When Two Become One
The Post-acquisition Process in SMEs

Master’s Thesis within Business Administration
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Abstract

In business today efforts are being taken in order to grow, while some firms slowly grow organically others decide to perform a merger or an acquisition (M&A). Firms performing M&As have a high failure rate and many times this is caused by a poorly handled post-acquisition process. Small and medium-sized enterprises (SMEs) have, according to researchers, not the same ambition to grow compared to large firms, and the research area concerning the post-acquisition process is often from a large firm perspective. However, SMEs do perform M&As as well and therefore it is in our interest to investigate the post-acquisition process in SMEs and see how the post-acquisition process is performed in these firms.

The purpose of this thesis is to investigate the post-acquisition process in SMEs, this to highlight the SME characteristics in a post-acquisition process.

Our methodological approach in this study is hermeneutic. To collect empirical information we performed an interview study, where semi-structured interviews with the managing director or a member of the management team in four SMEs have been conducted. A model for analyzing has been constructed, which helped us to process the empirical information from a hermeneutic perspective.

The reason why the studied firms performed a M&A was to get access to a new customer base and to strengthen their market positions. The focus in the post-acquisition process has been on external value creation since the customers are highly valuated, and this can be related to the uncertain financial and environmental situation that SMEs experience. All firms in the study have chosen a high level of integration, though the planning in the firms has not been that extensive as the post-acquisition literature suggests. Further, several elements within the human resource area have been neglected in their planning, despite this three of the firms experienced a limited amount of resistance to change and this ought to be related to their SME characteristics. The employees are willing to follow the direction stated by the managing director, who has a high influence on the organization’s culture. In the firms we studied the centralization of power is one important element and the acquiring firms have preferred a unicultural organization, and in most cases a congruence concerning culture have occurred.
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1 Introduction

In this chapter we present the purpose of this thesis. We start by giving a background to the chosen subject and continue with a problematization which leads us to the purpose, the chapter is finalized with the disposition of the thesis.

1.1 Background

A general view both within business administration and economics research is that firms exist to grow and that firms seize any possibility to grow (Davidsson, Delmar & Wiklund 2001). “Growth refers to change in size or magnitude from one period of time to another. Growth can involve the expansion of existing entities and/or the multiplication of the number of entities... Growth can also be obtained by the multiplication of the number of firm controlled by a particular individual or group of individuals.” (Wiklund, 1998, p. 12). By exploring the internal resources a firm can achieve internal development, by many researchers referred to as organic growth. Merger and acquisition (M&A) is the opposite growth strategy where the firm expands by either a merger or an acquisition with another firm and exploits its competence (Penrose, 1995; Johnson & Scholes, 2002; Davidsson et al., 2001). According to Bower (2001) there are five reasons for a firm to undertake an acquisition; to handle overcapacity, to expand geographically, to expand the product line or market, to get hold of research and development (R&D) resources, or to create a whole new industry. M&A is a growth strategy that is exercised by many companies but studies have shown that there is a high failure rate (Hussey, 1999:a; 1999:b; Selden & Colvin, 2003).

“While value creation might be the credo, value destruction is often the fact.” (Ha- Beck, Kröger & Träm, 2000, p. 3)

Hussey (1999:b) points out the difficulties to measure the success of M&A, and sometimes the success or failure can seem a lot higher than what it really is due to how the study is performed. Pablo (1994) emphasizes the importance of a well-performed post-acquisition process; how the two organizations become one. Often managers fail to understand how important the implementation process of a M&A is and do not treat the post-acquisition process as thoroughly as it should be treated (Hussey, 1999:a). Moreover, Hussey (1999:a) says that in order to succeed with M&A as a growth strategy the post-acquisition process is vital.

Firm size does matter – there is a great difference in character in small and medium-sized enterprises (SMEs) compared to large firms (Wiklund, 1998). Penrose (1995, p. 19) takes it even further when she states:

“The differences in the administrative structure of the very small and very large firms are so great in many ways it is hard to see that the two species are of the same genus.”

Due to the different characteristics between small and large firms different aspects must be addressed within the firm, for instance the manager in a SME cannot act in the same way as a large firm manager (Wiklund, 1998). According to Wiklund (1998),
Introduction

Davidsson et al. (2001) and Davidsson and Delmar (2002) small firms often do not have the aspiration and motivation to grow. One reason to why the small firms do not have the objective to grow is the fear of loosing the everyday work spirit among the employees since small firms often are recognized by their happy working environment (Davidsson et al., 2001). Identified by both Davidsson et al. (2001) and Wiklund (1998) is the tendency that small firms that experience growth are firms that have an entrepreneurial touch on the organization.

1.2 Problematization and Purpose

The existing research material and literature within the M&A fields is often from the large firm perspective since large firms more extensively use M&A as a growth strategy. Davidsson et al. (2001) and Davidsson and Delmar (2002) emphasize the hypothesis that small firms grow organically in the beginning of their existence, M&A as a growth process is introduced in a later stage. The research field concerning M&A from a SME perspective is limited due to these assumptions. Even though many researchers are by the opinion that M&A is a growth strategy that larger firms can undertake this does not eliminate that SMEs can use this strategy as well. As stated above SMEs differ a lot from larger firms and to perform a M&A process they have to take their SME characteristics into account.

This study does not aim to focus on whether or not M&A is a growth strategy that fits SMEs, though we assume that there are some SMEs that have chosen M&A as a growth strategy. Based on our assumption that there are some SMEs that have performed a M&A the post-acquisition process is also carried out by SMEs. The post-acquisition process is vital for a successful M&A (Gendron, 2004; Habeck et al., 2000; Hussey, 1999:a; Galpin & Herndon, 2000), but when researches have highlighted this field it is often from a large firm perspective.

The importance of a well-performed post-acquisition process is a motivator of why we aim to focus on that particular process from a SME perspective. It is in many cases assumed that literature concerning larger firms is also applicable and transferable to SMEs, though is that the case concerning the post-acquisition process? This reasoning nurture a discussion of what is so special with the post-acquisition process in SMEs due to the firm characteristics, what in particular has to be taken into consideration, and what aspects are important when a SME handle the post-acquisitions process. We aim to study the post-acquisition integration process in SMEs in its entirety and we delimitate the study by doing so from a manager’s point of view since he/she has a dominating role in the SME.

The purpose of this thesis is to investigate the post-acquisition process in SMEs, this to highlight the SME characteristics in a post-acquisition process.

1.3 Disposition

The disposition of the thesis is outlined in figure 1-1.
Introduction, problematization and purpose

The first chapter introduces the reader to the subject area in a background discussion concerning M&As, growth, SMEs and the post acquisition process, and presents the problematization from which the purpose of the thesis has arisen.

Post-acquisition Process and SME Characteristics

Our frame of reference is presented in the second chapter where the first part illustrates the post-acquisition process and the last part the SME characteristics. This chapter aims to create an understanding for the areas included in the post-acquisition process and present the special characteristics in SMEs.
Hermeneutic approach to an Interview Study

The methodological choices made in the study are presented in chapter three where the main focus lies on our hermeneutic approach and the interviews. The chapter explains what we have done and how we have done it, as well as what have been taken into consideration throughout the study.

Four SMEs’ Post-acquisition Process

In chapter four the analysis starts, and the four firms’ post-acquisition processes are presented one by one and each case is related to the post-acquisition process from the theoretical point of view. This part creates a view of how the post-acquisition process is handled in different SMEs.

Highlighting the SME Characteristics in the Post-acquisition Process

The SME characteristics are included in the analysis in chapter five. By putting the four individual cases together and relating them to the entire frame of reference, which includes both the post-acquisition process and the SME characteristics, this chapter aims to give an understanding of the SME characteristics in the post-acquisition process.

Conclusions and Reflections

In chapter six the conclusions, which have arisen from the analysis and are related to the purpose of the thesis, are presented. The thesis is finalized with reflections over our work, which includes methodological choices and a reflection over chosen theories and the conclusions.
Post-acquisition Process and SME Characteristics

In this chapter we present our frame of reference, which is based on the most commonly mentioned areas in the literature concerning the post-acquisition process. The main focus is on the post-acquisition process emphasizing the aspects value creation, level of integration, resistance to change and cultural perspective. Further the chapter is highlighting the SME characteristics and the chapter is finalized with a summary of our theoretical point of view.

2.1 Post-acquisition Process

“Striking the right balance between achieving the necessary level of organizational integration and minimizing the disruptions to the acquired firm’s resources and competencies is a fundamental challenge not only of the integration process but also of the entire acquisition.” (Zollo & Singh, 2004, p. 1236)

Shrivastava (1986) emphasizes that integrating the two firms into one single unit is the primary difficulty in a M&A process. The handling of the post-acquisition process will be facilitated when there are earlier experiences of this situation (Hespaslagh & Jemison, 1991). The strategic and organizational fit in many acquisitions do not correspond with each other, and the problems that exist in the acquisition process complicates the managers’ possibilities to discover benefits of the acquisition (Jemison & Sitkin, 1986). How the integration process is designed has a large impact on the success or failure of an acquisition and the integration aims to achieve some common organizational goals through effective and efficient direction of organizational activities and resources (Pablo, 1994). As discovered by Larsson and Finkelstein (1999) synergy realization is to a large extent dependent on organizational integration, and in most cases the acquiring firm is in possession of the post-acquisition decisions and the learning processes that takes place (Zollo & Singh, 2004). Zollo and Singh (2004) state that economic benefits will be offered when integrating the two organizations, the integration does not have to be total, though it have to be carried through to some extent. Based on the research conducted by Cannella and Hambrick (1993), Hambrick and Cannella (1993) and Walsh and Ellwood (1991), Pablo (1994) discusses the level of integration and points out the importance for managers to correctly choose and implement a proper integration level. The combined organization, how the two are integrated, is critical for the outcome of the acquisition since an over- or under-integration could have the outcome that no value is created, or even that value is destroyed.

2.2 Acquisition Modes

There can be a difference in the production and market relation between the firms when conducting a M&A. Larsson (1990) has improved the FTC typology that explains the different acquisition modes and outlines the firms’ production and market relation. The typology is shown in the figure below (see figure 2-1).
On the vertical axis the production relations are divided into three areas, similar, long-linked and unrelated. This production categorization sees that the production relation can be either overlapping/similar or somewhat connected. The long-linked relation includes inserting either a vertical forward M&A to new customer markets or a vertical backward M&A where the same customer markets are maintained. This category is viewed from the focal organization perspective. The product extension explains M&As within the same markets but where there is unrelated production. Market extensions are the inverse of product extensions where the M&A have similar production but in different markets. The product extension can also be seen as concentric marketing, having the same types of customers but different technologies. Moreover, the market extension can be seen as concentric technology, having the same technologies but different customer types. The conglomerate M&A classifies M&As where the production relation does not exist and where there is a difference in market relation. Horizontal M&As are the inverse to conglomerate as they have the same market relation and production relation (Larsson, 1990).

### 2.3 Value Creation

#### 2.3.1 Value Discussion

As a result from managerial action and interaction between the two firms value creation takes place, this compared to value capture which is a one-time result from the transaction itself (Jemison, 1988). Haspeslagh and Jemison (1991) argue that to nurture value creation in an acquisition there has to be an atmosphere that encourages the capability transfer process. Even though many acquisitions may seem perfect the value is not created until the integration has taken place.
Value creation is a possible outcome when the strategic actions have a focus on an optimal use of the specialized resources the firms possess, at the same time as environmental opportunities and constraints are considered. Though the sources of value creation are dependent on the different types of acquisitions, and it is often seen as a related acquisition offers greater possibilities to sources of value creation than unrelated acquisitions (Seth, 1990). Seth’s study (1990) indicated however that one should not expect to create more value in a related acquisition than in an unrelated acquisition and that value creation is dependent on a combination of the firms’ characteristics.

Jemison and Sitkin (1986) highlight that the strategic and organizational fit in an acquisition may be poor and stress the importance to take this into consideration if possibilities for acquisition success are to be created. Pablo (1994) continues this reasoning by addressing different tasks depending on the strategic and organizational perspective in the value creation process. To successfully share or exchange the resources that is the basis for the value creation is the focus of the strategic task. To make this strategic task possible the resources must be kept intact and this is achieved by the organizational task, which is to preserve these unique characteristics that are a source of key strategic capabilities.

2.3.2 Strategic Capabilities

Johnson and Scholes (2002) accentuate the importance of “…the organization having the strategic capability to perform at the level that is required for success” (p. 145). Further the authors argue that one aspect of strategic capabilities is concerned with whether the strategies of an organization fit the environment in which it operates and can capture the opportunities and deal with the threats. The other aspect of strategic capabilities according to Johnson and Scholes (2002) is the stretch of the capabilities in a new way, by acting in an innovative manner, leaving the competitors behind. In his study, Jemison (1988) defines a strategic capability as a firm’s ability to explore its resources, knowledge, skills or ways of managing, which would result in developing or sustaining a competitive advantage, however a strategic capability does not have to be unique to the firm. From Jemison’s (1988) point of view the transformation of strategic capabilities is an iterative process that deals with a series of interactions among members of both the acquiring and acquired firms. Generally, the first interactions to occur are the ones of administrative character. The information flow between the two organizations is established along with reporting relationships and operating procedures to make it possible for the acquiring firm to control the acquired firm. The interactions that are concerned with the original and emerging purpose of the acquisition are labeled substantive interactions. These interactions focus on value creation from an external or internal perspective, which can be to engage in product or market development or to consolidate the duplicating activities. Symbolic interactions undertaken by top management can serve as signals to both organizations about the
new organizational purpose and philosophy. Another purpose of symbolic interactions is for one firm’s managers to show the other firm their basic beliefs, capabilities, skills or standpoints in issues. These interactions aim to gain an advantage in future negotiations.

Haspeslagh and Jemison (1991) argue that the firm’s competitive advantage is an outcome of its use of capabilities that “incorporate an integrated set of managerial and technological skills”, “are hard to acquire other than through experience”, “contribute significantly to perceived customer benefits”, and “can be widely applied within the company’s business domain” (p. 23). Viewing acquisitions from a strategic capabilities perspective Haspeslagh and Jemison (1991) present three classifications to distinguish among strategic acquisitions. The first classification concerns the value creation in an acquisition and the type of capability transfer that has to take place. The second classification concerns how corporate strategy is related to the acquisition and the third deals with an acquisition as a method of internal development.

**Capability Transfer**

Haspeslagh and Jemison (1991) state that when one firm’s competitive advantage is improved through a transfer of strategic capabilities value is created in the acquisition. What synergies can come from an acquisition and how is value created through the acquisition? To create synergies a firm might have to rationalize operation efforts in each firm and combine their efforts, this since economies of scale and scope are possible synergies in an acquisition. Haspeslagh and Jemison (1991) further argue that a skill transfer can take place both from a functional perspective and from a general management perspective. Value is created through the acquisition since the skills of the firm’s capabilities are explored, and thereby its competitive advantage might be improved. “General management skill transfer occurs when one firm can make another more competitive by improving the range or depth of its general management skills” (Haspeslagh & Jemison, 1991, p. 31).

**Corporate Renewal**

An acquisition is an externally-derived renewal which either brings in a new set of capabilities to the organization or exposes the organization in a new situation where its already existing resources can be used (Jemison, 1988). Haspeslagh and Jemison (1991) emphasize that an acquisition can change the balance between the firm’s current domain and the renewal and development of the firm’s capabilities. There are three ways in which the acquisition can affect the process of corporate renewal within a firm. When the capabilities that support the firm’s competitive position within an existing business domain it is labeled as *domain strengthening*. The aim of domain strengthening acquisitions is to defend and reinforce the firm’s position within the industry it operates. The firm can acquire its competitor to strengthen its position, it can also acquire a firm that operates in the same market but sells other products, and a third option is to acquire a similar firm that operates at a different geographical market. “A common error is to focus more on the similarities than on the differences between the firms.” (Haspeslagh and Jemison, 1991, p. 33). By bringing new capabilities into the firm’s existing businesses or using the firm’s existing capabilities...
in a new business a *domain extension* is taking place. By using the knowledge already possessed the firm can create new business opportunities. When the firm expands into new businesses and this move demands a new capability base to be able to handle the situation, it is a *domain-exploring* acquisition. This method is mainly used to reduce risk and to use existing cash. It can be an acquisition with no relation to the firm’s existing core business but management believes that it can be a possible lucrative business in the future. Another option when using domain-exploring acquisition is to nurture development in a higher pace by adding managerial skills to the acquired firm, again there is no need for a relation between the acquiring firm’s business and the acquired firm.

**Business Strategy**

What is it that the firm acquires? Is the firm focusing on an internal development and only needs to enhance the development by acquiring a complementary capability, or is the firm looking into a possible development by acquiring a platform or business portfolio. Haspeslagh and Jemison (1991) claim that when the firm needs a specific capability to incorporate it in the business strategy it is labeled as *acquiring a capability*. The firm can *acquire a platform* for future business but if no further investments are done the platform is not going to be a part of the firm’s future businesses. If the firm acquires an already existing *business platform* the strategy of the acquired business becomes incorporated in the acquiring firm.

**2.4 Acquisition Approaches – Levels of Integration**

From Shrivastava’s (1986) point of view there is a need for integration between a firm’s departments since each department is focusing on a narrow area and this approach to integration between a firm’s departments can also be used in a M&A integration process. When integrating factors such as coordination, control and conflict resolution has to be taken into consideration. Coordination is dealing with the accomplishment of organizational goals, control handles the individual departmental activities to ensure adequate output and quality and to eliminate duplications, it is possible that conflicts between the interests of specialized departments and individuals will arise due to their sub-goals and conflict resolution must take place.

“Level of integration can be defined as the degree of postacquisition change in an organization’s technical, administrative, and cultural configuration. Level of integration is an important concept in acquisition management because, although high levels of integration theoretically enhance realization of interdependency-based synergistic potential, they may also result in realization of negative synergies as a result of increased coordination costs and potential for interorganizational conflict.” (Pablo, 1994, p. 806)

Haspeslagh and Jemison (1991) argue that there are different approaches to acquisitions and the level of integration is determined by the need for strategic interdependence versus the need for organizational autonomy. For an outline of Haspeslagh and Jemison’s typology see figure 2-2.
2.4.1 Absorption Acquisition

An acquisition is classified as absorption when the need for strategic interdependence between the organizations is high and the need for organizational autonomy is low. This kind of integration approach makes a full consolidation between the two organizations possible. An important aspect when dealing with absorption acquisition is to first plan what to do before doing it. There should be a draft of the outline of an integration plan in the beginning of the integration process and preferably involvement from both management teams in the construction of the plan. Though, depending on the kind of acquisition it is not always possible to create a plan with involvement from both sides, but it is crucial to get involvement as soon as possible. Another important, but difficult matter to handle is the rationalization of the organizations that often follow an acquisition. A motive for many acquisitions is resource sharing and rationalization of “double-staff” and it is a difficult task for management to decide where and what to rationalize. To succeed with the acquisition the organizations must be able to move to best practice – use the resources and competences in the best possible way and to explore these. A transfer of skills and knowledge must also take place. The final important aspect of absorption acquisitions is actually to instead of only forcing the organizations towards homogeneity explore the differences between the organizations. The organizations have the possibility to take advantage of the complementary skills they possess (Haspeslagh & Jemison, 1991).

2.4.2 Preservation Acquisition

Preservation acquisitions demand a high degree of autonomy for the organization along with a low need of organizational interdependence, which often is the case in acquisitions concerning financial markets and funds. The aim is to keep the source of benefit intact and the boundaries between the organizations are kept intact. When keeping the boundaries there is a possibility to keep the organization’s culture, in which the specific capabilities are embedded. However this requires that both manag-
ers and employees realize and accept that there are differences between the organizations. Even though boundaries are kept the acquiring firm must help the acquired firm and nurture it so the firm’s resources are developed in a much faster way than otherwise. The motive behind the acquisition may often be to explore a new domain for the acquiring firm. To be able to benefit from the new domain accumulative learning has to take place. Firstly, the management team must learn about the new industry, and secondly a learning process has to take place if there is any relevance for the existing core business of the acquiring firm (Haspeslagh & Jemison, 1991).

2.4.3 Symbiotic Acquisition

When a symbiotic acquisition takes place the management team faces the difficult balance between the need of keeping the organization as an autonomic unit with its existing culture intact and the need for interdependence between the organizations to fulfill the purpose of the acquisition. In the beginning the focus lies on coexistence of the organizations. First, the acquiring firm might have to change its organization to better fit with the acquisition, and at the same time the acquired firm is not required to do any changes. The second move of the management team is to gradually stimulate interactions between the organizations. The next move is to slowly take over the strategic control of the acquired firm, but at the same time increase the operating responsibility of acquired firm’s managers. The end of the long process, taking place after a symbiotic acquisition, is the final incorporation of the two organizations in an amalgamation (Haspeslagh & Jemison, 1991).

“The whole process must be lead to a true amalgamation in which the two organizations combine a new, unique unity.” (Haspeslagh & Jemison, 1991, p. 231)

2.5 Resistance to Change

Larsson and Finkelstein (1999) explain that the synergic benefits that can be achieved through M&As is dependent upon the strategic potential of the combination, the degree of organizational integration and finally the lack of resistance among employees in the joining firms. Different hypothesizes explain how resistance to change can increase or decrease depending on different factors. The M&A performance depend on the employee resistance, as there is less synergy realization when the employee resistance is high. The greater the combination potential, the greater the organizational integration, this is the next hypothesis that effect the resistance since a high synergy potential often creates a negative reaction from employees. The greater the combination potential is the greater is also the resistance to change, and when the integration helps the firms in realizing synergies employees often increase their uncertainty for each changing activity. The greater the organizational integration is the greater is the employee resistance, meaning that employees are more uncertain when the integration between the two firms is high. Finally, the management style similarity affect the employee resistance, when management styles are similar the cooperation level is facilitated and the perceptions of the degree of change actually taking place might be lower. The difficult thing for management is to balance strategic, organizational and human resource issues at the same time. Larsson (1990) emphasizes that the integra-
Post-acquisition Process and SME Characteristics

tion process will and need to differ depending on the synergy potential for the firms. Lohrum (1992) also considers the strategic intention with the M&A as a factor deciding what to do in the post-acquisition process as well as the cultural difference between the firms.

Lohrum (1997:a) looks at how workplace resistance can be understood, looking at all employees in the organization. Findings show that resistance exists among all employees and appear due to lack of control, anger or frustration. Employees’ resistance does not always appear due to the acquisition. Their frustration might have been there before but their feelings are first shown when the acquisition takes place. The reason why middle and top management can feel resistance is often due to lack of control, when decisions are being made without their involvement. Larsson (1990) explains that the resistance to change can be seen in a collective aspect, as well as in an individual aspect, especially among the acquired employees. Cultural clashes are seen as a collective resistance and career uncertainties are connected to the individual resistance. “We versus them” resistance has a social psychological orientation and can be connected to both the collective and individual resistance. Lohrum (1997:a) further states that the employees from the acquired firm often experience a higher uncertainty and resistance. Daniel and Metcalf (2001) underline that the way in which people are being handled in a M&A have great impact on whether or not the new management style will work, the employees need to support the style.

Sinetar (1981) stresses that not all employees experience a merger as something negative, employees can see an opportunity in the merger where they can explore themselves and see if they can accomplish what they really want in life. The top management and employee groups can also create a closer relationship when a merger occurs.

2.5.1 Managing Resistance to Change

Beckhard and Pritchard (1992) explain how the management of a changing process with regard to the implementation of changes is vital for achieving new goals and strategies. The analyzing and planning of several areas is necessary to get the commitment to successfully perform an organizational change. Daniel and Metcalf (2001) further say that the earlier the post-acquisition integration process is planned the easier it is to retain and enhance the competencies within the two firms.

Larsson (1990) considers three areas of action to be able to reduce the collective and individual resistance to change. Socialization is a mechanism that works for both improving the coordination of interaction and reducing collective employee resistance, this by enhancing the acculturation and creating common orientations. Training is a good method for achieving these common orientations. Mutual considerations reduce the eventual conflicts that may arise by focusing on commonalities with an interest in the acquired firm, maintaining the employees’ integrity. This will avoid the dominance of one side and facilitate the exploration of both firms’ competence. Human resource systems avoid individual resistance through job design, reward systems, personnel policies and career planning. Job design clearly determines the amount of change necessary in work and how the integration of work shall be done. It is likely that the
reward systems will change, and therefore both inducements and employee benefits must be evaluated. Personnel policies should be evaluated as they influence the job security and the opportunities for advancement among employees. Finally the career planning will facilitate the uncertainty about employees’ career plans.

Beckhard and Pritchard (1992) also stress that the human resource policies must be reviewed carefully when an organization is going through change. The capabilities and goals of different units as well as for individuals must be reviewed. Recruiting routines, contract types, compensation policies and career planning are all areas that may need alteration and therefore should be considered and reviewed. The human resource management staff should have the responsibility for designing and implementing the changes in a working manner. Daniel and Metcalf (2001) highlight that the layoffs and recruitments done earlier in the acquisition process need to be fair, otherwise employee resistance might increase even more. Leighton and Tod (1969) explain how effective a group management team can be in a M&A. This team should be a neutral participant and have both the sellers and buyers interest in mind. The members of the team should be persuasive, understanding of firms’ needs and the human needs as well as being flexible. The earlier the team is formed in the process the better.

Beckhard and Pritchard (1992) point out how a working reward system motivates people and this system should be examined in a process of change. The reward system must be in conformity with the organization’s strategies. Schweiger, Ivancevich and Power (1987) imply that executives and consultants that work with the M&A planning often neglect to deal with the physiological trauma that employees feel in this situation; the authors further explain how this fact often leads to a less successful acquisition. The reward system is often one of the employees’ biggest concerns in a situation like this. This system is commonly known as a way of attracting and motivating the employees, therefore this system should be communicated and explained clearly to the employees. The managers will need to show concern for the employees and appreciate their loyalty and commitment for the human recourse side of the acquisition to work.

Beckhard and Pritchard (1992) stress the need for experts in certain areas (e.g. information technology, strategic planning, financial strategists and training specialists) to be recruited during the change process. If these consultants are to be recruited there is an importance in them adding value to the organization.

Lohrum (1997:b) takes the acquired employees into special consideration and explains that full understanding about their loyalty towards the acquirer should exist. This understanding must be included in the strategic planning as well as communicated to all of the employees. Risberg (1999) points out how employees and managers working in the acquired firm will perceive the acquisition as much more traumatic compared to employees in the acquiring firm. Walsh (1988) further explains how managers often leave the acquired firm after acquisitions and this makes the employees feel even more uncertain about the situation. To facilitate the integration and uncertainties among employees Levinson (1970) emphasizes that the acquiring firm should tell the truth about all eventual changes that will occur due to the M&A. In creating and
stating clear goals, sharing the change strategy, appreciating contributions and rewarding group progress the change process will be balanced. What is important is to manage resistance to change by changing negative energy into positive energy (Beckhard & Pritchard, 1992).

To encourage the employees the introduction of a change program could facilitate the integration process. The program can help the employees to understand the need of the organization and how change affects the organization and the employees. Overall, there should be some kind of training for the employees, which will facilitate the separation, integration and transition (Daniel & Metcalf, 2001).

2.5.2 Communication

Beckhard and Pritchard (1992) emphasize that management needs to redefine its roles, functions and relationships in order to allocate responsibilities and decision making. The work and organizational structure may need to be redesigned and this should be done cooperatively, through this examination the communication patterns will also be evaluated.

Communication is a vital tool to use in order to change attitudes and behavior. To manage the resistance to change a communication plan should be done in order to pass down information to all levels in the organization, further to have a feedback system that investigates employee attitudes is important. Passive- and active communication can be used to inform and communicate with employees. Passive communication is a one-way communication (downward), used to inform about changes. There is no emotional commitment to this type of communication and the message needs to be repeated for people to remember it. Employee opinion surveys contribute to feedback on these messages and to perform these surveys is important. Active communication is necessary in order to perform changes. People get involved in the communication process and have an interest in asking questions, they are emotionally and intellectually engaged (Beckhard & Pritchard, 1992). Larsson (1990) stresses that individual communication with employees could be done in order to reduce the uncertainty over their careers.

The communication with valuable employees must take place early on in the process, as vital competencies might be lost otherwise. The integration process should be planned as thoroughly as possible to make sure that the questions from employees can be answered. The employees have a need of knowing what the new structure of the firm will look like and get answers to their uncertainties as early as possible to prevent frustration and anxiety. To put together a transition team with the job to communicate to the organization, treat people fairly and with respect, quickly try to integrate the business and to do this with a focus on supporting the firm vision and transition goals often helps the firm to handle the integration in a better and easier way. One person needs to be in charge of the integration process, and this person should be visible to the employees and they should know who this person is. The main responsibilities for this person should be to clarify the employees’ role in the firm and communicate “the message” clearly to the employees (Daniel & Metcalf, 2001).
Ford and Ford (1995) relate the success of a change in an organization to the way that managers have handled the communication. Consistency in communication when the organization is going through changes will reduce the employees’ resistance. Ivancevich, Schweiger and Power (1987) explain how stress can be minimized through action from management in especially communication. Communication is necessary to different degrees in different types of M&As though, if a new unit is added through a M&A and the work will continue as usual but with an additional work area less communication might be needed.

Lohrum (1992) stresses that the communication between the different firms management groups should continue throughout the integration process and be done regularly to identify the different firms values and thoughts in order to avoid the “we versus them” feelings. Risberg (1999) highlights that the amount of communication being done in the post-acquisition process will differ depending on organizational structure. “Hierarchical organisations would thus prefer ambiguous, or less clear communication while more flat organisations should prefer open and frank communication” (p. 72). However this might change when managers themselves do not know the intentions and future plans.

2.5.3 Visionary Leadership

“...transformational leadership involves creating a new vision which points the way to a new state of affairs for a more desirable future. The vision becomes a catalyst for inspiring others towards a common purpose for the group to achieve and also helps to create self-esteem in members of the group.” (Shackleton, 1995, p.129)

Sashkin (1988, in Lindell & Melin, 1993) explains that there are three elements of critical character in visionary leadership. Firstly, a visionary leader has a need to create and communicate a vision due to a special personality and cognitive skills. Secondly, the leader must understand the elements that should be included in the vision for it to appeal to the organization. Thirdly, to make organizational members realize the vision it should be communicated in a correct manner. Focusing attention, communicating personality, demonstrating trustworthiness, displaying respect and taking risks are important characteristics for successful leaders. Haspeslagh and Jemison (1991, p. 180) highlight that in an acquisition process:

“...most problems arise when managers either provide no guidance at all, or to the contrary, make unfounded statements intended to assure people in the acquired firm.”

Hellgren and Melin (1993) stress that the top leaders’ strategic way of thinking is of importance in a change process. A stable way of thinking can often lead to and initiate a change process and this is a quality possessed by most top leaders. In a strategic change process the top leader’s mind set can although play different roles, either as a stabilizing force or an initiator of strategic change. This fact sometimes leads to a replacement of the top leader when there is a need to achieve radical change.
Kotter (1995) states that lacking a vision in a change process can often have a negative effect. "A vision says something that helps clarify the direction in which an organization needs to move... Without a sensible vision, a transformation effort can easily dissolve into a list of confusing and incompatible projects that can take the organization in the wrong direction or nowhere at all." (Kotter, 1995, p. 16). Unsuccessful transformations often have a lot of plans, programs and directives but lack a vision. Under-communicating the vision is a second error that can be done in a change process. To succeed leaders or executives should use as many communicating channels as possible to visualize the vision and make people remember it.

Melin and Hellgren (1994) point out that visions can develop quite deliberately or emerge through a learning process that is somewhat unconscious. The new way of thinking and acting through the new vision will although first happen when followers have recognized it.

2.6 ”The way things are done around here” – Cultural Perspective

Nahavandi and Malekzadeh (1988) define culture as “the beliefs and assumptions shared by members of an organization. .... although a firm may have a dominant culture, many subcultures may coexist and interact.” (p. 80). Culture is shared among people and is therefore a collective phenomenon, further culture is not something an organization has, rather something it is (Cartwright & Cooper, 1996). Many researchers recognize that an organization might not have just one single culture; instead there exist cultures and subcultures within organizations. Culture is recognized by Cartwright and Cooper (1996) as something more than commonly shared values, culture is deeper and concerns our basic beliefs and is embedded as an unconscious matter in our minds as ‘taken for granted’ assumptions. Hatch (2002) points out even before joining an organization as an employee one has been exposed to cultures by several institutions such as family, society education system and church. Corporate culture is related to the people and the unique character of the organization, and it has an effect on the organizational behavior and performance (Kilmann, Saxton & Serpa, 1985). According to Kilmann et al. (1985) there are three interrelated aspects of impact the corporate culture has on the organization. Direction is the course which the organization is steered toward by the culture. Pervasiveness is to what extent the culture is share and spread among the members. The third aspect of cultural impact on the organization is strength, which is how much the cultural pressure is on the members, no matter the direction. When culture directs the members’ behavior in the right direction, is commonly shared among them and there is a strong pressure on them to follow the cultural guidelines established, there is a positive cultural impact on the organization. On the other hand there is a negative cultural impact when the behavior is causing the organization members to go in the wrong direction, the culture is widely shared and has a strong pressure on them. Kilmann et al. (1985) point out that it depends on if multiple cultures exist and how deep-seated the culture is if the culture can be changed.
In his framework, Schein (1992) takes the standpoint that culture is operating at three levels of depth, and this view is supported by more recent researchers that emphasize Schein’s framework (see e.g. Hatch, 2002). Artifacts are at the surface level of a culture. Examples of artifacts are clothing, emotional displays and observable rituals of the group. “The most important point at this level of culture is that it is easy to observe and very difficult to decipher.” (Schein, 1992, p. 17). Espoused values deal with what is right and wrong in a society. The espoused values emphasize what is important for the culture’s members, and concerns the way of acting in society. Basic underlying assumptions are at the deepest level of Schein’s (1992) three levels. These assumptions are deep-seated within the members’ minds and are perceived as the reality by the members. “In fact, if a basic assumption is strongly held in a group, members will find behavior based on any other premise inconceivable.” (Schein, 1992, p. 22). To change theses assumptions is extremely difficult since they are the unconscious taken-for-granted assumptions of the members.

2.6.1 Culture Clashes

The cultural aspect is very complicated in a M&A process, it is very difficult to integrate and coordinate two separate corporate cultures (Lohrum, 1992). Cartwright and Cooper (1996, p. 62) state:

“Mergers and acquisitions are the greatest disturbers of the cultural peace, and frequently result in ‘culture collisions’. Minor issues and differences assume major proportions. In that this creates ambiguous working environments, conflict, employee incongruity and stress, it will adversely affect organizational performance and the quality of work life. The effects of combining different cultural types as it influences managerial style and behaviours, both prior to and during the integration period, and the extent to which a single coherent culture emerges, has important consequences for both organizational and human merger outcomes.”

Marks and Mirvis (1986) underline that when there is a large difference between the two firms’ size or profitability one side might feel powerful and mighty while the other might feel impotent and this can create a problem. It is likely that a clash in corporate culture is a main reason for a complicated conflict. Marks and Mirvis (1986) further argue that when there is a compatible culture between the firms there can be an immediate integration between the two. On the other hand when the cultures collide the pace of action should be slow.

Risberg (1999) accentuates that within the integration perspective there are some assumptions concerning culture. One of the assumptions is that there is a consensus among the members of the culture, another assumption is that the leader is to a large extent viewed as the creator and source of culture. When viewing culture and integration from an integration perspective Risberg (1999) stresses that culture and integration is used as tools by management to gain control over the acquired firm and to unify the two firms.

Marks and Mirvis (1986) highlight that after a merger there is a tendency that people start to think us versus them and the differences in operating and managing among
the firms are put in focus. It is easy to value the own culture as superior while value
the other as inferior. Lohrum (1992) points out that a successful M&A does not mean
that there has to be assimilation in the cultural integration. Risberg (1999), on the
other hand, says that it is very likely for a researcher with the integration perspective
to note that the acquired firm is asked to adapt to the acquiring firm’s culture.

### 2.6.2 Acculturation

Nahavandi and Malekzadeh (1988, p. 81) state that “*acculturation is generally defined
as “changes induced in (two cultural) systems as a result of the diffusion of cultural ele-
ments in both directions” (Berry, 1980, p. 215)*”. Even though Lohrum (1992) points out
that there does not have to be assimilation in the cultural integration to be successful
with a M&A, she says that if any integration is to take place at the sociocultural level
there is inevitable some contact between the firms’ employees. The modes of accul-
how the two groups interact and adapt to each other and the way conflicts is solved
(Lohrum, 1992). Nahavandi and Malekzadeh (1988) explain that the modes of accul-
turation process are integration, assimilation, separation and deculturation and the
way they are related is outlined in figure 2-3, where multiculturalism is the degree of
diversity in culture that the organization is willing to encourage and tolerate. Naha-
vandi and Malekzadeh (1988), who base much of their arguments and ideas on the
work accomplished by Berry (1983, 1984), further point out that the integration
process of the acquired and acquiring firm will be smoother if there is congruence on
the mode of acculturation.

![Acquired firm's modes of acculturation and acquirer's modes of acculturation](image-url)

Figure 2-3 Acquired firm’s modes of acculturation and acquirer’s modes of acculturation (Nahavandi & Malekzadeh, 1988, p. 83-84)
Integration
When the members of the acquired firm aim to keep their own culture and cultural identity integration is triggered. The acquired firm’s employees wish to remain autonomous and independent in culture but are willing to adapt to and become integrated in the firm’s structure. For an integration to take place it demands that the acquiring firm allows that much independency to the acquired firm. The acquiring firm is willing to accept multiculturalism in this mode even though the firms are related (Nahavandi & Malekzadeh, 1988). Nahavandi and Malekzadeh (1988) point out that a balance between the two firms is achieved since neither firm tries to dominate the other. Lohrum (1992) creates a relationship with Schein’s cultural elements and states that when integration is used as an acculturation mode neither firm makes any changes in their artifacts, espoused values or underlying basic assumptions.

Assimilation
Assimilation takes place when the members of the acquired firm give up their cultural identity willingly and adapt to the acquiring firm’s culture, further the acquired firm adopt the systems of the acquirer. The acquired firm will no longer exist as a cultural entity since it will be absorbed into the acquiring firm, this often happens when the acquired firm has been unsuccessful. The acquiring firm prefers uniculturalism and is less tolerant toward cultural diversity when the firms are related (Nahavandi & Malekzadeh, 1988). When putting assimilation in a relationship to Schein’s cultural elements Lohrum (1992) says that the espoused values held by the acquired firm will be changed and that the underlying basic assumptions of the employees might be altered, however the artifacts may be kept intact.

Separation
Members of the acquired firm wish to remain separate and independent from the acquiring firm since they aim to keep their own cultural identity and organizational systems. There is a strong unwillingness to be incorporated in the acquiring firm and no adaptation at any level will take place (Nahavandi & Malekzadeh, 1988). Nahavandi and Malekzadeh (1988) point out that if separation is allowed by the acquiring firm, the acquired firm will act as an independent unit and minimal cultural exchange is made, this is accepted by the acquiring firm when the firms are unrelated and the acquirer is tolerant to multiculturalism. Lohrum (1992) recognizes that nothing in Schein’s cultural elements will be changed since the acquired firm’s employees refuses to change anything in their cultural identity.

Deculturation
Deculturation is the phenomenon where the members of the acquired firm leave their cultural identity, though they do not adopt the acquiring firm’s culture either. The acquired firm’s employees do not want to become assimilated with the acquirer’s culture even though they do not value and appreciate their own existing culture. From the acquiring firm’s point of view when the firms are unrelated and the acquiring firm only allows one culture deculturation occurs (Nahavandi & Malekzadeh, 1988). Lohrum (1992) points out that when deculturation occur Schein’s cultural
elements are completely changed. The underlying basic assumptions, the espoused values and the artifacts for the acquired firm’s members collapse since their cultural identity is abandoned.

**Acculturation and Acquisition Integration Approaches**

Haspeslagh and Jemison (1991) argue that there are different approaches to an acquisition that concerns the level of integration. Determinants of the level of integration are the need for strategic interdependence of the two firms in order to create value in the acquisition and the need for organizational autonomy so the basis of value creation is not disturbed and damaged. Acculturation is the process in which two cultures meet, adapt and interact with each other, though assimilation is not needed for the M&A to be successful (Lohrum, 1992). Both Haspeslagh and Jemison’s (1991) acquisition approaches and acculturation concern how much the two firms are integrated and how much they interact with each other and therefore a relationship between these two can be discussed. The discussion below is based on the work of Haspeslagh and Jemison (1991) and Nahavandi and Malekzadeh (1988) presented in 2.4 and 2.6.3.

The acculturation mode integration, where the acquiring firm allows multiculturalism in the related acquisition so the acquired employees are integrated in the systems but their own cultural identity is kept, can be related to the symbiotic acquisition mode, where there is a need for organizational autonomy at the same time as there is a need for strategic interdependence to create value. In the symbiotic acquisition it is important to keep the acquired firm’s culture intact in order not to destroy any source of value creation, and if the firms have congruence about integration as an acculturation mode this maintenance of the culture is possible. The other aspect of integration is the need for strategic interdependence, which is facilitated by the fact that the acquired employees are willing to adapt to the acquiring firm’s systems in trade for their cultural identity. It is emphasized in the symbiotic approach that the acquiring firm must treat the acquired firm carefully and make adaptations to better fit with it and not force it, instead there should be a long process of giving and taking with full amalgamation as the final goal. When integration occurs the acquiring firm is valuating the diversity of the organizations and therefore it is not self evident that an integration process should end up in full amalgamation where the two firms are combined in a new unique unit which is suggested as the symbiotic acquisition’s final goal.

The acculturation mode assimilation can be related to the absorption acquisition. When the acquisition is of an absorption character a full consolidation is occurring, which means that the need for organizational autonomy is low and to create value from the acquisition the strategic interdependence is high. In the assimilation mode the acquiring firm does not value cultural diversity instead they are rather unicultural when the firms are related, moreover the acquired firm’s members willingly gives up their systems and cultural identity on behalf of the acquiring firm’s. It is emphasized in the absorption acquisition that planning for the acquisition is essential and that there should be involvement from both management teams in the planning process, however in the assimilation mode the acquired firm’s members are willingly giving
up their cultural identity and systems to adapt and this indicates that the impact of the acquired firm is limited.

When the firms are not related to each other and the acquiring firm is valuating multiculturalism while the acquired firm’s members refuse to leave their cultural identity and systems the acculturation mode is separation. Separation, as an acculturation mode, can be related to the preservation acquisition where the acquired firm has a high need for organizational autonomy since its success is dependent on capabilities embedded in the culture. In preservation acquisitions integration of the two firms is not an option since the successful capabilities embedded in the culture could be damaged and to create value in the acquisition there is a low need for strategic interdependence. To succeed with preservation it is important that the acquiring firm accepts the differences and embraces the cultural diversity, which the acquiring firm is willing to in the unrelated – multicultural separation mode. Further, it is emphasized that there has to be an interaction between the firms in that sense that the acquired firm’s resources are developed in a much faster pace by the help of the acquiring firm, though when separation occurs the acquired firm’s members are not interested in any extensive interaction, which can make it difficult to realize this resource nurture.

2.7 SME Characteristics

2.7.1 Definition of SMEs

The European Commission (2005-03-10) has the following definition of SME:

Mid-sized firms have between 50 and 250 employees. Small firms have between 10 and 49 employees. Firms having between 1 and 9 employees are considered to be micro firms.

2.7.2 SME Characteristics

Wiklund, Davidsson and Delmar (2003) examined the attitudes small-business managers have towards growth and how it was influenced by the consequences they expected from growth. Their findings show that there is a relationship between the attitude towards growth and the expected consequences of growth. The findings also show that non-economic outcomes mostly influence the small business managers’ attitudes towards growth, this being quite unexpected as the normal concern in economic and management theories is the financial expectations. The employee well-being was the most significant concern for managers and other concerns was also product/service quality, the managers’ ability to remain in control and the firm’s degree of interdependence. The reason why employee well-being is the primary concern is probably connected to the small firm atmosphere of work and the possibility of it being damaged. Storey (1994) although claims that the small business harmony might exist only in the view of the owner or manager of the small firm.

The fact that financial problems are common in SMEs is explained frequently. Poor financial structure, undercapitalization and difficulties securing capital are all problematic areas claimed by many researchers (Baldwin & Gellatly, 2003). Moreover,
Storey (1994) stresses that it is commonly known that small firms have a harder time to survive on the market. However, there are certain factors within the small firms that influence the business performance, the age of the firms, the size of the firms and the growth speed are such factors.

Storey (1994) uses and elaborates further on three central aspects; uncertainty, innovation and evolution, which Wynarzyk et al. (1993) claim differs between small and large firms. Uncertainty is chosen to be divided into three different areas. Firstly, there is an uncertainty about being a price taker. Secondly, there is an uncertainty related to small firms limited customer and product base and the fact that they often only act as subcontractors, this also relates to small firms feeling more vulnerable than large firms. Thirdly, the diversity of the owners’ objectives differs between small and large firms; large business owners often see maximizing sales or profits as an objective, while small business owners have the objective to obtain the minimum level of income. Small business owners do not have to report their actions to shareholders and is not monitored in the same way as large firms. The motivation of and from the owner in a small firm influences the performance to a large extent, this due to a much closer relationship between the employees and the owner. As ownership and control is in the hands of few people in small firms the internal conflicts are not very common. Innovation is the second area of difference and concerns the small firms’ ability to differentiate their product or service marginally and therefore can distinguish themselves from the standardized product/service offered by large firms. Large firms put more resources into R&D compared to small firms, however the introduction of fundamental change is more likely in small firms. Evolution concerns the difference in the probability of evolution and change in firms. The small firms can experience a higher degree of change in the structure and organization when there is a move from one stage to another, compared to the degree of change in a large firm.

Storey (1994, p. 186) uses the quotation from the Bolton Committee to explain the special working environment in small firms:

“In many aspects a small firm provides a better environment for the employee than is possible in most large firms. Although physical working conditions can sometimes be inferior in small firms, most people prefer to work in a small group where communication presents fewer problems: the employee in a small firm can more easily see the relation between what he is doing and the objectives and the performance of the firm as a whole. Where management is more direct and flexible, working rules can be varied to suit the individual. Each employee is also likely to have a more varied role with a chance to participate in several kinds of work...no doubt mainly as a result...turnover of staff in small firms is very low and strikes and other kinds of industrial dispute are relatively infrequent. The fact that small firms offer lower earnings than large firms suggests that the convenience of location and generally the non-material satisfaction of working in them more than outweigh any financial sacrifice involved.”

It is first when the manager in a small firm feel that he/she has to much work and not sufficient amount of time to handle the human resource (HR) issues that he/she decides that this should be handled by a certain function. However, the HR function in small firms is often sufficient if one HR generalist who contains some knowledge
in several areas of the HR field handles it. Naturally, large firms have a need for a larger and more specialized HR functions due to their size and structure (Arthur, 1995). Ahmadi, Björnfelt and Widell (2001) investigated how competences are developed in small firms and concluded that there is no connection between the turnover of small firms and the amount of competence development being performed by them.

Mintzberg and Waters (1985) argue that an entrepreneurial strategy is most commonly to occur in a young or small organization since personal control is possible in that organization. The entrepreneurial strategy is characterized by an organization where one individual is in total control and imposes his vision of direction on the organization. The vision gives a general sense of direction, but the details of the vision emerge throughout time. The vision can also be completely changed since the leader’s vision is personal. The entrepreneurial strategy is dependent on the employees’ willingness to follow the leader’s strategy, even though the strategy is not clearly spoken out.

Hambrick and Crozier (1985) discuss the culture of the small organization as it grows and express that “Small organizations often thrive because of their strong cultures. As they grow and their members become more diverse the core vision and philosophy is easily dissipated. Successful firms do not let this happen. They reinforce the culture, use symbols abundantly, always reminding members of the origins of the firms’ success.” (p. 43). Cartwright and Cooper (1996) further explain that in organizations where the power is located to one individual, the founder or a small group of key individuals, the centralization of power is the fundamental feature in the culture. This type of culture is further called power culture. Ahmadi et al. (2001) stress that the leader in a small firm emphasizes that the employees work towards the same direction and have a joint outlook on the organization.

2.8 Summary of Theoretical Point of View

The frame of reference presented deals with central issues in the post-acquisition process most frequently mentioned in the research field. “Striking the right balance between achieving the necessary level of organizational integration and minimizing the disruptions to the acquired firm’s resources and competencies is a fundamental challenge not only of the integration process but also of the entire acquisition.” (Zollo & Singh, 2004, p. 1236). Jemison (1988) further stresses that through the firms’ interaction value creation takes place, however Haspeslagh and Jemison (1991) state that value creation only appears if there is a capability transfer process encouraged by the atmosphere. It is further pointed out by Haspeslagh and Jemison (1991) that the firm’s competitive advantage is dependent on the strategic capabilities and it can be strengthened by a capability transfer process, and in that matter value is created through the acquisition. Bringing in a new set of capabilities is an externally-derived renewal of the firm (Jemison, 1988), the capabilities can either be domain strengthening, domain extension or domain exploring (Haspeslagh & Jemison, 1991). “Level of integration can be defined as the degree of postacquisition change in an organization’s technical, administrative, and cultural configuration. Level of integration is an important concept in acquisition management because, although high levels of integration theoretically enhance reali-
zation of interdependency-based synergistic potential, they may also result in realization of negative synergies as a result of increased coordination costs and potential for interorganizational conflict.” (Pablo, 1994, p. 806). The need for strategic interdependence opposed to the need for organizational autonomy is outlined by Haspeslagh and Jemison (1991) in three different approaches to an acquisition’s level of integration; absorption acquisition, preservation acquisition and symbiotic acquisition. Lohrum (1997:a) states that an M&A can trigger an employees resistance to change, when the employee resistance is high the synergy realization of the M&A is low (Larsson & Finkelstein, 1999). Beckhard and Pritchard (1992) and Larsson (1990) all argue for an extensive HR policy to cope with the resistance to change, aspects mentioned as important is planning and reward systems. Risberg (1999) explains that the acquired employees perceive the M&A as more traumatic, and by using extensive and open communication the resistance can be reduced among all employees (Beckhard & Pritchard, 1992). A leader’s way of managing and motivation the employees through the M&A can be related to visionary leadership and by having and communicating a clear vision the change process can be facilitated (Shackleton, 1995; Sashkin, 1988, in Lindell & Melin, 1993). Lohrum (1992) says that a M&A is complicated by the cultural aspect, as Cartwright and Cooper (1996) explain a M&A disturbs the cultural peace and cultural clashes often emerge. Nahavandi and Malekzadeh (1988) argue that there is an acculturation process with the modes integration, assimilation, separation and deculturation, and further stress that when there is a congruence of mode between the acquirer and the acquired the merger will be smoother. These modes can to some extent be related to Haspeslagh and Jemison’s (1991) acquisition integration approaches. The chapter is finalized with a description of typical SME characteristics where the SMEs’ financial situation, working environment and HRM knowledge are aspects mentioned.
3 Hermeneutic Approach to an Interview Study

The purpose of this chapter is to describe and motivate our chosen methodology to conduct this study. The chapter emphasizes the hermeneutic approach and how it is used when we analyze, further the chapter highlights our pre-understanding and literature study as well as how we chose the firms and conducted the interviews. The chapter is finalized with a discussion about the thesis’ trustworthiness.

3.1 Qualitative Approach

Silverman (1993) explains that techniques for performing research is chosen based on the fit with the theories and methodologies being used and the selected research topic. The differences between qualitative and quantitative research methods are that the quantitative researcher seeks to transform the empirical data into quantity and numbers through a larger sample. The qualitative researcher seeks to interpret a situation by using fewer cases and goes in depth in these cases (Holme & Solvang, 1997). As we aim to go deeper into a few cases to see how the post-acquisitions process in a SME is carried out the qualitative research method is the appropriate method for us to use in this study.

Holme and Solvang (1997) point out that the correct path to a successful qualitative research cannot be identified. A requirement for this type of research is that the researcher and the research area is in close relation to each other, and the research is often characterized by the researcher’s own behavior. Therefore it is of importance to have knowledge about qualitative research that has been performed in previous research. We posses some knowledge within this kind of research since we used a qualitative research approach in our bachelor thesis, although we feel that additional reading within the area is required to get a deeper understanding and knowledge for the research method.

To develop theories that deal with interpretations and meanings qualitative research methods is an appropriate research method (Ezzy, 2002). The choice of a qualitative research method will facilitate the accomplishment of a deeper analysis and this since we want to be able to, at the same time as gaining a deeper understanding for the process that takes place, create a wider picture of the whole by identifying patterns and processes. Holme and Solvang (1997) are by the opinion that one of the strengths of a qualitative research method is its ability to both shed light on the totality of a situation and at the same time highlight the individual situation.

3.2 Hermeneutic Approach

"Hermeneutics is the art and science of interpretation" (Ezzy, 2002, p. 24). According to Ezzy (2002) a hermeneutic approach can never reflect the exact realities in the research. The exploration, searching, examining and theorizing will never be completely finished, so the researcher must decide when to stop and make the interpretations that are possible at that point in time. Kincheloe and McLaren (2000) also mention that when having a hermeneutic approach the interpretation sought is not the
final interpretation since the hermeneutic circle is a continuous process. Merleau-Ponty (1962, in Ezzy, 2002) points out that there exist no complete interpretations, an interpretation can never be complete since open-ended and uncertain aspects are dealt with. For an outline of Ezzy’s (2002) view on hermeneutics see figure 3-1.

“Theory is developed through a continuous movement between preexisting interpretive frameworks, both theoretical and popular, and the data of observation, collected during both intentional observation and everyday life. There is no ‘truth’ outside the circle. Rather, truth and theory are discovered by engaging with the process of interpretation that is the hermeneutic circle.” (Ezzy, 2002, p. 25).

Alvesson and Sköldberg (1994), Ezzy (2002), and Kincheloe and McLaren (2000) state that a hermeneutic approach is used when the researcher put the context of one area in the research in relation with the context of the entire research. To understand the whole context the different parts needs to be understood and to understand the different parts the whole context must be understood. The researcher will receive a deeper understanding by going back-and-forth between the different parts and the whole context. Ödman (1979) explains that in order to interpret something a pre-understanding is important since it gives direction in the search for an interpretation.

The hermeneutic researcher is subjective, open and engaged (Patel & Davidson, 1991), despite this fact it is noticed by Helenius (1990) that the hermeneutic researcher is aiming for as much objectivity as possible. Schwandt (2000), Alvesson and Sköldberg (1994) and Kincheloe and McLaren (2000) point out that the researcher in many ways affect and color the research. The researcher cannot step out of herself and leave her culture and history since that is what has shaped the way she is and how the world is understood (Schwandt, 2000). It is not possible to entirely understand another person’s reality, and meaning is a negotiating process between the researcher’s preconceptions and the person’s meanings. The central aspect in the hermeneutic interpretation process is the tension between the perspectives of one’s own and another person’s (Ezzy, 2002). It is pointed out by Helenius (1990) that under-
standing is both the starting point and the aim of the research, however one researcher’s interpretation can never be exactly the same as another researcher’s interpretation.

### 3.3 Pre-understanding and Literature Study

Helenius (1990) says that understanding is a result of context and pre-assumptions, and this pre-understanding gives us researchers direction (Ödman, 1979). Our pre-understanding for the chosen research area is based on several areas of business administration which we have studied for four years. We have taken several courses within strategy, organization theory and management, and have therefore become acquainted with many aspects in this research area. Further, a deeper pre-understanding for the research area was developed through a dialogue with an associate professor at Jönköping International Business School, who possesses extensive knowledge within the research area. Moreover, a literature review was conducted to get a direction for the search of interpretation.

A literature review is according to Fink (1998) necessary to perform, in order to understand what is currently known about a topic and to justify a need for a certain study. Fink (1998) further states “A literature review is a systematic, explicit, and reproducible method for identifying, evaluating, and interpreting the existing body of work produced by researchers and scholars” (p. 37). To get an idea about current literature covering the post-acquisition process in an SME context we searched through previous research conducted within our area of interest and found that no research had been done on the post-acquisition process where the SME characteristics are highlighted. To get an overview of the subject we studied articles and books within the M&A area as well as growth, strategic change and SME literature. Our primary sources of literature have been scientific journals as well as books and research papers.

During the review of the M&A literature some areas emerged as highly important when studying the post-acquisition process, and based on areas reoccurring in the previous research we identified areas of interest that we use for the frame of reference. We have further chosen to include the SME perspective as an individual part in the frame of reference to be able to highlight the special characteristics that SMEs’ possess, as most M&A literature does not take the SME perspective into consideration. We have chosen to delimitate our study to the frame of reference presented in chapter two – Post-acquisition process and SME Characteristics.

### 3.4 Interview Study versus Case Study

The purpose of this study is to investigate the post-acquisition process in SMEs and highlight the SME characteristics in a post-acquisition process. In order to fulfill this purpose we have chosen to perform an interview study where four firms have been carefully selected and the managing director or a management team member has been interviewed in each firm. The use of an interview study has made it possible to get a broader view on what is characteristic for SMEs in the post-acquisition process. A case study is according to Merriam (1994) appropriate to use when investigating a
specific phenomenon and when there is a focus on achieving insight, discovery and interpretation. The focus on a particular situation in a case study is of importance since it will illustrate a phenomenon and its special content. Yin (2003) further stresses that a case study is used when the researcher wants to understand why or how something has appeared. A case study design have been used when presenting the information collected from the four firms in the study, and each firm’s post-acquisition process is presented one by one. However, the empirical findings are based on one interview person’s view from each firm, which does not correspond with the way in which a case study should be performed. The information gathering for a case study is according to Stake (1995) gathered from different sources during a long time period, and Patton (2002) underlines that the aim is to see individual differences and investigate stories from several specific individuals that are related to the case.

To conclude from the discussions in 3.1, 3.2 and 3.4, we conduct qualitative research where our methodological approach is hermeneutic, to collect empirical information we have performed an interview study though we have a case study design when presenting our empirical information.

3.5 The Interviews

3.5.1 The Choice of Firms and Respondents

The choice of research firms should according to Holme and Solvang (1997) be based on the grounds of receiving as much information as possible. This can be achieved by choosing research units with abundant knowledge within the research area and also by choosing research units with a variation between them. Holme and Solvang (1997) further state that the amount of respondents to include in the study is determined by how demanding the interview situation is and how the respondents are chosen.

To be able to identify SMEs that had performed a M&A we contacted the department of industry and trade in municipalities in the southern part of Sweden to get suggestions. Most suggestions were of small firm character, though not all. When scanning the web-sites of the suggested firms some were cast off since they had too many employees or were presumed to have a lack of information since their M&A was performed a long time ago. The remaining firms received an e-mail where the study and its objective were explained, as well as the value of their participation. The firms were further contacted by phone to investigate their interest in the study and to answer their questions. The phone contact resulted in scheduled interviews with four firms, which had rather different but interesting post-acquisition processes, though there were additional firms that were possible to contact if the four interviews would result in poor empirical information. The interviews with the four firms resulted in rich empirical information and it was decided to not do any more interviews since it would not have been possible to process more information. The reason why these particular four firms were selected was due to their diverging firm characteristics and our interest in small business management. Even though we have chosen small firms we wanted to have firms from different industries and with different characteristics to get an overall picture of the SME characteristics.
In this study we aim to have a wide perspective on the post-acquisition process in SMEs. The managing director is of central focus in the SME and was therefore expected to be the one that possessed most knowledge of the post-acquisition process since he/she probably had been highly involved in the process. Another reason why it was the managing directors that were selected was that they have the same position in each respective firm and no other employee might possess their in-depth knowledge about the post-acquisition process. Three of the respondents that were interviewed have the position as managing director. However, in the fourth firm the managing director was on maternity leave and the interview was conducted with one of owners and management team member, who was managing director in one of the firms when the M&A occurred. Two of the firms wished to remain anonymous and are therefore referred to as White and Black. The firms and respondents that we interviewed are presented below in chronological order with regard to the occurrence of their M&A:

- **White**, where an interview with the managing director was performed.
- **Elektro Elco AB**, where an interview with the managing director Bo Ekström was performed.
- **Black**, where an interview with the managing director was performed.
- **Boggi Reklambyrå AB**, where an interview with the management team member Lars Sahlin was performed.

### 3.5.2 Interview Preparation and Realization

The interviews had an in-depth approach, this since it concerned the self-lived experience and decisions of individual and the respondents helped us as researchers to gain knowledge within the subject, this approach is supported by Johnson (2002). We used semi-structured interviews to be able to collect and receive the appropriate and preferred amount of information from our respondents. Ryen (2004) explains that the researcher has predetermined questions or themes when performing semi-structured interviews, however the formulation of the questions is not in detail outlined, and the interview is still a conversation where the interviewer can ask for deeper explanations around areas and still not be leading the interview. Lundahl and Skärvad (1999) stress that a semi-structured interview has the purpose of retrieving the respondents view, attitude and opinion of a certain situation. Ryen (2004) further underlines that one to two hours is a recommended time for this type of interview to get enough depth. In the outline of our interviews the discussion above was taken into consideration.

In preparation for the interviews an interview guide where the different themes and questions necessary for investigating the purpose of the study was conducted. Holme and Solvang (1997) emphasize that an interview guide will help the researcher to cover the necessary areas, at the same time as it opens the possibility for new ideas and a depth within these areas. The interview guide (see appendix 1) was conducted and studied carefully and given to a person with experience in this kind of interview method to avoid weaknesses, moreover practical advice were given to us on how to
establish a connection with the respondent in order to have an open and fruitful conversation. Ryen (2004) stresses that multiple, leading and yes and no questions, which is not suitable for qualitative interviews can be avoided through careful investigation. Further on, Ryen (2004) states that the interview guide should be studied and the questions should be well-known so that the interviewer can perform the interview successfully. To be prepared for the interview we studied the interview guide, however all the questions on the interview guide were not asked by us, instead we focused on the given areas and had an open conversation with the respondent who spoke rather freely around the given areas. The questions that were not asked were answered by the respondents anyway in the conversation and the outlined questions were more used as a “security check” by us to assure that the respondent talked about the post-acquisition process. The interview guide was not sent out to the respondents prior to the interviews, this to prevent preparation from the respondents and to be able to obtain the real view and experiences of the respondent, this is supported by Holme and Solvang (1997). The post-acquisition process is not always a success story and by not giving the respondents time for preparation they might have been prevented from reconstructing the reality. When meeting the respondents one of us performed the interview while the other took notes, this to make sure that the interviews were conducted in a similar manner and that the respondents were faced with the same stimuli, this is in line with Ryen’s (2004) opinion.

During the interviews the information was documented through filed notes as well as through a tape recorder, this is an approved method by Ryen (2004). There is however a discussion about the influence of a tape recorder on the interview respondent done by many authors (Ryen, 2004; Warren, 2002), we explained to the respondent that the taped interview was only to be used by ourselves and not to be publicly revealed. We do not feel that the tape recorder influenced the respondents since they talked freely and did not seem to bother at all. We also felt that this documentation was necessary, as Lundahl and Skärvad (1999) explain that there is a need for representative and illustrative quotes in a qualitative study based on interview to demonstrate the observation and the conclusions. The information obtained during the interviews was summarized shortly afterwards to get a clearer view of the information, this is a supported method by Ryen (2004). In the cases where we felt that there was a lack of information the respondent were contacted again in order to provide the necessary information.

3.6 Our Way of Analyzing

It is a complex process to analyze the information when conducting qualitative research since there are not any given procedures, routines or techniques for making an analysis or drawing conclusions (Holme & Solvang, 1997). To be able to discover possible aspects to highlight in the analysis Holme and Solvang (1997) argue that one important tool is to afterwards write down the entire interview based on the tapes recorded and the main points written down during the interview. To make sure that the respondents are understood properly the interview can be sent to the respondent in order to get an approval. We reviewed the tapes and printed out the interviews which we then revised several times, this to assure ourselves that no vital information
was overlooked. Due to limited space and the fact that the interviews were conducted in Swedish we have not presented the entire interviews in the thesis, instead a review of the main points and important aspects in every interview is presented in chapter four where we analyzed the four SMEs’ post-acquisition process, and in chapter five where the SME characteristics are highlighted. Further, after an agreement with the respondents, we did not send out the interviews to them to get their approval due to the limited time of the respondents.

We have chosen to have a hermeneutic approach in our study and hermeneutics will therefore be used as our analyzing tool. Further we have constructed a model for analyzing which is presented below (see figure 3-2).

**Figure 3-2 Our model for analyzing**

The analyze model shown above presents the way in which we have treated our empirical material in relation to our frame of reference. Since we have chosen to present our empirical information as we analyze it we have decided to divide the analysis into two parts, which also are presented in two chapters, chapter four and chapter five. When analyzing the port-acquisition process both in the four cases in chapter four and in the analysis in chapter five the same structure have be used. Value creation, level of integration, resistance to change and culture are the areas around which the analyzes will focus.

In the first part of the analysis, in chapter four, the four firms’ post-acquisition processes are presented one by one, and the post-acquisition process presented in the frame of reference in chapter two is put in relation to each of the four firms. An understanding of the individual firm’s performance of the post-acquisition can therefore be created.

In the second part of the analysis, in chapter five, the four firms’ post-acquisition processes that were analyzed in part one of the analysis are put in relation to each
other and further to the theoretical post-acquisition process. Other relevant empirical information not mentioned in chapter four is included as well. The part also includes the SME characteristics presented in the frame of reference in chapter two, this in order to highlight and create an understanding for the SME characteristics in a post-acquisition process.

### 3.6.1 Engaging Hermeneutics

When engaging the hermeneutics as an analyzing tool the understanding is created through a continuous change in perspective; from the whole to the part to the whole (Kincheloe & McLaren, 2000). The parts in our thesis are the fragments of theoretical and empirical information, and in the beginning of the interpretation process these fragments were rather unstructured. In order to structure these parts we had to step back from looking at the parts to look at the whole instead. When we looked at the whole we were able to structure the parts according to the areas chosen in the frame of reference. When this structure was noticed, we turned back to look at the parts in each area and developed our interpretation by looking at the parts in relation to the specific area (whole). In this process of going back and forth between the parts and specific areas a match between the parts was discovered, and the specific areas were developed into parts. In this process of interpretation our understanding for the whole increased and an overall picture started to emerge. To finalize the interpretation we took the parts and related them to the whole where we went from the parts to the whole in order to match the parts to fit with the whole. This procedure of analyzing was used in the analysis of each firm’s post-acquisition process. Further this procedure was also used in the analysis where the SME characteristics are highlighted and then the firm analyzes as well as theoretical and empirical fragments acted as parts. This way of engaging the hermeneutics is supported by Ödman (1979), who explains it as doing a puzzle.

### 3.7 Trustworthiness

We have a hermeneutic approach to this study, which implies that we are subjective and affect our research, which is among others, pointed out by Patel and Davidson (1991) and Kincheloe and McLaren (2000). Schwandt (2000) further stresses that the researcher is shaped by her history and culture and this is the basis for how she perceives and understands the world. In line with Helenius’ (1990) arguments, we have tried to be as objective as possible during the study as we have put a high emphasis on not to distort the respondents views and the theoretical point of view. However, we do not deny our influence on the study as we are the creators of it and our way of perceiving and understanding the world affects our study and the interpretations made.

Ödman (1979) raises the question of “On which principles and what basis of criterions can one establish an interpretation system and choose interpretation?” (p. 86), which he mentions as one of the most important aspects when using a hermeneutic approach. Ödman (1979) presents three working tasks related to criterions for hermeneutics on how to establish a system of interpretation and how to choose the interpretation, and
during our work we have had Ödman's criterions in our minds in order to accomplish the most trustworthy interpretation. Ödman's (1979) first working task concerns how to construct an interpretation system whose parts are related in a logical manner. The second working task has to do with that the interpretation system and the interpretations have to be consistent with the object of interpretation. The third working task concerns the way the result of the interpretations is presented.

The first two working tasks presented by Ödman (1979) are interrelated since they concern two aspects of the same problem, and we will therefore discuss them simultaneously. One criterion mentioned by Ödman (1979) is the criterion of the parts in relation to the whole and their interdependency. The parts create the whole and make it understandable at the same time as the whole confirms the parts. The fragments of information, both empirical and theoretical, can be viewed as the parts in our thesis. The parts in our thesis create the whole, which in the first analysis is the post-acquisition process, and in the second analysis are the SME characteristics in the post-acquisition process. The interpretation of the parts makes the post-acquisition process and the SME characteristics in that process more understandable, at the same time as the post-acquisition process and the SME characteristics in that process confirms the parts, and this reasoning is supported by Ödman (1979). Torstendahl (1966, in Ödman, 1979) states that consistency needs to be created among the different facts and the facts must be put in relation with each other in a more or less systemized manner. In this consistency one part must explain the other. We feel that a consistency was created in our analysis since each firm’s post-acquisition process was analyzed at first and then the firms’ post-acquisition processes revealed the consistency in the context of the SME characteristics.

Ödman (1979) explains that when interpreting the author can use two kinds of control; inner and outer. The inner control aims at the inner logic of the interpretation system, one aspect that can be checked is whether there is consistency in the interpretations and with the interpretation of the whole, and the interpretations are compared with existing theories. The outer control concerns the checking of theoretical assumptions and interpretations against empirical material, most importantly these should not contradict each other though by doing this check repeatedly the interpretations get deeper. To make sure that our interpretations are valid and consistent we have had both inner and outer control.

The third working task presented by Ödman (1979) concerns the way the result of the interpretations is communicated. The first criterion in the third working task is of linguistic character as the researcher should use a clear and simple communication. We have tried to be clear in our expression so the reader can understand our reasoning. Further, we believe that the language is academic, though not too hard to understand. The second criterion according to Ödman (1979) is how the researcher presents her pre-understanding of the research area and how this affects the reader’s understanding of the interpretation. We have briefly discussed our prior knowledge within our research area (see 3.3), however we believe that in order for the reader to understand the thesis some prior knowledge within business administration will facilitate the reading and the understanding of the subject. Ödman’s (1979) third criterion concerns how the researcher documents the information and argues for the con-
Conclusions made from the interpretation. As little as possible of the information the interpretation is based on should be excluded, though it is pointed out by Ödman (1979) that the researcher often has to do a selection of information. Further, the reader should understand the researcher’s argumentation for the conclusions, and the reasoning should be based on references and empirical information. In our analysis we have presented the sufficient amount of information in order to illustrate each firm’s post-acquisition process, it can be discussed whether we have included too much information though we feel like the detailed illustrations are necessary in order create a picture of the post-acquisition process in SMEs. Moreover, our model for analyzing has helped us in the argumentation for our conclusions.

Holme and Solvang (1997) stress that when conducting an interview the interviewer influences the respondent. Moreover, it is underlined by Patel and Davidson (1991) that the credibility of the study will be enhanced if the interviewer has experience of that kind of situation. During the interviews we have tried not to influence the respondents on how to answer the questions since we wanted their perspectives. The interview guide consists of several areas of interest around which the respondents rather freely could express his point of view, when questions were asked these were formulated to give the respondents as little guidance as possible. We also received help from an experienced interviewer, both with the formulation of the questions and with practical advice on how to act. Ezzy (2002) argues that another person’s reality cannot be entirely understood, we are aware of this fact and one way for us to try to understand their perspectives we recorded the interviews so we could review them.

Patton (1990) accentuates that the researcher’s knowledge within the research area is related to the study’s credibility. The literature study has been extensive both before and during the study, which implies that we have created an understanding for the research area.
4 Four SMEs’ Post-acquisition Process

The purpose of this chapter is to, by using the first part of our model for analyzing, relate the empirical information to the theoretical point of view. The post-acquisition process of each firm in the study will be analyzed in order to outline each firm’s post-acquisition process.

The empirical information presented in this chapter is retrieved from the interviews. No references of personal communication will be stated in the text but all information presented is from each firm’s respondent and when it is referred to the firm it is the respondent’s view that is presented:

- White’s managing director – personal communication 2005-04-12
- Elektro Elco AB’s managing director Bo Ekström – personal communication 2005-04-18, will be referred to as Elektro Elco
- Black’s managing director – personal communication 2005-04-14
- Boggi Reklambyrå AB’s management team member Lars Sahlin – personal communication 2005-04-13, will be referred to as Boggi

4.1 White

White is a family owned manufacturing firm located in the south of Sweden and has approximately 30 employees. The managing director of the firm is one of the family members. The market in which White operates is enormous and their customers are located all over the world. The firm was founded in the late 1960s and has relied on an internal development as a growth mechanism up until now when it was decided that White needed to grow through an acquisition. Haspeslagh and Jemison (1991) argue that a post-acquisition process is facilitated by having previous experience from similar situations. It was not a coincidence that White made an acquisition, a threat was experienced in the fact that production is moving out from Sweden. This resulted in a strategic plan where an acquisition was seen as a possibility to grow. White is currently in the planning phase of the integration process, the two firms have not been practically integrated yet. The acquired firm was privately owned, it had approximately 10 employees and was located in a different geographical area in Sweden.

The market of the acquiring and the acquired firm is the same and the production of the firms is similar. Larsson (1990) defines this relation as a horizontal M&A. However, the acquired firm also has a production area that the acquiring firm does not have, but this area will be kept as customers demand it, so in that case it can also be viewed as a product extension. Later this year the manufacturing of the acquired firm will move to White’s manufacturing facility and the two firms’ activities will be integrated.
4.1.1 Value Creation

White chose to make an acquisition to grow and to strengthen their market position. By acquiring a firm with similar production and market the capabilities acquired is domain strengthening (Haspeslagh & Jemison, 1991). Further White has chosen to extend its own production by adding the deviating production activities from the acquired firm which fitted into their production. This indicates that a domain extension (Haspeslagh & Jemison, 1991) is also possible. White thinks that even though a minor extension in production is taking place the firm still remains in its successful product concept.

White acquired an already existing business platform (Haspeslagh & Jemison, 1991) and the importance of acquiring the acquired firm’s customers is emphasized. Three of the acquired employees have chosen to join the acquired firm and this gives a possibility to strengthen White’s competitive advantage since at least some transfer of capabilities, knowledge, skills and experiences can occur, this is supported by Haspeslagh and Jemison (1991).

4.1.2 Level of Integration

The acquired firm’s business and activities will be incorporated in White’s businesses and a full consolidation will take place. It has never been an option to keep the acquired firm as a separate unit since it is required to move its production to White’s manufacturing facility to get economical benefits from the acquisition. White believes that there will be no extensive problems to incorporate the acquired firm’s activities in their own due to that the production is quite similar and no major changes at White’s manufacturing plant needs to be done. Haspeslagh and Jemison (1991) point out that when the need for organizational autonomy is low and the need for strategic interdependence is high the acquisition that takes places is preferably of the absorption character. Further it is argued that a plan for the integration process must be outlined in an early stage and both management teams should be involved in this planning process. White, has to some extent, planned an integration process and since the management team of the acquired firm was the previous owners and wanted to liquidate the firm they have not been involved at all. The acquired firm’s employees were offered work at White and the offer was accepted by three of the employees. The three employees from the acquired firm will not work in a separate unit instead they will be fully integrated in White’s activities and there will also be a change in working tasks for White’s other employees, this is in accordance with Haspeslagh and Jemison’s (1991) reasoning; to be successful with the acquisition the organization has to explore the best practice.

4.1.3 Resistance to Change

White has tried to make a plan for the integration process where each member of the management team has its area of responsibility and the managing director is responsible for the overall success. It recognizes that even though a plan has been constructed White feels that it is hard to plan too much since no one knows exactly what is going to happen. Planning and analyzing the situation is an essential part before the
actual integration takes place (Beckhard & Pritchard, 1992; Haspeslagh & Jemison, 1991). White further stresses that planning is important, not only for the internal integration, but also to get a positive reaction from the customers.

The employees at White reacted positively when they found out about the acquisition since they felt that their jobs were secured and job opportunities would appear. The reactions among the employees in the acquired firm on the other hand were negative. It is argued by Risberg (1999) that the acquisition will be much more traumatic to the acquired employees. According to Swedish law White had to offer the acquired employees employment at White, due to the geographical distance only three employees accepted the offer. White lost a lot of knowledge and skills due to the leave of many employees, for example a highly skilled worker with a lot of knowledge and experience within a very specialized area was lost. Daniel and Metcalf (2001) say that the acquired employees must be handled in a fair way to reduce the resistance to change. White has eased the situation for the acquired employees by adjusting to their requirements when finding a new job. However the joining employees also possess valuable knowledge for the firm, one of them has been involved in many customer relationships and that is very valuable. The decision-making is performed by White, though there have been a discussion with the three employees joining the firm. Beckhard and Pritchard (1992) emphasize the importance of changing negative energy into positive energy among the acquired employees that choose to stay in the firm.

To reduce the individual resistance to change Larsson (1990) stresses that the employer can use reward systems, job design and personnel policies as a tool. The employees that are moving will receive financial help with costs that arise due to the move, this facilitates the moving process for the employees. It is important for the acquirer to go through the acquired employees’ contracts in order to see if adaptations are necessary (Beckhard & Pritchard, 1992). The Swedish law states that the acquired employees have the right to keep their contracts for twelve months, and when White reviewed their contracts it was found out that the conditions in their contracts separated a bit from the conditions in White’s contracts. The difference in the conditions was the numbers of hours worked per week, however the acquired employees wanted the same working hour conditions as White’s employees and therefore received a financial raise of their wage as compensation.

White has perceived a difference in leadership styles between the two firms. The leadership style in the acquired firm seems to be stricter where paragraphs have dictated how one should act. The leadership style in White takes the employees’ needs into consideration and can therefore be more flexible and deviate from the paragraphs if needed. This might increase the resistance since Larsson and Finkelstein (1999) argue that when there is a difference in leadership style there is a larger resistance to change.

4.1.4 Communication and Visionary Leadership

Beckhard and Pritchard (1992) argue that a communication plan should be outlined to pass down information to all levels in the organization. In the initial stage White emphasized to not give away any information about the acquisition. Only the board-
members knew about the contact first, after a while the management team was also informed that an acquisition process had been started. When the acquisition plan came closer to a realization the foremen also received information, the rest of the employees and the media did not receive the information until the contract was signed. The employees at White were informed during a group meeting, the acquired firm’s employees received the information both in a group meeting as well as individually by the managing director of White. The best way to communicate with the employees is to have one person in charge of the communication, this person should be visible and clearly communicate information (Daniel & Metcalf, 2001). In White the management team itself does not always know what is going to happen, however the employees are updated with the latest information, which can reduce the employees’ stress as Ivancevich et al. (1987) claim that the employees’ stress is reduced when there is a communication flow.

White’s vision is to be big in a very small business area and still remain a small firm. Shackleton (1995) argues that the vision can be a source of inspiration for the employees, helping them in achieving a common purpose, as well as creating self-esteem. White’s managing director is an active leader, so by communicating, motivating and discussing business activities with the employees he wants to strengthen the firm’s performance. White’s managing director has a visible role, sets the firm’s direction and he is the leader of the integration process. Haspeslagh and Jemison (1991) point out that a leader should provide guidance in the integration process since problems will arise if the leader does not provide any guidance or he makes unfounded statements.

4.1.5 Culture

In White it is emphasized to have a culture where honesty is in focus. Honesty is important in every relation; in business relations, in customer relation, as well as with and between the employees. White’s organization is also characterized by flexibility and the managing director has got the impression that the acquired employees joining the firm like this characteristic. Risberg (1999) claims that management can gain control over the employees in the acquired firm by using culture and integration as a tool. The acquired employees joining White is well-aware of that things are done differently in White than at their previous workplace. The acquired employees have chosen to adapt to the acquiring firm’s structure which indicates that integration is a possible acculturation mode (Nahavandi & Malekzadeh, 1988), but since the physical integration has not taken place yet one cannot say what is going to happen with their culture. However when the acculturation mode is integration neither firm is trying to dominate the other (Nahavandi & Malekzadeh, 1988) and in the case of White this is not that likely since the number of acquired employees is only three. The acquired employees have said that they are willing to adapt to White’s way of doing things and therefore assimilation, where the cultural identity of the acquired firm disappears (Nahavandi & Malekzadeh, 1988), is possible. Since the acquisition of the firms is rather related the acquiring firm has two aimed options in the acculturation process, either integration if they value the diversity or assimilation where no diversity is allowed (Nahavandi & Malekzadeh, 1988). It is emphasized by White that they cannot
force the joining employees to be as them but they are hoping that the employees will adjust, this since White would prefer assimilation.

4.2 Elektro Elco AB

Elektro Elco is a firm operating in the electricity industry and acts as a distributor of electric material such as lightening. The firm has 30-35 employees and is owned by Bo Ekström, who also is the managing director. The firm Elektro Elco consists of three market brands; Elektro Elco, Hide a lite and Le Grand and the customer base is wide with both professional electricians, OEM (Original Equipment Manufacturer) and “do it yourself” customers.

In 1999 Bo Ekström bought Elektro Elco, which at time was located in Osby. In the late 2003 Hide a lite, based in Stenkullen, was acquired. In the planning process of integrating these two firms into one Elektro Elco got the offer to take over the French firm Le Grand’s subsidiary in Sweden, which was located in Täby. In 2004 the entire business was moved into joint premises in Bankeryd. Elektro Elco wanted to grow and increase its activities in China and Hide a lite was acquired since it was a good match with the way Elektro Elco aimed to grow. It would have taken a much longer time to grow organically and therefore Elektro Elco was pleased to find a perfect fit. In the case of Le Grand the Swedish subsidiary was unprofitable and Elektro Elco got the inquiry if they were willing to take over Le Grand’s activities in Sweden. All the three firms work towards the same customers so from Larsson’s (1990) point of view their market relation is the same. The firms offer a wide range of different products within the electricity industry and consequently their production relation is unrelated according to Larsson’s (1990) classification, Electro Elco’s acquisition mode is therefore product extension. It is noted by Haspeslagh and Jemison (1991) that the post-acquisition process will run smoother when previous experience of similar situations exists. Bo Ekström had previous experience from acquisitions, but this was the first time he had been involved in an integration process.

4.2.1 Value Creation

Elektro Elco wanted to grow, though organic growth was not seen as an option, and the reason why the acquisition of Hide a lite occurred was the strategic fit between the firms. In many cases the strategic and organizational fit between organizations may be poor and it is stressed by Jemison and Sitkin (1986) to take that into consideration when the aim is to succeed with an acquisition. When the resources that are the basis for value creation are successfully shared or exchanged the strategic task is in focus (Pablo, 1994). Hide a lite’s business activities were exactly focused on the area that Elektro Elco aimed for, Elektro Elco acquired Hide a lite for their strategic capabilities. This is labeled by Haspeslagh and Jemison (1991) as acquiring a capability. Since new capabilities were brought into Elektro Elco and the customer base was similar a domain extension took place, which made it possible for the firms to create new business opportunities, at the same time as these capabilities was used in the firm’s existing business. The argument for domain extension is based on Haspeslagh and Jemison’s (1991) discussion.
4.2.2 **Level of Integration**

Elektro Elco has chosen to keep the brands as separate units in the market, however the firms have been incorporated into one. Even though the brands are kept separate, the need for organizational autonomy is low since the salesmen are required to provide the market with products from all three brands. Zollo and Singh (2004) claim that economic benefits may be an outcome when integrating two organizations. To gain economic and organizational benefits Elektro Elco has chosen to move the entire firm into joint premises and fully integrate them into one organization, and therefore the need of strategic interdependence is high. Haspeslagh and Jemison (1991) argue that when the need for strategic interdependence is high and the need for organizational autonomy is low the level of integration ought to be an absorption acquisition. In an absorption acquisition a full consolidation of the acquired firm takes place, which has happened in the case of Elektro Elco.

Haspeslagh and Jemison (1991) emphasize the importance of planning the integration before it takes place, and in the construction of the integration plan involvement from both the acquiring firm’s management team and the acquired firm’s management team is preferred. Another important aspect is to move to best practice, rationalize double-work and create a transfer in skills and knowledge. When the integration and new organization were planned it was revealed that not many of the former employees had an interest to move with the firm to Bankeryd. No former management team was involved in the planning process instead Bo Ekström designed it based on his likings and an ongoing discussion with many of the employees at Elektro Elco and Hide a lite. All employees were offered work in the new organization, however no employees with storage experience accepted the offer to move and therefore the firm had to rely on recruitment of new storage personnel. Since all the employees working at the storage were new and inexperienced the firm faced a lot of difficulties with a high rate of failure in customer delivery. Elektro Elco points out that the employees have learned from the many mistakes but some customers probably were lost due to the many mistakes. One way of handling the problem was to put extra effort into large customers by having one employee focusing on these customers’ orders. The importance of a transfer in skills and knowledge in an integration process is highlighted by Haspeslagh and Jemison (1991). One of Hide a lite’s former owners decided to join Elektro Elco, this to share his knowledge and experience to the new firm, though he had little involvement in the planning process.

4.2.3 **Resistance to Change**

When handling a post-acquisition process Bo Ekström points out:

“*There is one thing that you should be aware of... One (the acquirer) has a 100 day period during which one can do anything, both towards the market and the employees. During 100 days everybody thinks it is a lot of fun and one is ready to accept crazy changes... When these 100 days have passed... if one has not succeeded with the changes employees will leave the firm.*”
It is emphasized by Beckhard and Pritchard (1992) to plan and analyze the integration process. When the decision to move all three firms into joint premises was made an external consultant was hired to help with the integration process of the three firms. Though an external consultant was hired, Elektro Elco feels that the consultant lacked knowledge in certain areas, and if a consultant was going to be hired today it ought to have more experience from the industry in which Elektro Elco operates in and more experience from handling storage. An external consultant should bring value to the firm, which is pointed out by Beckhard and Pritchard (1992). At the same time as the firms were integrated a new computer system was implemented in the firm. An external consultant was assigned to get the system to work and to be adapted to Elektro Elco’s activities, however it was a hard task to implement this system. The need for external expertise is high during an integration process, especially within an area such as information technology (Beckhard & Pritchard, 1992).

Due to the Swedish law all the employees were offered work at the new premise in Bankeryd but most of the employees turned down the offer due to personal reasons such as family. To attract employees to join the firm Elektro Elco introduced a reward system which aimed to make it financially possible for the employees to move to Bankeryd and feel if it were possible for them to move permanently. Beckhard and Pritchard (1992) argue that a reward system is the best way to motivate people so they will stay in the organization. Elektro Elco did only attract some salesmen to stay in the firm. Due to losing a lot of experienced employees Elektro Elco felt that it was hard to succeed with the business. The salesmen that chose to join Elektro Elco are not allowed to focus on one of the brand’s products instead they are required to sell products from all three brands and offer a wider range of products. To make this possible the salesmen were educated, the newly employed employees were also educated. Larsson (1990) stresses that by training the employees common orientations are created and to cope with the new working tasks the employees have been educated. Elektro Elco mostly has newly employed employees and the contracts and personnel policies are the same for all employees.

Lohrum (1997:a) argues that an M&A create resistance among the employees. A lot of the employees did not like the changes in joining the three firms into one, but there are also employees that think that the construction of a new joint firm was rather fun. Sinetar (1981) points out that employees can see an acquisition as an opportunity, where they can explore their future wishes in life. It has been a hard and difficult process for many employees and even though they see the use of an integration process to create profitability they would avoid a similar process in the future. Bo Ekström points out that:

“The leadership style was for sure different and probably some have chosen to leave based on this fact.”

Larsson and Finkelstein’s study (1999) show that differences in management style can be a source of employee resistance. Bo Ekström was in charge of the integration process, he made all decisions and he outlined the organization structure of the joint firm. The consultant helped during the recruitment process but it was Bo Ekström
who decided what they were looking for. It is idealistic for one person to be in charge of the integration process (Daniel & Metcalf, 2001).

4.2.4 Communication and Visionary Leadership

The employees were informed by Bo Ekström that there had been an acquisition and that no changes for the organization were going to occur. Elektro Elco did not really know what was going to happen. Levinson (1970) emphasize the importance of telling the truth when informing employees to facilitate the integration and to reduce the uncertainties. Both formal and informal information meetings took place and Bo Ekström had a dialogue with the employees about the firm’s future. When actively communicating with the employees they get a chance to be involved in the process and to affect the future of the firm (Beckhard & Pritchard, 1992). The dialogue was most extensive with the employees at Elektro Elco since Bo Ekström had worked with them the longest time and knew them better. Bo Ekström further had individual communication with all the employees at Elektro Elco and at Hide a lite, the communication with Le Grand’s employees was handled by the French mother firm. Right after the acquisition of Hide a lite, Elektro Elco put in extra communication efforts to get experienced employees to stay in the firm. Larsson (1990) points out that in organizational change employees feel uncertainty over their careers and to reduce this uncertainty individual communication can take place.

The information about the acquisitions was at first only known by Bo Ekström and a few other persons. The entire staff was informed when the contracts were signed and they received as much information as possible. Bo Ekström tries to give as much information as possible to the employees, but it is underlined that there often is confidential information and there is always a difficulty in deciding which information to give out to employees. Ivancevich et al. (1987) claim that the employees’ stress can be minimized when management take action through communication.

According to Kotter (1995) a vision states the organization’s future direction, and the lack of a vision cannot be replaced with other plans and directives. There was no stated vision in the firm during the integration process but Elektro Elco aimed for a result where the firm’s turnover was the same as when the firms were separated. The importance of being a strong leader guiding the organization, especially during hard times is pointed out. Further, it is argued that the leader must clearly state what he wants and expects, he encourages the employees when they succeed and demands more when they fail. Haspeslagh and Jemison (1991) stress that during an integration process it is important for the leader to provide guidance, however he should not make unfounded statements.

4.2.5 Culture

The view on corporate culture in Elektro Elco is that it is the way an organization is and how customers are treated. There were quite different cultures in the three previous firms but since few employees chose to join Elektro Elco no major cultural clashes have emerged. One difference discovered was how fast a customer was served; in Electro Elco the aim was to have a one day delivery time and in Hide a lite the de-
livery took five days, today all products are delivered directly. The employees that worked for Le Grand, which is a large firm, were more used to have clear guidelines on how to act, but since Elektro Elco is a small firm there is no handbook in this area. Most of the employees are new in the organization and they view it as one unit and the remaining employees have experienced new inspiration from the changes in the organization. Cartwright and Cooper (1996) point out that culture is a collective phenomenon and is shared among the members. The organizational behavior and performance is affected by the corporate culture which is related to the people and the organization’s character (Kilmann et al., 1985). Bo Ekström has been the strong leader in this post-acquisition process, he has made all the decisions and constructed the organization structure based on his likings. Risberg (1999) highlights that the leader is often seen as the creator and source of culture. These facts indicate that there is a unicultural attitude in the acquiring firm and that they are aiming for assimilation, which is supported by Nahavandi and Malekzadeh (1988). Since the majority of employees are new a new culture has been created within Elektro Elco, the employees that choose to join the firm have adapted to this culture as well and therefore an assimilation process has occurred. When the acquired employees willingly leaves their cultural identity and adapts to the existing culture assimilation takes place (Nahavandi & Malekzadeh, 1988).

**How it has turned out**

It is too soon to say if the integration of Elektro Elco, Hide a lite and Le Grand has been a success or not, but there is a feeling that the firm definitely is on the right track. It probably would have been easier to first integrate Elektro Elco and Hide a lite since these firms complemented each other, when that integration was done Le Grand could have been involved. Bo Ekström has realized afterwards that the acquisition of Le Grand did not work as well as he had hoped. Bo Ekström at first believed that there was a fit between the firms, but today he is not that sure. He further stresses that an acquisition must be well thought through to succeed and states that:

> “It is better to buy something good for a lot of money, than to get something bad for free.”

### 4.3 Black

Black is a Swedish manufacturing firm with approximately 40 employees. 95% of the firm’s sales are in the Swedish market and with its unique technology the firm is the leading firm in this niche in Sweden. Black is mainly owned by external owners, but some of the employees also own a small part. The firm is originated in a large Swedish firm, but was sold off to the employees in the end of the 20th century and Black was founded. Later the owners of Black decided that the firm needed to grow and an acquisition of a privately owned firm was performed in the beginning of the 21st century. At the time for the acquisition Black had approximately 10 employees and chose to acquire a firm with around 30 employees. The acquired firm operated in a different niche but within the same market and by the acquisition Black saw the opportunity to become a larger firm serving more customers. Since Black and the ac-
quired firm’s production relation was unrelated, due to different products and production techniques, though since they operated in the same market the acquisition mode according to Larsson (1990) is product extension.

The post-acquisition process has been complicated and the initial management team had no prior experiences of acquisitions, it is pointed out by Haspeslagh and Jemison (1991) that when the firm has previous experience of acquisitions the process is facilitated. After the acquisition Black and the acquired firm continued their activities in their existing premises, later it was decided that the firm should be moved into one joint premise. The managing director of Black continued as managing director in the firm after the acquisition, however today he has chosen to work with other tasks in the firm. It was a hard task to integrate two firms into one, there were large resistance among many employees and the management team failed to set common goals for the new firm and to make Black profitable. To solve the situation an external managing director with a lot of experience of acquisitions has taken over the organization and the heavy job to turn it around.

4.3.1 Value Creation

Black chose a high level of integration and they faced a lot of difficulties during the integration process. Pablo (1994) discusses, based on several researchers work, the level of integration and the importance of choosing the proper integration level otherwise there is a risk of destroying or not creating any value in the acquisition. To create value is the strategic task and to succeed with that achievement the organizational task must be completed as well since it deals with the preservation of the unique strategic capabilities. The capability transfer between Black and the acquired firm was limited due to the resistance among the employees. Some very experienced and skilled employees chose to leave the firm and start a competing business. The competitive advantage of Black did suffer due to the fact that no transfer of skills and experience was performed since the employees did not mix. The transfer of skills is essential for value creation in an acquisition and for the firm’s competitive advantage (Haspeslagh & Jemison, 1991).

By performing an acquisition a domain strengthening action was performed by Black. Black aimed to grow, to increase the customer base and to reinforce its position in the industry, which is mentioned by Haspeslagh and Jemison (1991) as domain strengthening. The acquired firm was expected to be incorporated in the acquiring firm’s activities, when the strategy of the acquired firm is incorporated in the acquiring firm’s strategy an already existing business platform is acquired (Haspeslagh & Jemison, 1991).

4.3.2 Level of Integration

Black fully consolidated the acquired firm, having the opinion that the strategic interdependence of the organizations was high and the need for organizational autonomy was low. This is an indication that the acquisition that took place is of the absorption character according to the approaches outlined by Haspeslagh and Jemison (1991). When an absorption acquisition occurs planning of the integration is an essen-
tial part (Hespelag & Jemison, 1991), though in Black’s case actions for integration were taken too quickly without any deeper reflections of the result, this also resulted in poor preparation and planning for an integration process. Black acquired a firm more than twice the size than itself and this fact disrupted the acquisition balance and there were major conflicts between the two sides in the acquisition. The managing director of Black tried to keep it all together at the same time as he parted with prior Black’s side, on the other hand, a former member of the acquired firm’s management team got the positions as production manager and he parted with the acquired firm and took its employees’ best into first consideration. Black is partly owned by some employees and during the integration process they were by the opinion that they had more power than the other employees, which resulted in them giving orders without any official authority and this created a bad working environment. Another important aspect in an absorption acquisition is the transfer of skills and knowledge (Hespelag & Jemison, 1991). In Black limited skill and knowledge transfer took place since the employees kept their working tasks and there was only some degree of interaction with employees from the other side.

When the acquisition approach is symbiotic the management team has to balance the organization’s need for autonomy and the need for interdependence to succeed with the purpose of the acquisition. The acquiring firm makes adaptations to fit the acquired firm and slowly approaches the acquired firm in a long process that is finalized with an amalgamation of the two (Hespelag & Jemison, 1991). The symbiotic acquisition approach could have been an option for Black to make the integration process run smother, since it has taken a long time for the organizations to accept each other. To turn the vicious circle around and to force the organizations to accept each other an external managing director has been called in. The new managing director has succeeded to unite the organizations where job rotation is one part and the path to a total integration is wide-open.

4.3.3 Resistance to Change

The process of integration was executed without much planning and preparation. It is argued by both Beckhard and Pritchard (1992) and Hespelag and Jemison (1991) how important it is to plan and analyze before the integration takes place. It was Black who owned the integration process; the managing director and the management team were from Black and several of the firm’s minor owners were employed by Black. As mentioned previously, there were a lot of side-taking, arguing and supporting the organization from which one originated. The managing director of Black was the leader of the integration process, though his leadership style is rather soft and focused on avoiding conflicts. It is important to have a leader for the integration process (Daniel & Metcalf, 2001). Schweiger et al. (1987) further stress that the human resource side of the acquisition will only work if the managers care about the employees and value their loyalty and commitment.

There has been a lot of resistance to change in the organization, making the integration process hard to deal with. Risberg (1999) says that an acquisition is often perceived as more traumatic for the employees from the acquired firm. The employees
from the acquired firm were more worried and uncertain toward the acquisition since they did not get a clear message about what was going to happen. Another source of uncertainty for the acquired employees is when their management team chooses to leave the firm (Walsh, 1988). One of the acquired firm’s management team members chose to remain in the new organization where he became production manager, though this did not facilitate the integration process. Even though the acquisition was a fact, the employees did not want to be integrated and preferred to work as two separate units, this made it hard to motivate the employees. The employees had different reward systems, where the office employees were favored, which also made it difficult to motivate and create common orientations. Larsson (1990) stresses that actions should be taken in three different areas to reduce the resistance to change, these areas are socialization, mutual considerations and human resource systems. Since Black did not provide training for the employees, focused on the commonalities or evaluate the reward system the resistance to change was hard to reduce.

The conditions in the employees’ contracts were revised, and Beckhard and Pritchard (1992) mention this as important. The employees working in the production mostly came from the acquired firm and the office employees came from Black so no major clashes occurred in working conditions stated in the employee contracts. The firms had diverging days for wage payments and still today the wages are paid at different days, though this is something the new managing director intends to change partly to reduce the extra administrative work and partly to decrease the “we versus them” feeling.

When the new managing director entered Black’s organization he soon identified the problems caused by the miss-performed integration and started to work on a solution with clear goals. Daniel and Metcalf (2001) argue that a change program can facilitate the integration process since it helps the employees to understand the organization’s needs. The change process will be balanced by having clear goals and by sharing the change strategy (Levinson, 1970). The new managing director constructed an activity plan to perform the necessary changes. One of the main ideas of the activity plan was to create a job rotation system, forcing the acquiring employees to work at typical Black tasks and vice versa. It is pointed out by Larsson (1990) that the job design has to be reviewed to be able to perform changes. The barriers that earlier existed among the employees, who are owners as well, are taken away, and it is emphasized that the owners are employees at the work place and owners at the shareholders’ meetings. To raise the profitability the sales force was increased and strengthened by employees from the production that are well-educated in the products they aim to sell. Beckhard and Pritchard (1992) and Larsson (1990) state that a fair reward system acts as a motivator for the employees. To motivate the employees in the firm the reward system was changed so all employees are benefited equally. The employees are also motivated from the managing director who is showing them appreciation, which is emphasized as important by Schweiger et al. (1987).
4.3.4 Communication and Visionary Leadership

The way that management handles the communication can be, according to Ford and Ford (1995), related to the success of a change, there is an importance in having consistency in the communication. When the new managing director entered the firm a survey among the employees was conducted, which revealed the miss-communication in the organization. Beckhard and Pritchard (1992) argue that it is important to perform employee opinion surveys in order to see the response of the communication and to understand employee attitudes. It is emphasized by the current managing director to inform the employees a lot about everything. He communicated the activity plan clearly to the employees, further the employees received information about the firm’s current state, both financially and compared to the competitors. The managing director wants to have an open dialogue with the employees and he has emphasized to them that they can always come to him and his office door is always open. When the employees are involved in the communication through active communication real changes can occur (Beckhard & Pritchard, 1992).

The employees have been aware of the purpose of the acquisition, however in the post-acquisition process there has been no stated vision. The new managing director points out the lack of a “we-feeling” and stressed an ultimatum to the employees in order to get a change in the organization:

“Either we have to lay off 6-7 employees, or we start thinking about how we can increase our sales, because there is a large market.”

The managing director stated a direction for the firm and the employees and has clearly communicated it, further he stressed the importance for the firm to be united as one. Sashkin (1988, in Lindell and Melin, 1993) points out that a successful leader demonstrates trustworthiness, display respect and have a communicating personality. Hellgren and Melin (1993) argue that in a change process it might be needed to replace the leader in order to create a strategic change and to change the way of thinking. The previous managing director lacked the capability to clearly state what he wanted and demand it from the employees. Problems often arise when the leader is too weak in an acquisition process since he does not give any direction for the organization to follow (Haspeslagh & Jemison, 1991).

4.3.5 Culture

There were large differences in the corporate culture, mostly due to the fact that Black previously had been a part of a large firm and the acquired firm was a typical small business. It is noted by Marks and Mirvis (1986) that when there is a collision of cultures it should be a slow pace in the actions. Marks and Mirvis (1986) further argue that a difference in size is also a creator of conflict and cultural clashes, and it is common to value the own culture as superior to the other one. The acquired firm’s employees did show a large resistance to be incorporated in Black’s systems and culture. Since the acquired firm aimed to keep their organizational system and cultural identity a separation process, according to Nahavandi and Malekzadeh’s (1988) modes of acculturation, took place. The feeling of “we versus them” has dominated the or-
ganization since the acquisition occurred, which is an indication of both collective and individual resistance (Larsson, 1990). The resistance can be linked to the divergence in the acculturation, mentioned by Nahavandi and Malekzadeh (1988), since there was a high relatedness of the firms and that Black would prefer a unicultural organization. Risberg (1999) argues that the acquiring firm often asks the acquired one to adapt to their culture. It has been hard for the employees to accept the changes in the organization, but still adaptations to each other’s way of thinking and acting have taken place. Today, the acquired employees have given up on their cultural identity at the same time as the acquiring firm’s employees have done the same, the new managing director believes that the organization’s culture is a mix of the two.

How it has turned out
The post-acquisition process in Black has been problematic, though it seems like the turning-point has come. Black believes that the major issues are solved and the firm is hopeful for the future since the feelings of “we versus them” are gone and now everyone is working towards their common goals.

4.4 Boggi Reklambyrå AB
Boggi is an advertising firm located in Värnamo, with the main activities focusing on business-to-business marketing. The firm, which has seven employees, is owned by Charlotte Sjöstrand, Dan Stille, Lars Sahlin and Per-Olof Andersson and the managing director is Charlotte Sjöstrand. Boggi was founded 2002 after a merger of two advertising firms in Värnamo; Mål&Media Reklamkonsulter, which was owned by Dan Stille, and 10001 Reklambyrå, which was owned by Lars Sahlin. Mål&Media Reklamkonsulter had been active in the advertising business since the 1970s and was more focused on business-to-business marketing, 10001 Reklambyrå on the other hand had only been active in the business for a couple of years and had a more diverse customer base. The merger relation was that the two firms had the same production activities while they were operating in different markets. This acquisition mode is recognized by Larsson (1990) as a market extension.

Dan Stille and Lars Sahlin have been very good friends for many years and they were playing with the thought to merge their two businesses, though the plan was not to merge until 2003. The reason why the merger took place in 2002 was that Dan Stille got indications from his art director Per-Olof Andersson that he might leave the firm unless something new happened. Per-Olof Andersson was a valuable person for Mål&Media Reklamkonsulter since his knowledge and experience as an art director was extensive. Dan Stille and Lars Sahlin worked out a merger plan where both Per-Olof Andersson and Lars Sahlin’s most promising employee Charlotte Sjöstrand were offered ownership in the new firm.

4.4.1 Value Creation
By the merger, the range of activities was extended and Dan Stille and Lars Sahlin aimed to offer their customers a wider range of services than the two separate firms could offer. Both firms aimed to get a stronger position by merging into one firm and
therefore it has the character of domain strengthening (Haspeslagh & Jemison, 1991). During the time of the merger there was a recession in the economy, particular in the advertising business, and by merging Boggi could defend itself against the harsh economical climate since the firm grew stronger. The firms were economically strengthened through the merger and as mentioned by Zollo and Singh (2004) economic benefits can be reached when integrating two firms.

Boggi operates in the service industry by selling services in the advertising business. The core in the firm’s activities is knowledge and using the knowledge properly is the most useful capability the firm posses. When the two firms were integrated the production group was seated in one area together making a large exchange of experience and knowledge possible. The office area is open with no barriers or doors to anyone, this working environment facilitates the transfer of knowledge and skills between the employees, and this is stressed as important by Haspeslagh and Jemison (1991) who argue that a transfer of skills, knowledge and experience in the merger can strengthen the firm’s competitive advantage.

4.4.2 Level of Integration

Shrivastava (1986) argues that an integration is needed, however as Pablo (1994) points out integration is not always a success for reaching benefits, instead an integration can lead to that many negative synergies are revealed. The need for strategic interdependence versus the need for organizational autonomy is the two diverging factors to take into consideration when integrating two firms (Haspeslagh & Jemison, 1991). In the case of Boggi the two firms merged into one and a full consolidation took place, this is an indication of that the level of integration is an absorption acquisition according to Haspeslagh and Jemison (1991) classification. A full consolidation occurred since both the previous firms were closed down and a new firm was constructed given the name Boggi Reklambyrå AB. A further indication that the merger is of absorption character is that when the merger was realized a new firm was founded with a new organization, a new managing director and one strategic plan for the organization.

It is pointed out by Haspeslagh and Jemison (1991) that an important aspect when dealing with absorption acquisition is the planning of the integration and the involvement from both management teams. Since the merger of Mål&Media Reklamkonsulter and 10001 Reklambyrå was friendly there was involvement from both management teams, and the management team in Boggi consists of four persons, two from each firm. An integration process of the two firms was planned where the employees were given their area of responsibility. Other aspects mentioned by Haspeslagh and Jemison (1991) as important in an absorption acquisition is the handling of the integration of resources where rationalizations often come as a consequence and how to explore resources and competences in the best possible way. One employee was laid off as a result of the merger since the administrative systems were integrated and the workload within this area decreased. Charlotte Sjöstrand was appointed as managing director and to support her and to explore the firm’s competences both Dan Stille and Lars Sahlin joined her at many customer meetings. One positive aspect
of the merger was that it was possible to create two work teams which could share
knowledge and experiences with each other, however this did not work as intended
since one of the two art directors who lacked experience chose to leave the firm.

4.4.3 Resistance to Change

Lohrum (1997:a) shows that when a M&A takes place there can occur a resistance to
change among the employees since a feeling of lacking control and frustration might
appear. 10001 Reklambyrå moved to the same building as Mål&Media Reklamkon-
sulter, though one floor down, before the merger. This gave the employees a possi-
bility to get to know each other before being colleagues, especially since the two firms
tried to integrate their coffee-breaks by having 10001 Reklambyrå’s employees take
their coffee at the same time and at the same place as the Mål&Media Reklamkon-
sulter’s employees. Larsson (1990) considers socialization as a tool to reduce the resis-
tance to change, this as it creates common orientations. When the merger occurred
10001 Reklambyrå moved one floor up into Mål&Media Reklamkonsulter’s office
and the new firm name, Boggi Reklambyrå AB, was introduced.

Beckhard and Pritchard (1992) emphasize the importance of planning and analyzing
the situation before an integration to be able to succeed. Before the actual integration
the management team planned which work tasks whom should deal with and who
should be responsible for which customers. Since there were both two art directors
and two creative directors the management team planned for two parallel working
groups, though this planning was scattered when one of the art directors decided to
leave the organization. Another planning activity was the office structure, how they
were going to be seated, and this was designed by an external person. To allocate re-
sponsibilities and decision making the relationships, roles and functions of the man-
agement needs to be redefined (Beckhard & Pritchard, 1992). When the merger oc-
curred, the management team went through all the customers both firms had and
outlined who was going to be responsible for which customer. Dan Stille and Lars
Sahlin got the responsibility for their respective customers, and Charlotte Sjöstrand
were assigned to the customers that both firms had started to work on but not yet
had and to build new customer relations. To decrease the confusion among the cus-
tomers Dan Stille joined Lars Sahlin on his customer meetings and vice versa.

Employees that have been acquired often experience a higher degree of resistance and
uncertainty (Lohrum, 1997:a; Risberg, 1999). Even though this was a merger of equals
the employees at Mål&Media Reklamkonsulter were more reluctant to the merger
than the employees at 10001 Reklambyrå. Mål&Media Reklamkonsulter had existed
since the 1970s and the firm had a stable financial situation. 10001 Reklambyrå, on
the other hand, had only existed for a couple of years and the employees were more
tolerant to changes, further the firm was not as financially stable.

The leadership style in the two firms where similar and according to Larsson and
Finkelstein (1999) the employees might feel that the degree of change taking place is
less when the leadership styles are similar. In the new firm the management team was
extended by two more persons, and one of them, Charlotte Sjöstrand was appointed
as new managing director and also took over the financial responsibility in the firm.
The idea was to create a more outgoing and youthful image of the firm and the owners realized that the best thing for the new firm was to appoint a new managing director. Hellgren and Melin (1993) claim that a new leader has the possibility to redirect and set a new focus for the firm. Charlotte Sjöstrand had her background in 10001 Reklambyrå, though she was not as experienced as either Dan Stille or Lars Sahlin they thought that she had the potential. To enhance her experience Dan Stille or Lars Sahlin joined her when doing customer visits to build new customer relationships.

Before the merger took place the employees’ contract and wages was reviewed, and there is a fair wage system for the employees. It is emphasized by both Beckhard and Pritchard (1992) and Schweiger et al. (1987) that a reward system is important for attracting and motivating the employees going through a change process. There were no real financial reward system to motivate the employees, however Boggi emphasizes the importance of enjoying one’s working environment and sees that as a motivation force.

4.4.4 Communication and Visionary Leadership

The communication process began between Dan Stille and Lars Sahlin, whom further talked to Charlotte Sjöstrand and Per-Olof Andersson. Communication with employees valuable for the organization must take place in an early stage (Daniel & Metcalf, 2001). Once the decision of the new firm was decided all of the employees were informed and they received all information. When the organization is changing, consistency in communication will decrease the resistance among the employees (Ford & Ford, 1995). The communication taking place within the firm often happens during the coffee-breaks when all employees are gathered around the table, which makes the information flow rather informal, but Charlotte Sjöstrand also actively informs the employees every Monday. Beckhard and Pritchard (1992) emphasize that both passive and active communication should be used to communicate with the employees in a change process.

Kotter (1995) stresses the importance of having a vision during a process of change which states the direction the firm is aiming at. The vision during the integration process was that Boggi aimed to be an agency offering the customers a wide range of services. Despite this vision they had during the integration process they nowadays focus on business-to-business marketing. The employees always know what is going on in the firm since there is an open and informal communication. As a leader Charlotte Sjöstrand does not stress her authority, instead the employees are allowed to run themselves.

4.4.5 Culture

Lars Sahlin states that:

"Corporate culture is a way to act and to be at work."

Marks and Mirvis (1986) argue that when the firms’ cultures are compatible the integration can take place immediately. Both Dan Stille and Lars Sahlin had a quite simi-
lar way of leading their firms and the merger was of a friendly kind, therefore no ma-
jor cultural clashes emerged. M&As often create cultural clashes (Cartwright & Coo-
per, 1996). To solve the minor issues the management team had discussions when
they assumed a problem would arise, however it is emphasized that every employee
has to make adaptations when integrating the two firms. Mål&Media Reklamkon-
sulter had a stronger firm culture since it had existed for over two decades. The cul-
tural routines were more deep-seated and therefore the firm’s employees found it
somewhat more problematic to do these minor adaptations compared to the employ-
ees from the rather newly established 10001 Reklambyrå. One minor clash was the
way of handling the invoices and the way of handling the financial situation. One
possible clash would have been the use of different design systems though this did not
evolve into a clash since it was decided to adapt to the latest version of this system
and this decision was supported by everyone. The firms had different views on how
coffee is consumed, at Mål&Media Reklamkonsulter did not see the coffee-breaks as
something important, while the coffee culture in 10001 Reklambyrå was highly cen-
tral in their daily activities. Though 10001 Reklambyrå’s coffee culture was more ex-
pensive this was adopted in Boggi. Another reason why no major cultural clashes
emerged was that the employees in the production were allowed to work individually
and to keep their own way of doing things as was the case in the two firms prior to
the merger. The integration was also facilitated by the fact that a new managing di-
rector was appointed, and since a new managing director took over instead of one of
the prior ones and a new firm name was adopted no firm’s culture dominated the
new organization, instead a new culture for Boggi emerged. There has been a congru-
ence of the new culture where both parties have willingly given up parts of their cul-
tural identity for the sake of a new culture. Assimilation occurs when the acquired
firm willingly leaves its culture and adapts to the culture in the acquiring firm (Naha-
vandi & Malekzadeh, 1988). Both firms stressed the unicultural aspect which indi-
cates that both firms are willing to give away parts of their culture to be assimilated
with each other. There have been little turnover of employees, the ones working at
the firm today seem to enjoy their working environment. The employees like each
others company and often spend time together after working hours by having a beer
together, this strengthens the firm spirit.

How it has turned out

Boggi thinks that it was definitely the right decision to merge and the outcome of the
merger has been positive since the financial situation is satisfactory and the employees
enjoy their working environment.
5 Highlighting the SME Characteristics in the Post-acquisition Process

The purpose of this chapter is to, by using the second part of our model for analyzing, relate the first part of the analysis and some additional empirical information to the theoretical point of view, this to highlight the SME characteristics in the post-acquisition process.

The empirical information presented in this chapter is retrieved from the interviews and the main part of the empirical information has been analyzed in chapter four - Four SMEs' Post-acquisition Process. No references of personal communication will be stated in the text but all information presented is from each firm’s respondent and when it is referred to the firm it is the respondent’s view that is presented:

- White’s managing director – personal communication 2005-04-12
- Elektro Elco AB’s managing director Bo Ekström – personal communication 2005-04-18, will be referred to as Elektro Elco
- Black’s managing director – personal communication 2005-04-14
- Boggi Reklambyrå AB’s management team member Lars Sahlin – personal communication 2005-04-13, will be referred to as Boggi

5.1 Definition of SMEs

From the definition stated by the European Commission (2005-03-10) the firms in the study are at small or micro level. White, Elektro Elco and Black all have between 30 and 40 employees and are defined as small firms, Boggi on the other hand has seven employees and is therefore a micro firm, however we will refer to all firms as small firms.

5.2 Value Creation

All the firms in the study mentioned that the reason why they performed a M&A was their ambition to grow and that organic growth is quite hard to accomplish. All firms also mentioned the increased customer base as an essential reason for the M&A. It is expressed by both Elektro Elco and White that to grow organically as a small firm takes a substantial amount of time and both firms are pleased that they have acquired firms that matches their aimed area of growth. Another reason for the merger identified by Boggi was survival of the firm since it grew and the financial situation was strengthened.

Haspeslagh and Jemison (1991) highlight that earlier experiences from a post-acquisition process will facilitate the handling of it. The new managing director in Black has a lot of experience from different kinds of post-acquisition processes and he stresses the importance of that experience and points out that that it could be one of the reasons why the former managing director was unsuccessful. White and Elektro
Elco both feel that their lack of experience made the post-acquisition process harder to perform, this is also recognized by Boggi.

The acquisition may seem perfect though the creation of value is dependent on the integration, and to create value in an acquisition process there must be an atmosphere which supports the capability transfer process (Haspeslagh & Jemison, 1991). Seth (1990) further stresses that the optimal use of the specialized resources the firm possesses should be in focus of its strategic actions and the environmental opportunities and constraints should be considered, this for value creation to be a possible outcome. Pablo (1994) reflects on the different tasks in the value creation process, to succeed with the strategic task, which is to exchange and share resources, the key strategic capabilities' unique characteristics must be preserved through the organizational task. Storey (1994) states that small firms have a limited outlook on the objectives of the firm due to their limited financial resources. This might hinder the outlook on the possible amount of value creation which small firms perceive that they can achieve.

Haspeslagh and Jemison (1991) point out that a competitive advantage appears through value creation in the acquisition, there is however a need for transfer of strategic capabilities in order to achieve the competitive advantage. All the firms in the study have tried to perform a transfer of skills and knowledge and explore them, however the managing director in each firm is the leader of the post-acquisition process at the same time as leading the firm and that results in a lack of time, which limits the possibility to explore the skills and knowledge to the possible extent. The focus has in most cases not been on the internal development on knowledge and skill transfer, instead the external environment such as customers has dominated their actions. Storey (1994) highlights the uncertain situation in which the small firm operates, further he emphasizes that small firms often can benefit more from an organizational change since they to a greater extent can customize their products/services to the customers’ needs.

The firm’s ability to explore its resources, knowledge or skills is defined by Jemison (1988) as its strategic capabilities, a strategic capability does not have to be unique nonetheless the firm’s ability to explore them can develop or sustain a competitive advantage. Further Jemison (1988) addresses a series of interactions where the transformation of the strategic capabilities is dealt with. The administrative interactions concern the establishment of reporting relationships and operating procedures which gives the acquirer control over the acquired. The substantive interactions focus on the internal and external perspective on value creation, and the symbolic interactions concern the new organizational purpose and philosophy. White is currently dealing with the administrative interactions in the post-acquisition process, the firm has taken the control over the acquired firm but no internal or external value creation has taken place yet. Black has just started to explore its value creation by a stronger focus both on the internal and external perspective. Elektro Elco and Boggi have performed symbolic interactions, Boggi with a new firm creation and a new philosophy, and Elektro Elco with a new firm philosophy.

By performing an acquisition an externally-derived renewal of the organization will occur, either bringing in new capabilities into the organization or exploring the exist-
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ing capabilities in a new situation (Jemison, 1988). Different kinds of corporate renewal is discussed by Haspeslagh and Jemison (1991); Black, Boggi and White have all made domain strengthening corporate renewals, while Elektro Elco has performed corporate renewal through domain extension. In the case of White the corporate renewal might also to some extent be a domain extension. Haspeslagh and Jemison (1991) also discuss how the acquired firm is incorporated in the business strategy; White and Black acquired an already existing business platform whereas Elektro Elco acquired a capability.

5.3 Level of Integration

Theoretically it is easier to discover possible synergies that will be realized through a high level of integration in the M&A, however in reality the high level of integration might trigger a negative synergy realization (Pablo, 1994). All the firms have chosen to make a full consolidation and therefore have the integration approach mentioned by Haspeslagh and Jemison (1991) as an absorption acquisition. Aspects mentioned as important in an absorption acquisition is the planning process and both management teams’ involvement in that process. When Boggi merged the involvement from both previous management teams were high and a plan was outlined. White has chosen an absorption approach as well, though the actual integration has not taken place yet. There has, to some extent, been planning for the integration, though no involvement from the acquired firm’s management team since they wished to sell and leave the firm. Elektro Elco did not have any involvement from the acquired firms’ management teams, instead the integration process and planning was in the hands of the managing director, who brought in an external consultant as a help in planning and performing the acquisition. The former owner that chose to join Elektro Elco has been focusing on the transfer of skills and knowledge, but his involvement in other parts of the integration process has been low. The previous owner of the firm acquired by Black saw an opportunity to give up his ownership and leave the firm when Black acquired it. However, one of the members in the acquired firm’s management team chose to stay in the organization so he had the chance to influence the integration planning, though in Black’s case the planning was poor. Storey (1994) points out that the larger firms are more monitored and have the demand to show future plans while small firms do not have that demand and therefore do not have to show that detailed future plans.

Haspeslagh and Jemison (1991) argue that it is important when integrating two firms to move to best practice and to encourage a transfer of knowledge and skills to be able to create value, another competitive advantage strengthener is actually to take advantage of the complementary skills that are possessed by the firms. Even though the focus has been on the external aspect, some efforts for internal value creation have taken place. White attracted three of the acquired employees to join the firm, which gives possibilities to knowledge and skill transfer but at the same time valuable and competent employees left the organization. Due to the full consolidation of the firms and the following move Elektro Elco suffered an extensive loss of skills and knowledge when few employees chose to join. Black had difficulties in transferring skills and knowledge since the employees did not really want to be integrated, how-
ever the managing director has seen the benefits from a successful integration when skills and knowledge have been transferred therefore he has introduced an activity program. Boggi, which bases its competitive advantage on knowledge and experience, has emphasized the importance of a transfer process between the employees. They have created a production section and formed two working groups in order to ease the transfer process, making the firm benefit both from the individual’s knowledge and the team-based knowledge.

5.4 Resistance to Change

Larsson and Finkelstein’s (1999) study revealed that when the employee resistance is high in a M&A the synergy realization is low. The employees are more uncertain when there is a high combination potential, and when there is a high integration of the firms the employee resistance is also high. One thing that can decrease the resistance to change is when there is a similarity in management styles. Lohrum (1997:a) discusses why employees are resistant to change and her findings illustrate that lack of control, anger and frustration are factors that influence their resistance. Three of the firms in the study experienced a limited amount of resistance to change. White faced resistance from the acquired employees and most of them did not choose to join the acquiring firm due to personal reasons, while the acquiring employees liked the situation since they had a feeling that it secured their jobs. The situation in Electro Elco was that most employees did not move with the firm due to personal reasons, however most employees did oversee ones own situation and showed an understanding for the actions taken as the best for the firm. In Boggi some previous employees became owners and the other ones did accept the merger with open arms. Mål&Media Reklamkonsulter’s employees were a bit reluctant, not resistant, at first but all employees saw the necessity of a high integration level which is not in accordance with Larsson and Finkelstein’s (1999) findings. One reason for the low resistance in Boggi can be the similarities in management style, as mentioned by Larsson and Finkelstein (1999), and the similar ways of working. The state of major change is more common in small firms and their environmental situation is more insecure (Storey, 1994). Baldwin and Gellatly (2003) stress that the financial situation in SMEs is often problematic and instable, this is a well-known fact which indicates that the employees ought to be well-aware of this fact. In general, there is an understanding about the need for change among the employees in the firms we have studied and most employees have accepted the situation and those who have left the firms have done so due to personal reasons. Storey (1994) accentuates that the small firm employees to a greater extent can see their importance and output in the firm and this might reduce the lack of control discussed by Lohrum (1997:a). The employees in Black had a great resistance to the change in the initial stages, which is deduced by the new managing director to the imbalance and lack of preparation that existed in the acquisition. Up until the new managing director entered Black there were major problems in the firm due to the employee resistance, this low synergy realization due to high employee resistance is recognized by Larsson and Finkelstein (1999).

The need for planning and analyzing to succeed with the integration process is recognized by Beckhard and Pritchard (1992), Larsson (1990) and Haspeslagh and Jemison
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(1991). In both White and Boggi a plan for the integration process was outlined, giving employees areas of responsibility, in Elektro Elco on the other hand a consultant was hired but still the managing director was in charge of the decision making. When the initial planning in Black was carried out there was a lot of side-taking resulting in little planning on how to perform the integration process, though the new managing director has made plans on how to integrate the organization. Larsson (1990) presents three areas of action that should be included in the planning for integration to reduce the resistance to change. Socialization deals with creating common orientations this through methods like training. Mutual considerations focus on the commonalties to avoid conflicts and maintain especially the acquired firm’s employees’ integrity. Human resource systems concern the review of job design, reward system, personnel policies and career planning. The reward system is pointed out as the employees’ biggest concern by Schweiger et al. (1987). In Boggi a socialization process took place since the two firms lived in the same building before the merger occurred, further a brief human resource system review was done. White and Elektro Elco have offered the acquired employees financial support to facilitate the move to a new city, however no further actions have been taken with the regard to Larsson’s (1990) areas of action, besides that Elektro Elco performed a minor socialization process through training. In Black no areas of actions presented by Larsson (1990) were performed in the initial integration, but when the new managing director entered the organization he emphasized the creation of common goals, as well as job design to switch work tasks and the equalization of the reward system. All the firms have reviewed their employee contracts, this is emphasized by Beckhard and Pritchard (1992) as an important factor in the human resource policy as well.

In all of the firms in the study the planning for the integration have been insufficient where many important aspects in the post-acquisition literature have been neglected. This is highlighted by White’s managing director when he states that:

“It is a positive thing that you sometimes don’t know what you are getting into, but we thought that we knew in this case...however it (the post-acquisition process) is a deep black area in many aspects...things are dealt with as they come along.”

However, the firms in the study are small firms and it is stressed by Arthur (1995) that there is a lack of specialized human resource knowledge in small firms. In the sense that both Beckhard and Pritchard (1992) and Schweiger et al. (1987) talk about reward systems it is often in materialistic terms such as financial compensation. It is stated by Storey (1994) that employees working in small firms have a non-material satisfaction when working, instead a nice working environment is the motivator and the SMEs possibilities to have a materialistic reward system is limited since the financial situation is much harder (Baldwin & Gellatly, 2003). The firms in the study do not stress the importance of a reward system, as an alternative they talk about socializing activities and adjustments to the individual’s needs. Small firms have the possibility to make personalized adjustments to the individual (Storey, 1994). Motivation in small firms does not have to be of materialistic character, it is the nice working environment and the personalized rewards that are valued. Career planning in an integration process is another area which the firms in the study might act differently
highlighting the SME characteristics in the post-acquisition process

compared to large firms since the firms had an un-going dialogue with all employees. Storey (1994) stresses that the communication is more open in small firms and through this open communication fewer problems are created. The employees are also more confident on their position in the organization. The career plans therefore emerge quite naturally in small firms and the employees might fell less uncertain as they are a partner in the dialogue.

Storey (1994) states that small firm employees are used to having a variety of working tasks and can participate in different kinds of tasks. The new managing director in Black introduced an activity plan where the job design for the employees was changed, so today there are employees working both in the office and with production. White emphasizes that changes in job design will be done and the employees are well-aware of this and do not perceive this as a major difficulty. Due to this fact job design changes in integration process might be easier in small firms.

To facilitate difficult elements in the integration process Beckhard and Pritchard (1992) argue that experts in areas such as information technology and training specialists can be hired. Electro Elco was the only firm that chose to engage a consultant as a support in the integration process. Further Elektro Elco got external help with training the employees in their new working tasks and to implement their new computer system. It is mentioned by the managing director as expensive and Baldwin and Gellatly (2003) stress that there are limits in the finances of SMEs which might prevent other SMEs from using external experts.

An acquisition is often perceived as more traumatic for the acquired employees and management teams (Risberg, 1999), and the acquired employees perceive the situation as even more traumatic when their management team leaves the organization, which often is the case (Walsh, 1988). It was an ill balanced acquisition in the case of Black where the acquired employees perceived the acquisition as something very traumatic and hard. One of the acquired firm’s management team members chose to remain in the organization but instead of decreasing the traumatic feelings the side-taking was triggered. No information about eventual changes should be concealed by the acquiring firm in an integration process (Levinson, 1970), though this is not what happened in the case of Elektro Elco where the managing director at first stated that no changes was going to occur. Levinson (1970) further declares that to facilitate the situation for the acquiring employees they should be motivated and appreciated and the integration strategy should be shared with them. In small firms there is a much closer relationship between the employees and the owner and the motivation from the owner influence the performance of the employees to a larger extent (Storey, 1994), and the managing director in Black points out:

“In a small firm the managing director has a much more important role.”

All the firms in the study emphasize the importance to motivate the employees and to have a climate where the open communication is in focus, this is also vital in the situation with the acquired employees.
5.4.1 Communication

Beckhard and Pritchard (1992) explain that responsibilities and decision making should be allocated in an organizational change, this through a redefinition of management roles, functions and relationships. This redefinition of management roles was carried out in Boggi where a new managing director was appointed. This redefinition also happened to some extent in Black later in the integration process when the former managing director decided to take on other working tasks in the firm and a new managing director stepped in. However, in White, Elektro Elco and currently in Black the managing directors are strong and visible characters, particularly in White and Elektro Elco there is no need for the managing directors to redefine the roles since they are the essence of their organizations. Storey (1994) points out that the ownership and control is in the hands of few people in the small firm, which also makes the redefinition of roles less vital.

Storey (1994) identifies the communication in small firms as open, informal and as easier to perform. All firms in the study are aiming to have an open communication with the employees where the coffee break is a common place to communicate. When the employees were informed about the acquisition it was also done in an informal manner where the employees had the possibility to ask questions and be answered directly as well as being a part of the discussion. This is recognized by Beckhard and Pritchard (1992) as active communication. To get an answer on ones questions is according to Daniel and Metcalf (2001) important. Risberg (1999) highlights that flat organizations more often prefer open and frank communication.

Lohrum (1992) states that in order to reduce a “we versus them” feeling the communication between the acquiring and acquired firms’ management groups should continue throughout the integration process. Storey (1994) further stresses that small firm employees have a closer contact with the firm’s owner. The firms in the study, which acquired other firms, have not had that much contact with the acquired employees’ former managers and they have all stressed that an open and frank communication exists with all employees in their firms. One person was in charge of the entire integration process and the communication in White, Elektro Elco and Black. In Boggi the management team had the responsibility of the integration process and the communication. Daniel and Metcalf (2001) say that the integration process and communication is facilitated by having one person in charge.

5.4.2 Visionary Leadership

Shackleton (1995) highlights that a vision’s purpose is to inspire the group towards a common goal. Kotter (1995) stresses that the lack of vision in a change process might have a negative outcome on the process, many unsuccessful transformations have lacked a clear vision and no other programs, plans or directives have been able to replace the vision. White and Boggi have had a vision in the post-acquisition process. Black’s employees were aware of the purpose of the acquisition however no clear vision was stated, further Elektro Elco did not have a stated vision in the process. Even though there have been a vision it has not been the main focus in the communication with the employees instead the leader has stated a direction which he aims for the or-
ganization in all firms, though in Boggi this direction has been pointed out by the management team. In the studied firms the leader is often the essence and this is an indication that Mintzberg and Water’s (1985) entrepreneurial strategy is dominating the firms in the study. The managing director in Elektro Elco express:

“I believe that small firms are more guided by an entrepreneurial spirit.”

The entrepreneurial strategy is characterized by the focus on one individual that is in control, he/she gives the direction which he/she wishes the organization to follow and the strategy depends on the willingness among the employees to follow the leader (Mintzberg & Waters, 1985). In the small firm the employee sees exactly what he/she contributes with and he/she can easier identify his/her own importance for the organization, further the information reaches the employee a lot faster and there is an open communication flow (Storey, 1994). It is recognized by Ahmadi et al. (2001) that the small firm leader guides the employees towards the same direction and the leader emphasizes that the employees should have a joint outlook on the organization. In the small firm the employees work toward common goals and recognize the importance of working together in the stated direction for the firm without having a clear stated vision, since they have a strong motivation for working in the firm and are willing to follow their leader. The motivation for working in a small firm is not mainly based on financial benefits (Storey, 1994).

Lindell and Melin (1993) discuss Sashkin’s (1988) standpoint that a successful visionary leader have certain characteristics such as focusing attention, communicating personality, demonstrating trustworthiness and displaying respect. Based on a description of themselves as leaders the managing directors in White, Elektro Elco and Black all have some characteristics of a visionary leader since they all stress this kind of personality. Haspeslagh and Jemison (1991, p.180) state that “most problems arise when managers either provide no guidance at all, or to the contrary, make unfounded statements intended to assure people in the acquired firm”. The previous managing director in Black failed to give the firm a direction and communicate it. The managing director in Electro Elco, on the other hand, at first made unfounded statements to the acquired employees and this might be a reason why so many employees did not try to move with the firm. To solve the problems with the unsuccessful post-acquisition process the previous managing director in Black stepped aside and a new one with a lot of experience from integration processes stepped in and saw the problem with the side-taking. In Boggi the two previous managing directors saw the necessity in assigning a new managing director to succeed with the merger and to avoid a scattered organization with side-takings. Hellgren and Melin (1993) emphasize that the leader strategic way of thinking has a big impact on a change process and to achieve a radical change it might be necessary to replace the leader. Further Melin and Hellgren (1994) underline that the followers need to recognize the new way of thinking for the organizational change to happen, this is supported by Black’s managing director when he states:
“To get the employees with you is the first priority, if you don’t get the employees with you it doesn’t help to just run around and talk... you have to create a relationship of trust.”

5.5 Culture

Cartwright and Cooper (1996) explain that culture is a collective phenomenon since it is shared among people. An individual is exposed to cultures through institutions such as school, church and family before entering an organization as an employee (Hatch, 2002). The firms in the study have all merged with or acquired firms from the same national culture and the employees has been exposed to similar institutions before entering the organizations. The organization’s behavior and performance is impacted by the corporate culture, and direction, pervasiveness and strength are three interrelated aspects that have an impact on the organization’s corporate culture. Direction is the course the culture steers the organization towards, pervasiveness concerns the extent members share the culture and strength is about the amount of cultural pressure on the members no matter the direction (Kilmann et al., 1985). Risberg (1999) discusses the integration perspective where the leader is often seen as a creator and source of culture. Hambrick and Crozier (1985) emphasize that small organizations have strong cultures and their willingness to strive is dependent on their culture, the firm’s origins of success often is stressed in the culture. White’s managing director explains that their way of doing things have really worked throughout the years and further he says:

“We believe that we do a lot of things in the right way... and we don’t want to change it. We have an excellent concept that works and we want to protect that.”

Black, Elektro Elco and White have very strong managing directors today, which can be related to the power culture. Cartwright and Cooper (1996) underline that when the power is concentrated to one or a few individuals the culture’s fundamental feature is the centralization of power. The leader is highly visible in the studied firms and the employees have chosen to join the leader’s way of being. An underlying goal in every firm among all the employees is the craving for survival of the firm and to survive external threats. The managing director in Elektro Elco points out that if the employee does not like the leader’s character the employee is likely to leave the organization. All the firms in the study stress the importance of having a nice working environment where the employees enjoy their work. It is stated by the management team member at Boggi that:

“There is a more personalized atmosphere in the small firm, the feeling of being able to influence and the commitment is larger. One (as an employee) is an important part in the small firm.”

Lohrum (1992) accentuates that the cultural aspect in a M&A is very complicated due to the difficulty of integration and coordination of cultures, the cultural peace is disturbed by the M&A and clashes might occur (Cartwright & Cooper, 1996). In Black major clashes occurred due to the cultural heritage of the firms, the acquirer originated in a large firm and the acquired firm was a typical small business, so there was a
difference in the ways of doing things, further cultural clashes emerged since the acquired firm was much larger in size, this created an imbalance, which Marks and Mirvis (1986) argue is a problem creator. Boggi and Elektro Elco have both expressed that there were small differences in the cultures however no real cultural clashes did occur.

Lohrum (1992) explains the way conflicts are solved, and the interaction and adaptation between the two groups is the basis in the modes of acculturation presented by Berry (1983, 1984, in Nahavandi & Malekzadeh, 1988). In Elektro Elco and Boggi there has been congruence in the acculturation and this has facilitated the implementation of the M&A. In the case of White it is too soon to say whether there is going to be congruence in reality or not. In Black, the acquired employees did not want to give up their cultural identity and incongruence occurred since the acquiring firm preferred assimilation. The reason why congruence has occurred in two of three cases might be the small business leader’s strong role in the firm and his influence on the employees, which is pointed out by Cooper and Cartwright (1996) and Storey (1994). The congruence that has appeared in Black after the new managing director entered might also be related to his strong influence.

The acculturation in the firms (Nahavandi & Malekzadeh, 1988) can be related to their acquisition integration approaches (Haspeslagh & Jemison, 1991). As mentioned before all the firms in the study have chosen absorption as an integration approach, though the acculturation modes of the firms are not in all cases in equivalence with this approach. However, as was discussed in theory the acquisition integration approach and acculturation modes are not completely matched when relating them to each other. The acculturation mode of Boggi and Elektro Elco is congruence for assimilation, which matches their absorption acquisition. In White and Black the acquirer’s mode of acculturation is assimilation, which is supported by their decision to fully consolidate the acquired firm and make an absorption acquisition. In White it is too soon to say if congruence will appear since the practical integration of the employees has not taken place yet. In Black the acquired employees turned against the acquirer and did not want to leave their cultural identity and this can be seen as an indication that the absorption acquisition might not have been the best option.
6 Conclusions and Reflections

In this finalizing chapter our conclusions are presented, the conclusions are related to the purpose and have arisen from our analysis. Further, we reflect upon aspects that have emerged during the development of this thesis, which includes methodological choices as well as a reflection over chosen theories and our conclusions.

6.1 Conclusions

The purpose of this thesis is to:

...investigate the post-acquisition process in SMEs, this to highlight the SME characteristics in a post-acquisition process.

The firms we studied all had the ambition to grow, organic growth was not seen as the best option since it takes time and that is why the firms chose to perform a M&A. The potential benefits of the M&A recognized by the firms were the access to new customer bases and slightly new markets, and since the firms had the objective of realizing benefits from the M&A the post-acquisition process became crucial.

The studied firms have a more external focus in their post-acquisition process where the customer is highly valued and this can be related to the SMEs’ uncertain environmental and financial situation. As the theory explains value is created from the acquisition when a capability transfer process occurs, which is focused on transfer of knowledge and skills. The managing directors in the firms have several areas of responsibilities, both as the post-acquisition process leader and the firm leader, which might be a reason why the capability transfer has been limited. Supported by SME theory, the firms have all shown a tendency to not explore their possibilities to their full extent, to not explore possibilities might also be related to the limited transfer of resources. We have discovered that when the managing director has experience from a previous post-acquisition process he is more likely to focus on internal value creation, this is in line with theoretical assumptions.

The firms we studied have an absorption acquisition approach since they all have acquired to make a full consolidation. Based on the firms’ reasoning, it can be presumed that other options for integration were not considered and the aspect of organizational autonomy in order to preserve unique skills and knowledge was neglected. When performing an absorption acquisition approach extensive planning is required, though all firms have chosen an absorption they all lack extensive planning for the post-acquisition process and this can be related to that fact that SMEs often do not have the same demand to plan extensively and present the plans as is often the case in large firms. Due to a lack of extensive planning the capability transfer has probably been limited in the firms, which according to theory is the result of poor planning. In the planning process involvement from both management teams would be preferred, though this has not been the case in the studied firms since the acquired firms’ management teams wanted to liquidate the firms. Given that the managing director and
the owner often is the same person in a small firm, the selling managing director/owner has little interest in being involved in the process.

Three of the firms we studied have experienced limited amount of resistance to change, overall in all firms the resistance have been greater among the acquired firms’ employees. Mentioned in the post-acquisition literature, resistance to change can be reduced through actions within the HR field. The SME literature concludes that there is a lack of specialized HR knowledge in small firms, which has been proven by the firms in our study since several HR elements have been neglected in their post-acquisition process planning. As mentioned above, the studied firms have experienced only some resistance even though their lack of HR actions and this ought to be related to their SME characteristics. One SME characteristic that has reduced the resistance is the open communication within the firms, this since it is easier to create a “we-feeling” in the firms and that the managing director has a closer relation to the employees and acts as a motivator for them. Further the small firm employees ought to be more aware of the firm’s uncertain situation and therefore are more prepared for eventual changes and see the necessity with the changes at the same time as they are flexible in their working tasks, and this is indicated by the firms we studied and this might also have reduced their resistance to change. The post-acquisition literature mentions a reward system as an effective tool to reduce the employees’ resistance, though the firms did not stress the importance of a financial reward system. A nice working environment is emphasized by all the firms and they view socializing activities as very important as well as individual adjustments. SMEs often have a limited amount of financial assets and the employees in SMEs often value and are motivated by other aspects than by financial motivation. The employees in the small firm often have a clearer view of their importance for the firm and therefore they are more inclined to support the firm without being motivated by a reward system.

Due to the small firm characteristics the communication is facilitated in the post-acquisition process. The open communication is stressed as a way of being in the studied firms and the information is delivered by one person, the managing director. The post-acquisition literature stresses that it is best if one individual is in charge of the communication, this is rather natural in a small firm where the managing director, who generally also is the owner, is highly involved in all of the firm’s activities. Further, theory says that the communication is facilitated when the organization structure is flatter, which is naturally the case in small firms and this has also been visible in the studied firms.

The firms in our study are guided by the direction pointed out by the managing director, who is the essence of the firm. It is supported by theory that a vision can help the firm to work towards common goals, and in the three firms that have performed the integration in their post-acquisition process the employees have been working toward common goals, though this is not necessarily related to a stated vision. This might indicate that visionary leadership is not as useful as in large firm since the employees in small firms easier recognize their contribution to the firm, have a joint outlook on the organization and are motivated by their managing directors in their daily activities. The employees willingly follow the direction stated by their managing director, which can be related to an entrepreneurial strategy. The theory says that
the leader cannot be too weak in order to succeed with a large strategic change such as M&A, this fact is clearly evident in one of the firms where the managing director lacked the leadership-qualities to perform a successful post-acquisition process.

It is argued in the SME literature that the small firm strives through culture. It is indicated in the firms we studied that the managing directors highly influence the culture of the firms, which is supported by a theoretical assumption in the post-acquisition literature where the leader is viewed as the source and creator of culture. The centralization of power is an important element in the studied firms’ cultures since the organizations are small in size and the leaders often initiate the culture. The centralization of power indicates that the firm prefers a unicultural organization and this can explain why assimilation often is wanted from the acquiring firm, which is supported by the firms in our study. There is a willingness in the firms to create cultural congruence since the organizations are small and there is closeness between the acquiring and the acquired employees and the managing director, though the willingness to create congruence was first present in one of the firms when a new managing director arrived. All the acquiring firms aimed for assimilation and supported this acculturation mode with the level of integration matching this, absorption acquisition, however the acquired firms were not always that eager to be fully consolidated.

6.2 Reflections

During the process of developing this thesis some interesting issues and aspects have arisen, which we feel are important to reflect upon.

As stated in the introduction of the thesis many small firms do not have the ambition to grow, however the firms in our study all wanted to grow and they chose M&A as a growth strategy since all believed that growing organically was too hard or time consuming. Moreover, it is emphasized in the introduction that the research field concerning SMEs’ post-acquisition process is limited. In the construction of our frame of reference we had to turn to the general post-acquisition literature, which is often from a large firm perspective. During our collection of the empirical information we realized that our notion of that the general post-acquisition literature did not have the SMEs in focus was correct. After our analysis we can see that the current post-acquisition literature needs to be adapted to the SME characteristics where the literature starts in the SME perspective and is shaped to fit their needs, knowledge and resources in order for the SMEs to make the most out of their post-acquisition process. We have however managed to analyze four SMEs post-acquisition processes based on the general post-acquisition literature, this since many of the areas treated in the literature consciously or unconsciously have, to some extent, been performed. We would like to point out that the reasoning above is based on the study we have conducted on small and micro firms.

We have chosen to have a hermeneutic approach to our interview study. An assumption for hermeneutics is that the researcher is subjective and colors the research, due to this fact that we have been subjective we have outlined our interpretation system on how we have analyzed the empirical information and used hermeneutic criterions to secure those interpretations.
We have reflected on how the study would have turned out if we had conducted a case study instead of the interview study. A case study would have given us several views on the same post-acquisition process, but we realized that it would be hard to perform a case study due to the firm’s size and lack of time, further we aimed for a wider SME perspective. We chose to focus on an interview study where the managing directors were interviewed, this since they have a dominant role in the firms. However, in one firm the managing director was on maternity leave and the interview was conducted with one of the management team members and former managing director in one of the two firms. It might be a weakness with only the managing director’s point of view but in a SME the managing director is involved in most activities and was therefore in our view the person that could give us the overall picture. It is recognized by Storey (1994) that small business managers have a view about a firm in harmony and but they might not see that the firm harmony does not exist. We have discussed the possibility that this might be the case in the studied firms as well, however since the rotation of employees is low in each firm this in an indication that a business harmony probably exist. By interviewing one person at each firm it was possible to include four firms in the study, which gave us several views on SMEs post-acquisition processes in firms with different characters. Though, we interviewed small and micro firms, and if we had interviewed managing directors in mid-sized firms different post-acquisition processes probably would have been shown. It is interesting to point out that the firms are in different phases in their post-acquisition processes. We have seen four different types of firms making four different kinds of post-acquisition processes, which have created a wider picture of SMEs characteristics in the post-acquisition process and each firm had a variation of characteristics worth noticing, and we would like to highlight that there have been many commonalities between the firms.

We have chosen to construct a rather fragmented frame of reference, taking many researchers’ points of view into consideration, which has helped us to get an understanding for the post-acquisition process from many aspects. We have not been able to analyze every fragment in the frame of reference, but we believe that it is worth including this as well since these fragments contribute to the overall understanding of the frame of reference. When processing the empirical information it became clear that the topics in the frame of reference were suitable for our study. With the thesis’ purpose and frame of reference in mind we constructed a model for analyzing, which we used to interpret our empirical information. All the empirical information obtained during the interviews could be processed with this model and we feel that our way of analyzing was helpful in the development of our conclusions.

It is time for us to bring this thesis to an end and we would like to show our appreciation to those who have helped us during this process. First of all we want to say thank you to our respondents who gave us time to perform the interviews and shared their information open-heartedly. We would also like to express gratitude to our tutor Leif Melin who has given us guidance throughout our work. Further, without the inspiration and dialogue with Leona Achtenhagen concerning our research area this thesis would probably not exist – thank you. Finally we would like to say thanks to
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Sarah Holm Norén         Nina Jönsson
References


References


References


Appendices

Appendix 1 – Interview Guide

Intervjuguide

Företaget

- Företagsnamn, respondentens namn och titel
- Vad är företagets huvudaktiviteter?
- Vilken marknad riktar företaget sig mot? Hur stor marknadsandel har företaget?
- Hur många anställda finns i företaget idag?
- Vem äger företaget och när grundades det?

Sammanslagning / förvärv

- Vilka var de två enskilda företagen före samgåendet?
- Hur såg processen kring sammanslagningen/förvärvet ut?
- När skedde sammanslagningen/förvärvet?
- Varför en sammanslagning/ett förvärv?
- Vilken relation fanns marknadsmässigt och produktionsmässigt mellan företagen före sammanslagningen/förvärvet?

Integrationsprocessen

- Planerade ni någon form av integration mellan de två företagen? Planerades en integrationsprocess? Hur?
- Fanns tillgång till tidigare erfarenheter av sammanslagningar/förvärv?
- Fanns det någon ledare för integrationsprocessen?
- Vem hanterade integrationen av personalen?
- Vem styrde processen? Hur fungerade beslutsfattandet?
- Hur genomfördes integrationsprocessen rent praktiskt? Hur organiserades den nya strukturen på företaget?
- Hur fungerade relationen mellan ledarna i de båda företagen?
- Nivå på integrationen – hur mycket integrerade man företagen? Relationen mellan behovet för företaget att agera självständigt och beroende av varandra för att uppnå fördelarna med sammanslagningen/förvärvet?
- Vilka stora utmaningar har ni stött på under resans gång?

Värdeskapande

- Vilka strategiska möjligheter såg ni i sammanslagningen/förvärvet? Vilka förväntningar hade ni? Hur har det gått med dessa förväntningar?
- Utifrån det förvärvande företagets perspektiv: vad hade det förvärvade företaget som det förvärvande företaget inte hade? Hur kompletterar företagen varandra?
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- Har företaget uppnått de önskade strategiska möjligheter som sågs före sammanslagningen/förvärvet?
- Hur hanterades de nya kunskaper och nya kunnandet som kom in i företeget?
- I vilken utsträckning och på vilket sätt utbyttes kunnande och erfarenheter i sammanslagningen/förvärvet?
- Utvecklades de egna resurserna eller tillkom nya?

Hantering av förändringen

- Från respondentens perspektiv: hur uppfattade personalen sammanslagningen/förvärvet?
- Rådde det ett stort motstånd bland de involverade? Om, varför? Kan motståndet relateras till vilket av företagen man kom ifrån?
- Vad gjordes för att hantera motståndet?
- Stannade all nödvändig personal kvar? Skedde det några personalrationaliseringar?
- Hur motiverades personalen? Användes belöningsystem?
- Var det mycket turbulens bland personalen? Var turbulensen större bland personalen i det förvärvade företaget?
- Vem tog över företaget? (vad hände med de båda ledningsgrupperna)
- Använde ni extern hjälp? Hade det varit bättre eller sämre?

Kommunikation

- Vilka typer av kommunikation användes?
- Vem hanterade och genomförde kommunikationen?
- När påbörjades kommunikationen till personalen?
- Vilken information förmedlades till personalen?
- Hur fick ni feed-back från personalen på den utsända kommunikationen?
- Skedde det kommunikation med de anställda på ett individuellt plan? Hanterades all personal lika?

Ledarskap

- Fanns det en vision i sammanslagningen/förvärvet? Hur tydlig var den? Var den till för alla?
- Hur kommunicerades denna vision? Vem kommunicerade?
- Är personalen medveten om denna vision idag?
- Hur stor roll spelade ledaren i sammanslagningen/förvärvet?
- Vad är viktigt för ledaren att få sammanslagningen/förvärvet att fungera?

Kultur

- Vad innebär företagskultur?
- Var det stora skillnader mellan organisationerna?
- Fanns det olikheter/likheter i företagskulturen företagen emellan?
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- Uppstod det kulturkrockar?
- Vad hände med de båda företagens kulturer?
- Var det lätt eller svårt för personalen att anpassa sig och acceptera den kulturen som råder idag?

SME-perspektiv

- Vilken var den största osäkerheten inför sammanslagningen/förvärvet?
- Vilka anser ni är de största skillnaderna mellan små och stora företag (som har en inverkan på integrationsprocessen)?
- Hur anser ni att en företagskultur i ett småföretag skiljer sig från en företagskultur i ett större företag?

Vad tycker ni?

- Saknades resurser för att genomföra, utnyttja sammanslagningen/förvärvet på bästa sätt?
- Har det varit svårt att genomföra integrationsprocessen? Fanns det andra problemområden än vad som tidigare nämnts i intervjun?
- Anser ni integrationen lyckad? Finns det saker ni skulle vilja ha gjort annorlunda? Råd till andra?

- Får vi lov att använda företagets namn i uppsatsen?