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Strategic decision-making in the post-integration process of cross-border mergers and acquisitions: A qualitative research synthesis

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Abstract

As a result of globalization, the number of cross-border mergers and acquisitions increased constantly the recent years. The merger and acquisition process is highly uncertain, complex resulting in unpredictable outcomes and therefore one third of all mergers and acquisitions worldwide still fail. The most critical step in the process is the post-integration as most of the mergers and acquisitions fail in this particular part of the overall process. This research identifies the most common made human failures within the post-integration decision-making process of cross-border mergers and acquisitions using qualitative research synthesis. By using qualitative research synthesis prior qualitative studies focusing on failures in the cross-border post integration process are analysed, synthesized and interpreted to identify common failures within the post-integration process. The common failures identified are internal uncertainty and ambiguity, organizational politicization, voluntary departure of key people, organizational negligence, cultural differences and leadership vacuum. Based on these identified failures potential strategic decisions for executive management are set to increase practical relevance and to avoid these failures in future post-integration. To successfully integrate organizations within the post-integration creating synergistic exploitation, the executive management should mainly focus on implementing HR practise and focus on cross-cultural management. With appropriate cross-cultural management, clear cultural standards and cultural values the amount of cultural conflicts are reduced.

Key-words: cross-border mergers and acquisitions, post-integration process, cultural integration and strategic decision-making.

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1. Introduction

Statistics of the Institute of Mergers, Acquisitions and Alliances (IMAA) showed in 2015 44.000 mergers & acquisitions (henceforth referred to as M&A) transactions worldwide with an overall value of more than 4,5 trillion US dollars (Institute of Mergers, Acquisitions and Alliances , 2017). According to Hillier, Grinblatt and Titman (2012), a merger can be explained as the transaction of combining two organizations into one organization, and the authors defined acquisition as the purchase of one organization by another organization (p.646). Nowadays, M&A of organizations across borders has been growing as world's economies become more integrated (Lim & Lee, 2016). Due to the acceleration of globalization in the twenty-first century one third of all M&A are so called ''cross-border M&A'' (Erel, Liao, & Weisbach, 2012; Lim & Lee, 2016).

Cross-border M&A increased significantly in the last decade as a result of globalization, integration of capital and product markets, and due to the introduction of new and fast growing emerging markets (Moeller & Schlingemann, 2005; Pablo, 2009). Therefore, these factors became important strategic issues for organizations for making cross-border M&A decisions (Moeller & Schlingemann, 2005). Additionally, the acknowledged abolishment of internal borders of 26 countries within Europe and the partial implementation of a single currency led to strong economic integration. This strong economic integration resulted in more assessable cross-border M&A processes in Europe, and therefore led to an increase in cross-border M&A within Europe (Bley & Madura, 2003; "Schengen Visa info," 2017). In addition, Chen and Findlay (2003) explained that increased cross-border M&A represent over 1144 billion US Dollar by (1) the privatization of companies owned by the state, (2) deregulation of services and (3) decreasing restrictions for cross-border investing and lastly (4) the possibility of free cross-border trading. Hence, one third of all M&A transactions are cross-border deals, whereby two third executed between developed countries (Erel et al., 2012; Gregory & O'Donohoe, 2014).

1.1 Problem definition

Even though the number of transactions of cross-border M&A constantly increased during the last 31 years, M&A accomplished to create diversification and growth are not always as successful (Shrivastava, 1986). M&A may develop unrelated conglomeration and diversification which will result in lower capital productivity, higher degree of variance in performance, lower financial performance and lastly higher market-related risks as stated by Shrivastava (1986). The main reasons of above described bad organizational performance after M&A are improper premerger analysis resulting in weak M&S partners, lack or absence of designed diversification strategy, the lack of post-M&A integration and the inability or unwillingness to divest the unrelated parts (Shrivastava, 1986).

Very and Schweiger (2001), describe an M&A as a dynamic process regularly failing to create value for investors as frequently researched by financial economists, various consulting firms and strategic management researchers. Accordingly, Lim and Lee (2016) explain this dynamic M&A process as highly uncertain, complex and with unpredictable outcomes.

The most critical step in the M&A process is the effectively post-integration of the two organizations into one organization on all the different organizational levels within the new designed organization (Shrivastava, 1986). Additionally, more recent literature also indicate post-integration as the most critical step of the M&A process (Bauer & Matzler, 2014; Birkinshaw, Bresman, & Hakanson, 2000; Dao, Bauer, Strobl, Matzler, & Eulerich, 2016; Graebner, Heimeriks, Huy, & Vaara, 2017). While different aspects, such as integration of procedures, physical assets and organization culture come together within the overall integration of the M&A, several considerable problems can appear (Shrivastava, 1986). In addition, cross-border M&A integration is an even more uncertain and complex process in comparison with domestic M&A integration because of larger differences between organizational identities, cultural characteristics, economic environment and institutional aspects based on the research of Lim and Lee (2016). Cross-border M&A often result in a looser and slower integration progress of the organizations and generally lead to less synergistic benefits as a consequence of differences within the internal organizations, differences in cultural characteristics and economic prospects (Lim & Lee, 2016; Eero Vaara, 2003).

One third of all M&A failures are caused by a faulty integration process (Shrivastava, 1986). Based on Haspeslagh and Jemison (1991) these failed integration processes are mainly caused by determinism, value destruction and leadership vacuum. In addition, the success of M&A in the long-term is only achievable through process management, effective communication and sensitivity on both sides of the M&A (Birkinshaw et al., 2000). According to Bagchi and Rao (1992) non-optimal M&A’s are in many situations caused by difficulties in the strategic decision-making process of the management, because of uncertainty, high speed and high pressure of the acquisition process. Therefore, it can be concluded that the decision-making process of the acquirers' management within the integration process could have a significant impact on the overall long-term success of the M&A. Consequently, the top management of merged organizations create a strategic and structural context in the post-integration process shaping the behaviours of internal stakeholders within various management levels (Birkinshaw et al., 2000; Haspeslagh & Jemison, 1991).

Within cross-border M&A, decision-making processes are even more complex and influenced by social processes, as various stakeholders with different backgrounds are responsible for the coordination, control and implementation of the merged organizations. Most of the cross-border M&A are driven by beneficial strategic, revenue and legal prospects, but the success of the integration process is often determined by the cultural aspects of the deal. As a matter of fact, the failure of an M&A integration is often caused by cultural differences (Appelbaum, Roberts, & Shapiro, 2009). Besides, due to the increase of cross-border M&As including differences in employee influence and national traditions, decision-making within cross-border M&A post-integration process is currently more than relevant (Rocha, 2009).

1.2 Research question

In the last three decades, many research is established based on cross-border M&A. In recent years, more scientific authors focused on research within the post-integration process of M&A, as it became clear this process is crucial for the overall success factor of M&A (Graebner et al., 2017). Mainly all of the studies based on the post M&A integration process are focused on rationalistic explanations, and therefore little research is done based on the ''irrational'' features of post-acquisition strategic decision-making (Vaara, 2003). In addition, it can be concluded there is limited knowledge of the internal decision-making processes during the integration of organizations (Vaara, 2003). Graebner, Heimeriks, Huy and Vaara (2017), concluded that more research is needed to learn more about optimizing the decision-making process of the acquirer's management within the post-integration process in order to establish a successful integration.

This research attempts to fulfil this research gap considering the strategic decision-making process based on potential behavioural failures within the post-integration process. As the post-integration of cross-border M&A is of importance for the overall success of M&A,

this research is accomplished to identify and explain common prior made failures within the M&A integration process in order to provide perspectives for executive's management to assist in advancing ''best'' practices in order to present new perspectives on strategic decision-making within the cultural integration. The following research question will be answered in the research:

How can executive managers of cross-border mergers and acquisitions anticipate on the most common organizational behavioural failures within the post-integration process?

The aim of this qualitative research is to avoid common made human failures in the post-integration decision-making process of a cross-border M&A based on preliminary literature. Various research was already published covering the potential opportunities and threats in the M&A process. Within this current research, the most common human failures of the M&A post-integration process are indicated first, based on this preliminary literature using qualitative research synthesis. This research method combines various prior qualitative studies to identify and compare the most common human failures within prior established post-integration processes of cross-border M&A. Additionally, this qualitative synthesis has the potential to contribute to ideas and provide recommendations for practice. After these failures are identified in this research, they are also recognized in the failed cultural integration of the ''DaimlerChrysler'' case. Based on the most common cultural integration problems resulting in failed cross-border M&A, feasible management recommendations are given to prevent the identified problems in future post-integrations. Prior studies in this research topic only paid little attention to ambiguities and uncertainties on post-integration and did not offer contemplation or did not reflected the decisions made by managers of acquirer organizations (Vaara, 2003).

1.3 DaimlerChrysler case

The research presents an in-depth analysis of the well-known failed merger between the car manufacturers Daimler-Benz and Chrysler. This case is used in order to intensive examine most common failures identified in this research. In May 1998, the largest cross-border merger since then between the German car, motor and combustion engines manufacturer Daimler-Benz and the American car manufacturer Chrysler was announced (Hammerich & Lewis, 2013; Sarosi, 2016; Steinbach, 2014). Merging both organizations created an enormous global organization with yearly revenues over 150 billion dollar, becoming the fifth biggest car manufacturer in the world (Hammerich & Lewis, 2013).

Daimler-Benz was founded in 1926 and a well-established organization in Germany and Europe known for its high quality representative cars in the luxury segment (Hollmann, Carpes, & Beuron, 2010). The culture of Daimler-Benz was characterized as formal and structured. In addition, the management was known for its efficient, safe and conservative management style (Appelbaum, Roberts, & Shapiro, 2009; Weber & Camerer, 2003). On the other side, Chrysler was founded in 1925 in America's capital city of the automobile industry Detroit. Chrysler was well-known for the production of high quality cars and at the same time the third-largest care manufactory of Detroit (Maynard, 2009). The organization was in comparison to Daimler-Benz more approachable and easy-going with a freewheeling structure. The management style of Chrysler could have been described as more risk taking and diversified in comparison with Daimler-Benz (Appelbaum et al., 2009; Weber & Camerer, 2003).

Before the merger of the new named DaimlerChrysler, both organizations were performing successfully. Chrysler was even characterized as the most cost-effective car manufacturer of America (Weber & Camerer, 2003). The motivation of the mergers was mainly based on global expansion, as 63% of the revenue at Daimler-Benz was established in Europa whereas 93% of the revenue at Chrysler was established in only North-America (Blasko, Netter, & Sinkey Jr, 2000). By combining both organization, direct expansion possibilities were established by using each other's infrastructure, capacities and facilities. Moreover, knowledge exchange to enhance and develop the different brands of both organizations was an decisive factor for the initial merger (Blasko et al., 2000).

The management and shareholders of both organizations expected that the merger would benefit both organizations successfully by taking advantage of the resources and strengths of the other organization (Weber & Camerer, 2003). In addition, the management expected to create synergies by combining the strengths of both companies for a global market (Blasko et al., 2000). However, the excepted synergies were totally different in reality. After the merger, the share price of the combined organizations dropped significantly as can be seen in figure 1. The prospected profitability of the merger was not realised and the organization began soon after the merger to lose money and therefore had to lay off a significant amount of employees (Weber & Camerer, 2003).

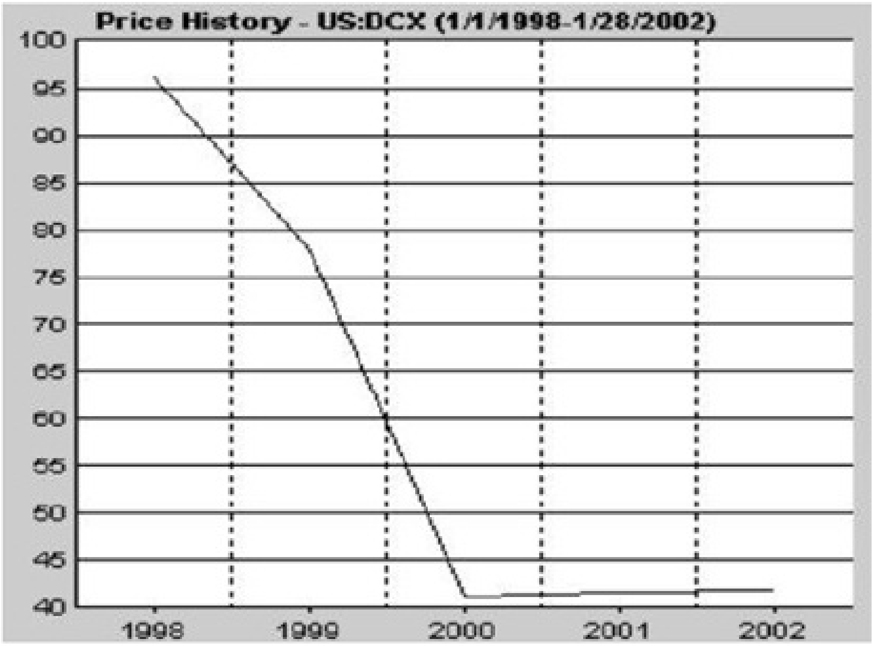

Figure 1. Daimler-Chrysler's share's prices between 1998 and 2002 *(Commisceo Global, 2016)*

The integration process of the DaimlerChrysler failed due to the cultural differences within the combined organizations. As stated by Hollmann et al. (2010) the organizational differences between Daimler-Benz and Chrysler were too large to successfully integrate both organizations. The organizations were based on fundamental different morals and values and therefore the collaboration collapsed from the beginning on (Hollmann et al., 2010).

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In the case of DaimlerChrysler there was a clear cultural resistance between the two different combined organizations, and eventually was the main cause of the failed merger. First of all, the organization structure of both organizations was totally different. Daimler-Benz was described as an authoritarian hierarchical organization, with clearly identified chains of commands. Chrysler in contrast was characterized by an more accessible, team oriented and egalitarian approach (Commisceo Global, 2016). The organizational culture of Chrysler was based on the values equal rights for all employees, empowerment and efficiency, whereas the values of Daimler-Benz were based on centralized decision-making, bureaucracy and authority. In addition, the management of Chrysler stimulated creativity among the employees where the management of Daimler-Benz had a more methodical approach (Hollmann et al., 2010). In addition, the organizational identity of both organizations was different in terms of production. Whereas, Daimler-Benz focused on reliability and the highest quality of products, was Chrysler more focusing on competitive pricing and design. This resulted in conflicting goals in the various departments of the organization (Commisceo Global, 2016).

1.4 Outline of the research

In this research, the M&A process is introduced in the theoretical framework. As this research is focused on the post-integration process of cross-border M&A, this topic is also further explained in the theoretical framework. In the methodology, the research design and data collection process is explained. Additionally, also the conceptual model is introduced in the methodology. Afterwards, the results of this research show the qualitative synthesis to identify the most common human failures in the post-integration of cross-border M&A and elaborate on strategy decision-making in order to avoid these failures in the future. Lastly, in the discussion and conclusion the key findings, implications, limitations and future research potential of this research are explained.

2. Theoretical framework

In this theoretical framework, the post-integration in a cross-border M&A is explained based on preliminary research. The concepts explained in this theoretical framework determine the hypothetical relationship of this research to eventually answer the research questions based on the conceptual model visualised and further described in chapter 3. This conceptual model is the fundament for the continuation of this research. First of all, the different steps of the M&A process are explained. Afterwards, the post-integration process is further explained in detail including the different categories. Following, the different potential problems in the post-integration of M&A are discussed. At the end, the decision-making process in the M&A post-integration process is explained. Additionally, an introduction about strategic decision-making is given in this theoretical framework.

2.1 Mergers & Acquisition process

As mentioned in the introduction, the M&A process is a complex process. The book of Haspeslagh and Jemison (1991) upon which many M&A research is based, explained the process of M&A as a step-by step analytical process starting with M&A objectives, and continuous with systematic search and screening, strategic evaluation, financial evaluation and negotiation and finally result in a justifiable purchasing price. Very and Schweiger (2001) describe in their research all different phases included in the M&A process. The first phase of the process is defining the acquisition strategy. In this first step a potential target firm is identified and selected. This acquisition candidate will be analysed financially by the acquirer, a strategic positioning will be set and potential synergy gains are identified. Furthermore, a diagnosis of financial fit is created by the acquirer and due diligence procedures are started to satisfy all legal requirement necessary for the actual purchase. After the valuation of the target, the negotiations with the target and shareholders starts in order to set the purchase price. After the final purchase the integration of the acquisition starts (Very & Schweiger, 2001). The integration process in this research referred to as post-integration process will be further discussed in paragraph 2.4. In addition, in reality this process is far more complex and all different steps include different dimensions but can be simply visualized as showed in figure 2 (Haspeslagh & Jemison, 1991).

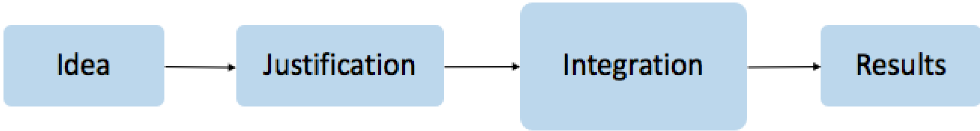

Figure 2. Merger & Acquisition process (Haspeslagh & Jemison, 1991)

2.2 Idea of cross-border M&A

The main idea behind M&A is the creation of value for shareholders. Theoretically cross-border M&A have the same key principles in comparison with domestic M&A. Both domestic and cross-border M&A are established in order to increase value from acquiring managers perspective (Erel et al., 2012). Cross-border M&A could become potentially even be more valuable in contrast to domestic M&A, because a global wider variety of possible M&A partners allow more potential synergies (Ahern, Daminelli, & Fracassi, 2015). In addition, cross-border M&A may also create more value in comparison to domestic M&A, due to development of efficient distribution systems and diversification due to grow potential in new markets (Ahern et al., 2015).

Cross-border M&A can be explained by a variety of motivations, dependent on industry and organizational factors (Vasconcellos & Kish, 1996). One of the main motives for cross-border M&A is to expand their boundaries to increase global diversification (Conn, Cosh, Guest, & Hughes, 2005; Denis, Denis, & Yost, 2002; Moeller & Schlingemann, 2005). Global diversification can according to Denis et al. (2002) be described as the proportion of foreign sales in comparison to the total sales of an organisation. Besides, another general motive for cross-border M&A are governance-related differences between countries (Erel et al., 2012). Countries with better accounting standards, better shareholder protection and foreign investment protection, so with overall higher governance standards stimulate cross-border M&A (Pablo, 2009).

Overall, the idea for a potential M&A can be split into synergy motives, agency motives and hubris (Berkovitch & Narayanan, 2016). First of all, synergy motives are based on gaining economic benefit. Secondly, agency motives are motives suggesting that M&A are established for the welfare of the management (Berkovitch & Narayanan, 2016). Hence, maximization of management utilities, such as increase of power, status and salary, may be important motives for M&A in perspective of the organizations management and examples of agency motives (Danbolt, 2004). Lastly, the hubris motive is based on the mistakes of managers in the evaluation of a target firm and no synergy is included in the M&A (Berkovitch & Narayanan, 2016).

2.3 M&A Justification

After the idea of M&A is created, the justification of the strategic nature acquisition takes place. In this pre-phase potential, operating synergies are determined in order to increase the value of the combined organization. The so called ''operating synergy'' can be explained as two organizations being more profitable together as one organizations rather than separate (Hillier et al., 2012). Operation synergies are driven by potential wealth gains due to combining two organizations together (Bley & Madura, 2003).

First of all, the additional value of operating synergy is created by the development of efficiency (Seth, Song, & Pettit, 2000). Efficiency can be created in the form of economies of scale, which can be explained as the decrease of costs per unit when quantities increase due to higher efficiency (Bley & Madura, 2003; Hillier et al., 2012). Additionally, wealth can potentially increase by a larger scale of efficiency due to better and more efficient streamlined operations (Houston & Ryngaert, 1997). Furthermore, additional value can also be created due to lower contracting costs for a combined organization in comparison to separate entities (Erel et al., 2012).

Following, the potential market power of an combined organization could also gain additional wealth (Seth et al., 2000). As a result of M&A, an combined organization has strong enhancement of competitive advantage, and therefore an increased market share or more complete product mix to offer (Bley & Madura, 2003).

Overall, similarities in acquiring a target organization commonly result in higher synergy after M&A. Organizational similarities develop greater economies of scale, improve performance and combine marketing and R&D departments. (Harrison, Hitt, Hoskisson, & Ireland, 1991). At the end, any gain of wealth due to synergy after M&A is shared between the shareholders of the combined organization (Seth et al., 2000).

2.4 Post-integration

As prior described in this theoretical framework, M&A processes are complex and uncertain. Besides focusing on pre-M&A during the overall process, several researchers explained the importance of the post-integration process of M&A. The success of a M&A therefore depends either on the pre-M&A process and the post-M&A integration process (Bauer & Matzler, 2014). In this paragraph, the post-acquisition process will be further explained.

Based on Haspeslagh and Jemison (1991) post-integration can be explained as: ''*an interactive and gradual process in which individuals from two organizations learn to work together and cooperate in the transfer of strategic capabilities''.* Additionally, Hayes (2014) and Pablo (1994) both defined making changes as an essential part of the integration design process that ideally are made with respect to the most important cultural values of both organizations of the M&A. Furthermore, the integration of two organizations can be defined as the heart of the acquisition process, as the application and transfer of strategic capabilities could create the desired potentials and synergies (Bauer & Matzler, 2014; Haspeslagh & Jemison, 1991). Thus, it can be concluded that the post-integration process is the value enhancing period of the overall M&A process (Bauer & Matzler, 2014).

Overall, the post-integration process is necessary to enhance the efficiency and effectivity of resources and organizational activities in order to accomplish prior set common organizational goals (Pablo, 1994). Furthermore, Shrivastava (1986) explained in earlier research the necessity of integration, because many problems can occur as M&A organizations are often large and formal, and operate regularly in greater numbers of specialised or functional departments. Due to this complex organizational structure integration is necessary for the coordination of different activities to accomplish the set goals by the organization. Additionally, the different departments have to be controlled and monitored in order to see whether the departments perform as should. Lastly, during the post-integration conflicts are resolved about inconsistent goals between the fragmented interests of departments of the merged organizations (Shrivastava, 1986). The post-integration thus should realize the during the pre-M&A set potential synergies, to generate more additional value. Additionally, the process should ensure internal coherence within the combined organization, to control potential for altering bureaucracy. Lastly, post-integration should create a compatible organizational frame by adapting beliefs, practices and value within the combined organizations (Schweiger, Csiszar, & Napier, 1994).

Shrivastana (1986) created the base for research in the post-integration M&A process field, and identified post-integration absolutely necessary, nevertheless also complex and impressionable by different internal and external factors. Examples of these factors are: the size of the organization, technology development, organizational environment, management values and social and cultural norms (Shrivastava, 1986). As the post-integration is a complex process, it is relevant to understand the different post-integration categories identified by Shrivatana (1986) to succeed in the post-integration process. The categories identified are (1) procedural integration, (2) physical integration and (3) managerial and sociocultural integration.

2.4.1 Procedural integration

The first category of integration is identified as procedural integration and can be explained as combining the different procedures and systems of the combined organizations at the operating, management control, and strategic planning level after the M&A (Shrivastava, 1986). Part of this, is the integration of the accounting systems of both organizations and transferring the ownership title. Furthermore, other procedures and management control systems have to be integrated in the combined organizations, such as inventory control, sales analysis, scheduling and costing. Integration of above mentioned systems may lead in structural adjustments, changes in work procedures, development of report formats or changes in employees (Shrivastava, 1986).

2.4.2 Physical integration

During the procedural integration together with the physical integration the potential synergies are realized as prospected in the pre- M&A phase, based on research of Birkinshaw, Bresman and Hakanson (2000) together identified as task integration. Therefore, physical integration accompanies the procedural integration by optimizing the production lines; to see whether the products of the target can contribute to the goals of the acquirer, R&D projects, plant and equipment, real estate assets and product technologies.

2.4.3 Managerial and sociocultural integration

Managerial and sociocultural integration is per definition the most complex and most difficult integration category. Managerial and sociocultural integration involves issues related to the selection of manager transfers, the organizational structure changes, development of a stable internal culture, commitment and motivation of employees, and the development of new leadership (Moeller & Schlingemann, 2005). In addition, Birkinshaw et al. (2000), combined managerial and sociocultural integration as ‘’human integration’’. Human integration can on the contrary be defined as the development of positive behaviour towards the post-integration employees of target organizations and acquiring organizations (Birkinshaw et al., 2000).

2.5 Common problems in post-integration

Poor post-integration is the most important cause for acquisition failures and is also the phase of the M&A process were the most problems may occur (Haspeslagh & Jemison, 1991; Pablo, 1994). Therefore, Shrivastava (1986) stated that problems during the post-integration are common. A recent study of Dao, Bauer, Strobl, Matzler and Eurlerich (2016) showed that 40% to 60% of the M&A fail, as many combined organizations are not able to create the expected value during the post-integration. Very and Schweiger (2001) agreed with Haspeslag and Jemison (1991) about the fact that a successful post-integration is based on an appropriate pre-M&A process, including, analysis of the prior performance of the target. Additionally, poor coordination of the pre-M&A process could result in bad preparations for the post-integration (Very & Schweiger, 2001).

Three types categories were introduced by Haspeslagh and Jemision (1991) identifying the different problems during the post-integration of M&A. These are determinism, value destruction and leadership vacuum (Haspeslagh & Jemison, 1991).

2.5.1 Determinism

Determinism is the tendency to stick with the original justification created in the pre-M&A process. On the other hand, determinism can also be the confrontation of a different reality in comparison with the analysis in the pre-M&A. Determinism occurs because of unexpected events like improvement of technology, radical changes in the environment or industry, the reaction of competitors, changes within the acquiring organization and resisting behaviour from within the organization. Moreover, in the post-integration phase additional information or data can come available, where the acquired did not know about on forehand (Haspeslagh & Jemison, 1991).

In cross-border acquisitions it is more difficult to have access to legitimate information of the target as the acquirer is operating in a new environment. Different language, regulations, socioeconomic conditions and differences in culture make it more challenging to interpret the information provided such as, the assets and liabilities, costs and forecast revenues and additional information (Very & Schweiger, 2001). Overall, Schweiger et al. (1994) stated that changes made during the post-integration affect the organization in its entirety. Additionally, it is difficult to identify the impact and comprehensiveness of these changes (Pablo, 1994).

2.5.2 Value destruction

The second category of problems in post-integration is value destruction. Value destruction can be defined as the impact of M&A on the employees and managers of the target organization and acquiring organization (Haspeslagh & Jemison, 1991). The changes caused by M&A could have a negative impact on employees and managers and therefore potentially lead to less value or even decrease of value creation (Pablo, 1994). Changes as a result of M&A can cause resistance from employees and managers at the target but also at the acquiring organization. Additionally, also disruptions can occur as different organization cultures collide, and result in substantive incompatibles. Both resistance of employees and disruptions of organization cultures prevent the combined organizations from creating operational synergy (Dao et al., 2016).

Differences in organization culture within cross-border M&A could cause difficulties because of cultural differences and geographic distance (Erel et al., 2012). First of all, countries have their own traditions and their own culture identity. Besides, employees of cross-border M&A speak often different languages and could have different religions. All these differences could affect the added value of M&A and could increase the costs (Ahern et al., 2015). Additionally, the larger the distance between countries, the more differences between cultures and therefore the more difficult to do a successful M&A (Ahern et al., 2015). Overall, cultural differences and geographic distance could affect the economic decision-making as creating synergy requires employees of the combined firm to work together and adapt to changes (Ahern et al., 2015).

2.5.3 Leadership vacuum

The last category of common problems is leadership vacuum, and can be explained as the lack of appropriate top managers to lead the combined organization. Problems can occur especially when the acquisition is the first entry to the country of the cross-border M&A. Leadership vacuum may occur due to problems in communication and negotiation when the managers lack knowledge about the target organization and target country (Very & Schweiger, 2001). Management problems may also result in bad task integration in case the different management systems are aligned inappropriately (Birkinshaw et al., 2000).

2.6 Decision-making in M&A

Due to uncertainty, high speed and high pressure of the M&A process many difficulties can arise within the strategic decision-making process (Bagchi & Rao, 1992; Lim & Lee, 2016). Strategic decision-making is the dynamic capability of the management to establish the general strategic development of an organization based on the various business, personal and functional knowledge and expertise of the prevailing managers (Fredrickson, 1984). To accomplish short-term and long-term goals set during the pre M&A phase the management is required to make strategic decisions (Eisenhardt & Zbaracki, 1992; Elbanna, 2006). In addition, these decisions have a significant influence on the potential organization coping with a challenging competitive global environment (Fredrickson, 1984). Therefore, it can be stated that top managers of the organization do have the power to influence the success of the decisions made and therewithal, the overall success of the organization (Sharfman, 1996). The success of an organization is thereby accomplished by developing various capabilities to increase or sustain the high performance of an organization or any competitive advantage (Hayes, 2014).

During the post-integration of M&A various discussions and speculations about potential organizational changes could take place within the merged organizations. Any changes with large impact and fundamental effects on the combined organizations, stakeholders and specific units are of particular interest and therefore these changes have a high chance to create ''integration issues'' for the decision-makers of the M&A (Vaara, 2003).

Due to M&A a new control relationship is created for the different business units and their managers, by which a different way of decision-making is applicable (Vaara, 2003). New kinds of social entities are created for interpreting the integration issues for the management of the merged organizations to the new organizational entity with difference in cultural background and new roles within the organization (Vaara, 2003). Overall, based on the research of Vaara (2003), four different characteristics were defined which could generally lead to impediments within the post-integration decision-making process. These four characteristics are: cultural confusion, issue politicization, inherent ambiguity and organizational hypocrisy. Additionally, it can be stated that strategic decision-making within post-integration is established to fulfil the need to maximize the economic value of an organization (Hayes, 2014). Overall, strategic decision-making within post-integration is of importance because of five different characteristics: are often large, risky and difficult to reverse as of long-term impact, they are the link between deliberate and emerging strategy, they are of importance for the development of managers, they can be a considerable source of organizational learning and they cut across all different levels within an organization (from functional to academic disciplines) (Papadakis & Barwise, 2002).

2.7 Conclusion

In this theoretical framework, the post-integration process of cross-border M&A combined with the strategic decision-making was explained. Cross-border M&A have mainly the same motives as domestic M&A, whereby the general aim is to create value for the shareholders. Global diversification is one of the other motives for M&A in order to expand across borders. Also, governance-related differences between countries could be a motive for cross-border M&A. Additionally, cross-border motives can be divided into synergy motives, agency motives and hubris motives.

One of the main ideas for cross-border M&A is to create operating synergy, which can be described as the fact that two organizations gain more potential wealth together by effective and efficient combining of the two organizations.

The post-integration process of M&A is the most important phase of the M&A process, because poor post-integration cause M&A failures and therefore could result in not gaining additionally value or even losing value. The post-integration includes the process of creating one organization out of two separate organization by learning how to work together and to cooperate in the transfer of strategic capabilities. Different post-integration categories can be defined, including the procedural integration, physical integration and the managerial and sociocultural integration.

Determinism, value destruction and leadership vacuum are the three main problems during a post-integration and even may result in overall M&A failure.

Overall, post-integration of a cross-border M&A can be seen as very crucial and important. Poor pre-M&A processes may also influence the final post-integration process of M&A, and therefore make post-integration very difficult, complex and uncertain.

To accomplish short-term and long-term goals the management of an organization have to make strategic decisions based on the business, functional and business knowledge and expertise of the executives. Due to internal and external influences on the organizations strategic decision-making is a dynamic but also a very complex process. To conclude, as the decision-making process in the post-integration of M&A’s is uncertain, with high pace and has high pressure for the executives’ various difficulties may arise and therefore could lead to overall failure.

3. Methodology

In this methodology, the execution of the research is described. First of all, the research design explains the type of research used including an extensive motivation for the choice. Additionally, the data collection process for this research is explained.

3.1 Research design

In this research, an analysis is made to optimize post-integration strategic decision-making based on the potential problems within this process identified in the preliminary literature. This is an exploratory research, whereby the potential problems as defined by Haspeslagh and Jemison (1991), Schweiger and Very (2003) and Vaara (2003) are studied profound to come-up with applicable decision-making solutions to avoid problems in future post-integration processes.

This research is a qualitative research examining the non-numerical background of the information that is gathered (Bryman & Bell, 2011; Verhoeven, 2011). In addition, the researcher has chosen for a qualitative research design because this method can fulfil a gap by giving a profound view on strategic decision-making in the post-integration process of M&A. With help of the literature research a hypothetical relationship with the concepts and the preliminary literature is derived, resulting in the design of a research strategy in form of a conceptual model. The continuation of this research is based on the research method qualitative synthesis as this research, analyses, synthesizes and interpret the results of prior qualitative studies focusing on the cultural integration of cross-border M&A. Different existing literature is in this synthesis compared to identify the most common human failures in order to offer a whole new comprehensive view on strategic decision-making in the post-integration M&A process. Additionally, qualitative synthesis in this research links the concepts of ''post-integration'' and ''strategic decision-making'' gathered from various scientific article perspectives (Howel Marjor & Savin-Baden, 2010).

Afterwards, the identified failures within the post-integration process are recognized in the case study of DaimlerChrysler to further elaborate and to outline a clear picture of the indicated failures. At the end, the possible strategic decisions are indicated based on the problems, basically answering the question: ‘’Which decisions should a management make to avoid the common occurred post-integration problems’’.

Both data collection methods are qualitative, and therefore this research can be identified as a mono-method research (Bryman & Bell, 2011). The researcher chose the qualitative data collection method as the ultimate goal of this research to avoid problems in the post-integration decision-making process of future M&A by answering the following question: *''How can executive managers of cross-border mergers and acquisitions anticipate on the most common organizational behavioural failures within the post-integration process?* This research question is answered with the help of the following sub-questions:

1. What are the most common problems in the post-integration process of M&A's?
2. Which methods/possibilities of strategic decision-making can prevent the common problems in the post-integration process of M&A's?

3.2 Data collection

With the preliminary literature, a foundation is created for the development of the research. This desk research is based on academic journals provided by the online library of the University of Twente. Moreover, the library of the University of Twente, gave the researcher access to the online academic journal database '' Scopus'' and ''Google Scholar'', in order to find relevant academic articles for this research. The researcher searched for international publications reporting qualitative research about failures within M&A and cross-border M&A to identify common concepts across the different articles. In addition, the synthesis interpreted the different individual studies using the so-called second-order constructs. Based on these constructs new perspective beyond those offered in the cross-border M&A literature were established by using literature based on strategic decision-making. Based on these academic articles provided, the conceptual model was developed.

To continue, a conceptual model was designed based on the relevant concepts provided in the literature, to operationalize the constructs as can be seen in figure 3 (Saunders, Lewis, & Thornhill, 2009). This model is based on strategic decision-making within the post-integration of a M&A. Poor integration may finally result in the deduction of potentially added value as analysed in the pre-M&A phase. The most common failures made in the post-integration process as a result of poor strategic decision-making are according to Haspeslagh and Jemison (1991) characterized as determinism, value destruction and leadership vacuum as showed in the conceptual model. This research has analysed these main failures in post-integration to see how strategic decision-making have to be established in the future to avoid these three failures. To decrease failed post-integration processes, this research is based on prior made decision-making mistakes.

Based on the operationalization of the constructs in the form of the conceptual model further deductive research is conducted. By collection scientific articles a case based empirical data about the problems within post-integration, respectively determinism, value destruction and leadership vacuum, a clear overview of all different problems is created. Furthermore, the indication of the problems with the help of preliminary literature is desired to indicate the potential problems during the post-integration. After an extensive identification including case based examples, possible decision-making solutions are developed according to the applicable literature. Overall, possible decision-making solutions are identified in order to optimize strategic decision-making for future post-integration in M&A. Executives responsible for post-integration of M&A's in the future can use the possible strategic decision-making solutions in order to avoid the common identified problems during this process.

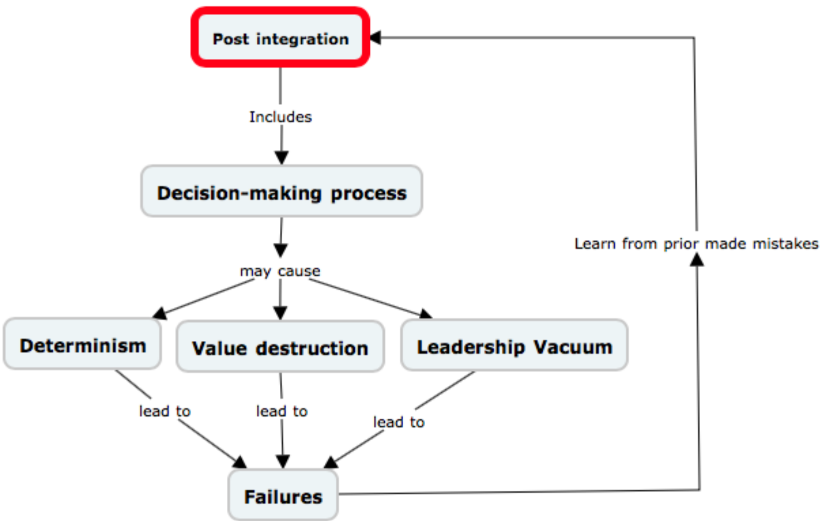

Figure 3. Conceptual model; Decision-making in Post-integration process

4. Results

To answer the problem statement of this research, the following sub research questions are answered in this chapter:

- What are the most common problems in the post-integration process of M&A's?
- Which methods/possibilities of strategic decision-making can prevent the common problems in the post-integration process of M&A's?

First of all, the most common problems caused by human resources within the post-integration of M&A are identified and explained by using the DaimlerChrysler case, to develop a clear view of the problems. Afterwards, the strategic decision-making processes to prevent these common failures in the future are indicated.

4.1 Comparison of literature

Both Haspeslagh and Jemison (1991), Schweiger and Very (2003) and Vaara (2003) identified in their research comparable common problems within the post-integration process. Table 1, shows the main themes and concepts related to this current research identified by these researchers.

Methods, perceptions and concepts	*Haspeslagh and Jemison (1991)*	*Schweiger and Very (2003)*	*Vaara (2003)*
Sample	20 companies, 30 M&A	48 scientific articles	39 key decision makers
Setting	Eight years of research at 30 M&A in the USA, Europe and Asia	Value creation and integration process related scientific articles	furniture manufacturer acquired three smaller furniture companies
Data collection	Case study design additional information gathered from world's most experienced strategic acquirers	Literature review: Linking scientific articles	participant observation, thematic interviews, analysis of available written materials
Main themes and concepts identified by study authors	Three different integration problem categories: determinism, value destruction and leadership vacuum	Five Major Integration Issues: individual uncertainty and ambiguity, organizational politics, voluntary departure of key people, loss of customers and cultural resistance	Characteristics leading to impediments within post integration decision making: cultural confusion, issue politicization, inherent ambiguity and organizational hypocrisy

Table 1. Study Comparison

The first study (Haspeslagh & Jemison, 1991), as earlier explained in the theoretical framework identified the three most common failure categories within the integration process of M&A obstructing the realization of synergies. The researchers identified determinism, value destruction and leadership vacuum as the most common failures within the post-integration process. The book of Haspeslagh and Jemison (1991), is based on a research of eight years within 20 different organizations located in America, Europe and Asia. This case study represents information from 30 M&A including world's most experienced strategic acquirer's. A specific part of the book is focused on failures in post-integration.

The second study (Schweiger & Very, 2003), focuses on the importance to realize an effective integration in order to enhance cash flow with the result to create value for the merged organizations as analysed during the pre-acquisition phase. Schweiger and Very (2003) identified five different major human problems within the integration process of M&A. These five problems are, individual uncertainty and ambiguity, organizational politics, voluntary departure of key people, loss of customers and cultural resistance (Schweiger & Very, 2003). The research linked 48 scientific articles of the topics ''value creation'' to ''integration process'' in order to identify the major human problems within the post-integration process.

In the third study (Vaara, 2003), 39 key decision makers of an acquisition of three small furniture manufacturers from Sweden by the large Finnish furniture manufacturer Isku were interviewed and observed. Also, additional written materials were used within the research. This research focused mainly on the impediments of the strategic decision-making process within the post-integration. Cultural confusion, issue politicization, inherent ambiguity and organizational hypocrisy are according to Vaara (2003) the most common impediments.

The research of Haspeslagh and Jemision (1991) is mainly based on problems within the post-integration from a management perspective and can therefore be defined as a mainly strategically oriented research focusing on the development of potential synergies to increase the overall organizational value. On the contrary, the research of Vaara (2003) and Schweiger and Very (2003), are both more focused on the human orientation as a critical causal factor within the post-integration process. Vaara (2003) and Schweiger and Very (2003) are aware of the human impact influencing the success of a post-integration. Vaara (2003) even stated that human resource-related problems do not get enough attention during M&A and therefore lead to failures during the process as the executive managers are focusing too much on value creation within the organizations. On the other hand, Haspeslagh and Jemision (1991) implied that the failures within the integration process are mainly the responsibility of the management separated from the other decision-making activities involved. For this reason, the study of Haspeslagh and Jemision (1991) does not focus on uncertainties and ambiguities within the organizations causing failures within the post-integration. As Vaara (2003) and Schweiger and Very (2003) do include uncertainty and ambiguity in their research it can be stated that these researchers highlight the socio-psychological processes, and therefore can interpret social constructs with the post-integration. In addition, Vaara (2003) is mainly focusing on human resources related problems within the decision-making process of post-integration, whereas, Schweiger and Very (2003) created a link between ''value creation'' and ''integration'' to determine human oriented problems within the post-integration.

The above described articles do not give a general overview of the problem as they all address different aspects of the phenomenon post-integration. In other words, all three studies explain different failures within the post-integration process. By proposing a new taxonomy with the help of synthesizing a bigger picture of the failures in the post-integration process can be build. Synthesizing the existing literature establish a more practical relevance, resulting in best practices for M&A executive managers (Denyer & Tranfield, 2006). Additionally, as the results of individual studies on post-integration as stated by Graebner et al. (2017) remain fragmented, a new taxonomy is recommend by the researchers. Furthermore, Schweiger and Very (2001) recommend to focus in future research on integration outcomes and performance to determine potential actions for managers to create significant practical value. The researchers even recommended to do research to create practical relevance based on strategic objectives within the post-integration process to decrease the overall confusion about M&A created by previous research (Schweiger & Very, 2003).

4.2 Common problems

As all three researches identified the most common failures within post-integration an overview of all these failures is shown in table 2. In table 2 all failures are compared and the failures in the same row are defined as comparable, or show similarities. As this research is established on strategic decision-making within the integration process, this study especially focus on human failures within the process. Additionally, new themes are created as shown in figure 4. As stated by Yu, Engleman and van de Ven (2005), different human resource problems can be identified during the integration phase of the M&A. However, loss of customers is one of the major human problems within the post-integration process identified by Schweiger & Very (2003), this research does not further elaborate on this topic, as this research focuses only on internal organizational problems. Additionally, as the identified failure ''Determinism'' does not have similarities with the other two researches this research will not further elaborated on this problem. The other six problems are further explained within this chapter.

Haspeslagh and Jemison (1991)	***Schweiger and Very (2003)***	***Vaara (2003)***
-	Individual uncertainty and ambiguity	Inherent ambiguity
-	Organizational politics	Issue politicization
-	Voluntary departure of key people	-
Value destruction	-	Organizational hypocrisy
	Cultural resistance	Cultural confusion
Determinism	-	-
Leadership vacuum	-	-
-	Loss of customers	-

Table 2. Comparison of post-integration failures.

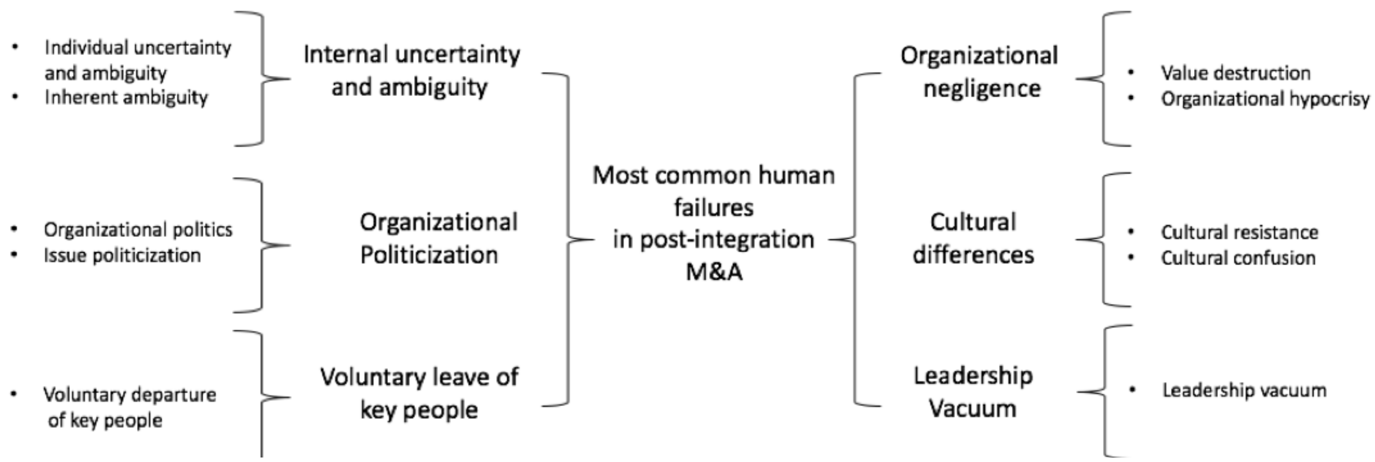

Figure 4. Creation of themes identifying most common human failures

4.2.1 Theme 1: Internal uncertainty and ambiguity

After a merger or acquisition employees of the combined organizations may feel threatened due to individual uncertainty and ambiguity (Schweiger & Very, 2003). Uncertainty of employees within the post-integration process arise when there is not enough information available to inform these employees in an appropriate way (Risberg, 1999). Whereas, ambiguity is explained by Risberg (1999), as the inconsistency of the given information to employees. As stated by Vaara (2003) both uncertainty and ambiguity of individuals within the post-integration process can be a fundamental problem for the development of potential synergies because two organizations with diverse cultural backgrounds and different social identities are brought together. These two problems mainly occur due to so called ′′cultural confusion′′ which is created due to differences or the absence of communication methods and decision-making processes (Vaara, 2003). When the management of the combined organization does not take consequent actions to adapt on the cultural confusion caused by the uncertainty and ambiguity of the individuals this may lead to organizational hypocrisy (Vaara, 2003). This reaction of the employees is based on the inherent changes within the new formed organization. Employees are concerned about the future of the merged organizations, and therefore also their own future (Schweiger & Very, 2003). Based on research of Sinestar (1981) and subsequent research of Risberg (1999) it can be concluded that employees experience the M&A process as a considerable change in their life's, which might result in negative behaviour. The possible unsecure outcomes of M&A can be extremely stressful for the employees and result in a lowered self-esteem, and lower effectiveness (Risberg, 1999; Sinetar, 1981).

In addition, Vaara (2003) explained that besides individual employee ambiguity also corporate management ambiguity could significantly influence the success of post-integration, a potential failure not addressed by Schweiger and Very (2003). The confusion of the management could also occur due to the cultural differences in communicating and manner of strategic decision-making. Furthermore, also language barriers between executive management could result in management ambiguity.

It can be stated that the potential success of M&A can be determined by the inadequacy of the human resource practices provides by the management of the organization (Shield, Thorpe, & Nelson, 2002; Yu et al., 2005). Due to the uncertainty and ambiguity of individuals, managers are confronted with faultlines in the combined organizations (Frantz, 2015). Lau and Murnighan (1998), explained these faultlines, as the division of various groups within an combined organization. These originated faultlines within an organization and may result in internal conflicts due to the prior mentioned different backgrounds and various social identities (Jehn & Bezrukova, 2010).

Overall, academic research showed that the inadequacy of the human resource practices during change and disruption within the post-integration process damages the well-being of the employees (Atkinson & Gary, 2015; Rafferty & Restubog, 2010). The development of individual uncertainty and ambiguity could lead to a lower productivity, a higher absenteeism rate, a poor morale, various safety problems and lastly the resistance to change (Cartwright & Schoenberg, 2006; Schweiger & Goulet, 2000). Weber, Yedidia Tarba and Reichel (2009) and Schweiger and Very (2003) concluded that these human resource problems can increase costs and value leakage and therefore may result in the inability to realize forecasted synergies and cash flows.

Based on the research of Schweiger and Very (2003) and Vaara (2003) it can be clearly concluded that there was a lot of uncertainty and ambiguity in the merger of Daimler-Benz and Chrysler. Therefore, it can be assumed that these two problems caused partly the overall failure of DaimlerChrysler. First of all, differences in culture led to communication misunderstandings within the organization as the employees of both organizations communicated in different ways and this resulted in an increase of conflicts (Hammerich & Lewis, 2013). The differences of cultural background and different social identities within the combined organizations were to different and therefore the organization was not able to implement the potential synergies. These cultural differences led to communication misunderstandings, as both organizations had a totally different communication approach as described in the introduction of this research. These misunderstandings led to the by Schweiger and Very (2003) defined uncertainty. Finally, as concluded by Atkinson and Gary (2015) and Rafferty and Restubog (2010) the ambiguity and uncertainty of employees but also managers at both the Daimler-Benz and the Chrysler business-unit led to lower productivity, a higher absenteeism rate, very low morale and the absolute resistance to change.

4.2.2 Theme 2: Organizational politicization

During the M&A process almost always the ownership structure of the combined organization changes which result in changing management practices (Schweiger & Very, 2003). Continuing, Vaara (2003) elaborated that during the M&A process a different control relationship is established within the combined organizations which can cause major changes within the way of strategic decision-making of the top management. These changes will have particular impact on the business unit managers as they experience the differences directly. Finally, the changes in ownership structure will also impact the other employees of the combined organizations (Floyd & Wooldridge, 1994; Vaara, 2001).

Every organization has its own unique management style, and therefore management styles can differ considerably across different organizations (Schweiger & Very, 2003). As underlined by Datta (1991), different risk-taking propensities give a clear example of the different management styles within the different organizations. For the management of one organization a procedure or policy may be very audacious or excessively risky, whereas these procedures or policies for another organization could be more conservative decisions to make (Datta, 1991). Additionally, as analysed by Buono, Bowditch and Lewis (1985), cultural ambiguity could arise when the differences between the management styles of the combined organizations are significant.

At the same time when the ownership structure of the combined organization change, also the power bases of the organization will change as sources of power such as expert power are changing (Boundless, 2016; Schweiger & Very, 2003). With the change of power within the organization, instability is created and employees can feel threated by these power changes (Schweiger & Very, 2003). The research of Schweiger and Very (2003) build on the research of Datta (1991) and Ivancevich, Schweiger and Power (1987) explained that in general the management of the acquiring firm take over the control of both organization and enforces to implement their own style of management.

These changes in power may lead to the loss of identity among the acquired firms management and can eventually lead to an increase of conflicts, distrust and anxiety within the organization (Ivancevich et al., 1987). In addition, different organizational and cultural identities, changes in functions within the new formed corporate hierarchy and the division of responsibilities during the M&A process may lead to divided key actors within the organization (Vaara, 2003). This hostile division between the key actors of the different organizations evolve in a very unpleasant setting, creating interpretation issues between the executive managers, business unit managers of the acquired organization and business unit managers of the acquired organization (Vaara, 2003). This situation will establish the perfect context for organization politics, such as, manipulating persons, withholding of information, networking and scapegoating to benefit themselves (Schweiger & Very, 2003). As too many people in the organization serve their own needs this will negatively influence the performance of the organization (Schweiger & Very, 2003). Additionally, Vaara (2003) approves this and additionally concluded that people involved in issue politicization act and argue to encourage their own interests.

Despite the fact Haspeslagh and Jemison (1991) did not identify organizational politics as common post-integration failure, the researchers did argue that organizational politics can negatively influence the adaption on the external competitors and decrease the reaction time on the market (Haspeslagh & Jemison, 1991). As a result, the potential synergies as set may not be reach and cash flows will not be as expected. Finally, employees will be demotivated by the political behaviour and key people will leave the organization (Schweiger & Very, 2003).

Organizational politics is the second cause why the merger between Daimler-Benz and Chrysler failed. As the Daimler-Benz unit of the organization attempted to entirely take over the merged organization and even imposed their own culture on the entire organization (Weber & Camerer, 2003). An exceptional situation because the merger was a so called ‘’merger of equals’’, whereby both organizations are used to be equal and can share strengths and capabilities (Weber & Camerer, 2003). This attempt of organizational politics resulted in an even further decrease of employee satisfaction at the Chrysler division. This is in line with the research of Vaara (2003), as hostile division between the two organizations according to the research result in unpleasant settings. Apart from cultural differences, Daimler’s attempted takeover also create a lack of trust besides the prior cultural conflicts. This situation created for the Daimler-Benz business unit as also determined in the research of Schweiger and Very (2003) more power to manipulate and the opportunity to withhold information. Finally, the employees of the two different divisions refused to work together any longer and this again resulted in additional communication challenges (Commisceo Global, 2016).

4.2.3 Theme 3: Voluntary departure of key people

As analysed by Schweiger and Very (2003) the voluntary departure of key people is the reaction on change within the organization. The more changes made during the post-integration phase the higher the percentage of voluntary departure. These key people are for the organization important as their skills and knowledge is most of the time needed to generated the synergies or the potential increase of cash flows (Schweiger & Very, 2003). The executive managers or employees of the acquired organization leaving have the so called ‘’dysfunctional combination-related behaviour’’. These employees are not able to deal with the new situation or do not agree with the directions of the new management and therefore take the first opportunity to leave (Schweiger & Very, 2003). The voluntary departing key people of the organization are often highly educated and most talented employees or executives of the organization. For this reason as stated by Haspeslagh and Jemison (1991) this people have the opportunity to start directly at another organization of competitor. Even this was argued by Haspeslagh and Jemision (1991), the researchers did not identify voluntary leave of key people as main failures, but as cause of their identified main failures. In addition, the research of Walsch (1988) showed a significant increase in top management turnover in the five years after the M&A in comparison with a normal organization (without M&A).

The voluntary departure of key people, such as executive managers or specialized employees is a problem in multiple post-integration processes of M&A which was also the case in the DaimlerChrysler case. As the employee satisfaction was decreased significantly, many engineers and Chrysler executives decided to voluntary leave the organization. The organization had to overcome this problem to enhance new knowledge and skills. Lastly, without overcoming the voluntary departures of key people, no added value can be created within the organization (Risberg, 1999), which was also the problem in this case. The voluntary departure of these key people impacted the overall performance of the Chrysler division, resulting in the dissatisfaction of the Daimler division about the overall performance of the organization (Weber & Camerer, 2003). However, Vaara (2003), did not mention anything about voluntary leave of key people in her research, she did claim that non-voluntary of key people, such as managers was caused by dissatisfaction and internal disorder of employees.

4.2.4 Theme 4: Cultural differences

Schweiger and Very (2003) and Vaara (2003) both identified cultural resistance (‘’’cultural confusion’’) as common failure within the post-integration process. The main problem during the post-integration of an M&A is the effective implementation of two organization into one combined organization (Shrivastava, 1986). The integration of the combined organizations has to be executed on all different levels and therefore involves all employees and all management of both organizations with different cultural backgrounds and organizational identities. Merging the different cultures of both organizations is called the cultural integration (Shrivastava, 1986). Various researchers conclude that merging cultures is a very complex issue within post-integration (Schweiger & Goulet, 2000; Schweiger & Very, 2003; Vaara, 2003; Weber et al., 2009). These researchers also describe cultural resistance as the fundamental cause of failures within the post-integration process negatively influencing the proposed synergy creation and additional cash flow enhancement.

The research of Frantz (2015) assumes that cultural resistance possibly arise due to the fact that the phenomenon ‘’culture’’ is for many M&A developers in the pre M&A phase a unspecified and ambitious concept. These deal-makers are not aware of the necessary cultural dynamics and organization behaviour processes needed to make a M&A successful. In addition, Vaara (2003) explained cultural confusion as the problems of communication and social interaction due to cultural differences. Furthermore, the people responsible for the successful pre-phase of the M&A are often investment bankers or persons only focussing on financial processes, and therefore not interested or aware of the importance of cultural integration for the success of the overall integration of the M&A (Frantz, 2015). Also Weber and Camerer (2003) argue that cultural conflicts are often neglected when the examination of beneficial synergies is executed during the pre-phase of the M&A.

After the purchase during the M&A process, one organization (the acquirer) takes the ownership over the other former autonomous organization. Within this situation the acquirer often force the other organization to change the identity and the culture to create one combined organization (Gammelgaard, Husted, & Michailova, 2005). Due to the changes made, the employees of the acquired organization start to feel threatened as their corporate identity is in their opinion negatively affected (Buono et al., 1985; Gammelgaard et al., 2005). In addition, differences in cultural characteristics and language barriers in the strategic decision-making process and communication practices, can lead to misunderstanding and confusion. At long last these misunderstandings and confusion could lead to cultural resistance (Vaara, 2003).

Overall, the cultural resistance or even cultural conflicts can increase the absenteeism, increase unproductive work, stress and sabotage and above all create a negative and unpleasant environment within the organization (Cartwright & Cooper, 1996). So it can be stated that cultural resistance is most difficult and critical within the post-integration process of the M&A and high cultural resistance could lower the wealth of the organizations stockholders (Gammelgaard et al., 2005).

The merger DaimlerChrysler is by Appelbaum at al. (2009) described as a good example of cultural integration failure. The management of DaimlerChrysler faced the consequences of cultural resistance as the fundamental cause of failure within post-integration finally influencing the overall value of the organization (Schweiger & Goulet, 2000; Schweiger & Very, 2003; Vaara, 2003; Weber et al., 2009). As competitive advantage and the potential synergies between the once very successful Chrysler and Daimler-Benz were never established, various cultural issues escalated, a share price drop from 108 dollar to an outrageous 40 dollar and an additional loss of 512 million dollar the end of the merger in 2007 was inevitable (Hollmann et al., 2010). The DaimlerChrysler case therefore represents the findings of Gammelgaard et al. (2015), indicating that cultural resistance lead to the decrease of shareholder wealth. However, the DaimlerChrysler merger did make sense from a strategic point of view, but the organization identities of both organizations were to different to combine (Appelbaum et al., 2009). Additionally, both organizations were not willing to accept changes and were never able to cooperate to successful establish the merger (Hollmann et al., 2010). Furthermore, the management of DaimlerChrysler ignored all cultural issues within the combined organization and believed that a new synergistic organization was created without any encouragement (Schuler & Jackson, 2001). The management but also the shareholders of DaimlerChrysler faced the consequences of mismanaging and ignoring the employees (Appelbaum et al., 2009). As concluded by Weber and Camerer (2003), culture is pervasive, and is the most important factor influencing the daily operations at an organization, and therefore it is very important to discuss cultural differences already before the actual merger takes place. Something which was not done in the case of DaimlerChrysler. The management of merging organizations had to indicate potential cultural issues in the pre-merger phase and set-up common goals, elaborate on norms and regulations and create a communication strategy in order to succeed (Hollmann et al., 2010).

4.2.5 Combination of failures

The different failures described in this chapter are closely related and could be caused by each other. For instance, uncertainty and ambiguity might be caused due to cultural resistance leading to the voluntary leave of key people. On the other hand, organization politics could lead also to voluntary leave (Schweiger & Very, 2003). Whereas Haspeslagh and Jemison (1991) and Schweiger and Very (2003) did not take into account which failures influence each other Vaara (2003) did. Based on an existing model of Vaara (2003) a new figure (5) is derived to show an overview of the different failures within the post-integration process. Differences in culture, communication, and decision-making can result in internal uncertainty, ambiguity (theme 1) and cultural differences (theme 4). These two failures in contrast can increase the organizational politicization resulting in organizational negligence. The impact of the M&A as stated by Haspeslagh and Jemison (1991) have a negative impact on employees and managers and can lead to less value creation, and is therefore is by the authors called ''value destruction''. Furthermore, value destruction or hypocrisy is also developed when set goals within the M&A are not accomplished as prospected. This can be caused when no concrete changes are implemented (Vaara, 2003). At the end, voluntary leave of key people is a result of organizational negligence. Additionally, when no proper strategic decisions are made by the management, this can according to Haspeslagh and Jemison (1991) be caused by

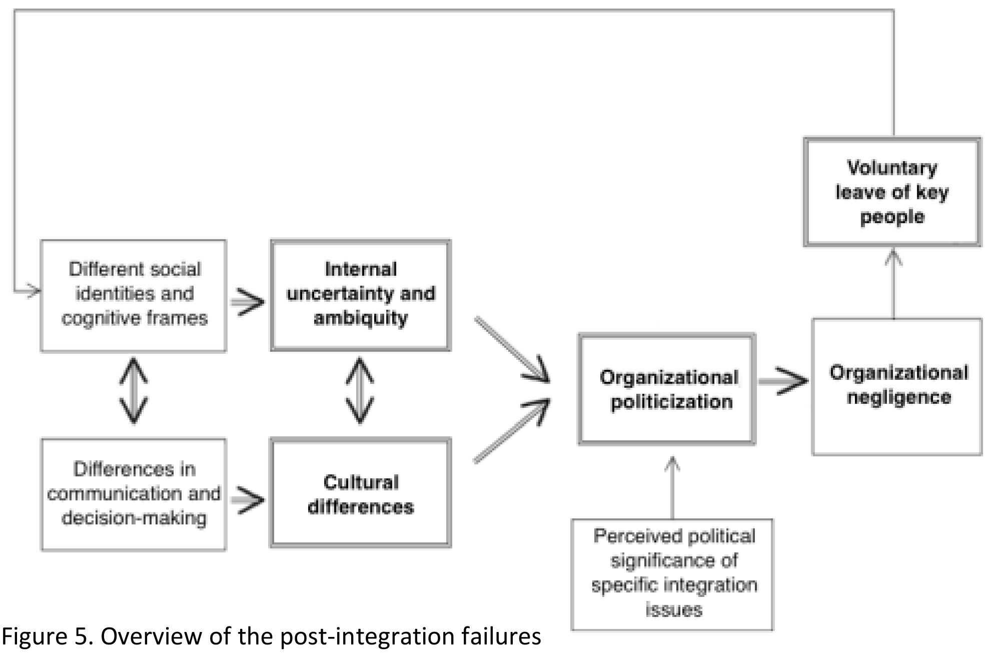

Figure 5. Overview of the post-integration failures

''leadership vacuum'', wherein the management of the M&A is not capable to management the necessary changes. All themes included in the model include leadership vacuum, as all these failures are commonly based on the incapability of the management, as seen in the DaimlerChrysler case. Therefore, leadership vacuum is not included in the model as a separate theme.

In the DaimlerChrysler case this model is also applicable, as in the beginning of the merger there were communication difficulties due to social and cultural differences which escalated and became internal uncertainty and ambiguity and cultural differences. The cultures of the two different business units were totally different, as the management did not take enough effort to solve cultural and communication issues. The management did not realize the implication of differences in culture and only focussed on creating synergies (Hollmann et al., 2010). As the management did not do anything about the situation organization politicization created even larger problems. The situation became worse and the Daimler-Benz unit attempted to take over the organization as result of all the problems, which decreased the employee satisfaction even more at the Chrysler business unit. This attempted takeover made the situation even worse and the employees from the Chrysler business unit did not want to work together with the Daimler Benz business unit and vice versa (Commisceo Global, 2016). This organizational negligence from both sides of the organization resulted finally in the dissolved merger after the share price dropped significantly and when many employees left voluntary the organization.

4.3 Strategic decision-making

As discussed in the case of DaimlerChrysler, the management of the merged organizations failed to integrate the organization cultures of Daimler-Benz and Chrysler into one organization as they totally ignored the cultural differences of the organizations. Therefore, it can be stated the strategic decision-making of the management is crucial for the successful cultural integration of the organizations. To give this research more practical relevance for future M&A, this paragraph will elaborate on strategic decision-making in order to avoid the different failures identified in this chapter.

Yu at al. (2005) and DiGeorgio (2002) elaborated and argued that successful implementation of the integration process is mainly based on the attention of the executive management of the merged organization. In addition, a lack of attention as also can be seen in the DaimlerChrysler case can hinder the realization of a successful integration process and therefore affect the synergistic exploitation negatively (Yu et al., 2005).

As managers in the pre-M&A phase are mainly focused on financial perspective such as creating synergy, becoming more cost-efficient and increase the return of shareholders, the strategic and organization perspectives are often ignored or unnecessary in the opinion of these managers (Schweiger & Goulet, 2000). As concluded by Schweiger and Goulet (2000), also the management of DaimlerChrysler ignored the organizational and strategic perspective of the merger and only focused on value creation in the pre-phase of the merger (Weber & Camerer, 2003). The management of both Daimler-Benz and Chrysler did not take into account that cultural differences could lead to implications in the post-integration process. The management focused on the business synergies and expected the differences in cultures sorted itself out (Weber & Camerer, 2003), which was a large mistake made by the management. As suggested by Haspeslagh and Jemison (1991) cultural integration can be successfully in case the following characteristics are identified during the pre-M&A phase: the willingness of employees in both organizations to work together after the M&A, a reciprocal understanding of the each organizational structure and cultural identity, a cause-effect understanding the benefits expected for the M&A, the availability of discretionary resources to foster the right atmosphere needed to support the transfer and the capacity to receive and transfer the capability (P. 110-111).

4.3.1 Strategic decision-making to avoid internal uncertainty and ambiguity

In order to avoid internal uncertainty and ambiguity of employees during the post-integration process, the management of the merged organization should set-up an appropriate communication strategy. As pointed out by Cartwright and Cooper (2002) communication is the most essential tool in every change management process. To continue, with the implementation of a clear, far-reaching communication strategy, issues based on communication misunderstandings as described in the DaimlerChrysler case can be prevented. The communication strategy of the new shaped organization should include the cultural discrepancies and how these potentially could create communication barriers (Hollmann et al., 2010). The management should also encounter potential language barriers within the plan, and how these barriers can be solved. To improve the communication between the two divisions the employees have to understand the differences in culture, in order to change the ''we'' versus ''them approach into the ''us'' one organization approach. By providing trainings within the organizations this change can be accomplished. Additionally, it is important that from the announcement of the M&A on communication is clear for both organizations to prevent individual ambiguity. Furthermore internal communication have to be in line with external communication to the press, suppliers and customers (Cartwright & Cooper, 2002). As the integration is for many employees very uncertain, they might have many questions. To easily anticipate on these questions the management of the organizations can create a catalogue with the answers of standard questions for business unit managers (see appendix C). With the help of these catalogue the business unit managers can easily answer the questions of employees to prevent internal uncertainty within the organization (Cartwright & Cooper, 2002).

4.3.2 Strategic decision-making to avoid cultural differences

The integration of cultures within a cross-border M&A is first of all not as easy as mixing all the different cultures into one culture as the management of DaimlerChrysler expected. The integration of culture is a long process to establish new corporate culture by, selecting, absorbing and integrating cultures (Zhu & Huang, 2007). To realize a well-executed cultural integration between the organizations, cross-cultural management have to be applied during the post-integration process. As stated by Adler (1986) the management of cross-culture studies the behaviour of employees within an international organization and train these employees to deal with different cultures. Therefore, this management approach is also applicable for the post integration process of a cross-border M&A. Cross-cultural management should be established in order to effectively create a new corporate culture selecting adaptive patterns of cross-cultural management, converts negative factors into positive factors, overcomes conflicts and unfavourable influences, and gains power of the cultural synergy (Zhu & Huang, 2007). As the corporate culture is especially important within a cross-border organization with multiple cultures. The management of the organizations therefore have to recognize these cultural difference and conflicts in order to integrate the organizations. Cross-cultural management becomes consequently a systematically method in the cross-border post-integration process (Zhu & Huang, 2007). Cross-cultural management patterns avoid bypass cultural conflicts and the competiveness of the combined organization will be strengthened, therefore interaction between the employees is the most important aspect of cross-cultural management (Adler, 1986; Zhu & Huang, 2007) as cross-cultural interaction will grow during a cross-border M&A. Employees of both organizations choose their actions based on their own cultural standards and cultural values (Fink, Neyer, & Kolling, 2007). Cross-cultural management is based on understanding and respect for the different cultures, the importance of communication and adaptive changes. The management applying cross-cultural management should focus on getting out the best performance of employees, and thereby stimulating the adaptive changing process of the corporate culture (Zhu & Huang, 2007).

To understand the cross-cultural interaction with the post-integration of the cross-border M&A, the Parsons and Shills (1962) model of action can be used as showed in figure 6. The personality system, including the personality traits, interest and need of dispositions of the employees and managers, together with the culture system, including cultural values and cultural dimensions, shape the behaviour of these employees and managers (Fink et al., 2007; Parsons & Shils, 1962). Both these characteristics shape the interaction and cultural standards of these people as the social system (Parsons & Shils, 1962). By understanding the model of action, the organization can easier encounter and understand the certain effects in cross-cultural interaction the differences between cultures. In addition, understanding the three concepts of the model within the actual post-integration, stimulate individuals to adjust their behaviour on a regular base and reflect their self and lead to personal dispositions on how these employees react and act on each other (Fink et al., 2007). As concluded by Fink at al. (2007), by implementing and understanding the model of action, many employees within the organization will change their behaviour, affecting the cultural values and cultural standards within the combined organizations. When the merging organizations have totally different cultures it will cost extra attention, time and communication to successful integrate the organizations (Appelbaum et al., 2009). Moreover, better cross-cultural interaction, increase the trust between the different business units. As stated by Bijlsma-Frankema (2001), trust within a cross-border organization is the main principle to further improve commitment, accomplishment of shared goal and co-operation.

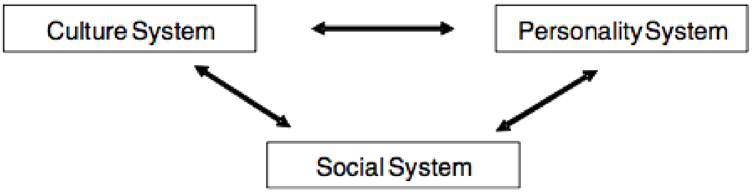

Figure 6. The parsons and Shils (1962) model of action

4.3.3 Strategic decision-making to avoid organization politicization

As concluded by Frantz (2015) the leadership style of the management is critical for the success of the post-integration process. The executive management and businesses unit management of organizations have both a large impact on the general conditions after the merger (Sitkin & Pablo, 2004). The management has to support the employees and can stimulate positive emotions which could decrease the stress level of the employees (Frantz, 2015). Consequently, building trust in the information-exchange process is an important encouragement for change within the organization. When business unit managers are involved in the integration process without compromising the strategic tasks, they become more trustworthy and are willing to actively participate in the progress (Schweiger & Goulet, 2000). Therefore, it can be advocated that business unit managers fulfil an essential role in the cultural integration of the organizations. The business unit managers have the knowledge within the organization, and synergy of the merger often is realized at their level of management. In addition, the business unit managers have direct contact with the employees and accordingly have the power to create internal resistance forces (Vaara, 2003). In the DaimlerChrysler case only the top management of the organization took the responsibility for the integration process, the business unit managers therefore were uninformed, did not want to participate and were unsatisfied (Appelbaum et al., 2009). As analysed by Vaara (2003), this large internal power of business unit managers can result in organizational politics within the post-integration process. On the whole, when giving business unit managers more responsibilities within the integration process, they will have more trust which will ultimately result in less organizational politics. In addition, the authors Kavanagh and Ashkanasy (2006) suggest to provide trainings for executive managers and business unit managers to prepare them for the integration process of the merger and to avoid stress, uncertainty, lack of information and confusion from a management perspective (Frantz, 2015). These trainings make the managers more competent to lead the employees successfully through the process of change (Kavanagh & Ashkanasy, 2006). Based on this information from the theory and DaimlerChrysler case, it can certainly be stated that the internal uncertainty and ambiguity within the post-integration together with the cultural differences have a direct impact on the organizational politicization of the post-integration process.

4.3.4 Effects of strategic decision-making

Overall, to understand the post-integration process of the M&A better, executive managers should focus more on HR practices (Frantz, 2015). As Shrivastava (1986) already declared, the management of an organization should coordinate, control and focus on conflict resolution in order to successfully integration the organizations. Prior planning of cultural integration within the pre-M&A phase increase the chance of success (Pautler, 2003). The right strategic decision-making in the post-integration result in clear and commensurate communication avoiding individual uncertainty and ambiguity. Besides, the involvement of business unit managers in the post-integration phase may lead to an increase of satisfaction. Also, the implementation of cross-cultural management can be an added benefit for the overall post-integration process. With the implementation of above described methods, internal uncertainty and ambiguity, cultural differences (resistance) and organizational politicization decrease within the combined organization and as a result the organizational negligence will decline and the voluntary leave of key people is lower as employees are more satisfied (Vaara 2003). At the end, the overall leadership vacuum will also be less as the management implement the right techniques to prevent the common failures.

5. Discussion and conclusion

The aim of this research was to identify the most common human failures in the post-integration process of cross-border M&A, so executive managers can base their decisions in future M&A post-integration processes to avoid these most common failures. This research therefore answered the following question: ''*How can executive managers of cross-border mergers and acquisitions anticipate on the most common organizational behavioural failures within the post-integration process?*''

5.1 Key findings and practical implications

The present study identified the most common human failures within the post-integration process of cross-border M&A. First of all, internal uncertainty and ambiguity within the post-integration can both result in fundamental problems for the creation of synergies. Different cultural background and diversity in social identities are merged together and this might lead to inconsistency of given information due to misunderstanding in communication as arose in the DaimlerChrysler case. On the other hand, uncertainty of employees or managers might grow when these individuals are not informed appropriate. To avoid internal uncertainty and ambiguity in forthcoming post-integration the executive management should focus on communication, by implementing a communication strategy. With a strategy consisting of cultural discrepancies the management can decrease the amount of cultural communication misunderstandings. Also, additional training of executive management and business unit management decrease the individual uncertainty and ambiguity in the post-integration.

The second main problem identified in the present research is organization politicization. During the post-integration power changes might lead to a loss of identity, with the result of distrust, anxiety and an increase in conflicts. In such a situation, individuals act only on behalf of their own interest which will negatively influence the overall performance of the organization. Organizational politicization can be avoided by the executive management by supporting the employees and business unit managers. Building trust in the information-exchange process reduce the overall stress level of the employees. Besides, by giving business unit managers more responsibilities during the post-integration, they become more trustworthy, which decrease the organizational politics.

Voluntary departure is a reaction on change and a result of ongoing dissatisfaction within the merged organizations and the third common failure within post-integration. The employee's voluntary leaving the organization do not accept the new direction of the management or cannot adapt to the new changes. Hence, key people leaving voluntary are often the most talented and highly educated employees or executives and indispensable for the establishment of the potential synergies.

The most fundamental cause of failure within the cross-border post-integration process is the cultural differences, causing the creation of synergy and cash flow enhancement negatively. The different cultures of the merged organizations have to many differences as M&A deal makers are not aware of the cultural dynamics and organizations behaviour processes necessary to successfully integrate the organizations. To avoid cultural resistance the management of the organization have to identify the cultural differences of the merging organizations during the M&A pre-phase, to know whether there is a cultural fit. Additionally, the management should understand the cross-cultural interaction between the different cultures to avoid conflicts and set cultural standards and values.

Overall, all common failures have evident cohesion, and can influence each other. Together these failures can lead to value destruction, as changes are due to the failures are not implemented. Additionally, when no changes are implemented their also might be a possibility that the management is not capable enough.

Overall, clear and right strategic decision-making of the executive management in the post-integration process lead to an increase of satisfaction, increase in synergies, cash flows and lower voluntary leave.

5.2 Limitations

This research was accomplished in the most replicable and transparent way, but in comparison with all other studies also this research suffers from limitations.

First of all, as this research is a qualitative synthesis, and therefore the researcher was restricted to the literature currently already available. In can be stated that the researcher was limited to information gathered in scientific articles already vacant, in particular the data provided by these original studies. Accordingly, it can be stated that this research lacks access to primary data.

Secondly, in the results of this current study, common failures are identified with the qualitative synthesis based on the existing research of Haspaslagh and Jemsion (1991), Schweiger and Very (2003) and Vaara (2003). As only three scientific articles are to identify the common human failures in the post-integration process, this is not the appropriate amount to allow for generalizability and transferability. As too few researches are used for the identification of the common failures, the results cannot be meaningful in other settings, and the results can thus not be transferred to another situation. Therefore, the synthesis of this research is not generalizable to other situations.

The last limitation of this research is the complexity of the post-integration process of a cross-border M&A. As this process is a very complex and prolonged the researcher was due to time limitations not able to discuss the total post-integration process in detail. Therefore, this research did not publish very renewal conclusions.

5.3 Future research

As this research is based on secondary data, future research can focus on primary data collection by implementing the advised strategic decision-making in this research into experimental research or a real-life case study. Within this future research, the researchers can determine the effects of the strategic decision-making, and whether the identified common failures are no longer present or significantly decreased.

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Appendix A – An introduction to cross-border mergers and acquisitions

As described by Pablo (2009), A cross-border M&A is a transaction involving at least two organizations from two different countries. Cross-border M&A, consequently acquiring another organization in a different country is an efficient method to expand internationally. Cross-border M&A is in comparison to creating cross-border strategic alliances or direct foreign investing much faster and significantly more efficient for international expansion (Pablo, 2009). Moreover, M&A transactions can also create benefits for the acquired organization ''the target'', due to valued opportunities such as technological improvements, better risk management and better developed corporate governance policies (Moeller & Schlingemann, 2005).

Appendix B – Chronology of the DaimlerChrysler merger

Chronology of the DaimlerChrysler merger

January 12, 1998	Jürgen E. Schrempp, Chairman of the Daimler-Benz Management Board, in U.S. for North American International Auto Show in Detroit, visits Robert J. Eaton, Chairman and Chief Executive Officer of Chrysler Corporation, to suggest discussion of possible merger.
February 12–18, 1998	Initial discussions on possible merger within small group of representatives and advisors from both companies.
March 2, 1998	Robert J. Eaton and Jürgen E. Schrempp meet in Lausanne, Switzerland to discuss governance and business organization structures for a possible merger.
March–April, 1998	Working teams prepare possible business combination in detail.
April 23–May 6, 1998	Working teams negotiate business combination agreement and related documentation.
May 6, 1998	Merger agreement signed in London.
May 7, 1998	Merger agreement announced worldwide: Daimler-Benz and Chrysler combine to form the world's leading automotive, transportation, and services company.
May 14, 1998	Daimler-Benz Supervisory Board agrees to merger.
June 18, 1998	Daimler-Benz management team visits Auburn Hills.
June 25, 1998	Chrysler management team visits Stuttgart.
July 23, 1998	European Commission approves merger.
July 31, 1998	Federal Trade Commission approves merger.
August 6, 1998	Announcement that DaimlerChrysler shares will trade as "global stock" rather than American Depositary Receipts (ADRs).
August 6, 1998	Daimler-Benz and Chrysler mail Proxy Statement/Prospectus to shareholders.
August 27, 1998	Daimler-Benz and Chrysler management teams meet in Greenbrier, West Virginia to discuss post-merger plans.
September 18, 1998	Chrysler shareholders approve merger with 97.5% approval.
September 18, 1998	Daimler-Benz shareholders approve merger with 99.9% approval.
November 6, 1998	Chrysler issues 23.5 million shares to corporate pension plan to qualify for pooling-of-interests accounting treatment.
November 9, 1998	Daimler-Benz receives 98% of stock in exchange offer.
November 12, 1998	DaimlerChrysler merger transaction closes.
November 17, 1998	Day One: DaimlerChrysler stock begins trading on stock exchanges worldwide under symbol DCX.

Source: DaimlerChrysler Merger Prospectus (1998b).

Appendix C – Common employee questions after the M&A announcement

The merger

Who will be responsible for the merger process?
How will the new company look?
Will there be site closures?
When will the company stationery and business cards change?

Employment conditions

How will my terms and conditions change?
When will I get a new contract?
What if I am made redundant?
Will existing bonuses/share option schemes be maintained?
Will sick pay arrangements change?
Will we still have the same employee/welfare facilities?

Performance appraisal

Will current appraisal systems remain?
Who will appraise me?
What will happen to performance-related pay?

Redundancies

Who will be made redundant?
Which kinds of jobs are likely to go?
What kind of severance package will be available?

Relocation

Will I be forced to relocate or be made redundant?

Training and development

What will happen to existing training provisions?

Recruitment

Will there be a freeze on recruitment?
What are the equal opportunities policies?