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# Integrating Strategic, Organizational, and Human Resource Perspectives on Mergers and Acquisitions: A Case Survey of Synergy Realization

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## Abstract

Mergers and acquisitions are complex events in organizational life for which we have incomplete understanding, in part because researchers have tended to consider only partial explanations of them. The authors addressed that problem by developing a conceptual framework that integrates theoretical perspectives from economics, finance, and especially strategy, organization theory, and human resource management to offer a broader process-oriented integrative model. The integrative model explicitly describes how synergy realization is a function of the similarity and complementarity of the two merging businesses (combination potential), the extent of interaction and coordination during the organizational integration process, and the lack of employee resistance to the combined entity. The approach differs from traditional methods of studying mergers and acquisitions in three ways: (1) the success of a merger or acquisition is gauged by the degree of synergy realization rather than more removed and potentially ambiguous criteria such as accounting or market returns; (2) the key attribute of combination potential is conceptualized not only in terms of the similarities present across businesses, as in most studies of mergers and acquisitions, but also in terms of the production and marketing complementarities between the two businesses; and (3) the data are derived from a case survey method that combines the richness of in-depth case studies with the breadth and generalizability of large-sample empirical investigations.

The framework was tested empirically across a sample of 61 mergers and acquisitions. The extent to which a merger or acquisition resulted in synergistic benefits was related to the strategic potential of the combination, the degree of organizational integration after the deal was completed, and the lack of employee resistance to the integration of the joining firms. Furthermore, the analysis revealed that (1) independent of any similarities across joining firms, the presence of complementary operations increased the probability of acquisition success by boosting synergy realization, (2) organizational integration was the single most important factor in explaining synergy realization, even to the extent that M&As with high combination potential were significantly more successful when coupled with high organizational integration than when integration efforts were less forceful, and (3) mergers and acquisitions that were dependent on gains from combining similar production and marketing operations tended to elicit more resistance from employees than M&As focused on realizing complementary benefits. Overall, the findings provide strong support for an integrative theory of mergers and acquisitions.


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