Due Diligence in Cross-Border M&As
Top Management Team's human capital affecting speed of due diligence process

A multiple case study

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Master Thesis in Business Administration

Title: Due Diligence in Cross-border M&As - Top management team’s human capital affecting speed of due diligence process

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Abstract

Problem: Globalization and market saturation are a constant influence for all the participating businesses in the markets. Therefore, companies of all various sizes are considering mergers & acquisitions to either consolidate the market, use it as a market growth opportunity or entry strategy into a new market or even country. Due to these multidimensional processes, many of the attempted M&As fail. Practitioners tend to focus only on financial or legal characteristics when considering to acquire and afterwards merge the target company, which results into failed M&A process. Accordingly, multifaceted phenomena such as M&As should not be only assessed on two dimensions, they should rather be evaluated as a whole with a dynamic due diligence process along the M&A.

Purpose: The purpose of this thesis is to investigate the speed of dynamic due diligence process in cross-border mergers and acquisitions and what effect the human capital of an organization’s top management has on it.

Method: For this thesis we utilize a qualitative research based on a multiple case study approach. Therefore, we investigated four case companies within different industries in the Finnish context. The primary empirical data was collected through semi-structured interviews with guidance from a topic guide, in addition we also used company information such as annual reports or the company websites as secondary data. The derived statements are based on the findings, which were categorized and afterwards adopted as a basis for the analysis.

Findings: The findings of this thesis are that the human capital factors affect the speed of the due diligence process in cross-border mergers and acquisitions via four themes; (1) business environment, (2) market knowledge, (3) inter-organizational leadership and (4) individual skills. The themes can affect the speed directly, but more importantly through the interplay of different themes.

Conclusion: In conjunction with various authors mentioned in this thesis, we also come to the conclusion that a dynamic due diligence process is contributional in order to grasp the multidimensionality of mergers & acquisitions. Additionally, the context where the individual M&A is happening is playing a major role within the evaluation process. Hence, top management team’s human capital has an impact on the speed of dynamic DD process in cross-border M&As via the four above mentioned themes.
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Abbreviations

DD - Due Diligence
HC - Human Capital
HR - Human Resource
LOI - Letter of Intent
M&A - Merger & Acquisition
NDA - Non-disclosure Agreement
ROI - Return on Investment
TMT - Top Management Team
1. Introduction

The introductory chapter of the following thesis presents the background of the topic studied. Hereby, we present the subject at matter and the derived issues. Followed by the problem statement, the purpose of the study, the research question and lastly the delimitations of this study are expressed.

As the globalization and the amount of international business deals have increased in the recent years, cross-border mergers and acquisitions have followed the same trend (Cartwright & Schoenberg, 2006; Caiazza, Shimizu & Yoshikawa, 2016). Nevertheless, the success rate of the deals has not increased in a similar manner and the results of the deals are estimated to not create as much value as expected. In the recent research, Bauer and Matzler (2013) state that almost 83% of the deals fail, indicating that only approximately two out of ten deals result into a successful new corporation with either merging two or more companies together (merger) or one company buying another one (acquisition).

The reasons for this relatively low success rate of M&As are various. Bradt (2015) highlights in his recent research that the failure in many cases is the result of the business environment, attitudes towards the merger and acquisition deal or management not understanding the key factors in value creation of the deal. These findings are supported by Bauer and Matzler (2013) as well as Gomes, Angwin, Weber and Tarba (2013) who state that organizations are failing due to the aforementioned reasons and that the current academic literature on the topic is fragmented due to the fact that various streams of literature are not connected with one another. Furthermore, the human aspect of the process has not been studied as extensively contrasted to financial, legal and strategic factors. As outlined by Morosini (2013), some organizations have a better understanding of the importance of human resources in the mergers and acquisition process and thus can increase the likelihood of a better outcome especially in cross-border mergers and acquisitions. Therefore, connecting human resources to the overall process is important for further development in the field.

Angwin (2001) proposes in his research of cross-border mergers and acquisitions that in order to better manage the process of mergers and acquisitions, organizations and academia ought to put higher emphasis on the due diligence (Abbreviation of “DD” is used subsequently for “due diligence) process of mergers and acquisitions. Traditionally, due diligence has been seen as a single step in the process, where the acquiring company investigates the financial, legal, strategic, human and organizational aspects of a target company before agreeing on a deal.
(Shimizu, Hitt, Vaidyanath & Pisano, 2004). Thus, Shimizu et al. (2004) conclude that to achieve better results in cross-border mergers and acquisitions, academia should focus on investigating and analyzing the role of due diligence within the whole process to create a more holistic view on mergers and acquisitions.

1.1 Research Purpose and Objective

As the paradigm of mergers and acquisitions is shifting towards a more holistic approach, the purpose of this thesis is to investigate the speed of dynamic due diligence process in cross-border mergers and acquisitions (Abbreviation of “M&A” is used subsequently for “mergers and acquisitions”) and how the human capital (Abbreviation of “HC” is used subsequently for human capital) of an organization’s top management team (Abbreviation of “TMT” is used subsequently for top management team) affects it. Hereby, we want to explore how human capabilities of the TMT in form of international and overall work experience as well as formal training effect the pace of a dynamic DD process in cross-border M&As. Furthermore, the thesis also aims to give recommendations for future research within the topic as well as provide recommendations for practitioners how to better manage the due diligence process in cross-border transactions in regards to human capital. Moreover, we aim to provide insights to the current stream of theory out of the assembled empirical data.

The objective of this thesis is to fill a gap within the recent cross-border merger and acquisition literature. This gap is highlighted more in detail in Chapter 3, where we examined the current stream of literature by utilizing the systematic literature review methodology complemented with the snowballing method (Easterby-Smith, Thorpe & Jackson, 2015) for gathering recent and timely academic literature on the topic.

Based on our aforementioned purpose and objective, the subsequent research question is investigated, which we are pursuing to answer throughout this master thesis:

*How TMT's human capital affects the speed of dynamic due diligence process in cross-border M&As?*

The paper is structured as follows: first, we outline the introduction including background of the topic under scope, problem statement and purpose, such as delimitations. Second, we follow the illustration of the organization of research, which combines the method used in the literature review as well as the model to narrow down the sample of articles is presented. Furthermore,
in this section the research methodology including research philosophy, design, strategy and quality as well as the ethical considerations within our research are expressed. Subsequently, the thesis reviews the current stream of research within the field of cross-border M&As in relations to speed and human capital. Thereafter, the gaps within the research are highlighted as well as potential future research questions are presented. Forth, we present our findings in form of cases derived from semi-structured interviews and company material gathered from the participating Finnish case companies. In the fifth chapter, we analyze our empirical findings with content analysis based on the themes obtained from our gathered empirical data in order to derive theory from our research. Before reaching the conclusion, we are going to discuss our results from the analyzed case companies in regards to the current stream of research and emergent unexpected insights. Lastly, in the seventh chapter we summarize the findings as well as further research areas are added to the discussion such as managerial and theoretical implications and limitations in our research are outlined.

1.2 Delimitations

The delimitations guide us in setting the scope for our master thesis. The need for delimitations arises, due to the selection of the research topic within the area of mergers and acquisitions. Mergers and acquisitions is a multifaceted paradigm within the field of business administration, where different streams of literature are not fully incorporated together (Bauer & Matzler, 2013). Accordingly, in this study we will only focus on the context of European cross-border M&As and will entrust cross-continental M&As for future research. Furthermore, we are not going to focus on specific financial, legal or psychological aspects of the topic under research, since the focus of this thesis is more in investigating how human capital aspects (i.e. knowledge and experience) affect the overall process of mergers and acquisitions from the perspective of business management. Moreover, we set a scope for the human capital under research, therefore we limit it to the areas of TMT´s international experience, work experience and gained formal training.

The literature review itself displays a holistic dynamic due diligence process that incorporates the mergers and acquisitions process together to demonstrate the connectedness and complexities within the individual steps of a mergers and acquisitions process, which has been proposed by several authors (See for example Bauer & Matzler, 2013; Gomes et al., 2013). Furthermore, our decision to apply a qualitative research design over a quantitative one arises, because our aim is to interpret the research objects within their natural context, thus enabling
us to interpret this anomaly in conditions of importance that human beings bring to it. Normally, when applying variables like speed, quality or performance in the research question a quantitative study would be more appropriate to use. However, as stated we aim to understand the multifaceted nature of mergers and acquisitions as well as investigating human influences to the context, qualitative research method is more appropriate (See Chapter 2.3 for more thorough reasoning).
2. Organization of the Research

In the following chapter we outline how we structured our research. Therefore, we first state the process of the systematic literature review as well as the sampling of the articles (2.1) in the method section. Second, we present the applied research philosophy (2.2), design (2.3), strategy (2.4) and quality (2.5) as well as the ethical considerations (2.6) within our research.

2.1 Selection Process of the Articles

In this chapter, we present the method for gathering articles in the field of cross-border M&As. To reach the purpose of the thesis, we utilized a systematic literature review approach with predefined set of keywords and keyword strings as well as adding relevant academic articles by the snowballing method. Systematic literature review is a robust research method in nature (Easterby-Smith et al., 2015), thus being appropriate for the topic due to its complexity with multifaceted nature. In addition, the topic has been studied extensively in the past (Larsson & Finkelstein, 1999; Bauer & Matzler, 2013) and in order to gather relevant and recent literature, a systematic approach is required.

Easterby-Smith et al. (2015, p. 13) define a systematic literature review as an: “analytical summary of an existing body of research in the light of a particular research issue.” In general authors of such a review try to explain, analyze and clarify what is in particular known and what is missing in regards of a specific field of research (Davies, 2004). Furthermore, systematic reviews encourage interdisciplinary through illustrating cross-disciplinary themes (Easterby-Smith et al., 2015). Systematic literature reviews are highly recognized in academia, due to their replicability and transparency in terms of objectivity (Jesson, Matheson & Lacey, 2011) as well as increasing validity and objectivity (See Chapter 2.5). Moreover, when done correctly, a literature review is useful in regards to learning and gaining insight from former contributions and additionally it outlines flaws and gaps in previous research about a specific field (Easterby-Smith et al., 2015).

2.1.1 Sampling of Articles

To achieve the previously mentioned objectives for the review, we created a four-stage method to determine our sample of articles for the following review (See Figure 1). In the first stage we carried out a keyword search on Google Scholar and Web of Science (WoS), in order to get a broad overview and understanding in respect to the main topic of “Mergers and Acquisitions”. After the keywords had been determined, we applied Boolean operators such as “AND” and “OR” to combine research topics and areas together. The used keyword strings comprised the
terms “Merger* and Acquisition*” OR "M&A*" AND "cross border" AND "due diligence". Subsequent to the first stage, we continued to the second stage. Moreover, wildcards were used so ensure that same words with alternative spelling were also included. In our search we applied “*” as a wildcard symbol, for example when searching “merger*” to capture both, “merger” and “mergers”.

![Diagram of 4-stage pooling framework for the systematic literature review.](image)

**Figure 1.** 4-stage pooling framework for the systematic literature review.

In order to find the state-of-the-art articles and to filter them more effectively we consulted an information specialist from the Jönköping University Library (See Appendix 1). Based on the consulting, the information specialist recommended to use Elsevier’s SCOPUS as a database and other online services if needed. According to the specialist, SCOPUS is the most reliable database to utilize when searching for academic literature, particularly in peer-reviewed journals within the field of M&As.

To narrow down the search results further, we used similar keywords and search strings as in our first search: “merger* AND acquisition*” OR “m&a*” OR “pre-acquisition” AND “due diligence” AND “cross-border” OR “cross-country” OR “expan*” OR “foreign” OR “international” OR “transnational”. This search approach delivered us more than 15,000 hits. Considering the extent of the results, we decided to replace some of the keywords and apply more filters. The following keyword combinations were used in the search: "merger*" AND
"acquisition*" OR "pre-acquisition" AND "due diligence" AND "cross-border". Furthermore, the last attempt was based on the following filter criteria: for the source type we only used academic journals, the categories business and by the document type article. Through this research we found 93 articles. We selected the articles by sorting them from the highest number of citations to the lowest and by reading the abstracts. With this method, we gathered 73 articles in total for the next step.

In the third phase, we utilized the “Snowballing” approach. After establishing the initial set of articles, we started the initial iteration deriving the backward- and forward referencing or snowballing (Wohlin, 2014). First, we used the backward referencing of the articles to discover which literature has been important in the past and could be interesting for this investigation. Therefore, we applied the reference lists of the 73 articles which opened us a pool of 3,854 articles. By filtering the 73 reference lists, we only looked for peer-reviewed journal articles, language in English and applied the following inclusion criteria: “merger* and acquisition*” AND “m&a*”, “merger*” (incl. post & pre), “acquisition*” (incl. post & pre) and “due diligence”. This led us to a final pool of 449 articles (duplicate articles excluded) in the backward referencing part. Second, in order to see how often and by whom the 73 articles had been cited in the present we applied the forward referencing, for which we applied the same set of limitations as for the backward part. The only filter we considered here was the limitation of the time span from 2012 to 2017 and received a pool of 375 articles (duplicate articles excluded).

In the fourth and last phase, we joined the forward- and backward referenced articles together (824 articles). In regards of the quality criteria, we used the latest available Journal Impact Factor from WoS of 2> to mainly consider high-quality, peer-reviewed journals. Pudovin and Garfield (2012) denote Thomason Reuter’s WoS - Journal Impact Factor to be a useful and broadly used informative measurement indicator for the frequency of use and transparency of journals. Apart from that, niche and non-peer reviewed journals as well as books were used for the research, which might have been filtered out, but due to the specification of their topics and their recency of publication had smaller impact factors, but still were relevant for the discussion (e.g. Thunderbird International Business Review and Harvard Business Review). The final step, narrowed the preliminary pool of above 800 articles down to 85 articles. After all the stages, we screened the pool of articles and decided which articles to include and which of them not, since some of them were correlating with the topic. Through this process, we could sample
down a high number of academic articles and only consider the 71 most relevant and interesting articles for this research, without deteriorating the quality of the articles.

2.2 Research Philosophy

The philosophical foundation of our research identifies the way humanity makes sense about knowledge and the nature of existence, along with human expectations and beliefs about the way they picture the world (Somekh & Lewin, 2008). The research philosophy as outlined by Easterby-Smith et al. (2015) consists out of four attributes; ontology, epistemology, methodology as well as methods and techniques. Thus, ontology, epistemology and methodology are usually less visible to the observer (Easterby-Smith et al., 2015). Whereas, ontology and epistemology are seen as the heart of the research process when it comes to observing matters in social sciences and accordingly the actions of people taken in a social world (Easterby-Smith et al., 2015).

In this regard, ontology is defined by Punch (2014, p. 15) as “what reality is like”. Therefore, ontology explains how the world performs (Saunders, Lewis & Thornhill, 2016) and interprets the constantly shifting views of humans on the nature (Wallimann, 2016). Additionally, Easterby-Smith et al. (2015) further explore the concepts of ontology and break it down into the following four dimensions; realism, internal realism, relativism and nominalism. These four dimensions indicate how the researcher(s) understands the truth and how facts are observed by the researcher. The four aspects range from realism, indicating that one single truth exist, and facts can be detected, to nominalism that denies the existence of truth and all facts are created by humans and their interactions (Easterby-Smith et al., 2015).

In regards to our research, we apply the perspective of relativism as our ontology, which describes that many truths exist and the interpretation of facts depend on the angle of the observer (Easterby-Smith et al., 2015). This arises, due to our investigation of due diligence processes in cross-border M&As, where the facts depend on the perspective and understanding of the various participants that are of importance in the process. Hence, we need to gain thorough understanding and rich information of companies that approached cross-border M&As. Hereby, we especially consider to gain understanding via the research interviews as our primary material and as a secondary material, background information that provides us with extensive perspective needed to understand the different viewpoints existing within the due diligence processes in cross-border M&As.
In contrast to ontology, epistemology is defined by Punch (2014, p. 15) as “what the relationship is between the researcher and that reality”. Hence, Walliman (2016) outlines it as a way how humans build their theory out of knowledge. Furthermore, it identifies what is appreciated as adequate amount of knowledge in social sciences (Bryman, 2012), how we can transfer knowledge to others and how knowledge is justified (Saunders et al., 2016). Epistemology comprises two dimensions such as positivism and social constructionism, which can be further divided into strong positivism and strong constructionism as outlined by Easterby-Smith et al. (2015). The four identified dimensions differentiate themselves on attributes such as the aim of the research, starting point of the research, research design, data types, interpretation of data and outcomes. Additionally, the differentiation provide insights of how thorough the analysis of a research subject needs to be (Easterby-Smith et al., 2015). Thus, in our research we are going to apply the view of social constructionism, since we believe that the phenomenon of observation is in constant change caused by steady social interactions (Walliman, 2016). Hence, we are aiming for convergence and to explore the thoughts and feelings from the individuals in a due diligence process regarding cross-border M&As. Therefore, we desire to create theory by combining and interpreting perspectives of different individuals (Easterby-Smith et al., 2015).

Due to the explained combination above, relativistic ontology and the socially constructed epistemology in our research, Patton (2015) as well as Yin (2009) recommend the concept of triangulation to add credibility. Furthermore, using data triangulation can add extra validity to the research, because multiple sources have been used to provide evidence for the same phenomenon under research (Yin, 2009). With our research focusing on the due diligence process in cross-border M&As, we are always challenged to use different sources of information in different locations depending on the specific situation. As already mentioned above, we will interview different individuals in different case companies to get in-depth insights as well as use additional company data in the form of annual reports. Moreover, the different attributes of each case company such as the country of origin or the amount of completed M&As will have a positive influence on the triangulation process. Especially, in the research field of M&As, the examination of diverse perspectives is an important aspect in order to study the multi-complexity of the research topic (Reddy, 2015).

With this in mind, we are aware of the different strengths and weaknesses of the aforementioned research philosophy. In regards to our research question, this holistic approach enables us to
consider the diversity of perspectives and to generate the consistency and validity needed. Nonetheless, the access to the needed case companies or rather data sets can be difficult, due to its attributes and the needed justifiable amount of insight information on the research issue to establish a solid conclusion (Easterby-Smith et al., 2015).

2.3 Research Design

Saunders et al. (2016) describe the research design as a road map covering the qualitative research design, approach and purpose. It additionally involves couple of decisions that need to be made in order to merge it into the research project, usually the research philosophy and design are closely connected (Saunders et al., 2016). These aspects are illustrated more in detail in the following chapter.

2.3.1 Qualitative Research Design

First, in order to explore the phenomenon of cross-border M&As we need to gain the required insights of the qualitative research design to meet and justify our research question on how TMT's human capital affects the speed of dynamic due diligence process in cross-border M&As. Therefore, we are going to use a qualitative research design. The decision why we use qualitative research design over a quantitative design is because our aim is to create but also utilize non-numeric data such as verbal descriptions, whereas the quantitative design only considers numeric data such as figures (Cooper & Schindler, 2014). Additionally, Reddy (2015) states that, qualitative research has been underutilized in the context of M&A research and studies on M&As have been highly scrutinized by quantitative methods when approaching financial issues such as measuring performance or quality (Reddy, 2015).

The qualitative research method allows us to interpret objects more freely within their natural context and therefore we can interpret the topic in conditions of the importance what human interaction brings to it. By observing cultures, individuals or groups in their natural environment we aim to explore and find, how and why certain behavior, operations or phenomena occur in the context of our study. Furthermore, we want to make use of the information and underlying aspects that get transferred via the language and therefore the qualitative research design is more applicable in our research than the quantitative one (Cooper & Schindler, 2014). To achieve that, it is of crucial importance to create an environment of trust to secure a sufficient information exchange between the research participants and us (Punch, 2014).
2.3.2 Research Approach and Purpose

Ruane (2005) outlines two possible ways to make use of the research theory. Either, researchers can make use of the already established theory or experience, which refers to the deductive approach, or they can generate new theory through empirical data that indicates the adoption of the inductive approach (Cooper & Schindler, 2014; Ruane, 2005). Through the utilization of the literature review, we came to a similar conclusion with Shimizu et al. (2004) who recognized a gap of applying a dynamic due diligence process in cross-border M&As and therefore to test an existing theory with the deductive approach is not applicable. As a result, we are going to collect empirical data in regards to the subject of the matter and create theory or a conceptual framework (Cooper & Schindler, 2014). Furthermore, this will be done via a number of semi-structured interviews, to generate a better understanding of the research subject in regards of the theory of dynamic due diligence process in cross-border M&As. Additionally, executing research on the M&A subject via the inductive approach is supported by Bengtsson and Larsson (2012), who argue that theory development ought to move from specific empirical phenomenon (i.e. cross-border M&As) to more general theories.

The research approach is followed by the research purpose and can be divided into descriptive, explanatory, exploratory design (Punch, 2014) evaluative and combined studies (Saunders et al., 2016). The choice of research design in general depends on what the purpose of the research is. The researcher has to state what he wants to investigate in order to decide an applicable dimension (Cooper & Schindler, 2014). For our research we decide to use the exploratory research, because we want to understand the subject under research, in our case dynamic due diligence process in cross-border M&As (Ruane, 2005). Additionally, Saunders et al. (2016) outlines that usually exploratory studies involve research questions starting with “What” or “How”. This arises due to the researchers wanting to get insights on the research issue or phenomenon. Nevertheless, exploratory research enables us to be open and flexible to changes in the case, when new insights or new relevant data may appear (Saunders et al., 2016). Wallimann (2016) adds that especially the case study design provides research with the needed flexibility, which will be further outlined in the next chapter.
2.4 Research strategy

Marshall and Rossman (2006) describe the research strategy as a program of tasks consisting out of decisions that needs to be fulfilled in order to answer the research question. In regards to our research, we are going to establish a multiple case study, comprised with companies that have executed a cross-border M&A(s) in the recent decade. As outlined before, we argue that the qualitative research design, especially with semi-structured interviews based on our topic guide (See Appendix 3) followed by a content analysis, provides a solid strategy to gain a thorough understanding of the subject under research. In the following sub-chapter, we are laying out the applied research method, sampling strategy and how the empirical data is collected and analyzed more in detail.

2.4.1 Research Method

In order to fulfill our research purpose, this chapter outlines the applied research methods and techniques. Considering a variety of tools and procedures available in order to gain understanding and collecting the empirical data and subsequently interpret it (Easterby-Smith et al., 2015) in scientific research. Yin (2009) defines case studies in two separate ways. First, a case study is an empirical inquiry that “investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident (Yin, 2009, p. 46).” Second, inquiry of the case study “copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result; relies on multiple sources of evidence, with data needing to converge in a triangulating fashion, and as another result; benefits from the prior development of theoretical propositions to guide data collection and analysis (Yin, 2009, p. 46).”

For our particular research, we are utilizing a multiple case study method, since we could not receive unrestricted access to one single case company as well as multiple case study method allows us to derive analysis from multiple sources. Thinking in regards of the research question (See Chapter 3.8), we argue that the research is best facilitated with qualitative multiple case-method, with four case organizations, where the data is primarily gathered with semi-structured research interviews and secondarily via company reports and other material. Moreover, through the observations of four case companies, we will investigate this contemporary phenomenon of cross-border M&As via multiple sources. With this method, we argue that the contextual and dynamic nature of the interactions between the individuals and processes can be assessed better.
Furthermore, this method allows the researchers to inductively create connections as well as themes based on the research subject’s answers.

Additionally, Yin (2016) lines out that, the case study is a valuable method since it precisely investigates the individual cases within their natural context. Bengtsson and Larsson (2012) also state that by using multiple case study method, it enables access to a pool of data for investigators to assemble, patternize, interpret and compare cases or data points against each other in contrast to only relying on a single case study. Furthermore, multiple cases help us to gain external validity by relying on a larger population (Reddy, 2016). On the other side, applying a multiple case study restricts us in the terms of replicability and transferability of the study to another context (Reddy, 2016). However, Bengtsson and Larsson (2012) argue that when studying the rich context of the M&As, the strength of applying a case study method is that its multidimensionality and flexibility are superior when compared to alternatives.

2.4.2 Sampling Strategy

Sampling strategy is a fundamental aspect of any qualitative research, as it provides the source for the findings, thus giving the foundation for the analysis and conclusion (Easterby-Smith et al., 2015). In general, four different sampling strategies can be identified when conducting a qualitative research and these strategies are: random, systematic, stratified and purposeful sampling strategies (Saunders et al., 2016). In conjunction to the research question of this thesis, we utilize the purposeful sampling strategy supported with the ad hoc sampling, also known as the convenience sampling (Easterby-Smith et al., 2015). Purposeful sampling is defined by Bryman (2012) as a non-probability sampling method, where researcher’s objective is to sample cases in a strategic manner where the cases meet the overall purpose of the research and ad hoc, or convenience, sampling is defined as a method where samples are chosen based on the ease of access (Easterby-Smith et al., 2015).

These two methods were chosen for the research due to the reason that the cases in the research ought to have specific characteristics. Firstly, the sampled companies need to have conducted at least one cross-border M&A in the last decade. This requirement increases the validity of the interview findings, as the transaction is in the recent memory of the research participants. Furthermore, the top management team of the case organizations should have more than three members. This attribute impacts the involvement of the top management in the transaction, since with more people there is more human capital to influence the transaction. In addition, as
we utilize the multiple case research design and our research question investigates whether the speed of the due diligence process is affected by the human capital of the top management, half of the sampled cases are illustrating “fast” due diligence process and half “slow” due diligence process. For the purposes of this research, we extend the outlook of M&A integration, where 100 days is seen as a first key threshold to successful outcome (Angwin, 2001). For this period, authors tend to suggest clear integration plan to be outlined, where newly acquired organization is given all the necessary training and material to increase the likelihood of successful integration (Angwin, 2001). Thus, for our dynamic due diligence process, we extend this notion of 100 days and extend this also to the due diligence process. Nevertheless, we acknowledge that the speed of pre-merger phases is depending on the context of the deal (i.e. size of the target organization and business environment where target operates) extending the time period and state that “fast” due diligence is a process, where dynamic due diligence is conducted in less than 6 months from the beginning of the process and “slow” process indicates that this process lasted over 6 months. This separation facilitates our data analysis, which is illustrated in the following chapter.

Based on this sampling strategy, we have found the following four case companies (See Table 1) who have been interviewed and investigated for the purpose of the research. To find the appropriate amount of case companies for our study, we contacted several organizations who were initially identified through Amadeus database. To research the companies within the database, we used the criteria where companies should be based in Finland and completed at least one cross-border M&A within the last five to ten years. Due to time restrictions in the research we did not conduct any pilot research. From Amadeus database, we gathered more than 250 company hits with the aforementioned criteria, from which we excluded capital funds due to the focus of the research is in traditional companies and their M&A process in conjunction with the purposeful sampling strategy. The Finnish business context was chosen as a parameter for the search due to the personal and professional networks of the authors, reflecting the applied convenience/ad hoc sampling method. Furthermore, all the executed M&As by the participating case companies were carried out from the Finnish facilities by the Finnish respondents of each case company. Therefore, all the respondents of the research have a similar, Finnish, cultural and professional background adding to the quality of the research. Via this approach, we ensure that the study has better overall quality in terms of transferability of the research to another context.
Initial contact to the companies was conducted via email as well as through personal networks. With this approach we preliminarily gathered population of approximately 20 companies, who were contacted during the process. From this overall population, we gathered a research sample of four organizations who took part in the research. This amount of case companies was chosen due to time limitations in interviewing the research subjects as well as achieving appropriate analysis without losing the required depth of the qualitative data. The company characteristics are highlighted in the table below. The case company’s most exhibited speed of the process is underlined in the table 1. After we selected the four participating case companies, we outline in the following subchapter how we collected the empirical data and analyzed it.

<table>
<thead>
<tr>
<th>Company</th>
<th>Industry</th>
<th>Number of international M&amp;As in the last 5-10 years</th>
<th>Pace of M&amp;A/DD process</th>
<th>Number of TMT members</th>
<th>Country of Origin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>Telecommunication &amp; Infrastructure</td>
<td>50</td>
<td>“Slow &amp; Fast”</td>
<td>11</td>
<td>Sweden</td>
</tr>
<tr>
<td>Case B</td>
<td>Mining</td>
<td>10</td>
<td>“Slow &amp; Fast”</td>
<td>4</td>
<td>Ireland</td>
</tr>
<tr>
<td>Case C</td>
<td>Fiber manufacturing</td>
<td>2</td>
<td>“Slow &amp; Fast”</td>
<td>9</td>
<td>Finland/ Sweden</td>
</tr>
<tr>
<td>Case D</td>
<td>Information technology</td>
<td>10</td>
<td>“Slow &amp; Fast”</td>
<td>9</td>
<td>Finland</td>
</tr>
</tbody>
</table>

Table 1. Illustration of the case companies and their characteristics in relation to the research.

2.4.3 Data collection and analysis

Yin (2016) highlights four different data collection methods in the qualitative research; interviews, observations, collecting and examining as well as feeling. The main objective in all of the outlined methods is to extract non-numeric data from the sample for further analysis (Saunders et al., 2016). Data is defined by Yin (2016, p. 138) as “...the smallest or lowest entities or recorded elements resulting from some experience, observation, experiment, or other similar situation.” This in turn can be separated into either primary data, where researchers collect new data from the research subjects, or to the secondary data, where researchers use data gathered by previous researchers or given by the company itself (Easterby-Smith et al., 2015).
As stated, to support the purpose of the research, the research is utilizing semi-structured interview method. This method has attributes of both, structured and unstructured interview methods and gives the research the flexibility as well as the opportunity to derive hidden meanings and deep information from the research participants (Easterby-Smith et al., 2015). The questions were built to be open-ended questions, where the research participants had the opportunity to elaborate on the context and connections how the case organization makes sense of the cross-border M&A process and how the human capital of the top management team affects the process (See Topic Guide, Appendix 3). To reach the best results, we interviewed from each case company at least one member of the top management. Overall the target of the research is to gather 10-12 hours of primary data to be analyzed.

As the interview technique, the research interviews were conducted either in person or via Skype. In person interviews were preferred in the research, since with this technique the researcher can facilitate trust and better observe the participants reactions to the questions (Yin, 2016). Furthermore, to facilitate the trust and gaining better access regarding to the case organizations, we explained the research participants how the data will be used and that their identities as well as organizations are not stated in the thesis. Thus, informed consent of the research participants was acquired with signing an informed consent document (See Appendix 4). The research participants, their characteristics and the key figures of the interviews are illustrated in the Table 2 below.
<table>
<thead>
<tr>
<th>Case company</th>
<th>Research participant</th>
<th>Participant characteristics</th>
<th>Interview duration</th>
<th>Interview style</th>
<th>Interview Date</th>
<th>Supplementary data gathered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>Participant 1</td>
<td>Direct influence in the top management of the case company; vast experience in the field of M&amp;As</td>
<td>2h</td>
<td>In person</td>
<td>20.4.2018</td>
<td>Company material (i.e. annual reports, website), Social Media (i.e. LinkedIn)</td>
</tr>
<tr>
<td>Case B</td>
<td>Participant 2</td>
<td>Part of the executive team of the organization; experience of planning and executing over 10 international M&amp;As</td>
<td>2h</td>
<td>In person</td>
<td>22.4.2018</td>
<td>Company material (i.e. annual reports, website), Social Media (i.e. LinkedIn)</td>
</tr>
<tr>
<td>Case C</td>
<td>Participant 3</td>
<td>Part of corporate development division; Over 10-year experience in the field of M&amp;As</td>
<td>2h</td>
<td>Skype</td>
<td>26.4.2018</td>
<td>Company material (i.e. annual reports, website), Social Media (i.e. LinkedIn)</td>
</tr>
<tr>
<td>Case D</td>
<td>Participant 4</td>
<td>Part of top management of the organization and communications</td>
<td>2h</td>
<td>Skype</td>
<td>27.4.2018</td>
<td>Company material (i.e. annual reports, website), Social Media (i.e. LinkedIn)</td>
</tr>
<tr>
<td></td>
<td>Participant 5</td>
<td>Part of business development</td>
<td>2h</td>
<td>Skype</td>
<td>30.4.2018</td>
<td>Company material (i.e. annual reports, website), Social Media (i.e. LinkedIn)</td>
</tr>
</tbody>
</table>

Table 2. Illustration of the research participants and the interviews.

The data collection in this research has its limitations. First, the interviews were conducted in the native language of the research participants and translated from the recordings. With this technique the opportunity for mis-characterization increases and some key insights might be lost in translation. Furthermore, the overall duration of the interviews could be higher, thus increasing the generalizability of the findings. Nevertheless, the collected data can be regarded high quality, as the interviewed participants possess great experience within the field and together have conducted nearly 100 international M&As.

According to Easterby-Smith et al. (2015) there are seven different analysis methods in qualitative research. These methods are: grounded, content, narrative, visual, discourse, conversation and argument analysis. The selection of the data analysis method is highly influenced by the research design and philosophy (Easterby-Smith et al., 2015). Thus, as our research is founded on relativistic and social constructionism foundation, we utilize content analysis as our method for the data analysis. Content analysis is a method where patterns of communication are extracted in a systematic way (Bryman, 2012). With this method, the research is able to gain clear codes from the data, while remaining flexible to build new.
connections from the findings. A simplified version of the applied coding scheme can be found in the Appendix 5. In addition, in the research analysis we utilized an electronic qualitative research tool, MAXQDA, which is one of the leading tools for qualitative researchers to extract knowledge from data and is praised for its ease of use and clear results (Easterby-Smith et al., 2015).

As stated before, the interviews were recorded and translated into English, from which they were analyzed, coded and themed. To increase the scrutiny, the data was constantly re-evaluated and codes evolved during the process, which is supported by Yin (2016). The coding process and analysis of the codes is highlighted in the Chapter 5, where the thesis illustrates the findings of the research.

2.5 Research quality
The quality of a study is highly influenced via the methods and techniques applied by the researcher to provide evidence through empirical data (Ruane, 2005). Hereby, the concept of trust, especially in building trustworthiness throughout the study, depends if the researchers are following the set framework prior to conducting the study (Yin, 2009). Therefore, this sub-chapter will cover how we as researchers aim to establish trustworthiness via four different types of criteria, such as dependability, credibility, transferability and providing authenticity (Saunders et al., 2016).

2.5.1 Dependability
Dependability, or reliability, can be described as making the whole research process transparent, so if another researcher wants to conduct the same study under comparable conditions, he should receive similar results indicating consistency of the applied research method (Adams, Khan, Raeside & White, 2007). The utilization of a research protocol will foster the dependability of a research (Yin, 2009). As stated, by Adams et al. (2007) researchers will not get the same results, but similar ones that arises hence qualitative research is applied in a volatile and constantly changing environment, which will also affect the replicability of the study. Especially in regards of the cross-border M&As, the applied research strategies are constantly changing and hence the perceptions of the interviewees over time will also change. We aim to not get biased about our individual perception of the interview participant, which is common when conducting semi-structured interviews, where we aim to get in-depth
explanations from the interviewee about the themes regarding our research (Saunders et al., 2016).

2.5.2 Credibility
Seale (1999) describes credibility as the process to provide a coherent strategy in displaying the findings and the results of a study. Additionally, Yin (2009) characterizes this procedure to construct validity, by describing and providing the appropriate methods and techniques for the subject under research. Validity can be established by using multiple sources of proof, providing a logical chain of evidence and by letting the research participant review the draft of the interview that has been conducted (Yin, 2009). Through the review process by the research participant, we ensure that we captured the right interpretation of the participants socially constructed reality (Saunders et al., 2016). Credibility is mainly used throughout the process of the data collection (Yin, 2009). In our case we are going to consider it when conducting our semi-structured interviews with the managers responsible for M&As to capture and understand the different perspectives of the individuals. Furthermore, we are going to extend our findings with additional company material, such as annual reports or information gathered from the company websites or the individual social media profiles of the TMT members.

2.5.3 Transferability
Transferability, or generalizability, outlines in what way the findings of a particular qualitative study can be applied to another or extensive environment, excluding the actual study (Yin, 2016). In order to foster the generalizability of a research study into a different kind of context, the methods used for collecting the data complemented with a rich description needs to be provided (Saunders et al., 2016). Therefore, we are providing an extensive explanation of how we implemented our research strategy on the topic under investigation. Additionally, we provide background information from the studied cases including the amount of accomplished M&As and organizations country of origin.

2.5.4 Objectivity/Authenticity
Objectivity, or authenticity, equips research studies with the neutrality and unbiasedness that is needed to be considered in a high-quality research (Saunders et al., 2016). Additionally, Saunders et al. (2016) state that authenticity of a research study encourages the concept of fairness within the research process by including all the respondents’ views. Yin (2016) expresses, that if the researchers act naive during the process of data collection, the amount of
leading questions can be prohibited. Therefore, we changed all the potentially leading questions out of our topic guide (See Appendix 3) to not exhibit bias in our empirical data.

2.6 Ethical Standards

Cooper and Schindler (2014, p. 28) explain “Ethics are norms or standards of behavior that guide moral choices about our behavior and our relationships with others.” Hence, we are going to respect the dignity and protect our research participants from harm that could possibly arise within this research (Easterby-Smith et al., 2015). Another part of the ethical considerations is the matter of research integrity (Yin, 2016). Integrity in research explains how the readers or examiners can trust the researcher and the gathered empirical data in regards to be true to the applied positions and declarations by the researcher (Yin, 2016). Yin (2016) further outlines, that especially in qualitative research the design and procedures of the study aim to be more flexible, therefore the researcher should state and provide transparency within the applied methods to support an authentic and fair research outcome. Thus, we follow the request for disclosure and state how we conducted the research (See Chapter 2, Organization of the Research).

Furthermore, to provide immediate transparency about the research, we handed over an informed consent or information sheet (See Appendix 4) to our research participants before interviewing them (Cooper & Schindler, 2014). This consent explains our intentions, purpose of the study, the procedure of the interview, the risks as well as the benefits for the participants, confidentiality and anonymity about the research, right to refuse to answer the questions as well as to completely withdraw from the study and the right to ask questions and state concerns. Especially anonymity and confidentiality in the area of our research are immense. A lack in confidentiality in regards to our research participants names or the names of the case companies, might give a strategic advantage to an opposing company in the same industry. Hence, we are hiding the names of the participants with acronyms and the various company names are covered with the word “case” and a consecutive numbering in from of letters.

Ethical considerations will be assessed on five potential aspects, such as the procedure, location, overall safety, confidentiality and permission, are outlined as follows; (1) in regards of procedure, we will inform all the interviewees how we plan to proceed from taking the interviews until we will send a written version of the interview back to them; (2) in terms of unbiasedness and neutrality of the place, we will try to find a good fit and in case of flexibility
we will also have some alternatives available; (3) in relation to personal safety, contact details of the chosen location as well as the interviewee will be left at a colleague or family member and (4) with respect to anonymity and potential trust issues we will inform all our interviewees that all the names as well as company names will be replaced by a fictitious ones, if preferred (See Appendix 4, Informed consent).

Nevertheless, this is a co-created master thesis between two business administration students with a similar background of knowledge, which can be beneficial in terms of getting interpretations right when analyzing the collected data. On the other hand, this could promote disadvantages such research biases in terms of neutrality and objectivity which are not conducive within the collection and analysis of qualitative data (Meyer, 2001). Therefore, we are going to handle ethical concerns throughout this study very carefully and provide an objective point of view with constant re-evaluation of our analysis.
3. Theoretical Framework

In the following chapter we present the theoretical background for our master thesis. To fulfill the purpose of the thesis, we utilized a systematic literature review method complemented with snowballing approach. We also applied a funnel design to display the summary of the articles materialized from the systematic search, where the text flows from bigger concepts to more narrow theories. The review encompasses eight sub-chapters, beginning with a general overview of the M&A topic. The gradually outlined M&A process hereby incorporates a holistic due diligence process running parallel to the actual M&A process, in order to provide a more holistic evaluation of the targeting company (parts 3.3 - 3.4). These parts are followed by reviews regarding M&As in the context to speed (3.5), cross-border transactions (3.6) and human capital in cross-border M&As (3.7). Hence, the conclusion and identified gaps (3.8) lead to the actual purpose and research question already presented in the introduction.

The main finding of the following literature review is, that although the field of M&As is extensively researched (See Appendix 2), it conjointly is a fragmented topic (Larsson & Finkelstein, 1999; Gomes et al., 2013) in spite of recent endeavors (Bauer & Matzler, 2013). Additionally, the review finds support from an extensive literature review conducted by Stahl et al. (2013), who state that there is a distinct gap within the research in regards of linking pre- and post-merger processes. Thus, the review identifies similar conclusions with the literature review conducted by Shimizu et al. (2004), who state that via more extensive due diligence research, academics and practitioners would better understand the underlying complexities of the entire M&A phenomenon. Furthermore, as M&As are increasingly conducted over the national and continental borders, due diligence process becomes even more important factor as it can bridge the pre- and post-merger phases (Angwin, 2001).

The literature review adheres to the following structure; first, we illustrate the overview of the current discussion within the stream of research in regards to M&As. With this overview, the reader is presented the key terms and definitions as well as the motivations why M&As are important part of the contemporary business environment. Following this, the approaches how the organizations generally view M&As are highlighted and the pre- and post-merger phases are discussed. Subsequent to this, the speed is highlighted as an important attribute to the overall M&A process joined with the illustration of the special characteristics that differentiate cross-border M&As from domestic transactions. Lastly, the review analyzes the literature related to human capital (HC) and its importance in the overall M&A process.
3.1 Mergers & Acquisitions
In recent years, M&As have become an essential way for different organizations to achieve growth (Liu & Woywode, 2013). Marks and Mirvis (2011) define M&As by stating that a merger usually involves the full combination of two previously separate organizations into a third (new) entity, whereas an acquisition typically is the purchase of one organization to incorporate it into the acquiring firm. Achtenhagen, Brunninge and Melin (2017) differentiate growth to either organic, where companies grow based on their own operations and profits, and non-organic, where companies grow by acquiring external resources to accelerate growth. Furthermore, Haspelagh and Jemison (1991) outline different motivations for organizations to conduct M&As; first, they can give a unique opportunity to initiate company transformation and furthermore support with corporate renewal. Second, they argue that the combined assets and shared capabilities in M&As oftentimes release synergies that give a new competitive advantage to the organization (Haspelagh & Jemison, 1991). Bower (2001) extrapolates that thought and states that acquisitions tend to take place due to consolidation of mature industries, to acquire competitors in a geographically fragmented market, to extend into new products/markets, replacement for R&D and to capitalize on an eroding industry by inventing a new industry.

Accordingly, M&As do not only take place within one country, they also are present in an international or cross-border level (Caiazza, Shimizu & Yoshikawa, 2016). Cross-border M&As are defined by Shimizu et al. (2004, p. 309) “as those involving an acquirer firm and a target firm whose headquarters are located in different home countries.” Thus, cross-border M&As can be seen as an integral entry-mode into a foreign country and/or market(s) (Angwin, 2001). International M&As are motivated by creating a new presence within a new country, approaching new knowledge and/or technologies, building up market shares in a new business environment and/or gaining a demanding power along the value chain in order to improve the bargaining power of the organization (Angwin, 2001). Nevertheless, organizational and individual networks also may propel M&A activity, as organizations with vast networks may have a better access to the acquisition opportunities compared to the other organizations (Lin, Peng, Yang & Sun, 2009). This view is supported by Achtenhagen et al. (2017) who state that the medium-sized companies oftentimes grow through dynamic networks.

Cross-border M&As are not regarded as monotonous as domestic M&As, due to differences such as cultural (Stahl & Voigt, 2008; Teerikangas & Very, 2006), institutional (Caiazza &
Volpe, 2015) and language. Hence, these differences should also be considered when pursuing international expansion (Reynolds & Teerikangas, 2015). Furthermore, international M&As could require additional investments from the buyer to establish the same standards, e.g. upgrading or restructuring necessary assets (Caiazza & Volpe, 2015). Moreover, Caiazza and Volpe (2015) point out, that cross-border M&As are often cost-efficient and the fastest way to access strategic assets such as licenses and local permits, know-how, brand names, networks, distribution channels and customer bases.

When M&As happen in a cross-border context, a more thorough evaluation of the potential partner needs to be done, in order that the buying entity is fully aware of the potential risks associated with the target company (Angwin, 2001). Due to corporate and national cultural differences, all the parties involved should emphasize the importance of the due diligence (DD) process (Angwin, 2001; Harvey & Lusch, 1995). Haspeslagh and Jemison (1991) describe DD as an M&A decision-making process with several analytical steps, such as financial evaluation, systematic search and screening and strategic evaluation of a potential target company. In regards to company evaluation, DD can play a major role when it comes to success or failure in international acquisitions (Ahammad & Glaister, 2013).

Moreover, Marks and Mirvis (2011) stress that buying entities most of the time only look financial matters when it comes to DD. However, Larsson and Lubatkin (2001) state that when it comes to the integration of two or more companies, acculturation is oftentimes more important than financial or strategic aspects securing M&A success. Therefore, Ahammad and Glaister (2013), Harding and Rouse (2007) as well as Angwin (2001) outline the importance of a comprehensive DD in regards to human resources, business and strategy, legal, financial and operational aspects. However, Shimizu et al. (2004) add that comparably only few studies have approached the DD in a cross-border M&A context. Lastly, since Gomes et al. (2013), as well as Zollo and Meier (2008), describe M&As as a multifaceted process considering different stages, also due diligence should investigate multiple aspects along the whole M&A process.
3.2 Approaches to M&As

As the importance of M&As as a growth strategy has increased, lots of research has been conducted within the topic (See Appendix 2). Nevertheless, researches have had multiple different approaches on how to assess them (e.g. Ahammad & Glaister, 2013; Larsson & Finkelstein, 1999; Stahl, Angwin, Very, Weber, Tarba, Noorderhaven, Benyamini, Bockenooghe, Chreim, Durand, Gomes, Kokk, Mendenhall, Mirc, Miska, Park, Raukko, Rouzies, Sarala, Schnurr, Seloti, Sergio, Sondergaard, Yidiz, 2013; Bauer & Matzler, 2013; Caiazza & Volpe, 2015). Many studies are explicitly focusing on the financial aspects of M&As such as differences in accounting systems (e.g. Haleblian, Devers, McNamara, Carpenter & Davison, 2009), others on the strategic side e.g. differences in performance in diverse acquisitions (e.g. Cartwright & Schoenberg, 2006; Larsson & Finkelstein, 1999) and lastly, some studies are investigating the organizational behavior factors (e.g. Larsson & Finkelstein, 1999), which consider for example the employee resistance to M&As.

Juxtaposing these different approaches has led to a fragmented field of research and thus, Bauer and Matzler (2013) argue that M&As should be seen in a more complementary perspective to give better understanding on the phenomenon. Hereby, complementarity describes a set of diverse and independent characteristics, which mutually support each other (Bauer & Matzler, 2013). The view of Bauer and Matzler (2013) is supported by Cartwright and Schoenberg (2006), who argue that various authors have spent excessive time on investigating a wide range of different management disciplines separately in recent past. The encompassing areas within the stream of research are according to Cartwright and Schoenberg (2006) behavioral, cross-cultural, finance, operational and strategic side of M&A, but lately human and psychological matters also have been included in the research. Hence, Cartwright and Schoenberg (2006), are in line with Bauer and Matzler (2013), who underline the importance to develop a more complementary view of M&As to better understand the complex phenomenon, rather than approaching it in a separate and fragmented manner. Equally important is the view of Gomes, Angwin, Weber and Tarba (2013), who describe M&As as a multistage, multilevel and multidisciplinary phenomenon, and therefore it should be assessed in a pluralistic way, considering integrative frameworks (e.g. Larsson & Finkelstein, 1999), to grasp the multidimensionality of the process.
3.3 Dimensions of the M&A Process

As stated previously, Haspeslagh and Jemison (1991) introduced a process view of M&As to better understand their complex nature. Many authors (e.g. Hassan, Chidlow & Romero-Martinez, 2016; Nahavandi & Malekzadeh, 1988; Marks & Mirvis, 2011) have adopted a similar outlook of the phenomenon. Oftentimes this means that researchers adopt an analytical outlook when investigating the phenomena, where previous steps lead to a certain step in the process (Ahmad & Glaister, 2013). Therefore, when following the M&A process, it leads to a distinct moment where the ownership is switched and that links pre- and post-merger processes together (Stahl et al., 2013). Thus, we examine the pre-merger phase and post-merger phases separately and illustrate the current stream of research in regards of both.

In addition, due to the high demands to approach M&As in a more holistic manner, different interconnected processes are required in order for companies to end up with a successful, value creating, company M&A. Therefore, the M&A process can be seen as a three-stage model consisting out of pre-merger, post-merger and the final M&A success with various stages in between and indentations (Stahl et al., 2013; Quah & Young, 2005). Gomes et al. (2013) furthermore point out, that previous researchers have been missing a connectedness, or links, between the pre- and post-stages of the process and argue that researchers have overemphasized their work on either/or within the M&A process. The following sections will first outline the pre-merger phases in particular and directly segue into the post-merger phase. Figure 2 illustrating M&A process framework will help the reader to better understand the intertwined M&A process and the correlation of the DD next to it. Gomes et al. (2013) and Rottig, Schappert and Starkman (2017) emphasize the importance to pursue certain steps or critical success factors to achieve overall performance and value creation within the M&A processes. Thus, the framework has been adapted based on these authors.

The individual steps of the pre- and post-merger phases and the interrelationship with DD will be outlined in the following section. After that the complexities of speed in M&As, cross-border M&As as well as the importance of human capital will be outlined.
3.3.1 Evaluation of Potential Target
In the pre-merger, or pre-acquisition, stage, Ahammad and Glaister (2013) underline the importance for the acquiring company to determine the tangible, and oftentimes more importantly the intangible assets, of the target company simultaneously. However, Gomes et al. (2013) examined the pre-merger process in a more detailed fashion and begin the process with the evaluation of the potential targets. In this phase, the target company gets assessed based on its strengths and weaknesses (Angwin, 2001), financial terms, such as needed investments, human resources (e.g. quality and turnover of the management team) and other factors e.g. cultural barriers (Angwin, 2001; Gomes et al., 2013). Already at this stage, Stahl et al. (2013) express the importance of individual company members to be included within this change process as well as the sociocultural support needed to not prohibit M&A success in the end. The second phase of the process is concerned with the price evaluation of the target company.

3.3.2 Price Evaluation
After the target firm is assessed based on the tangible and intangible resources (Ahammad & Glaister, 2013), it is important to evaluate a reasonable price for the target company. At this stage of the pre-acquisition process, Bower (2001) states that the acquiring party tends to pay excessive amount for the aimed target. This is due to the wrong evaluation, which normally should have taken place in the previous phase of the process. Thus, Ahammad and Glaister (2013), as well as Angwin (2001) and Stahl et al. (2013), demand more research within the linking of pre- and post-merger processes, reaching a conclusion that the due diligence can be seen as one key dimensions within the M&A process. The aforementioned authors state comprehensive evaluation (i.e. due diligence) is required to reach better decision of the price. With this evaluation for example unexpected financial burdens of the target can be better assessed (Ahammad & Glaister, 2013). Within the context of M&As, due diligence is
oftentimes defined as a “process of scrutinizing key aspects of the target firm regarding financial, legal, human resources, operations, business and strategic aspects” (Ahammad & Glaister, 2013, p. 895). Based on the process view, this phase can therefore be seen as a key bridge between the pre- and post-merger phases as well as when done right, easing the integration after the ownership shift.

3.3.3 Organizational Match

In the third step of the pre-acquisition process (See Figure 2), Gomes et al. (2013) suggest that the size and the organizational dominance of the buying firm should be symmetrical to the acquiring one. Similarity in this regard, can prohibit suboptimal outcomes if the buying firm is too small or hinder underperformance if the acquired firm is too small (Gomes et al., 2013). Steigenberger (2017) supports these findings and extends the view, that asymmetry in performance and size can affect the communication of the firms in the integration process, surge the autonomy of the smaller contenders and lead to an increased employee retention. Contrary to the findings above, Ahammad and Glaister (2013) indicate that, if the targeted company is larger than the buying entity, latter one contributes more effort and resources into the M&A process, in order to grant a successful merger between the two companies. Above all, the larger the target in size, the more extensive the evaluation for the targeted firm will be in the first place (Ahammad & Glaister, 2013). Therefore, the next phase deals with the company strategy in regards how to handle M&As.

3.3.4 Company Strategy and overall experience on M&A

Gomes et al. (2013) further elaborate, that the general experience gathered over the years on M&As, as well as the overall strategy of the buying company, have a predominant role within the process. Steigenberger (2017) comes to a similar conclusion and states that firms with an integration background in the past will outperform the firms without previous integration experience. This is only applicable for company M&As with equal attributes regarding same product range, size and geographical focus (Steigenberger, 2017). Contrary to the previous findings, Bower (2001) outlines that bigger companies do not merge that often rather it is a one-time event. Therefore, the buying entity has not been able to learn from previous experiences. Moreover, in case of onetime M&As, special attention should be given to the integration stage (Bower, 2001). Additionally, when it comes to experience, Gomes et al. (2013) as well as Steigenberger (2017) add that M&A success gets prohibited by missing an overall strategy for growth, to codify information from previous M&As and missing opportunities to learn, such as
from M&As of peer companies. However, in the end it is the responsibility of the managers to keep on looking out for potential targets and provide a smooth integration process (Gomes et al., 2013). Stahl et al. (2013) support this view, by commenting that too much M&A analysis has happened at the organizational level, missing out the importance of the experience and learning on the individual level, where information exchange, which is elaborated in the next chapter, can help.

3.3.5 Information Exchange
After all the previous steps have been achieved, Gomes et al. (2013) and Rottig (2013) suggest that the two potential M&A partners meet and get to know each other. This phase, also considered as “courtship time” by Gomes et al. (2013) or “dating period” by Rottig (2013) as well as Osarenkhoe and Hyder (2015), is considered to reduce information asymmetries, improve the common knowledge and establish confidence or trust between the entities (Ahammad, Tarba, Liu, Glaister & Cooper, 2016). Furthermore, potential synergies in regards to the processes, resources and other assets should be a topic of discussions between the companies (Larsson & Finkelstein, 1999). Rottig (2013) outlines that especially in this phase involved actors e.g. the managers, attorneys, and Angwin (2001) adds the consultants, only show their best behaviors to attract the potential partner. Even if the cultural divergence is apparent, superior managers tend to overlook or rather neglect the significance of cultural matters, in order to settle the deal (Rottig, 2013). In particular, this may happen when it comes to the cross-border M&As, where not only the organizational culture should be considered, but also the national culture should be taken into account and language barrier may complicate the deal (Gomes et al., 2013). Therefore, Ahammad and Glaister (2013) recommend to execute a comprehensive cultural analysis in order to prevent clashes and to secure the overall M&A success. In this moment, communication can support this process, as highlighted in the next phase of the process.

3.3.6 Pre-Merger Communication
Continuing from the previous chapter, reluctant or poor communication along the whole M&A process can prohibit the fruitful outcome of a successful M&A (Angwin, 2001). Through an early and constant flow of information between the potential partners, uncertainty among the employees, the formation of an information vacuum and loss of trust from key stakeholders can be avoided as well as the emergence of potentially harmful rumors can be eliminated (Gomes et al., 2013). Equally important hereby is the speed of the integration process, the slower the
integration process the more time for comprehensive and thorough communication is given, which furthermore provides room for establishing trust and sense giving between the parties involved (Steigenberger, 2017). Additionally, Ullrich, Wieseke and Van Dick (2005) contribute, that fast implementation is a good way to deteriorate employee uncertainties, but on the other hand, fast implementation can also be felt by the employees as a forced act rather than accepting the new reality incrementally. Despite this, Bauer and Matzler (2013) also state, that there is no relation between the speed of the process and success, which rather depends on the overall circumstances where the speed could be a factor. Homburg and Bucerius (2006) have a conflicting view on the above-mentioned investigations. The authors state that speed of integration is most advantageous with a high internal and a low external relatedness. Conversely, if the circumstances provide a low internal but a high external relatedness the speed of integration is considered as a negative factor. In this context, internal relatedness covers the strategic orientation, management style and performance of a company, on the opposite external relatedness involves target markets and market positioning (Homburg & Bucerius, 2006).

3.3.7 Re-Examination of Compensation Policy

The last point that needs to be considered prior to the actual merger or acquisition of the targeted company, is the revision of the current compensation policy (Gomes et al., 2013; Correia, Campos e Cunha & Scholten, 2013). Therefore, Gomes et al. (2013) outline the importance to create a new compensation model for the newly formed entity, which should promote the motivation and attitude of the individuals but also contribute to achieving the overall objectives of the new entity. Therefore, Bower (2001) suggests that a creative compensation plan could also contribute to this. Nevertheless, equity-based payoffs for managers are considered to come from the expenses of the shareholders and top managers might use the M&A scenarios to increase their individual bonuses or rewards (Gomes et al., 2013).

In conclusion, Gomes et al. (2013) indicates via their merger process model, that there is a clear absence of a connection between the pre- and post-merger phases within the M&A process. Moreover, the selection and analysis of strategic partners should not only be considered at the pre-merger stage but also later on in the integration stage of the post-merger phase. In fact, this discrepancy in research was also highlighted by Stahl et al. (2013). Above all, Gomes et al. (2013) point out that there is significant empirical evidence that the cultural differences and synergy potentials should be assessed throughout the whole M&A process. Additionally,
Gomes et al. (2013) state that there is also a clear flaw in research considering the interrelationships within the pre-acquisition phase in regards of the critical success factors.

### 3.4 Post-merger Phase

After the pre-merger phase is completed, Gomes et al. (2013) and Bower (2001) outline the importance of the post-merger phase to achieve the pursued outcome from the acquisition. Due to the fact that the majority of research in post-merger phase focuses on HR problems (e.g. Gomes et al., 2013; Bower, 2001; Shimizu et al., 2004; Teerikangas & Very, 2006) such as training and conflict management, individual managers are often unsuccessful to put the newly formed entity in motion in respect of operations and management. Furthermore, Shimizu et al. (2004) state that research around the post-acquisition phase is fragmented and most of the studies are only focusing on HR issues. On the opposite, Larsson and Finkelstein (1999) indicate, that the primary focus in research has been on the post-acquisition phase in recent past. The next post-merger phase is outlining strategies for a successful integration process.

#### 3.4.1 Strategies for Integration

Gomes et al. (2013) pursue to add a more comprehensive approach to minimize post-merger failures. Therefore, the authors are recommending adequate integration strategies. They claim that integration strategies need to be balanced out, otherwise the possibility of a cultural clash between the entities is increased (Gomes et al., 2013). To reduce the possibility of cultures clashing, Barmayer and Mayerhofer (2008) add that leadership should focus on intercultural management in order to reach the best possible integration. Steigenberger (2017) further points out the importance of the so called internal and external relatedness at the early integration phase, which is applicable for both pre- and post-merger phases. At this initial stage of a M&A process, he points out that the assets and operations of the target company as well as from the acquiring company should be complementary in order to start off with a successful integration (Steigenberger, 2017). This finding is supported by Gomes et al. (2013) who extend, that the chosen integration approach also relies on the cultural differences, as well as scientific and technological knowledge that can increase the possibility of post-acquisition success. Moreover, to achieve the possible synergies between the merging entities a re-establishment in terms of resources and assets is needed (Larsson & Finkelstein, 1999). In order to support a successful integration, process the following phase deals with post-merger leadership.
3.4.2 Post-Merger Leadership and Management Team

In order to facilitate a smooth integration phase post-merger, communication and leadership are key roles in the M&A process (Gomes et al., 2013; Stahl et al., 2013; Angwin, 2001; Lipponen, Wisse & Jetten, 2016). As already outlined in the pre-merger phase, poor communication between participating entities and members can lead to an information vacuum and therefore decrease the success of the M&A (Gomes et al., 2013; Angwin, 2001). Furthermore, Steigenberger (2017) as well as Gomes et al. (2013) recommend to introduce so called “integration teams” consisting out of internal managers and/or employees from all parties involved, that are responsible for this change situation and prevent management from faulty moves. The integration teams, serve several roles such as acting proactively and introducing change when needed as well as help the management of the acquiring firm to focus on the daily operations in this transition period (Gomes et al., 2013). Angwin (2001) suggests to also include external advisors, such as lawyers, consultants, interims or integration manager (Steigenberger, 2017) or outside directors (Basuil & Datta, 2017) to add a neutral point of view and support the process to the integration team. Furthermore, Liu and Woywode (2011) suggest that, absorptive capacity should be developed in the organization and in individual level in order to synthesize all knowledge and know-how available from the acquired company.

3.4.3 Management of National and Organizational Differences

Especially when it comes to cross-border M&As, the integration team needs to find the right balance in regards to communication efforts (Steigenberger, 2017). This requirement emerges for several reasons, hence through the right amount of communication, management can maintain some kind of vagueness which enables more flexibility and room for unexpected circumstances and communication always needs to be adjusted to the national culture of the acquired firm (Gomes et al., 2013).

As pointed out earlier, HR is one of the most researched functions in regards to M&A, but simultaneously being one of the most demanding one (Gomes et al., 2013; Bower, 2001) and therefore the integration issues have already been identified (Nahavandi & Malekzadeh, 1988). Also, Larsson and Finkelstein (1999) outline that only specific impacts in the human resource management literature have been investigated, a complete observation is still missing. In the overall M&A process, HR and sociocultural impacts are an emergent area of studies (Stahl et al., 2013). Thus, Gomes et al. (2013) indicate, that managers and the integration team have to be careful during the transfer of resources and skills, but also from sharing resources between
the involved parties, HR might prevent this phase from unnecessary exploitation (Napier, 1989). Special human resource practices, i.e. training and preparations for certain scenarios can help the company members to deal with new assignments, emerging conflicts and uncertainty (Napier, 1989; Steigenberger, 2017). Hereby, communication helps to address stress or anxieties from the employees’ side, so the integration team is able to take care of these different inquiries (Gomes et al., 2013). As addressed before, the following chapter will outline the influences of speed within the M&A process.

3.5 Speed and M&As

Oftentimes, when speaking about the overall M&A processes, it is assumed that the faster the process is, the better the result will be (Angwin, 2004; Meglio, King & Risberg, 2013). This assumption is inducted from the fact that the more time is spent on something, the more it costs. Thus, companies in many cases pursue to finalize the deal fast focusing mostly on the financial figures, legal obligations and general strategy of the company without a holistic perspective (Bauer & Matzler, 2013). Nevertheless, Angwin (2004) highlights in his work that the speed of the deal should not be the focal point of any acquisitions. Even though, as Meglio et al. (2013) state, being fast in conducting the deal has its benefits (e.g. cost savings and obtaining key resources), the overall performance of the deal is more context oriented (Angwin, 2004). Meglio et al. (2013) continue by stating that speed of the process should be analyzed against environments hostility, turbulence, organizational and individual experience. With low hostility and turbulence and lots of experience, fast deals are more likely to happen than in contrary context. Thus, as the complexity of the deals increases due to the more hostile, turbulent as well as international deals, the speed, although a target to aspire to, should be critically analyzed (Angwin, 2004).

Furthermore, when adding complexity to the M&A processes, Ashkenas and Francis (2000) state that new capabilities are required from the managers of the companies. To reach the fastest and most value creating outcome in joining two separate organizations into one cohesive unit, people with capabilities in ad hoc thinking as well as lots of different experiences are required in organizations (Ashkenas & Francis, 2000). Cartwright and Cooper (1993) point out that M&As are highly stressful situations for leaders thus supporting the view that ad hoc thinking and stress tolerance are important characteristics for the future M&A leaders. This view is supported by Reynolds and Teerikangas (2015) who argue in their work that especially in international M&As, people with varying backgrounds and expertise are important for the
successful and speedy outcome. Ahammad and Glaister (2009) point out that this diversity of thought is especially important when evaluating the potential international targets, thus highlighting the importance of experience to the due diligence process in cross-border mergers and acquisitions. Therefore, the following chapter states how cross-border M&As differ from domestic ones.

### 3.6 Characteristics of Cross-Border M&As

Contemporary businesses do not operate anymore only within their own country and culture (Caiazza & Volpe, 2015). Due to an increased market consolidation and maturity, companies look for growth across national borders (Caiazza & Volpe, 2015). Thus, cross-border M&As are also important part of the business outlook and due to different complexities from domestic M&As, e.g. cultural (Stahl & Voigt, 2008; Teerikangas & Very, 2006), they present different challenges for businesses such as language barriers, hidden meanings and differences on the national and/or organizational level (Teerikangas & Very, 2006). In general, research states that cross-border M&As get motivated by improving the acquiring firms legal setting and the protection of investors, support the optimization of tax regulation, reach larger or diverse product markets, approach more favorable business regulations, gain value through different exchange rates in currencies and stock markets or favored access to financing options (Frésard, Hege & Phillips, 2017; Shimizu et al., 2004). Angwin (2001) extrapolates and states that especially the due diligence process should be scrutinized as the basic assumptions of the process (i.e. neutrality and objectivity) are questionable in this different context. Teerikangas and Very (2006) come to a similar conclusion as they state that national cultures are important part of understanding the key aspects of international business deals, since for example nationalistic biases can prohibit cross-border M&As.

Authors continue and find support from Ahammad and Glaister (2013), by stating that without supervision of the M&A process, conflicts such as issues in regards to the potential synergies may arise and the performance of the deal deteriorates. Larsson and Lubatkin (2001) nevertheless argue that the different cultures need not to “clash” merely because of the difference. Therefore, Larsson and Lubatkin (2001) point out that oftentimes in the M&A process cultural adjustment is required. This adjustment process is generally called acculturation and is defined by Larsson and Lubatkin (2001, p. 1574) as: “outcome of a cooperative process whereby the beliefs, assumptions and values of two previously independent work forces form a jointly determined culture.” Furthermore, Caiazza et al. (2016) state that
especially in a cross-border M&A, companies need to get accustomed to the national and organizational culture, therefore this process is called double-layered acculturation. Especially in international M&As, researchers outline the critical importance when it comes to the integration of a different culture from the acquired firm into the existing organizational culture of the buying firm (Stahl & Voigt, 2008; Teerikangas & Very, 2006; Weber, Shenkar & Raveh, 1996; Ito, Fujimura & Tamiya, 2012). Gomes et al. (2013) furthermore add, that cultural differences in regards to the nationality can improve the overall M&A performance, because of access to different capabilities and routines from the acquired firm. In general, the national culture of the organizations seems to be an important factor of the whole M&A process (Weber et al., 1996), but the findings are contradicting in regards of whether the different cultures improve the performance or whether it deteriorates the performance (Van den Steen, 2010; Ahern, Daminelli & Fracassi, 2015).

Frésard et al. (2017) add that, within certain industries a clear pattern emerges that indicates that the majority of cross-border deals includes businesses from alike industries, where the more specialized firm buys the less specialized aim. This finds similarities in research by Caiazza et al. (2016), as they claim that firms from developed countries strive for growth opportunities in less developed or rather emerging countries and/or markets. The reason for this might be the variance in specialization of industries in regards to certain products, dissimilarities regarding across countries industries in terms of governance, size, access to capital, valuation, global economic importance or product market competition (Frésard et al., 2017). Moreover, it allows the buying company to get access to previously denied assets, usually referred to as the intangible assets (Ahammad & Glaister, 2013). More specifically, Frésard et al. (2017) talk about the target companies’ know-how, patents, proprietary knowledge, management skills, reputation or trade secrets which can easily be transferred geographically, not like the physical assets. Through this unique opportunity of transferring the knowledge, the buying company can develop a competitive advantage within their sector (Ahammad, Tarba, Liu & Glaister, 2016).

Whereas, Gunkel, Schlaegel, Rossteutscher and Wolff (2015), as well as Sinkovics, Zagelmeyer and Kusstatscher (2011), state that the human aspects including the national culture, employee emotions and the management practices are still under researched within the limits of the cross-border context, since ultimately the individual is responsible for carrying out all the necessary actions regarding the M&A process. Therefore, the next section will outline
the usage of human capital in cross-border M&As in regards to learning and gathered working experience.

### 3.7 Human Capital in Cross-Border M&As

Becker (2004), as well as Le, Kroll and Walters (2012), outline that companies have to make investments into their employees and management, such as health care, education and/or training to establish HC. Furthermore, Becker (1994) adds that this form of investment is not tangible like financial capital, but it is rather intangible and cannot be separated from the individual who possesses the certain skills or knowledge which is seen as HC. Moreover, Basuil and Datta (2017) outline that HC can also be accumulated by individuals through experience-based learning, such as expertise, knowledge and skills that got utilized through previous experience or by doing tasks more often. Carpenter, Sanders and Gregersen (2001) as well as Chan and Cheung (2016) express that especially on the top-management level, individuals with international experience, extensive knowledge, open worldviews (i.e. understanding different cultural traditions) can be seen as a competitive advantage when it comes to HC. Le et al. (2013) come to a similar conclusion with Carpenter et al. (2001) as they argue, that human capital of the top-management team is an essential competitive advantage considering its low replicability, tied to a particular context and its tacit nature. Liu and Woywode (2013) furthermore include, that individuals are also responsible for the transfer of this crucial knowledge within the organizations.

HC can be separated into internal capital, such as knowledge and routines gained through experience inside one particular company or external capital i.e. expertise achieved through cooperation with institutions or other firms in the market (Basuil & Datta, 2017). HC incorporates “knowledge stocks” which refer to the external recruitment of well-educated and talented individuals and “knowledge flows”, which include the development and codification of tacit knowledge of certain types of business and market conditions (Reed, Lubatkin & Srinivasan, 2006). In general, when consolidating external knowledge, absorptive capacity is seen as the ability to identify new and valuable information, incorporate it into the company and capitalize on it (Liu & Woywode, 2013; Reed et al., 2006). Moreover, on the individual level, previous working experience such as working in a global context can increase the absorptive capacity of the individual employee (Liu & Woywode, 2013). Ghosh and Mastromarco (2013) state that especially in regards to the cross-border activities of companies like migration, international trade or foreign direct investment the concept of HC is a potential
factor to increase the firm’s productivity. Normally, advantages of HC are hidden in the administrative routines such as the decision-making, allocation of resources or formulation of strategies, which makes them valuable to the managers of other companies, but they are hardly able to replicate it (Morosini, Shane & Singh, 1998). Therefore, some companies thrive via cross-border M&As to uncover and access valuable HC in different national cultures (Morosini et al., 1998). This kind of method as outlined by Morosini et al. (1998) enables companies to access a valuable pool of critical assets and routines which otherwise would not have been accessible.

In order to improve the performance of the newly combined entities, Morosini et al. (1998) states two methods; (1) learning and (2) specialization. First, due to national traditions firms can lack access or may just be unable to develop particular working routines (Morosini et al., 1998; Aguilera & Dencker, 2004). Through cross-border M&As, firms can access their various assets, interact and learn from each other (Hespelagl & Jemison, 1991; Aktas, De Bodt & Roll, 2013; Sarala, Junni, Cooper & Tarba, 2014). Second, via M&As companies can get access to specialized routines previously just relevant to the local context, which could also be relevant in an international level (Morosini et al., 1998). Despite this, Aguilera and Dencker (2004) explain that synergies in regards to human resource management between two companies are easier realized in domestic than in cross-border M&As, due to different human resource management procedures and differences in regards to human resource management systems depending on national and organizational cultures of the acquired company. However, Aguilera and Dencker (2004) state that existing research in regards to M&As mainly focus on domestic ones within the field of human resource management. To conclude the literature review, the next subchapter is concerning the conclusion as well as existing gaps within the applied literature of M&As.
3.8 Summary of the Literature Review and Existing Gaps

Based on the literature review in regards of human capital and M&As in the cross-border context, the current research is not offering a holistic perspective as outlined in the chapter 3. Albeit from attempts to create a more holistic approach to the understanding of the underlying complexities of the M&As (e.g. Larsson & Finkelstein, 1999 and Bauer & Matzler, 2013), the attempts have thus far fallen short. The discussion around the paradigm has mostly concentrated on financial, strategic and organizational behavior factors (Larsson & Finkelstein, 1999) and only recently advances in other areas, i.e. human capabilities and speed in the process, has taken place (See Gomes et al., 2013; Stahl et al., 2013). Especially in terms of speed in pre-merger phases, the recent literature comes to a conclusion that the more complex environment, the slower i.e. the due diligence process ought to be (Meglio et al., 2013).

As more and more organizations do M&As across national borders, complexities within the process increase and they get more multifaceted. Teerikangas and Very (2006), as well as Angwin (2001), argue that the national and organizational cultures in different nations add an important aspect when doing international transactions and careful management of due diligence process is needed. Larsson and Lubatkin (2001) state that organizations are not destined to fail in M&A management but appropriate supervision in order to avoid cultural “clashing” is needed. As pointed out in chapter 3.7, companies in M&A scenarios should consider investments in HC, as this may prohibit cultural discrepancies, such as coping with language barriers or understanding local traditions. In addition, Angwin (2001) and Ahammad and Glaister (2013) state that neutral and objective due diligence process holds the key to successful cross-border mergers and acquisitions. Angwin (2001) also addresses the necessity of neutral company outsiders such as consultants and other external specialists, who can give unprejudiced view on the whole M&A process to eliminate potential factors of uncertainty.

Following the literature review we find gaps within the current stream of literature within M&As that should be addressed in the future research. Firstly, in conjunction with Stahl et al. (2013), the review pinpoints that (1) the learning and experience in individual level and how these affect the whole M&A process have not been studied adequately (Stahl et al., 2013). Secondly, in spite of the importance of (2) due diligence process in cross-border transactions it has not been studied extensively and exhaustively (e.g. Shimizu et al., 2004; Bauer & Matzler, 2013). Furthermore, in previous research due diligence process has been researched mostly from financial, legal and strategic perspectives and other factors, such as speed and/or human
factors, have not been the focal point of the research (Angwin, 2001). Third gap (3) within the research is that, despite researchers have been conducting investigations on already multinational companies (Carpenter et al., 2001), companies with domestic M&A experience but no international experience have not been studied as extensively. Furthermore, the interrelationships between different success factors, like human capital of top management team and speed of due diligence within the M&A process, have not been studied broadly. This gap was also highlighted by Gomes et al. (2013). Lastly, our literature review indicates that fifth (5) gap within the literature is in regards of the used research methods. Most of the research has been undertaken quantitatively post-transaction (e.g. Larsson & Lubatkin, 2001; Gomes et al., 2013), where researchers evaluate the process in hindsight. Thus, we argue that in order of getting more comprehensive outlook of the topic, research methods ought to be diversified to qualitative methods to better grasp the underlying, often hidden, factors within the topic. Qualitative methods assume dynamic relationships that are contextual (Easterby-Smith et al., 2015), thus giving the research understanding of the contextual predispositions that may lead to new perspectives within the topic of M&As (Reddy, 2016). Therefore, as a topic, M&A research would be well served with qualitative case studies, where processes are put into context to find new perspectives (Reddy, 2016).

As Shimizu et al. (2004) state, despite of the importance of due diligence in the merger and acquisition process, it furthermore is one of the most under-researched topics within the field. In spite of the fact that this literature review has been done over a decade ago, our research draws similar findings. Stahl et al. (2013) in their literature review illustrate that in the current research pre- and post-merger processes are not understood in a pluralistic and holistic manner. Our assumption is that dynamic due diligence and high human capital in top management team increases the speed of the process in the context of cross-border M&As. Thus, our research question for the following parts of the thesis is:

*How TMT’s human capital affects the speed of dynamic due diligence process in cross-border M&As?*
4. Research Findings

In the following chapter, we outline the findings from the gathered primary empirical data throughout this research. The semi-structured interviews were conducted with members from top management of the participating case companies based in Finland. This chapter is structured as follows, first we introduce the case company with a short description and second, we present the summaries of the conducted interviews with the research participants based on the topic of the thesis. The structure of the summaries is derived from the topic guide design, additionally we also gathered company information from different company sources such as annual reports and additional websites. For the most emergent codes, please refer to the Appendix 5 in the end of the thesis.

In order for the reader to get to know the case companies of this research, this chapter outlines their past development as well as their background. To achieve the best possible understanding of the context of the case companies, a brief company description for each of the cases is provided with short description of the key figures, operations as well as strategic outlook. This information was derived from secondary data, including the annual reports of the company, the additional websites and extended with the gathered primary data from the semi-structured interviews. Due to the respect of the participating case companies, we will not use their company names as well as the name of the interview respondents. The case companies and the general data can be found in the Table 1 (See Chapter 2.4.3).

The following sub-headings deal with the findings of the categories based on the interviews executor. The categories are derived from the research interview topic guide including the areas of; M&As and cross-border M&As (1), Due Diligence (2) and Human Capital (3). As stated in the delimitations of this thesis, the thesis focuses especially on how the international experience, work experience and formal training of the top managers affect the speed of due diligence in cross-border M&As. The overall description of these human capital factors is illustrated in the Table 3 below. Table 3 displays the collected data from Social Media profiles (i.e. Linkedin) in regards to number of TMT members, years of overall work experience, work experience in the current industry, international work experience, years of formal training and the overall number of nationalities represented in the TMT. The numbers were manually gathered by analyzing each individuals’ social media profile and can be found in an anonymous form in Appendix 6. In regards to international experience, we only took the countries were each top management member was working in and not the heritage country into account (See Chapter 6.4, Research Limitations, for further explanations). Additionally, with this research, we found out that the international work experience is not evenly distributed within the TMT members of the
participating case companies. The results of the interviews are used to establish a holistic view of a dynamic cross-border DD process and how human capital of the top management is affecting the speed of the process.

<table>
<thead>
<tr>
<th>Case</th>
<th>Number of TMT members</th>
<th>Years of work experience</th>
<th>Years of formal training</th>
<th>Amount of nationalities represented in TMT</th>
<th>International work experience (years)</th>
<th>TMT work experience current industry</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>11</td>
<td>187</td>
<td>71</td>
<td>5</td>
<td>43 (not even)</td>
<td>91</td>
</tr>
<tr>
<td>Case B</td>
<td>6</td>
<td>164</td>
<td>21</td>
<td>1</td>
<td>19 (not even)</td>
<td>164</td>
</tr>
<tr>
<td>Case C</td>
<td>9</td>
<td>227</td>
<td>53</td>
<td>5</td>
<td>84 (not even)</td>
<td>168</td>
</tr>
<tr>
<td>Case D</td>
<td>9</td>
<td>188</td>
<td>45</td>
<td>4</td>
<td>51 (not even)</td>
<td>152</td>
</tr>
</tbody>
</table>

*Table 3. The human capital of the case companies TMT.*

4.1 Case Company A - Telecommunications and Infrastructure

The first case company of this research is a Swedish telecommunication and infrastructure building company, which is listed in the Stockholm stock exchange. The case company A has its operations divided into two main business areas; power and communication. Together these two business areas generate a strong Northern European infranet building company, whose core competencies are in high technological solutions to build, maintain and upgrade demanding infrastructure projects.

As a Swedish public limited company, the organization is characterized with distinct bureaucracy, where every employee of the company has a distinct area of expertise. This bureaucracy is derived as a result from reporting requirements as well as the other group corporate governance structures in place within the case company. Furthermore, based on the interviewee, the national culture in addition affects to the amount of bureaucracy, slowing down the overall decision-making. The group level of the organization takes care of the public relations as well as making strategic guidelines to the business areas, where the organization has the needed know-how to deliver products and services according to their value proposition. Thus, the decisions of the everyday operations are strictly given to the lowest possible level in
the organizational hierarchy, as they possess the most knowledge of their business. The group is satisfied to only guiding the organization to the direction where they see the most potential without sacrificing the present performance.

When investigating the HC characteristics of the top management of the case company, they possess extensive work experience. The combined work experience of the whole team is 187 years, with the individual work experience varying between 7-24 years, averaging 17 years per members. In the current industry of the case company, the top management team has a combined work experience of 91 years. This generates an average industry work experience of 8.3 years. Furthermore, the members have in total a formal training experience (i.e. university degrees) of 71 years. On average the team members have spent 6.5 years studying. Nevertheless, the distribution of this experience is not equally distributed between the members of the top management. Based on the investigation through LinkedIn, some members possess formal training experience of as little as one year, whereas one member of the board has studied 14 years. Furthermore, the members of the top management originate from various countries and in total there are 5 nationalities presented in the top management team of the organization.

4.1.1 M&As and Cross-border M&As
The past decade of the case company A has been linked to a strong growth strategy. This growth has been acquired via organic growth but in order to reach the organizational targets to get to new markets, mainly Scandinavia and Baltics, the case company has furthermore executed nearly 50 M&As. Thus, the case company has vast experience and knowledge in regards to overall M&A process. From these acquisitions, over half have been done across national borders, mainly in Europe. In the previous years, the operations have been also extended to other European markets (i.e. Poland) but recently the organization has started to streamline the operations of the business and realize the synergies that have been reached partly due to the previous M&A activity.

In addition to reach the synergies, motivation for the M&A strategy has been, as stated, to grow as a company. This growth is measured via launching new products as well as increase in overall turnover and profit. Furthermore, when juxtaposing acquiring new knowledge versus entering new markets, the case company more often pursues to acquire new and distinct technological knowledge that they did not possess prior to acquisition. With this the company’s strategy is to gather stronger foothold in the markets they are operating by providing superior services to
their customers, who are highly demanding and oftentimes the strategic importance of the investment is high. Thus, the company has a totally distinct process when thinking about market entries.

Furthermore, the case company’s experience in M&As has developed a clear process for them when thinking about new investments. The top management has developed a process outlook of M&As for the whole group when pursuing M&As. Previously, the group provided business areas with a supporting organization dedicated to M&As in order to support the business areas in screening the potential targets as well as in reaching the initial contact with the target company. Nowadays this supporting M&A division has been shut down, but the group always gathers a guiding team to be in charge of the process. This team is built from all parts of the organization, utilizing a matrix structure, where the team is built from different divisions and reports to a separate manager and to the top management team. Furthermore, if necessary, the team is complemented with outside advisors who take leadership of a certain aspect of the process. For example, according the respondent, local accounting firm in the target company’s nation is involved almost always in the process to take care of the financial DD. Moreover, this guiding team of the process tends to be led by a member of a TMT, whose responsibility is to overlook the entity of the process as well as to communicate with the other members of the TMT.

After the guiding team is formed, the team starts to guide and lead the overall M&A process. After the process has been started, it leads to a separate phase (i.e. signing non-disclosure agreement (NDA), initial DD and signing letter of intent (LOI)) within the process and the main target of the process is to gather as much knowledge as possible about the target company. This process in general lasts approximately three to six months but can last even longer, depending on the size of the deal. Most of the deals executed in the last decade has taken at least three months in the pre-merger phase as the deals have been rather big in terms of target company size and the strategic importance. Nevertheless, when comparing domestic and cross-border M&As, the process does not differ extensively. More importantly, according to the case company representative, the process and duration is affected by the overall size of the deal as in these cases the amount of information to be analyzed tends to be high.

In terms of future M&As, all the documents done during the process (e.g. LOI and the minutes from meetings) are stored and used if necessary in the future M&As. According to the
interview, the case company A handles all the M&A cases “case by case”, which according to them means that not much can be used in the next M&A. This is due to the changing context of the deal, where the guiding team needs to have the personal competencies to execute the necessary steps in the process.

4.1.2 Due Diligence
In relation to the due diligence process within the overall M&A process, the case company A does an extensive DD in every M&A transaction they do. Generally, the DD is divided into separate parts as financial, human and legal due diligence, but this can vary depending on the case and how much and what knowledge the case company wants to receive from the target company. The case company tends to pursue a dynamic due diligence framework, where the negotiations are ongoing during the DD process. If during the DD process some aspects of the deal are left unclear or not answered to a satisfactory level by target company, the negotiations between the buyer and the target are a closed forum, where these unclear factors are discussed and further elaborated. This in turn according to the case company, extends the duration of the overall DD process. To speed up the process, the management team needs to have experience and skills in the negotiation process as well as with the culture of the target country to generate “rules of thumb”. With these personal heuristics, the company can evaluate the intangible assets of the target company (i.e. cultural fit and personnel chemistries) more accurately and make the overall process faster. Rather than valuing target companies strictly based on the quantitative data (e.g. financial figures), the case company is more and more relying on qualitative analysis of the target, where these heuristics have a distinct role. According to the interview respondent, this part is especially important in the DD process, as most of the quantitative data is visible to all parties in the deal whereas qualitative analysis of the case company tends to focus more on the personal aspects of the deal. Usually these aspects arise for example from the culture of the target organization and whether it has capabilities to adjust to the rather extensive bureaucracy of the case company. According to the interview, for example if the target company is entrepreneurially oriented, oftentimes this can lead to integration difficulties as these companies have been accustomed to a different kind (i.e. faster and more dynamic) of decision-making.

In addition to the technical due diligence, where the case company analyzes the facts and figures, the case company A does a general business plan for the soon to be acquired company in cooperation with the management of the target company. According to the case company representative, this is seen as a very important step in the process and can be included in the
due diligence phase of the M&A process. In this business plan, both parties can in cooperation develop a plan, how to integrate the acquired organization into the case company and what resources are required to make the deal perform as expected. The top management of both parties as well as group are included in this process and oftentimes the current resources (e.g. leadership of target company) are tied contractually to the newly formed company.

4.1.3 Human Capital

As stated previously, the human capital of both organizations (the target and the acquiring company) are seen as important factors by the case company in relation to the overall performance and the speed of the DD process. Nevertheless, the case company does not generally hire new people to the organization prior to the M&A transaction. As said, the case company relies in many M&A cases on outside consultants and experts to give specific market knowledge if the company does not possess the adequate knowledge at the target country. According to the research interview, it is not necessary nor beneficial to hire new employees prior to the M&A transaction to give input especially to the market knowledge. Recruitment is often seen by the case company more as a disturbing and process slowing activity, rather than human capital adding, as the new employees need to be integrated to the organization before they get fully efficient and productive. This learning and internalization process might take, depending on the individual, relatively long time since the case company exhibits a large amount of bureaucracy that needs to be learned. This is mainly due to the size and the industry where the organization operates but also partly due to the organizational culture of the case company.

Moreover, to recruiting and expertise, based on the interview, the industry specific technical knowledge is also very important for the new recruits. If the candidate does not possess adequate know-how of the products and technologies behind the operations of the business areas, learning during the work can make the integration process of an individual even longer. Industry specific knowledge tends to be even more important for the case company than international expertise, based on the aforementioned Table 3. The current combined industry experience is 91 years between the individual members compared to the 43 years of international experience. Furthermore, when investigating the international and work experience of top management team members of the case company through social media profiles, it is evident that the experience is not evenly distributed within the team. Thus, some members of the top management team are more experienced than others in terms of
international and industry experience. Therefore, also the human capital of the top management can be said to be unevenly distributed among the members and this finding can affect the DD process of the organization.

Nevertheless, the human capital of the top management affects the speed of the M&A process directly via technical knowledge and experience of executing the M&A process. According to the case company, this knowledge is in the business areas of the organization and they are responsible of acquiring the new capabilities, either by hiring new employees or training the current staff. Regardless, when acquiring human capital, the case company business area is putting emphasis on the varying experiences of the people. According to the respondent, for example international experience is seen as a supporting factor when hiring new people, but most emphasis is on the specific knowledge of needed function for example the sales, accounting or marketing.

4.2 Case Company B - Mining equipment manufacturer

The second case company in the research is an international supplier of hard rock drills. Furthermore, the company group concentrates on the design, production, sales as well as maintenance of the primary products and accessories. The drills, the case company produces, can be used for various different applications, but mining companies are one of the main customers for the company. The case company B is listed in the Irish stock exchange and has worldwide operations with locations and separate organizations for example in United Kingdom, Nordic countries and North America. These organizations are part of a larger consortium, that is responsible of setting the strategy for the local organizations to execute.

Case company B’s top management is composed out of six members from one nationality. These members together have a combined work experience of 164 years, which generates average work experience of 27,3 years per individual member. In addition to this, the top management teams combined industry experience is 164 years, averaging 27,3 years per member. Thus, it is evident that all the members have worked their entire career at the case company B. The work experience is not distributed evenly to all members of the board, where the variance of experience is between 5-57 years. Furthermore, the six members have 19 years of international experience in total, albeit this experience is solely from one member. Hence, the average international experience of the top management members is 3,5 years.
4.2.1 M&As and Cross-border M&As
In recent years, the case company B has executed several cross-border M&As. For example, in the past two years the company has done two M&As, and both were done in Europe. The motivation for the M&A strategy in the case company tends to be acquiring new, and if possible, higher technology to the company rather than entering new markets. With the new technology, the company pursues to expand its product range and tries to complement the offering to serve their customers better.

According to the research interview, the company has a fluid process for M&As that they have developed based on the board rooms combined expertise and experience in the field. According to the research participant, the board room has a combined experience from over 150 M&As, and the sizes of the deals vary from very small acquisitions (target company has under 20 employees) to very big acquisitions (target company has over 2,000 employees).

When it comes to the actual process of M&As, the case company pursues to constantly have 4-5 potential targets in their sight. With this approach, the case company can begin “courtship period” early, where the representatives of both companies can get to know each other and feel whether there would be a potential for the deal to go forward. In many cases, this period can last between two to three years as the targets oftentimes have difficulties in making the decision if they want to sell or not. According to the research interview, this is especially evident in the family businesses where the emotional bond to the company tends to be tight even if the founding generation have already passed the baton to the younger generations. Nevertheless, the case company representative states that they do not hurry in this period before closing the deal, as hurried decisions in this phase may result into difficulties especially in the integration phase of the acquired company. In a situation, where case company is forced to choose between speed and quality in the process, the case company tends to choose quality over speed. With a quality process, the case company states that the integration process gets much smoother and especially when thinking in terms of the number of employees in the newly acquired company, a quality process facilitates the decision-making of the top management and furthermore the sensemaking of the M&A for the employees is much easier.

In relation to the overall M&A process, the case company also creates a development plan for the new acquisition. Nevertheless, this development plan tends to be done differently in all the cases since the context of the deal varies between the acquisitions. For example, in the case of
acquiring a Swedish company, the case company put the evaluation of the current situation as a priority and “froze” the first 100 days after the closing of the deal. This was done due to improving the analysis of the Swedish business culture, where democratic decision-making is appreciated and furthermore to understand other business environment aspects in Sweden (e.g. union relations).

Furthermore, doing cross-border M&As and deals requires vast knowledge about the target company culture and business practices. According to the interview, the case respondent states that with the knowledge of the national culture (e.g. national struggles, wars and policies) helps the acquiring company to build a lasting bond with the target company. In many cases, even the bigger deals are affected by the personal relationships between the buyer and the seller and knowing the history of the counterpart helps in establishing trust and respect between the negotiating parties.

4.2.2 Due Diligence
As stated, the case company pursues to extract all the necessary information about the target company over fast execution of the deal. This strategy reflects also to the actual due diligence process, which according to the respondent is about checking the facts of the target company and confirming the assumptions of the deal (e.g. sales figures, key employees of the target organization). Especially important for the case company is the analysis of the synergies that might arise between the companies, when fitting the organizations together.

To analyze the synergy potential, the case company does a longitudinal due diligence, where the representatives of the acquiring company visits the target company multiple times during the process. Usually the DD process is done based on divisions, where all the divisions (i.e. sales, marketing, finance, HR, production) are analyzed separately and by a different person, who tend to be an expert in that specific field. In addition to the experts, the case company assigns one person from the top management to oversee the entire process and to analyze the big picture. With this approach the case company argues, that they receive the best possible understanding of the target company as well as of the context they operate in. For example, the M&A process leader needs to understand the human aspects (i.e. organizational culture) of the target company, as it is very important for the integration. For example, the research interviewee pinpointed that understanding the seller’s motivation to sell, as well as the level of bureaucracy in the company, is vital for the M&A process to succeed. This is due to a reason that for
example, entrepreneur who has founded a company and is selling, is harder to integrate into a bureaucracy of larger company and might be needed to motivate with incentives as well as tied to a company with non-compete clauses. All these aspects are relevant in the DD process and need to be analyzed thoroughly and extensively in order for the deal to add value for the acquiring company.

4.2.3 Human Capital

As stated, the case company B has lots of internal experience in regards of M&A process in the top management of the company. Thus, the case company does not hire external advisors in many cases, since they find that they possess required expertise and experience to conduct cross-border M&As. Furthermore, the case company pursues to keep the guiding team’s size as small as possible, usually two to four persons, as they argue that with this approach the team is more cohesive and works better together. As the company representative stated, the case company oftentimes has one team leader from the top management and he is supported by experts in finance, sales and general support. Based on this approach, the interviewee also stated that the international experience is very important when recruiting, especially sales people and top management. These people tend to be responsible of the initial process of contacting the potential target companies and therefore their know-how and experience of local traditions and business practices can give advantage in building the needed trust for closing the deal.

In conjunction with specific business expertise (i.e. finance or marketing), experience is very relevant aspect for the case company in relation to M&As. The top management team ought to have vast experience in planning and executing different sizes M&As. With these attributes, the case company argues that they can save time and money within the process. The main reason for this, according to the interview is that with proper experience, the management knows the right questions to ask and can utilize “rules of thumb” when assessing the company.

Lastly, when asked about the required skills and competencies to conduct successful cross-border M&As, the case company representative stated that empathy is the single most important skill to have when talking about M&As. In many cases, selling a company can be very sensitive and emotionally demanding issue and the buyer needs to be able to see the situation from seller’s point of view. Even if the acquiring company is much larger and has leverage to push a deal through, to make the change “stick” it is important that the seller is satisfied, not only financially, but also personally. This is especially the case when acquiring a family business.
All things considered, human capital (i.e. personal competencies, skills and experience) of the top management can have a big impact on the success of the deal.

4.3 Case Company C - Fiber-based product manufacturing

The third case company, is a global organization with a market leadership position in the field of fiber-based solutions. The company product range consists for example of paper and packaging solutions and the company is listed in Finnish and Swedish stock exchange. The current company has been formed in 2017 when separate companies in the same industry merged into one company. Before that, the case company was two separate organization from Finland and Sweden with long histories in the industry. Thus, the company is characterized with Nordic business culture, which is characterized by low level of hierarchy and democratic decision-making resembling the national cultures of the organizations.

Case company C has divided its operations into four different business areas. These areas are décor, filtration and performance, industrial solutions and specialties. Each area is managed and led by a Senior Vice President, who is responsible of executing the strategies approved by executive management team. All the Senior Vice Presidents are part of the executive management team. Furthermore, together the members of this team have 227 years of work experience, with average work experience of 25,2 years. Overall, from this 227 years of work experience 168 years are within the current industry where the company operates. This industry experience generates an average experience of 18,7 years. The members originate from five different nationalities and overall, they possess 53 years of formal training in relation to business or technology. This averages 5,8 years of training per top management team member.

4.3.1 M&As and Cross-border M&As

In the case company C, the past decade has been relatively quiet in terms of M&A activity volume. This is a result of a big merger in the past year, which has put pressure to the internal processes and culture of the organization. Nevertheless, the company has executed several smaller M&As, both domestically and cross-borders. Moreover, in the M&A pipeline the case company has lots of potential targets, which are continuously screened and evaluated in relation to their potential. Furthermore, the company announced a buying of a Southern-American organization prior to the research interview. According to the research participant, the M&A activity is expected to rise in the coming years.
The motivation behind the M&A activity in the case company is in most cases to reach synergies and to streamline the operations. When asked about contrasting market entry strategy versus knowledge acquisition strategy in the M&As, the case company does not put a higher emphasis on either one but rather evaluates potential targets “case by case”. With this synergy realization strategy, the company pursues to reach all of the above-mentioned reasons in executing M&As, but according to the case company representative, synergies can be a result of multiple different factors. For example, in many cases the company can reach synergies by acquiring research and development (R&D) knowledge and simultaneously streamline their own operations as the company has acquired new knowledge and replaced the outdated expertise with this.

When thinking about the entire process of M&As, the case company currently is developing a more in-depth processes to manage M&As. Nevertheless, the case company follows the M&A process, where the business areas inform group level corporate development division about the potential targets, who in turn start evaluating the potential targets. In addition, the potential targets nowadays are more often pitched to the case company by outside operators (e.g. investment banks). These deals are defined by the case company as “auction deals”.

The corporate development division takes charge of building a M&A case, but this is done in cooperation with the business area, where the company has more exact market knowledge. When the corporate development division feels that the case has potential and is robust enough to be put forward, they present the case to the Senior Vice President of the development division, who either gives approval, rejects it or the case is put on hold. If approval is received, the corporate development makes the initial contact and starts the negotiations. Larger deals have a big impact on the strategy of the corporation or otherwise have high importance for the top management, the Chief Executive Officer takes also active part in the negotiations and other parts of the M&A process. Consequently, after the contacting and required documentation (e.g. NDA and LOI), the DD process begins, which oftentimes is rather extensive in its nature. This process according to the case company C can oftentimes take a very long time from the contact to completion, in many cases several years. This is due to the fact that for the case company C the transactions tend to be big in stature and valuation, thus increasing the risks of the deal as well as the amount of required information.
To learn from the previous processes, the case company C has built a ready template how to approach the documentation and reporting of the cases. As a public limited company, the governance structure of the company is an effective process and executive team meetings provide a rhythm also for the M&A activity. As the Senior Vice President is part of the executive management team, he constantly reports to the top management the status and development of the possible deals. With this reporting structure, the knowledge in regards of the M&A process is tightly embedded to the organization, but according to the research participant, overall knowledge is even more tightly tied to the individuals in the organization and learning from past transactions is a responsibility of the individual.

4.3.2 Due Diligence

As mentioned above, the case company C tends to execute extensive due diligence in the M&As that it conducts. The exception to this tendency comes in deals, where the return on investment (ROI) is high and the risks of the deal are low. This kind of situation has resulted in few of the last acquisitions, where the company has bought mainly R&D know-how to their organization from smaller entities. Nevertheless, in all the major investments the case company executes a thorough and extensive DD, where the quality of the information gathered exceeds the speed as an ultimate target of the process. Usually in “auction deals”, the duration of only the DD process is approximately 45 to 60 days, whereas in one-on-one negotiations, where the deal is identified internally, this process can last much longer.

The main aspect of the DD for the case company C is to analyze whether the underlying assumptions of the deal are as expected. If the amount of data or the quality of the information is not satisfactory to the case company, the deal will not be executed. In all of the cases the case company conducts commercial, legal, tax and environmental DD. Furthermore, in bigger transactions, the company also conducts more extensive commercial DD, where markets are evaluated more thoroughly for example in terms of customers, projects of future growth potential. This DD is oftentimes done together with external advisors. The environmental DD is executed due to the fact that the acquisitions that the company does oftentimes possess ecological risks such as contaminated sites. These are paramount for the company to evaluate as the responsibilities of the past actions oftentimes follow the ownership. Without extensive environmental DD, the risks of losing the investment would be too high. Financial DD is also conducted in the process, but for this the case company tends to utilize outside advisors (i.e. accountants and investment banks).
4.3.3 Human Capital

In regards of the human capital, the case company C tends to utilize lots of outside advisors in conducting the steps in pre-merger phase of the M&A. According to the research interview, this is done hence the size of the deal usually means that there is a need to have outside investor to support the execution of the deal. Thus, this outside investor oftentimes requires a thorough DD (especially financial DD) and for this evaluation, outside advisors and consultants are used to provide a neutral and objective point of view. The context where the case company C operates means, demands lots of capital and internal resources are not sufficient enough in many cases. The size and the scope of the deals extends from traditional aspects of due diligence (i.e. financial, legal, human, strategic, operations) to for example to the analysis of environmental risks of the target company. With this case company means analysis of how for example certain factories affect their natural habitat. Therefore, in order to acquire accurate portrait of the current situation, the company hires external experts to conduct the environmental DD. As a public limited company, the case company does not have any possibilities to neglect this process or have uninformed people conducting it. With mistakes in this area of investment, the public and the shareholders could deteriorate the value of the firm and maybe even more importantly the company image and social responsibility could be harmed. Thus, due to ethical code of conduct of the corporation, the case company acquires necessary human capital to conduct through assessment of each department of the potential company.

Furthermore, the company does not hire external people to give input in the M&A process itself. As said, the M&A case construction is handled and managed at the group level, where the corporation has process knowledge of this area. The business areas are responsible of the market knowledge as well as technical knowledge about what is needed in the business. Thus, the recruiting need in terms of the target country knowledge resides in the business areas rather than in the group level. The case company’s business development function is recruiting people with more long-term strategy and people are recruited more in terms of strategic additions for future growth rather than reactive hiring for present needs.

Nevertheless, when talking about the executive management team, the case company C has a strong human capital base to build M&A activities on. In the interview it was mentioned that the CEO and Senior Vice President of corporate development, who also serves as an interim CEO, both have lots of experience in business in general as well as M&A activities. This is also evident from the data in Table 3. As stated, both CEO and interim CEO take part in significant
M&A deals and thus, when thinking about recruiting people in these positions, good knowledge and vast experience in M&As is oftentimes required.

4.4 Case Company D - Information Technology

The final case company in this research is a Finnish based information technology company, which has global operations with multiple locations around the globe, for example in Finland, United States and Germany. The company is listed in Finnish stock market and is subject to Finnish regulations in terms of legal obligations.

The company product offering is based on the cloud-based software, where users of this software can access the product with any device they have. With the product offering being cloud-based, the company can scale the offering rapidly thus increasing income with lesser costs. This brings significant competitive advantage in the volatile business environment of information technology companies and gives the case company D a solid foundation for which to build future success.

The last case company has top management team of nine members from four countries with 188 years of work experience. This means that on average the top management has 20,8 years’ experience. From the current industry, the top management team has overall industry experience of 152 years, averaging 16,9 years of industry experience per top management team member. Furthermore, the combined formal training experience between the top management team members is 45 years (5 years on average).

4.4.1 M&As and cross-border M&As

Case company D is pursuing a strong growth strategy to improve their strong foothold within the cloud-based services they are offering. This goal is mainly achieved via organic growth through own operations but also via controlled acquisitions of leading industry operators. With this approach, the case company D is trying to acquire new knowledge in the field and also to expand the customer base in the target country. As a software company, the scaling of the operations is a key aspect when investigating the product offering and thus, when asked which one is more important for the case company, acquiring knowledge or entering a market, acquiring complementary knowledge is a clear choice for the case company.
When it comes to the overall M&A process, the case company D has a process in place, but it is modified depending on the specificities of each case. As the industry, where the case company operates, is known for the fast pace of change and contemporary organizations, the traditional processes oftentimes are not directly applicable to each M&A case. This being said, the entity of the process is rather conventional, where sales people or outside institutions propose potential targets and then the group level business development unit starts developing the business and evaluating whether the acquisition is feasible for the case company. After the evaluation, the M&A function of the group presents the case to the board of the company. The board, led by the Chief Executive Officer, either approves the target or rejects it. If the approval is received, the case company and the target company begin negotiations and in significant deals (either financially or strategically) for the company, a thorough DD process will begin. Before closing the deal, the M&A process is estimated to last approximately 6 months, depending on the case. This time frame is especially influenced by the size of the target company and the technology they possess. The bigger the case company or higher technological factors (e.g. product or competence), longer the process since the number of unknown factors increase. Nevertheless, if the case company knows much of the company prior the acquisition process, M&A process can be rather fast (i.e. under 6 months).

When the case company begins the process of acquisition, it always documents the process. This documentation is done with NDAs, meeting minutes in the boardroom of the case company and also with the sales agreement. These documents are stored and if necessary utilized in the next M&A processes.

4.4.2 Due Diligence
As stated, the case company tends to have a thorough DD process in place. This is, according to the company, due to the fact that especially legal aspects of the deal need to be assessed thoroughly. The industry is highly influenced by immaterial rights to the products and software’s coding, and it is crucial for the case company to have all the necessary legal facts before closing a deal.

In addition to the legal DD, the case company conducts a thorough due diligence on financial and human resource aspects of the target company. In the financial DD, the case company oftentimes utilizes outside investors to give neutral perspective on the figures. Furthermore, the outside advisors are essential asset for the case company when analyzing the local business
The human resource aspects of the deal are oftentimes done by internal people, as they are responsible of reaching synergies between different divisions in the company after the M&A. Therefore, when thinking about human resources it is important for the case company to have relevant technical knowledge about the product, which they possess internally.

The case company states that the duration of the DD process depends of the aforementioned factors within the target company (i.e. size of the company and technology). Furthermore, the case company approaches the DD as an ongoing process parallel to the negotiations, thus enabling constant evaluation of the target firm. With this approach the case company argues that they can better evaluate the culture of the organization as well as whether the assumptions of the deal are as they have assessed. Nevertheless, the case company states that with thorough evaluation of the target company, they can have better and faster integration process, which in turn results into cost savings and better ROI.

4.4.3 Human Capital

In terms of human capital, the case company D states that when recruiting people to the top management, the experience and knowledge of the M&A processes are important, especially for the CEO of the company. The group business development function, which is responsible of the case building in regards of M&As, report to the CEO who ultimately is responsible of the success of the deal. The business development executive is also part of the composition of the board and should also possess vast experience of M&As but should in addition have the necessary process knowledge of the transactions. With these characteristics the case company can better manage the entity of the M&A process. Especially important for the top management is according to the case company to have adequate personality to fit into the fast-paced environment of information technology company. As the company operates in markets that are continuously developing and new technological advancements are brought to markets almost daily, the individuals within the organization need to have a specific mindset of constant learning. Without this mindset, the employees of the company, and especially the top management team, cannot be as effective as they ought to be. Moreover, to technological advancements, the competition is fierce in the current markets and individuals need to have the human capital (i.e. experience) to understand what kind of effects this has on an organization. As an example, the case company argues that the top management team experience helps them
to put new initiatives and investments into bigger context and understand how today’s decisions affects the business tomorrow.

In addition to the internal experience and knowledge, the case company utilizes external expertise in some aspects of the business deal. Thus, the company does not pursue to hire all the knowledge to the organization but try to focus on the core competency of the company that is the technological know-how. External advisors tend to be used in many international transactions especially with legal and financial sides of the DD process, as local experts can give better picture of the local business environment where the target company operates.

When thinking about international experience, the case company states that, especially for the sales people, international experience is an important attribute. In relation to M&A processes itself, the experience is not seen as important, but it can help with overcoming certain steps of the process and in establishing trust between the case company and target. Thus, international experience has some weight when recruiting people to the positions who are responsible of the negotiations between the company (e.g. CEO and business development).
5. Analysis of Empirical Findings

The purpose of this chapter is to present the analysis and interpretation of the obtained empirical findings. The data will be analyzed both in case and cross case, from which cross case analysis provides the more in-depth analysis of the whole process and whether, and how, human capital of top management affects the speed of the process. With case analysis, the thesis builds an understanding of the contextual factors (i.e. size of the deal) that in addition are an important part in deal execution.

In order to systematically analyze the research findings and to answer the research question, the analysis of the case companies TMT’s human capital is divided into four main themes, which indirectly affect the speed of due diligence process in cross-border M&As (See Figure 5). These themes are; business environment (1), market knowledge (2), inter-organizational leadership (3) as well as the individual skills (4). The themes are not illustrated in any specific order, as based on the empirical findings, all the themes outlined in this thesis and research affect the speed of the dynamic due diligence and thus cannot be weighted differently. Nevertheless, in the analysis we utilize the funnel approach starting the analysis from the macro level analysis (i.e. the business environment) funnelling down to the microlevel analysis (i.e. individual experience and skills).

The themes of the analysis emerge directly from the empirical findings (i.e. codes) of the research. Nevertheless, in order to achieve better quality of analysis, the formulation of the themes is also supported by the secondary material (See Table 1) utilized in understanding the specificities of each case company’s context. With this approach, we can better triangulate the necessary information that has motivated the case companies in their M&A activity and better understand the company specific characteristics (i.e. strategy and stakeholders). Thus, the themes in this chapter differ from the initial topic guide topics that were constructed out of the previous literature (i.e. Literature Review, Chapter 3). The analysis process is illustrated in the Appendix 5.
When analyzing the case companies, all the companies have conducted both “fast” and “slow” due diligence processes. Thus, the case interviewees were able to provide insight for both sides of the question setting, and the interviews did not focus solely on individual transactions. Furthermore, all the case companies have conducted both domestic and cross-border M&As giving insight whether the characteristics of the deal vary in terms of doing transaction over national borders. Thus, the categories are built to cross-analyze case companies without forgetting the motivations of each case company. In order to systematically analyze the research findings and to answer the research question, the analysis of the case companies TMT’s human capital is divided into four main themes, which indirectly affect the speed of due diligence process in cross-border M&As (See Figure 5). These themes are; business environment (1), market knowledge (2), inter-organizational leadership (3) as well as the individual skills (4). The themes are not illustrated in any specific order, as based on the empirical findings, all the themes outlined in this thesis and research affect the speed of the dynamic due diligence and thus cannot be weighted differently. Nevertheless, in the analysis we utilize the funnel approach starting the analysis from the macro level analysis (i.e. the business environment) funneling down to the microlevel analysis (i.e. individual experience and skills).
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Furthermore, to help the cross-case analysis, the following Figure 4 illustrates the key word cloud that were mentioned most often in the research interviews. The different sized words illustrate the frequency of the mentioned code. For example, “process” has been mentioned multiple times in three different interviews. Hence, that word is illustrated as the largest word in the word cloud. The codes in the cloud were afterwards combined in overall categories from which the themes are derived. All the most emergent codes are illustrated in the Appendix 5.

![Figure 4. Overall word cloud from all the research interviews and the subsequent codes. Most frequent codes of each interview are mentioned.](image-url)
Furthermore, when comparing the human capital of case companies TMT’s, the companies differ from each other in the terms of human capital (See Table 4). Based on the average work experience of the top management team, the case companies distinguish from each other. Especially when contrasting case company A and B, the difference between the average work experience is 10,3 years. Nevertheless, this difference seems not to affect the process speed, as both case companies tend to execute slow DD processes. In addition, when comparing average formal training time, the sample varies with 3,4 years where the case company A exhibits the longest average formal training of 6,5 years compared to case company B where the top management members have 3,1 years of formal training on average. This furthermore indicates that the speed of DD process is affected also by other factors than formal training experience. Nevertheless, as the case companies state, the formal training is important for the individual skills of the top management. According to the case company C, for top management to get process as fast as possible with best quality, it is important that the team possess the technical know-how of needed knowledge. “In the M&A process itself it’s important to understand the entity; project management, valuation, negotiation as well as sparring and mentoring.” This notion is further supported by the case company B, where the respondent stated “Most important is the management team composition. If the team is knowledgeable, it can be utilized in the M&A process.” All the case companies state that, if the top management team does not possess adequate amount of know-how then it is required that the process is supported by outside advisors (i.e. consultants and accountants.).
<table>
<thead>
<tr>
<th>Case</th>
<th>Process speed</th>
<th>Average work experience (years)</th>
<th>Average industry work experience (years)</th>
<th>Average international experience (years)</th>
<th>Average formal training time (years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Case A</td>
<td>“Slow &amp; Fast”</td>
<td>17</td>
<td>8,3</td>
<td>3,9</td>
<td>6,5</td>
</tr>
<tr>
<td>Case B</td>
<td>“Slow &amp; Fast”</td>
<td>27,3</td>
<td>27,3</td>
<td>3,5</td>
<td>3,1</td>
</tr>
<tr>
<td>Case C</td>
<td>“Slow &amp; Fast”</td>
<td>25,2</td>
<td>18,7</td>
<td>9,3</td>
<td>5,8</td>
</tr>
<tr>
<td>Case D</td>
<td>“Slow &amp; Fast”</td>
<td>20,8</td>
<td>16,9</td>
<td>5,6</td>
<td>5,0</td>
</tr>
<tr>
<td>Average</td>
<td>--</td>
<td>22,6</td>
<td>17,8</td>
<td>5,6</td>
<td>5,1</td>
</tr>
</tbody>
</table>

Table 4. Cross-case examination of the case companies in terms of human capital. (The underlined speed is most exhibited speed of process within the case companies.)

5.1 Business Environment

The first theme that emerges from the empirical findings of the individual cases, as well as from the cross-case analysis, affecting the speed of the DD process in cross-border M&As is the business environment. According to Caiazza and Volpe (2015), the companies that want to grow need to add cross-border M&As in their strategy. Thus, understanding different business environments, becomes important human capital factor for top management teams of such organization. This theme is also supported by Bauer and Matzler (2013) and Bower (2001) who argue that a holistic approach to the M&A research should be conducted due to the multi-faceted and context related nature of the transactions. The M&A deals according to Bower (2001) ought to be assessed case by case thus highlighting the overall importance of business environment in the deal. Furthermore, in cross-border transactions the more versatile nature of the deals (Teerikangas & Very, 2006) adds further layers (e.g. language barriers) to the business environment theme compared to the domestic M&As. This layer also consequently affects the speed of the M&A transactions.

Based on the research findings, in terms of the human capital of the top management, important is how the top management makes sense out of the business environment where the case company operates. Business environment, in the context of cross-border M&As in our analysis, refers to the national and organizational culture where the companies operate and institutional
factors (i.e. government, regulators and unions) in the target countries. These two factors are analyzed more in detail in the following sub-chapters.

5.1.1 National and Organizational Culture

As stated in the research interview with the case company C “... domestically the trust is much higher between the companies. Nevertheless, the main differences come from business practices rather than the culture...”. This statement implies that understanding the target company’s national culture has an impact in generating trust between the acquiring and the target company. This step is important part of M&A negotiation as trust acts as a facilitator in reaching successful negotiation outcome. This finding is also supported by the case company B, where the sales people have instrumental impact on the overall M&A process. In this case, and in addition in the case company C, sales people and business areas are prominent initiators of the M&A process. In both case companies, the sales people who operate in the customer interface, target and screen the potential acquisition companies and notify the group management of the potential deal. Thus, for these people, it is important to have “cultural sensitivity” in terms of business environment. This view is in accordance with Larsson and Lubatkin (2001) and Teerikangas and Very (2006) who argue that in cross-border M&As, organizations need cultural capabilities to reach acculturation faster thus reducing the speed for the whole M&A process.

In spite of the need for cultural capabilities, the second aspect of the aforementioned statement by the case company C is further supported by other case companies, who state that “International M&As don’t differ that much from domestic deals. The biggest impacting factors are the size and technology...” (Case Company D). This together with statements from case companies A and B:

Case Company A: “In international M&As there is not that much difference compared to domestic. The biggest impacting factor is the size. This affects directly the complexity of the deal increasing the amount of information needed.”

Case Company B: “Organizational culture bigger impacting factor than national culture [...] Nevertheless, national culture factoring for example in habits and practices.”

implies that national culture is perceived by the case companies to affect the speed of the deal by proxying the effect to the initial contacting as well as to the negotiation process. This is supported by the view of Ahammad et al. (2016) who in their research analyzed the factors
affecting the negotiation process. Their finding of communication enabling better negotiation process, whereas cultural distance affecting it negatively, can thus be accepted and extended to this research as well. As in the case of company A, the negotiations are perceived as a “[...] forum where different assumptions and needed information are discussed.” Thus, human capital in relation to communication and negotiation skills in the cultural context of the target country and/or in the context of the negotiation counterparts are important for top management to possess. With this human capital the process speed can be increased. Nevertheless, as Angwin (2001) states this human capital can also be acquired from outside advisors and thus increasing the overall human capital of the organization. Due to the delimitations of this research, we nevertheless exclude further analysis of this strategy and put the focus on the internal top management team of the acquiring organization.

In spite of the national cultural influences, all the case companies highlight the impact of organization culture on the speed of the transaction. Organizational culture, that is shaped by the members of the organizations, is important for example in the terms of synergy realization and organizational fit. Understanding how cultures differ and where the difficulties in synergy realization could be, helps organizations to generate better quality (i.e. more accurate) assumptions of the target company during the early steps in the process, reducing the time for the DD process. This finding is furthermore supported by Ahammad et al. (2016) who also state that the negative organizational fit (i.e. more distant organizational cultures) negatively affects the negotiation process. This notion can be found from our findings, where case company A mentioned that “Big difference (in terms of speed) comes when buying small company compared to bigger company that is part of a group structure already. This is mainly due to that bigger company is accustomed to larger red-tape and governance structures.” For organizations to reduce this distance, the top management should have human capital to understand this negative correlation to the overall process, which might have an impact to the DD process of the M&As.
5.1.2 Institutional Factors

In addition to the national and cultural factors within the business environment, the research findings imply that institutional factors and top management’s training and experience in relation to them has an impact either in reducing or extending the time of the DD process. According to the case companies A and C, government and regulators have big impact on the duration of the overall M&A process. Especially when investigating the statements given by the interviewees:

Case Company C: “(Speed of the) DD process is hampered very much by Anti-Trust legislation (competition regulator). Due to this all the information is not accessible before regulator confirmations.”

Case Company A: “The competition regulator approval of significant deals affects the speed of the overall M&A process. [...] this needs to be taken into consideration when drafting development plan and assessing the risks (of the M&A deal).”

it can be said that HC in relation to legal and public relations that can be generated through work experience, formal training and international experience can speed up the process as with good relations the organizations can anticipate possible hardships and pursue to solve necessary documentation early enough to the overall process. Nevertheless, as the last sentence of the statement indicates, even if the necessary paperwork is done early and submitted correctly, all aspects of the deal cannot be accessed before confirmation from these regulatory bodies. Thus, assessing risk in relation to the institutional postponements becomes a key human capital factor that can aid the organizations to speed up the process.

In addition to the government and regulations and handling relative public relations affect the speed of M&A process, financial institutions also may affect the speed of the deal negatively. In all of the cases, one way to acquire potential targets for M&A is through financial institutions (e.g. investment banks). Thus, for the top management, it is important to have the required human capital in relation to managing this side of institutional factors. These institutions, especially in higher financially valued deals, furthermore provide necessary financing for the deals to go through. In addition, when providing financing, investment banks oftentimes require to have their own DD conducted, especially in relation to financing and legal aspects of the transaction. As stated by the case company interviewee: “Consultants are used relatively much. Especially accountants for financial DD as well as investment banks who are part of bigger deals.” (Case company C)
This DD can in turn be conducted either externally, where the investment bank conducts their own DD process, or more often conjointly with all the external advisors. In this latter scenario, the investment bank consultant(s) or other expert(s) are part of the managing team and provides insight and human capital from the financier and vice versa. This external human capital can then be combined to the internal human capital of the organization, albeit requiring team leadership skills from the management of the actual acquiring company.

5.2 Market knowledge

The second theme emerging from the empirical findings of the research is that better quality and more extensive market and industry knowledge increases the speed of dynamic DD process. This is a result from the notion that with increased human capital corresponding to these factors, the top management can make better quality assumptions of the nature of the deal that reduces the overall time spent for the dynamic DD process. With market and industry knowledge, we refer to the human capital in relation to the competition, potential acquisition targets as well as the product knowledge in the markets and industries where the companies operate.

This notion, that market knowledge of the target country increases the overall success of M&A process, is supported by the case companies, who state that “Oftentimes the leads come from sales people and they can analyze the situation (of the target company) better with understanding of local culture.” This is also supported by Lin et al. (2009) who state that organizational and individual networks also may drive M&A activity, as organizations with vast networks may have better access to acquisition opportunities compared to other organizations. Furthermore, the case companies C and D both agree with this notion but continue and state that “[...] leads come from sales people, but also nowadays more and more from outside actors like banks and entrepreneurs themselves.” The case company C names this kind of M&As as “auction deals” where the bank offers the possibility to multiple different companies. In this kind of M&A situation (as well as in other M&As) the case company C pursues a strategy, where the group level business development function starts developing the M&A case together with business areas (i.e. sales people and directors). Thus, the market knowledge is combined from the top management and lower levels of the organization. This in turn has an effect in the inter-organizational leadership, that is discussed more in detail in Chapter 5.4.

As stated, market knowledge can reside in any part of the organization and not be tied especially to the top management team of the organization. This notion is supported with the academics
in the field, who refer to this as “knowledge stocks” within the organization (Reed et al., 2006). The authors continue that these “stocks” refer to the tacit knowledge in relation to the market conditions of the organization.

In addition, based on the case company D, the industry where the company operates has a direct impact on the speed of the DD process. As stated by the research participants 4 and 5, the company operates in an industry that can be characterized as volatile and hostile. Thus, top management needs to have the required human capital to understand the industry situation, through experience, in order to be able to analyze the speed in terms of the overall industry situation. Especially in the context of case company D, in the information technology industry organizations are pressured to conduct fast M&As whilst the DD process ought to remain as accurate as possible. This notion finds support from the Aktas et al. (2013) who state that top management of organizations need experience to correctly assess the situation where the company is at and consequently this results into a faster process.

Furthermore, Gomes et al. (2013) state that despite of market knowledge, experience enables the top management to slow down the process when necessary. This situation might arise for example in situations, where the risks are evaluated to be extremely high, for example investing to a region where there could be possibilities of unethical, or possibly illegal, exploitation of workers. This statement finds support from the empirical findings of this research, where case company B states that “(Market) Experience is the main attribute affecting the speed of the process. With (market) experience, we know the right questions to ask from the target.” This notion can be further extended to cover also past M&A experiences. As Gomes et al. (2013) state, human capital can be created within the organization by engaging more in cross-border M&As. Furthermore, as Steigenberger (2017) highlights, benchmarking peer companies within the industry, or cross-industry, can also increase the market knowledge of the top management. Continuous M&A activity and learning increases the experience of the top management team thus increasing the overall human capital of the organization (Aktas et al., 2013). Nevertheless, as stated, this human capital can reside in any part of the organization (or network) and requires inter-organizational leadership capabilities from the acquiring organization.

When further analyzing the cases, the average working experience of the top management teams tends to vary between the case companies (See Table 4). Between the case companies the working experience varies between 17 years (case company A) and 27.3 years (case company B). This variance nevertheless has a mixed direct influence on the speed of the deal as both of the case companies have done fast and slow DD processes. This is also a clear finding, when
analyzing the average industry experience, where the variance is between 8.3 years (case company A) and 27.3 years (case company B). Nevertheless, the direct impact of working and industry experience on the speed of due diligence process cannot be interpreted from the findings, as all case companies have conducted “fast” and “slow” due diligence processes within the scope of the research. Nevertheless, as the working experience seems to have clear influence on the market knowledge within the top management, and based on previous research (See Ahammad et al., 2016) the overall market knowledge affects the M&A processes, linkage to the speed can be predicted. This effect in turn ought to be a result of an interplay of market knowledge between the other themes of the analysis and inter-organizational leadership can be said to be one of the facilitators for top management utilizing the acquired market knowledge.

5.3 Inter-organizational Leadership
The third theme in the analysis of the empirical findings is that adequate inter-organizational leadership can foster fast dynamic due diligence process in cross-border M&As. Inter-organizational leadership, in the context of this research, can be defined as top management teams overarching leadership over all the actors in the cross-border transaction. This leadership can be affected by various different factors but based on the empirical findings, top management team size and composition can be regarded as the first factor. According to the case company B, the optimal top management team size, in terms of cross-border M&As, is 2-4 people with diverse cultural, and especially training backgrounds. This differs from Carpenter et al. (2001) who argue that the appropriate TMT size ought to be approximately nine people. Interview participant from this case company stated that if the team size gets larger than that, the entity management gets harder and also that with smaller team, the entire process is more visible to the rest of the organization. This finding is in support with Stahl et al. (2013) who states that M&A change teams need to be cohesive units in order to the process to be as effective as should be. The case company finding is also in conjunction with Reynolds and Teerikangas (2016), who argue that culturally diverse teams can overcome barriers (i.e. language and regulatory bodies) faster due to their knowledge of the local practices. Nevertheless, they continue that if the team diversity grows that could also result into a slower process. This is due to the increase in top management team’s inner functioning that could be disturbed by for example different communication patterns (Reynolds & Teerikangas, 2016). Furthermore, if the team does not function due to above mentioned reasons, this might result into health and stress problems as outlined by Cartwright and Cooper (1993) who argue that health of individual team member is important variable in the M&As. According to them, M&A itself already are stressful events,
with lots of variables, and inter-organizational leadership can improve the individual’s perception of the process which consequently via improved individual performance in the team can have an impact on the overall speed of the DD process.

In addition to the team size of the top management team, another factor that requires inter-organizational leadership is required when analyzing the outside advisors and their contribution to the team. As Rottig (2013) and Angwin (2001) state, outside advisors can give valid input to the top management team by offering a neutral and objective perspective to the M&A process. Angwin (2001) argues, that especially in cross-border context the outside advisors can increase the human capital of the team with local market knowledge. Nevertheless, Rottig (2013) continues and states that outside advisors may also “sugar coat” things in pursuit of customer relationships. This can create difficulties in terms of the speed of the process for the top management team as they in turn are required to have the human capital to understand that consultants may not give the required input.

When linking aforementioned literature to the findings of our research, it is clear that case companies oftentimes rely on outside advisors. Based on the interviews, all case companies sometimes rely on the expertise of the external consultants, where case companies A, C and D stated that they use them in every transaction. Case company C states that “Consultants are used relatively much (in DD process). Especially accountants for financial DD as well as investment banks who are part of bigger deals. In the process there are always legal, tax and environmental DD with external consultants. In bigger deals commercial DD is also done together with external experts.” The reasoning of the usage of the consultants can be traced to the complexities of the transaction, that arise most often from target company size, public scrutiny or legal factors within the deal (i.e. immaterial rights and contracts). As the case companies have to rely on these outside advisors, increasing the team size, which in turn affects the communication and managing the entity of the process. As said previously with finding from case company B, inter-organizational leadership of these factors can in turn increase the speed of DD process.

In addition to managing the team size and outside advisors, top management team ought to be proactive in their efforts in terms of M&As compared to being reactive. This finding is also supported by Gomes et al. (2013) and Stahl and Voigt (2008), who argue that the overall success of the M&A process is influenced by the top management teams’ effort to constantly evaluate and adjust the process. Especially in terms of synergy realization, Gomes et al. (2013) state that top management team’s proactive communication is key to successful M&A process. This
argument finds support from the empirical findings of our research. As case company B states “[...] with growth strategy, there should all the time be at least 4-5 prospects in the M&A pipeline. Reason for this is that decision-making can be hard, especially if the target is a family firm.” This proactive targeting and evaluating can according to the case company save valuable time and reduce unnecessary steps later on in the process.

Proactive inter-organizational leadership of dynamic DD process finds also support from the case company A, who state that with proactive leadership the motivation for the target to sell is easier found out. “We develop an overall business plan together with the target company before closing the deal. During this process, it is important to understand and find out the motivation to sell as it directly affects the new business plan” Case company A, as well as B, states that this is key to the overall speed of the process as if target company is for example in the process of generation change, the decision-making is oftentimes faster than in other types of organizations. In addition, with proactive DD process from the acquirors side, case company A states that it can give appropriate pressure to the target. With this pressure, the acquiring company can analyze how well the target company performs under pressure and can further analyze the overall fit of the two organization. Nevertheless, in terms of TMT’s human capital, it is especially for leaders of acquiring company important to have empathy as stated by case company B. Selling a company can be a very emotional situation, especially if the seller in question is an entrepreneur, and thus TMT needs to be able to understand the seller’s perspective. Due to the emotions related to the business, entrepreneur or family firm may, according to the case companies, have longer decision-making processes than other type of companies (e.g. public limited companies). With empathy skills, the top management can save time and money since they can proactively understand the gripes of the seller.

5.4 Individual skills
The last theme for the analysis is the individual skills of top management that affect the DD process speed. Based on the case companies, especially important in terms of top management team human capital are valuation, project management and negotiation skills. Case company C describes these as the “building blocks” where the M&A process can be structured. This finding is aligned with Carpenter et al. (2001) who furthermore continue that the international experience of the CEO increases the likelihood of successful cross-border M&A process. Especially in terms of negotiation skills, international experience can be seen as a facilitator and this finds support from Ahammad et al. (2016). Moreover, Liu and Woywode (2013) state
that international experience (i.e. working in global context) of individual increases the absorptive capacity of this individual. With international experience, the top management member can thus faster and better adapt and internalize new concepts due to being affected by different stimuli (Liu & Woywode, 2013). This is also seen as an important attribute in the case company interviews, where the companies conjointly agree that for top management international experience is important in order to increase the individual skills. With higher level of individual skills, the top management can make better assumptions of the overall situation of the target company and in turn make better overall decisions in terms of the investment.

In addition to international experience increasing the individual skills of the top management, formal training is the second factor that affects these skills. On average, the case companies’ top management possess 5,1 years of formal training and this indicates that case companies value formal training in their recruitment policies. Only case company B, with average formal training between the members of TMT of 3,1 years, seems to appreciate more work experience than others. This might be a result of the context, as case company B TMT is mainly originating from Ireland and only few members from other countries. Other case companies TMTs are mainly operated by people from Nordic countries, where the appreciation of more formal training tends to be higher. Furthermore, this difference can be a result of other factors as well, as the case company B is smaller in size compared to other case companies and operates in different industry.

Individual skills can furthermore be linked to the inter-organizational leadership that is required from the top management. As case company B states “[…] if the board doesn’t have required skills, they need to be acquired outside (to increase the speed of the process).” This statement underlines the importance of individual skills as a variable to the speed in the overall process. Without the required skills (e.g. valuation, strategy, project management), the company has to recruit people or hire consultants, who may slow down the process, as they need to get accustomed to the internal processes of the company. Either or, this may cause the M&A process to slow down and could, especially in the short term, affect the overall functioning of the top management team.

As stated previously, Cartwright and Cooper (1993) already over two decades ago pointed out that M&As can be highly stressful events for the individual. This finding is supported also by Aguilera and Dencker (2004) and Chan and Cheung (2016). Thus, on an individual level the members of the top management team ought to be resilient enough to sustain stress and maintain their health. Especially, when adding the empirical findings in regards to learning, individuals
should be overall in good shape to sustain the pressures coming from the M&A process. As case company A states, especially at individual level learning continuously is a necessity for members of top management. Without constant learning of the process, and communication skills, the knowledge could get “siloed” where only some business areas have “knowledge stocks” whereas others do not. This creates further requirements at individual skills level, where the members need to be able to search for information and be able to internalize it fast. This finding is supported by Le et al. (2013), who come to a similar conclusion with Carpenter et al. (2001) who argue that human capital of the top-management-team is an essential competitive advantage considering its replicability, tied to a particular context and its tacit nature. Liu and Woywode (2013) furthermore include, that individuals are also responsible for the transfer of this crucial knowledge within the organizations. This is also evident with company D, who state that in their volatile industry, this skill is emphasized even further. Technological advancements and competition forces individuals to constantly learn new technologies and thus this can create stress on individuals without adequate individual skills in relation to personal well-being.
6. Discussion

In this chapter we discuss our main analysis from the findings and link them to the overall context of DD in cross-border M&As. Furthermore, we illustrate our conceptualization in relation to the research question of this thesis. In addition, we link the conceptualization to the overall problem statement and purpose presented in Chapter 1.

In the following discussion, we link the research findings and analysis to the existing stream of theory within the topic of cross-border M&As. To achieve this, the findings and analysis are combined to a conceptualization that is illustrated in Figure 5. The findings arose through analyzing the empirical data of the semi-structured interviews and the collected secondary data of the four case companies. In order to answer our research question (See Chapter 3.8), we can display that the human capital of the TMT (international experience, work experience and formal training) has an impact on the speed of the dynamic DD process in cross-border M&As via four equivalent proxy variables as intermediaries (See Figure 5). The variables derived from our analysis of the empirical findings are inter-organizational leadership (1), individual skills (2), market knowledge (3) and business environment (4), all the variables are of the same value and none of them is more preferred or disadvantaged than the other. Most of the outlined variables, have already been studied by various authors in a similar context such as Carpenter et al. (2001) in terms of individual skills in cross-border M&As. Furthermore, Frésard et al., (2017) outline that the market knowledge in terms of industry specialization is one essential reason why companies aim for M&As. Moreover, Reed et al. (2006) as well as Liu and Woywode (2013), stress the importance that individuals and organizations need to incorporate the business environment and market knowledge via absorptive capacity to increase the successful outcomes of cross-border transactions.

In order to analyze the human capital of each of the case company, we investigated the work and training history of each top management team members of the case companies. In general, the findings of this research were as expected, where all the top management team members possess a vast work experience as well as industry background. Nonetheless, one of the more interesting findings was that in the case company B, which operates in a mining industry, only one member of the top management team has international experience. In the contemporary business environment, as highlighted in previous chapters, understanding and internalization of complex multi-faceted topics is required from the top management team and cross-border M&As can be regarded as such due to the multiple factors affecting them and their success. Most prominently, as highlighted in the literature review, understanding the culture in target countries, different languages and business practices, requires skilled and experienced
individuals who can analyze the butterfly effects of different decisions in the long-term. Thus, having only one top management team member with international experience can be regarded as an anomaly in the context of this thesis.

Additionally, the absorptive capacity and its importance for the successful outcome of the cross-border M&As, implies that our fourth proxy variable (inter-organizational leadership) has been studied to some extent, especially when it comes to the integration of the targeting company into the acquiring one. Thus, Gomes et al. (2013) and Steigenberger (2017) recommend to establish integration teams to supervise and support the integration process. In addition, when linking our findings and analysis to the current stream of literature, it seems that current teams in the organizations, taking care of the M&A process, are consisted of internal members for analyzing the synergies in the form of organizational and cultural fit between the organizations and human capital. External advisors are utilized more often in the financial and legal analysis of the target company. However, so far it seems that researchers have not extensively investigated how TMT’s (and extended TMT with external advisors) human capital has an impact on the speed of dynamic DD process in cross-border M&As. One probable explanation for this might be, that researchers could have difficulties of receiving access to multiple top management teams of businesses. This is a difficulty that was evident in this research as well and one possible explanation for difficulties in gaining access could be that as TMT exhibits the distinctive contextual competitive advantage of the firm, organizations could be hesitant in providing access to their knowledge. Participating in research could expose the knowledge of the TMT to competitors, hence affecting the eagerness to participate. In spite of these experienced difficulties, in this thesis we aimed to establish a more holistic perspective of the topic under research. Albeit the purpose of the above-mentioned authors was not to investigate the DD process, but rather to study cross-border M&As, the HC component stays the same in both of the research. Therefore, it should be possible to apply and capitalize on HC in the DD process as well. Thus, we can say in accordance with Angwin (2001) and Shimizu et al. (2004) that the context where the individual cross-border M&A is happening is one of the most crucial factors within the M&A process. Hence, our findings in form of four proxy variables are beneficial in better handling the context and furthermore to speed up the process of evaluating the target companies via a dynamic DD process.

Nonetheless, we do not state that all of the proxy variables are needed to speed up the DD process, but we suggest in order to increase the pace to be more proactive in the sense of scenario planning, which is beneficial to analyze possible strategic contingencies for the organization. Therefore, we express that utilizing at least one of the four variables will increase
the speed of the process depending on the individual M&A case. On the other hand, we did not analyze the interplay between the HC variables, which are essential in establishing the proxy variables to increase the speed of the overall process. We just consider them as critical, since the analyzed case companies are active in different industries with different requirements. Hence, the different TMTs possess different amounts of HC in regards to experience within the current industry, working in an international context, overall work experience and the gathered formal training. When analyzing the individual case companies, we found it rather unexpected that in some industries international working experience (fiber-based industries) seems to be more beneficial, whereas in other industries (mining-equipment) specific working experience within the current industry is more desired. This result might not be relevant for further studies but should not be ignored either. Despite this, we could not directly access the data needed from the individual TMT members so we had to indirectly approach it via their Social Media profiles (i.e. LinkedIn) where we do not know if the displayed information is correct. If we would have had direct access to the data responsible for the HC variables, the established proxy variables could have been found to influence the speed of the dynamic DD process in different ways, such as being more beneficial or even prohibiting the overall success of organizations in relation to M&As.

Ultimately, we did not know how important the role of external investors (i.e. investment banks) in the M&A process is. Based on the research, these institutions have an important role in financing the investments, providing guidance and/or consultation for the case companies. Furthermore, they also possess an immense network of companies and other important parties (i.e. experts and publicly important individuals), where the banks can establish new connections in form of leads to potential target companies and provide an “all inclusive” package to their business customers.
Figure 5. Conceptualization of the findings in relation to the speed of dynamic due diligence.
7. Conclusion

In this chapter we summarized our main findings derived from this thesis. Furthermore, we provide theoretical as well as managerial implications of the findings. With this the target is that the reported success rate of future cross-border M&As will be higher than in the past (See Chapter 1).

Overall, this master thesis is a confined exploratory study, through which we found that human capital aspects of international experience, work experience and formal training all have impact on the speed of the dynamic due diligence process in cross-border mergers and acquisitions. Especially when analyzing the interplay of all the factors as well as the industry. The purpose and research question of this thesis is to investigate and illustrate How the top management teams’ human capital affects the speed of dynamic due diligence process in cross-border mergers and acquisitions? To achieve this purpose, the thesis illustrates the current stream of literature by utilizing systematic literature review method accompanied by snowball method. Systematic literature review method was selected due to the vast, but also fragmented amount of literature (Bauer & Matzler, 2013) in the field of M&As and according to Easterby-Smith et al. (2015) systematic approach is well suited for research in this kind of context.

The literature review of this thesis indicates that the field of M&As is researched extensively in recent years (See Appendix 2) as the interest has risen both in academia and in practitioner’s perspective. Due to globalization, companies need to search growth from different sources and M&As are one of the key approaches to increase growth (Caiazza & Volpe, 2015). Nevertheless, the research field conjointly is fragmented, where different streams of literature (i.e. strategic, financial and human resources) have not been unified into one holistic framework (Larsson & Finkelstein, 1999; Gomes et al., 2013). Consequently, Gomes et al. (2013) as well as Bauer and Matzler (2013) are expressing the need for a more holistic approach when studying the multidimensionality of M&As, since it is a stepwise process, where every step needs to be assessed via DD in order to provide a holistic and cohesive evaluation of the target company.

Therefore, in conjunction with Gomes et al. (2013) and Stahl et al. (2013) we also suggest to apply a more holistic view of M&As to analyze every step within the individual M&A case in order to understand the context and address it in a systematic manner. Furthermore, the literature review indicates that there is a distinct gap within the M&A literature in relation to due diligence processes in cross-border context (Shimizu et al., 2004). Moreover, in terms of speed of the due diligence process, our literature review indicates that prior research is limited. Hence the research pursues to fill this gap as well as to provide practitioners guidelines how top management teams human capital can affect the speed of the process.
In our research, we utilized a qualitative multiple case study method with four case companies. All the case companies were interviewed with semi-structured interview method in Finnish business context and they have conducted at least one cross-border M&A in recent decade. Via this research and content analysis of research interviews, we have provided a conceptualization that aims to highlight how human capital affects the speed of M&As through four proxy variables. These variables are (1) market knowledge, (2) business environment, (3) inter-organizational leadership and (4) individual skills. These variables indicate that top management team human capital has an indirect effect to the speed of the process and this should be researched further.

7.1 Theoretical Implications
As stated, our study provides not only how TMT’s human capital affects the speed of DD process in practical management terms (See Chapter 6.3), it also adds to the scientific field within the topic of the M&A research. Albeit the human capital has been studied in recent history as an explanatory effect in cross-border M&A literature (See Chapter 3.7), our thesis provides novel insights into the topic of DD in cross-border M&As, since the effect of human capital of the TMT in regards to the speed of DD has yet not been studied that extensively.

Based on our findings and analysis, we have established a conceptualization (See Figure 5) from the topic of the thesis, where we point out that the human capital variables (i.e. international experience, work experience and formal training) influence via four proxy themes, to the overall speed of the DD process within M&As. Out of our empirical findings we derived the following four themes; Inter-organizational leadership (1), Individual skills (2), Market knowledge (3) and Business environment (4). These themes can be broken down to more specific components, thus showing that there could be innumerable proxy variables that influence the speed of the DD process, depending on the context where the empirical data is gathered.

In our study we found that Inter-organizational leadership (1) such as the communication between the buying and the target company, but also within the organizations is of crucial importance. In regards, to individual skills (2) our study outlines that, each TMT member contributes certain skills gained through previous work & international experience and formal training to the team. Furthermore, also previously gained market knowledge (3) helps to understand and access information and networks that speed up the DD process. Lastly, business environment (4) enables the TMT members to interpret the institutional context such as
understanding governmental regulations, but also the national and organizational culture the targeting company is established in.

7.2 Managerial Implications
Due to the accumulation of cross-border M&A activity in recent years (Caiazza & Volpe, 2015), managerial implications have a vital role in our thesis. Especially when thinking about the top management teams human capital as a determining factor in the speed of the due diligence process and M&A process, practitioners in the field ought to adapt to the requirements that are needed to provide better quality DD processes explained in this thesis. Therefore, to meet the purpose of our thesis, the paper provides following set of managerial implications to improve the overall success rate of cross-border M&As:

1. Our research suggests that in order to foster the speed of DD, the organization is responsible to provide enough resources in form of human capital to their TMT. With this, we want to outline that the responsible entities such as human resource department should proactively hire employees and/or managers with enough knowledge regarding the industry, formal training, international and work experience. This will equip the TMT and the responsible departments with the needed HC to speed up the DD process. This managerial implication is in accordance with the research done by Reed et al. (2006).

2. Furthermore, as outlined by Gomes et al. (2013) communication especially internally, should be encouraged throughout all hierarchical levels to actively participate in the DD process to receive leads and prohibit the emergence of an information vacuum. Additionally, external communication with peer companies but also network partners (e.g. consultants and investment banks) should be stimulated and used to increase the pace in the DD process to acquire the needed knowledge.

3. Lastly, the TMT is advised to store gained knowledge from previous M&As, but also learn from M&As in peer industries, which has also been recommended by Steigenberger (2017). Reed et al. (2006) named this process as “knowledge flows”, that takes care of the development and codification of market and business knowledge. To create this form of organizational knowledge. Liu and Woywode (2013) underline the importance of absorptive capacity on the individual as well as on the organizational level. Through this, the acquiring company can better understand the context where the target company operates and spend an adequate amount of the needed resources to improve the overall M&A process.
7.3 Limitations and Future Research

Our above presented thesis has reached its purpose to investigate how TMT’s human capital affects the speed of dynamic DD process in cross-border M&As and helps to demonstrate why human capital is an important intangible resource in the current contemporary business environment. However, in the following subchapter we outline our considerations in form of limitations, which may have influenced the outcome of this thesis in various ways. In addition, further research propositions are highlighted in this chapter.

First, through the purposeful and ad hoc sampling we could not take care of case similarities (i.e. industry). Besides this, we only used one particular database to find applicable cases for our study, which may not have shown us all the available cases, a variety of data banks would have been beneficial. Additionally, due to time limitations we could only approach four case companies with five interview respondents. Furthermore, since we analyzed the TMT, it was hard to get access due to the time constraints. A larger sample size would have been beneficial in terms of visibility of relationships between the cases and would increase the generalizability as well as transferability of the study.

Second, due to financial and time limitations we could not access every research participant in person and so we conducted three out of the five interviews via Skype (Video) and Skype for Business (Phone). In our opinion, in person interviews are more appropriate to establish trust between the interviewer and the research participant, which is also supported by Easterby-Smith et al. (2015) and Yin (2016). In general, interview technique also influences the outcome of the study, due to for example as interruptions of the video call due to bad internet connection, we could not fully interpret the tone of voice or the body language. Hence, it could be possible that our research missed out important hidden meanings, interpreted explanations in a different way or the interview is kept shorter than it would have been when directly facing your respondent. Additionally, we could not directly access the background information of the different case companies TMT, therefore we had to indirectly approach it via Social Media channels (i.e. LinkedIn). Hereby, we had to rely that the individual TMT member shared the correct information, in regards to his working experience, international experience and formal training on his Social media profile.

Third, some of the research participants asked us to receive the topic guide before the interview was conducted. Thus, the respondents had time to prepare their answers rather than answer the questions in more spontaneous manners where we may have received more insights and more
spontaneous intakes in regards of the interviewed topic. Additionally, by receiving the topic guide beforehand, the research participants could also try to hide answers on purpose.

Forth, the aforementioned proxy variables or research findings (See Chapter 5) are not limited to a certain number, but rather fluctuate in terms of the empirical data and the derived and analyzed findings. By this we mean, that the variables can in- or decrease in their amount such as their significance or definition the researchers give to them. Longitudinal study over a longer time horizon in combination with a pool of more case companies within the same industry, with same size or different industries could have brought different findings into the thesis. Additionally, variables like speed are normally assessed via a quantitative research method, but we decided to use a qualitative one since we wanted to grasp how humans give sense to the topic under research.

The last limitation concerns the experience of the authors. Thus, the experience of the writers as academic researchers affects the overall quality of the conducted research interviews as well as the academic findings gathered and interpreted. Most of the above-mentioned limitations could become obsolete with a proper time management, so that after the research question is approved the authors directly start to contact possible case companies and start planning to make appointments.

7.3.1 Future research

During our study, we gained deep insights into the topic of M&As in general and this encouraged us to think about different further research suggestions around our topic under scope. However, usually attributes like speed are investigated via quantitative research methods, therefore we recommend to conduct a similar study with an alternative approach.

Furthermore, in terms of context generalization, we propose to conduct the current study in different settings such as in a cross-continental scenario, a different perspective of the involved parties (i.e. target company or consultant) or observing how different top management team member leadership traits affect the speed of a dynamic DD process. Subsequently, future studies could explore the current topic in different context-specific environments such as industry and culture. We also recommend to include more members of the top management in the study, to receive insights from different perspectives and persons with unlike personal backgrounds (i.e. international & work experience, formal training). Consequently, it would be also interesting to study, if certain preparation trainings to handle M&A change situation, could make the TMT more robust in terms of HC, to increase the performance in the volatile field of M&As.
References


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Consultation with the Subject Librarian in Jönköping University Library - Mr. Daniel Gunnarsson

Shortly after starting our literature review, we noticed that due to our topic, that it would be rather multifaceted so we were not sure which academic database to consider for our systematic literature review. Hence, we contacted one information specialist from the Library of the University of Jönköping via email and stated our inquiry as outlined below:

Dear Daniel,

We are currently in the process to start writing our Master Thesis in Business Administration (2-year program, Managing in a Global Context). Therefore, we would need your help to gather the necessary literature form the various databases.

Our thesis topic is going to be Cross-Border Merger and Acquisition with a main focus on Business/Strategic Due Diligence.

Could you please help us to find the most recent databases for our Topic?

Furthermore, we consulted a PhD Student from Finland, he suggested us to use the following databases: Ebesco, Emerald and Proquest. What would be your opinion on these?

Thank you in advance.

Best Regards,
Jürgen Sabernik

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Answer from Mr. Gunnarsson below:

Jürgen!

I would recommend you to use the database SCOPUS. There you can search for more or less all published scholarly journals with a peer-review process.

Then to complement for other publication types you can use our own Primo (books – articles - reports) and ABI/Informs (Proquest) and Business Source Premier (EBSCO).

For more support, look at my subject guide for Management:
http://guides.library.ju.se/management

Kind regards,/Daniel
## Appendix 2 – Articles of Literature Review

Listing of all the articles utilized in the systematic literature review based on article name, authors, journal, year published, theme/topic of contribution and empirical strategy of the paper.

<table>
<thead>
<tr>
<th>Article</th>
<th>Authors</th>
<th>Journal</th>
<th>Year</th>
<th>Theme/Topic of contribution</th>
<th>Empirical Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Patterns of Dynamic Growth in Medium-Sized Companies: Beyond the Dichotomy of Organic Versus Acquired Growth</td>
<td>Achtenhagen L., Brunninge O., Melin L.,</td>
<td>Long Range Planning</td>
<td>2017</td>
<td>Medium-sized companies grow utilising dynamic patterns (i.e. networks) rather than traditional organic vs non-organic way</td>
<td>Qualitative case study</td>
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<tr>
<td>The pre-acquisition evaluation of target firms and cross border acquisition performance</td>
<td>Ahammad, M.F., Glaister, K.W.</td>
<td>International Business Review</td>
<td>2013</td>
<td>Strategic and cultural fit positively influence cross-border acquisition success</td>
<td>Quantitative hypothesis testing</td>
</tr>
<tr>
<td>Exploring the factors influencing the negotiation process in cross-border M&amp;A</td>
<td>Ahammad M.F., Tarba S.Y., Liu Y., Glaister K.W., &amp; Cooper C.I.</td>
<td>International Business Review</td>
<td>2016</td>
<td>Communication as well as national and organisational culture as an influencer in cross-border M&amp;As</td>
<td>Quantitative hypothesis testing</td>
</tr>
<tr>
<td>Mergers and Acquisitions across European Borders: National Perspectives on Preacquisition Due Diligence and the Use of Professional Advisers</td>
<td>Angwin, D.</td>
<td>Journal of World Business</td>
<td>2001</td>
<td>Culture impacts the perception of target companies thus affecting negotiation and integration</td>
<td>Exploratory survey</td>
</tr>
<tr>
<td>Speed in M&amp;A Integration: The First 100 Days</td>
<td>Angwin, D.</td>
<td>European Management Journal</td>
<td>2004</td>
<td>Speed of the deal ought to be pursued based on contextual attributes</td>
<td>Quantitative survey</td>
</tr>
<tr>
<td>Integration Managers: Special Leaders for Special Times</td>
<td>Ashkenas &amp; Francis</td>
<td>Harvard Business Review</td>
<td>2000</td>
<td>Need for new capabilities to increase M&amp;A success</td>
<td>Practical paper</td>
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<tr>
<td>Value creation in cross-border acquisitions: The role of outside directors’ human and social capital</td>
<td>Basuilet D.A., Datta D.K.,</td>
<td>Journal of Business Research</td>
<td>2017</td>
<td>Boards human and social capital affecting acquiring company's sharevalue</td>
<td>Quantitative hypothesis testing</td>
</tr>
<tr>
<td>Antecedents of M&amp;A success: The role of strategic complementarity, cultural fit, and degree and speed of integration</td>
<td>Bauer F., Matzler K.,</td>
<td>Strategic Management Journal</td>
<td>2014</td>
<td>Strategic fit positively correlates with cultural fit and speed. Cultural fit influences success positively but speed negatively.</td>
<td>Quantitative hypothesis testing</td>
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<td>The contribution of intercultural management</td>
<td>Barmeyer, C., Mayrhofer, U.</td>
<td>International Business Review</td>
<td>2008</td>
<td>Intercultural management important part of</td>
<td>Qualitative case study</td>
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<td>Article</td>
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<td>Year</td>
<td>Theme/Topic of contribution</td>
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<td>to the success of international mergers and acquisitions: An analysis of the EADS group</td>
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<td>successful post-merger integration</td>
<td>Practical paper</td>
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<tr>
<td>Not All Mergers and Acquisitions Are Alike – And That Matters</td>
<td>Bower, J. L.</td>
<td>Harvard Business Review</td>
<td>2001</td>
<td>M&amp;As come in different scenarios and should be treated in such a fashion</td>
<td>Practical paper</td>
</tr>
<tr>
<td>Thirty years of mergers and acquisitions research: Recent advances and future opportunities</td>
<td>Cartwright, S., &amp; Schoenberg, R.</td>
<td>British Journal of Management</td>
<td>2006</td>
<td>Strategic fit, organisational fit and acquisition process</td>
<td>Literature review</td>
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<td>The psychological impact of merger and acquisition on the individual: a study of building society managers</td>
<td>Cartwright, S. and Cooper, C.L.</td>
<td>Human Relations</td>
<td>1993</td>
<td>M&amp;As as a highly stressful events for individual</td>
<td>Quantitative survey</td>
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<td>Extraversion, individualism and M&amp;A activities</td>
<td>Chan A.W.H., Cheung H.Y.</td>
<td>International Business Review</td>
<td>2016</td>
<td>Psychological traits affecting M&amp;A process</td>
<td>Quantitative hypothesis testing</td>
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<td>Impact of M&amp;As on organizational performance: The moderating role of HRM centrality</td>
<td>Correia M.F., Cunha R.C.E., Scholten M.,</td>
<td>European Management Journal</td>
<td>2013</td>
<td>Importance of HRM in M&amp;As</td>
<td>Quantitative model testing</td>
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<td>Taking stock of what we know about mergers and acquisitions: a review and research agenda</td>
<td>Halebian J, Devers CE, McNamara G, Carpenter MA, Davison RB.</td>
<td>Journal of Management</td>
<td>2009</td>
<td>Finances, economics and management as a motivation for M&amp;As</td>
<td>Literature review</td>
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<td>Article</td>
<td>Authors</td>
<td>Journal</td>
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<tr>
<td>Expanding the nature and scope of due diligence</td>
<td>Harvey, M. G., &amp; Lusch, R. F.</td>
<td>Journal of Business Venturing</td>
<td>1995</td>
<td>Comprehensive model for due diligence</td>
<td>Conceptual model creation</td>
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<td>Is speed of integration really a success factor of mergers and acquisitions? An analysis of the role of internal and external relatedness</td>
<td>Homburg, C., &amp; Bucerus, M.</td>
<td>Strategic Management Journal</td>
<td>2006</td>
<td>Speed as a success factor when external relatedness is low and internal relatedness high</td>
<td>Quantitative survey</td>
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<td>Does cultural assimilation affect organizational decision-making on quality-related incidents? - A company's post-M&amp;A experience</td>
<td>Ito S., Fujimura S., Tamiya T.</td>
<td>Journal of International Management</td>
<td>2012</td>
<td>Decision-making post merger</td>
<td>Qualitative case study</td>
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<td>Integrating strategic, organizational, and human resource perspectives on mergers and acquisitions: a case survey realization</td>
<td>Larsson R., Finkelstein S.</td>
<td>Organization Science</td>
<td>1999</td>
<td>Synergies realize more likely when integration is better</td>
<td>Quantitative case survey</td>
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<td>Achieving acculturation in mergers and acquisitions: An international case survey</td>
<td>Larsson, R., &amp; Lubatkin, M.</td>
<td>Human Relations</td>
<td>2001</td>
<td>Social controls (i.e. training, retreats) should be utilized to reach best acculturation outcome</td>
<td>Quantitative case survey</td>
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<tr>
<td>Outside directors’ experience, TMT firm-specific human capital, and firm performance in entrepreneurial IPO firms</td>
<td>Le, S. A., Kroll, M. J., &amp; Walters, B. A.</td>
<td>Journal of Business Research</td>
<td>2012</td>
<td>Outside directors increase the industry-specific human capital in young (less than 3 years) IPO firms</td>
<td>Quantitative hypothesis testing</td>
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<td>How do networks and learning drive M&amp;As? An institutional comparison between China and the United States</td>
<td>Lin, Z., Peng, M. W., Yang, H. B., &amp; Sun, S. L.</td>
<td>Strategic Management Journal</td>
<td>2009</td>
<td>Acquisition decisions are affected by company's networks and prior learning</td>
<td>Quantitative hypothesis testing</td>
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<td>The different paths to post-merger identification for employees from high and low status pre-merger organizations</td>
<td>Lipponen J., Wisse B., Jetten J.,</td>
<td>Journal of Organizational Behavior</td>
<td>2016</td>
<td>Post-merger identification and it's antecedents</td>
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<td>Merge Ahead: A Research Agenda to Increase Merger and Acquisition Success</td>
<td>Marks, M.L., Mirvis, P.H.</td>
<td>Journal of Business and Psychology</td>
<td>2011</td>
<td>Linking pre- and post-merger phases</td>
<td>Literature review review</td>
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<td>Speed in acquisitions: A managerial framework</td>
<td>Meglio, O., King, D., &amp; Risberg, A</td>
<td>Business Horizons</td>
<td>2017</td>
<td>Speed of acquisition process</td>
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<td>Marriage for better or for worse? Towards an analytical framework to manage post-merger integration process</td>
<td>Osarenkhoe A., Hyder A.</td>
<td>Business Process Management Journal</td>
<td>2015</td>
<td>Post-merger integration and key success factors</td>
<td>Qualitative interviews</td>
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<td>Post-acquisition management: A phases approach for cross-border M&amp;As</td>
<td>Quah, P., &amp; Young, St.</td>
<td>European Management Journal</td>
<td>2005</td>
<td>Post-acquisition integration and phasing of activities</td>
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<td>Proposing and Testing an Intellectual Capital-Based View of the Firm</td>
<td>Reed, K. K., Lubatkin, M., &amp; Srinivasan, N.</td>
<td>Journal of Management Studies</td>
<td>2006</td>
<td>Human capital as a component affecting businesses in their business environment</td>
<td>Quantitative hypothesis testing</td>
</tr>
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<td>The international experience in domestic mergers – Are purely domestic M&amp;A a myth?</td>
<td>Reynolds (née Schnurr), N.-S., Teerikangas, S.</td>
<td>International Business Review</td>
<td>2016</td>
<td>M&amp;As ought not to be divided into domestic vs cross-border as both have similar outlooks</td>
<td>Qualitative ethnographic case studies</td>
</tr>
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<td>Successfully Managing the Sociocultural Integration Process in International Acquisitions: A Qualitative Analysis of Canon's Acquisition of Océ</td>
<td>Rottig D., Schappert J., Starkman E.,</td>
<td>Thunderbird International Business Review</td>
<td>2017</td>
<td>Interconnectedness of success factors in post-merger integration</td>
<td>Qualitative case study</td>
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<td>A marriage metaphor model for sociocultural integration in international mergers and acquisitions</td>
<td>Rottig, D.</td>
<td>Thunderbird International Business Review</td>
<td>2013</td>
<td>M&amp;As as a dynamic interaction with three steps; dating, mating and creating</td>
<td>Conceptual model creation</td>
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<td>A sociocultural perspective on knowledge transfer in mergers and acquisitions</td>
<td>Sarala, R. M., Junni, P., Cooper, C. L., &amp; Tarba, S. Y.</td>
<td>Journal of Management</td>
<td>2014</td>
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<td>Conceptual proposition building</td>
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<td>Theoretical foundations of cross-border mergers and acquisitions: A review of current research and recommendations for the future</td>
<td>Shimizu, K., Hitt, M., Vaidyanath, D., &amp; Pisano, V.</td>
<td>Journal of International Management</td>
<td>2004</td>
<td>Cross-border M&amp;As and lack of due diligence research within the topic</td>
<td>Literature Review</td>
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<td>Between merger and syndrome: The intermediary role of emotions in four cross-border M&amp;As</td>
<td>Sinkovics, R. R., Zagelmeyer, S., &amp; Kustatscher, V.</td>
<td>International Business Review</td>
<td>2011</td>
<td>Emotions have important role in defining successful and failed M&amp;As especially in cross-border M&amp;As</td>
<td>Qualitative framework testing</td>
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<td>Do cultural differences matter in mergers and acquisitions? A tentative model and examination</td>
<td>Stahl, G. K., &amp; Voigt, A.</td>
<td>Organization Science</td>
<td>2008</td>
<td>Cultural differences effect the integration, synergy realisation and shareholder value depending on context</td>
<td>Meta-analysis across studies</td>
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<td>Article</td>
<td>Authors</td>
<td>Journal</td>
<td>Year</td>
<td>Theme/Topic of contribution</td>
<td>Empirical Strategy</td>
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<td>The culture-performance relationship in M&amp;A: From yes/no to how</td>
<td>Teerikangas, S., Very, P.</td>
<td>British Journal of Management</td>
<td>2006</td>
<td>Culture and how it impacts the M&amp;A process</td>
<td>Literature Review</td>
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<td>Continuity and change in mergers and acquisitions: A social identity case study of a German industrial merger</td>
<td>Ulrich, J., Wieseke, J., &amp; Van Dick, R.</td>
<td>Journal of Management Studies</td>
<td>2005</td>
<td>Organisational identification and post-merger organisational structure</td>
<td>Qualitative case study</td>
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<td>Culture clash: The costs and benefits of homogeneity</td>
<td>Van Den Steen E.,</td>
<td>Management Science</td>
<td>2010</td>
<td>Culture and M&amp;A</td>
<td>Quantitative model testing</td>
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<td>National and corporate cultural fit in mergers/acquisitions: An exploratory study</td>
<td>Weber, Y., Shenkar, O., &amp; Raveh, A.</td>
<td>Management Science</td>
<td>1996</td>
<td>National and organisational culture's as a separate entities</td>
<td>Quantitative survey</td>
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</table>
Appendix 3 – Topic guide for research interview

Below is the topic guide used in the research interviews with the case companies. This guide is only a guide and the actual interviews and transcripts have not been included due to anonymity of research subjects.

M&As and cross-border M&As

1. Background information
   a. Name
   b. Position
   c. Work years in total / with M&As or in consulting
   d. Work area (legal, financial, strategic, HR, organizational)

2. How would you define M&A process and what is included in the process in your opinion?

3. How many domestic M&As have been done in your company? What about international ones?

4. Which of these is more important reason for M&A growth strategy in your company, gaining new knowledge or accessing new markets?

5. How many people are responsible for planning and executing M&As in your company and are all of them considered to be part of the TMT?

6. What steps did your organization take to learn from previous M&As? Does your company for example have documentation from previous M&A that is used in the next M&A?

7. How did you prepare your company for the international M&A process? For example, did you hire new employees or utilize external advisors to guide the process?

Due Diligence

8. How do you define due diligence process and how do you perceive the due diligence process in the whole context of M&As?

9. How fast has the due diligence process been in the previous M&As? Do you feel that it has been done too slow or too fast to reach its purpose?

10. If the speed of the process and evaluating all details about target company are contradicting, which one is preferred in your company and why?
11. Based on your experience and expertise, is there difference in due diligence between international and domestic M&As?

**Human Capital**

12. Does international experience have weight in your recruiting policy when recruiting managers and directors?

13. How does people with diverse background affect the M&A process?

14. How do you measure your return in human capital investment? I.e. do you measure individual/organizational contribution to growth and if so how?

15. How do you integrate employees from the acquired company?
   a. Do you provide assistance, training, etc.?
   b. Do you measure integration by any metrics such as speed, time, performance?
Appendix 4 – Informed Consent for research participants

Informed consent for the participation in the following research study

Investigators:

Jürgen Sabernik  E-mail: saju1615@student.ju.se  Mobil: +43 664 6433408
Matti Salakka  E-mail: sama1614@student.ju.se  Mobil: +385 40 8674401

We highly appreciate your interest in participating in our research study. The participation in this study takes place on a voluntary basis. The information below will help you to make your decision if you want to be part of the study or not. In case you have any questions or should there be any doubts, please do not hesitate to contact us.

Introduction

Hereby we ask you to take part in a research study concerning the due diligence process of cross-border mergers and acquisitions with focus on how the human capital of organization’s top management affects it. Therefore, we approached you as a potential participant, because your company fulfills the criteria of doing cross-border mergers and acquisitions in the recent years. Lastly, we kindly ask you to read through this agreement and ask any questions that might arise before agreeing to take part of our study.

Purpose of Study

The purpose of the study is to investigate on “How TMT’s human capital generated from previous M&As affects the speed of multi-level due diligence process in cross-border M&As?” In that regard, we estimate that there are differences in terms of how the human capital of the top management team can affect the speed of a multi-level due diligence process in a cross-border merger and acquisition. With this in mind, we want to research if there is a difference in terms of a successful M&A outcome when due diligence is done in a faster pace (within 100 days) or in a slower pace (above 100 days). Finally, as this research is part of a master thesis it will only be published in an internal database of the University of Jönköping (Sweden), which is only accessible for internal academic employees as well as enrolled students.

Interview Procedure

If you agree to be part of this study, we are going to ask you to answer open-end questions around the topic of how you and your company approached this topic of merger and acquisition. The interview will take around 60 – 90 minutes and consists of a topic guide with 15 questions to cover the main points of interest. We kindly ask you to answer the questions to the best of your knowledge and belief.

Risks

There are no reasonable foreseeable or expected risks in taking part to this study. In the case where there might be currently unknown risks, we will immediately inform all the participants involved in this study.

Benefits

With the outcome of this study, we want to help organizations to reach higher number of successful cross-border mergers and acquisitions as well as contribute to the current stream of literature. Additionally, we will provide you an access to the generated results of this study.
Confidentiality

All the records taken from the study will be kept confidential (see below). We are going to ensure that only the writers of this thesis have access to the collected data. The audio records will only be used for translating interviews to English and will be deleted afterwards. Information is not going to be forwarded to any third party. Furthermore, we are not going to include or release any personal information or details in the thesis that could be identified to you.

Right to Refuse or Withdraw from the Study

As outlined above, the participation in this study is on a voluntary basis and therefore, you may refuse to take part in this research at any time of the interview process without affecting the relationship with the researchers of this study. With your possible decision to withdraw from this study, you will not lose any benefits to which you are otherwise entitled. You have the right to skip questions, as well as to completely withdraw from the entire study at any point during the interview process. In addition, you have the right to request that the researchers do not make use of any additional interview or background material received.

Right to ask Questions and Report Concerns

The participant has the right to ask any questions about the research at any given point such as before, during or after the research is completed. The interviewee can make an inquiry for asking questions either via E-mail or via mobile phone at any time.

Consent

With the signature below the participant has decided to be a voluntary participant in this research and has understood and accepted the information provided above. The participant will receive a signed and dated copy of this informed consent, along with any other necessary material the researchers of this study provide.

I wish that any given information about the company is kept anonym and handled confidential before, during and after the research is done.

☐ YES ☐ NO

Participant’s Name (print): ________________________________

Participant’s Signature: _______________________________________

Researcher’s Signature: _________________________________________ Salakka Matti

Researcher’s Signature: _________________________________________ Sabernik Jürgen

___________________________________

Date and Location
Appendix 5 – Most emergent codes from research findings

Illustration of the most common codes in all the interviews. The different interviews and the subsequent codes are not combined, thus for example word “process” appears on three separate occasions.

<table>
<thead>
<tr>
<th>Codes</th>
<th>Mentioned times</th>
</tr>
</thead>
<tbody>
<tr>
<td>Process</td>
<td>12</td>
</tr>
<tr>
<td>Process</td>
<td>11</td>
</tr>
<tr>
<td>Process</td>
<td>10</td>
</tr>
<tr>
<td>Culture</td>
<td>8</td>
</tr>
<tr>
<td>Culture</td>
<td>6</td>
</tr>
<tr>
<td>Business case</td>
<td>6</td>
</tr>
<tr>
<td>Information</td>
<td>5</td>
</tr>
<tr>
<td>People</td>
<td>5</td>
</tr>
<tr>
<td>Synergy</td>
<td>5</td>
</tr>
<tr>
<td>Knowledge</td>
<td>4</td>
</tr>
<tr>
<td>Experience</td>
<td>4</td>
</tr>
<tr>
<td>Understanding</td>
<td>4</td>
</tr>
<tr>
<td>Knowledge/knowhow</td>
<td>4</td>
</tr>
<tr>
<td>Strategy</td>
<td>4</td>
</tr>
<tr>
<td>Market</td>
<td>4</td>
</tr>
<tr>
<td>Evaluation</td>
<td>3</td>
</tr>
<tr>
<td>Knowhow</td>
<td>3</td>
</tr>
<tr>
<td>Experience</td>
<td>3</td>
</tr>
<tr>
<td>Industry</td>
<td>3</td>
</tr>
<tr>
<td>Red-tape</td>
<td>2</td>
</tr>
<tr>
<td>Synergy</td>
<td>2</td>
</tr>
<tr>
<td>Skills</td>
<td>2</td>
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</table>
Appendix 6 – Human Capital of individual TMT members

In the following four tables we display the gathered information in regards to the participating Case Companies TMT’s Human Capital. The tables present data of each individual top management team member such as, the nationality, the work experience, international work experience, work experience in the current industry, the formal training received and the total amount of years as well as the average amount of years. The information was retrieved from the individual top management members Social Media profile (i.e. LinkedIn). Therefore, we cannot be completely sure that the information is correct.

<table>
<thead>
<tr>
<th>TMT Member</th>
<th>Nationality</th>
<th>Work</th>
<th>International</th>
<th>Industry</th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMT Member A1</td>
<td>Sweden</td>
<td>14</td>
<td>0</td>
<td>3</td>
<td>8</td>
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<tr>
<td>TMT Member A2</td>
<td>Sweden</td>
<td>17</td>
<td>23</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>TMT Member A3</td>
<td>Sweden</td>
<td>24</td>
<td>0</td>
<td>9</td>
<td>4</td>
</tr>
<tr>
<td>TMT Member A4</td>
<td>Sweden</td>
<td>14</td>
<td>3</td>
<td>11</td>
<td>5</td>
</tr>
<tr>
<td>TMT Member A5</td>
<td>Sweden</td>
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<td>0</td>
<td>1</td>
<td>3</td>
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<tr>
<td>TMT Member A6</td>
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<td>16</td>
<td>0</td>
<td>1</td>
<td>8</td>
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<tr>
<td>TMT Member A7</td>
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<td>7</td>
<td>0</td>
<td>2</td>
<td>7</td>
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<tr>
<td>TMT Member A8</td>
<td>Finland</td>
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<td>5</td>
<td>23</td>
<td>10</td>
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<td>2</td>
<td>11</td>
<td>1</td>
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<td>7</td>
<td>9</td>
<td>6</td>
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<td>Germany</td>
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<td>3</td>
<td>18</td>
<td>14</td>
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<tr>
<td>Total Amount</td>
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<td>187 years</td>
<td>43 years</td>
<td>91 years</td>
<td>71 years</td>
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<td>Average Amount</td>
<td>--</td>
<td>17 years</td>
<td>3.9 years</td>
<td>8.3 years</td>
<td>6.5 years</td>
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### Case Company B - Mining equipment manufacturer

<table>
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<tr>
<th>TMT Member</th>
<th>Nationality</th>
<th>Work</th>
<th>International</th>
<th>Industry</th>
<th>Training</th>
</tr>
</thead>
<tbody>
<tr>
<td>TMT Member B1</td>
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<td>4</td>
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<tr>
<td>TMT Member B2</td>
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<td>19</td>
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<td>TMT Member B3</td>
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<td>57</td>
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<tr>
<td>TMT Member B4</td>
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<tr>
<td>TMT Member B5</td>
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<td>27</td>
<td>0</td>
</tr>
<tr>
<td>TMT Member B6</td>
<td>Ireland</td>
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<td>0</td>
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<tr>
<td><strong>Total Amount</strong></td>
<td><strong>1 Nation</strong></td>
<td><strong>164 years</strong></td>
<td><strong>19 years</strong></td>
<td><strong>164 years</strong></td>
<td><strong>21 years</strong></td>
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<tr>
<td><strong>Average Amount</strong></td>
<td><strong>--</strong></td>
<td><strong>27,3 years</strong></td>
<td><strong>3,5 years</strong></td>
<td><strong>27,3 years</strong></td>
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### Case Company C - Fiber-based product manufacturing

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<th>International</th>
<th>Industry</th>
<th>Training</th>
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<td>10</td>
<td>32</td>
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<td>7</td>
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<td>TMT Member C8</td>
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<td>TMT Member C9</td>
<td>Turkey</td>
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<td><strong>Total Amount</strong></td>
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<td><strong>168 years</strong></td>
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### Case Company D - Information Technology

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<td>24</td>
<td>0</td>
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<tr>
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<td>0</td>
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<td>8</td>
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<td><strong>Total Amount</strong></td>
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<td><strong>51 years</strong></td>
<td><strong>152 years</strong></td>
<td><strong>45 years</strong></td>
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<td><strong>Average Amount</strong></td>
<td><strong>--</strong></td>
<td><strong>20,8 years</strong></td>
<td><strong>5,6 years</strong></td>
<td><strong>16,9 years</strong></td>
<td><strong>5 years</strong></td>
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