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Towards Successful Integration: Exploring Pre-Merger HRM Practices in the European Tech Sector's M&As

MASTER THESIS INTERNATIONAL BUSINESS

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Abstract

This study delves into the key role of human resource management (HRM) during the pre-merger phase of mergers and acquisitions (M&As) within the European tech sector. Historically, HRM's involvement was concentrated post-merger, but emerging academic discourse suggests its broader, encompassing role throughout M&As. Through an exploratory research design involving eight cases, the research underscores the significance of early HRM practices for successful synergy realization. Key findings highlight the importance of cultural due diligence, talent management, transparent communication, and the development of an evolving integration playbook. Challenges include aligning compensation, benefits, and other pivotal HRM practices to minimize post-merger disruptions. Neglecting these practices, can lead to unpreparedness for integration and significant risks. These insights not only bridge a gap in the literature, but also offer practical implications for firms navigating the complexities of M&As. The study's findings contribute to reshaping the academic understanding of HRM's role in M&As, emphasizing its proactive approach for successful integrations.

Keywords: Mergers and Acquisitions; HRM Practices; Integration Risks; Synergy Realization; Exploratory Research; European Tech Sector

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Towards Successful Integration

In recent decades, mergers and acquisitions (M&As) — which typically involve two firms amalgamating into a singular entity, or see one firm absorbing another's assets or operations (Haleblian et al., 2008) — have emerged as pivotal strategies for firms, enabling them to ensure survival, foster growth, access vital assets like human capital, diversify, and secure a competitive edge in a fast-changing business environment (Barkema & Schijven, 2008; Cartwright & Schoenberg, 2006; Gaughan, 2018). Highlighting this trend's magnitude, the European tech sector alone witnessed 3,648 M&A deals last year, valued at an astonishing $270 billion (PricewaterhouseCoopers, 2023).

At the heart of these strategies lies the realization of synergies, which emerge from the integration of the involved entities (Feldman & Hernandez, 2022; Sirower, 1997). This facet of M&As entails strategically deriving value from the combined resources of the merging firms, such as capitalizing on shared technologies or knowledge, eliminating redundancies, or leveraging combined market reach (Chatterjee, 2007). For instance, a tech firm acquiring another might tap into synergies by assimilating the acquired firm's distinctive technology into their product line, thereby offering a more competitive product (Hitt et al., 2001).

Synergy realization offers potential for increased value and a competitive edge (Gruca et al., 1997; Mirc et al., 2022). However, it also presents formidable challenges that critically influence M&A success (Larsson & Finkelstein, 1999; Zaheer et al., 2013). Such challenges might include aligning different organizational cultures or reconciling varying operational processes. The subsequent integration can spur significant pitfalls, such as cultural clashes, employee resistance, and financial downturns. These potential hazards, commonly termed as integration risks, play a pivotal role in the effective realization of synergies (Galpin & Herndon, 2014; Sirower & Sahni, 2006). Yet, despite the vast potential benefits and the strategic weight of M&As, many such ventures often fall short of achieving their envisioned objectives.

This unfortunate fact has fuelled extensive research aimed at understanding the causes of M&A failures. It has been observed that a significant portion of M&As fail to achieve the desired outcomes (King et al., 2004, 2021; Martynova et al., 2007; Papadakis & Thanos, 2010; Schoenberg, 2006). Over the past decades, scholars have undertaken an exploration of various facets, such as synergy, performance, and critical success factors in the quest to unravel the reasons behind these failures (e.g., Barkema & Schijven, 2008; Bauer & Matzler, 2014; Calipha & Brock, 2019; Devos et al., 2009; Gomes et al., 2013; Renneboog & Vansteenkiste, 2019). Still, the keys to success and failure in M&As remain enigmatic despite this extensive research.

Moving beyond these challenges, it is evident that M&A outcomes are influenced by various factors. Notably, the role of human resource management (HRM) has been increasingly recognized (Larsson & Finkelstein, 1999; Mendenhall, 2023; Schuler & Jackson, 2001, 2014; Stahl et al., 2013; Stahl & Mendenhall, 2005; Weber, Rachman-Moore, et al., 2012). An effective HRM system, when aligned with a firm's goals and strategies, can yield a competitive edge and boost overall performance (Becker & Huselid, 1998; Bowen & Ostroff, 2004). Nonetheless, the strategic involvement of HRM in M&As, particularly during the pre-merger phase, often remains reactive rather than proactive, reflecting a level of uncertainty (Brockbank, 1999; Coffey et al., 2001; Quinn Trank et al., 2012; Tarba et al., 2020).

Delving deeper into the context of M&As, the pre-merger phase is undeniably significant. Decisions made during this stage heavily influence the success of synergy realization and, consequently, the overall M&A performance (Gomes et al., 2013; Haspeslagh & Jemison, 1991). While traditionally HRM's role has been primarily post-merger, recent academic discourse, multiple scholars suggests a broader, all-encompassing role for HRM throughout the M&A process (e.g., Gomes et al., 2013; Sears et al., 2012; Weber, 2013). Specifically, HRM practices during the pre-merger stage can be pivotal in recognizing and addressing integration risks associated with synergy realization, pre-empting potential post-

merger challenges. However, it is unclear what HRM activities are effective, which could lead to missed opportunities to proactively address potential risks.

Motivated by this gap in the literature, this study targets the European tech sector, where the acquisition of knowledge-based resources and expertise is crucial (Puranam et al., 2003; Puranam & Srikanth, 2007). With the rising prevalence of M&As within the tech sector (Rossi et al., 2013), the study becomes even more relevant. It is important to understand the ways in which pre-merger HRM activities can potentially reduce integration risks and improve synergy realization and thus M&A success rates. HRM professionals and managers often find themselves in uncertain territory during M&As, and findings from this study can provide much-needed insights to inform their strategies. Given this backdrop, this study seeks to address the pressing question:

‘What HRM practices in the pre-merger phase are effective in identifying and mitigating integration risks during synergy realization in European tech M&As?’

By addressing a gap in the literature, this study not only aspires to enrich HRM and M&A academic discourse, but also offers tangible implications for industry practitioners. Exploring effective HRM practices to identify and mitigate integration risks associated with synergy realization will help firms navigate the complexities of M&As and foster more successful outcomes.

Subsequent sections will delve into a review of the literature, discuss the chosen methodology, and present the core findings. The subsequent chapters will encapsulate the interpretive summary, theoretical contributions, as well as the study’s theoretical and practical implications, acknowledging its limitations, and charting pathways for future academic pursuits in this domain. This will be rounded off with a concluding section.

Literature Review

Integration and Synergy Realization

Realizing synergies is an intricate endeavour, demanding meticulous planning and a plethora of tasks to sculpt a unified entity that aligns with the strategic visions of its constituents (Caiazza & Volpe, 2015). Discrepancies between projected and realized synergies are not uncommon (Zollo & Meier, 2008). Despite extensive research on synergy in M&As (Fiorentino & Garzella, 2015), realizing it remains a complex challenge. The main challenge is the integration necessary to realize potential synergies between the firms (Larsson & Finkelstein, 1999; Schweiger, 2002; Stahl & Voigt, 2008). According to Haspeslagh and Jemison (1991), the success of the integration often dictates how fully the synergy potential is realized. But the loss of autonomy that typically accompanies the integration process can be detrimental (Chatterjee et al., 1992). There has been a widely shared understanding among scholars and practitioners that integration is potentially the most critical factor influencing synergy realization (Haleblian et al., 2008; Haspeslagh & Jemison, 1991; Larsson & Finkelstein, 1999; Nadolska & Welch Guerra, 2023).

The challenge of integration with the potential to realize expected synergies is particularly pronounced in tech firm M&As (Weber, Tarba, et al., 2012). These type of M&As are typically driven by the intent to access and transfer intricate, socially rooted knowledge-based assets (Ranft, 2006; Ranft & Lord, 2002). Given the challenging nature of transferring this kind of knowledge, profound integration might be essential to realize synergy (Puranam et al., 2003, 2006; Puranam & Srikanth, 2007). However, acquirers find that the integration process can diminish the very knowledge and abilities that initially made the acquired firm appealing (Birkinshaw et al., 2000; Chaudhuri & Tabrizi, 1999; Graebner, 2009; Puranam et al., 2003, 2009; Ranft & Lord, 2002; Weber & Tarba, 2011). Successful integration is often underpinned by the alignment achieved between strategic objectives and organizational

cultures (Bauer & Matzler, 2014). This alignment, or 'fit', is viewed as foundational for integration and synergy realization.

Strategic Complementarity

Strategic complementarity, can arise from similarities in strategies, resources, and operations or from complementary differences that foster mutual advantages, leading to augmented value creation (Bauer & Matzler, 2014; Lahovnik, 2011). Such alignment is not just theoretical. Leading scholars concur that a robust strategic fit is pivotal for the successful realization of synergy in M&As (Bauer & Matzler, 2014; Homburg & Bucerius, 2006; King et al., 2004, 2021; Seth, 1990). Specifically, a strategic alignment among businesses with similar profiles tends to optimize the integration process (Capron, 1999; Meyer & Altenborg, 2008).

Larsson and Finkelstein (1999), further elaborate that such complementarities pave the way for synergies rooted in both efficiency and enhancement. Delving into empirical studies, there is a consistent emphasis on the importance of complementarities in realizing synergies, from alignment of top management to technological and knowledge compatibility (Kim & Finkelstein, 2009; Krishnan et al., 1997; Makri et al., 2010; Tanriverdi & Venkatraman, 2005). While strategic complementarity underscores the tangible benefits of aligning operations and resources, it is equally vital to consider the intangible aspects, such as organizational culture, that can profoundly influence the success of M&As.

Cultural Compatibility

An organization's culture, the 'social glue', intertwines beliefs, norms, and values derived from shared history and experiences, promoting unity. When companies merge, they are combining not only assets but also these cultural intricacies. Vaara et al. (2012), found that differences in organizational culture lead to social conflict. Sarala (2010), supports the relationship between acculturation and partner attractiveness. Cultural clashes can arise, causing disagreements in the combined entity (Cartwright & Cooper, 1993; Schein, 2010).

Diverse national or organizational cultures significantly affect M&A dynamics (Steigenberger, 2017; Weber, Tarba, et al., 2012). Variations in national cultures result in structural, mental, and communication differences (Cheng & Seeger, 2012; H. Liu & Dong, 2007; Nahavandi & Malekzadeh, 1988; Pucik, 2008; Reus, 2012; Shrivastava, 1986; Yildiz, 2016), impacting all stages of an M&A, from motives to the outcomes (Angwin, 2001). Beyond nationality, individual organizations possess distinct micro-cultures influenced by their history, leadership, and experiences (Buono et al., 1985; Schraeder & Self, 2003). These can vary greatly, even within the same country. For instance, a study of Israeli tech M&As from 1990 to 2006, found only 42% had a cultural fit (Tarba, 2009, in Weber, Tarba, et al., 2012). While the promise of synergistic realization is recognized, the inherent risks associated with integrating diverse organizational cultures and strategic paths cannot be overlooked.

Integration Risks

Literature identifies cultural clashes as a predominant risk related to integration (Bijlsma-Frankema, 2001; Cartwright & Price, 2003; Cartwright & Schoenberg, 2006; Lodorfos & Boateng, 2006; Marks & Mirvis, 2011; Nguyen & Kleiner, 2003). Moreover, poor communication, and integration difficulties on operational level and from an employee perspective significantly influence the success of integration (Haspeslagh & Jemison, 1991; Kumar & Sharma, 2019; Larsson & Finkelstein, 1999; Steigenberger, 2017; Weber, Rachman-Moore, et al., 2012). These risks, often interrelated, can erode the acquired firm's knowledge assets, mainly through employee attrition and disruption in established processes (Puranam et al., 2003, 2006; Weber, Rachman-Moore, et al., 2012). The subsequent sections will delve deeper into these risks, highlighting their potential impact on decision-making and the value of the acquired firm.

Cultural Conflicts

A lack of cultural fit can precipitate a significant integration risk: cultural conflicts (Drori et al., 2011; Weber, Tarba, et al., 2012). The results of empirical studies are mixed, with some studies underscoring a positive association between synergy realization and pronounced cultural differences (Chakrabarti et al., 2009; Morosini et al., 1998; Tarba et al., 2019), and some a negative (Chatterjee et al., 1992; Datta & Puia, 1995; Slangen, 2006; Stahl & Voigt, 2004; Warter & Warter, 2015; Weber et al., 2009). However, most of these studies agree that it is a major risk if not properly identified and managed. Negative effects of cultural incompatibility are particularly pronounced in cases of deep integration (Bauer & Matzler, 2014; Jöns, 2007; Slangen, 2006), and are contingent upon differences in the cultures of the involved organizations (Weber et al., 2009).

Such cultural disparities often manifest as challenges, notably in the form of employee resistance, employee attrition, and operational disruptions (Cartwright & Cooper, 1993; Shenkar, 2012; Stahl & Voigt, 2008; Weber et al., 1996; Weber, Tarba, et al., 2012). Moreover, cultural clashes between the leadership teams of both entities might hinder the realization of synergy derived from pooling resources or skill transfers. If individuals sense deep-rooted disparities in the nature of knowledge and the merged firm's organizational identity, they may be reluctant to share knowledge (Empson, 2001).

Operational Mismatches

Delving into the complexities beyond mere cultural variances, merging distinct operational systems, is a monumental task. Integration demands the harmonization of operations, processes, and management systems from both entities, to create a unified, efficient system (Schönreiter, 2018). Combining these operations, processes, and systems can lead to disruptions in business continuity, and typically obstructs the realization of projected synergies (Haspeslagh & Jemison, 1991). Early recognition of these risks, and the formation of mitigation

strategies can greatly bolster the likelihood of a successful integration, ensuring synergies are effectively harnessed (Sirower, 1997).

Overlooked Employees

In the midst of operational and cultural complexities, the individual experiences and perspectives of employees can be inadvertently sidelined. However, these perspectives are integral to the outcome of synergy realization efforts. M&As inherently introduce significant uncertainties for employees (Kempton & Sarala, 2021; Wickramasinghe & Karunaratne, 2009; Wickramasinghe & Sajeewani, 2022). Their perceptions of justice play a pivotal role in shaping their responses and attitudes (DesJardine et al., 2019; Melkonian et al., 2011). Compounded by potential role redundancies, shifts in organizational culture, and concerns over future prospects, these apprehensions can escalate. If not strategically addressed, they may lead to talent attrition, declining morale, and reduced productivity (Y. Liu et al., 2021).

Poor Communication

Research has long pointed to the importance of communication as a key ingredient of M&As success (e.g., Appelbaum et al., 2000; Ranft & Lord, 2002; Riad & Vaara, 2011; Weber et al., 2013). However, poor communication is also a major risk for integration and synergy realization (Angwin et al., 2016). Employees from both firms should understand the merger's rationale, its impact on their roles, and any support available if adversely affected (Kumar & Sharma, 2019). Too little information leads to higher levels of stress and anxiety (Schweiger & DeNisi, 1991). Furthermore, if communication is not perceived as relevant, reliable or honest (Angwin, 2000, 2001), it may not engender positive employee commitment and good organizational outcomes. As Angwin et al. (2016), empirically tested, inadequate communication strategies can be counterproductive, leading to ambiguity, heightened job insecurity, reduced trust, and adverse organizational consequences.

Pre-Merger Phase and HRM

To understand how to identify and mitigate integration risks in the pre-merger phase through HRM practices, it is vital to recognize the role HRM plays during this time. The structure of M&A processes varies among scholars: some cite eight phases (Buono & Bowditch, 1989; Galpin & Herndon, 2014), while others identify three main phases (Aguilera & Dencker, 2004; Antila, 2006; Appelbaum et al., 2000). All agree on the 'closing date' as a pivotal moment, bifurcating M&As into pre- and post-merger phases (Galpin & Herndon, 2014; Gomes et al., 2012, 2013). This study, illustrated in Appendix I, focuses on HRM practices in the pre-merger phase.

This phase runs from the deal's announcement to its closure (Aguilera & Dencker, 2004), and is crucial for establishing a successful M&A foundation, considering financial prospects, synergy potential, and cultural fit (Almor et al., 2009; Jemison & Sitkin, 1986; Schuler & Jackson, 2001; Weber & Tarba, 2012). Moreover, employees' attitudes toward the M&A are formed during this period (Giessner et al., 2006; Teerikangas, 2012). Its importance in setting synergistic outcomes is also emphasized (Larsson & Finkelstein, 1999), and it is where effective post-merger integration groundwork is laid (Gomes et al., 2013). Evaluating the target's assets and culture helps firms anticipate challenges and potential synergies (Haspeslagh & Jemison, 1991; Hitt et al., 2001; Rappaport & Sirower, 1999), but there are inherent challenges, including decision-making complexities (Haleblian et al., 2008). Given its significance, understanding HRM's function in the pre-merger phase is paramount. This will lead to an exploration of HRM's role during this phase.

Role of HRM in the Pre-Merger Phase

Traditionally, the pre-merger phase has been dominated by financial and legal considerations, often relegating the strategic insights from HRM to the background (Cooper, 2021; Latukha & Panibratov, 2013). Horwitz et al. (2002) and Björkman & Søderberg (2003),

note this oversight results in HRM being significantly underutilized during this pivotal stage. Both Mirc (2013; in Cooper & Finkelstein, 2013) and Budhiraja et al. (2023), illustrate in their literature reviews, that the strategic importance of HRM in M&As has started to gain more attention in recent research.

Historically, HRM has been emphasized post-merger, as observed by multiple scholars including Aguilera & Dencker (2004). This might be influenced by a mere 35% of senior HRM executives being involved in pre-merger discussions (Liberatore, 2000). Factors like a lack of change management skills or a potential underestimation of the merger's impact on human capital could be reasons for this limited participation (Teerikangas, 2012). HRM's potential in cultural integration, talent management, and strategic change often remains obscured by routine tasks (Angwin & Meadows, 2015; Galpin & Herndon, 2014). Yet, studies like those by Anderson (1999), or Weber and Tarba (2012), emphasize the importance of HRM in identifying cultural disparities, while Angwin et al. (2016) and Deal & Kennedy (2000), point to HRM's proficiency in areas like communication and compensation reform.

In the pre-merger phase, HRM's responsibilities include evaluating human capital and gauging cultural alignment, which are integral for ensuring smooth integration (Marks & Mirvis, 2011; Schuler & Jackson, 2001). Collaborative efforts between management and HRM are considered vital by researchers like Appelbaum et al. (2000), and early involvement of HRM is associated with positive post-merger results (Aguilera & Dencker, 2004; Weber, Belkin, et al., 2011). Industry perspectives do also recognize the role of HRM, as indicated by, for example, Deloitte (2017), however, they have been inclined towards non-strategic components of HRM. With the role of HRM in the pre-merger phase established, attention will now be directed to the practices employed to effectively identify and mitigate integration risks.

HRM Practices to Identify and Mitigate Integration Risks in the Pre-Merger Phase

Proactive HRM practices, encompassing rigorous due diligence, cultural and organizational compatibility analyses, are invaluable tools for highlighting potential synergies and, crucially for this study, identifying and reducing integration risks (Angwin, 2001; Björkman & Søderberg, 2006, 2003; Haspeslagh & Jemison, 1991). To further address and mitigate these challenges, HRM can employ systems focused on employee communication, integration planning, and proactive change management (Angwin et al., 2016).

Soft Due Diligence

Upon initiation, M&A processes begin with thorough due diligence, anchored in multidimensional assessments designed to identify both risks and opportunities (Galpin & Herndon, 2014). 'Soft' due diligence examines various elements, from internal capabilities to organizational challenges (Chang-Howe, 2019; Horwitz et al., 2002). This requires an in-depth understanding of employee dynamics, an evaluation of management competencies, an assessment of organizational frameworks, and a review of compensation strategies (Faller, 2007; Horwitz et al., 2002). Critical aspects also cover cultural disparities (Weber & Tarba, 2010), synergy potential (Bauer & Matzler, 2014), assimilative capacities of involved parties (Blake & Mouton, 1985), and evaluating organizational fits (Teerikangas & Thanos, 2018).

Often synonymous with the cultural aspect of soft due diligence is the 'cultural assessment'. It involves profiling the cultures of potential merger or acquisition candidates. The core of this assessment lies in identifying cultural gaps between the organization and its prospective partner. This includes measuring the depth of cultural differences and pinpointing specific cultural elements, such as risk tolerance, decision-making procedures, and reward structures (Weber & Tarba, 2012). However, past research has shown that due-diligence procedures conducted in the pre-merger phase are not primarily used, at least in Europe, to help plan integration or to assess cultural fit (Angwin, 2001). This is noteworthy, especially

considering the significant role of due diligence in pinpointing integration risks tied to synergy realization.

Integration Planning and Anticipatory Change Management

By the conclusion of the pre-merger phase, HRM should be poised to proactively devise an integration plan. Serving as a roadmap for the integration process, this strategy is a critical component of successful mergers (Bramson, 2000). However, integration plans often falter due to their inability to anticipate the intricacies and unpredictability of human behaviour (Bauer et al., 2015). This raises the question of which strategies or tools HRM should employ for successful integration. Schuler and Jackson (2001), contend that meticulous planning and monitoring allow HRM elements to be managed more efficiently. By recognizing potential challenges, HRM can initiate change management strategies even in the pre-merger phase. This proactive approach encompasses efforts such as raising awareness, setting clear expectations, and laying the groundwork for a seamless integration (Kotter, 1995).

Tanure and Gonzalez-Duarte (2007), present a compelling case highlighting the importance of anticipating resistance during transformative events such as M&As. It also involves articulating HRM's vision, crafting contingency plans (Antila, 2006; Bagdadli et al., 2014), and assembling transition teams. These teams are charged with refining infrastructure, designing systems, tackling cultural nuances, and managing training and staffing requisites (Charman, 1999; Habeck et al., 2000).

Larsson and Lubatkin's (2001), meta-analysis, combining case studies with broader samples, indicates that other keys to integration involve employees in socialization activities like training, cross visits, and retreats. Given autonomy, employees naturally foster a unified organizational culture. If autonomy is limited, additional coordination methods, like transition teams and personnel exchanges, become necessary. According to Siehl and Smith (1990), finding a strategy to keep as many top managers as possible from the acquired firm is also

necessary practice, since they represent a key asset. Moreover, to ensure a smooth transition and mitigate risks, there should be a clear understanding of objectives, timelines, potential overlaps, and strategies to address any unforeseen challenges. Ensuring such precision in the planning process helps in mitigating associated risks (Rodríguez-Sánchez et al., 2015, 2019).

Employee Communication

Beyond the critical domains of integration planning and change management, effective employee communication emerges as an essential instrument to mitigate risks, particularly those arising from employee uncertainties. Communications theory argues that rich interactive communications reduce employee uncertainty, unfounded rumours and dysfunctional outcomes (Lengel & Daft, 1988; Weber & Tarba, 2014), and can support M&As through periods of change, providing clarity and direction (Angwin et al., 2016; Ranft & Lord, 2002). This involves careful consideration of factors such as reaching the audience, timing, delivery methods, and crafting impactful messages (Charman, 1999; Rodríguez-Sánchez et al., 2019; Schuler & Jackson, 2014).

Effective organizational communication during M&As has been widely recognized for its potential to alleviate uncertainties, guide entities through change, enhance commitment, and thereby increase the likelihood of M&A success (Aguilera & Dencker, 2004; Allatta & Singh, 2011; Risberg, 2001). And as affirmed by numerous studies (Angwin, 2000; Angwin et al., 2016; Bastien, 1987; Maire & Collerette, 2011; Paik & Belcher, 2012; Weber, Rachman-Moore, et al., 2012), communication, when orchestrated well, can significantly influence integration and synergy realization.

Historically, research has primarily focused on communication during the post-merger phase (e.g., Angwin, 2000; Antila, 2006; Bastien, 1987). Angwin et al. (2016), highlighted that these communication strategies are just as important and applicable in the pre-merger phase. Just the act of communicating with employees is sufficient to ease uncertainty and

reduce employee's negative feelings (Schweiger & DeNisi, 1991). These provide employees with timely and necessary information to justify inescapable changes during the M&A process (Bastien, 1987; Ranft & Lord, 2002; Schweiger & DeNisi, 1991) and to reduce uncertainty, develop shared understanding, perceived fairness (Ellis et al., 2009) and trust (Graebner, 2009; Michalenko, 2010; Stahl et al., 2011, 2013; Stahl & Sitkin, 2010).

Review's Insights

In conclusion, the literature review elucidates the intricacies and hurdles of integration when realizing synergies. Prominent risks during integration include cultural conflicts, operational mismatches, overlooked employees, and poor communication. Often resulting in employee resistance, employee attrition, operational disruptions, and hinder of knowledge sharing. Such risks can diminish the intrinsic value of M&As and obstruct synergy realization.

The review highlights specific HRM strategies that prove effective in early detection and proactive management of integration risks during the pre-merger phase. Notably, soft due diligence, with cultural assessment as a prime component, is crucial for pinpointing risks at this initial stage. Additionally, integration planning, anticipatory change management, and transparent employee communication stand out as essential risk mitigation mechanisms. These measures offer a structured approach to assessing human capital dynamics, cultural compatibility, and organizational congruence, thus ensuring a streamlined integration and risk mitigation process.

At the juncture between theory and practice, the review reveals areas that require a deeper, more nuanced exploration. Given the intricate challenges and the strategies identified, a more hands-on, exploratory approach becomes necessary to better understand the real-world implications and applications of these insights, especially in the ever-evolving landscape of European tech M&As. Having established these insights, the subsequent section delves into the methodology employed to empirically test and explore these areas.

Methodology

Research Design & Sample

This research adopts an exploratory approach, utilizing eight distinct cases to gain a comprehensive understanding of HRM practices in the European tech sector's M&As. This method was selected for its depth and ability to capture the intricate nuances, rather than adhering to traditional case study designs. Such an approach allows for a deep dive into the intricacies of the phenomena, drawing out nuances and insights that a more structured, quantitative methodology might overlook. It offers flexibility and the capture of rich qualitative data, while also addressing the unique context of the tech sector (Myers, 2019; Yin, 2018)

A dataset of 87 M&A deals in the European tech sector was compiled using the Orbis M&A database, focusing on transactions from the last three years (2020-2023). The selection prioritized companies with indicators (as per BvD) showing low ownership concentration, which is interpreted as a sign of higher operational independence. Such firms, not being heavily swayed by larger parent corporations, possess greater decision-making autonomy. This criterium was chosen to provide insights into the intrinsic strategies and practices of the tech firms, as they are less influenced by overarching corporate directives (Horobet et al., 2019).

From this dataset, cases were purposively selected based on their willingness to collaborate with the research. Purposive sampling was employed to ensure that the selected firms were particularly pertinent to the study's focus, facilitating a richer exploration of the research question. As the cases were being examined, saturation began to emerge around the sixth case, with the insights resonating strongly with information from previous cases. To confirm this emerging saturation, two more cases were added. Ultimately, after the inclusion and analysis of the eighth case, theoretical saturation was confirmed as no new or diverging insights were emerging. This attainment of theoretical saturation ensured that the study achieved both depth and breadth (Myers, 2019).

The selected cases span a wide range of firms in the tech sector, including those in information technology services, software development, cybersecurity, advanced processing installations, medical/diagnostic technology, and online betting technology. All these firms are publicly listed, and were classified as 'large' based on criteria set by the European Commission (2020): they either have a staff headcount of ≥ 250, a turnover of > $50 million, or a balance sheet total of > $43 million. Moreover, the selected cases represent a diverse range of firms from different geographical locations within Northern and Western Europe. For a detailed overview of the characteristics of the selected cases, kindly refer to Table 1.

Most cases primarily utilized an 'absorption' integration strategy — a firm fully absorbing and integrating another into existing operations, except for some instances where a 'symbiosis' strategy was employed — a collaborative and mutually beneficial approach to integration, where both entities maintain a degree of autonomy while cooperating for mutual growth (Bauer & Matzler, 2014; Haspeslagh & Jemison, 1991). In comparison to all European tech M&A deals, the deals associated with the selected cases predominantly positioned within the second and third quartiles in terms of deal value, with estimated values ranging between $10 to $200 million. The specific figures are kept confidential for proprietary reasons. As for the speed of integration, the cases exhibited a diverse range. While some firms rapidly integrated, others adopted a more gradual approach. This variation allowed for a multifaceted analysis of HRM practices. Across all selected cases, the realization of synergy was consistently cited as a primary reason for M&A activities. In many instances, strategic growth and the acquisition of unique knowledge and capabilities were also emphasized. Notably, even in cases where these were not the primary goals, they were often deemed necessary to fully realize the intended synergy.

Table 1. *Overview of selected cases:*

Case ID	Sector	Size	Integration Strategy	Deal Quartile	Speed of Integration	Primary Reason for M&A
Case 1	Online betting technology	Large	Absorption, symbiosis	2nd, 3rd	Gradual	Synergy, strategic growth
Case 2	IT services, consulting	″	Absorption, symbiosis	2nd, 3rd	Gradual	″, knowledge and capabilities
Case 3	Medical/diagnostic technology	″	Absorption	2nd, 3rd	Rapid, gradual	″, strategic growth, knowledge and capabilities
Case 4	High-tech processing installations	″	Absorption	2nd	Rapid, gradual	″, strategic growth, knowledge and capabilities
Case 5	IT, software dev., cyber security	″	Absorption, symbiosis	3rd	Rapid, gradual	″, knowledge and capabilities
Case 6	Medical system technology	″	Absorption	2nd	Rapid, gradual	″, strategic growth, knowledge and capabilities
Case 7	Telecare and security technology	″	Absorption	2nd, 3rd	Rapid	″, strategic growth
Case 8	IT, software development	″	Absorption	3rd	Rapid	″, strategic growth, knowledge and capabilities

Focusing on recent M&As ensured that the findings reflected the present dynamics of the tech sector, accounting for recent technological advancements, regulatory changes, and evolving market conditions. Moreover, targeting firms with recent M&A activities increased the likelihood that key personnel involved in the merger were still with the firm, and that the integration period was either recently completed or in its final stages. This approach captured insights while experiences were still fresh, thus enriching the depth and relevance of the data. To ensure validity, the sample was crafted to represent diverse perspectives within the same industry context, and the firms' willingness to collaborate was essential in gaining authentic insights. Reliability was enhanced through a systematic and documented sampling procedure, providing a strong foundation for the research's examination.

Operationalization

An operationalization chart was developed distinctly to define the crucial concepts anchoring this research. This chart breaks down each core concept into its dimensions, further delving into sub-dimensions and key identifiers. Such thorough decomposition provides a comprehensive understanding of the study's foundational elements. The dimensions and sub-dimensions informed the thematic structure of the interview scheme and laid the groundwork for the codebook. Meanwhile, the key identifiers played a vital role in accurately identifying and categorizing data points during analysis, ensuring a consistent and in-depth interpretation of participant responses. This systematic approach guarantees clarity and precision throughout the theoretical framework and research methodology. For a summarized overview of the operationalization chart, please refer to Table 2, and for a more comprehensive examination of the operationalization chart, kindly consult Appendix II.

Table 2. *Summarized overview operationalization chart:*

Concept	Dimension	Subdimension
Integration Risks During Synergy Realization	1.1 Cultural Integration Risks	1.1.1 National Cultural Discrepancies
		1.1.2 Organizational Culture Clash
	1.2 Operational Integration Risks	1.2.1 Operational Mismatches
	1.3 Human Factor Risks	1.3.1 Overlooked Employees
		1.3.2 Communication Gaps
	1.4 Technical Complexity in Tech Firm M&As	1.4.1 Knowledge Transfer Difficulties
HRM Practices to Identify and Mitigate Integration Risks in the Pre-Merger Phase	2.1 Due Diligence	2.1.1 Soft Due Diligence
		2.1.1a Cultural Assessment
	2.2 Integration Planning and Change Manageme	2.2.1 Proactive Approach
		2.2.2 Strategic Implementation
	2.3 Employee Communication	2.3.1 Communication Strategy
		2.3.2 Execution of Communication

Table 3. *Participant breakdown per case:*

Case ID	Interviewed Roles	Number of Interviews
Case 1	Bussiness Development Director/M&A Transition Manager	1
Case 2	M&A Director/Strategy Director	1
Case 3	HR Director/Vice President	1
Case 4	M&A Transition Manager, Strategy Manager	2
Case 5	Chief Executive Officer, HR Director	2
Case 6	Chief Executive Officer	1
Case 7	HR Director	1
Case 8	Chief Executive Officer	1

Data Collection Methods

Semi-structured interviews were conducted with ten top managers, including CEOs, M&A, Transition, and Strategy Directors/Managers, and HR Directors, from each of the eight cases. Participants were selected based on their direct involvement in the M&A processes, with a focus on those who played pivotal roles in decision-making and integration strategies. A detailed breakdown of the participants for each case can be found in Table 3. Moreover, it is worth noting that during the data collection process, considerations of confidentiality sometimes limited the granularity of the information provided by participants. While efforts were made to address these concerns, including encouraging broader insights across multiple M&As and ensuring data anonymization, this aspect might affect the specificity of some details presented in this study.

The scheme of interview questions was formulated based on the operationalized dimensions and sub-dimensions, ensuring that pertinent themes were covered. By keeping the questions broad, the emergence of unforeseen risks or practices was facilitated. The interviews were conducted either in person or via video conferencing and were audio-recorded with consent from the participants. Each interview lasted approximately 45 to 90 minutes.

Additionally, notes were taken throughout the sessions, to capture key insights and details during sessions, ensuring accurate recall and documentation of participants' responses.

To ensure validity, open-ended interview questions were crafted, prompting participants to express their insights freely. Examples of the interview questions included: 'What were the main challenges encountered during the synergy realization in the recent M&A(s)?', with prompts such as 'Any cultural challenges? Operational challenges? Issues related to human factors or technical complexities?', and 'How did HRM practices come into play during the pre-merger phase to identify and mitigate integration risks?'. The complete semi-structured interview scheme can be found in Appendix III.

When deemed necessary, and if feasible, data was gathered from multiple informants per case — for instance, from both the CEO and the HR Director. This multi-source approach aided in data triangulation, particularly when it appeared that the whole picture was underexposed from a single perspective. Such triangulation enhanced the accuracy of the findings. Reliability was fortified by consistently initiating each interview with a set of core questions and maintaining a uniform format for introduction, main queries, and conclusion, while allowing flexibility for follow-up questions and deeper exploration based on participants' responses. The participants were provided with a concise overview of the topic at hand, ensuring a common understanding, leading to more informed and consistent responses during interviews. Additionally, comprehensive records were diligently kept throughout, ensuring accurate documentation, and enhancing the validity and reliability of the findings.

Data Analysis Techniques

The interviews were transcribed verbatim from their audio recordings. These verbatim transcripts were subsequently refined: extraneous content was removed, grammatical errors were corrected, slang or colloquial terms were elucidated, and truncated sentences were completed. The polished version enhanced clarity, facilitating more effective analysis.

Thematic analysis was applied to the refined transcripts, a method chosen for its proficiency in identifying, analysing, and interpreting patterns of meaning ('themes') within qualitative data. This is particularly apt for exploratory studies such as the present one (Bleijenbergh, 2015). A preliminary codebook, developed based on the operationalization of the literature review, was utilized to guide the initial phase of coding. This codebook comprised pre-defined themes of interest, ensuring that specific anticipated concepts were consistently captured. However, to accommodate the exploratory nature of this study and ensure genuine representation of the participants' perspectives, flexibility was maintained throughout the coding process. Themes were not rigidly adhered to; new or unexpected themes emerging from the data were duly noted, leading to the emergence of several new codes and themes. The codebook was adjusted as required to accommodate these emergent insights.

Initially, the transcripts were reviewed to grasp a comprehensive understanding of the data, with early codes being pinpointed. Subsequently, these codes were collated to form themes. The reliability of the identified themes was ascertained and refined using ATLAS.ti. These themes were then contrasted across cases to discern patterns and variations. The validity of the data analysis was upheld through the iterative process of theme evolution and refinement. Meanwhile, reliability was bolstered by the consistent coding procedure and the employment of established software, for qualitative data analysis.

Ethical Considerations

The 'Netherlands Code of Conduct for Research Integrity' was strictly adhered to in this research, highlighting honesty, scrupulousness, transparency, independence, and responsibility (KNAW et al., 2018). Throughout the study, the autonomy, dignity, and values of all participants were consistently upheld. Participants were informed about the exploratory nature of the research, clarifying that the objective was to delve into specific phenomena within the European tech sector's M&As rather than achieving broad generalizations.

Measures were taken to ensure the confidentiality and anonymity of participants. Identifiable information was stored securely, and results were reported in a way that prevents individual identification. Given the case study approach of this research, special attention was given to ensuring the confidentiality and privacy of the firms involved, recognizing that detailed examinations could unintentionally reveal sensitive or proprietary information. Strict measures were in place to anonymize the details and contexts of the selected cases to avoid any inadvertent disclosures, and they had the right to withdraw at any moment in the process.

Consent was obtained from all participants, and they were made fully aware of what participation involved. They were also informed about how the findings might be applied within the organization or society at large. Legal requirements, such as GDPR, were followed to safeguard privacy. Adequate arrangements were made to inform all participants about the results and the potential societal or organizational implications of the findings. Risks associated with new technologies were considered, with human oversight ensuring ethical use. The study ensured accurate reporting, rigorous methods, and clear communication of data collection and results. Overall, the research provided valuable benefits to users and the public good, maintaining high ethical standards throughout.

Findings

Introduction to the Findings

Achieving synergy goes beyond the mere merging of financials and operations; it encompasses the integration of cultures, aspirations, and people. This section explores HRM practices during the pre-merger phase, drawing insights from the cases. The findings reveal a distinct dichotomy. While certain practices drive M&As towards more successful integration, the absence or neglect of others, can lead to challenges and potential failures.

The subsequent findings are organized into six specific themes, contrasting effective HRM practices with the repercussions of their absence. Through this analytical approach, this

study provides a comprehensive insight into strategies that effectively identify and mitigate integration risks, as well as the challenges stemming from overlooked or neglected HRM practices. Hence, offering a nuanced understanding of how the presence or lack of HRM practices can shape integration outcomes.

HRM Strategic Role & Timing

The role of HRM in the pre-merger phase is consistently emphasized across the examined cases. In most cases, not only does HRM manage post-acquisition integrations, but it also significantly influences decisions that lead to M&As.

Early Strategic Involvement of HRM

The emphasis on HRM's early involvement in M&As resonates across various cases. Cases that recognized and leveraged HRM from the onset often experienced smoother transitions. By ensuring HRM's active participation in the preliminary stages, these firms benefitted from a more holistic view of the integration process, encompassing not just operational but also cultural, motivational, and personnel-related factors. As Case 6's HR Director illustrated, "Typically, many organizations underestimate the value of HRM in the early stages of M&As. However, our experience has shown that having an HR manager involved from the outset can pre-emptively address potential cultural and personnel challenges, streamlining the integration process and ensuring smoother transitions for all parties involved".

This early engagement allowed HRM to play a more crucial role in shaping strategic decisions, ensuring that human aspects were given equal importance alongside financial and operational considerations. A poignant remark from Case 8 captured the sentiment: "Numerous factors need to be contemplated during M&A transitions, and often the human element is underestimated". The early involvement of HRM acts as a safeguard, allowing firms to anticipate and strategize for challenges.

Challenges Arising from Absence or Neglect of HRM Involvement

Conversely, cases where HRM was not involved early on, or was relegated to only post-acquisition roles, frequently faced challenges. As a cautionary note, Case 6's HR Director mentioned, "…lack of involvement can lead to misjudgements, especially concerning cultural aspects". This was exemplified in some deals of Case 7. The acquisition's approach, with its absence of early HRM involvement and cultural assessment, highlights the risks of overlooking human-centric issues, such as cultural clashes, morale drops, or retention concerns.

Cultural Due Diligence & Integration

The importance of cultural understanding was repeatedly emphasized in the cases examined. As the HR Director from Case 6 insightfully remarked, "Understanding firm culture, anticipating potential post-acquisition attrition risks, and laying out strategies for smooth integration are all paramount in the M&A process". This view was reinforced by the M&A Director from Case 2, who asserted, "We give precedence to culture over the best price, aiming for a future that transcends just financial gains".

Understanding Firm Cultures through Cultural Assessment

The cases showcased a diverse spectrum of methods to assess culture. The HR Director from Case 3 elucidated the primary objective, stating, "Our role revolves around posing the right questions to shed light on cultural nuances". While certain entities leaned towards intuition and personal interactions, others championed a structured and systematic assessment. Case 1's Transition Manager compared these methods, noting, "We lean into discussions to sense their culture, but a structured approach is undoubtedly more beneficial".

The M&A Director from Case 2 emphasized understanding the mindset of firm founders, noting, "Our initial focus is on the entrepreneurs, ensuring alignment with our values, mutual trust, and a vision of collaboration". This highlights the significance of the human element in M&As. Case 1's Transition Manager remarked, "Sellers tend to showcase their firm

positively. It is essential to dig deeper, especially by interviewing long-tenured key personnel. Their accumulated knowledge is invaluable for due diligence and subsequent operations".

The M&A Director further stressed, "Understanding a firm's culture is vital, and this understanding cannot be derived solely from reports". Direct dialogues with firm stakeholders, especially key employees, emerged as vital, according to all successful integration cases. A salient observation was the unanimous endorsement of face-to-face interactions. "…gauging whether we can see ourselves working with them, whether they align with our values, and whether there's mutual trust". The CEO from Case 8 warned, "If firm leaders obstruct these interactions, it is often a red flag, hinting at deeper issues".

However, understanding a firm's culture goes beyond just discussions. In today's digital landscape, cultural assessments have expanded in scope. As Case 8 highlighted, "Analysing employees' online behaviours and social media can reveal job shift intentions and provide insights into firm morale". Additionally, multiple cases stressed the significance of legal aspects, with the CEO from Case 5 stating, "Awareness of any ongoing litigations or disputes involving the firm or its leaders can signal deeper cultural or operational challenges".

Participants also underlined the value of leadership dynamics assessments. The M&A Director of Case 2 shared, "The leadership style, be it micromanagement or delegation, offers a window into the firm's broader mindset". And added, "Beyond evaluations, it is vital to trust your instincts about the people involved and to foster open dialogues, assessing their receptivity to feedback". Case 6's HR Director aptly summarized, "While HRM is integral to the assessment phase, its broader role lies in ensuring that employees seamlessly integrate and feel valued within the new organization". This sentiment provides a natural segue into the effective practices of bridging potential cultural gaps.

Bridging Cultural Gaps

Effectively navigating potential cultural mismatches requires a proactive approach from the outset. Several participants underscored the value of preliminary meetings to delineate and contrast cultural variations across nations, underlining the significance of grasping subtleties in diverse working environments. Case 4's Transition Manager elaborated on their comprehensive strategy, stating, "We organize sessions that spotlight cultural distinctions and juxtapose national work cultures". Reflecting on experiences, Case 6's HR Director shared, "Dedicated time in pre-merger dialogues and adjustments was pivotal, carving out a clear path towards harmonious cultural assimilation". The sentiment was echoed by the M&A Director from Case 2, who noted, "Our discussions, clarifications, and even certain adaptations were geared towards seamless cultural integration, ensuring we preserved their innate spirit".

Subtleties, such as linguistic nuances, were duly noted and considered effective. As the Transition Manager from Case 4 pointed out, "Language plays a significant role, and adapting to local linguistic nuances can be advantageous". Demonstrated in Case 4, this gesture not only demonstrates respect for the other party's culture and language but also fosters trust. As a result, this leads to more open communication, deeper mutual understanding, and a stronger foundation for collaboration.

The quest is not for perfect cultural congruence but harmonious coexistence. Many participants advocated for a balanced blend of cultures. The HR Director from Case 3 proposed a formula, suggesting, "A blend of 80% shared culture and 20% unique attributes could be the sweet spot". This approach celebrates the diversity and distinctiveness of every organization. Even if two firms seem culturally aligned, they each bring their histories and competencies. Case 8's CEO touched upon the layered complexities, remarking, "Inevitable intricacies arise, be it from national customs or departmental micro-cultures". The consensus was unambiguous:

while recognizing cultural nuances is the starting point, sustained and conscious efforts are indispensable to realize genuine cultural amalgamation.

Challenges Arising from Overlooking Cultural Considerations

Despite the predominant consensus on the importance of cultural due diligence and bridging gaps, some cases exhibited a lapse in this area, leading to significant challenges post-merger. Such oversights do not just lead to minor hiccups, but can cause significant disruptions, friction, and even the potential collapse of M&As. One of Case 7's deals is a prime example, the acquisition of a carve-out with a unique and distinct organizational culture was undertaken without any prior cultural assessment, and other soft due diligence. "Initially, we acquired a well-performing entity. But a year later, when we acquired a second firm and tried to integrate the two, issues arose".

This new acquisition had to integrate with another recent acquisition to realize synergies. However, the firm turned out to have a fundamentally different organizational culture — "The workforce there lacked a genuine business mindset, and they struggled with business understanding" — however, this only became apparent during the integration process. The repercussions of this approach became evident as the integration phase unfolded, marked by cultural misalignments and challenges that seemed to stem from a lack of understanding and anticipation. This brought a lot of attrition to the previously acquired organization, which had to integrate with this target.

Within this first acquired firm, the managers left fairly quickly, and with them a lot of knowledge and other staff, leaving only less suitable people to manage the integration. As a result, both M&As were unsuccessful in the end. "Given our current knowledge, we would not have pursued the acquisition of the second firm". Adding, "I believe a more in-depth due diligence process might have spotlighted these issues. It should have delved more into potential

integration risks and evaluated the true state of the firm being acquired. Our eagerness to expand possibly clouded our judgment".

Moreover, during the pandemic, the significance of in-person interactions for comprehending cultural dynamics became especially apparent in some cases. As face-to-face meetings were restricted, the vital role of such interactions in truly grasping organizational nuances came to the fore. This was highlighted in Case 4, encountering unexpected post-acquisition challenges, because of a lack of in-person interactions "Despite our initial efforts to understand cultural nuances, unforeseen challenges arose, resulting in significant cultural discord".

Talent & Influence

The human capital of merging firms is undeniably one of the most valuable assets in the cases, and as such, the identification, retention, and integration of talent emerged as a predominant theme. The M&A Director from Case 2 emphasized this, stating, "Who are the critical employees that are indispensable for operations? You will need to understand any attrition risks related to these individuals and have a solid mitigation plan in place".

Key Personnel and Influence Identification

Recognizing and retaining key talent and influential figures is a cornerstone of successful acquisitions, as highlighted across the cases. Case 3's HR Director emphasized the multifaceted role of HRM, "It involves discerning individual journeys, identifying potential attrition risks, and recognizing both the standout performers and the change agents". Every member, from top management, to the operational teams, holds unique value within the organization's fabric. But some individuals, owing to their strategic roles or influential capacities, become particularly crucial. Their expertise, combined with their ability to catalyse change, can make or break the integration process.

For instance, the CEO of Case 8 emphasized, “Key product owners, with their intricate knowledge, are invaluable. Their insights are pivotal not just for technical integration, but also for maintaining the client relationships they have nurtured over time”. Similarly, the HR Director from Case 3 pointed out, “While team leads or middle managers might not be part of the top-tier leadership, they often wield significant influence over their teams. Recognized as internal thought leaders, these individuals play a crucial role in fostering acceptance and generating positive sentiment towards the integration”.

Engaging with these key figures is paramount; according to Case 6’s HR Director, “Post initial HRM discussions, it is invaluable to connect with these individuals”. Case 2’s M&A Director shared, “Engage in detailed conversations with key personnel, especially the owners and management teams”. The CEO of Case 8 added, “…this helps us identify the diamonds, potential diamonds, and the less impactful individuals”. The depth of these interactions, can significantly influence the trajectory of the integration, as shown in the cases. Case 7’s CEO noted the ripple effect of such engagements: “The sustained involvement of original leaders and influential change agents can be the linchpin for seamless integration. Their insights, combined with their ability to drive change, set the tone for the entire integration process”.

Developing Attrition and Integration Strategy

The early identification of potential attrition risks and the formulation of mitigation strategies are of utmost importance. Such strategies can encompass offering incentives, transparent communication about role transitions, and the initiation of engagement programs. Questions like “Will the current management remain post-acquisition?” and “How will they integrate into the broader group’s structure?” are essential, according to Case 5’s CEO. In the cases presented, the strategies for retaining these key individuals differ significantly. The Transition Manager from Case 4 elaborated, “While some individuals seek a ‘golden chain’ —

a more prominent role in the merged entity — this approach does not resonate with everyone. The crux lies in identifying individual needs and preferences beforehand".

The HR Director of Case 3 reflected on the challenges faced during the negotiation phase, stating, "The entire negotiation was confidential. Ensuring no leaks was crucial, given the potential repercussions on staff morale and market perception". This sentiment resonated across multiple cases, highlighting the intricacies of managing talent integration when information remains undisclosed until the official deal announcement. To circumvent these challenges, successful mergers often lean on a select, trustworthy team for negotiations and initial integration preparations. By the time of the merger's public announcement, a clear integration roadmap is in place, reducing disruptions and enhancing the retention of key talent. As Case 8's CEO emphasized, "It is not just about keeping the deal secret; it is about being ready to hit the ground running once everything is out in the open".

Challenges Arising from Lack of Key Personnel and Influence Identification

The departure of these important individuals can lead to a chaotic situation, with the remaining staff, possibly less competent, left to handle the integration. As Case 5's CEO aptly noted, "If they opt to leave after the acquisition, it is a considerable risk as they hold a significant chunk of the firm's knowledge". Several factors can trigger this attrition, including cultural mismatches, clashes in leadership styles, unmet expectations, and shifts in organizational dynamics. As highlighted by Case 2's M&A Director, such departures can stem from "trust issues", as seen in Case 7. Not only is the early identification of these key figures crucial for ensuring a smooth transition and preserving institutional knowledge, but clear and transparent communication with them is also key.

Communication & Engagement Strategy

"Communication, while not necessarily a risk in itself, it is an essential factor in managing expectations", according to the HR Director of Case 6. Effective communication and stakeholder engagement surfaced as foundational pillars for successful M&As within the cases.

Importance of Transparent and Two-Way Communication

Transparent communication emerged as a critical factor during the M&A process, as echoed by participants across multiple cases. As the Transition Manager of Case 1 emphasized, "It is crucial that our communications are honest". This transparency is not just about sharing logistical details, but also conveying the overarching vision, intentions, and potential implications for employees. Such clear communication aids in managing expectations, alleviating anxieties, and ensuring alignment with the M&A's objectives. However, striking the right balance is essential. The Strategy Manager of case 4 noted, "There is a fine line between being transparent and setting unrealistic expectations". Indeed, being vague or overly optimistic can be even more damaging than straightforward honesty.

A prevalent sentiment in the discussions emphasized the significance of two-way communication. Rather than adopting a top-down approach, successful cases often fostered a dialogue where input from various levels, from employees to departments, was actively sought and incorporated. Case 5's CEO shared, "During our more in-depth discussions, especially around business planning, we work collaboratively to identify potential growth avenues". This bidirectional communication strategy fosters trust, minimizes misconceptions, and empowers employees, making them feel valued and part of the change.

However, the pre-merger stage of M&As navigates a tightrope of confidentiality, stakeholder management, and intricate planning. Hence, in such an environment, realizing two-way communication can be an uphill battle. While open dialogue would be optimal, the pre-merger phase typically necessitates a more regimented communication approach. Case 7's

CEO aptly noted, “The early stages are a play of discretion, with information often confined to top-tier management to prevent leaks or premature disclosures”. Confidentiality concerns, deal sensitivity, potential regulatory restrictions, and the need to manage external stakeholder perceptions can limit the breadth and depth of communication.

Yet, even within these constraints, fostering avenues for input and engagement is crucial. Some participants shared strategies like forming small, trusted teams or committees privy to early discussions. As the HR Director from Case 3 pointed out, “A potential workaround could involve inducting individuals into an informed circle, backed by specific NDAs”. While these teams are limited in number, they represented a cross-section of departments, ensuring that diverse perspectives were considered.

This bidirectional strategy, even within a regulated environment, promotes trust and minimizes misconceptions. However, while maintaining open lines of communication is essential, it is equally crucial to be discerning about who is privy to certain sensitive information. As the Transition Manager from Case 4 cautioned, “Do not let the wrong people into this ‘inner circle’. Some people will destroy what you have built by hearing things and being half-informed”. This highlights the delicate balance organizations must strike between transparency and discretion, ensuring that the right stakeholders are informed without compromising the confidentiality. The consensus among participants was clear; the benefits, from improved morale to smoother integration, outweigh the challenges.

Engagement and Morale Post-Merger Planning

Planning for post-merger engagement and morale begins long before the merger is finalized. As the M&A Director of Case 2 highlighted, “It is a lot of work upfront, especially if the deal does not go through. But it is crucial. You cannot walk into an acquisition blindly. Investing time in these pre-merger practices might seem like a lot, especially with the uncertainties, but it saves a lot of potential future challenges”. During the due diligence phase,

most successful cases prioritized engagement through consultations and in-depth discussions. “During the due diligence, we conduct multiple interviews, and it is here that the core team should feel not just consulted but genuinely involved and engaged”.

Such early engagement practices set the stage for a smoother post-merger transition, minimizing surprises and uncertainties. Participants underscored the importance of planning engagement initiatives like town hall meetings on day one post-merger, feedback sessions, and consistent updates. These planned strategies aim to keep the workforce engaged, informed, and aligned with the merger’s objectives from the outset. According to Case 8’s CEO, “The key is to delve deep into the details and connect directly with the people”. “It is crucial to speak with them both collectively and individually. Speaking one-on-one often reveals different nuances than when they communicate as a group”.

Challenges Arising from Vague, One-Sided Communication

When communication is vague or one-sided, it can lead to misunderstandings, mistrust, and even the loss of key personnel. The experiences shared by managers in several cases highlight the detrimental effects of poor communication strategies. The CEO from Case 7 shared experiences, noting, “Many left swiftly, disillusioned with the management approach and feeling sidelined in important discussions”. This testimony underscores the importance of inclusive and transparent communication, especially when integrating teams from different organizational cultures. The Transition Manager from Case 4 warned, “Select individuals with partial information shared it with their teams, causing panic and confusion. This spread of rumours and misinformation disrupted our integration and bred mistrust among employees”. This underscores the risks of incomplete communication during mergers.

Operational & Process Alignment

Operational cohesion and alignment of processes are foundational to the successful integration of merging entities. Without streamlined operations, even the most well-intentioned

M&As can face disruptions, inefficiencies, or even failure. The findings from the cases emphasize the intricacies and strategies associated with achieving this alignment, shedding light on best practices and potential pitfalls.

Integrating Systems

The integration of HRM systems, especially in areas like compensation and benefits, emerged as a predominant challenge. Case 4's Strategy Manager noted, "The period surrounding the merger is often fraught with challenges related to aligning compensation practices". These complexities extend beyond just an individual firm's practices. In one case, participants emphasized the intricacies of harmonizing compensation strategies within just one country, let alone across diverse European landscapes with their unique rules and regulations.

Yet, challenges are not merely confined to cross-border integrations. The latter pointed out that even within a single nation, aligning contracts can be a daunting task due to the varied regulations. To mitigate these challenges, proactive HRM involvement is essential. A sentiment from Case 4 reinforced this, suggesting that HRM can prepare by thoroughly investigating these systems ahead of time, ensuring they possess a comprehensive understanding of how different compensation systems function. Such foreknowledge facilitates smoother integration and equips HRM with the insights needed to manage and align expectations effectively.

Furthermore, differences in IT systems, tools, or platforms between merging entities can pose intricate challenges, potentially hindering the smooth transition and operation post-merger However, technological integration goes beyond merely consolidating databases or systems. As Case 5's CEO explained, "It is about crafting a cohesive technological framework that supports the merged entity's operations seamlessly". This often requires proactive pre-merger assessments to determine the best course of action, be it adopting one platform over another, integrating diverse systems, or investing in entirely new technological solutions. In

several cases, it became evident that close collaboration between HRM and IT teams is crucial during this phase. This partnership ensures that technological decisions align with both operational needs and the well-being of the workforce, setting the stage for a smoother integration.

Aligning Operational Processes

One of the foremost challenges lies in harmonizing operational processes. As Case 2's M&A Director aptly noted, "…numerous challenges can arise, especially when merging two companies with different decision-making processes". These differences can span a wide range — from decision-making hierarchies and workflows to methodologies and operational standards. Given the significance of these processes to daily operations, a systematic pre-merger approach becomes imperative. Participants across cases emphasized the need to meticulously map, understand, and plan for the alignment of these processes. Case 4's Strategy Manager pointed out, "This process involves a thorough review, and aligning with our standards, which can often lead to stress within the organization".

The strategy typically hinges on the compatibility and efficiency of processes from both entities. While some operational practices can be seamlessly harmonized, others might necessitate significant modifications. In some cases, it might even be prudent to adopt entirely new processes if they offer superior efficiency or compatibility. As the CEO of Case 5 emphasized, "If they possess superior systems or methodologies, we are open to integrating them into our operations, depending on feasibility and compatibility". Ultimately, the goal is to create a unified operational framework post-merger. This requires both companies to develop a shared understanding and mutual practices, especially in critical areas like decision-making. As Case 2's M&A Director emphasized, "Having a shared understanding or joint practices for decision-making is crucial in my experience".

Challenges Arising from a Lack of Clear Operational Alignment

Misalignments bear tangible consequences. As Case 4's Strategy Manager shared, "Once, we experienced this first-hand when employees immediately began asking about their new salaries and benefits, and we were months away from finalizing those details". This underscores the imperative to address these issues proactively to prevent employee dissatisfaction, manage expectations, and ensure smooth business continuity. These misalignments are not just limited to compensation structures but extend to broader operational processes, decision-making hierarchies, and even technological systems. The potential pitfalls of not addressing these discrepancies can range from reduced employee morale to inefficiencies in daily operations, and in worst-case scenarios, can jeopardize the success of the merger. As reminded by Case 6, "We overlooked some operational misalignments, thinking they were minor. But within months, these discrepancies snowballed, leading to a significant dip in team morale".

Catalyst for Standardization and Learning

The pursuit of standardization emerges as a critical strategy. Most cases recognized the value of crafting a consistent approach to integration in M&As, aiming to enhance predictability and efficiency. This drive for standardization not only provides a structured roadmap but also catalyses organizational learning. By iterating on experiences and integrating lessons learned, firms position themselves for more effective future integrations.

Development of an Integration Playbook

Developing a standardized approach to integration emerged in several cases. As the Strategy Manager from Case 4 aptly noted, "We have developed an integration playbook, a kind of standardized approach that guides our M&As". Another manager likened the process to a cookbook, stating, "In acquisition processes, I often explain it like a cookbook. There are many recipes for various situations. Depending on the situation, I might adjust some ingredients

to fit". This dynamic nature of the playbook is not just about processes; it is fundamentally about the people. The overarching objective behind such an evolving playbook is to make integrations progressively "smoother and more effective".

However, while there is a drive towards standardization, there is also an understanding that every acquisition has its nuances, as the M&A Director from Case 2 stated, "Every acquisition we make is unique, and our takeover strategy, be it tactics or techniques, is not monolithic". This balance between having a standardized guide and adapting to unique circumstances can be challenging. HRM plays an important role in this balancing act. By continuously gauging the pulse of the organization and the sentiments of the employees, HRM can make informed decisions on when to adhere strictly to the playbook and when to customize. As the Transition Manager from Case 4 insightfully commented, "It is a tool, not a rule. It provides a structure, but the art of integration lies in knowing when and how to deviate from it". In essence, while a playbook provides a roadmap, HRM's capability to adjust, adapt, and innovate based on the unique nuances of each acquisition ensures that the organization does not just merge but truly integrates.

Challenges Arising from Standardization way of Learning

While the significance of standardization and learning is evident, there are moments when organizations find themselves inadequately prepared. As Case 2's M&A Director pointed out, "A more detailed integration plan should have been in place". Some participants, like the HR Director from Case 6, cited past acquisitions as concerning, stating, "Efficient integration is not merely drafting a plan and assigning tasks; it is about ensuring effective implementation". This underlines the necessity of well-structured processes and systems. However, there is the challenge of inexperience, as emphasized by Case 2's M&A Director, "Our primary hurdle was our lack of experience in orchestrating such intricate integrations". This highlights the continuous learning journey in M&As and the role of HRM in guiding this process.

Interpretive Summary

In the studied cases, the early involvement of HRM during the pre-merger phase is underscored as critical for ensuring successful synergy realization. Among the identified effective practices, cultural due diligence stands out. While not universally practised, its importance in assessing cultural fit, leadership dynamics, and team compatibility is clear, with face-to-face interactions often highlighted as tools to pre-empt potential challenges. Talent management emerged as another key area, with effective practices centring around the meticulous identification of key personnel and strategies to address potential attrition risks and ensure post-merger talent integration.

Transparent communication was flagged as an important, emphasizing the need for a two-way strategy to manage stakeholder expectations and foster trust. On the operational side, the challenges, and strategies for aligning compensation, benefits, and other pivotal HRM practices were frequently discussed, aiming to minimize post-merger disruptions. Additionally, the development of an evolving integration playbook, encapsulating lessons from past integrations, was flagged as an instrumental practice in optimizing future M&As. If these practices are neglected, organizations risk cultural clashes, talent loss, mistrust, operational inconsistencies, and unpreparedness for integration challenges. Collectively, these identified effective practices, rooted deeply in the pre-merger phase, set the stage for mitigating integration risks and ensuring effective synergy realization post-merger.

Theoretical Contributions

M&As have long been a focal point of academic literature. Historically, much of this attention has been directed towards post-merger practices (Cooper, 2021; Latukha & Panibratov, 2013). However, as the findings of this study suggest, confirming the pre-merger phase stands as a significant determinant in the trajectory of integration success (e.g., Aguilera & Dencker, 2004). One of the primary theoretical contributions of this study is the expanded

role of HRM throughout the M&A process (cf. Teerikangas & Colman, 2020). Traditional perspectives, have often restricted HRM's involvement to the post-merger phase (Cooper, 2021; Latukha & Panibratov, 2013). In challenging this traditional view, the current research highlights how HRM can be instrumental, throughout the M&A process, especially during its preliminary stages, demonstrating sentiments expressed previously by some scholars (Gomes et al., 2013; Sears et al., 2012; Weber, 2013)

Furthermore, while soft due diligence has been identified as essential in the broader literature (e.g., Chang-Howe, 2019; Horwitz et al., 2002; Weber & Tarba, 2012), this study dives deeper into its practical implications, especially in terms of cultural due diligence. It emphasizes the importance of understanding cultural fit, leadership dynamics, and team compatibility, offering a granular perspective that can serve as a guide for industry practitioners navigating M&As. This study also contributes to the understanding of communication in the pre-merger phase, an area previously researched by Angwin et al. (2016), but in a different context. Operational alignment, specifically within HRM systems, is another domain where this research extends existing knowledge (e.g., Schönreiter, 2018). While the literature has acknowledged the challenges of such alignment, this research unveils the nuanced intricacies of aligning compensation and benefits across diverse geographical and legislative backdrops. The highlighted challenges, both between European countries and within them, enrich academic understanding of operational integration in M&As.

The concept of balancing standardization with adaptability emerges as another significant contribution. The development of an integration playbook, as showcased in the research, provides a structured approach to M&As. However, the study also underlines the importance of adaptability, ensuring that M&A practices remain both efficient and flexible to address unique challenges. Lastly, by zeroing in on the European tech sector, the research addresses a gap in the existing literature. Given the sector's knowledge-driven nature (Puranam

et al., 2003; Puranam & Srikanth, 2007), and its rapid evolution (Rossi et al., 2013), the insights derived from this study are not only specific to the tech sector but also hold broader implications.

Practical Implications

The findings of this study underscore several actionable insights for practitioners navigating the intricate landscape of M&As, especially within the European tech sector. Early engagement of HRM professionals during the pre-merger phase emerges as a paramount practice. Their pivotal role in ensuring successful synergy realization accentuates the necessity of their involvement from the outset. By proactively diving into cultural fit assessments, gauging potential attrition risks, and strategizing for smooth integration, HRM professionals can significantly boost the success rates of mergers.

A standout practice, particularly relevant for the tech sector, is cultural due diligence. This encompasses not just superficial evaluations, but in-depth, face-to-face interactions and assessments that can pre-empt potential challenges that arise post-merger. As the sector often thrives on the melding of innovative cultures, ensuring a compatible cultural fit becomes even more crucial. Communication, as the research indicates, is not just about information dissemination. Adopting a two-way communication strategy that emphasizes transparency can foster trust and align stakeholder expectations, laying the groundwork for smoother integrations. On the operational front, challenges related to aligning compensation, benefits, and other HRM practices are evident. M&A practitioners should be prepared to tackle these potential misalignments head-on, ensuring that they do not become stumbling blocks in post-merger integrations.

For organizations with frequent M&A activities, the development of an integration playbook, evolving with each acquisition, can be a game-changer. This playbook, enriched with lessons from past integrations, can serve as a guide, ensuring that the organization is not

left ‘reinventing the wheel’ with every new merger. However, while standardization has its merits, the unique nature of each merger cannot be overlooked. Practitioners must strike a balance between adhering to standardized practices and adapting to the distinct characteristics of each merger. Lastly, given the tech-centric focus, the alignment of IT systems, tools, and platforms should be prioritized. A cohesive integration ensures that the merged entity operates seamlessly, driving synergies and fostering innovation. In conclusion, these implications underscore a proactive approach to M&As, where HRM insights and best practices play an instrumental role in guiding successful integration and synergy realization.

Limitations & Opportunities

Methodological Limitations

All research endeavours, regardless of their depth or rigour, inevitably face certain limitations. Acknowledging and understanding these limitations is crucial, as it provides context for the interpretation and generalization of findings (Yin, 2018). In this section, the potential constraints encountered during the data collection and analysis phases of this study will be explored and discussed.

Exploratory Research Method Limitations

The exploratory nature of this study inherently carries several potential limitations. Firstly, due to the small sample sizes in this exploratory research, the findings lack generalizability to the broader global tech sector, or other European sectors. As exploratory research primarily seeks to delve deeper into a topic rather than derive definitive outcomes, the conclusions drawn might be considered less conclusive than those from more structured research methods. Finally, the insights gained are heavily dependent on the perspectives of the participants, which may not comprehensively represent the entire population (Myers, 2019; Yin, 2018). Despite these challenges, the exploratory method was deemed most suitable for the

current study due to its flexibility and adaptability in understanding complex issues in depth. Moving on from the methodological constraints, there were also specific challenges encountered during the data collection phase.

Data Collection Limitations

During the data collection process, participants sometimes expressed reservations about delving deeply into specific integration issues due to the confidential nature of the information. Statements such as: "I might need to be vague or blend some details to protect confidentiality", and "For clear reasons, I need to be somewhat vague, especially when discussing M&As. These topics are sensitive, particularly when related to HRM", underscored their hesitance.

Recognizing this, to enrich the data and mitigate these limitations, a broader approach was adopted. Instead of focusing on individual M&A transactions, participants were encouraged to discuss insights from multiple recent M&A deals within their purview. This allowed a more expansive view, reducing the pressure to divulge sensitive specifics from any single deal. Moreover, participants were assured of data anonymization and were also invited to provide hypothetical or industry-wide examples where direct details were sensitive. While confidentiality might limit the granularity in some areas, these measures were taken to ensure the study still offered a comprehensive understanding of the integration risks. Alongside these confidentiality concerns, another aspect of data collection presented its challenges.

Although the intention was to gain multiple perspectives by interviewing various top managers within an organization, there were cases where only one manager was interviewed. Relying on a single manager can pose a risk of limited perspective, potential biases, and non-representative experiences, which may not capture the entirety or diversity of an organization's M&A dynamics (Paauwe et al., 2013). Nonetheless, it is imperative to emphasize that these interviewed top managers possessed profound domain knowledge. Their extensive experience and integral roles in their organizations during the M&A process ensured that the insights

obtained were thorough and authoritative, even in the absence of multiple viewpoints. While the aforementioned limitations pertained to the depth and breadth of information, geographical biases in the sample also warranted attention.

The sample predominantly consisted of cases from Western and Northern European countries. While these regions were representative of the majority of European Tech M&As that met the research criteria, the inclusion of other, Southern- or Eastern-, European cases would have enhanced the breadth of the study. Although, the sample predominantly drew from Western and Northern European countries, it was intriguing to observe the inherent cultural differences that existed even within this region. For instance, certain cultural nuances emerged in the way organizations in different countries approached communication and management.

As the Transition Manager from Case 4 highlighted, "…short geographical distances can represent significant cultural gaps. This is something we have observed between subsidiaries. A mere 15 km distance can present challenges". Such subtle cultural disparities, even within a relatively compact geographical area, underline the intricate nature of M&As and the challenges that can arise from these nuances. These observations also suggest that expanding the sample to include other European regions could reveal an even richer tapestry of cultural integration risks and HRM practices. Apart from these geographical considerations and depth of data collection, the analysis phase also presented its unique set of challenges.

Data Analysis Limitations

This qualitative research potentially carries an element of subjectivity, given its reliance on human judgment and interpretation (Myers, 2019). In this study, while methodical and rigorous processes were utilized to dissect and understand the data, the very nature of qualitative inquiry means that interpretations might have been shaped by the researcher's perspectives, experiences, and preconceptions. Even with efforts to remain objective, it is inevitable that the researcher's lens could have influenced certain interpretations or emphases

in the data. Thus, while the findings presented are believed to be grounded in the data and reflective of participants' perspectives, they are not immune from the influence of researcher bias. It is essential for readers and future researchers to acknowledge this inherent limitation when considering the implications and generalizability of the results.

The inherent flexibility and spontaneity of semi-structured interviews, while allowing a rich diversity of responses, introduced added complexity during the manual coding phase. This nuanced data, could sometimes have been affected by oversight or inconsistency in coding. Factors such as human error, changing interpretations, or the multifaceted nature of individual responses might have further exacerbated these challenges. Despite rigorous efforts that were made to ensure consistency and thoroughness, the combination of the manual coding process and the variable nature of semi-structured interviews could have led to minor discrepancies in data interpretation. However, upon review, these discrepancies were found to have minimal impact on the primary findings and conclusions drawn from the study.

Integration Strategies

The role of the selected integration strategy in M&As, and its subsequent influence on HRM practices, represents a fertile ground for further research. Although this study was exploratory, aiming to unearth the presence and potency of pre-merger HRM practices, it did not extensively probe the intricacies of various integration strategies. Commonly, these strategies differ in nature. They could be an absorption — which the sample of this study mainly consisted of, as described in the methodology section; a symbiosis; a 'preservation', which retains significant portions of the acquired firm's standalone operational character; or a 'holding' stance, where the acquired organization mostly functions independently (Bauer & Matzler, 2014; Haspeslagh & Jemison, 1991). This choice also depends on the culture of the organization (Weber, Tarba, et al., 2011). Prior studies have also focused on the narrower

spectrums of structural integration, emphasizing entrepreneurial (Schweizer, 2005), or innovative targets (Paruchuri et al., 2006; Puranam & Srikanth, 2007).

Furthermore, the depth of integration, spanning from cursory to profoundly embedded, coupled with the pace — whether methodical or brisk — carries significant implications (Bauer & Matzler, 2014). The latter, defined as the period from an M&A deal's culmination (Homburg & Bucerius, 2006), is notable. A hastened integration can hasten synergy realization (Angwin, 2004; Bauer & Matzler, 2014) and, when viewed through an HRM lens, mitigate uncertainties among staff. Rapid integration can leverage post-deal zeal, truncating durations of underperformance (Angwin, 2004).

Empirical findings support the notion that quicker integrations are associated with reduced uncertainties, diminished employee resistance, and effective synergy capture (Angwin, 2004; Cannella Jr. & Hambrick, 1993; Cording et al., 2008; Homburg & Bucerius, 2005, 2006). Every strategic choice carries distinct integration risks. For example, a rapid absorption might intensify risks related to morale and cultural clashes, demanding tailored HRM responses. Conversely, a symbiosis could emphasize nurturing trust and collaboration between organizations (Angwin, 2004; Bauer & Matzler, 2014; Mercer Bing & Wingrove, 2012).

Given the exploratory nature of the study, there is a need to comprehensively analyse each integration strategy. This would involve understanding the contexts in which each strategy thrives or falters, and the specific HRM practices that align best with each. With such nuances in play, future studies can investigate the interplay between strategic integration decisions and requisite HRM practices in the pre-merger phase, probing how varied strategic choices in M&As demand distinct HRM methodologies and how these decisions alter the effectiveness of HRM practices in identifying and mitigating integration risks. Which combinations result in the most positive outcomes, and how can HRM practices be tailored to support these?

Longitudinal Studies and M&A Performance

The complexity of M&A outcomes underscores the need for longitudinal studies, tracing the influence of specific HRM practices on post-merger integration and performance over extended periods. While the current investigation offers insights into the potential initial implications of these practices, the cascading effects and subtler dynamics might only manifest and be discernible over time (Leonard-Barton, 1990). As M&As evolve, certain latent effects of HRM practices may emerge, influencing M&A performance in ways that are not immediately evident. Additionally, as organizational landscapes and market conditions shift, HRM strategies might also undergo transformations, with their impact on M&A performance requiring continuous revaluation. Undertaking longitudinal studies, therefore, provide invaluable insights, shedding light on the evolving interplay of HRM practices and M&A performance, offering a richer, more layered understanding that transcends initial observations. While the longitudinal dimension adds depth to the understanding of M&As, another avenue of exploration arises from broadening the geographical horizon.

Geographical Expansion

Further complexities are presented by the vast mosaic of global business practices awaiting exploration. In African or Asian emerging markets, unique blends of dynamic growth, diverse workforces, and distinct organizational cultures are found (cf. Budhwar et al., 2009; Kamoche et al., 2012; X. Liu et al., 2012; Xing & Liu, 2016). Hence, these could be sources of new perspectives on the challenges and opportunities faced in HRM during M&As. When comparative studies between these lesser-known regions and the European context are conducted, a dual benefit is offered: firstly, the unique cultural norms, communication styles, and business ethics that distinguish these regions from Europe are elucidated; and secondly, the universalities and shared challenges highlighted. By having the research lens geographically extended, and a comparative stance adopted, a more profound understanding of

how HRM strategies might require nuanced adaptations in various global contexts can be achieved. Through such future studies, not only is the current discourse enriched, but a path for more globally aware and effective HRM practices is paved.

Conclusion

This exploratory study has illuminated the key role of HRM throughout the M&A process. Historically confined to post-merger integrations, HRM's influence, as revealed by this research, has dynamically expanded to encompass the vital pre-merger phase, thereby significantly impacting integration, synergy realization, and overall M&A success. The research underscores that for M&As to be successful, especially in the rapidly evolving tech sector, a more holistic, anticipatory, and nuanced approach to HRM is imperative. Delving into eight cases, the findings amplify the significance of cultural due diligence, transparent communication, talent management, and the concept of an evolving integration playbook. These practices, when rooted deeply in the pre-merger phase, form a sturdy foundation that helps mitigate integration risks and fosters efficient synergy realization post-merger, while neglecting them, can lead to unpreparedness for integration challenges.

While this research has provided valuable insights, it also presents certain limitations. From the constraints of exploratory research methods, potential biases in data collection, to the inherent challenges of qualitative analysis, these limitations offer both reflections and pathways for future studies. A more geographically expansive scope, longitudinal study designs, and a deeper dive into the effects of different integration strategies could further enrich this domain's understanding. But beyond the academic contributions and the practical implications, lies a profound realization: the human factor, represented by HRM, is not just a cog in the M&A machine. It is the very heart that pumps vitality into these mergers, ensuring that they are not just financially or strategically sound but are also harmonious, culturally aligned, and sustainable in the long run.

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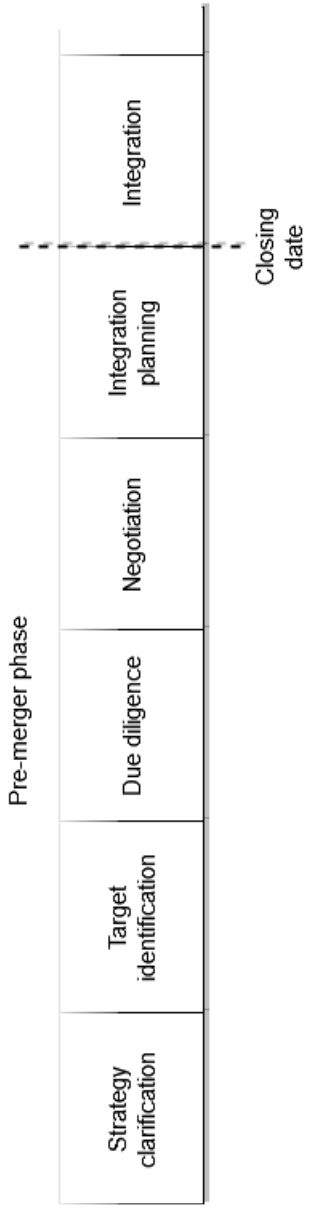
Appendices

Appendix I: Pre-Merger Phase and its Stages

Pre-merger phase and its stages



Note: Not all stages are a representative length.

Appendix II: Operationalization Chart

Integration Risks During Synergy Realization

Interview scheme		Coding scheme	
Concept	Dimension	Subdimension	Key Identificators
	1.1 Cultural Integration Risks	1.1.1 National Cultural Discrepancies	a Structural and mental differences based on nationality. b Complicated communication arising from different national cultures. c Different perceptions of M&A process due to national culture.
		1.1.2 Organizational Culture Clash	a Employee resistance due to cultural incompatibility. b Employee attrition as a result of cultural clashes. c Operational disruptions arising from disparate organizational cultures. d Reluctance to share knowledge due to perceived cultural disparities.
	1.2 Operational Integration Risks	1.2.1 Operational Mismatches	a Disruptions in business continuity. b Obstruction in the realization of projected synergies c Difficulties in harmonizing operations, processes, and systems.
	1.3 Human Factor Risks	1.3.1 Overlooked Employees	a Employee uncertainties about future prospects and role redundancies. b Perception of injustice and fair treatment. c Talent attrition and reduced morale. d Declining productivity due to employee concerns.
		1.3.2 Communication Gaps	a Insufficient information leading to stress and anxiety. b Perception of communication as irrelevant, unreliable, or dishonest. c Adverse organizational outcomes due to poor communication. d Reduced trust and heightened job insecurity.
	1.4 Technical Complexity in Tech Firm M&As	1.4.1 Knowledge Transfer Difficulties	a Challenges in transferring socially rooted knowledge-based assets. b Erosion of acquired firm's knowledge assets through disruptions and attrition.

2.1 Due Diligence	2.1.1 Soft Due Diligence	a	Examination of internal capabilities.
		b	Evaluation of management competencies.
		c	Review of compensation strategies.
		d	Evaluation of synergy potential.
		e	Review of assimilative capacities.
		f	Assessing organizational fits.
	2.1.1a Cultural Assessment	a	Profiling of merging companies' cultures.
		b	Identification of cultural gaps.
		c	Depth measurement of cultural differences.
2.2 Integration Planning and Change Management	2.2.1 Proactive Approach	a	Raising awareness and setting clear expectations.
		b	Planning for seamless integration.
		c	Anticipating resistance during transformative events.
	2.2.2 Strategic Implementation	a	Crafting contingency plans.
		b	Assembling transition teams.
		c	Refining infrastructure and designing systems.
		d	Managing cultural nuances, training, and staffing requirements.
		e	Involving employees in socialization activities.
		f	Ensuring clarity in objectives, timelines, overlaps, and unforeseen challenge strategie
2.3 Employee Communication	2.3.1 Communication Strategy	a	Reducing employee uncertainty, rumours, and dysfunctional outcomes.
		b	Alleviating uncertainties and guiding through change.
		c	Enhancing commitment and increasing M&A success chances.
	2.3.2 Execution of Communication	a	Reaching the right audience.
		b	Optimal timing and delivery methods.
		c	Crafting impactful messages.
		d	Justifying inevitable changes during M&A.
		e	Reducing uncertainty, developing shared understanding, perceived fairness, and trust

Appendix III: Semi-Structured Interview Scheme

1	*General Questions:*
1.1	To start, can you briefly describe your current position within the company and your main responsibilities, especially in relation to M&A activities?
1.2	For the purpose of this interview, The focus lies on the recent M&A deal involving [A] and [B]. Can you confirm that this is the M&A you were involved in and will be discussing today?
1.3	Can you briefly describe your role and involvement in this specific M&A activity?
1.4	What would you identify as the overarching goals for this particular M&A activity?
1.5	How would you describe the general preparedness and approach of the organization towards this M&A activity?
1.6	Could you provide a general overview of the M&A process? Specifically, how were the different phases structured, and what were the key activities and milestones within each phase?
2	*Integration Risks During Synergy Realization:*
2.1	What were the main challenges encountered during the synergy realization in the recent M&A? *Prompts:* Any cultural challenges? Operational challenges? Issues related to human factors or technical complexities?
2.1.1	Can you elaborate on the *cultural risks* encountered, such as national cultural discrepancies or organizational culture clashes?
2.1.2	How did *operational mismatches* manifest themselves during the integration process?
2.1.3	Were there specific challenges related to the *human aspect* of the merger, such as overlooking certain employees or communication gaps?
2.1.4	In terms of *technical aspects*, how did complexities, especially surrounding knowledge transfer, affect the M&A process?
2.1.4	Did you come across other complexities or risks related to the M&A integration that have not yet been covered?
3	*HRM Practices to Identify and Mitigate Integration Risks in the Pre-Merger Phase:*
3.1	Did the HRM play a role in the pre-merger process? If so, could you elaborate on its contributions and significance during that phase?
3.2	How did HRM practices come into play during the pre-merger phase to identify and mitigate integration risks?
3.2.1	In relation to *due diligence*, were there specific practices or methodologies adopted? *Prompts:* Emphasis on cultural assessments? Other aspects of soft due diligence?
3.2.2	Could you shed light on the firm's approach to *integration planning and change management* from an HRM standpoint?
3.2.3	How was the *communication strategy* designed and executed for employees during the pre-merger phase?
3.2.4	Were there other practices or methods that have not yet been touched upon?
4	Concluding Questions
4.1	Reflecting upon the entire process, are there any additional insights or experiences you would like to share related to integration risks or HRM practices from this M&A?
4.2	From your vantage point, what advice or suggestions would you have for organizations to improve their approach towards managing integration risks and HRM practices during M&As?