



EMPLOYEES' PERSPECTIVE IN M&A PROCESSES: A CASE STUDY

Lappeenranta–Lahti University of Technology LUT

Master's thesis

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Examiner: Professor Timo Pirttilä

ABSTRACT

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Employees' perspective in M&A processes: a case study

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Mergers and acquisitions offer companies the opportunity to grow their operations through, for example, new products or geographic expansion. Furthermore, the synergy benefits of mergers and acquisitions are often seen as significant factors when contemplating the possibility of those. Despite the great popularity, even more than half of the transactions that have been realized fail in achieving the goals set for them. This is often due to a variety of reasons, the most significant of which is considered to be the lack of employee involvement and consideration during the process.

This thesis provides a comprehensive overview of mergers and acquisitions with a particular focus on areas that have an impact on how employees perceive the process. The objectives of the work, as well as the structure of the work, consist of two parts: a literature review to familiarize with the information already found on the subject and a case study in which the subject is studied through the interviews with employees of one of the case company's logistics teams. The objectives of the work are to study mergers and acquisitions in general and to find the most significant ways in which companies can ensure that employees' perspective is taken into account during these. In addition, the goal of the work is to find things from the target company's merger that the employees were not completely satisfied with. The case study thus does not take a position on the profitability of the merger but focuses only on the experiences of employees.

Mergers and acquisitions are very different from each other, but usually a common abbreviation (M&A) is used. During this process, employees often feel that their point of view is not considered enough, which is often due to lack of communication. As a rule, observations presented earlier in theory are found to support the results obtained in the case study's interviews. In the big picture, the interviewees experienced the merger positively, but especially the lack of communication aroused negative emotions. The solution to this is presented to be two-way communication, in which the opinions of employees are listened to and thus make them feel to be a part of the process. In addition, it would have been hoped that the trainings would have been more practical. The main topic of future research both universally and for the case company is presented with the study of the management's perspective and whether it is possible to consider employees differently during mergers and acquisitions.

TIIVISTELMÄ

Lappeenrannan–Lahden teknillinen yliopisto LUT
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Fuusiot ja yritysostot tarjoavat yrityksille mahdollisuuden kasvattaa toimintaansa esimerkiksi uusien tuotteiden tai maantieteellisen laajentumisen kautta. Lisäksi yhdistymisen tuomat synergiaedut nähdään usein merkittävänä tekijänä sen mahdollisuutta harkittaessa. Suuresta suosiosta huolimatta jopa yli puolet toteutuneista yhdistymisistä epäonnistuu niille asetettujen tavoitteiden saavuttamisessa. Tämä johtuu usein monesta eri syystä, joista kaikkein merkittävimpänä pidetään puutteellista työntekijöiden osallistuttamista ja huomioon ottamista prosessin aikana.

Tämä työ tarjoaa kokonaisvaltaisen katsauksen fuusioihin ja yritysostoihin keskittyen erityisesti osa-alueisiin, joilla on vaikutusta siihen kuinka työntekijät kokevat prosessin. Työn tavoitteet, kuten myös työn rakenne koostuvat kahdesta osasta: kirjallisuuskatsauksesta, jossa tutustutaan aiheesta jo löytyvään informaatioon, sekä tapaustutkimuksesta, jossa aihetta tutkitaan yhdelle kohdeyrityksen logistiikkatiimin työntekijöille pidettyjen haastatteluiden avulla. Työn tavoitteina on tutkia yhdistymisiä ja yrityskauppoja yleisesti sekä löytää merkittävimpiä tapoja, joilla yritykset voivat varmistaa työntekijöiden näkökulman huomioon ottamisen näiden aikana. Lisäksi työn tavoitteena on löytää tapaustutkimuksen kohdeyrityksen yhdistymisestä asioita, joihin työntekijät eivät olleet täysin tyytyväisiä. Tapaustutkimus ei täten ota kantaa yhdistymisen kannattavuuteen, vaan keskittyy ainoastaan työntekijöiden kokemuksiin.

Fuusiot ja yrityskaupat ovat keskenään hyvin erilaisia, mutta yleensä niistä käytetään yhteistä lyhennettä (englanniksi M&A). Kyseisen prosessin aikana työntekijät kokevat usein ettei heidän näkökulmaansa huomioida tarpeeksi, mikä johtuu useasti puutteellisesta kommunikaatiosta. Jo aiemmin teoriassa esitettyjen havaintojen huomataan pääsääntöisesti tukevan tapaustutkimuksen haastateluiden saatuja tuloksia. Isossa kuvassa haastateltavat kokivat yhdistymisen positiivisesti, mutta etenkin kommunikaation puute herätti negatiivisia tunteita. Tähän ratkaisuksi esitetään kaksisuuntaista kommunikaatiota, jossa työntekijöiden mielipiteitä kuunnellaan ja täten saadaan heidät tuntemaan itsensä osaksi prosessia. Lisäksi koulutusten olisi toivottu olevan käytännönläheisempiä. Tulevaisuuden tutkimuksen aiheeksi sekä yleismaailmallisesti, että tapaustutkimuksen yritykselle esitetään johtoportaan näkökulman tutkimista ja olisiko työntekijöitä mahdollista huomioida eri tavalla muutosprosessin aikana.

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Helsinki, 31.5.2022

Väinö Suorsa

SYMBOLS AND ABBREVIATIONS

CEO	Chief Executive Officer
EU	European Union
EUR	Euro
HR	Human Resources
HRM	Human Resource Management
KPI	Key Performance Indicator
M&A	Mergers and Acquisitions
NAFTA	North American Free Trade Agreement
R&D	Research & Development
SME	Small and Medium-sized Enterprises
USD	United States Dollar
USMCA	United States–Mexico–Canada Agreement

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1. Introduction

This first chapter provides a clear overall view of the thesis and helps the reader to follow the study easier. At first, the backgrounds for the thesis are presented, including the reasons for the topic. Furthermore, the objectives and the research questions for this thesis are presented, added with the justification of the decided limitations. Next, the implementation of the study is discussed containing for example the used methodology and the schedule of the work. As the last part of introduction, the structure of this thesis is presented as an input-output model.

1.1. Background

One important part of companies' strategic work is to seek for new opportunities to grow. Mergers and acquisitions (M&A) provide a great chance for that in various ways. (Kaukonen 2021) Nowadays companies are using M&A worldwide, while a few decades ago it was used mainly in the United States of America. (Hitt, Harrison & Ireland 2001, p. 9) There are various reasons why companies consider M&A as a potential strategical step for them. The most recognized opportunities relate to the chances to grow the business. For example, M&A can be considered as a way to get new products into the portfolio, to access to the customers which the other company already has or to expand the operations geographically. (Weber, Tarba & Öberg 2014, p. 3) In addition, it is possible to gain productive efficiencies from economies of scale and scope. Moreover, the needed amount of money for operating costs might be lower through the synergy benefits. Even increased market power within the limits of anticompetitive laws may be a motivator for some company. (Devos, Kadapakkam & Krishnamurthy 2009, p. 1183-1184) All the above-mentioned aim to gain more revenue and profit to the owners and stockholders. Finally, the synergy benefits are considered to be achieved, when the valuation of the firms' combination is more than the valuation of the firms was when they operated separately (Capron 1999, p. 988).

Mandl, Bohnett, Liddy, Komansky, Kozlowski, Leschly, Gupta, McDonald, Avery, Moore & Krekel (2001 p. 147-148), a group of M&A experts, discuss about the possible advantages

that a successful M&A can provide. Kozlowski underlines that in order to have a better probability of success, the most important motivator for M&A should be cost reduction, not increasing the turnover. This he explains by pointing out that it is a lot easier to set targets and follow the performance of reducing costs compared to gaining more revenue. Furthermore, Leschly adds synergy advantages in research and development (R&D) as a reason to think about merging with or acquiring a technology company. As a conclusion, Gupta says that it is possible to benefit from M&A in many ways. He considers thinking the real needs of the company for M&A as the most important thing.

Despite the increasing popularity and potential benefits of M&A as a business growing strategy, an average transaction fails at even above fifty percent probability (Weber et al. 2014, p. 3-4; Lewis & McKone 2016; Schoenberg 2006, p. 366). The earlier research has found three main categories which lead into this low success rate. Those consider economical, strategical, and organizational perspectives. (Weber et al. 2014, p. 4-10; Galpin 2021, p. 14-20) The organizational perspective, and especially concentration on the practices which have an effect on the employees' perspective during the M&A process is found to be the most critical to the total success of the transaction (Galpin & Herndon 2007, p. 220).

The role of this thesis is to collect the existing research about the topic from various point of views into a comprehensive overview of M&A transactions universally, familiarizing particularly with the role of practices affecting employees during M&A. That will be done in chapters two and three. Moreover, this thesis will also complement the existing theory with a case study which examines how the employees were considered from the perspective of one of the case company's logistics teams during its M&A process. More about the structure of the thesis will be presented later in section 1.4.

1.2. Research objectives and scope

The main goal of this thesis is to examine how the employees' perspective should be considered in a typical M&A process based on literature and furthermore examine how the employees were considered from the perspective of one of the case company's logistics teams during its M&A process. The case company will be able to utilize the information gained both from the literature review and from the case study to organize the possible

following organizational changes more effectively from the employees' point of view. In addition, the results of this thesis can be utilized universally in other M&A transactions as the basics for each transaction are quite similar. The goals of this thesis are further divided into three main objectives and those are aimed to be reached through three research questions (Table 1). Research questions one and two will be answered via a comprehensive literature review, whereas research question three concentrates on the case company and will so be examined via interviews conducted for this purpose.

This study neither takes a stand on the effectiveness of the case company's M&A process nor examines the financial indicators but concentrates solely on the employees' individual opinions and experiences. This scope is chosen based on the given assignment and the wishes of the case company. The experiences are gathered from one team in order to get several opinions from people who are doing the same job, and so single person's opinion does not determine the opinion of the entire team. Chronologically the case study of this thesis is limited to the timeline from announcing the case company's upcoming organizational change in July 2019 to the time of conducting this thesis during the spring of 2022. The schedule of this thesis is described in more detail in the next section.

Table 1 Research questions and objectives

Research question	Objective	Source
1. What is a typical M&A process like?	To provide a theoretical background and explain the terminology for the following research.	A literature review in chapter 2
2. How the employees' perspective in M&A processes could be taken into account?	To examine the employees' perspective in M&A processes and how it could be taken into account as well as possible.	A literature review in chapter 3
3. How did the employees of one of the case company's logistics team experience the M&A process?	To examine the employee's perspective about the case company's M&A process. The objective is to find out the most critical steps with which the employees were not satisfied so that those could be taken into better consideration in the future.	A case study in chapter 4

1.3. Implementation of the study

As mentioned above in section 1.2, this thesis is divided into two parts: a literature review (research questions one and two) and a case study (research question three). The literature review provides the theory base for this thesis via examining the existing research about the topic. Efron and Ravid (2019, p. 2-3) state that there are two different types of literature reviews. The first, a stand-alone literature review, is published as its own, including only the review of existing research. The other option is an embedded review which provides the background information for a larger study, as a thesis. Moreover, the goal of this kind of review is to act as a connecting link between the literature and the following new research. (Efron & Ravid 2019, p. 2-3) Based on the previous, the choice for this study is an embedded literature review as this thesis also includes a case study in addition to the literature review. According to Baumeister and Leary (1997, p. 312), the objectives for conducting a literature review can be divided into five main goals: develop the existing theory and create new, evaluate the theory, create a comprehensive overview of the topic, identify problems in existing investigation, and / or describe how the theory has developed in the past. As mentioned above, the main objective of the literature review in this thesis is to create a comprehensive overview of the topic.

The case study of this thesis is conducted to the needs of the case company, aiming to provide an answer to the defined problem. As its best, a case study can provide particular understanding to the researched topic, especially if the examined number of participants is limited, for example a team (Farquhar 2012, p. 5-6). “In general, case studies are the preferred strategy when “how” or “why” questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context.” (Yin 2003, p. 1). These all go together with the context of this thesis, and so the empirical part is chosen to be conducted as a case study.

The data for the case study is collected via semi-structured interviews which according to Alvesson and Deetz (2000, p. 194) is the most common research method for qualitative research. This method is chosen because it enables concentrating on the specific topics while giving the interviewee an opportunity to express their experiences and opinions freely (Qu & Dumay 2011, p. 246-247). The information gathered from the interviews is reliable for

the purposes of this thesis because the interviewees do not have a direct connection to the total effectiveness of the examined M&A transaction and so it should not have a subconscious effect on their answers.

The assignment for this thesis was received from the case company at the end of 2021. The thesis is written during the first half of 2022, starting in January 2022, and ending in June 2022. The writing process started with the literature review which was conducted from January to early March. First, the existing research was examined and after getting a broad view of the subject, chapters two and three were written. Next, the case study of this thesis was written. The first step of that was to form the base for the interviews (Appendix 2). After that, the interviews were conducted online via Microsoft Teams meetings and the findings of those were written during April 2022. Lastly, the results from the literature review and the interviews were analyzed and summarized both from universal and case company's perspectives. The thesis was published in LUTPub in June 2022.

1.4. Structure of the report

This thesis consists of five main chapters: Introduction, Mergers and acquisitions, Employees' perspective in an M&A process, Case study and Conclusions. The introduction acts as a leading chapter towards the study itself. Firstly, it provides the background information for the thesis, including the existing literature and importance of the subject. Furthermore, the objectives and research questions for the thesis are presented. In addition, the invisible part of the study is discussed, including for example the methodology, schedule, and the working stages of the project. Lastly, the structure of the thesis is presented to help the reader in conceptualizing the subject and to follow the study easier.

Chapters two and three provide the theory for the study as a literature review. In chapter two, M&A transactions are discussed comprehensively to give a broad overview of that subject. The differences between a merger and an acquisition, and additionally between different types of mergers are discussed. Moreover, this chapter includes the steps in a typical M&A process, the evolution of M&A through the years, and the reasons to why M&A transactions often struggle to achieve the set goals. Chapter three concentrates on the practices which affect to how the employees experience the M&A process utilizing a conceptual framework

by Vasilaki, Tarba, Ahammad and Glaister (2016, p. 2496). They call these practices as human resource management (HRM) practices. However, due to other sources do not emphasize HRM but discuss about the practices in general during changes, the term HRM is not used in this thesis. According to Vasilaki et al. (2016, p. 2496), the practices affecting to employees during M&A are communication, employee involvement, teamwork, and training and development. All these are examined via a literature review to provide a background for the following case study.

Chapter four is the empirical part of the thesis. Employees from one of the case company's logistics teams are interviewed about their perspective of the M&A process that they have previously gone through. The earlier presented conceptual framework is utilized in the interviews in order to compare the results with literature which is done in chapter five. Moreover, in chapter five, the research questions are answered, and the recommendations for future research regarding this subject are discussed. After that, all the used references in this thesis are listed alphabetically. Lastly, the conducted interviews are discoverable as appendices both in Finnish and in English (Appendix 1; Appendix 2). The structure of the thesis is visualized as an input-output model below (Table 2), which describes what information is utilized for each chapter and what are the results of the chapters.

Table 2 Structure of the report

Input	Chapter	Output
<ul style="list-style-type: none"> - An assignment from the case company - Existing research of the subject 	1. Introduction	<ul style="list-style-type: none"> - Backgrounds for the thesis - Objectives of the thesis - Implementation and structuring of the thesis
<ul style="list-style-type: none"> - Existing literature of M&A transactions 	2. Mergers and acquisitions	<ul style="list-style-type: none"> - A comprehensive overview of M&A transactions - Information that the human factors have a critical role in the success of M&A
<ul style="list-style-type: none"> - The earlier found information from chapter two that the human factors are in a key role in M&A transactions - Existing literature of employees' perspective in organizational changes, especially in M&A 	3. Employees' perspective in an M&A process	<ul style="list-style-type: none"> - A comprehensive overview of how the employees should be considered during M&A divided in communication, employee involvement, teamwork, and training and development - A conceptual framework which is utilized also in the case study
<ul style="list-style-type: none"> - Theoretical background from chapters two and three - A conceptual framework from chapter three - Backgrounds of the case company - Interviews via Microsoft Teams 	4. Case study	<ul style="list-style-type: none"> - Presentation of the findings from the interviews
<ul style="list-style-type: none"> - The findings from the interviews - The outputs from chapters two and three 	5. Conclusions	<ul style="list-style-type: none"> - A comparison of literature review and case study - Answers to research questions - Recommendations for further studies

2. Mergers and acquisitions

In this chapter, the focus is on M&A which has been one of the most important strategies to grow businesses through the current millennium (Hitt, Harrison & Ireland 2001, p. 9). M&A transactions will be broadly discovered in order to provide the reader a clear understanding of this sometimes-complicated topic. This chapter starts with a classification of mergers and acquisitions in addition to different types of mergers. Moreover, the steps in a typical M&A process, the history of M&A, and the most common reasons driving the M&A into a failure are discussed in this chapter.

2.1. The difference between a merger and an acquisition

M&A is a commonly used abbreviation to describe different financial transactions aiming to combine two or more companies. Both terms mergers and acquisitions are often used interchangeably to mean the same thing but those have a difference in their meanings. (Hayes 2021) According to Majaski (2021) and Belyh (2019), in fact the main reason for the misuse of these two significantly different transactions is that those are often used as a joined abbreviation (M&A) rather than as separate words. Majaski underlines this by stating that these are the business world's two of the most misunderstood words.

An acquisition means a business combination in which one company buys the full rights to another company and so becomes the new owner of it. A merger instead means a transaction in which businesses decide to combine their assets and form one new business. In both of these, at least one of the companies will lose its economic autonomy. In an acquisition, the economic autonomy of the acquired company is always lost, but on the other hand, the company itself may still legally exist. Instead in a merger, "at least one of the involved firms will usually lose both economic and legal autonomy". The mergers can further be divided into two subcategories depending on how many companies cease to exist in consequence of the combination. (Bösecke 2009, p. 6) These will be described in more detail in the following section 2.2.

A merger and an acquisition can also be distinct of each other depending on if there is money transferring between the entities during the process. In a merger, there is usually no money transfers, but the individual decision-making powers of both companies gets weaker. Instead in an acquisition, the acquired (usually the smaller) company loses its assets and decision-making power and so becomes a part of the acquiring company (usually the larger of the companies). (Majaski 2021) Acquisitions often require a lot of cash since more than 50 percent of the acquired firm's assets must be purchased in order to gain the power to make decisions concerning the acquired firm without a need to ask for the approval of the other stakeholders (Bösecke, p. 7; Kenton 2020).

In a merger, it is typical that the businesses are close to the size of each other, but an acquisition may take place between relatively different size businesses (Hayes 2021). In addition to the size of the businesses, the merging companies have often about the same amount of customers and share the same scale of operations. If it is wanted to emphasize the similarity of the above-mentioned terms, the transaction can be called the "merger of equals". (Hargrave 2021) Nevertheless, also that term's utilization is debatable because in almost every merger there is one company controlling the other one (Weber et al. 2014, p. 3). Burke and Jackson (1991, p. 69) even state that all the transactions are acquisitions because in every case, there is a dominant company which absorbs the other one. Weber et al. (2014, p. 3) have decided to use the terms merger and acquisition interchangeably and not make any distinction between them in their book. This approach, and the usage of abbreviation M&A, is used also in this thesis, unless if separately mentioned otherwise.

Usually acquisitions, often even called takeovers, have a more negative point of view compared to the mergers. It is also possible that the acquired company is not willing to agree with the acquisition. That situation is called a hostile takeover which term the acquiring companies are trying to avoid. They rather talk about mergers even if it is actually an acquisition. Because pure mergers of equals are quite rare and acquisitions have a negative perspective, the companies have started to use the abbreviation M&A and are so referring to both of them and not specifying what the real transaction for the combination is. (Majaski 2021; Kenton 2020) To conclude this section, Sherman (2010, p. 2-3) provides the technical definitions for these two transactions:

Merger

“A combination of two or more companies in which the assets and liabilities of the selling firm(s) are absorbed by the buying firm. Although the buying firm may be a considerably different organization after the merger, it retains its original identity. The merger of equals between XM and Sirius to form Sirius XM is an example.”

Acquisition

“The purchase of an asset such as a plant, a division, or even an entire company. For example, Oracle’s acquisition of Sun Microsystems was a significant technology transaction in 2009.”

2.2. Different ways to structure a merger

As mentioned above, the mergers can be categorized into two types. The first option is that only one or some of the included companies cease to exist transferring its / their assets to one company. The second option is that all the original companies are dissolved combining all their assets into one totally new company. (Bösecke 2009, p. 6) Both Bösecke (2009, p. 6-7) and Gaughan (2010, p. 13) agree that these are hard to distinct from each other because in practice M&A transactions do not usually follow the definitions from the literature. They say that often the term merger is used while meaning either of these.

In addition to the above categories which depend on how many companies cease to exist, there exists three different structural merger categories based on companies’ interrelationships: horizontal merger, vertical merger, and conglomeration (Gaughan 2010, p. 13-14; Bösecke 2009, p. 8; Thorsten 2020, p. 40; Tremblay & Tremblay 2012, p. 521). Next, in this section, the differences between these are examined.

Horizontal merger

A horizontal merger is a business combination which involves two or more companies from the same industry (Bösecke 2009, p. 8; Thorsten 2020, p. 40; Tremblay & Tremblay 2012, p. 521). As horizontal mergers occur between firms that were former competitors, those may sometimes lead to increased market power with anticompetitive effects. The European Commission has been strict against this kind of combinations, whereas in the United States of America, the policy and antitrust laws have changed through the years. (Gaughan 2010,

p. 13-14) These changes are examined in more detail in section 2.4., and the typical characteristics of a horizontal merger are visualized below in Figure 1.

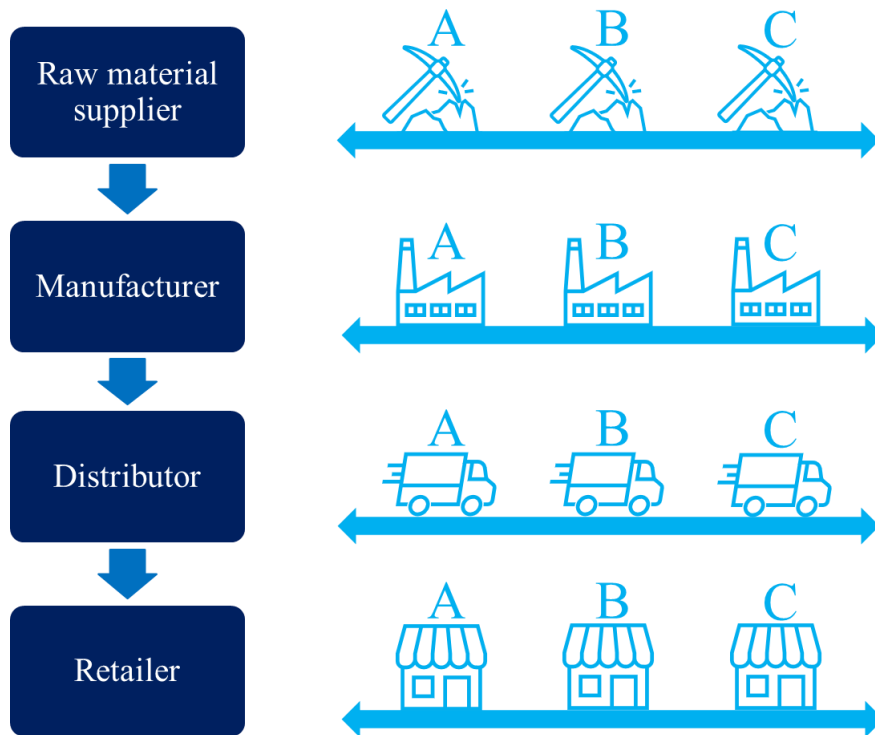


Figure 1 Horizontal merger

Vertical merger

In a vertical merger, the combining partners have cooperated through the common value chain but not at the same stage of production (Bösecke 2009, p. 8; Thorsten 2020, p. 40). In addition, according to Gaughan (2010, p. 14), the combining companies must have had a buyer-seller relationship. Thorsten (2020, p. 40) adds that the vertical integration may occur both backwards (for example, a manufacturer integrates a raw material supplier as a part of its business) and forwards (for example, a manufacturer integrates a distributor as a part of its business). Furthermore, a backward integration may be referred as an upstream integration, and a forward integration as a downstream integration. (Tremblay & Tremblay 2012, p. 521-522) The typical characteristics of a vertical merger are visualized below in Figure 2.

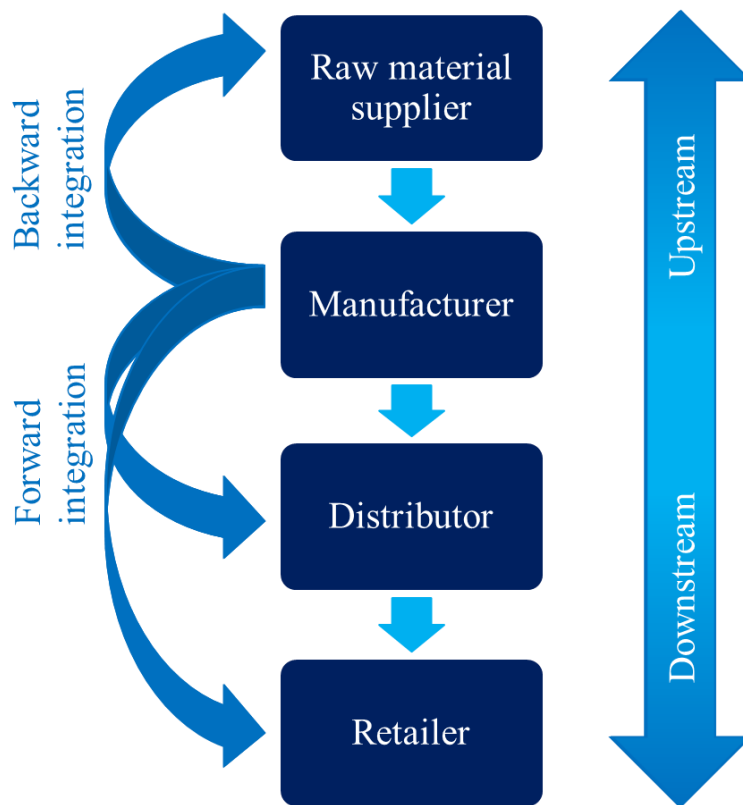


Figure 2 Vertical merger

Conglomerate merger

All the other mergers except horizontal and vertical are called conglomerate mergers (Tremblay & Tremblay 2012, p. 522), meaning that in a conglomeration, the combined firms are originally from different industries (Thorsten 2020, p. 40). In addition, the combining firms can neither be competitors nor in a buyer-seller relationship in order to call the new formed company a conglomeration (Gaughan 2010, p. 14). Furthermore, there are two different types of conglomerations depending on how separate markets the combining firms are from. In a pure conglomerate merger, the combining firms are entirely different, neither operating in the same markets nor producing similar products. Whereas an impure conglomerate merger may include firms which have something common in their businesses. Impure conglomerate mergers can be further divided into two types: market-extension merger in which the firms operate in different geographical areas but have the same product, and product-extension merger in which the firms have products which are close to each other. (Tremblay & Tremblay 2012, p. 522) As an example of a pure conglomeration, Tremblay and Tremblay (2012, p. 522) mention a combination between an ice cream company and a bicycle company (Figure 3).

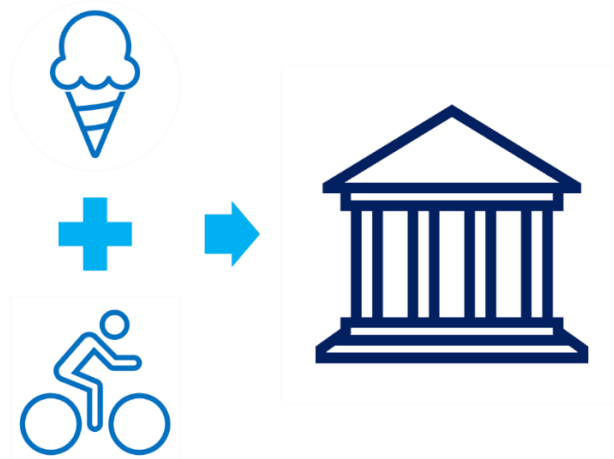


Figure 3 Pure conglomerate merger

2.3. The steps in a typical M&A process

There are various ways for the start of the M&A process. In most of the situations, the target company is in a key role as usually no firm can be bought without an initiative from the firm itself. In some situations, the selling company may be forced to a M&A process because of the financial reasons. On the other hand, the management may think that the firm is currently at its highest value and so selling it could be the next strategical move. Furthermore, a buying company may have shown its interest to negotiate about “items of mutual interest”. (Miller 2008, p. 23)

Since there are many steps in the process, it may take even several years to get from the start of the process to the implementation phase (Corporate Finance Institute 2022). Walldén (2019) disagrees with this by saying that in theory it should not take more than 60 days to complete the M&A process. Instead, according to him, the deal would be beneficial to close as soon as possible since the probability of failure gets the higher the longer the process takes time. However, also Walldén (2019) says that the M&A processes do not usually go as planned. According to him, the time that the process takes depends on the size of the deal, complexity of the structure and how the partners act during the process. Even though the steps take long to complete, it is crucial to put effort in each of them as it will help to succeed later in the process. Sometimes the process can be considered successful even if it does not lead to a deal because with a thorough process, the target may be recognized not to be

suitable, and a bad bargain can be avoided. (Kaukonen 2021) Next, the steps of a typical M&A process are examined.

From the buyer's perspective, a typical M&A process begins from developing the strategy. During this first step, the company should form a basis for the process, including the reason for the process (for example, are they seeking for horizontal, vertical, or conglomerate integration). (Corporate Finance Institute 2022) This step is critical as it will later act as a guide for the following steps of the process. In addition to deciding the reason for the process, also future strategical goals should be taken into consideration. It is beneficial to connect the goals of the M&A process both to the firm's short-time and long-time strategy in order to get the best results from the process. (Kaukonen 2021) After getting clear expectations about what they will gain from the process, the next step is to define the boundaries for the target company. This may include for example geographical locations or size of the company. According to the previously set criteria, the company may start to search for interesting targets. Those will next be contacted in order to get more information from them and to know if they are willing to take a part either in a merger or an acquisition. Based on the gained information from the approached companies, the buyer will analyze more precisely if the target would be suitable for their M&A strategy. (Corporate Finance Institute 2022) The above-mentioned steps are visualized below in the bottom part of Figure 4.

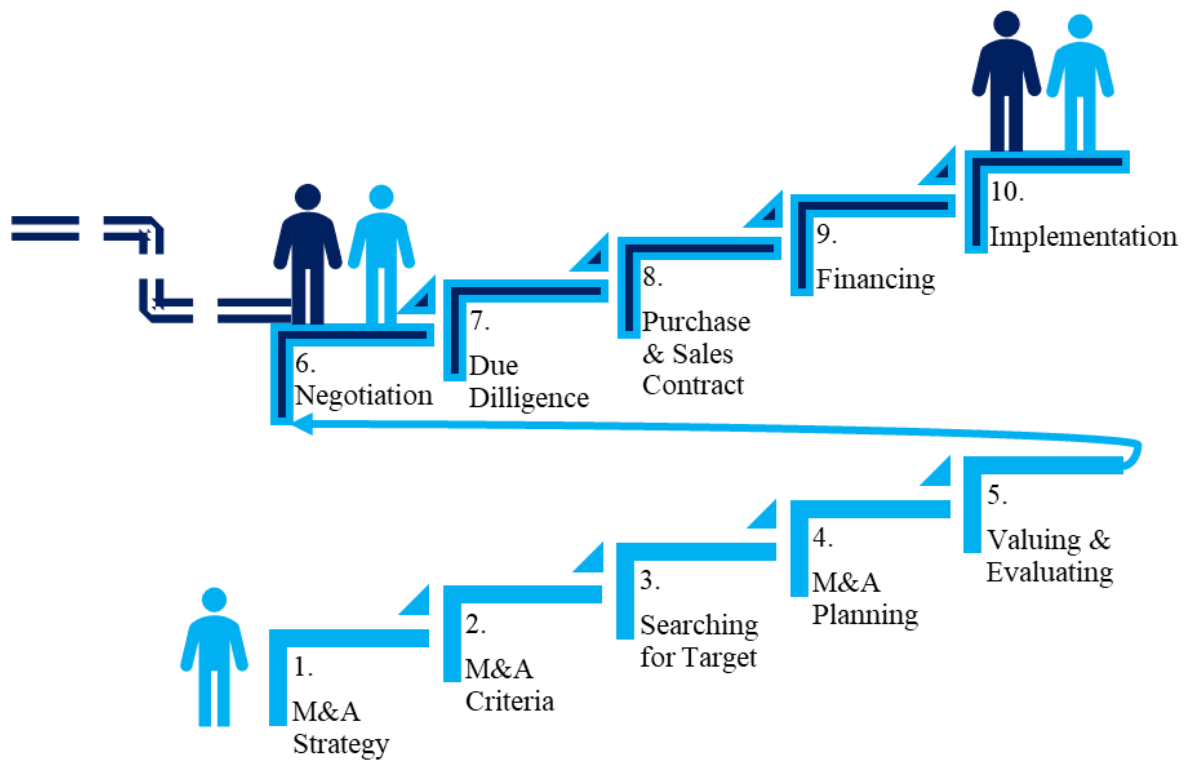


Figure 4 Steps in a typical M&A process (Corporate Finance Institute 2022)

The upper part of Figure 4 presents the steps after the buyer has done its individual background research and is ready to set an offer to the target company. Based on the offer, the involved companies will together negotiate about the details of the deal. After accepting the offer, it is time for due diligence which is often the most time-consuming step of the M&A process. During that, the valuation of the deal is confirmed via a precise analysis including every possible aspect of the target company (for example, financial metrics and human resources). (Corporate Finance Institute 2022) In many cases, both buyers and sellers think that the reason for the delayed schedule is in the opposite party. From the buyer's perspective, the selling party takes too much time in providing the required material and answering the follow-up questions. Whereas from the seller's point of view, the buying party asks too many and unnecessary questions. (Walldén 2019) After due diligence is completed, there are only details in the contract to be agreed on. First, it must be decided if the purchase concerns assets or share. Then, the buyer must decide how it will finance the purchase. Finally, after all the details are agreed, it is time to close the deal and begin cooperative work in order to merge the involved firms. (Corporate Finance Institute 2022)

2.4. The history of M&A transactions worldwide

There occur new M&A transactions daily (McCarthy & Dolfsma, p. 11), but in a large view they tend to occur in waves and have a high procyclical effect on business world (Toxvaerd 2008, p. 1-2). The waves are widely examined and depending on the source, the start and the end years of the periods may vary a little (Belyh 2019; Martynova & Renneboog 2008, p. 2152; McCarthy & Dolfsma 2013, p. 11-25). Regardless of the discrepancy in the years of the period, the noticed characteristics for every period are quite similar, and so all the sources can be used to refer to a certain M&A wave. In this thesis, the used periodic division is the one which Martynova and Renneboog presented in 2008 with an addition of the seventh wave by Belyh in 2019 (Table 3). This division is chosen because the first mentioned is widely referenced but does not have information about the latest wave because of the year of publication in 2008.

Table 3 M&A Waves (Martynova & Renneboog 2008, p. 2151; Belyh 2019)

Wave	Period
First Wave	1890s-1903
Second Wave	1910s-1929
Third Wave	1950s-1973
Fourth Wave	1981-1989
Fifth Wave	1993-2001
Sixth Wave	2003-2008
Seventh Wave	2011-present

Characteristically, the merger waves have been preceded by various economic, regulatory and / or technological changes. However, only a change in some of these is not enough to create a new wave since there is also a need for sufficient capital liquidity. (Harford 2005, p. 529) That is why mergers tend to place at a time when stock prices are increasing rapidly, and market optimism is rising (Gugler, Mueller, Weichselbaumer & Burcin Yurtoglu 2012, p. 159). In addition to the previous possible reasons, a change in political situation can be seen as a leading step towards a new wave. Furthermore, the other common thing for all the waves is the reason for ending, as every time stock market crash has been the mark of an end for the current wave. The first wave, also known as the Great Merger Wave, took place only

in the United States of America, where occurred many radical changes in technology. (Martynova & Renneboog 2008, p. 2149-2151) During that period, mergers were mainly done horizontally, as many rivalling firms decided to join their forces and form giant companies. These combinations can even be called monopolies as they had a significant and dominating role in the market. For instance, United States Steel Corporation is one example of the times emerged monopolies. (Stigler 1950, p. 23-27; Petitt & Ferris 2013, p. 4) It was the biggest company of that time, and was formed of Carnegie Steel Company, Federal Steel Company, National Steel Company and J.P. Morgan (Belyh 2019).

The second M&A wave arose after the World War I, which had caused an interval in the transactions. Like the first wave, also the second one concerned mainly the companies in the United States of America. (Martynova & Renneboog 2008, p. 2149-2151) That period began after the government of the United States of America prohibited the monopolies, which were causing anticompetition to the market. As it was not allowed to form giant market dominating entities horizontally, companies started to pay attention to the vertical integration and the growth opportunities which it provided. During that time, many oil companies enlarged their business and began to transport and even retail the gas products. (Petitt & Ferris 2013, p. 4) For example, Standard Oil Company, which was formed during the first wave, started now oil refining, retailing and marketing (Belyh 2019). This new merging trend created oligopolies which were formed of the companies that did not take part in the first wave when the monopolies were formed. After the second wave, there were several smaller companies in the industry rather than only one dominating monopoly. (Stigler 1950, p. 31) Beckett (1986, p. 15) describes an oligopoly as a firm “that claimed a significant share of the market but less than an outright monopoly”. Eventually, the second wave ended as the stock market crashed and the Great Depression began (Martynova & Renneboog 2008, p. 2149-2151).

World War II caused a depression in the M&A activity, and the new third wave began only in the 1950s (Petitt & Ferris 2013, p. 4). Again, the government of the United States of America had a considerable role in the onset of a new M&A wave as now also oligopolies were seen too dominant. As a result, the Celler-Kefauver Act (a law which strengthened the prohibition of anticompetitive M&A transactions (Salinger 2005, p. 147)) was passed. (Beckett 1986, p. 15; Martynova & Renneboog 2008, p. 2150) It did not matter if the merger

made an impact to the competition. Strengthening the law basically made it impossible for companies within the same industry to merge. (Shleifer & Vishny 1991, p. 52) From that on, conglomerate mergers began to be more and more common way to enlarge businesses. (Beckett 1986, p. 15) For example, General Electric Company was a formation of businesses which are not related to each other's (Petitt & Ferris 2013, p. 4) Again, the wave ended to a stock market crash as the international oil crisis shocked the world economy in 1973 (Martynova & Renneboog 2008, p. 2150).

The M&A transactions were eventually deregulated in early 1980s which started the fourth wave (Martynova & Renneboog 2008, p. 2150-2152). Large firms began to dominate the M&A transactions and the most noteworthy transaction type of that time was a horizontal merge between giant corporates (Beckett 1986, p. 15; Shleifer & Vishny 1991, p. 53). Furthermore, the new increase in M&A activity was utilized by some companies as a way to sell their divisions which were not related to their core business. Those divisions were bought in the previous wave when companies merged with unrelated businesses, but it was not profitable to have those anymore as it was allowed to merge inside own industry. (Petitt & Ferris 2013, p. 5) Also Shleifer and Vishny (1991, pp. 54) have noted this trend to sell the earlier bought divisions. They underline this by claiming that the fourth wave destroyed everything that was done during the third wave; conglomerates were demolished, and consolidations augmented their popularity again. As earlier, the stock market crash of 1987 ended this wave (Martynova & Renneboog 2008, p. 2152).

The popularity to merge with the companies from the same industry increased even more during the 1990s (Andrade, Mitchell & Stafford 2001, pp. 106-107). Another characteristic feature for this fifth wave was its internationality and firms' motivation to enlarge to global markets as merging cross-border was seen as a quick and cost-effective way to get presence in a new market area (Martynova & Renneboog 2008, p. 2152; Petitt & Ferris 2013, p. 5). During the globalization, European firms bridged the gap with US firms in the number of M&A transactions. The fifth wave included 87 804 M&A transactions in Europe, while the number in the fourth wave was only 9 958. (Martynova & Renneboog 2006, p. 17) Petitt and Ferris (2013, p. 5-6) add that cross-border mergers were preceded by a few large trade zones (North Atlantic Free Trade Agreement (NAFTA), European Union (EU) and Mercosur). Mercosur, the Southern Common Market, was established in 1991 (Mercosur 2021), EU

launched the European Single Market which allowed free movement in 1993 (European Union 2022), and NAFTA was enacted in 1994 (International Trade Administration 2022a). Later, in 2020, NAFTA was replaced by the U.S.-Mexico-Canada Agreement (USMCA) in order to grow the economy and provide a fairer trade environment (International Trade Administration 2022b).

Furthermore, the fifth wave can also be called as an era of “acquire or be acquired”. There were some industries (for example oil and gas) which included too many companies, and so were not that profitable. All the companies were not able to survive this situation and were forced to be acquired. (Petitt & Ferris 2013, p. 5-6) The fifth wave came to an end in 2001 as a result of stock market crash. Also, 9/11 terrorist attack influenced the reduction of M&A activity. (Martynova & Renneboog 2008, p. 2151)

This time the lower M&A activity did not last long as the sixth wave began in 2003 continuing the globalization, which the previous wave had started (Martynova & Renneboog 2008, p. 2152). According to Alexandridis, Mavrovitis and Travlos (2012, p. 2, 4-5), firms had learned from the mistakes of previous waves, and were able to do better decisions regarding M&A. They claim that for example the valuation of the transactions was more precise. However, as the start for this wave, also the end happened fast while the subprime mortgage crisis shocked the world economy in 2007 leading to M&A activity reduction a year later (Belyh 2019). Petitt & Ferris (2013, p. 6) supposed in 2013 that a new wave would be in progress, and they were not wrong as Belyh (2019) later claimed that the seventh wave had begun already in 2011.

The seventh wave was actually suddenly stopped in early 2020 as a result of global lockdowns which COVID-19 had caused. However, during the second half of the year, the raise in the activity was fast. In fact, there were done more M&A transactions than ever after the year 2007, thus the overall number of transactions in 2020 was not as low as could have been expected, and so the seventh wave continued. (Galpin 2021, p. 14; Kooli and Lock Son 2021, p. 103-104) Even though COVID-19 did not end the current M&A wave, it certainly left its mark in the history. It forced companies to rapidly adjust their strategies to the new global situation as this crisis did not have an effect only on the financial system, but included also environmental aspects, for example the lockdowns. (Kooli and Lock Son 2021, p. 105-

106) As a consequence of the lockdowns, working remotely has become the “new normal”. Due to this change, all the involved parties needed to adapt to use multiple online negotiation tools. (Harroch, Lipkin & Smith 2020) In addition to affecting the M&A process as a whole, COVID-19 has had an effect especially on due diligence because physical visits are not often allowed during the pandemic (Crowell 2020). However, today’s technology helps with this issue as some of the site visits have been organized as virtual plant tours (Leach & Kaske 2020). Overall, closing a M&A deal was not a simple task even before the pandemic, but still many companies managed to overcome the new challenges and finalize the deals in the middle of a global crisis (Deckert 2021, p. 11)

The United States of America has always had a significant role in M&A activity, but Europe and Asia have raised rapidly during the later waves. These main geographical areas and the earlier presented outcomes of the first six M&A waves are collected in Table 4 as a conclusion of this section. The seventh wave is not included as it is still going on, thus the outcome of the wave is not properly known yet.

Table 4 Summary of M&A waves (Martynova & Renneboog 2008, p. 2151)

Wave	Geographical scope	M&A outcome
First	US	Formation of monopolies
Second	US	Formation of oligopolies
Third	US, UK, Europe	Growth through diversification
Fourth	US, UK, Europe, Asia	Elimination of inefficiencies
Fifth	US, UK, Europe, Asia	Adjustment to globalization processes
Sixth	US, UK, Europe, Asia	Global expansion

Next, the history of the M&A is discovered by numbers, including the changes in M&A activity and the largest deals of all-time. Figure 5 illustrates the M&A transactions worldwide from 1985 to May 2021. During that time period, there occurred 1 121 403 M&A transactions with the total value of United States Dollars (USD) 81 219 billion. On average it means that a value of a single M&A transaction has been approximately USD 72.4 million.

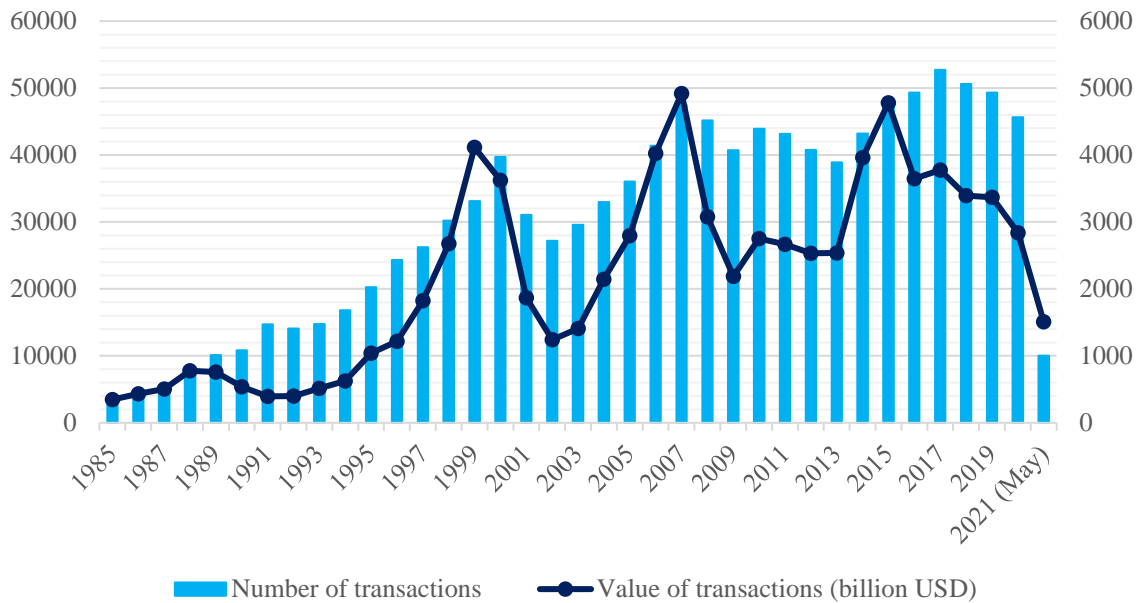


Figure 5 Mergers and Acquisitions Worldwide (Institute for Mergers, Acquisitions & Alliances 2021)

While the most valuable M&A transaction of all time has been worth of USD 202.7 billion (Table 5), it was approximately 2 800 times the value of an average transaction. As a matter of fact, M&A transactions happen often between small and medium-sized enterprises (SMEs), but they are less known because the largest deals are presented in the news and the smaller ones are left for less public attention (Kenton 2020). Before this presented time period, the M&A transactions were a lot less valuable. For example, Shell Oil Co. paid USD 3.65 billion for the acquisition of Belridge Oil Co. of California in 1979, and it was the most valuable M&A transaction by that date (Rich 1979).

Table 5 Largest M&A transactions worldwide (Institute for Mergers, Acquisitions & Alliances 2021)

Rank	Year	Acquirer Name	Target Name	Value of Transaction (in bil. USD)
1	1999	Vodafone AirTouch PLC	Mannesmann AG	202.7
2	2000	America Online Inc	Time Warner	164.7
3	2013	Verizon Communications Inc	Verizon Wireless Inc	130.2
4	2007	Shareholders (Spin out)	Philip Morris Intl Inc	107.6
5	2015	Anheuser-Busch Inbev SA/NV	SABMiller PLC	101.5
6	2007	RFS Holdings BV	ABN-AMRO Holding NV	98.2
7	1999	Pfizer Inc	Warner-Lambert Co	89.6
8	2017	Walt Disney Co	21st Century Fox Inc	84.2
9	2016	AT&T Inc	Time Warner Inc	79.4
10	2019	Bristol-Myers Squibb Co	Celgene Corp	79.4

As visible in Figure 5, the number of occurred transactions has increased substantially during the examined period. Especially until year 2000 the number got higher rapidly, while there were 2 676 transactions in 1985 and 39 738 transactions in 2000. The total value of transactions seems to roughly follow the figure of number of transactions. However, the average value of transactions (Figure 6) has not increased during the years, but instead has notable peaks both above and under the all-time average line (above mentioned USD 72.4 million). By comparing that figure and the all-time largest M&A transactions (Table 5), it can be seen that a few large transactions will change the average value a lot which so is not very comparable. For example, in many years which have some of the highest average transaction values (years 1999, 2007 and 2015), there is a deal or two deals in the all-time top ten list.

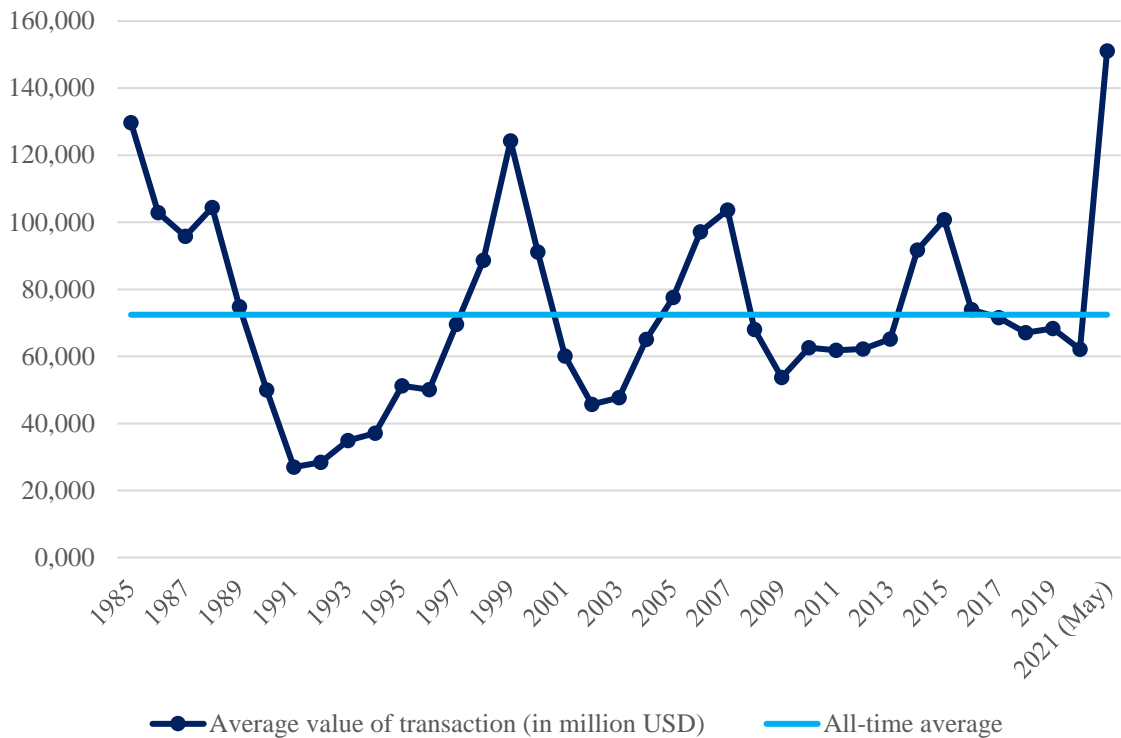


Figure 6 Average value of M&A transactions (Institute for Mergers, Acquisitions & Alliances 2021)

According to Weber et al. (2014, p. 4), the future for M&A transactions seems also bright. They expect that the globalization will have an even bigger effect on the deals as companies are looking for opportunities for international growth. Especially companies from Asia-Pacific are predicted to have a significant role as buyers of growing firms from Europe. However, as discussed above in section 2.4, the Covid-19 has had an effect also to M&A activity.

2.5. Why do mergers and acquisitions often fail?

In practice, the earlier presented steps of a typical M&A do not usually go as smoothly as in the literature. It is estimated that the all-time success rate of M&A transactions is less than 50 percent, and in early 2010s the situation was even worse as 83 percent of the deals did not fulfill the objectives (Weber et al. 2014, p. 3-4). Lewis and McKone (2016) have slightly different numbers as they present that over 60 percent of the deals end up to decreasing the value of the company. They add that regardless of these alarming numbers, many companies seek for a growth via M&A. Moreover, Schoenberg's (2006, p. 366) measurement gives the

M&A a failure rate of approximately 44 percent. All the authors have their own percentages for the failure rates, but on the whole, not many M&A transactions end up being a huge success. In this section the focus is on the reasons that cause these failures of mergers and acquisitions. According to the survey including 123 companies, conducted by Aon Hewitt (2011, p. 1,5), there are a lot of different reasons that drive the M&A towards a failure (Figure 7). They find out that usually the failure is a combination of multiple reasons, while the most recognized single reason is the delay in schedule. Additionally, many of the reasons seem to be related to the employees and culture. Furthermore, in this section, the focus will be moved towards the implementation phase, and what are the most critical success factors in combining the companies together.

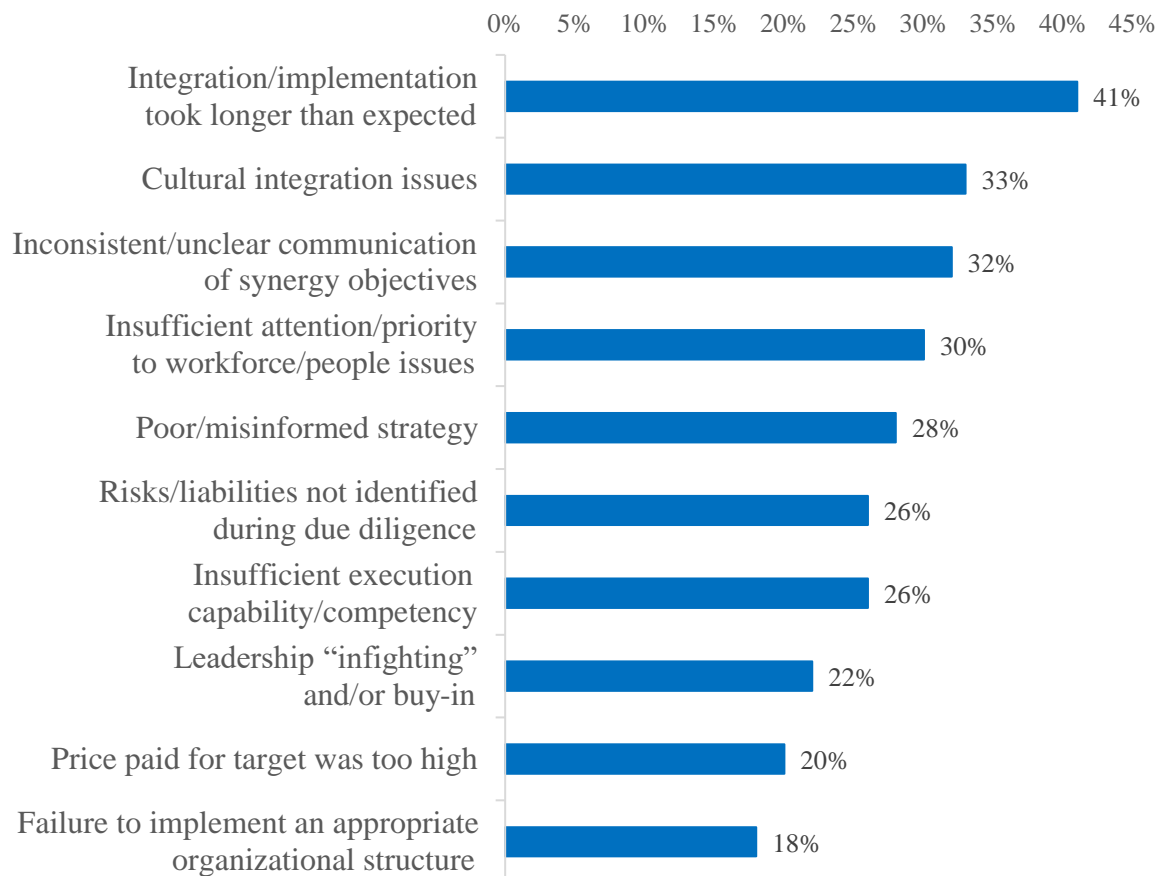


Figure 7 Top 10 drivers of M&A failures as percent of respondents (Aon Hewitt 2011, p. 5)

“Easy to buy but hard to perform” is the background reason for the M&A failures according to Weber et al. (2014, p. 4-5). They divide the reasons for failures into three main categories: economics and finance, strategic management, and organizational behavior. In addition,

Galpin (2021, p. 14) has a similar division. According to him, the most important things are to value the targets accurately, pay attention to post-merger integration, and manage to handle the human factors properly. In order to have a successful M&A process, it is necessary to have a good knowledge of all the things mentioned above. However, often the processes are planned poorly, do not have enough synergies, have too many structural differences, or the strategy is not implemented properly. (Weber et al. 2014, p. 4-5)

In both Weber et al. (2014, p. 5-7) and Galpin (2021, p. 15-16) divisions, the first point consists of valuing the target, including the personal references of a chief executive officer (CEO). They agree that often the CEOs have too optimistic expectations for the consequences of M&A thus the valuation may get too high, and the acquired company is overpaid. Weber et al. underline the relevance of this problem by saying that in many M&As, the stockholders of the acquiring firm do not profit as the valuation of the deal has been wrong, which leads to the failure of M&A from their point of view. In addition, both Weber et al. and Galpin mention that CEOs and stockholders may have relatively different interests to combine with another company. They say that the CEOs may see the deal as a new step in their personal career development, gaining a larger company to lead and higher salaries, whereas the stockholders are looking for a raise in the stock price. In addition, Seth, Song & Pettit (2000, p. 398) note in their research that some negative total gains may be explained by this “managerialism” in which managers push the deal in order to gain personal benefits. Patel (2021b) highlights the deal between America Online and Time Warner (Table 5) as the best-known failure of M&A transactions. He says that the companies did not have a full understanding of the markets and ended up estimating the value significantly wrong; only in one year the value decreased with USD 99 billion.

The second point of Weber et al. (2014, p. 7-9) and Galpin (2021, p. 16-18) divisions considers the importance of planning the integration properly to get the best results out of it. According to Weber et al., the success of this category is measured by how well the synergies of the deal are realized. They say that synergy between the combined firms may be considered well-organized if it is more profitable to have the firms combined than separate. Furthermore, they find two topics in which a lack may lead to a failure regarding synergies: prior planning and focus on human factors. (Weber et al. 2014, p. 7-9) In addition, if the due diligence is not done properly, it often ends up to too optimistic assumptions of the potential

synergy benefits which further causes overpricing in the deal (Lewis & McKone 2016; Kaukonen 2021). One example of failure caused by due diligence is the deal between Caterpillar and ERA. There was a remarkable error in ERA's accounting which Caterpillar did not notice. This led to a decrease of USD 580 million in the value of ERA. (Patel 2021b)

On the other hand, Galpin (2021, p. 16-18) focuses mainly on the planning of post-merger integration which demands an ability to change the course quickly if needed so that the integration does not stop on the obstacles and goes forward all the time. As one guiding principle for this agile method, he mentions an 80/20 rule, which means that the last 20 percent of the information requires 80 percent of the total spent time, and so it is not profitable to gather all the information to make the decisions. In addition to recognizing the obstacles, Galpin says that it is important to follow the progress of the integration on a weekly level. According to him, this can be done via gathering feedback from both employees and customers. Based on the feedback and learned practices, a repeatable procedure should be formed to help in managing the future deals. However, only 40 percent of the firms have an appropriate model which they can follow through the process. (Galpin 2021, p. 16-18)

As mentioned above, it is necessary to handle the human factors properly in order to have a successful M&A. Weber et al. (2014, p. 9-10) and Galpin (2021, p. 18-20) have listed this as their third and final category leading to failures of M&A. The human factors can actually be considered as the most important category in the success of M&A. A lack in this can lead to a failure of the deal even if the two above mentioned categories are handled successfully. (Weber et al. 2014, p. 9) Due to the importance of the human factors, those will be discovered in more detail in chapter 3.

One way to try to reduce the risks of M&A is so called "journey edge" -strategy which aims to provide a better customer journey via only a slight, expanding effect to the product portfolio. This situation demands the company to think how far the customers are accepting the company to go in order to provide better products to their needs. At its best, this strategy may enable to support the customers with more suitable products via utilizing the merger's synergy benefits, and other company's expertise and assets. An example deal in which this strategy was utilized occurred between Procter & Gamble and Gillette. The first mentioned

is a company focused on women's skin care, whereas the later one focuses on men's skin care. Together they gained huge synergy benefits as they were able to utilize each other's expertise and technology. However, if the customers do not see a need for the extra services, the deal may lead to a failure, and the sought better customer journey will not be achieved. (Lewis & McKone 2016)

Mandl et al. (2000, p. 146-147) discuss about the M&A failures and have differing opinions, both for and against mergers and acquisitions. In their discussion, Mandl and Bohnett see M&A mainly as a positive opportunity to grow the businesses, whereas Liddy and Komansky have more cautious point of views. Komansky says that combining with another company should not be the only option when seeking for business growth, but also possibility for internal growth should be considered. According to Liddy, M&A should be chosen only if there is a need for extra knowledge. On the other hand, Liddy says that sometimes the reputation of M&A is due to the visibility of the deals, as also internal projects fail but those are less known about.

3. Employees' perspective in an M&A process

In this third chapter, the focus is on the “soft side” of M&A processes, including both organizational cultures and individual employees. Vasilaki et al. (2016, p. 2491-2496) present a conceptual framework (Figure 8) about the practices which have an effect on the employees' behavior and identification during M&A, thus affecting their perspective of the total M&A process. According to them, these practices can be divided to communication, employee involvement, teamwork, and training and development. This framework is used as the base for this chapter and also for the following case study. In this chapter, the role of above-mentioned inside the organizational changes will be discovered via a literature review. In addition, a discovery of the effects of cultural differences is included as it is found to have a considerable role in M&A.

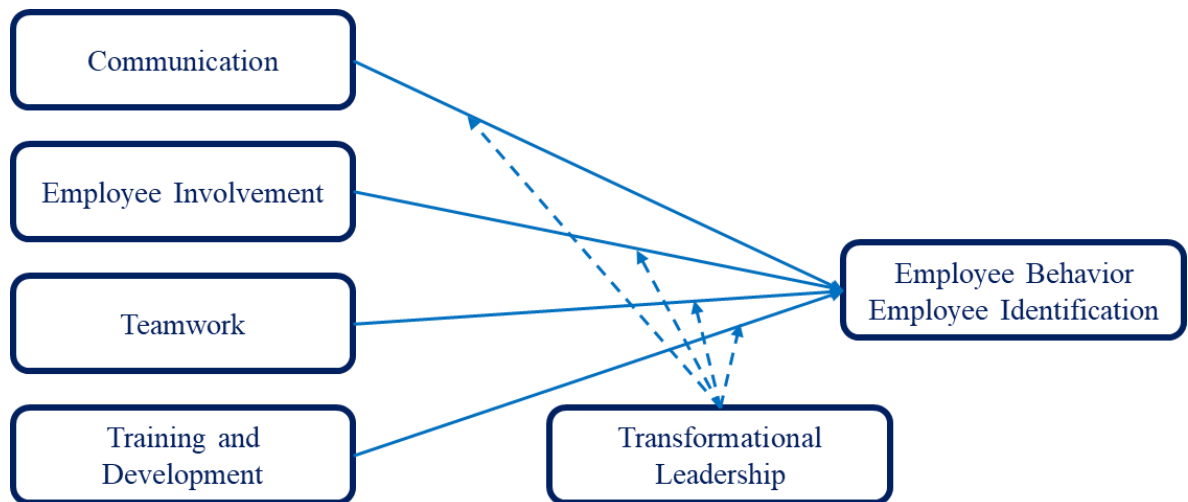


Figure 8 Practices affecting employees' perspective during M&A (Vasilaki et al. 2016, p. 2496)

3.1. Communication during M&A

“Communicate more than you think you should. If you feel as though you are completely overwhelming your employees with information and updates about the merger, then you are probably communicating about the right amount.” (Galpin & Herndon 2007, p. 117). Furthermore, Galpin and Herndon (2007, p. 118-119) raise communication as the most

improvement needing area in M&A. They present four direct quotes from employees of a merged company to emphasize that: “We received an initial announcement about the deal, but we haven’t been told anything since.”, “I’m not sure what they are doing about integration. The only thing I’ve heard is that there might be lots of people losing their jobs.”, “I don’t know who is in charge of the integration. I haven’t heard anything about it.” and “I don’t know what to tell customers when they ask us about the merger.”

The communication regarding M&A transactions can be divided into three main categories from the perspective of this thesis: the initial announcement, from the announcement to day one, and the first 100 days (Davenport & Barrow 2009, p. 57-144). Each of these and the most important things to focus on in those will be discussed in more detail in this section. Moreover, there is of course communication also before announcing the deal publicly, but the focus of this thesis is on the employee’s perspective, so that period of time is excluded from the study. In addition, it is important to pay enough attention to communication also from the cultural point of view as inconsistent communication is one of the reasons that lead to unsuccessful cultural integration which is described later in section 3.5 (Figure 11).

The initial announcement must be planned carefully as it is only possible to make the first impression once. The content of the announcement is highly dependent on the type of the deal; in case of friendly mergers there might be a lot of information already available whereas if the deal is hostile or information leaked, there is not much information to provide. The most important thing to focus on is to make the announcement as clear as possible and consistent to everyone. (Davenport & Barrow 2009, p. 57) According to Galpin and Herndon (2007, p. 119-120), the most important things in M&A communication are to link strategical objectives to the communication, be honest about the goals, plan well beforehand, and be consistent. Many of these are the same that Davenport and Barrow present to be the most critical in the planning phase (Table 6).

Table 6 What to focus on while planning the initial announcement? (Davenport & Barrow 2009, p. 59-69)

What?	How?
Plan for leaks	<ul style="list-style-type: none"> - In case of an information leak, the announcement must be published quickly, and all the employees contacted - Firstly, senior managers must be contacted to talk about the plans
Explain the rationale	<ul style="list-style-type: none"> - Must have an answer to “why will one organization do better in any way than the previous separate ones?” - Employees trust in the new organization is based on how competent they see it
Language	<ul style="list-style-type: none"> - Avoid management language as all the employees do not understand it - Talk about the new organization’s potentials
M or A	<ul style="list-style-type: none"> - Define clearly whether it is a merger or an acquisition - Even if it is said to be “a merger of equals”, there is almost always a dominant party which processes are used in the new organization. This wrong use of terms may cause cynicism among employees
Timing	<ul style="list-style-type: none"> - All employees must be informed quickly, and a meeting organized soon after the announcement to discuss more - In global organizations it may be impossible to inform all employees before they hear about the deal from the news due to the time differences
The practicalities	<ul style="list-style-type: none"> - Alert local managements beforehand, make sure to reach all employees, book meeting rooms, etc.

During the time from announcing the upcoming M&A to the actual first day there is often not much to inform about, and that is why it is hard time from the perspective of communication. Employees are seeking answers concerning their jobs, but the information is not available yet. The most important thing for the management during that time is to keep employees’ motivation high even though all the questions are not answered. People must be listened and talked about the other organization in order to ensure that. (Davenport & Barrow 2009, p. 83-84) Due to a lack of new information concerning employees between the announcement and the first day, that period is left for less attention in this thesis. Instead, the first 100 days are in a big role in the communication of a new organization. It is important to manage to set the tone for the new organization when there is not yet “them-and-us” mentality and the employees are not against the change. (Davenport & Barrow 2009, p. 101-103) Moreover, the communication must be two-way so that also the voice of employees is heard and considered in the decision making (Appelbaum, Karelis, Le Henaff & McLaughlin 2017a, p. 90). The most often observed issues and the consequences of those are presented in Table 7.

Table 7 Communication issues during the first 100 days (Davenport & Barrow 2009, p. 103-131)

Issue	What it causes / how to solve?
Speed versus consulting	<ul style="list-style-type: none"> - Need to decide whether it is best to move on faster or consult different employee groups - Most of the consulting should be done before day one in order to ensure smooth integration
Time when there is nothing to inform about	<ul style="list-style-type: none"> - People ask for information that is not available due to some decisions are not done yet - Tell people that their frustration is understood and communicate any news about the process once available in order to avoid rumors
Building trust and credibility	<ul style="list-style-type: none"> - It is generally assumed that M&A leads to lay-offs and that the old management loses power - Low trust will eventually lead to a situation where employees do not believe what they are communicated - Communication must be frequent, consistent between sources as employees know the facts, well presented, from a reliable source, and impossible to misunderstand
New leaders in organization	<ul style="list-style-type: none"> - The new leaders must be helped to support the employees - Especially the visibility of senior management is important in order to build trust
Resistance to change	<ul style="list-style-type: none"> - The resistance against the organizational changes is usually due to employees do not know whether they will be good in the new environment or not - Organize one-on-one conversations about the concerns of individuals - Get across that the change is permanent so that employees realize that there is no reason to compare the new against the old
Overload of communication	<ul style="list-style-type: none"> - People may lose the most important messages among the mass of information - It is needed to target the messages only to the people who need it (more in Table 8)
Communicating redundancy	<ul style="list-style-type: none"> - It is better to communicate openly about the upcoming redundancies so that people have time to seek for new jobs. This is important as people who stay in the company will hear if the treatment was unfair and that will have an effect to their attitudes.
Normal business communication	<ul style="list-style-type: none"> - People may lose their focus on the core business during an organizational change - Needed to maintain the normal business communication in addition to the communication concerning M&A

The content and the tone of statements informed to employees during the first 100 days is highly dependent on their role in the company. The roles can be divided as per below Table 8 also including the information that they often demand. However, it is needed to note that

an employee may be in one or more categories and so the statements must be planned well in order to avoid inconsistencies. (Davenport & Barrow 2009, p. 132)

Table 8 The information that different employee groups require (Davenport & Barrow 2009, p. 133-139)

Employee group	Content and tone
The buying organization	<ul style="list-style-type: none"> - People may think that the change will not affect them, so it is needed to communicate already in the beginning if there are some changes coming later in order to avoid the feeling of betrayal
The target organization	<ul style="list-style-type: none"> - Must listen to people's fears individually - The change usually has emotional effects and upset people may not want to listen the information, so it needs to be repeated
People facing immediate effects from the integration	<ul style="list-style-type: none"> - Information about the job, for example about redundancies, location, and boss - Must have channels for questions
People not facing immediate effects from the integration	<ul style="list-style-type: none"> - Need to ensure that people are neither fearing unnecessarily nor feeling completely safe as there may be changes later
People who are the most needed to keep	<ul style="list-style-type: none"> - Focus on individual communication
People already knowing that they will not be a part of the new organization	<ul style="list-style-type: none"> - Treat well because their work effort is needed until they leave the company, and possible bad attitudes will affect to people staying in company
People who others are likely to listen / employee representatives	<ul style="list-style-type: none"> - Utilize as a link between managers and employees via asking what kind of reactions certain information may have
Middle-managers	<ul style="list-style-type: none"> - Likely to face the biggest effects of the change and must be communicated that their contribution is valued - Need to provide all the needed information so that they have a clear total picture
People who are facing customers	<ul style="list-style-type: none"> - "Face-to-face communication or even role plays" to prepare for the questions from customers
Alumni	<ul style="list-style-type: none"> - Depends on the situation; sometimes communication with previous employees is needed and sometimes it should be avoided

3.2. Employee involvement and the impacts of resistance on M&A

"Personalities overcame mathematics in the process". (Galpin 2021, p. 19) Moreover, human resources (HR) can be seen as a leading department of the whole M&A process. That is because the organizational transforming is composed of smaller components, containing for

example “transformation of practices, attitudes, and behaviors of the people”. (Nayak, Acharya & Mohanty 2016, p. 132) However, traditionally M&A transactions are not seen as a human activity which causes problems because psychological aspects are not considered well enough (Cartwright & Cooper 1990, p. 67).

It is one of the most critical things to keep the key employees in the company during M&A, but that is not always an easy task as changes in the working environment have often effects on employees’ thoughts. The main reasons for leaving the company are people’s worries about themselves while simultaneously other companies try to recruit them to a more stable environment. Furthermore, not only keeping the employees is enough, but their interest and commitment must also be kept high as losing those is comparable to losing the employee to another company in terms of efficiency. (Galpin & Herndon 2007, p. 127-128) Also Davenport & Barrow (2009, p. 77-78) mention employees’ personal thinking of their jobs as one main thing affecting to their involvement. They say that the most common questions of employees are related to whether there will be changes in their job, colleagues, boss, pay, or earlier negotiated personal advantages. Furthermore, M&A may even be a stressful event for the participants as they are uncertain about what is going to happen. Even if the employees survive through the M&A and are able to keep their jobs, the time after the transaction may cause stress if the employee does not feel comfortable in the new organizational environment. (Cartwright & Cooper 1990, p. 71-72)

People’s fears about the future are one of the biggest reasons for their resistance against the transaction. Especially, the resistance is often high if the employees are moved to another geographical location. (Rodríguez-Sánchez, Ortiz-de-Urbina-Criado & Mora-Valentín 2019, p. 650) Appelbaum et al. (2017a; 2017b; 2017c) study the resistance against M&A in their three-part paper. They say that the earlier discussed communication may either reduce or increase the resistance depending on how well it is organized. In addition, according to them there are three other categories that may cause resistance: management support, employee involvement, and employees’ adherence. They conclude the importance of managing the resistance by saying that: “Resistance to change is affected by the simple notion of increasing employee “belongingness” and engagement, and engagement can increase their adherence to the newly merged organization.”

If the level of employee engagement is decreased during M&A, it is usually a long process to get it back to where it was before. However, high engagement level is important in order to ensure a high performance after the M&A. (Rubin, Oehler & Adair 2013, p. 5) Galpin and Herndon (2007, p. 63) have found that many companies reach the full integration level only after several years (Figure 9) even though they claim that it should be possible to reach during the first six to twelve months. If the time consumed to reach the full level of integration extends too long, it may reduce the probability to succeed dramatically or even lead to the failure of the deal and separating the companies again (Galpin & Herndon 2007, p. 64).

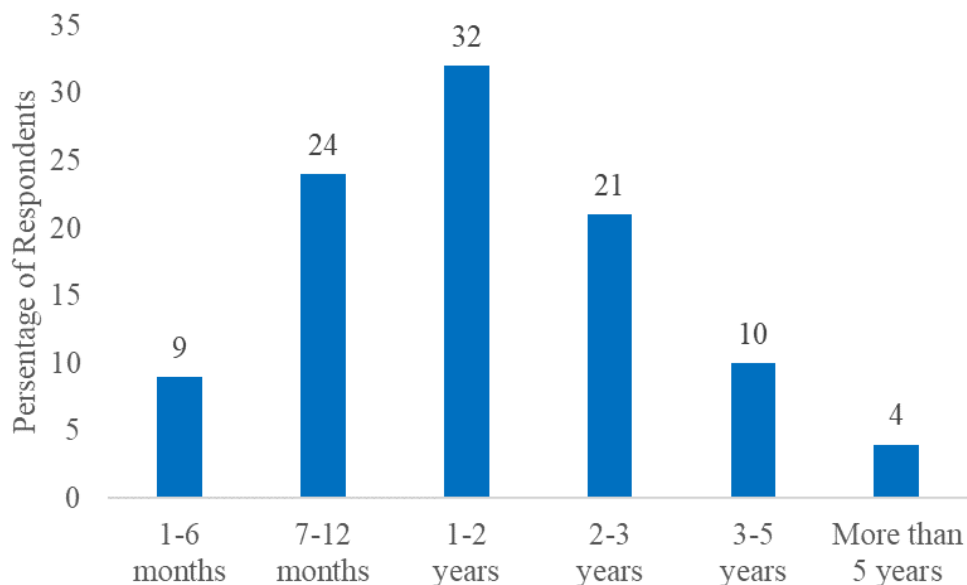


Figure 9 Typical time required for full integration of acquired companies' people, processes, and systems (Galpin & Herndon 2007, p. 63)

To help the organizations in engaging their employees to the M&A, Rubin et al. (2013, p. 6-7) conducted a study and examined the drivers for high engagement in different transformational changes. They found that the top-five drivers specifically in M&A are the ones in below list in the presented order. Differing from the other types of changes, they note that during M&A, visibility of leaders is important as the employees are keen to stay on track about what is happening in the organization. Another point they noted is that employees want to be trained properly in order to success in their job also after M&A. (Rubin et al. 2013, p. 6-7) Based on the below list, the organizations can easily check which areas usually are the most critical and so pay more attention to those.

- Involved in decision making
- Co-workers make personal sacrifices to help the organization
- Senior leadership is visible
- Provided proper training to do job
- Understand career path

3.3. Training and development during M&A

Training is an important function of organizations during normal times, but especially needed during changes (Bansal 2017, p. 120). Firstly, employees must be introduced and trained about the new systems and processes that they need in their new positions. In addition, it is beneficial to introduce the basics of the other company to employees. This should include “the other company and its assets, people, structure, culture, HR practices, their own roles in transferring and coordinating specific resources across the two companies, the roles of others, and what the deliverables will be throughout the integration process”. Moreover, people need to be told about M&A in general as it might not be clear to all what it means, how to minimize the resistance against the transaction, and what different organizational cultures may cause. (Weber & Tarba 2010, p. 206) Nikandrou and Papalexandris (2007, p. 165) suggest that for trainings concerning M&A, a training and development system should be developed.

Regardless of the additional costs that M&A training adds to normal trainings, it cannot be left for too less attention. Luckily, employees are often willing to join the training, and it also increases their motivation as they feel that they are able to accomplish better in their tasks. (Weber & Tarba 2010, p. 206-207) In addition, training helps people in understanding their personal role in the company (Bansal 2017, p. 122). However, the training is adopted better by the employees who already have experience from M&A compared to employees who are not familiar with it beforehand (Nikandrou and Papalexandris 2007, p. 165). Sufficient training is important also from the perspective of organizations’ cultures as not providing enough training after the M&A may lead to increased cultural differences (Figure 11).

3.4. Teamwork during M&A

Adding teamwork to earlier discussed activities may help in restructuring the organizational identity during the organizational changes. Moreover, teamwork helps the employees to accept the M&A process via reducing stress and creating better commitment. (Vasilaki et al. 2016, p. 2493, 2497) Furthermore, having team activities enables building new relationships between the merging companies, which connects the teams better and decreases the “us against them” thinking during the change. At best, a proper teamwork will make employees forget that they used to be from two separate companies. (Burke & Jackson 1991, p. 72) Thus, it can be said that teamwork in M&A is important both inside the combining companies and between them. Morley and Heraty (1995, p. 60) say that one of the teamwork’s greatest advantages is that it involves all the people to work towards a common goal via connecting people who do not know each other. In addition, they say that employees enjoy being able to decide together how the job is done and the variety to the work that having team activities brings.

3.5. The effects of organizations’ cultural differences on M&A

“Culture and bias were the biggest factors inhibiting a successful M&A” (Galpin 2021, p. 19). Usually, the parent company’s culture is adapted to the target company because the executing leaders are from the parent company. The main reason to resist this adaption is the need to change the existing routines and ways of working. The resistance can further be divided into individual thinking of “us against them” and both companies’ collective pursuing to keep their routines. (Rodríguez-Sánchez, Ortiz-de-Urbina-Criado & Mora-Valentín 2019, p. 650-651) In order to be able to manage the different organizational cultures, those must first be isolated into smaller components (Galpin & Herndon 2007, p. 207). Smith and Barclay (1997, p. 7) say that the components are “reputations, job stability, strategic horizons, control systems, and goals”. Whereas Galpin and Herndon (2007, p. 207) mention the followings: “

1. Rules and policies
2. Goals and measures
3. Rewards and recognition
4. Staffing and selection
5. Training and development
6. Ceremonies and events
7. Leadership behavior
8. Communications
9. The physical environment
10. Organizational structure”

Differences in the above listed components have an effect on the total M&A effectiveness (Figure 10). If the difference in the cultures between the combining companies is too high, the deal often has a low rate of success. That is because the differences tend to cause tension and decrease the willingness of the acquired company’s employees to collaborate towards the success of the deal. Furthermore, this has an impact on the commitment of the managers, who may decide to leave the company due to the organizational changes. One example of this is the abandonment of 80 percent of Scitex’s senior managers after Creo purchased it and changed the management style. In addition, the disagreeing of the leaders, and also employees, may increase the total costs of the deal and decrease the potential to gain synergy benefits from the deal. These have a direct effect on the total performance of the deal. (Weber et al. 2014, p. 9-10)

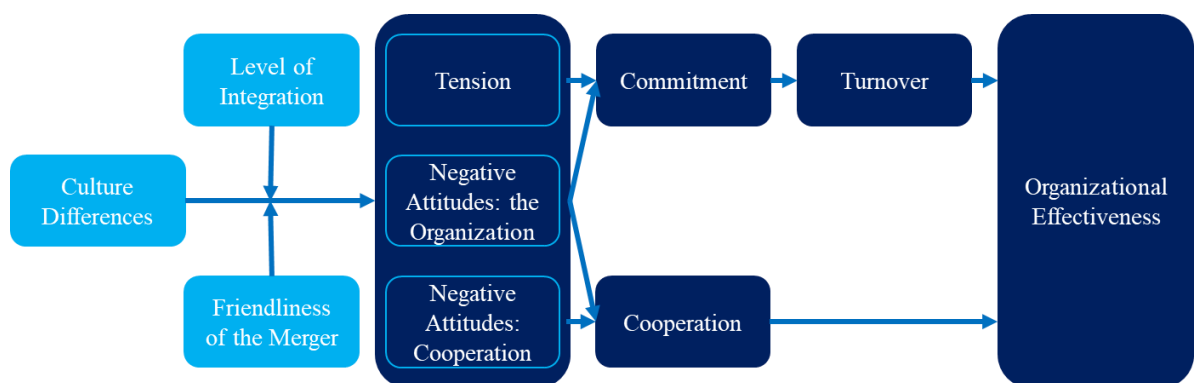


Figure 10 The effects of cultural differences on M&A (Weber et al. 2014, p. 10)

Aon Hewitt (2011, p. 8) finds out six main reasons to why the M&A deals fail from a cultural perspective (Figure 11). Based on these findings, it can be noticed that many of the reasons contribute to each other. For example, one of the most important drivers for a cultural failure is a consequence of poorly handled due diligence. The importance of the due diligence and the potential outcomes of not managing it properly are presented earlier in the section 2.5. The other two most recognized reasons relate to the leaders in the process; they either do not provide enough support or do not agree with the new culture. Furthermore, training and communication have also been discussed earlier in this chapter.

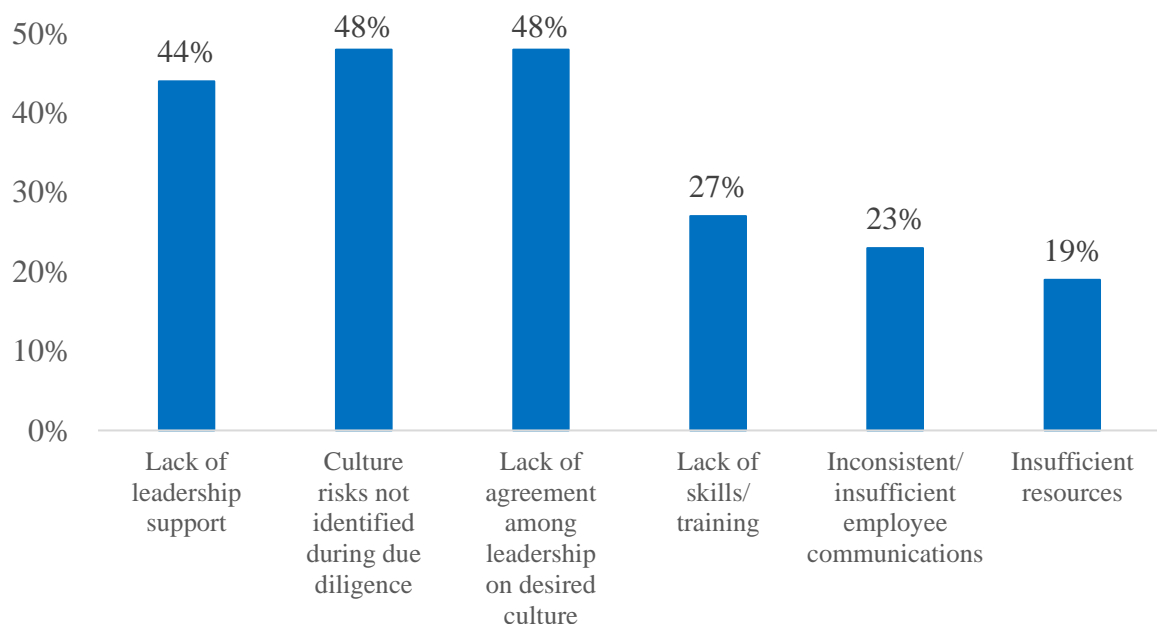


Figure 11 Reasons for unsuccessful cultural integration as percent of respondents (Aon Hewitt 2011, p. 8)

In addition to the above reasons behind the cultural integration failures, Aon Hewitt (2011, p. 6) presents the most recognized consequences of those (Figure 12). All these are business critical, thus cultural integration must be paid enough attention during the M&A process. The most often recognized consequence is the loss of productivity, which is presented and illustrated already earlier in Figure 10. Furthermore, as discussed in section 3.2, losing key talent is one of the main risks of M&A, and it is at least partly due to the cultural differences in addition to earlier mentioned recruits from other companies. Also, decreased engagement and delayed integration are discussed earlier in this thesis, thus it can be said that the cultural aspects have an important role as the basis for a successful M&A.

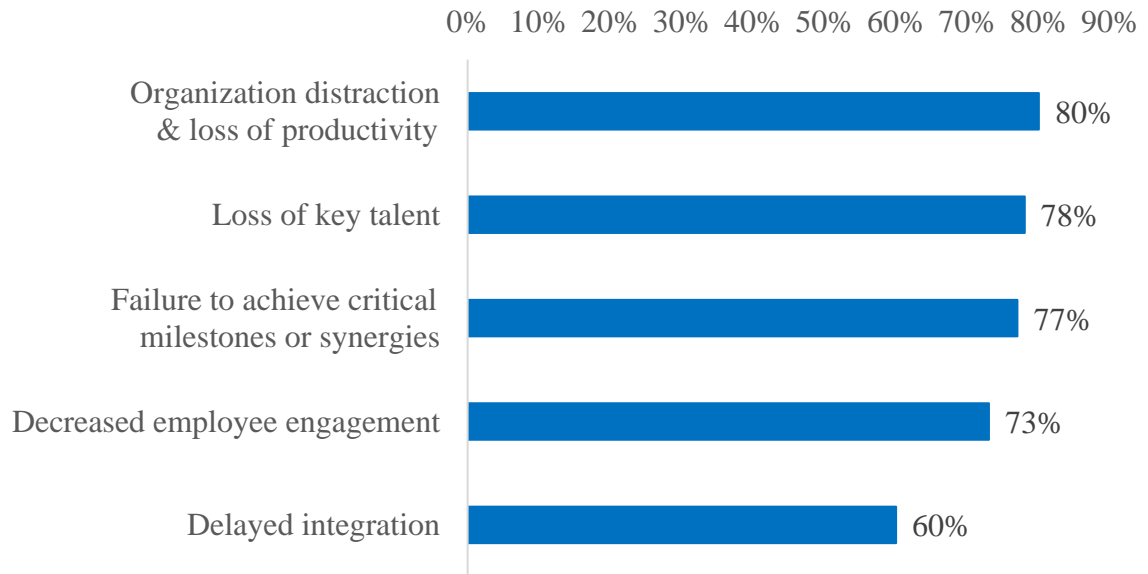


Figure 12 Consequences of unsuccessful cultural integration as percent of respondents (Aon Hewitt 2011, p. 6)

Culture is often seen as a “soft” side of an M&A deal thus it may easily be overlooked. One example of a culture underestimation in an M&A transaction is the deal between Amazon and Whole Foods. At the first sight there seemed to be no red flags in the deal and both companies gained enormous synergy benefits. However, the cultures of the organizations were totally different, while Amazon utilizes technology aiming to gain as much profit as possible, and Whole Foods prioritizes quality over the efficiency. (Patel 2021b) Another example of an M&A failure caused by culture differences is the deal between Daimler-Benz and Chrysler which can be considered as the textbook example of this subject due to its multiple mistakes. The first one had a systematic way of working and flat hierarchy, whereas the later was exactly the opposite with a creative working atmosphere and top-down hierarchy. Additionally, the employees’ salary difference complicated the deal. This is a “poke in the eye to anyone that says culture doesn’t matter” with its USD 20 billion value decrease. (Patel 2021a)

4. Case study

This chapter is the empirical part of this thesis with the aim to examine the employees' perspective in the M&A process in which Metso Outotec was formed based on the insights from the employees of one of the ex-Outotec's logistics teams. Metso Outotec is a combination of Metso and Outotec, and first in this chapter the process of forming the company will be discovered. In addition, in order to gain a wide understanding for the following research, the backgrounds of both Metso and Outotec, and the set organizational objectives for the merger will be presented. Next in this chapter, the implementation of the interviews will be presented including the discussed topics, practical arrangements, and the backgrounds of the interviewees and the team which they represent. Following the backgrounds, the results of the interviews are presented topic by topic. Lastly, the results are evaluated and compared with the findings from the literature.

4.1. The background of the case company

Metso and Outotec announced their upcoming merger on July 4, 2019. Eventually, the integration process began on July 1, 2020. The merger did not include all of Metso's businesses as simultaneously with this merger, there occurred Metso's partial demerger in which its Flow Control business remained as an individual company and was later renamed as Neles. Taking this into account, the new combined Metso Outotec Group was formed by the Mineral Business of Metso and the Outotec Group. The merger was conducted by transferring all the assets and liabilities of Metso's Mineral Business to Outotec without liquidation. (Metso 2020, p. 4; Outotec 2020, p. 13-14; Metso Outotec 2021a, p. 6)

Metso Outotec is a global company having activities in more than 50 countries and a head office in Finland. The main market areas are Europe, Asia and the Pacific Ocean, and North and Middle America. None of its customers has over 10 percent share of the total revenue. (Metso Outotec 2022, p. 13, 16-17, 34, 37) As a unit, Metso Outotec offers "products, technologies and services" for its customers, which are mainly from "aggregates, minerals processing, and certain areas of metals refining" business segments (Metso Outotec 2021b).

The scales of the segments are presented in Figure 13, and the offering of Metso Outotec is illustrated in Figure 14 in which the process is visible from ore body to metal.

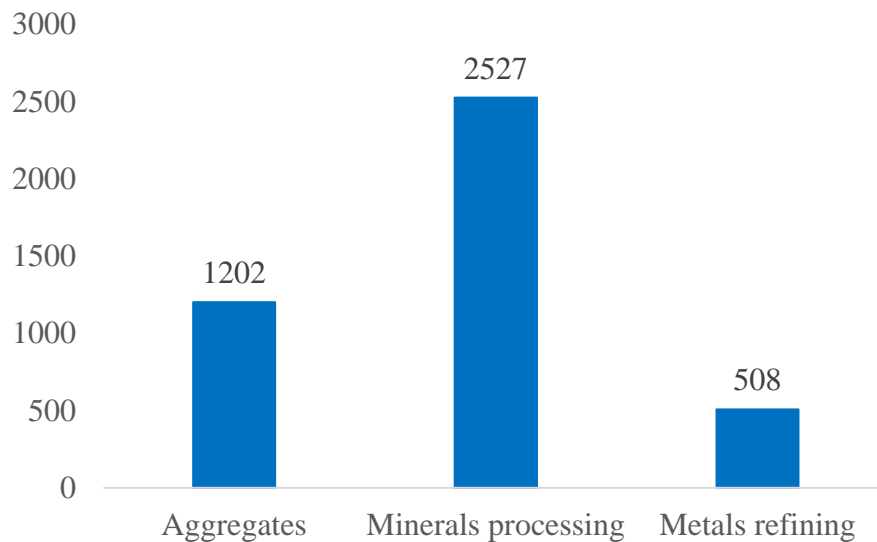


Figure 13 Revenue by segments in EUR million in 2021 (Metso Outotec 2022, p. 33)

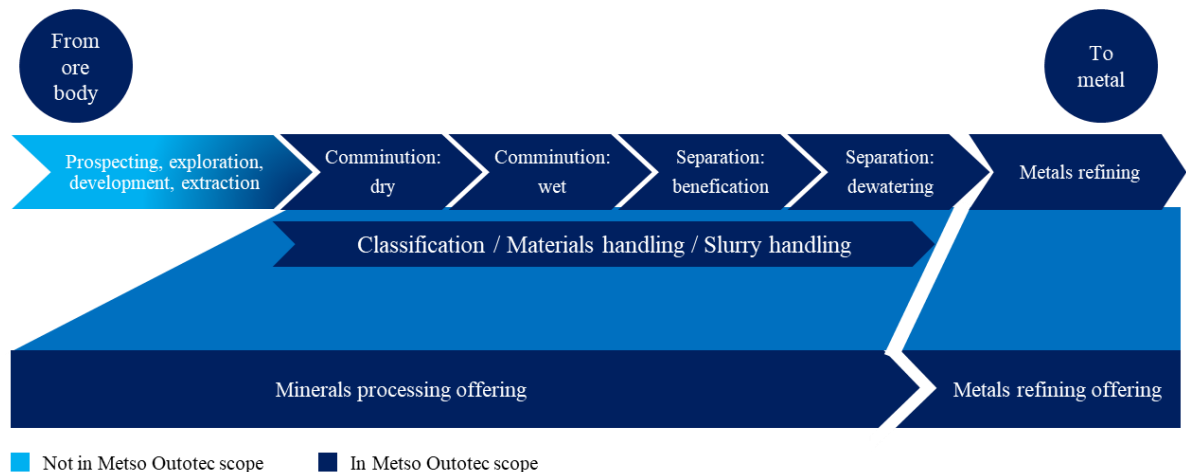


Figure 14 Metso Outotec's offering (Metso Outotec 2021b)

Metso Outotec announced its updated targets for synergy benefits in August 2020. The main focus was on cost synergies, where it was predicted to gain EUR 120 million synergy benefits. EUR 65 million was realized already by the end of 2020, majorly from organizational restructuring. In addition, it was targeted to gain EUR 150 million benefits regarding revenue synergies, but the effects of Covid-19 to the market were not known yet. (Metso Outotec 2021a, p. 6) During 2021, the demand of new products and technologies

increased, but Covid-19 still limited the services done at customers' premises. However, by the end of 2021, the target of EUR 120 million cost synergies was exceeded as the actual run rate was EUR 142 million. As mentioned above, most of the synergies realized involve organizational restructuring, but also benefits from facilities, IT, and procurement. Furthermore, the target of EUR 150 million for revenue synergies is predicted to be exceeded well earlier than the set target for end of 2022. The one-time cost to achieve the targets was approximately EUR 81 million, while the estimated one-time cost was EUR 75 million. Due to the success of the targets, Metso Outotec has ended the reporting of merger and its synergy benefits and focuses on the growth strategy instead. (Metso Outotec 2022, p. 6-7)

The numbers of personnel together in Metso and Outotec, and in Metso Outotec are presented in Figure 15. The numbers of Metso are excluded by the number which stayed at present Neles in order to be able to compare those with Metso Outotec. The total number has varied from 14 353 in 2018 to 16 939 in 2019, which was the biggest single change during the examined period. This is mostly a consequence of Metso's geographical growth in 2019 which was conducted via acquiring companies internationally thus the number of personnel increased by over 2 500 (Metso 2020, p. 6). The employees were taken into a closer look in 2021, while building new organizational culture was one of the main objectives. The bases of a strong organizational culture at Metso Outotec are for example employees' commitment, values that drive behavioral and working practices, strong leadership, and employees' desire to stay in the company. (Metso Outotec 2022, p. 15-16)

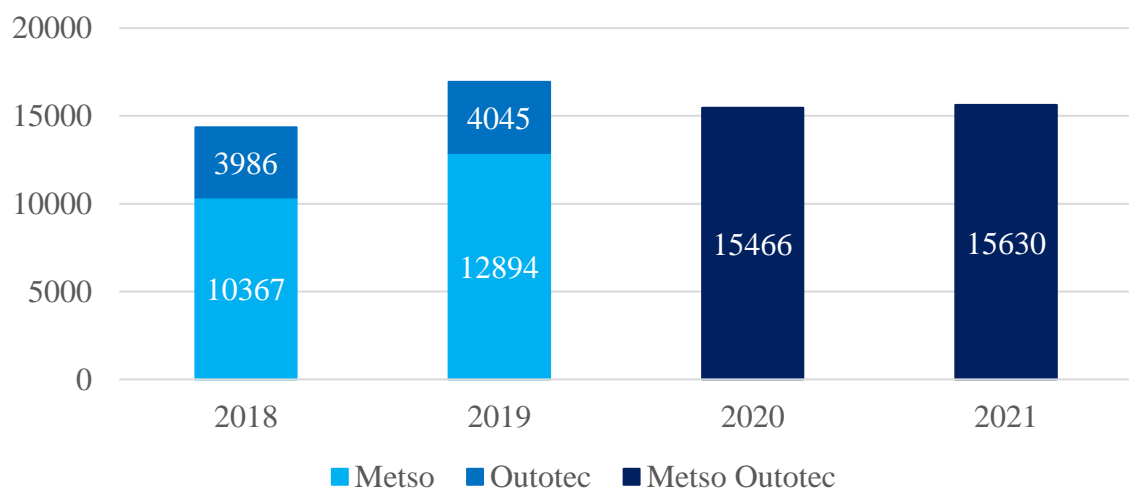


Figure 15 Number of personnel at end of year (Metso 2020, p. 43; Outotec 2020, p. 40; Metso Outotec 2021a, p. 44 & Metso Outotec 2022, p. 38)

4.2. Implementation of the interviews

The interviews followed the conceptual framework presented in the beginning of chapter 3, including the following topics: communication, employee involvement, training and development, and teamwork. The only exception to that was the enlargement of employee involvement to consideration of employees (Figure 16). This change was made because it was wanted to examine more broadly employees' perspective than only how they were involved to the process. In addition, the effects of the former businesses' cultural differences to the employees were examined. The interviews were held in Finnish (Appendix 1), and the interview questions are translated into English in Appendix 2. Interviewees' direct quotes are translated from Finnish to English in such a way that they describe as accurately as possible what interviewees said. The interviews were organized from 30.3.2022 to 1.4.2022.

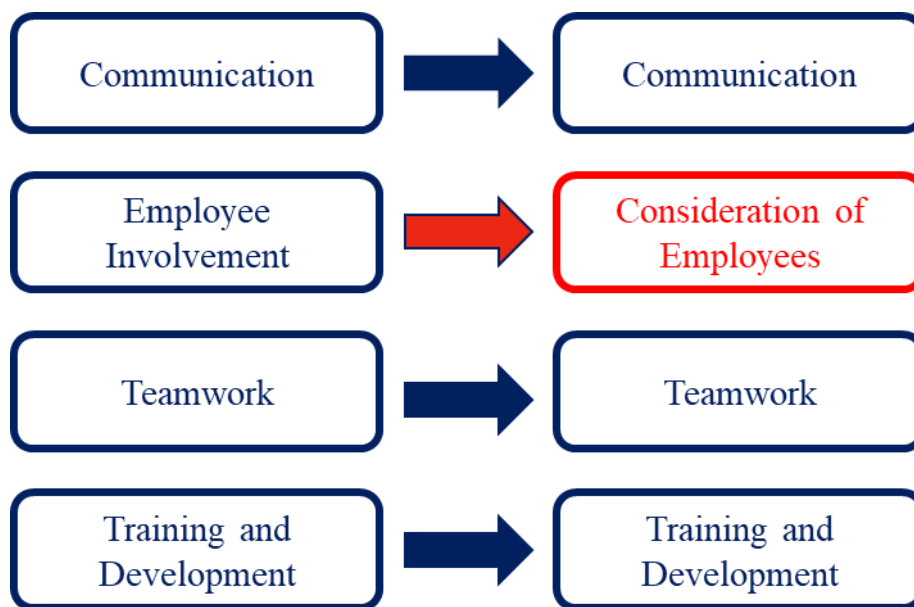


Figure 16 Change to the conceptual framework

The interviewed team consists currently of eleven logistics specialists and a logistics manager. The team has faced some changes from the announcement of the merger and has now five same employees as back then, including four logistics specialists and the manager who started in that role as a consequence of the merger. They were selected to the interviews as the interviews contain topics from the announcement to this day. The titles of the interviewees as well as their previous experience about M&A in theory or in practice are

presented in Table 9. The interviewees' experience in the organization, including both their time in ex-Outotec and Metso Outotec, varies from under four years to fifteen years. Thus, they all have enough experience to provide reliable insights for the purposes of this thesis. The writer of this thesis started to work at the interviewed team in May 2021.

Table 9 Interviewees' previous experience about M&A

Interviewee	Title	Experience about M&A in practice or in theory
A	Logistics Specialist	Practical experience from previous workplaces, but on a smaller scale.
B	Logistics Specialist	Practical experience from one previous workplace. The interviewee was a part of a company which was acquired by another company.
C	Logistics Specialist	No experience in practice or in theory.
D	Logistics Specialist	Practical experience from one previous workplace. The interviewee was a part of a company which was acquired by another company. However, describes this examined merger to be really different compared to that.
E	Logistics Manager	No experience in practice or in theory. Had only read something from magazines but no accurate experience.

Before moving on to the first topic, the interviewees were asked about the most significant changes that the merger caused to them. The purpose of this was to provide the interviewees an opportunity to answer openly about the changes that they faced. Four of them describe the changes as overall changes to the job description. Of course, the job description changed for interviewee E due to the change to a new role. However, also other interviewees have similar feelings even though their titles remained the same. According to interviewees B and D, it felt like starting to work for a new employer. They add that only the own team stayed the same and everything else around it changed including for example the operating systems, emails, stakeholders, and the organizational culture. Interviewee C agrees with this and says that the responsibilities are quite unclear, and it feels sometimes that the work is something else than logistics. She summarizes it by saying: "the work is no longer the same that has been done earlier and what has been used to." Interviewee E thinks that even if she was in her previous role, the job would be more challenging but also more versatile which according to her develops employees' skills.

The attitudes towards the merger vary between the interviewees while some mention the positive challenges, and some do not clearly state whether they felt the merger as a positive or negative change in total. Interviewee E says that obviously the biggest change for her was to start in a new role and has a positive overview about the changes. She says: “I like that there are new lessons to learn and I feel that during this last year and a half I really have learned a lot more.” Interviewee B agrees with that and also enjoys when things change and do not solidify in place. The other interviewees have had both positive and negative feelings.

New systems and processes seem to have both positive and negative consequences. Many of the interviewees say that the systems are now better and especially the advantages of automation are mentioned often. On the other hand, the new systems needed first to be learned, which interviewee D says to have been one challenge of the merger. Interviewee E adds that systems and processes have had many problems. She says that some processes are still unclear and there is a need to create instructions for the new processes. According to interviewee A the most significant change is that people are contacted via tickets. She says that the problems of creating tickets are that it is not clear who the ticket belongs to and that creating tickets and not contacting people personally has made the communication harder and slower.

4.3. Interviewees’ thoughts about communication

As mentioned above, the first topic of the interviews was communication in which the interviewees were asked questions about the whole merger process, starting from the announcement. It is mentioned that the announcement was on a general level thus no direct conclusions could be drawn about what kind of effects the merger would have on the logistics level and on interviewees’ daily work. In addition, the reasons and targets for the merger were told to be related to synergy benefits, and more specific targets were not told about.

The overall first impression after the announcement varies between the interviewees. Interviewees B and E got a positive overall picture, whereas A and D were uncertain about the future. Interviewee C says that she did not have a clear opinion and thought that not much would change at logistics as the goods are needed to be shipped anyway. Interviewee A says

that she has experienced co-operation negotiations in her earlier job and was afraid of losing job as a consequence of this merger because the effects to logistics were not known. Interviewee D was expecting a lot of changes to the job but was suspecting that after a big change like this, things would not get easier but rather start getting harder. Interviewee B disagrees with that and says that she was waiting for the changes with a positive mindset and expected the changes to help with existing problems. Unlike the others who were at work when the merger was announced, interviewee E was on holiday and heard about the merger from her friend who worked at ex-Metso. She says that she was happy that something new happened at work and began to wait for the new challenges. However, as one common concern interviewee E mentions the worry about closing the office at Lappeenranta because it is quite small, but she adds that it was not considered as a realistic threat.

As mentioned in the beginning of section 4.1, one year passed between the announcement and the concrete merger. None of the interviewees are satisfied with the communication that they received during that time which can be noted from their initial answers to the question three of communication (Table 10). Many interviewees say that they were very unaware of what is going to happen. According to interviewee A, they for example did not know where the warehouse will locate, got uncertain information from many sources, and were not included in the development of the logistics. She adds that they would have needed more centralized communication about logistics and their work. Interviewee B agrees with that and says that the communication happened only between management and the information did not flow well enough to their level. Interviewee E describes this as it felt like they were left hanging without information.

Table 10 Interviewees' initial answers about the communication between the announcement and the concrete merger

Interviewee	Initial answer
A	"It was not good."
B	"The amount of information that concerned directly me was really low."
C	"I think it was pretty weak."
D	"It was really lackluster. I do not remember that there would have been a lot of communication concerning myself."
E	"Inadequate."

All of the interviewees say that the low amount of information caused rumors. They say that they received information little by little but were not able to form an overall view about what is happening. They also wondered what will be taken from ex-Metso and what from ex-Outotec, and how those will be combined in concrete. Other rumors considered for example ex-Metso's logistics team since it was known that they do some things differently and it was wondered whether that will have an effect. In addition, there occurred fears about possible upcoming co-operation negotiations. Considering all the rumors, interviewee E says that it would have been good to have more briefings from upper management and teams who are planning the steps and processes.

“Our opinion was not very important” (Interviewee C). Other interviewees agree that there was a lack to express their own opinions. Interviewee B summarizes well the main points that also other interviewees mentioned: “There was no kind of communication or interaction. We were just waiting what is going to happen [...], what we are told, and when will the merger effect on our work.” It is also mentioned that even if they would have wanted to express their opinions, they did not have a proper channel for that. Furthermore, interviewee C thinks that the opinions would not have been taken into account because there were lots of other factors than employees' opinions. Interviewee E has similar feelings: “It felt that probably no one would have listened what we would have said from here at the grass-roots level.”

Communication is said to have an effect also on how the interviewees experience the trust between the organization and employees. According to interviewee D, the most important thing is to keep the communication open and honest. Interviewee C would have wanted more specific information, whereas interviewee E says that the information does not necessarily have to include a lot of details if those are not yet available, but the briefings from management to the whole organization should be more regular. On the other hand, interviewees A and B emphasize the importance of cooperation through the merger process. According to interviewee A, the most important thing in building trust is to “involve employees when new processes are built because employees know what they do [in their daily work]”. Interviewee B says that the trust regards reciprocal communication, but in this merger, it felt that the decisions were made in the background.

Interviewees say that they had a wide range of questions during the merger process. Some mention the uncertainty of the processes and why were the things done as they were. It was also wondered why the employees were not listened to and asked opinions about the changes. Related to that, it was wondered why people from operational tasks are not included into the teams which plan the processes. Moreover, it was thought whether the merger will have an effect on people's jobs or to their team in general. In addition, the possible merger with ex-Metso's logistics team is mentioned to be a common question. All these questions were discussed only with own team, and there was no external stakeholder from where these could have been asked from. This is said to have caused rumors and conjectures about things.

4.4. Interviewees' thoughts about the consideration of employees

The second topic of the interviews was the consideration of employees. In addition to finding out how interviewees experienced their consideration through the process, it was aimed to examine what kind of attitudes they had towards the merger. Moreover, they were asked their opinion about how the organization could engage employees to corporate changes.

“We were not considered enough” (Interviewee A). All other interviewees agree with that and say that their consideration was not good from their point of view. Many of them add that it felt that no one asked about their opinions. According to interviewee D, this led to a feeling that their professional skills were not taken into account at any point of the merger. In addition, it is said that they were told the way how the team from ex-Metso does their work and that they should now adopt that way of working. Moreover, merger is said to be hard time for employees thus they would have needed more help in case of problems and uncertainties. However, interviewee E says that she knows that the company has a will to keep employees in priority but adds that in this merger many employees from ex-Outotec did not feel so. According to her, the main reasons for that were the lack of communication and having not enough resources in operative teams. She says that the employees in their team had two different roles in two different SAPs for a while when the merger was ongoing and that was too much expected from them.

All other interviewees except E say that being not considered enough led to a decrease of work motivation (Table 11). Interviewee E says that even though her workload was way too

big at some points, she was still waiting for what the future holds and kept on thinking positively, but simultaneously knew that some others had more negative feelings. The most often mentioned reason for decrease of motivation was the confusion about processes. In addition, it is said that lack of information about the future decreases the motivation. “When you do not know, you do only what is necessary to do” (Interviewee B). Moreover, many problems during the process have affected to motivation. Interviewee C even says that due to the problems there was times when her commitment decreased (Table 11), and she thought that it might be easier to change to another job. However, she says that currently the situation is already better, and she is committed to the job. Interviewee D says that she was prepared to have problems for long and that it takes time before everything gets clear.

Table 11 Effects of not being considered enough on motivation and commitment

	Motivation	Commitment
A	x	
B	x	
C	x	x
D	x	
E		

Every interviewee says that they were excited about the merger in the beginning, but for some of them the situation changed during the process. Interviewees B and E say that they like changes because those enable learning new and not staying with the old habits. Interviewee A says that she thinks that the change is always a good thing, but it was regrettable that the first steps of this merger were so disorderly. On the other hand, the opinions of interviewees C and D about the merger have become more negative during the process. “When it turned out that the bigger the company the more there are problems, and the less employees are considered. [...] Even though I was really positive in the beginning, it changed to feel not so good for us employees.” (Interviewee C)

Almost all of the interviewees, except A, agree that at some point of the merger there was noticeable “us against them” -mentality. “At the background, there were us and them, because it kind of feels that Outotec’s way of working was completely replaced. [...] There was no merger but the other completely took over the other one.” (Interviewee B). According to interviewee D the issue was only minor which interviewee E agrees with and adds that there is no more that kind of thinking.

The interviewees had many suggestions to how the company could engage employees into corporate changes in a general level. These suggestions are listed below:

- Involve employees from operative teams in the meetings and hear their opinions and suggestions about planned changes.
- Start from the individual level. Make sure that everyone knows their own role and the stakeholders in the organization chart. Check what kind of suggestions each level has before making the final decisions.
- “Consider employees better and do not let them feel stupid” (Interviewee C).
- Have open and honest communication.
- Solve possible IT problems immediately because those cause stress.
- Have a competitive pay.

Next, the interviewees were asked if the merger of employees, processes and systems together has already come to fruition which caused dissenting opinions. The first changes for this team started on February 2021. Some of the interviewees say that by now most of the merging has been done but add that there are still some differences for example to ex-Metso’s logistics team, while some say that there still occur new problems as a consequence of the merger. The ones who feel that the merging is not completed yet say that the new processes are still being tested and they predict that it may still take few years before everything gets clear. The ones who say that most of the merging has been completed are waiting for specific instructions for their processes which could help in simplifying tasks. The other logistics team’s instructions have not always been suitable for the interviewed team because for example the other team operates with the warehouse which is using SAP and the warehouse with which the interviewed team operates does not use SAP.

4.5. Interviewees’ thoughts about training and development

The third topic of the interviews was training in which the interviewees were asked how they experienced the training they received from several topics during the merger. Moreover, they were asked how they felt about the fact that the systems for the new organization came mainly from ex-Metso. This transition to new systems is mostly seen in a positive way even though the changes occurred gradually, and it was not mentioned that eventually all the

systems will be from ex-Metso. Especially the new booking system is mentioned to be a good change compared to the old one. Furthermore, it is said that the automation of the processes has reduced the amount of manual work and so enabled better concentration on controlling the monitors. However, interviewee D wonders whether all ex-Outotec's cons have been considered since they were not chosen to be utilized after the merger. The only negative thing in transition to the new systems is said to be the ticket tools which became the main way to communicate after the merger, while some of the interviewees would rather communicate via email. Interviewee E says that she understands the frustration with the ticket tools because there are some overlaps for example between ticket tools with internal stakeholders and with warehouse. However, interviewee E adds that the benefit of ticket tools is that everyone can access the information and it is not lost in one employee's email.

The experiences about trainings of system changes vary between the interviewees. Some are satisfied with it while some say that it was not that good. The most often mentioned weakness of these trainings is that those were often cursory and not concentrating enough on the needs of the logistics team. "We would have needed more practical trainings because now the trainings were organized for such a big group. We had different teams in the same training, for example sales, logistics, and procurement. Then the training is not practical enough." (Interviewee E) This applies both to trainings about SAP and ticket tools. Especially interviewee A says that the ticket tool trainings were not that beneficial, but on the other hand interviewee D says that those were good. Moreover, it is said that some of the trainings were organized in too early stage of the merger when the employees had not had time to get to know the system. In addition to the trainings, the interviewees say that detailed instructions about the new systems would have been beneficial, so that it would have been possible to check for example what each SAP transaction does.

The interviewees say that most of the new working processes were not ready when those were put into operation thus there was not that much training available about those. It is said that the team tried ex-Metso's processes, and some of those were found to be unsuitable. The processes were modified, and the team tested those and tried to find its best way to work. They are still waiting for more detailed trainings about processes because their job has changed quite a lot. However, interviewee D says that they have gotten some trainings when they have requested those.

The M&A transactions and what those mean was not discussed much. There were some briefings but those were in a general level, and it was not told what it actually means for the company. Interviewee A says that she did not feel that she would have even needed to know that and was able to find all the information from internet. On the other hand, interviewee E says that it would have been interesting to hear from the company how they have planned to solve the problems which are common in mergers according to literature. She adds that it felt like the existing knowledge from the mergers of other companies was not considered thoroughly as there occurred similar problems to which are already presented in literature.

The interviewees say that ex-Metso as a company was not introduced to them before the merger. “It was a little like a leap in the dark” (Interviewee E). The organization chart was introduced on a high level including the new departments and the managers of those, but it was not told specifically who the employees in the teams are. So, it was needed to find the correct contact persons because those could have changed. The interviewed team heard about the ex-Metso’s logistics team and was in contact with them. They had one meeting in which they introduced themselves, and the team has become familiar over time.

4.6. Interviewees’ thoughts about teamwork

The fourth topic of the interviews was teamwork in which it was examined how the interviewees experienced the teamwork both within their own team and with the other organization. In addition, they were asked what they consider as the most important benefits of teamwork during this merger. Interviewee A says “For this I can say our own team as an example because we have gotten a lot of help and support from each other. There is always someone who knows something better than the others.” Other interviewees agree with this and say that it has been valuable to have others in the same situation during the merger because the problems have been solved together. The interviewees say that inside their team everyone can contact everyone with low threshold which they say to be important. Moreover, interviewee D emphasizes the importance of the manager and the key user in the team.

The things mentioned about the teamwork with people from ex-Metso vary a little between the interviewees. Interviewee A says that it was good to have a “partner” from ex-Metso’s logistics team who helped in the beginning. According to interviewee B, there is no more

teamwork with that team. However, interviewee D says that she is in contact with them weekly. According to interviewee C, the biggest problem in teamwork with other teams besides logistics is that it is not always clear who should be contacted. Nevertheless, interviewee D adds that she is always directed to the correct person if needed. All in all, interviewee E says that everyone has been willing to help but due to the differences in the processes, sometimes the employees from ex-Metso have not been able to help.

4.7. Interviewees' thoughts about organizations' cultural differences

The fifth and the last topic of the interviews was organizations' cultural differences. This is not a part of the conceptual framework presented in the beginning of chapter 3 but due to its possible effects on employees, it was included also to the interviews. The interviewees were asked if they noticed significant differences in *modi operandi* between the former companies and if they did, how would they evaluate the merging of those.

The interviewees say that the *modus operandi* changed to the ex-Metso's one thus they compare that to the ex-Outotec's *modus operandi*. They mention that there are some differences between those, mostly related to the sizes of the companies. Ex-Outotec was smaller company thus the cooperation felt closer and is compared to a big family, while now everything feels more bureaucratic. For example, the communication must go through specific steps and the earlier mentioned tickets are said to be a part of this. Furthermore, it is mentioned that the key performance indicator (KPI) figures are watched more strictly also in logistics.

All other interviewees except C, who feels that the ex-companies are still at the background, agree on that the merging of *modi operandi* has been completed by now. Even though the merging seems to be completed, interviewee B says that "we face certain types of problems because we needed to adapt to a completely new, and a company which takes over another company does not face those." Furthermore, interviewee D says that her personal way of working is maybe not totally merged to the company's culture. "Quite often if I know who the problem belongs to or if I know who I can contact about a specific issue, I rather send him or her an email than create a ticket because it takes time first to create it and then to wait for the answer." (Interviewee D) Nevertheless, the interviewees say that the cultural

differences did not have a huge effect neither on their daily work nor on how they experienced the merger in total, and it is mostly gotten used to by now. It is said that the only significant impact is that some tasks take a little more time due to the bureaucratic steps.

4.8. Discussion of the results

The interviewees were asked to rate the execution of each of the topics, except cultural differences, from their perspective on a scale of one to ten, and the results are presented as a box plot below (Figure 17). The cultural differences are excluded from the rating because it was noticed that the differences did not affect to the interviewees that much thus it would have been difficult to evaluate that. As mentioned already in the answers to questions about teamwork, all interviewees are relatively satisfied with the teamwork and give that the highest points (8.8 on average). According to interviewees, the main reason for not giving full points is that there is always a room for improvement.

Differing to teamwork, the other topics get at highest an individual rating of six. Even though none of the interviewees give high points for the rest of the topics, there is a substantial difference between maximum and minimum values because, as notable from the earlier presented answers, some of the interviewees experience these topics on a moderate level and some quite negatively. Averagely the lowest points (3.8) are given to consideration of employees. As visible from the box, this topic gets points from two to six. The main reason for the lower points is said to be an overall feeling of not being considered. However, some of the interviewees say that they noticed that the company tried to consider employees and thus give a little higher rating. The second lowest in the rating is communication which is given 4.2 on average while the individual points vary from two to six. This is mostly due to the communication is said to be on a high level and not concerning enough on the employees' level and their jobs. On the other hand, it is understood that the communication must follow certain steps and that everything cannot be told to everyone. Training is rated a little higher compared to previous topics while getting 4.8 on average. The interviewees say that the pairs for each team member from ex-Metso was a good part of the training. However, the biggest issue of that is said to be that the differences on how the teams operate with their warehouses made the training more difficult.

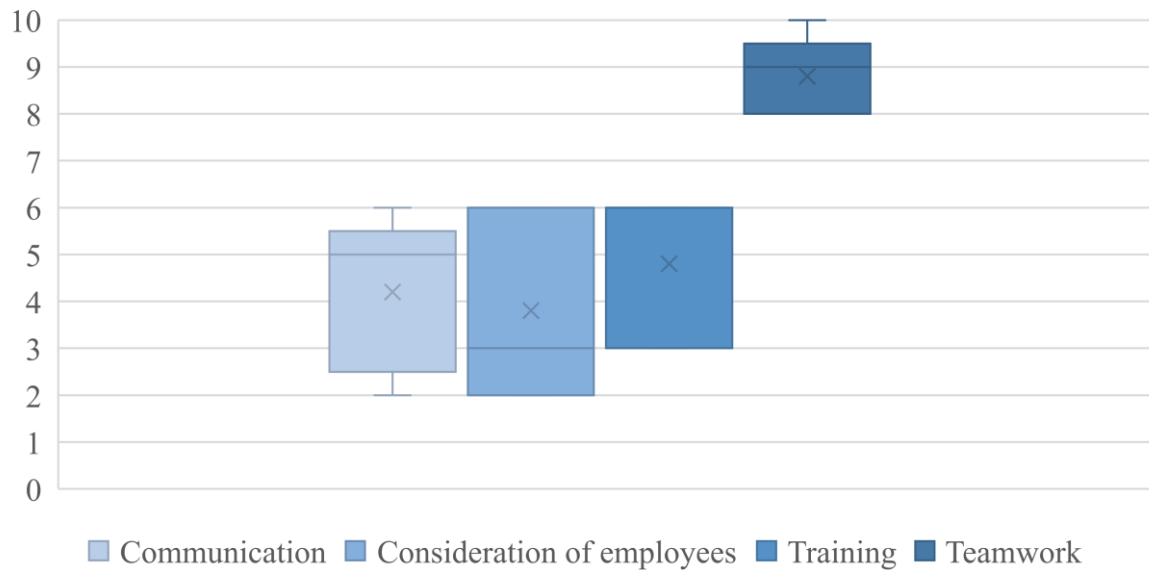


Figure 17 Interviewees' ratings of the topics

At the end of the interviews, the interviewees were asked what topics have had the greatest impact on how they experienced the merger in total. Interviewees A and C mention topics that they experienced negatively. Both of them say that the consideration of employees was in a remarkable role on how they experienced the merger. Additionally, interviewee A mentions communication and interviewee C training as topics that have had the biggest impact on their feelings during the merger. Interviewees D and E look at this in a more positive way, and both of them say that teamwork was the most contributing topic for them. According to interviewee B, the topics form a whole and she does not emphasize the contribution of any of the topics.

At the same time with this merger there was a global pandemic, COVID-19. Interviewee A says that she does not think that it had an effect on the merger. According to her, for example the communication worked well via Microsoft Teams. All other interviewees say that without COVID-19 the merger would have possibly been different. It is said that if the team was together at the office, the problems would have been solved more together and so the experiences and knowledge of new systems and processes would have been shared better. In addition, the interviewees say that the trainings could have been arranged team specifically at the office, thus getting more out of them than by following online from the screen. This could have quickened the merging and learning new tasks. The other thing that could have

been quicker and easier according to the interviewees is the introducing of new team members because it is not the same to meet them via video call. “I did not get to meet new team members than just months from when they had already joined the team.” (Interviewee E). Moreover, it is mentioned that if the logistics team from ex-Metso was met face to face with the whole team, it could have lowered the threshold between the teams and eliminated the mindset of us and them. Additionally, interviewee D says that working from home affected to the general state of mind. She says that she missed the co-workers and the coffee breaks during which it was possible to discuss everything. She adds that communication through Teams is not the same as face to face.

5. Conclusions

This chapter provides the conclusions about the whole thesis. Firstly, the results of the interviews are compared with the literature review. Secondly, the research questions which were presented in the beginning of the thesis are answered. Thirdly, recommendations for future research are presented.

5.1. Comparing the results of the case study with existing literature

In this section, the most significant findings from literature (Chapter 3) and case study (Chapter 4) will be compared. The objective is to find out what those have in common and what differences there exists. The comparison is done topic by topic in Table 12 (communication), Table 13 (consideration of employees), Table 14 (training and development), Table 15 (teamwork), and Table 16 (cultural differences). In the tables, it is marked with “x” if something is mentioned in both literature and interviews or just in either of those. Moreover, if something is almost the same but not totally, it is marked with an observation (*). These observations are explained separately in the tables.

When comparing literature and interviews about the topic “communication”, it is noted that the interviews support well the findings from the literature (Table 12). In both of these the most important things are to have enough communication which is targeted to the correct people, and to have two-way communication so that employees’ opinions are taken into consideration. In the literature communication is mentioned as the most improvement needing topic during M&A, and also the interviewees experienced the communication mostly negatively. Differing to literature, the interviewees say that there were no problems in keeping the focus on the core business during the merger.

Table 12 Communication – a comparison between existing literature and the interviews

	Literature	Interviews
There should rather be too much communication than too little communication	x	x
The communication should be targeted to the correct people and include specific information for them	x	x
The announcement forms the first impression to employees thus it must be clear to everyone and include the reasons for the merger	x	x
The amount of information is low between the announcement and the actual merger	x	x
Two-way communication and listening to employees' opinions in decision making is the key to success	x	x
Lay-offs are one of the first things that employees think when hearing about M&A * Some of the interviewees were afraid of losing the job, but not all of them	x	x *
Normal business communication must be maintained to keep employees' focus on daily tasks	x	

As mentioned in section 4.2, there was a change from “employee involvement” in the conceptual framework to “consideration of employees” in the case study. However, the interviews seem to support quite well the results of the case study (Table 13). One exception is that this team did not lose any employees due to the merger. Moreover, this team felt that the workload during the merger was too big which did not come up in the literature. Furthermore, there are two observations which are explained below. The most important findings in both literature and interviews are that in general employees are not considered and involved well enough, and that may lead to leaving the company or losing the motivation.

Table 13 Consideration of employees – a comparison between existing literature and the interviews

	Literature	Interviews
Human activities in M&A processes are often forgotten and employees are not involved in decision making	x	x
Employees may leave the company due to changes in the working environment	x	
Employees' motivation or commitment may decrease if their perspective is not considered well * Four out of five interviewees say that the motivation decreased and one that also commitment decreased momentarily	x	x*
Employees may resist the change if they are unaware of the future and are not engaged into the process * Some of the interviewees say that at some point they were against the merger, but some accepted it well	x	x*
It often takes several years to reach the full integration level	x	x
There were not enough resources in operative teams and the workload was too big		x

The interview questions about topic “training and development” focus on a few topics and how the trainings of those were organized from the interviewees’ perspective. The interviewees do not mention any other topics than which are found in the literature review. The only exception in this comparison (Table 14) is that the interviewees emphasize the importance of providing practical trainings which are created for the needs of the specific audience. This is not found in the literature review of this thesis.

Table 14 Training and development – a comparison between existing literature and the interviews

	Literature	Interviews
There are several topics on which employees need to be provided training	x	x
Most of the employees are willing to join the training especially during M&A	x	x
Trainings should be practical and concentrated on the needs of the audience		x

Topic “teamwork” does not include many notable things itself, but both in literature review and interviews it is noted that it is important to have good teamwork in order to succeed in the other topics discussed (Table 15). Based on literature, it can be said that without a proper teamwork, the M&A process does not have a high probability to be successful.

Table 15 Teamwork – a comparison between existing literature and the interviews

	Literature	Interviews
Helps in succeeding with the earlier discussed topics	x	x
Makes employees to work towards a common goal	x	x

It is mentioned in the literature review that the new company will adopt the culture of either former company which the interviewees agree with (Table 16). Other notable thing from the topic “cultural differences” is that the literature review presents several reasons why employees usually resist the change, but only some of the interviewees say that they had any kind of resistance. Even if they had, it was not significant. On the whole, the interviewees say that the cultural differences did not affect much on their level during the merger. Furthermore, according to the literature review, the total effectiveness may suffer due to differences in former cultures. This was wanted to include in the literature review in order to know what kind of effects these differences may cause. However, effectiveness of the merger is not in the scope of the case study thus it is not examined.

Table 16 Cultural differences – a comparison between existing literature and the interviews

	Literature	Interviews
In M&A, the culture of either former company will be adopted for the new company	x	x
Employees may resist this change due to various reasons * Discussed in the first topic of the interviews but was later noted to belong to this topic ** Only some of the interviewees had a little resistance	x	x*
Cultural differences are not in a visible role on the employees' level		x
Differences in former cultures reduce the probability to have a successful M&A	x	

5.2. Answering the research questions

The research questions are divided into two sections based on where the information for those is gathered from. Research questions one and two are answered based on the findings from literature and research question three is answered based on previous chapter's case study.

Answering the research questions based on the findings from literature

Research question one is answered based on chapter 2 and the objective of that was to provide a background of M&A processes in general. Research question two is answered based on chapter 3 and it aimed to examine more precisely employees' perspective during M&A processes.

RQ1: What is a typical M&A process like?

M&A is an abbreviation which is used when meaning any type of financial transactions in which two or more companies are combined. However, mergers and acquisitions are two relatively different transactions. The main difference is that in a merger, two or more companies form one new company via combining their assets. Instead in an acquisition, one

company buys the rights to other companies becoming the new owner of those. Moreover, mergers can be categorized into three structural groups depending on how similar industries the former companies operated in the past. The first group is horizontal in which the companies are from the same industry. The second is vertical which means that the companies earlier cooperated in the same value chain but not on the same level. The third is conglomerate in which the companies are from different industries.

It has been noticed that M&A transactions occur in waves and so far, there has been recognized 7 larger waves. The waves are usually preceded by changes in economic, regulatory and / or technology. Moreover, each of the waves has had its unique outcome. For example, the first wave caused several monopolies whereas the sixth wave began the global expansion. The globalization is predicted to continue especially with Asia-Pacific companies buying growing European companies. Since 1985, an average M&A transaction has been valued of USD 72.4 million and the most valuable single transaction has been worth of USD 202.7 billion being almost 3 000 times the average value. Actually, the M&A transactions are more common between SMEs than larger global companies.

M&A processes take often even several years to complete due to various steps that must be done during the process. At first, the buying company does its own strategy work including for example the reasons for M&A and searching the potential company. When this background work is done, the companies negotiate about the possible deal and if everything goes well, they finally form a new business together. This long duration of processes is a questioned matter because it usually increases the probability to fail. In fact, the failure rate of M&A processes is even 83 percent depending on the source. Usually, a failure is a consequence of many reasons. The reasons can be categorized to financial, strategical, and organizational reasons. The financial and strategical categories are found to be important, however the organizational category is the most critical to the success of the process. It includes the employees' perspective and how well they are considered through the process. If there are some problems in that, it does not matter how well the other categories are organized. This leads to the second research question which is answered next.

RQ2: How the employees' perspective in M&A processes could be taken into account?

In this thesis, the employees' perspective in M&A processes was examined via focusing on the following topics: communication, employee involvement, training, teamwork, and cultural differences. Based on literature, it was noticed that all of these topics have an impact on how employees experience the processes. Some of the topics have a remarkable effect whereas some are affecting more in the background. Communication is found to be one of the most critical topics to focus on, but it is also the most improvement needing area in M&A. It is important to pay attention to communication throughout the whole process in order to avoid unnecessary rumors between employees. Especially the first 100 days require proper communication because it can reduce the "them-and-us" -mentality. Nonetheless, employees will always have a lot of questions concerning their own jobs. Even though the answers are not always ready, it is necessary to keep the motivation high. One way to ensure that is to have two-way communication which means that not only employees are told what is happening, but also their opinions are listened. Moreover, it was noticed that the communication must be suitable to the needs of the wanted group.

Employees' involvement is often not as good as it should be which causes problems because employees may decide to leave the company as a consequence. This is due to M&A transactions are often not seen as a human activity. Moreover, the resistance against the change can be reduced via involving employees more in the process. In addition to being involved in decision making, the engagement can be increased by having the senior leadership visible through the process and providing the employees proper training in order to learn the new responsibilities and so feel to be a part of the process. It was found out that training should cover several topics so that employees can succeed in their new roles. At least the following topics are important to be trained: new systems and processes, basics of the other company, and also M&A processes in general. Training should be provided directly when the process begins because employees are willing to be trained and learn new. Furthermore, it was noticed that a good teamwork helps in all the other topics so it should be paid enough attention to. Employees want to decide together and so work towards a common goal which at best makes them forget that they were originally from different companies. Last but not least the cultural differences between the companies are found to

have an effect on employees as well. This is more visible in the background and difficult to remove completely. However, one way to reduce that is to consider if it would be possible to take something from both companies to the new company so that all employees would have something that they are familiar with. This would reduce the resistance against the change.

Answering the research question based on the case study

The objective of research question three was to examine how the employees experienced the case company's M&A process. Moreover, it was aimed to find the topics which the employees were not satisfied with and so help the company to focus especially on these during possible organizational changes in the future. This third research question is answered based on the interviewees' answers which are presented in chapter 4.

RQ3: How did the employees of one of the case company's logistics team experience the M&A process?

As notable from the previous comparison between the literature review and the interviews, the interviewees mostly mention the same things as in the literature based on which the second research question is answered above. In the big picture the interviewees experienced the process quite positively but there were also things that they were not very satisfied with. The most negative feelings were caused by inadequate communication and being not involved to the process well enough. The interviewees would have wanted more targeted communication for them and that there would have been more communication between the announcement and the actual merger. Being not involved can be seen linked to the lack of communication because the interviewees say that their opinions were not considered. This could be possible to change by listening to the employees and having two-way communication. The feeling of not being involved is not good for the process as the interviewees say that at some point their motivation decreased. Moreover, training was a topic which the interviewees would have wanted to be different. They say that some of the trainings were organized for too wide groups thus the trainings were not practical, and the needs of the specific team were not considered enough. Teamwork is said to be the most important factor in keeping the motivation high because there were others in the same

situation, and it was always possible to ask for help. The organizational differences were seen to be more in the background and not affecting on the interviewees' level.

Each M&A process has similar basis but also its unique features thus no direct suggestions can be provided about how to utilize these results during case company's possible organizational changes in the future. However, it will be beneficial to take these results into account and utilize those as seen best for the specific process in order to ensure that employees' perspective is considered from start to finish. Moreover, it is possible to utilize these results also globally because each process has employees involved and as said, their perspective must be considered in order to ensure a successful M&A process.

5.3. Future research

The suggestions for the future research are presented both for universal studies and also specifically for the case company. In both of these, the main focus is on the management's perspective because it would complement the results of employees' perspective which was examined in this thesis. Furthermore, the case company is also presented with other suggestions which they could study about their merger to get a wider overall view about it.

Suggestions for universal studies

While this thesis focuses on the employees' perspective in M&A processes, it would be interesting to examine the management's perspective about the same topics as in this thesis via utilizing the same conceptual framework. At first, it could be studied how the management usually experiences the M&A processes and how they currently try to consider employees during the processes. After that, the main objective could be to find out if the management could consider the employees' perspective better via utilizing the most important findings of this thesis. Furthermore, if that is found to be possible, it should be investigated more specifically what actions it would require from management topic by topic.

Suggestions for the case company

As already suggested for universal studies, also the case company could first study the management's perspective about the merger. It would be good to find out whether the management agrees with the points which the interviewees mentioned in the interviews or if they have differing opinions. After that, it could be studied how the management could take the employees' perspective into better consideration in the future if there occurs some organizational change. Furthermore, it would be interesting to examine if some other teams, for example procurement, have experienced the merger in a different way compared to this interviewed team. Moreover, the experiences of ex-Metso's employees could be studied because they may have quite different opinions. In addition, because the total effectiveness and the financial indicators of the merger were not in the scope of this thesis, those should be investigated to form an overall view of the merger.

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Appendix 1. Interview questions in Finnish

Aloituskysymykset

1. Kuinka kauan olet työskennellyt organisaatiossa?
2. Onko sinulla aiempaa kokemusta yrityskaupoista (käytännössä tai teoriassa)?
3. Mitkä ovat olleet merkittävimmät sinua koskevat yhdistymisen aiheuttaneet muutokset?
 - a. positiiviset muutokset
 - b. negatiiviset muutokset

Viestintä

1. Mitä oletit tapahtuvan, kun kuulit koko organisaatiota koskevasta tiedotustilaisuudesta?
2. Millainen yleismielipide sinulle jäi tiedotustilaisuuden jälkeen?
 - a. mitä positiivisia ajatuksia?
 - b. mitä negatiivisia ajatuksia?
3. Millaiseksi koit viestinnän tiedotustilaisuuden (7/2019) ja konkreettisen yhdistymisen (7/2020) välillä?
4. Koitko pystyneesi ilmaisemaan oman mielipiteesi yhdistymisprosessin aikana?
5. Mitkä asiat koet tärkeimpinä toimenpiteinä, joilla uusi organisaatio voi rakentaa luottamusta organisaation ja työntekijöiden välille?
6. Minkälaisia kysymyksiä sinulle heräsi yhdistymisprosessin aikana?
7. Miten arvioisit yhdistymistä koskevaa viestintää kokonaisuudessaan omasta näkökulmastasi asteikolla 1-10 (1 huonoin, 10 paras)?

Työntekijöiden huomioon ottaminen

1. Miten kuvailisit työntekijöiden huomioon ottamista tässä yhdistymisprosessissa?
2. Miten sinä otit muutoksen vastaan?
3. Millä asioilla on sinun mielestäsi suurin vaikutus siihen, että työntekijät saadaan sitoutettua erilaisiin yritysten muutoksiin, kuten yhdistymisprosessiin?
4. Koetko, että työntekijöiden, prosessien ja systeemien yhteen sulautuminen on jo toteutunut, vai tarvitsisiko vielä tehdä jotakin?
5. Miten arvioisit työntekijöiden huomioon ottamista kokonaisuudessaan omasta näkökulmastasi asteikolla 1-10 (1 huonoin, 10 paras)?

Koulutus ja kehittäminen

1. Miten koet sen, että Metson järjestelmät ja prosessit tulivat käyttöön uudelle organisaatiolle?
2. Millaiseksi koet saamasi koulutuksen seuraavista aihealueista?
 - a. Järjestelmämuutokset
 - b. Uudet työskentelyprosessit
 - c. Yhdistyminen ja yrityskaupat yleisesti
 - d. Uudet henkilöt ja toinen organisaatio
3. Olisitko toivonut koulutusta jostain muusta aiheesta?
4. Miten arvioisit yhdistymistä koskevaa koulutusta kokonaisuudessaan omasta näkökulmastasi asteikolla 1-10 (1 huonoin, 10 paras)?

Tiimityö

1. Mitkä asiat koet tärkeimmiksi tiimityön eduiksi tämän yhdistymisen aikana?
2. Millaiseksi koet tiimityön 1. toisen organisaation kanssa ja 2. oman tiimin sisällä yhdistymisprosessin aikana?
3. Miten arvioisit yhdistymistä koskevaa tiimityötä kokonaisuudessaan omasta näkökulmastasi asteikolla 1-10 (1 huonoin, 10 paras)?

Kulttuuriset eroavaisuudet

1. Oliko entisten yritysten toimintatavoissa mielestäsi merkittäviä eroja?
2. Miten arvioisit toimintatapojen yhteen sulauttamista?
3. Onko kulttuurisilla eroilla ollut vaikutusta työhösi?

Yhteenvetävät kysymykset

1. Minkä aihealueista (viestintä, työntekijöiden huomioon ottaminen, tiimityö, koulutus vai kulttuuriset eroavaisuudet) koet vaikuttavimpana tekijänä omiin kokemuksiisi yhdistymisestä?
2. Minkä aihealueista (viestintä, työntekijöiden huomioon ottaminen, tiimityö, koulutus vai kulttuuriset eroavaisuudet) koet vähiten vaikuttavana tekijänä omiin kokemuksiisi yhdistymisestä?
3. Koetko, että Covid-19 on vaikuttanut joihinkin tässä haastattelussa käsitellyistä aihealueista?

4. Onko sinulla lisättävää johonkin käsitellyistä aihealueista tai oletko huomannut näiden aihealueiden lisäksi jotakin muuta, millä on ollut vaikutus siihen kuinka sinä koit yhdistymisprosessin?

Appendix 2. Interview questions in English

Starting questions

1. How long have you worked in the organization?
2. Do you have previous experience about M&A (in practice or theory)?
3. What have been the most significant changes that the merger has caused to you?
 - a. positive changes
 - b. negative changes

Communication

1. What did you assume was going to happen when you heard about an announcement concerning the whole organization?
2. What kind of overall opinion did you get from the announcement?
 - a. what positive thoughts?
 - b. what negative thoughts?
3. How did you experience the communication between the announcement (7/2019) and the concrete merger (7/2020)?
4. Did you feel that you were able to express your own opinion during the merger?
5. What actions do you experience as the most important by which a new organization can build trust between an organization and employees?
6. What kind of questions did you have during the merger?
7. How would you rate the communication about merger in its entirety from your own perspective on a scale of 1-10 (1 worst, 10 best)?

Consideration of employees

1. How would you describe the consideration of employees in this merger?
2. How did you take on the change?
3. What things do you think have the greatest impact on engaging employees to various corporate changes, such as mergers?
4. Do you feel that the merger of employees, processes, and systems has already taken place, or is there still something that should be done?
5. How would you rate the consideration of employees as a whole from your own perspective on a scale of 1-10 (1 worst, 10 best)?

Training

1. How do you experience the fact that Metso's systems and processes came into use for the new organization?
2. How do you experience the training you have received in the following topics?
 - a. System changes
 - b. New working processes
 - c. M&A in general
 - d. New persons and another organization
3. Would you have wished for education on some other topic?
4. How would you rate the training during merger in its entirety, from your own perspective, on a scale of 1-10 (1 worst, 10 best)?

Teamwork

1. What things do you consider as the most important benefits of teamwork during this merger?
2. How do you experience the teamwork 1. with another organization and 2. within your team during the merger?
3. How would you rate the teamwork during merger in its entirety from your own perspective on a scale of 1-10 (1 worst, 10 best)?

Cultural differences

1. Do you think there were significant differences in the way the former companies operated?
2. How would you evaluate the merging of modi operandi?
3. Have cultural differences had an impact on your work?

Summarizing questions

1. Which of the topics (communication, consideration of employees, teamwork, training, or cultural differences) do you experience as the most influential factor to your experiences of the merger?
2. Which of the topics (communication, consideration of employees, teamwork, training, or cultural differences) do you experience as the least influential factor to your experiences of the merger?

3. Do you feel that some of the topics discussed in this interview have been affected by Covid-19?
4. Do you have something to add to any of the topics discussed, or have you noticed something else besides these topics that has had an impact on how you experienced the merger?