important thing is that Integration Manager knows our current situation and where we are going.”

Integration manager holds monthly meetings with Task Forces and those meetings are documented. By documenting knowledge during the integration, Integration Manager 2 has been able to split larger tasks into smaller portions, which makes monitoring them more conven-

ient. Due to a longer integration schedule, weekly meetings were not seen necessary by some of the interviewees. Integration Manager also involves Unit Managers in integration efforts, as they are the individuals who eventually receive new workforce. Executive Team is said to aid Integration Manager when needed.

6.2.3 Roles and responsibilities

The interviewees are satisfied with roles and responsibilities, and the appointment of Integration Manager 2 in Case Acquisition 2 was seen significant. The case organization first appoints Integration Manager and continues to appoint Task Force leaders. Task Force leaders then gather their own project groups. In both Case Acquisitions there has been clearly structured project groups working on the projects, as the acquisitions are seen as single projects among others.

The interviewed people know their roles and responsibilities well, and in general, people are responsible for the actions of their respective departments. Only Integration Manager works full-time with integration project, while others see integration as one of their multiple projects. Many of the respondents feel that ERP –system controls the progress of the integration, and that their roles are heavily connected to it. According to Integration Manager 2, Integration Manager has the ultimate responsibility of post-acquisition integration performance.

The role of IT department and their insufficient resources surfaced during the interviews. IT representative felt that the role of IT department should begin earlier in integration projects as ERP-related issues play a major role in the overall integration. IT department also wished to have added resources to their current ones, but they also realize that it is not possible to hire new employees for temporary and inconsistently occurring projects. The problem regarding IT resources was also recognized by Integration Manager 2, who suggested that there should be a separate supporting team for IT department.

6.2.4 Internal communication

In general, communication was seen relatively practical, but it could be improved. Some individuals felt that the communication has been consistent, while some individuals felt that the

communication could have been clearer right from the beginning. As mentioned, people trust each other's integration work and everyone is expected to handle their own branches. However, one of the interviewees pointed out that things have dependencies and that they should understand what other departments do instead of thinking too narrowly.

“Inside the Task Forces [communication] is working, but it is not working that well between Task Forces. We are still pretty bad at communicating, even though it is the easiest and hardest thing in the world.”

Unit Manager articulated that synergy goals and strategy should be communicated in a better way as Unit Managers are the ones with profit responsibility. Currently Unit Managers are involved in the later part of integration when new personnel are placed to their new units. Instead, Unit Manager wishes that the role could begin earlier, and that they could participate in planning the objectives.

6.2.5 External communication and marketing

In both cases the interviewees felt that they did not get valuable information from the target company as easily as they would have hoped, even though some individuals said that it was easier with Case Acquisition 1 because of the target company's organizational structure. In Case Acquisition 1, the authority to make decisions was shared with only a few individuals. In both Cases there were conversations held with the acquired employees in order to understand their concerns regarding the change.

The interviews portray a clear picture that the case organization wants to involve the target company's key personnel in integration efforts. This becomes apparent as Task Forces include personnel from both companies. The interviewees feel that communication between the case organization and target company helps in understanding each other's procedures, eases the change for personnel in both companies and aids in creating a mutual trust between the companies for the future. Also, it was mentioned that communication might offer an opportunity to find new practices that the case organization may use after the companies have merged. However, a majority of the interviewees also pointed out that the acquiring company has to push the integration efforts forward and every decision is not negotiable with the target com-

pany. Excessive inclusion is seen as retardant, and is believed to make Integration Manager's work heftier.

“The target company's key people are involved and included in the discussion, but every decision in a bolt-on acquisition is not a multiple choice question. The final result is set and unnegotiable, but we can discuss how to get there and who takes care of what.”

Regarding other stakeholders that could be involved in integration, one suggestion was also to involve customers in the integration process or at least increase the communication and marketing to them. MARCOM department mentioned that the perspective of customers is often neglected when the organization's focus is on ERP-related or other internal issues. Instead, it was suggested that the focus should be shifted to customer journey and to customer behavior in case organization's operational environment. In Case Acquisition 1, the marketing to the existing customers included some newsletters, but the target company in Case Acquisition 2 already measured customer experience before the acquisition, which is then continued during integration.

6.2.6 External advisors

External advisors, such as consultants, investment bankers, accountants and attorneys, may be included in integration work teams (DePamphilis 2019, 211; Meckl 2004; Galpin 2007, 93). In this study, the term “consultant” is used to describe any external advisor. When the interviewees were asked about consultants during integration work, the message was clear: consultants are not seen as long-term partners during the integration, but they can be helpful in individual tasks. The reasons for not wanting consultants as main partners during integration are:

- The high costs of consulting services;
- Consultants are believed to have a “concept” through which they operate;
- Consultants are seen not to have any real responsibility of their work; and
- Consultants do not necessarily understand the delicateness of handling issues related to human resources.

Even though opinions about consultants are divisive, they are used by the case organization in the early stages of acquisition, for example, during due diligence stage in areas such as finance, legal and new technologies. According to one of the interviewees, consulting services have been used to study cultural differences, as well. An interviewee mentions that consultants were used in the beginning of Case Acquisition 2 in order to correctly communicate the situation to personnel. Interviewees argue that consultants know how to create new strategies, release tension in crisis situations and design new systems.

Some of the interviewed people also saw that the case organization could utilize consultants more than they currently are. With the use of external advisors, the risk of doing “dumb” things is said to minimize, and consultants might actually find improvement areas. They are also seen to bring more experience and resources to the integration work. Only some of the interviewees saw that consultants could act as Integration Managers or their assistants, or that consultants should be a solid part of integration infrastructure.

“Consultants are part of mergers and acquisitions, whether we want it or not. At least they bring extra hands.”

6.2.7 The role of Integration Manager

The selection of Integration Manager is widely recognized as critical regarding the performance of an acquisition (Ashkenas & Francis 2000; DePamphilis 2019, 206; Teerikangas et al. 2011; Meckl 2004). The role of Integration Manager and his/her characteristics are discussed further in section 3.1.3.

Integration Manager is seen as the most significant individual in post-acquisition integration by the interviewees. As mentioned earlier, the case organization did not initially appoint Integration Manager for Case Acquisition 1, but as things started to get “out of hand” they were urged to appoint one. Having learned from their mistake, Integration Manager for Case Acquisition 2 was chosen early in the integration. One of the interviewed Integration Managers argued that the role should begin already during due diligence stage, or at least a couple of days before the closure of the deal. In general, both Integration Managers were praised for their work and responsibilities.

“[Integration] process is a tool for Integration Manager to complete the integration efforts in agreed timeframe.”

Regarding the role, the interviewees mention that Integration Manager does not have to know everything and does not need to be involved in every task, but rather they are seen to supervise and steer the integration into right direction. It is recognized that Integration Manager needs people around him/her, and Executive Team aids the role when necessary. There seems to be a consensus that Integration Manager should be familiar with company’s strategy, business and systems, but should also possess great interpersonal and project management skills.

As mentioned earlier, the Task Forces at case organization consist of personnel from both companies. After the deal has been closed, Integration Manager meets Task Force members and the members meet also each other in person. During the integration, Integration Manager holds monthly documented meetings with Task Forces, but there is also open communication when needed. It was suggested that there could be weekly meetings with Unit Managers, but Task Force members felt that current model is working fine unless the situation is critical.

6.3 Workflow in integration stage

There did not seem to be major differences between Case Acquisition 1 and 2 regarding the tasks and distribution of work. In fact, according to Integration Manager 2 approximately 95% of tasks during integration are generalizable to other acquisitions. The operational integration work is done by Task Forces and is mostly supervised by Integration Manager, who then reports to Executive Team. The interviewees saw that factors related to the target company,

such as size and organizational structure, have influence on some of the tasks during integration.

The interviewees were able to describe their tasks during integration really well. Clusters of work tend to have a certain completing order, but otherwise individual tasks do not follow a specific order. Especially Task Force members recognized cross-functionality in their work, and generally interviewees see cooperation important during integration. However, some of Task Force members saw that they are not familiar with the work of other Task Forces. Executive Team and Integration Managers seemed to know better what tasks need to be completed during the integration.

According to the interviews, (1) integration of ERP –systems and (2) reception and retention of acquired workforce are seen as the most important aspects of integration from the case organization’s perspective. IT department is mainly responsible for ERP roll-out at the end of the integration, but other Task Forces create data for it. ERP roll-out is seen as one of the final tasks in integration. HR department does majority of work regarding new personnel and their contracts, but other departments are needed to create new overall organization structure. At the end of integration, HR standardizes contracts and salaries, and transfers them to case organization’s systems, after which Unit Managers place new workforce to their new roles.

The interviews revealed a bottleneck in case organization’s workflow, which was already recognized by some of the interviewees. HR have had a prolonged problem with new personnel’s access to case organization’s systems during integration period, and the access is usually granted by IT department. HR argues that this problem prevents new people from working efficiently. In addition, new personnel usually get licenses and accesses on the same day their contract begins, even though they are seen as case organization’s workforce already during integration. On the other hand, IT sees that before granting access to new personnel, they need a description of new organizational chart created by HR and Finance.

“Without the work of HR and Finance, IT cannot proceed with the project as there is a lack of necessary ERP master data.”

6.3.1 Factors affecting workflow

Integration schedule was seen important regarding the progress integration process, but most importantly it was emphasized that the schedule should be realistic from the beginning. In Case Acquisition 1 the integration schedule was modified and elongated during the integration, which led to uncertainty and mistrust among personnel. It was mentioned that changing the schedule could lead to situations where acquired workforce resigns due to uncertainty, which then weakens the performance of an acquisition as the workforce is seen one of the most important aspects by the interviewees. The length of integration in Case Acquisition 2 is divisive; some interviewees see longer integration schedule as a benefit as it allows more tasks to be completed and it is seen as more realistic, but especially Unit Manager argues that the integration schedule is too long as the rumors start to roam and achieving acquisition targets gets more difficult the more time is spent.

Previously mentioned bottleneck regarding new personnel's access to case organization's systems is seen as a limiting factor in integration work. From a broader perspective, one of the interviewees pointed out that general bureaucracy in case organization is making their integration work harder. As mentioned, new personnel get their IDs to case organization's ERP – system when their contracts of employment begin, even though the interviewees argue that new workforce could begin working earlier. As mentioned, in order IT department to grant access to new personnel they need at least a preliminary organization chart created by HR and Finance departments. It was recognized that the sooner the organization chart is completed, the sooner correct people can also sign documents.

“The process [regarding the access to case organization's systems] is created only for recruited personnel, and it has not been understood that we might receive people as a result of mergers and acquisitions”

The integration budget is not generally seen as a limiting factor, and the interviewees mostly argue that the budget is elastic even though it is set prior to the integration. IT mentions that costs are easily underestimated because the costs of IT department are not always asked, and sometimes tasks require reprioritizing in order to avoid spending over budget. Integration Manager 2 mentions that one needs to bare some uncertainty in integration work as it is situational.

“There has never been a situation where we would not have received money if we were able to justify our need well enough.”

6.4 Organizational learning in case organization

A clear majority of interviewees saw that the case organization has learned from its previous acquisitions. Generally Case Acquisition 2 is now seen as the best version of integration work so far, and learning points are seen to be:

- Appointment of Integration Manager 2 in the beginning of integration stage;
- Better integration planning, coordination and monitoring;
- Better identification of integration process and its schedule; and
- Better documentation during integration

The objectives are clearer in Case Acquisition 2, even though it was argued that they could be even clearer. Integration Manager is mainly responsible for documentation of integration work, and he/she utilizes an Excel tool, created by consultants, to do so.

It was recognized that identification of key people in the target company could be improved as it makes Integration Manager’s work easier when required information is more easily available. As mentioned, the interviewees felt that the organizational structure of the target company affects their integration work, as smaller target companies might have a simpler organization structure with only a few key people. On contrary, larger target companies might have more complex hierarchy, and gaining information may be more troubling.

The interviews spurred a question regarding the learning on organizational level as some of the interviewees felt that the learning occurs more on individual level. People of the study felt that integrations usually follow the pattern of previous ones, and that the experience is not documented well enough. In fact, data documentation was mentioned as one of the most important points of improvement from learning perspective. Only one of the interviewees did not agree on the argument that experience is personified. Nevertheless, one opinion was that experience is personified only in “soft issues”, and that there are mandatory issues which fol-

low established guidelines, such as operational work, work safety, invoicing and financial management.

“When you have a list of tasks and people who have worked with them [in integrations], people’s experience should be transferred to the organization in some way.”

When asked about ways to improve organizational learning in case organization, the answers emphasized feedback after each acquisition as well as knowledge documentation. According to the interviewees, there should be a meeting after the integration where all participants are invited, and where feedback is given. It was suggested that the meeting could be documented for learning purposes. Stated by MARCOM department, feedback can be seen to increase the efficiency in integration work, as the integrations could become more process-like.

6.4.1 Views on process models as learning tools

Process models are seen as effective tools for learning by almost every study participants, and the interviewees are fairly familiar with the concept of process modelling. Some had previous work experience with process models, as well. Integration Manager 2 argues that a process model could be helpful especially for management, and could act as “manual for managers”. IT department mentioned that a process model could help in visualizing the progress of integration work. It was also mentioned that case organization is already process-oriented, and lack of process model in integration work was found surprising.

“In reality people have varying agendas and mindsets, which means that creating a comprehensive [process] model is difficult.”

The interviewees were asked to describe ways to implement process models in case organization as well as optimal methods for them to understand them. The answers were multilateral, varying from an interactive simulation game and animated film to training seminar and webinars. It was mentioned that the implementation could begin from managerial level and then managers lead the change downward.

According to the interviewees, the process models should be easily found and accessible for key people. There can be various versions of process models for people with varying needs and organizational position if the process models include confidential information. Stated by HR department, the process models should be adjusted over time for them to be up-to-date. MARCOM department emphasizes the importance of service design in process models, as the models cannot be too complicated and should serve the target group. MARCOM department continues by stating that the process models could look interesting and visually elucidating.

7. DEVELOPMENT OF PROCESS MODELS

In this chapter I will cover the development of the process models for post-acquisition integration. This chapter is built around the concept of BPM Lifecycle introduced by ABPMP (2009, 28-30) (see chapter 4.2.1). The answers from primary data are viewed in contrast to literature review, which contribute to the constructions. The modelling includes three constructions:

- 1st construction: “As-is” analysis
- 2nd construction: Adjustments to the 1st construction
- 3rd construction: Optimized process model based on interviews and literature

Case organization’s current situation (“as-is” situation) is based on the data from interviews, and the 1st construction was modelled after all the interviews were conducted. The interview data was analyzed with methods described in chapter 5. The first construction was presented to the study group, and feedback was asked based on which the 2nd construction was then built. The final construction focuses on developing an optimal process model for the case organization. The changes in 3rd construction are based on literature, my recommendations as well as the wishes from study group.

It should be noted that the business process models are developed in Finnish, as they would serve the needs of the case organization. In total, two types of process model are created:

- Level 1 process model
- Level 2 process models

A process model for the overall integration is created, which includes all the chosen actors and the most important tasks during the integration. This comprehensive model shall be referred as Level 1 process model. In addition, individual process models are created for each Task Force where more specific descriptions of tasks as well as time frame for integration are included. These models shall be called Level 2 process models. The justification for this choice is that the Level 1 process model would become too complicated if it included the

schedule as well as all the necessary tasks. Appendix 3 presents the optimized Level 1 process model and Level 2 models.

Before going into constructions, the concepts regarding the business process modelling shall be revised for this study. According to Van der Aalst et al. (2004), a term “case” is used to describe the work that is performed, and in this study the “case” is the post-acquisition integration. Each “case” involves a series of “processes” being performed, and processes consist of a number of “tasks” (Van der Aalst 2004, 3-5), and in this study the tasks are the work assignments described by the interviewees. The tasks are part of larger entities, which represent the processes. A person who is assigned to execute tasks during the case is usually called a “contractor” or a “resource” (Van der Aalst et al. 2004, 5-12), but in this study the tasks are executed by different departments that consist of multiple people, which is why a term “actor” is used.

7.1 Planning the process models

According to ABPMP (2009, 28-30), the first phase in business process management lifecycle is process planning and strategy, which includes understanding of organizational strategies and goals (see Figure 9). The overall direction of a process as well as the roles and responsibilities are decided in the planning stage (ABPMP 2009, 28-30). The fundamental motives for the case acquisitions were asked in the interviews, and the motives may be viewed as the goals of the process models in this study. As mentioned in sections 6.1.1 and 6.1.2, a majority of interviewees saw that the motives behind both acquisitions were similar with the most important drivers being capabilities related to new knowledge and technology, which both can be summarized as growth-related factors. Argued by Unit Manager, the acquired knowledge refers to new personnel, which means that issues related to human resources become vital during integration. The argument by Unit Manager is supported by Kalpič & Bernus (2002), who state that acquired knowledge is recognized to act as a basis for long term growth, existence and development, as well as a key factor contributing to enterprise competitiveness. The answers to fundamental motives contribute to sub question 1 of this study.

Even though the people in this study were pre-set by the case organization due to their rich knowledge regarding post-acquisition integration, not everyone felt that they would fit the

process model because of their complex role. For example, the role of Integration Manager can be seen as supervisory, and visualizing it would not necessarily provide any novel knowledge. Also, Senior Manager felt that the role could not be squeezed into the process model, as the role begins well before the integration stage and tends to be very mobile. Otherwise the roles were clear to the interviewees, and each Task Force is responsible for their department's actions while Integration Manager is seen to have the ultimate responsibility of post-acquisition integration.

7.1.1 Integration infrastructure in case organization

In contribution to the first step in ABPMP's model, the integration infrastructure should be recognized. It turned out that the integration infrastructure in the case organization is fairly similar to the model presented by Galpin (2007, 93) (See Figure 7 and chapter 3.1). According to the interviewees, the role of Executive Team in case organization includes making the decision regarding the acquisition itself, establishing boundaries (such as budget and schedule), and providing guidance to Integration Manager. These tasks of Executive Team are similar to those presented by Galpin (2007, 93). Senior Advisor sees that Executive Team is responsible for minimizing unanticipated events in integration by handling due diligence stage successfully. This statement is relatively similar with the argument by DePamphilis (2019, 211), who states that Executive Team (or MIT) is charged with realizing synergies identified during due diligence stage. Even though Galpin (2007, 93) argues that Executive Team has the ultimate accountability for the success of the integration, a majority of the people in study group felt that Integration Manager is responsible for the performance of the integration. What differs in the case organization in contrast to literature is that Executive Team does not include people from the target company.

According to the model by Galpin (2007, 93), the next component of the infrastructure is Integration Project Core Team that may include Integration Manager, Assistant Project Manager from acquired firm and external advisors. What is different to other teams, the roles in Core Team are full-time, as they oversee and manage the establishment of Task Forces and their leaders, ensure coordination between and among Task Forces, and manage the business of problem identification, communication and solving (Galpin 2007, 92). The situation in the case organization is almost identical to description by Galpin, as the role of Integration Man-

ager is the only full-time role, and includes previously mentioned responsibilities. In fact, Integration Manager 2 mentioned in the interview that in the beginning of integration he met all Task Force members, after which the Task Forces were established. What is more, Integration Manager 2 felt that the role includes responsibility of problem solving even though some of the interviewees mentioned that Integration Manager does not have to be involved in everything. The interviewees did not mention existence of assistant project manager, and people in this study were fairly skeptical regarding the constant utilization of consultants or other external advisors in integration.

The role of Integration Manager is recognized as critical both in literature and in case organization. Integration Manager is appointed by the case organization to coordinate the integration work, which matches the definition by Teerikangas et al. (2011). The literature suggests that Integration Manager should be appointed before the integration begins, preferably in integration planning phase (DePamphilis 2019, 187; Uhlaner & West 2008). This has not exactly realized in case organization even though the situation has improved; Integration Manager in Case Acquisition 1 was appointed when integration was already in midway, and in Case Acquisition 2 the appointment took place in the early stage of integration. It was also suggested by one of the interviewed Integration Managers that the role should begin during due diligence phase or at least a couple of days before the deal is closed. According to Uhlaner & West (2008), appointing integration manager early may minimize confusion and make integration more efficient, which might contribute to the fact that Case Acquisition 1 was seen as a lapse by the interviewees. The people in this study were generally satisfied with the chosen Integration Managers, and one of the reasons was that they have experience from the acquired technology and business, and because they understand the case organization's strategy. Before being appointed, both Integration Managers had experience from managerial positions, which supports the argument by Galpin (2007, 93-94), but neither of them had prior experience from integration work. This contradicts the argument by Ashkenas & Francis (2000), who suggested that Integration Manager should possess some integration experience.

Carleton & Lineberry (2004) argue that highly specialized Tiger Teams may be formed to solve major issues that would affect the performance of integration. Usually these teams are groups of three to ten people and coached by a manager or a consultant. They focus on specific problems and aim to provide solution in relatively short time frame. (Carleton & Lineberry 2004) According to the interviewees no such teams are used in current integration model. In-

stead, the interviews revealed that the case organization would benefit from the use of Tiger Teams; IT department and Integration Manager 2 recognized that IT has insufficient resources during integration, and that there should be a separate team supporting IT department. IT department realizes that it is not realistic to hire new people to the department, because integrations occur only occasionally, and therefore the formation of Tiger Teams could be a possibility to consider. The fact that Integration Manager 2 mentioned IT supporting team in the interview could mean that it is a realistic scenario.

Task Forces cover the majority of the integration infrastructure in case organization, which is also argued by Galpin (2007, 94). Literature recognizes the most common Task Forces to be HR, finance, IT, sales and marketing, communications, legal, R&D, purchasing, and manufacturing (Galpin 2007, 93; DePamphilis 2019, 217-220) and the situation does not differ much in the case organization. In this study, the greatest differences are that marketing and communications are seen as a same department (MARCOM) and purchasing is expanded to cover larger entities (Procurement). Despite not being part of the study group, sales and legal departments are seen important in case organization. Task Forces include personnel from both companies, the case organization and target company, and the interviewees felt that cooperation during integration benefits both companies by creating a mutual trust between companies, improves communication and eases the overall progression. In fact, it is recognized that Task Forces should have a practical and symbolic balanced representation from both companies (Meckl 2004; Galpin 2007, 94). According to Galpin (2007, 94-96), Task Forces' primary responsibilities are designing transition plans, capturing synergies, and implementing the actions decided by the organization, and that Task Forces may have subteams for specific issues. Both of these arguments realize in the case organization; for example, HR department and IT department have several subteams for distributing the work.

Bettinazzi & Zollo (2017) claim that other stakeholders, such as customers, could bring informational richness to post-acquisition integration, and Galpin (2007, 94-96) argues that there could be a specific Task Force for customer retention. Customers are paid attention to in case organization, as MARCOM department is responsible for communicating to customers, measuring customer satisfaction and optimizing the customer journey during and after the integration. In addition, customer retention is measured in case organization. These actions prove that the significance of customers is recognized even though there is no specific Task Force for customer retention. Nevertheless, MARCOM argues that customers could be in-

volved in integration even more, and that more effort should be put on communicating and marketing to existing customers. According to Payne & Frow (2005), customer oriented post-acquisition stage could result in increased customer retention, but MARCOM argues that the customer perspective is often forgotten as ERP –related issues become more important.

Galpin’s model portrays a picture of two-way communication between all the entities in infrastructure, but the interviewees felt that there is not constant communication between Executive Team and Task Forces. Instead, Task Forces communicate with Integration Manager, who then communicates with Executive Team if necessary. It was emphasized by the interviewees that Executive Team is reached only with a selection of possible solutions, not with the problem itself.

Based on the primary data, integration infrastructure in case organization seems to look more like the following:

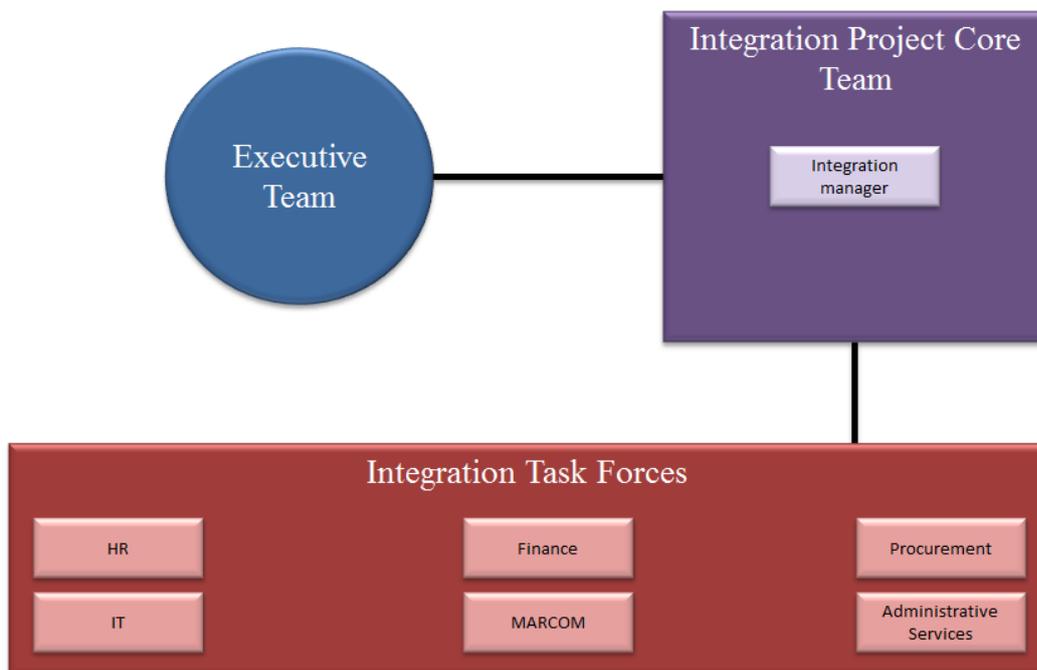


Figure 12: Integration infrastructure in the case organization

7.1.2 Processes in case organization

Next stage in BPM lifecycle is the analysis of current way of doing from the perspective of desired outcomes (ABPMP 2009, 28-30). The “as is” situation is also recognized to help Task Force member to find the best possible solutions for combining companies (Galpin 2007, 102). Based on the interviews, two significant processes were identified:

- Transfer of data to ERP –system and possible system integration
- Reception and retention of new personnel

This finding is fairly similar to the concepts of “task integration” and “human integration” presented by Birkinshaw et al. (2000). It was recognized by the interviewees that ERP – systems control their integration work, and especially Task Forces and Integration Manager contribute to data transfer. For example, the target company’s customers need to be transferred to case organization’s ERP –system. Also, case organization and the target company might have overlapping ERP data, such as same customers, and the data requires rearranging. After the data is sorted, IT department executes ERP roll-out, which refers to reconfiguration of ERP data in case organization.

The second important process is related to acquired workforce and how new personnel can begin working in new environment. At first, HR receives and interviews new personnel, after which a preliminary organization chart is created in cooperation with Finance department. Despite the fact that HR is mainly responsible for new personnel, some Task Forces influence their workflow indirectly. For example, Procurement department handles issues related to working premises and IT department grants new personnel access to case organization’s systems. Later in integration, new personnel are introduced to case organization’s methods and placed in units, where Unit Managers continue their education. During the education, it is also determined who needs further ERP education. The outcome of integration is that the companies are eventually combined, and these two important processes are related to the fundamental motives of case acquisitions. These two processes are also the ones that require the most cross-functional work between Task Forces. Other tasks of Task Forces are mainly completed by their respective departments.

Before proceeding with modelling, it would be beneficial to recognize the type of processes in integration. The different perspectives on viewing processes and their more detailed descriptions are presented in chapter 4.1.1. Argued by Lillrank (2002), processes can be categorized in three ways:

- Standard;
- Routine; and
- Nonroutine processes (Lillrank 2002)

Based on the interviews, the processes seem to have characteristics of routine and nonroutine processes. First of all, the post-acquisition integration is seen as a dynamic environment where unexpected issues occur, which refers to definition of nonroutine processes. Lillrank (2002) argues that nonroutine processes are designed to address unanticipated events, and they allow problem solving, too. These characteristics seem to describe the results from the interviews, as, for example, the integration schedule is set to cover unexpected issues and tasks do not have a strict specific order. In fact, Integration Manager 2 argued that people have to tolerate certain level of uncertainty during integration. However, according to the interview of Integration Manager 2, around 95% of integration work could be standardized, which refers more to definition of routine process than the nonroutine one. Also, the interviewees felt that the experience from previous acquisitions is currently personified, and the skill accumulation is based on tacit knowledge rather than codified knowledge. These arguments support the view that the processes are more routine-type.

The second classification of processes is presented by Melão & Pidd (2000), who divide processes into four categories:

- Business processes as deterministic machines;
- Business processes as complex dynamic systems;
- Business processes as interacting feedback loops; and
- Business processes as social constructs (Melão & Pidd 2000)

Given the fact that almost all the work during the integration in case organization is done by people, “BPs as deterministic machines” cannot describe the processes in the case organiza-

tion, as these types of processes enjoy only a little people interference. In addition, “BPs as deterministic machines” represent the simplest form of processes that are linear, organized and relatively fixed. Instead, the processes in case organization that occur only within one department could be viewed as “BPs as complex dynamic systems”, because they involve people interaction, but do not require cross-functional work with other actors. For example, the process of releasing newsletter to investors includes a series of smaller tasks, involvement of marketing people and the use of right technologies, and the output of the process is the newsletter. The whole newsletter process is performed by MARCOM department, which supports the argument of describing the process as “complex dynamic system”.

The processes that include cross-functional work, such as the acknowledged ERP and HR – processes, seem to represent “BPs as social constructs”, which is the most complex form of processes argued by Melão & Pidd (2000). The processes in this category involve multiple actors who shape the information during the process. Senior Advisor argued that it is difficult to create a comprehensive process model for post-acquisition integration due to the fact that in reality people have varying agendas and mental mindsets. In fact, one of the characteristics of “BPs as social constructs” is that they involve people with varying agendas, because the great number of different mindsets are seen affecting the resulting output (Melão & Pidd 2000). What differentiates “BPs as social constructs” from other forms of business processes is that they are influenced by environmental constraints and, and that they are monitored and controlled (Melão & Pidd 2000). These characteristics describe a lot of the processes in case organization during integration, but especially the ERP- and HR-processes. The work of Task Forces is monitored and controlled by Executive Team and Integration Manager, and factors such as budget and schedule have an effect on some of the processes. The budget for integration is set by the case organization, which means that there is a limiting factor existing. The interviewees generally felt that the budget does not limit their work, however IT department mentioned that the costs of their work is often underestimated and changes to the budget are needed. Also, it was mentioned that the legislation of European Union affects the motivation of the acquisition itself by steering decisions to a certain direction, which may be viewed as a limiting factor for processes.

7.1.3 Process concepts in case organization

According to ABPMP (2009, 28-30), designing and modelling the process is the third stage in BPM lifecycle, and in this stage it is important to think and document what work is performed, when, where and by whom. At first, I wanted to solve the “who” question, which means that I wanted to define the actors who would have their own swim lanes in the process model. Based on the interviews, the process actors are:

- Executive Team
- Task Forces (HR, Finance, IT, Procurement, MARCOM, Administrative Services)
- Unit Manager

The initial process actors were decided by the fact that the work of these actors could be visualized, and their tasks follow at least a certain order. As mentioned, visualizing the role of Integration Manager would not provide novel information regarding the process model due to its different role compared to others. Executive Team, Task Forces and Unit manager have a clear role from the process perspective as they are the actors who participate in the workflow consistently. It should be noted that the chosen modelling notation BPMN lacks the means to describe required skills to complete a task, and the competencies that process actors possess (Caetano & Tribolet, 2006), and therefore all the process actors in this study are assumed to be competent to execute their tasks.

The “where” question is multifaceted, as process actors do not work in same location. However, the location does not limit the integration work as meetings may be held online. The location may also be viewed from department perspective, as the tasks during integration are allocated into their respective departments. For example, HR is responsible for tasks related to personnel, MARCOM handles issues related to communication and marketing, and Finance department is responsible for sorting financial reporting, and so on. Therefore, the tasks were placed to process actors’ swim lanes.

Next, the “when” question was solved with the study group. According to Zhuge et al. (2001), time related factors need to be incorporated in order to build a timeline between the activities, which then helps in identifying the actual workflow. Creating a timeline also aids in building

expectations and identifying the time consumption of the tasks (Zhuge et al. 2001). The schedule of integration was discussed with the interviewees, and it was decided that the optimal way to describe time factor in integration work is to divide the integration period into three stages:

- First 100 days
- Middle stage
- End stage

The tasks that are completed within the first 100 days steer the way for later tasks, but majority of tasks in middle and end stage do not have a certain completion order as long as they are completed when companies are combined. The interviewees were able to describe their tasks especially in the beginning and in the end of integration, and the majority of tasks in the middle of integration do not have a specific order. By dividing the post-acquisition integration into three stages, the tasks are given more room to move. As mentioned, the two most important processes during integration are (1) ERP –roll out and (2) Personnel reception and retention, which both steer the workflow in the beginning and in the end. ERP –roll out and placing new personnel into units are seen the most important tasks in the end of integration. ERP and personnel reception are both the only processes that have tasks during the whole integration.

7.2 Development of 1st constructions

The development began with creating Level 2 process models, which means individual models for each Task Force. In these process models, the tasks were placed in the swim lanes in an order that was described by the interviewees. These process models include the agreed time frame (100 days, middle stage and end stage). For example, MARCOM department mentioned that news letters to investors, customers and employees must be sent within first 100 days, and therefore these tasks are placed in the first stage of the process model. In addition, MARCOM recognized that the final task from their department's perspective is the integration of websites, which is why it is located in the end of the model. As the majority of Task Forces' tasks do not have a specific order, the rest of the tasks were arranged by the researcher. Working on Level 2 process models helped also on recognizing smaller processes inside

the overall integration process. For example, Procurement department has four smaller processes progressing simultaneously during integration (separate processes for premises, contracts, vehicles and ERP –system).

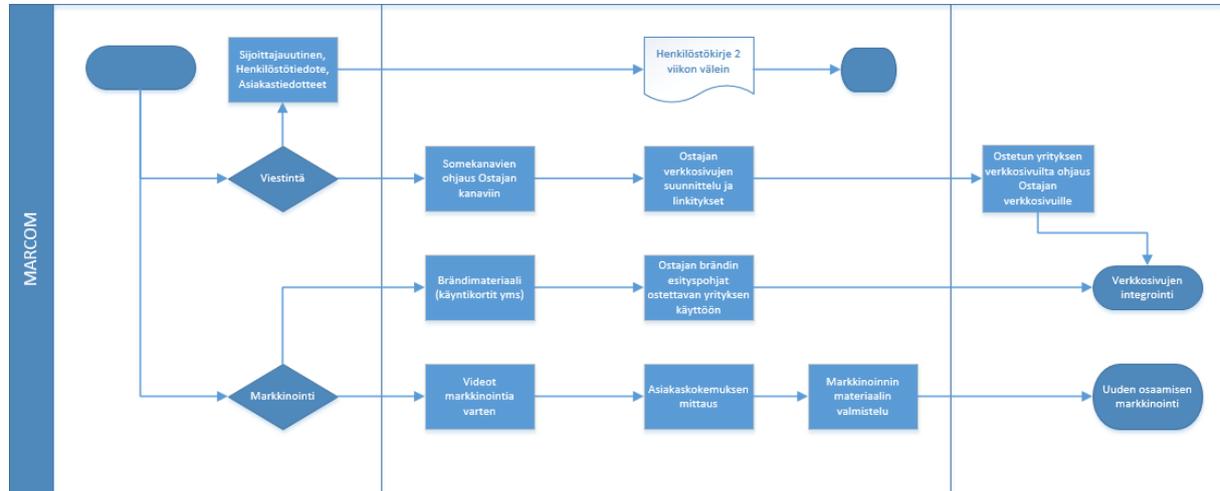


Figure 13: 1st construction of MARCOM process

After the Level 2 models were created, the design for comprehensive Level 1 model was started. The design began with creating separate swim lanes for each process actor, starting with each Task Force. The order in which the swim lanes were arranged was based on the interviews where the amount of cross-functional work was asked; the more cross-functional work between Task Forces, the closer the swim lanes are from each other. The justification for this choice is that the process model would look simpler and cleaner with less arrows travelling through the model. According to ABPMP (2009, 44), processes should flow from top to bottom and from left to right, which means that the first actor should be located on top of the process model and the last actor in the bottom. Given the topic, it was decided that the integration begins from deal closure, which is a task for Executive Team. The start symbol is therefore located in Executive Team's swim lane.

While creating Level 2 models, the tasks had to be categorized in order to make sense of entities. These categorized clusters of tasks could then be transferred to Level 1 process model. However, as the majority of tasks do not follow a specific order, the placement of tasks had to be considered carefully and some streamlining had to be done in order to enhance model's

appearance. An example of transferring tasks from Level 2 models to Level 1 process model is presented in Figure 14.

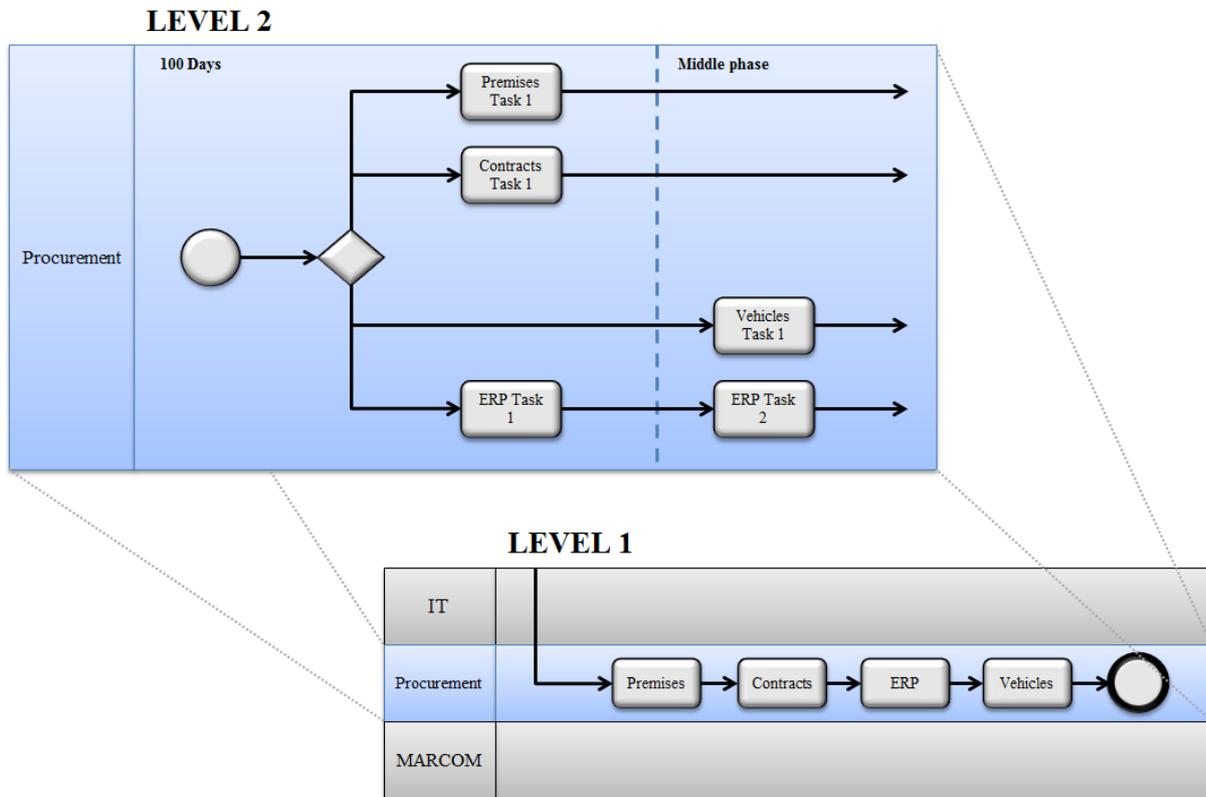


Figure 14: Processes in Level 1 and Level 2 models

7.3 Development of 2nd constructions

The first process models were presented to the study group, and feedback was asked. The changes to 1st constructions can be summarized to:

- Redefining the role of Administrative Services in Level 1 model
- Adjusting cross-functional work in Level 1 model
- Minor changes to tasks

Integration Manager 2 agreed with the workflow of each process model, but disagreed with the tasks of Administrative Services, which led to a meeting with the three of us. In 1st construction Administrative Services were seen as one of the Task Forces, but the role turned out to be different, as their work is more based on the work of Task Forces. This means that the role becomes more visible in the later phase of integration work. Consequently, the swim lane of Administrative Services was moved below other Task Forces in the Level 1 process model.

The 1st construction illustrates cross-functionality especially with ERP- and HR-process, and the workflow regarding them was agreed by the interviewees. However, the 1st construction lacked the illustrations of indirect consequences of those processes. As mentioned, in the early stage of integration HR and Finance together create an initial organization chart for combined companies, based on which IT department grants access to right people with right organizational position. What lacked in 1st construction was that the “IT infrastructure” that IT department creates also affects Procurement department, as the organization-to-be has to be taken care of when the need for premises is planned. According to Procurement department, premises contribute to how the new personnel settle in new company. Therefore, the premises and working environment can be seen to affect new personnel’s familiarization program indirectly.

The feedback on 1st construction revealed that some minor adjustments needed to be made to the tasks, mainly because not all tasks came up in the interviews, and because some of the tasks were later recognized “not worth visualizing” due to their small impact on the integration process. Some tasks were also added to process model, such as case organization’s internal manager training program for new employees. The study group felt that some of tasks

could be named in more general way, which contributes to the generalizability of the process models in case organization.

ERP- and HR-process being identified to be the two most important processes during integration, I thought that they should be highlighted in Level 1 process model in order to make the tracking of those processes easier. Therefore, tasks related to “ERP data” and “new workforces’ reception” are marked with colors that differ from other tasks. After all, the interviewees wished that the process models would be convenient to follow as not everyone is familiar with the concept of process modelling.

7.4 Development of 3rd constructions

The final constructions portray a picture what the post-acquisition integration process could look like in the case organization. These models do not aim to change the process entirely, but rather aim to provide realistic changes to the current state of work. The recommendations find their basis from literature and interviewees’ wishes, as well as my personal observation. Following the previous constructions, the major changes are summarized to:

- Redefining the process actors
- Recognize the factors affecting the reception and retention of acquired workforce

It should be noted that the changes are made to the comprehensive Level 1 process model, as the recommended changes occur mostly on strategic level rather than on operational level. Next, the recommendations are discussed and justified in contrast to literature, study group’s wishes and researcher’s personal observation.

7.4.1 An optional swim lane for External Advisors

First, the process actors should be adjusted to realistic and optimal form by making changes to number of swim lanes and their order in Level 1 model. Executive Team stays as the first swim lane from top, as they are the ones who close the deal for acquisition, which means that the closure of the deal acts as the “start event” for the whole integration process. In 2nd con-

struction HR was placed in the swim lane below Executive Team, but given the fact that especially IT department and Integration Manager 2 feel that the lack of IT resources limit integration work, a swim lane for “External Advisors” shall be added. The role of External Advisors in this process model may be versatile; it includes possible Tiger Teams and other advisors outside the current integration infrastructure. From the case organization’s perspective, External Advisors could assist Integration Manager, as argued by Galpin (2007, 93), or they could make the work of Task Forces easier (DePamphilis 2019, 211; Meckl 2004). In this ideal process model, Tiger Team could assist IT department with their tasks, especially with the creation of “IT infrastructure” which was recognized as a bottleneck in current workflow. According to the interviewees, consultants are not seen as potential long-term partners, but it was also recognized that consultants may be helpful in assisting with special issues, such as new systems and cultural integration. Given the facts that the case organization already utilizes consulting services during due diligence and additional resources are wished by the interviewees, the use of External Advisors in integration work could be realistic. It is important to notify that the use of External Advisors is optional, and has dependencies such as the case organization’s budget. Nevertheless, in this ideal process model External Advisors are portrayed to assist IT with the creation of “IT infrastructure”.

“External Advisors” is the only swim lane that is added to 2nd construction, after which the process actors portray a realistic picture of integration work in case organization. As mentioned, the process begins from Executive Team, flows downward to each Task Force and then to Unit Manager. The order of swim lanes in 2nd construction was agreed with the study group as the process was recognized to flow logically.

7.4.2 Unit Manager’s role contributes to personnel retention

According to the primary data in this study, the reception and retention of new personnel is seen as one of the fundamental motives for case organization’s acquisitions because the new workforce possesses the knowledge that contributes to growth. In fact, literature mentions that stakeholders outside the integration infrastructure, such as employees, may be involved in integration efforts, because they may help the buying company in its redesigning activities (DePamphilis 2019, 213; Bettinazzi & Zollo 2017). According to Unit Manager, in addition to reception and placement of new personnel, Unit Managers are responsible for communicating

the change to new employees, which means that their role may be also viewed as a communication channel between integration infrastructure and new workforce. Kansal & Chandani (2014) argue that correctly conducted communication plans to stakeholders can often decrease their resistance to change caused by mergers and acquisitions. What is more, communication plans are crucial in employee retention and in boosting morale and productivity (DePamphilis 2019, 191). With these in mind, the communication between integration infrastructure and Unit Managers should be improved.

It was hoped by Unit Manager that the role could begin earlier, as they are currently not as involved in the beginning of integration as they wish they were. According to the interview, there is dialog between Integration Manager and Unit Managers, but it could be improved because Unit Managers are those who have profit accountability. It was hoped that the case organization's strategy and synergy targets would be communicated and discussed with Unit Managers before or right after the deal is closed. The acquired personnel are eventually placed in new units, and enhanced communication between participants earlier is argued to ease the change for Unit Managers, as well. With this in mind, a task in 3rd construction of Level 1 model is added to Unit Manager's swim lane to make them involved more in discussion.

Even though integration schedule is not depicted as a strict timeline in process models, the concept of integration schedule is important from Unit Manager's perspective. In case Acquisition 1 the schedule was elongated from its initial plan, which caused insecurity and suspicion among the new personnel. As a communication channel between integration infrastructure and acquired workforce, Unit Manager was the one responsible for communicating the change to new personnel, who had understandable concerns regarding their jobs. Involving Unit Managers early in the integration work and sustaining the constant communication throughout the integration could make the work of Unit Managers less consumptive, and eventually enhance the employee retention. After all, the new employees are the owners of the acquired knowledge.

8. DISCUSSION

The findings of this study in relation to the defined research gap, research questions and objectives and goals are presented in this chapter. First, the conclusions are drawn and their contribution to research questions is explained. Then, theoretical contributions and managerial implications are discussed. The chapter ends with study limitations and future development areas.

8.1 Conclusions

The research gap (chapter 1.2) defines the research problem in this study, and it can be concluded that the existing literature on business process modelling in the context of post-acquisition integration is scarce. The literature argues that there is a lack of standard textbook integration plans (Carleton & Lineberry, 2004) and generally applicable models for managing integration projects (Meckl 2004). Birkinshaw et al. (2000) state that acquisition success is a function of “human integration” and “task integration”, but literature does not present more detailed process models for integration. In order to close the gap, this study creates a linkage between integration stage and business process modelling by solving a practical modelling problem and describing case organization’s integration process. The aspects regarding post-acquisition integration are presented in process models despite the fact that all the information could not be revealed due to case organization’s secrecy issues.

The sub question 1 was aimed to address the motives behind the case acquisitions, as the motives contribute to the goal of the developed process models. This study found that the interviewed people had relatively unanimous perception of case organization’s motives for case acquisitions: capabilities related to new knowledge and technology, which can be summarized as growth-related drivers. In fact, the growth itself was mentioned as a driver for the case acquisitions, too. Some of the interviewees argued that the legislation of European Union steers the case organization to acquire new technology, as the legislation is set to limit companies’ carbon footprint to a certain level from the beginning of the year 2030. These motives support the view by Gaughan (2015, 125-126), who argues that internal growth is often slow, and if a company has a window of opportunity for a limited time period, missing the opportunity might lead to a situation where competitors capture the market share. Despite the fact that

possible synergies were not mentioned as the fundamental motives for the case acquisitions by the interviewees, it should be critically evaluated that those factors also affect the decision-making during integration work. For example, as a result of the acquisitions the case organization might benefit from enhanced pricing power or by entering a higher-growth new market. The fact that the interviewees had such unanimous perception might result from correctly conducted case organization's internal communication. The acquired knowledge is attached to the people of the target company, and therefore the employee retention becomes a critical aspect in integration work. Kalpič & Bernus (2002) state that acquired knowledge is recognized to be a key factor in enterprise competitiveness, and it acts as a basis for long term growth, existence and development.

The people and departments involved in integration work are studied with the sub question 2, as they would act as process actors in the process models. The interviewed people were pre-set by the case organization, but it turned out that even though some of the interviewees are crucial to the integration itself, including their role in process models as separate swim lanes would not bring added value to the people utilizing the models. The reason for not including Integration Manager in process models is due to the mobile and supervisory nature of the role, and because the tasks could not be generalized in a realistic way. Instead, the process actors in the developed process models are Executive Team, Task Forces (HR, IT, Finance, Procurement, MARCOM and Administrative Services), and Unit Manager. This study also found that the current integration infrastructure suffers from insufficient resources especially in IT department, which could be eased with the help of external advisors, such as Tiger Teams or consultants. The interviewees generally do not see consultants as long-time partners in integration work, but their assistance in special issues is acknowledged. Therefore, the 3rd construction of Level 1 model includes "External Advisors" as a process actor, and their use is optional yet recommended.

The previous two sub questions contribute to the sub question 3, which studies the information flow regarding the post-acquisition integration. As the motive is mostly growth-related and the process actors are known, the information flow should consist of tasks which support the goal, and which are executed by the process actors. This study found that the main processes during post-acquisition integration are (1) Transfer and creation of ERP –data and (2) Reception and retention of acquired personnel, as they are processes that have the most cross-functional work between the process actors, and as they contribute to goals of the case organi-

zation's acquisitions. This finding strongly supports the theory of "human integration" and "task integration" by Birkinshaw et al. (2000). Except from these two main processes, the tasks mentioned by the interviewees could be allocated to their respective departments, and executing them depends mostly on the work of each individual process actors. The information flows logically from the "start event", which is the transaction, to the end where ERP roll-out is executed and acquired personnel is placed in their new units. As these two main processes are vital contributors to the motive of case acquisitions, they are given the most attention in the case organization. Ideally, External Advisors could assist in these processes, when the focus could be expanded to customers and other possible valuable stakeholders.

The interviewees generally felt that they have learned from previous acquisitions, but the experience tends to be personified, which spurs a question whether the organization has learned or only the individuals who are involved in multiple integrations. A majority of the interviewees were involved in Case Acquisition 1 and 2, and they felt that the case organization has improved the integration work based on the mistakes they made in Case Acquisition 1. For example, the fact that a full-time Integration Manager 2 was appointed in the second acquisition is acknowledged as a major change by the people of this study as it has made the post-acquisition integration easier than in Case Acquisition 1, where Integration Manager was appointed in the midway of integration. The purpose of knowledge documentation was emphasized by the interviewees, because the current infrastructure bares the risk of losing valuable knowledge regarding integration work. Almost all of the interviewees also felt that process models could help in organizational learning.

Now that the sub questions and study group's attitude toward process models are discussed, the main research question "how to support post-acquisition integration with business process modelling" can be answered. The business process models which were developed based on this study contribute to the organizational learning rather than individual learning because they capture the knowledge of individuals and transform the tacit knowledge to codified and distributable form. As Nonaka (1994) argues, individuals accumulate tacit knowledge through direct experience and are the prime movers in the process of organizational knowledge creation. Business process modelling in this study is therefore utilized to capture, formalize and externalize the tacit knowledge that the managers possess in the case organization, which was also the goal of this study. Kalpič & Bernus (2002) argue that formalization and structural description of creative processes, such as management processes, is complex or even impossible

due to their nature, but illustrations of such processes on the level of coordination between activities performed by process actors can be formalized and structured to a certain degree. Nevertheless, this study is able to answer the workflow modelling questions “what”, “when”, and “how”, as well as the organization modelling question “who” (Bußler & Jablonski 1994). As a result, the post-acquisition integration process in case organization is visualized to enhance the acquisition performance in the future and to identify learning points.

8.2 Theoretical contributions

The research on mergers and acquisitions is wide and includes numerous schools of thought. This study is built on the process perspective presented by Jemison & Sitkin (1986), which is a school of thought that focuses on the actions taken by management to guide the post-acquisition integration process (Birkinshaw et al., 2000). The findings in this research reveal that the performances of the Case Acquisitions differ and that there has not been a specific visualized model for post-acquisition integration, which supports the argument by Zollo & Singh (2004), who state that process perspective should be considered important in understanding the performance of the overall acquisition. Also, process perspective is linked to the knowledge of how companies can learn from their previous acquisitions (Cartwright & Schoenberg, 2006). Given the fact that this study focuses only on integration stage, the concept of integration itself was discussed in chapter 3. The interviews unveiled that at least due diligence, transaction and integration stages are recognized in the case organization, which supports the three-staged model by Meckl (2004) (see Figure 5). However, it was also mentioned in the interviews that the work does not end when the integration is completed, but continues after it. Meckl’s (2004) model does not have an individual stage after integration. In conclusion, the choice of process perspective is justified as this thesis studies the integration as a separate stage, and focuses on enhancing the organizational learning in case organization.

As the empirical data in this research is gained with qualitative semi-structured interviews, this study contributes to the research gap where Cartwright et al. (2012) emphasize the lack of qualitative methods in M&A research. In fact, Sarala et al. (2017) argue that in-depth interviews and group discussions may increase our understanding of the dynamics around the human side in M&As. The individuals in this thesis were in key role in providing knowledge for the process models, and as mentioned, the processes in case organization post-acquisition in-

tegration rely mostly on the work of humans. Without in-depth interviews with the study group, this thesis would not have been able to describe all the smaller tasks in the process models. Therefore, it may be concluded that listening to the human side of M&As is critical for understanding the operational work in organizations.

Constructive research method may be viewed as a supporting method to fill the gaps from qualitative interviews. As the interviews capture the raw knowledge of the study group, developing constructions enables the researcher to gain valuable feedback especially in business process modelling. If the process models in this study would have been developed without constructive research method, there is a higher chance that they would not portray a realistic picture of the integration process, and that they would require more adjustments in near future. Constructive research method also keeps to process participants active, as they may influence the end result. For example, the appearance of the process models may be discussed so that the models are easily understood. This is important, because the process participants are the ones utilizing the models in their future work.

The case organization's integration infrastructure is fairly similar to the models presented in literature, especially to the model by Galpin (2007) (see Figure 7). However, the case organization's current infrastructure has fewer Task Forces, thinner Core Team and no continuing communication between Executive Team and Task Forces. Therefore, this study supports the views of literature concerning the integration infrastructure, but in reality the theories might need slight adjustments. Large companies, such as the case organization, tend to have bureaucracy which affects the communication between certain units. It was argued by the interviewees that "you do not bring problems to Executive Team, but you rather bring a set of possible solutions". Task Forces feel more connected with Integration Manager, who then reports to Executive Team about the progress of integration efforts. The model by Galpin (2007) and other literature concerning the integration project team are still able to describe the roles and responsibilities of integration infrastructure in a way that portrays the reality in the case organization. By identifying the process actors in the case organization and allocating tasks to their respective departments, this study closes the research gap where the lack of specific task allocation is noted (see chapter 1.2).

This study supports the theory that accumulated experience on M&As and company's overall strategy are critical success factors in M&As (Gomes et al. 2013). Majority of the interviewed

people were involved in both Case Acquisitions and felt that there has been a learning curve from Case Acquisition 1 to Case Acquisition 2. The reality in the case organization is that acquisition experience is personified due to the lack of knowledge documentation. As the developed process models captured the tacit knowledge, it may be distributed across the case organization. The externalization of codified knowledge therefore supports the argument by Hayward (2002), who states that knowledge codification enables a greater number of personnel to gain information regarding the acquisition, which leads to a situation where the organization is less dependent on individuals. After all, one of the reasons for mistakes in future acquisitions is that the people involved in the acquisition process may change between the individual deals (DePamphilis 2019, 193). The methods used in this study support the practical steps for acquisition learning by Trichterborn et al. (2016).

The finding that the most significant processes during integration in the case organization are (1) ERP –data transfer and creation, and (2) reception and retention of acquired workforce supports the views by Birkinshaw et al. (2000), who argue that acquisition success is a function of “task integration” and “human integration”. Some of the interviewees felt that the ERP –process controls and limits the integration, and that getting valuable information from the target company is sometimes difficult. In fact, Birkinshaw et al. (2000) argue that human integration starting early might contribute to task integration, because then the two parties know each other and there is lower level of suspicion about acquirer’s motives. The current situation in case organization therefore supports the argument that a very low level of human integration limits the effectiveness of task integration.

In reality, there is large number of processes going on during integration, and capturing and identifying them all is nearly impossible. From the perspective of Melão & Pidd (2000), this study found that the two main processes may be identified as “business processes as social constructs”, as there are multiple actors with varying mental models affecting the outcome, the processes have constraints (budget and schedule), and as the processes are supervised by Executive Team and Integration Manager. The processes that occur only within one process actor’s swim lane tend to have characteristics of “business processes as complex dynamic systems”. Other natures of business processes by Melão & Pidd (2000) were not identified in this study. From the categorization of Lillrank (2002), the processes identified in this study seem to be routine and nonroutine processes.

8.3 Managerial implications

As this study solves a practical problem and is conducted with constructive research method, the emphasis is on managerial applicability. However, some findings from primary data outside of the constructions have stronger theoretical and scientific applicability, as mentioned in the previous chapter. Kasanen et al. (1993) argue that drawing a line between constructive research and scientific problem solving is difficult. Niiniluoto (1985, in Kasanen et al. 1993) argues that even though scientific methods are used in developing the recommendation, scientific problem solving does not necessarily produce real scientific knowledge because the studied problems might be too practical. Nevertheless, it could be assumed that solving a real-world problem for a single company could be suitable for other approximately similar companies (Kasanen et al. 1993). After all, the case organization's geographical location, industry as well as the content in process models are just background information and not necessarily relevant to the research.

The findings in this study recommend following a certain model, such as ABPMP's model of BPM Lifecycle, for process modelling if managers want to introduce process modelling as a solid part of the organization. In order to work properly, business process models require constant improvement and adjustments to work in real world, and BPM Lifecycle describes the actions and details to keep models up to date. Constructive research method can be seen to support this, because constructions show concretely which solutions work and which do not (Kasanen et al. 1993). Nevertheless, business process modelling begins with knowledge codification and therefore codification should be a part of any piece of work that one wants to improve with the use of process modelling. In integration work, the documentation of knowledge could be done by writing down the conclusions of meetings and having feedback meetings after each acquisition. Also, the organization should aim for an internal environment where change is allowed. According to Kasanen et al. (1993), managerial constructions solve problems, but they also often reveal new questions to be answered, which supports the idea of lifecycle thinking.

Before the integration stage, it is beneficial for managers to identify how the acquisition's motives are communicated to those who participate in integration, as their work should contribute to the goals. If the participants have varying perceptions on why the acquisitions are done, the integration might become confusing and inefficient, because the project team focuses only

on their parts of the work without thinking at larger scale. In fact, Van der Aalst et al. (2004) argue that high degree of specialization might result in decreased productivity, because the employees lose the “big picture” as they are not aware why they have to do certain things they are told to do. When the integration infrastructure has a clear vision of why the acquisitions are made, the focus may be shifted on the most important processes, and the integration itself might become less consumptive.

Outside of business process modelling, it was mentioned by the interviewees that they often trouble with getting valuable information from the target company during the integration, while the interviews also revealed that Executive Team does not include people from the target company. The literature recommends that every part of the integration infrastructure should include people from both companies for purely practical and symbolic reasons (Galpin 2007, 92-94; DePamphilis 2019, 211). In addition, Ranft (2006) argues that combining management teams could contribute to the transfer of tacit knowledge, as well. Therefore, it could be assumed that the case organization could benefit from including target company’s higher management in Executive Team. DePamphilis (2019, 211) states that having combined Executive Team sends a comforting message to employees who want to know that their issues are dealt by the right decision-makers. In fact, as the reception and retention of acquired personnel was identified as one of the most important processes during the integration, the shared Executive Team is strongly recommended by this research.

Connected to retention of new personnel, the integration schedule should be realistic from the start. The interviews unveiled that the integration schedule was changed during Case Acquisition 1, which led to a situation where new personnel’s suspicion regarding the acquisition itself grew. In Case Acquisition 2, the schedule was decided to be much longer in order to avoid the risk of changing it afterwards. Even though some of the interviewees feel that the schedule is now too long, the longer schedule allows the case organization to complete the integration with smaller risk of losing the trust of the new personnel. Instead, if the integration schedule could be shortened from its initial form, the assumption is that employees’ trust would not at least decrease from its current level. If the schedule needs changing anyway, it should be communicated in an honest and considerate way. Having an integration infrastructure that involves members from both companies could enhance the communication to employees. As mentioned, Unit Manager currently acts as the main communication channel between new personnel and integration infrastructure, and the communication has its problems.

Without the knowledge from the interviewees, this thesis would not visualize the case organization's post-acquisition integration process in a realistic way. From knowledge management perspective, this thesis could act as a starting point for the case organization or other similar companies to build knowledge management systems (KMS), where the purpose is to externalize the knowledge of individuals or groups, and to make the knowledge accessible so that the company's intellectual capital is eventually leveraged (Harreld 1998, in Kalpič & Bernus 2002). According to Grotenhuis & Weggeman (2002), knowledge management allows companies to aim for the increase of return of knowledge, where the return is defined as financial proceeds, learning results and working pleasure. In conclusion, capturing the personified experience on integrations, or whatever subject, contributes to the organizational learning rather than individual learning, and when the explicit knowledge is distributed within the organization and it is accessible for those who would benefit from it, the subject becomes more efficient and transparent.

8.4 Limitations and further research

Even though this study broadens the understanding of the defined research gap and is able to visualize the process of post-acquisition integration stage, there are some limitations to the applicability. One of the most significant limitations is that the developed process models are not exposed to real world and their functionality is not guaranteed. According to Niiniluoto (1985, in Kasanen et al. 1993), managerial constructions need to pass practical tests before their actual usefulness is proved. However, as mentioned in delimitations, the testing and implementation of process models are intentionally left out because they would require much longer study and it is unsure when the next acquisition takes place in the case organization. Therefore, this study is not comprehensive enough to support the argument by Zollo & Singh (2004), who state found that there is a strong positive relationship between codification of integration experience and upcoming acquisition performance. Also, the implementation would most likely require theories of change management to be taken into account. Instead, implementation and measuring the performance of the process models may be seen as future development and research areas. Sikdar & Payyazhi (2014) argue that organizational change as a result of business process implementation takes place automatically, because the implementation has been primarily seen as a redesign of the underlying, already existing, workflow. However, the future research could study how the implementation takes place from "human

side” of the M&As, which would contribute to the research gap where Sarala et al. (2017) emphasize the significance of in-depth interviews and group discussions. On the other hand, the performance of the developed process models could be studied with a longitude research, where the results could contribute to other schools of thought rather than just process perspective.

The research sample in this study is relatively small, which is common with qualitative researches, but the primary data provided a wide range of knowledge. One reason for such wide data is that the research group was formed from various departments within the case organization, but they have all participated in acquisitions before. They also represent different units in the integration infrastructure, which contributes to the broadness of the primary data. The fact that this is a multiple case study, rather than a single case study, offers an opportunity to compare the Case Acquisitions, which helps in identifying where the case organization has succeeded in and what aspects require improvement. Also, as a multiple case study the interviewees recognized the learning curve themselves. Yet, as a multiple case study with relatively small sample size, the universal conclusions from this research are limited. It could be assumed that the results of this research would be different if more acquisitions were taken into account, or if this was a single case study. Future research in this area could study how the results would change if the number of acquisitions or interviewees were changed.

The case organization has not appointed a process owner who would be responsible for updating the process models, and the decision is beyond the researcher, as well. The significance of a process owner is emphasized in the literature, as he/she would be responsible for the whole process across the functional departments. The chosen individual should have the authority to control the budget and make decisions in order to continuously improve the process models (ABPMP 2009, 33). Finding suitable individuals to take the job is sometimes difficult, because the models might need even radical adjustments at some point (Davenport 1993). In similar fashion, the “boss” and the “customer” of the process models were not discussed with the interviewees, but it could be assumed that the boss is the case organization that appoints managers to execute tasks, and the ultimate customers of the acquisitions are the shareholders.

BPMN was chosen as the modelling notation in this study because the researcher had previous experience from it, and because it was easily accessible from case organization’s point of view. Caetano & Tribolet (2006) argue that modelling languages often lack the means to de-

scribe the required skills and process actors' competences to execute tasks, but in this study it could be assumed that people involved in integration are capable of handling their work, and personal experience is irrelevant as the process actors are departments with multiple individuals. Other modelling languages could portray a different picture of case organization's integration process, and the use of other notations in the future is possible now that the workflow is visualized for the first time. Researchers with more experience from business process modelling notations could study if some of the processes could be automated and measured by their time and resource consumption, as it would undoubtedly bring concreteness to measuring integration performance. Nevertheless, the current situation in the case organization is that majority of the work is done by humans and tasks do not follow a strict timeframe or order, and automating the processes would be difficult.

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APPENDICES

Appendix 1: Data collection plan

The research group consists of 10 people who are pre-set by the case organization. The interviewees are managers who have been involved in the Case Acquisitions 1 and 2, and they represent their departments with their answers. Simultaneously, they represent different units of the integration project team.

Qualitative semi-structured interviews taking place first, the interview questions are themed in contrast to their contribution to the research questions in this study. The reason for conducting in-depth interviews rather than other forms of data collection is that the interviews are aimed to reveal issues that would not necessarily surface with other methods. The interviews provide the detailed information about the tasks within the integration process, and therefore they take more time than the feedback discussions with the study group.

The first process models are developed based on the primary data from qualitative interviews. Constructive research method is used to fill the gaps in the knowledge, so that the process models would portray the realistic situation in the case organization. The data collection therefore goes as follows:

1. Qualitative semi-structured interviews with 10 pre-set members
 - a. The interviews aim to collect data for sub questions 1, 2 and 3
2. The development of the 1st constructions
 - a. Defining process actors, most important processes and cross-functional work
3. Feedback discussions with individuals who act as process actors in the models
 - a. Redefining roles, tasks, and the order of tasks
4. The development of the 2nd constructions
 - a. Implementing the needed changes
5. Feedback discussions if needed
6. The development of the 3rd constructions
 - a. The optimal form of the business process models

Appendix 2: Data collection process and data analysis

The Appendix 1 portrays a picture of the initial data collection plan, and Appendix 2 describes how the data collection actually occurred during this study and how the data was analyzed with thematic networks. There were no major changes to the initial plan, but the current situation with covid-19 made it necessary to make some changes.

First of all, 6 of the conducted interviews were held online due to the fact that study group was mostly working from home. Other reason was that some of the interviewees are located in different parts of Finland, and travelling to other cities was not seen necessary. The interviews held online followed the same pattern as the ones that were held in person. The study group was informed internally that the interviews should not take more than one hour, and in fact, the qualitative interviews took approximately 30-60 minutes.

After the first constructions, feedback discussions were held with those who were seen necessary. As the role of Integration Manager is not included in the process models, no formal discussion were held with either Integration Manager 1 or 2. Also, no further discussions were seen necessary with Senior Advisor or Unit Manager. Task Force members were asked to describe the needed adjustments, and some of the discussions were held online and some of them via email. After the 2nd constructions, some minor adjustments were needed for the process models to portray a realistic picture of the case organization's integration process. Table 2 visualizes the occurred data collection process and the duration of each phase.

Data for business process models	Duration
<ul style="list-style-type: none"> • Qualitative interviews <ul style="list-style-type: none"> • HR • IT • Finance • MARCOM • Procurement • Administrative Services • Integration Manager 1 • Integration Manager 2 • Senior Advisor • Unit Manager 	30-60min
<ul style="list-style-type: none"> • 1st construction feedback <ul style="list-style-type: none"> • HR • IT • Finance • MARCOM • Procurement • Administrative Services 	15-30min
<ul style="list-style-type: none"> • 2nd construction feedback <ul style="list-style-type: none"> • HR • IT • Finance • MARCOM • Procurement • Administrative Services 	10-20min

Table 2: Data collection process and duration

As the data analysis method in this study is thematic networks, the data from qualitative research was themed based on the theoretical framework and this study's research questions. The interview questions were themed to (1) motives behind mergers and acquisitions, (2) organization's integration infrastructure, (3) workflow in integration stage, and (4) organizational learning, and the themes continued to the analysis part, as well. Figure 15 provides a simplified example of the created thematic network, where the themes and their contribution to the research questions are visualized.

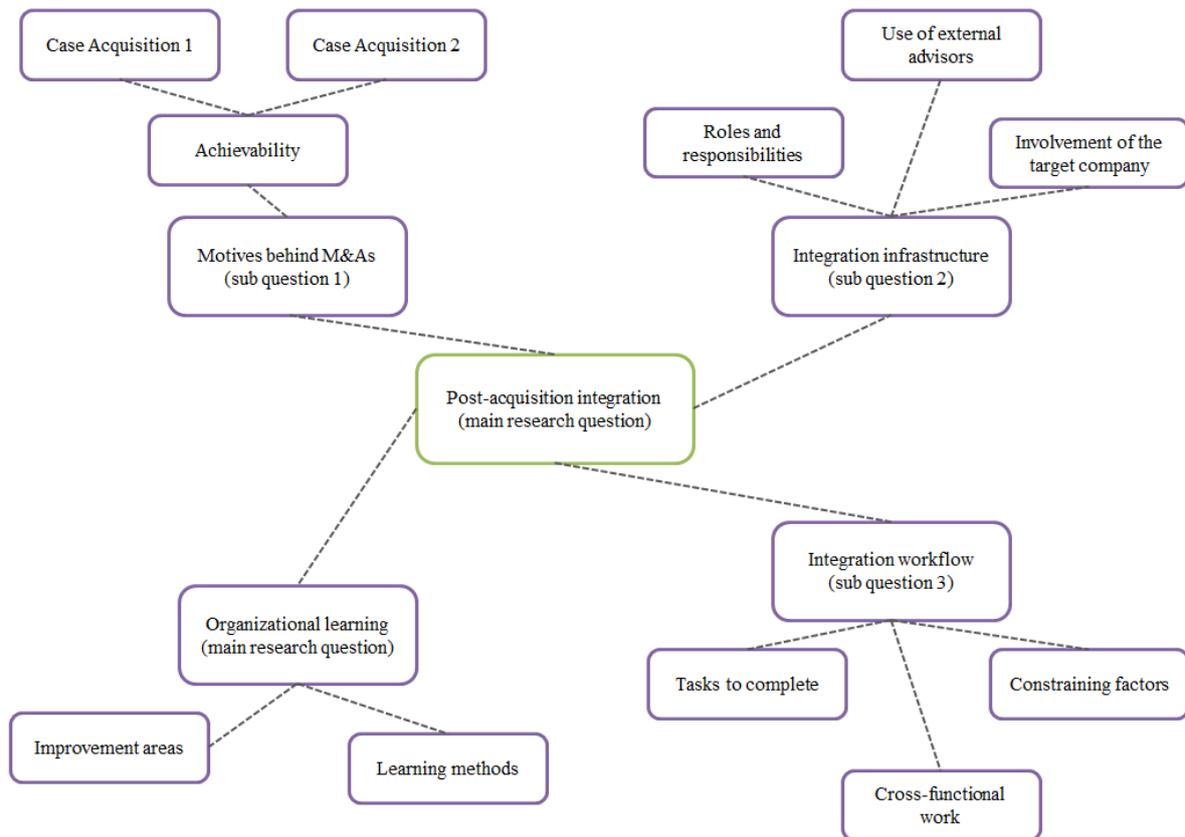


Figure 15: Thematic network

Appendix 3: The developed process models

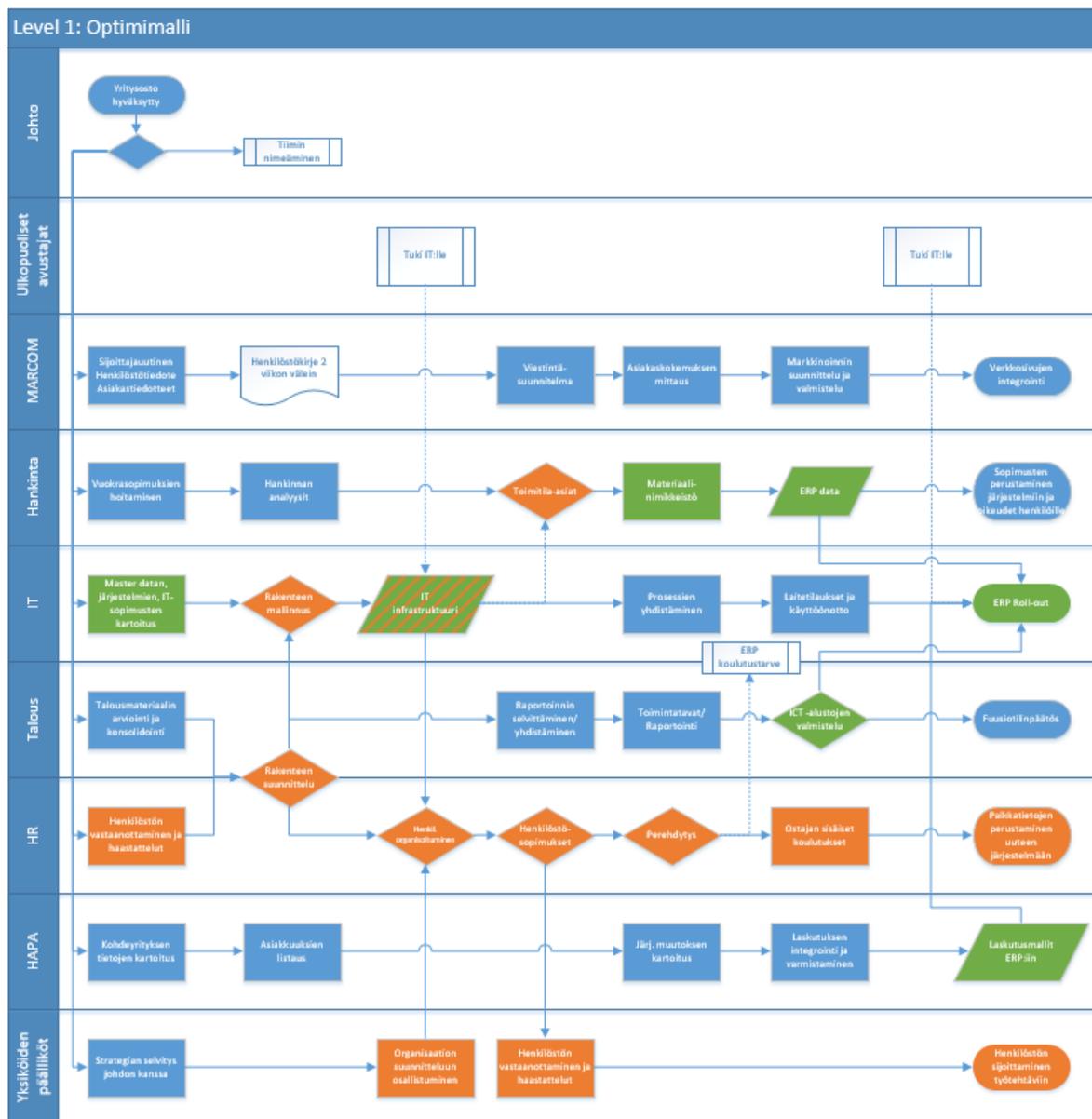


Figure 16: Level 1 Optimized model

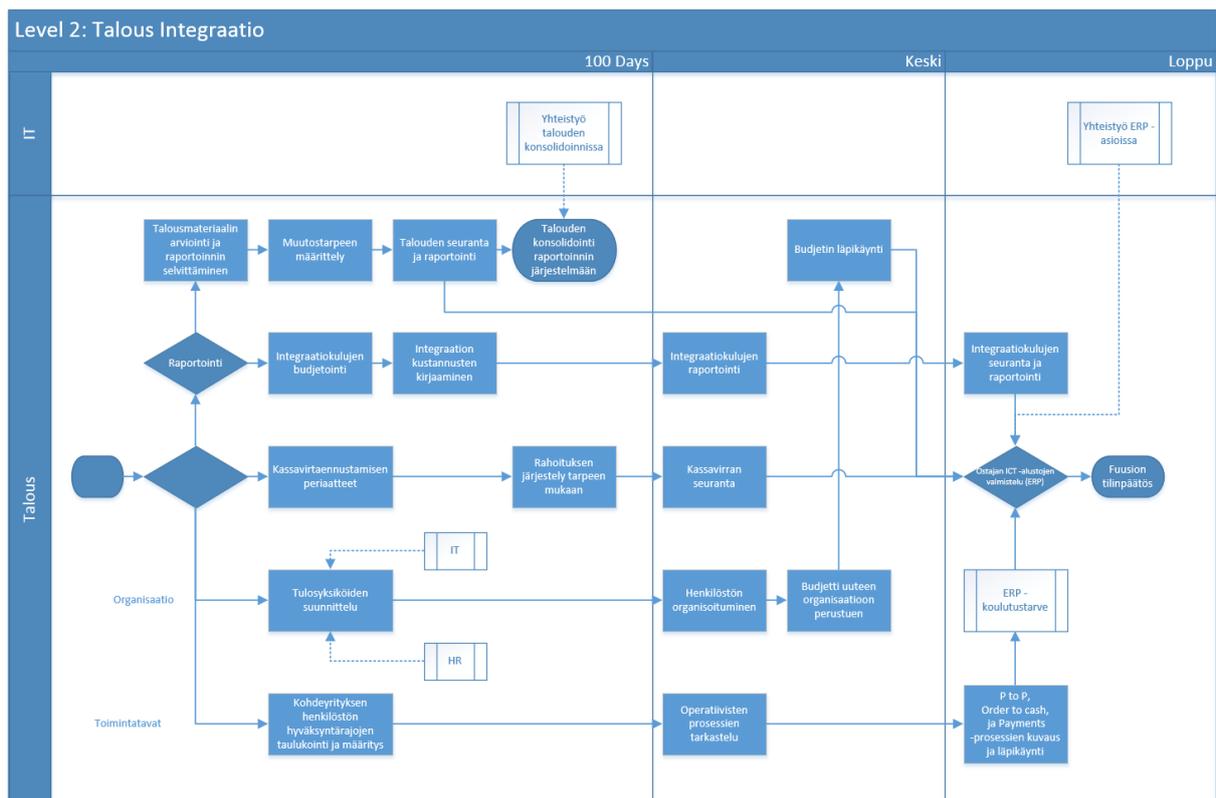


Figure 17: Finance model

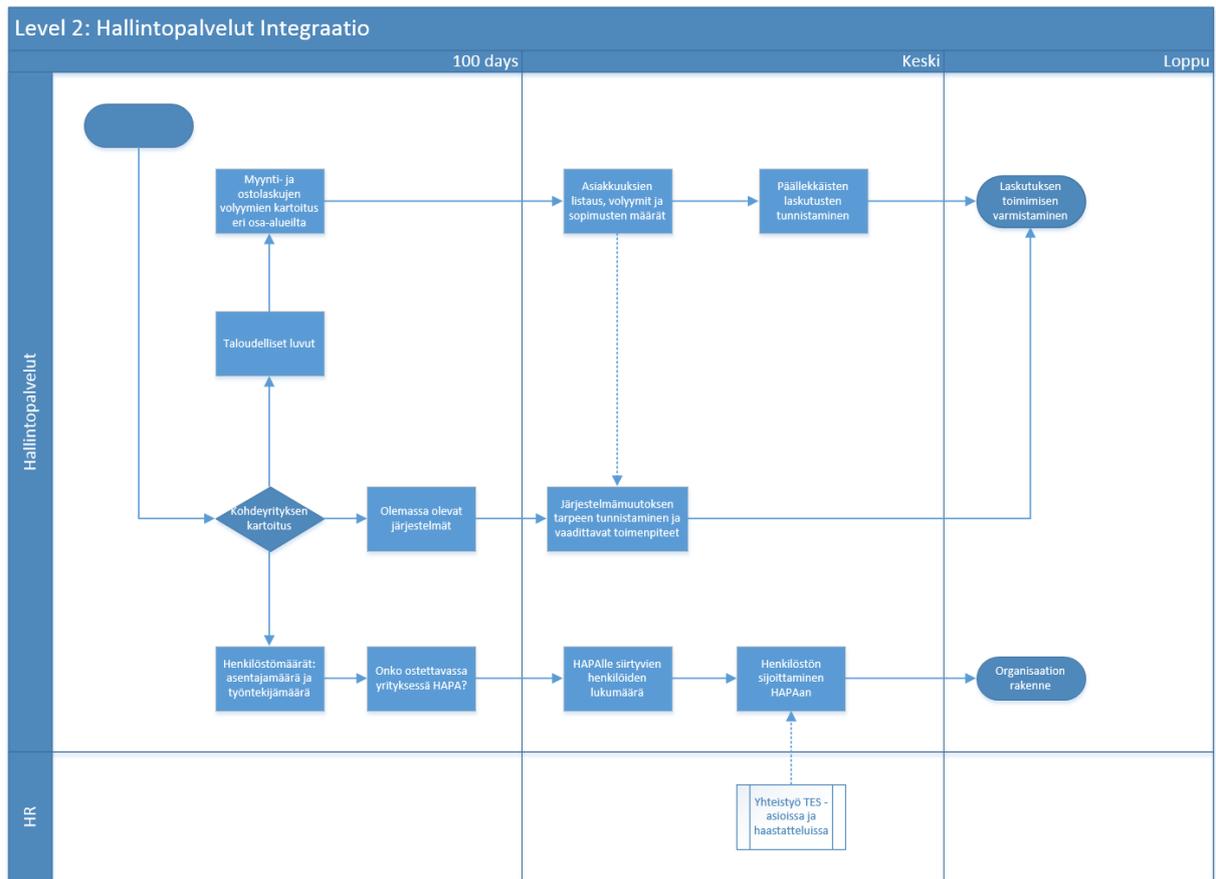


Figure 18: Administrative Services model

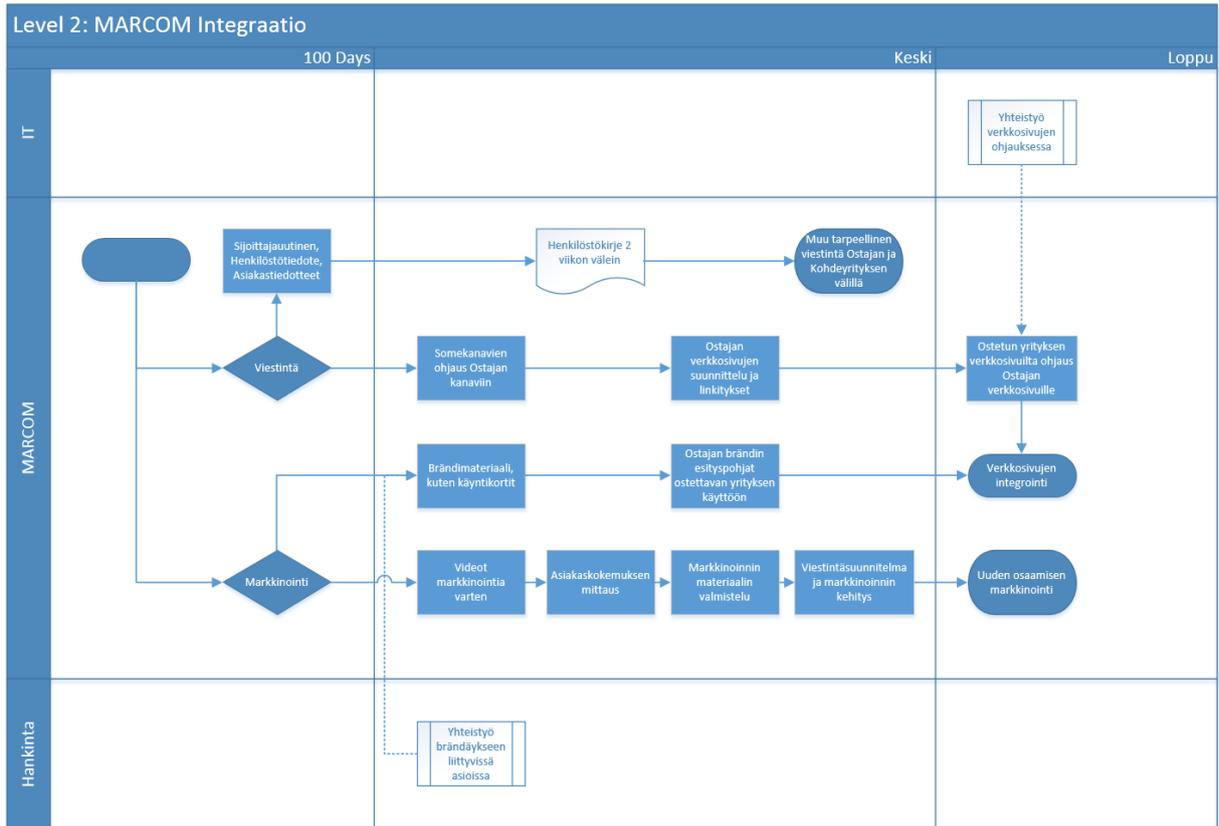


Figure 19: MARCOM model

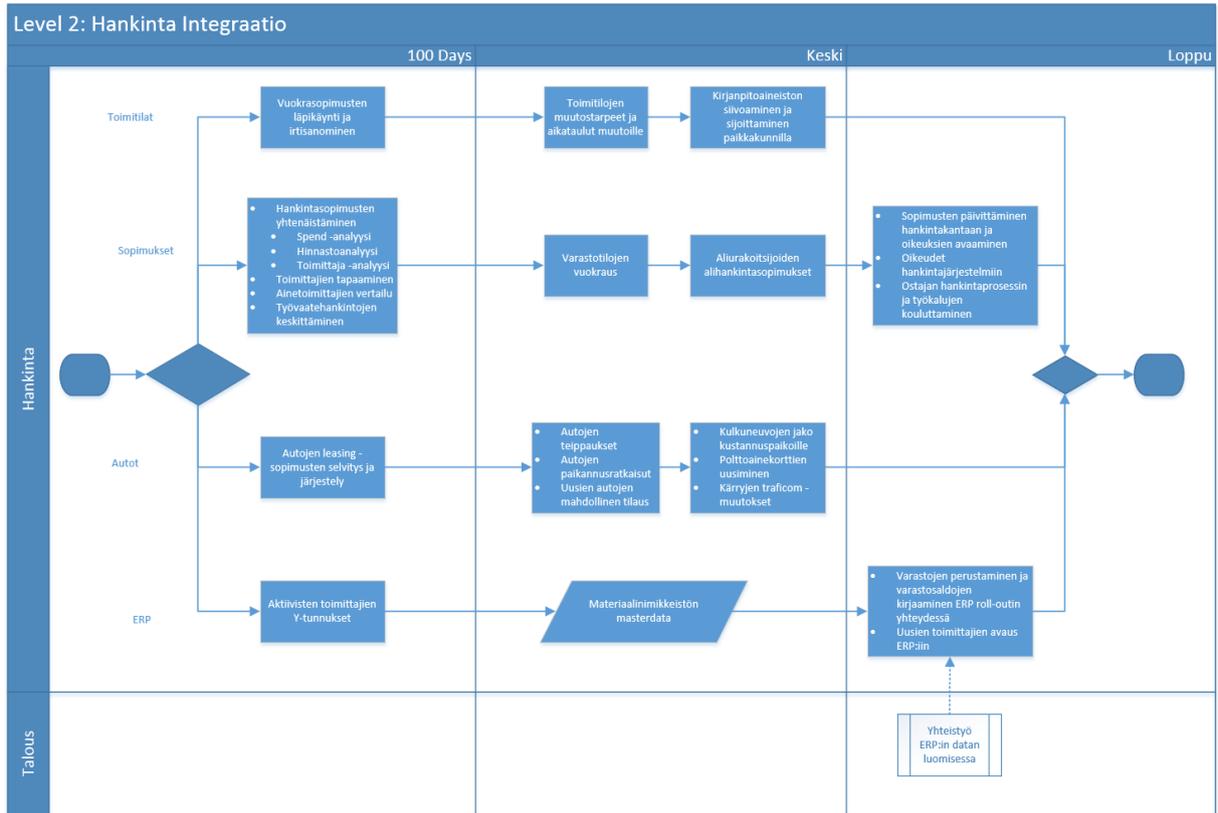


Figure 20: Procurement model

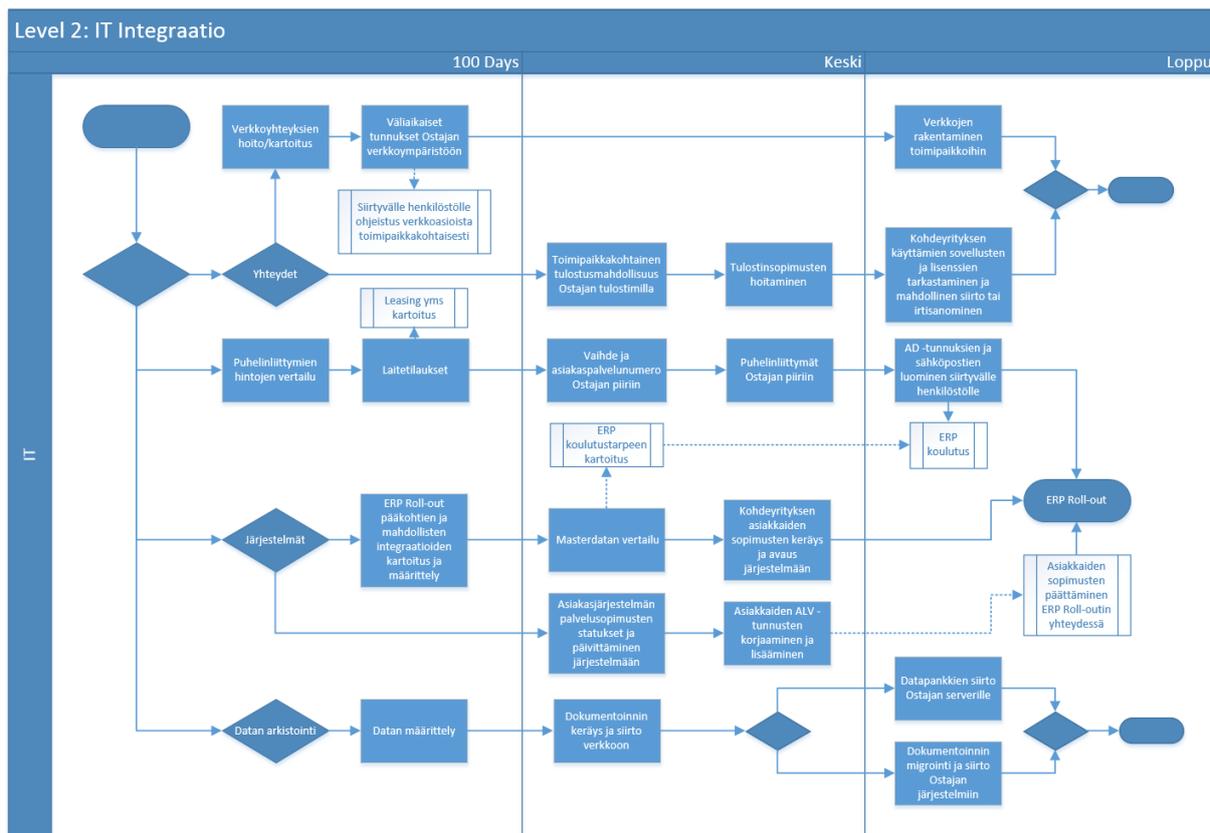


Figure 21: IT model

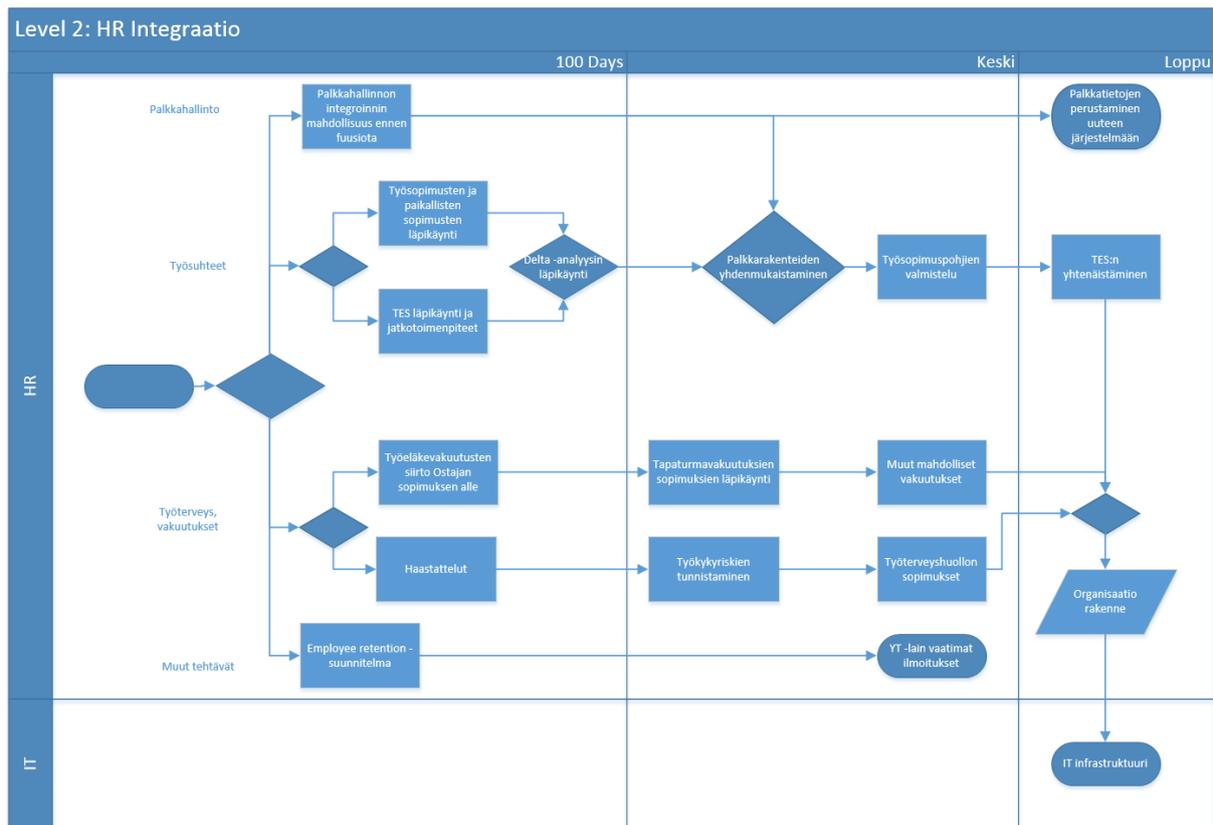


Figure 22: HR model