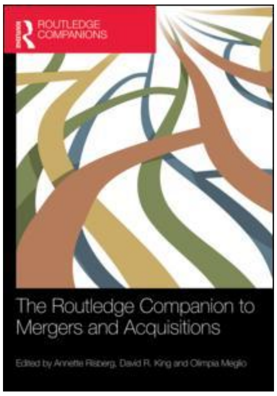

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A literature review and a suggested future research agenda on speed of integration in M&A

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A literature review and a suggested future research agenda on speed of integration in M&A

Taking stock of what we know

Florian Bauer

Introduction

Mergers and acquisitions (M&As) have been a prominent topic in academic management literature and practice for decades (Cartwright and Schoenberg 2006). During the peak of the last mergers and acquisitions wave in 2007, the volume of the market for corporate control reached 4.83 trillion US dollars. Due to the current economic and financial crisis, the volume has decreased to 1.78 trillion US dollars in 2011 (according to Bloomberg). Despite the enormous amount of research in the field of M&As, the average success rates of M&As are quite low (Capasso and Meglio 2005). Failure rates between 40 and 60 percent are usually reported (Bagchi and Rao 1992; Cartwright and Cooper 1995), and some researchers state that they are even higher at between 70 and 90 percent (Christensen *et al.* 2011). Since the 1970s, the M&A phenomenon has been studied through several theoretical lenses (Birkinshaw *et al.* 2000; Haspeslagh and Jemison 1991). Financial studies still dominate current M&A research, but additional research streams have developed (Cartwright and Schoenberg 2006).

In strategic management, research is mainly concerned with pre-merger attitudes of buying and target companies (Phersson 2006; Stimpert and Duhaime 1997; Singh and Montgomery 1987). Scholars point out that some kind of strategic fit is beneficial for value creation in terms of efficiency-based and enhancement-based synergies (Larsson and Finkelstein 1999). Other researchers investigate empirically the influence of acquisition experience on M&A performance (Halebian and Finkelstein 1999; Barkema *et al.* 1996). Up to now, the results on acquisition experience are a mixed blessing (King *et al.* 2004). There is also growing recognition of the importance of cultural factors (Very *et al.* 1997; Sarkar *et al.* 2001; Aw and Chatterjee 2004), human resource-related issues (Kavanagh and Askanasy 2006; Buchholtz *et al.* 2003; Colquitt *et al.* 2001), and M&A integration (Capron and Pistre 2002; Puranam *et al.* 2009; Paruchuri *et al.* 2006; Birkinshaw *et al.* 2000). A more derivate angle is the so-called process school or perspective (Haspeslagh and Jemison 1991), which is concerned with more operative topics in M&A integration (Birkinshaw *et al.* 2000; Bragado 1992; Jemison and Sitkin 1986).

Interestingly, there is significant agreement on the importance of integration, as value creation in M&As takes place in the integration phase (Haspeslagh and Jemison 1991), but there are fundamentally different assumptions concerning the ideal speed of integration. Speed of integration describes the time from deal closing until the end of the integration process, when the desired degree of integration is reached (Cording *et al.* 2008; Homburg and Bucerius 2006). Even though speed is cited to have an enormous importance from a practical perspective (Schlaepfer *et al.* 2008), only limited academic research has been done on this topic (Homburg and Bucerius 2006; Angwin 2004; Schweiger and Goulet 2005; Homburg and Bucerius 2005; Ranft and Lord 2002; Olie 1994; Inkpen *et al.* 2000). Homburg and Bucerius (2006) state in their study that speed of integration is a broadly neglected topic in academic M&A research even though speed of integration is usually recognized to have an enormous impact on M&A outcome (Homburg and Bucerius 2005; Homburg and Bucerius 2006; Angwin 2004; Ranft and Lord 2002).

Against this background, I discuss the topic of speed with regard to several problem areas in this paper. In the first section of my literature review on speed, I discuss the performance effects of speed. In the second section, I begin to analyze factors that have influence on speed of integration, and, in the third section, I compare and analyze already empirically tested measurement models. On the basis of my literature review and the definition of the problem areas in research on speed of integration, I conclude with a future research agenda.

The speed-performance relationship

In business practice and research, there is growing recognition of the importance to speed up operations for building competitive advantages. The issue of speed affects many strategic perspectives like new product development speed, time-based competition, first mover advantages, and many more (Kessler and Chakrabarti 1996). The main idea of the speed-oriented literature is that firms can generate first-mover or pioneering advantages (Lieberman and Montgomery 1988). Nonetheless, the usage of speed-based advantages affects all organizational facets as speed could be beneficial or detrimental in terms of increasing profits while at the same time cutting costs or lowering market risk (Page 1993). Consequently, it is worth exploring whether speed is also an important issue in M&As. In this section, I review the speed-performance relationship, discuss why speed of integration is decisive for M&A outcomes, and provide some empirical evidence from academic research.

In business practice, there is a common sense perspective on the positive effects of speed of integration on M&A performance (Homburg and Bucerius 2006). In a practitioner-oriented study by Schlaepfer *et al.* (2008), 50 percent of the surveyed companies have planned to finalize the integration process within the first seven months. Nearly 40 percent of the companies in their sample mentioned that integration was not fast enough. These results—that speed is positively correlated with M&A performance—are affirmed in similar research, and it seems that the discussion on the topic of speed is in line with the credo of Chase (1998: 3) that there are "three things that matter the most here, and they are speed, speed, speed (Chase 1998)."

Proposed performance effects

Angwin (2004) demonstrates several arguments in his article as to why a high speed of integration is beneficial for the M&A outcome. He states that fast integration leads to faster returns on investment, less uncertainty among employees and instability in the organization, retaining enthusiasm among stakeholders, bigger effects of early actions, reduced exposure to uncertainties from the external environment, and less time available to competitors to respond (Angwin 2004). Along with these arguments, Buono and Bowditch (2003) point out that speed is relevant in terms of resource reconfiguration and synergy realization. Meanwhile, there are some researchers who stress the beneficial effects of a slow integration.

It is argued that slow integration fosters mutual understanding of employees and the willingness to learn from each other (Buono and Bowditch 2003). As the acculturation process starts with understanding and reconciliation of differences (Nahavandi and Malekzadeh 1988), the arguments for slow integration become even more crucial. But speed of acculturation is not only a topic of slow integration, as it is a process that can be managed to some extent (Schweiger and Goulet 2005; Empson 2004). Other scholars argue that trust-building needs time, but in the end it fosters the realization of financial performance. Therefore, a high speed would have detrimental consequences for value creation (Bijlsma-Frankema 2004). Even though all of these arguments appear intuitive, in a practical study only 33 percent of the participants agreed with possible negative consequences of a fast integration speed (Gerds and Schewe 2004; see also Schlaepfer *et al.* 2008). These conflicting underlying arguments are in line with the first-mover literature that suggests that speed is a decisive factor, even though speed has advantages and disadvantages (Lieberman and Montgomery 1988).

Empirical results on the speed-performance relationship

Consistent with diversified theoretical arguments on integration speed, the empirical results for the relationship of speed of integration on performance remain ambiguous. Table 20.1 illustrates the major empirical results on speed of integration published after 2000, and I briefly discuss the findings of each study.

Birkinshaw *et al.* (2000) separate integration in task and cultural integration and state: "they can probably occur at different times" (p. 399). As a result of their multiple case study, they come to the conclusion that the integration of human aspects leads to a shared identity and to mutual respect, which are essential for achieving knowledge transfer and combination synergies (Birkinshaw *et al.* 2000). In the next study on the topic, Ranft and Lord (2002) infer that managers usually connect learning with communication and speed (Ranft and Lord 2002). Similarly, Gates and Very (2003) conclude that "once an appropriate atmosphere has been created, the acquirer can focus on the 'capability transfer' stage" (p. 170).

Schlünzen and Jöns (2003) investigated speed of integration with expert interviews and concluded that there is a "window of opportunity" which is crucial for uncertainty avoidance (employees and customers) and trust building. Consistent with the idea of a limited window, Angwin (2004) concluded that the long-term performance (more than 3 years after closing) is better for those companies that integrated faster (Angwin 2004). Still, after conducting a qualitative study, Bijlsma-Frankema (2004) concludes that slow integration has beneficial effects on post M&A performance as trust-building needs time. After conducting a quantitative study, Cording *et al.* (2008) discovered a positive effect on internal reorganization and, therefore, an indirect positive effect of speed of integration on market expansion. Contrary to the fast vs. slow debate, Schweiger and Goulet (2005) argue that integration is a manageable process and that a fast and successful M&A integration requires an understanding of cultural differences.

In a cross-sectional study on marketing integration in M&As with a sample size of 232 managers from acquiring firms, Homburg and Bucerius (2005) found a significantly positive relationship of speed of integration and market-related performance after the acquisition. Even though they state that speed can have negative performance effects, they reason that fast integration limits customer uncertainty and, therefore, fosters market-related performance (Homburg and Bucerius 2005). Meanwhile, another study on marketing related issues and M&As found empirical evidence for the hypothesis that slow integration is valuable for sustainable resource reduction, but the proposed significant relationship to absolute M&A performance was not confirmed (Wille *et al.* 2011).

Table 20.1 Literature on the speed-performance relationship

Authors	*Topic*	*Method*	*Speed Measure*	*Outcomes*
Birkinshaw *et al.* (2000)	Cultural and task integration	Multiple case study on three Swedish acquisitions	Qualitative study, no measures used	• Task and cultural integration can be finished at different times. • Cultural integration is necessary for closer task integration. • A shared identity and mutual trust are prerequisites of closer task integration and thus synergy realization.
Ranft and Lord (2002)	Acquisition implementation	Seven in-depth cases of high technology acquisitions	Qualitative study, no measures used	• Speed of integration is a key dimension of implementation. • Speed of integration/ implementation is closely connected with learning. • Speed of integration/ implementation is connected with communication.
Gates and Very (2003)	Performance measures of M&A integration	53 Fortune 500 and Europe 500 transactions and 20 in-depth interviews with managers	No measures used	• Speed is a critical decision in the integration process. • Speed is the time horizon for the expected value creation. • Speed of integration is an often used operative measure
Schlünzen and Jöns (2003)	Relationship of meaning and performance with integration speed	In depth interviews with 20 managers	Qualitative study, no measures used	• 95% of managers perceive speed of integration as an important success factor. • Speed of integration cannot be analyzed in isolation. • A high integration speed avoids uncertainty among employees and customers.
Angwin (2004)	Speed and performance	70 UK transactions that took place between April 1991 and March 1993	Single item	• Perceptions of success will diminish over time. • Curvilinear relationship with integration success elapses over time. • Early actions lead to better long-term performance.

Bijlsma-Frankema (2004)	Speed versus carefulness	Qualitative research with 9 managers from a Dutch multinational engineering company	Qualitative study, no measures used	• Quick changes can avoid troubles with employees. • Trust building needs time but is beneficial in the long run. • A focus on the quick achievement is counterproductive for target employee commitment.
Cording *et al.* (2008)	The effect of integration speed on internal reorganization	129 horizontal transactions in the US that took place between 1997 and 2001	Single item measure	• Speed is beneficial for internal reorganization. • The direct effect on market expansion is fully mediated by internal reorganization.
Schweiger and Goulet (2005)	Cultural learning and acquisition integration	Longitudinal field experiment in 6 manufacturing plants, survey at 3 different time points	Not measured	• Speed of acculturation is not an undirected evolution, it is a manageable process. • Cultural understanding and the reconciliation of cultural differences enhances speed and M&A success.
Homburg and Bucerius (2005)	Speed of marketing integration and M&A outcome moderated by firm and market-/ industry-level variables	232 horizontal transactions in the German-speaking part of Europe that took place between 1996 and 1999	Measured with 8 (marketing-related) items on a 5-point scale ranging from longer than 24 months to less than 6 months	• Marketing integration speed is beneficial for market-related performance due to the fact that customer uncertainty is limited. • But: agreement on the fact that speed can have negative effects, too (was not tested in the study).
Wille *et al.* (2011)	Corporate brand management in M&A	72 transactions described by M&A consultants and experts in the German-speaking part of Europe that took place between 2004 and 2008	Single item measurement	• A higher degree of integration reduces the speed of integration. • Speed of integration has no significant effect on M&A performance. • A slower speed of integration leads to greater resource reduction.

(*Continued*)

Table 20.1 Continued

Authors	*Topic*	*Method*	*Speed Measure*	*Outcomes*
Homburg and Bucerius (2006)	Speed of integration and M&A success moderated by internal and external relatedness	232 horizontal transactions in the German speaking part of Europe that took place between 1996 and 1999	Measured with 8 (marketing-related) items on a 5-point scale ranging from longer than 24 months to less than 6 months	• The speed-performance relationship is dependent on relatedness. • Speed is beneficial with low external and high internal relatedness. • Speed is detrimental with high external and low internal relatedness.
Morag and Barakonyi (2009)	Speed of integration and M&A integration success	Case study research	No quantitative measure	• Speed is a success factor. • Speed depends on the main reason of the acquisition, the type of acquisition (domestic or cross-border), the characteristics of the involved firms, and the integration approach.
Bauer and Matzler (2014)	The effect of integration speed on M&A success	106 transactions in the German-speaking part of Europe that took place between January 2005 and April 2008	Measured with 4 items; due to a lack of reliability, 2 items had to be deleted	• There is no significant effect from integration speed on M&A success. • Speed is determined by strategic complementarity, cultural compatibility and the degree of integration.

In a different study on speed of integration, Homburg and Bucerius (2006) found—depending on the circumstances—several relationships between speed of integration and performance. The shape of the relationship ranges from significant positive over significant negative to non-significant, depending on internal and market relatedness (Homburg and Bucerius 2006). In a similar vein, Morag and Barakonyi (2009) argue, after conducting case study research, that speed is a decisive factor for M&A performance but that the beneficial or detrimental effects of speed of integration depend on motives, transaction types, and the characteristics of the involved firms. Finally, the most recent study on speed of integration and performance found no significant relationship at all (Bauer and Matzler 2014).

In summary, there is no clear evidence whether speed of integration has a positive, a negative, or no effect on M&A outcomes. Further, there are two detrimental theoretically opposite perspectives on speed of integration. Therefore, it is no wonder that researchers highlight the dilemma presented in the choice between careful integration and speed of integration (Gadiesh *et al.* 2003; Bijlsma-Frankema 2004; Bragado 1992). The question that remains is whether it is simply a choice between "speed over elegance" or if other influencing or deterministic factors have to be considered. For example, Kessler and Chakrabarti (1996) analyzed innovation speed literature and tried to uncover conditions under which speed is beneficial and to elaborate contextual factors as well as antecedents in a conceptual model. However, a conceptual framework does not exist for integration speed literature even though it would benefit future research.

Factors influencing speed of integration

As already pointed out in the previous section, speed of integration cannot be analyzed in isolation as it depends on several factors. In the following paragraphs, I will demonstrate and organize potential factors that influence speed of integration.

Contextual factors

Contextual factors strongly influence speed of integration, but these factors may not be an integral part of the actual M&A process. By now, researchers often argue for fast or slow integration while ignoring that, to some extent, it is not only the buying companies' free choice of how to integrate. For example, in Austria and Germany there are several legal regulations concerning tax, business or labor law (e.g. § 3ff AVRAG; § 613a BGB; §221 UGB; § 267 HGB; § 244ff UGB; § 290ff HGB) that serve as pacemakers for speed of integration. National law is an important contextual factor for reorganization. Capron and Guillén analyzed 253 acquisitions with targets in 27 countries with regards to labor rights and shareholder rights. While a high level of shareholder rights is beneficial for reorganization, the opposite is the case for countries with strict labor law (Capron and Guillén 2009). Next to inner-organizational issues like negative emotions etc., they argue that the legal framework is decisive for employees exerting their power (Capron and Guillén 2009).

Another important contextual factor is institutional distance. It influences strategies and behavior (Kostova 1999, Gaur and Lu 2007) and by extension the implementation of a transaction. In a recent study on 106 transactions, Bauer and Matzler (2014) found empirical evidence that, with a high regulative distance of target and buyer country, when the buyer country is better developed, the need for integration increases, while in the opposite situation the effect changes. To conclude, firms are not completely free in their decisions regarding integration and, therefore, not free with regard to speed of integration. National legal requirements as well as institutional differences affect speed of integration.

M&A motives

According to Christensen *et al.* (2011) there are only two main motives as to why firms engage in M&As. If the strategic aim of the M&As is to boost the buying companies' performance, deep and fast integration would be beneficial, while if the aim is reinventing the business model, deep and fast integration would be detrimental (Christensen *et al.* 2011). Bragg (2009) differentiates three types of motives, namely strategic, financial, and managerial motives and argues that they differ from target to buyer. If the motive of the transaction is to increase the existing market share or the production capacity, firms are usually seeking for synergy of total addition. In those cases, the value chains are nearly identical and a deep integration is necessary to eliminate redundant resources and to use the increased market share. Thus, integration and integration management, as well as speed, are decisive for the increase in ratability (Krüger and Müller-Stewens 1994).

If the motive of the transaction is the reduction of cyclicality, and a firm acquires a company outside their industry (Bragg 2009), a complete integration is not necessary as value creation does not derive from cost savings or the elimination of redundant resources. In those cases, the integration of financial, controlling, or managerial information systems is enough. Considering the financial motive of liquidation, where a firm acquires an under-evaluated target with the intention of liquidation (Longenecker *et al.* 2006), integration will not take place. To sum up, integration, integration management, and speed of integration are strongly dependent on the strategic, financial, or managerial intention of the acquisition.

Pre-merger issues

Next to contextual factors, there are M&A process-inherent factors that influence the speed of integration. Homburg and Bucerius (2006) argue that the beneficial as well as the detrimental value creation mechanisms of speed of integration depend on the pre-merger issues of internal and external relatedness, while external relatedness refers to aspects outside the merging organizations (e.g. target markets, market positioning) and internal relatedness focuses on the firm's management styles. Their cross-sectional study with 232 managers from the acquiring firms gives clear evidence that a high speed of integration is most beneficial with a low external and a high internal relatedness, while it is detrimental with low internal and high external relatedness (Homburg and Bucerius 2006). Another study on strategic complementarity provides empirical evidence that strategic complementarities foster speed of integration, while cultural compatibility lowers it (Bauer and Matzler 2014). The authors of this study argue that cultural compatibility is an indicator for "common ground" and, therefore, informal coordination mechanisms are highly relevant for integration even though they are not as controllable and manageable as top-down integration processes. With this common ground effect, the need for structural integration decreases (Puranam *et al.* 2009) and, therefore, a high speed of integration is not necessary. Beyond those two studies, our knowledge on pre-merger influences on speed of integration is rather low. Next to pre-merger issues, I want to emphasize that value creation takes place after the acquisition (Haspeslagh and Jemison 1991). Therefore, post-merger issues—which will be discussed in the next section—are highly relevant for deciding whether high speed is beneficial or detrimental.

Merger issues

Even though speed of integration starts on the day that a deal closes, the merger phase has a strong impact on the implementation strategy, the organization of integration, and, thus, on integration speed (Jemison and Sitkin 1986). Intuitively, it makes sense to argue that the longer the due diligence and the negotiation phases are, the more careful the acquisition planning and more efficient the implementation process. Nonetheless, firms are usually not free in making the time decision, as regulatory reviews or the need for secrecy impact due diligence length. Saorín-Iborra (2008) analyzed the determinants of time pressure in the merging phase, like the need for secrecy; a high level of time pressure can shorten the time available and lead to non-thoroughly thought-out decisions for the integration phase. The anticipated result of shortened planning would be inefficient integration speed, though it could be argued that there are beneficial effects such as uncertainty avoidance among employees. Again, this suggests a dilemma. On the other hand, a long time frame would allow for thorough planning, but on the other hand it can lead, due to a lack of information, to rumors (in the media or in the organization) which can lead to organizational resistance (Schweiger *et al.* 1987). These negative effects can again lead to inefficient integration and, thus, to an unsuitable integration speed.

Post-merger issues

As with pre-merger issues, our knowledge on the interdependencies of post-merger issues and speed of integration are rather limited. Interestingly, the only two quantitative studies (to the best of my knowledge) on the relationship of the degree of integration and speed of integration provide us with diverging results. While one study gives empirical evidence that a high degree of marketing integration lowers the speed of integration (Wille *et al.* 2011), another study shows a positive effect from degree of integration and speed of integration. The empirical results of the second study lead to the conclusion that firms that seek a high degree of integration in production and marketing try to finish the integration as fast as possible (Bauer and Matzler 2014). Meanwhile, a study by Cording *et al.* (2008) included both constructs, but they do not test the relationship between them. The correlation matrix they provide in their paper shows a low correlation (0.03) between the two constructs (Cording *et al.* 2008), which leads us to the conclusion that there is no statistically significant relationship between degree of integration and speed of integration. Likewise, Homburg and Bucerius (2005) do not test the relationship between degree of integration and speed of integration. Nonetheless, their correlation matrix indicates a stronger relationship, as the correlation, with 0.273, is quite high. With a result of 0.304, the correlation for customer orientation of integration is even higher (Homburg and Bucerius 2005).

Another important issue is integration management itself. The early installation of an integration management team which consists of representatives from buyer and target company, as well as active communication from the announcement day onwards, is cited to be important (Vester 2002). Employees should learn about the transaction from responsible persons in the organization rather than from the daily press to avoid uncertainty and anxiety (Schweiger and Denisi 1991). Even though communication is a central task of an organization, Schweiger *et al.* (1987) concluded, after 166 in-depth interviews, that only a few managers were able to minimize negative consequences on their subordinates. Thus, active management is an important issue to avoid resistance and other negative effects that influence speed of integration. Decisions concerning the integration of an acquired company should be met fast and with respect to possible psychological traumata (Schweiger *et al.* 1987). Early decisions regarding the integration can help to avoid uncertainty and, therefore, work as a trigger for efficient integration.

Other, possible influencing factors

Next to contextual factors, pre-merger issues, motives, merger issues, and post-merger issues, speed of integration depends on factors such as kind of transaction, relative size of target, and branch growth. A recent study provides some insights into the dependencies of those—normally used as control variables—factors. Therefore, speed can be much higher with conglomerate transactions than with horizontal ones. Firms seek faster integration with bigger targets than with smaller ones, and branch growth negatively influences the speed of integration. That means that companies in a fast growing business do not integrate as fast as companies in a stable or decreasing business (Bauer and Matzler 2014). Inkpen *et al.* (2000) found empirical evidence in a case study which shows that geographic proximity influences speed of integration. With an increasing distance of target and buyer, speed of integration is slowed down.

As the literature review on all influencing factors shows, there are effects that enormously influence speed of integration, but up to now the amount of academic research as well as the gained knowledge on these issues are rather limited.

Measurement of speed of integration

A third problem area in research related to speed of integration has to do with measurement. Most practically and scientifically oriented studies provide us with a single-item measurement of speed of integration (Schlaepfer *et al.* 2008; Wille *et al.* 2011; Cording *et al.* 2008). Due to the fact that integration is a multi-level process (Shrivastava 1986) it is questionable if integration can be conducted on all levels with the same speed (Olie 1994; Ranft and Lord 2002). Just to name an example, financial or controlling issues can usually be integrated much faster than cultures or organizational structures. Therefore, single-item measurement seems not to be applicable for analyzing speed of integration. Nonetheless, multiple-item measures, on the other hand, provide us with some reliability problems. Homburg and Bucerius (2006) operationalized their latent variable "speed of integration" with eight items. The individual item reliabilities have a range from 0.4 to 0.76 (Homburg and Bucerius 2006). Even though the reported values reach the recommended threshold of 0.4 (Bagozzi and Baumgartner 1994), the low reliability values could be a serious concern. In the above-described study of Bauer and Matzler (2014), a very similar problem occurred. Their originally planned measurement model consisting of four items did not work out, as loadings of two items were too low and one was not even significant. As loadings are correlations, they should share more than 50 percent variance with their underlying construct, which means that the squared correlation should exceed a value of 0.5, loadings below 0.5 or 0.4 should be dropped, and items with low reliabilities "must be interpreted with caution" (Hulland 1999: 199).

Therefore, I propose that, by now, research has not covered the complexity of speed of integration in stable and solid measurement models. Hulland (1999) names three reasons for low loadings of items (poor wording, inappropriate items, or the improper contextual transfer of items), from which the consequences are low reliability, poor content validity, and non-generalizability. To sum up, the literature review on measurement of speed of integration shows a deficit in conceptual work on scale development.

Developing a future research agenda

As the literature review showed, the academic work on speed of integration in M&As is rather limited except for a few quantitative (Angwin 2004; Homburg and Bucerius 2005;Homburg and Bucerius 2006; Bauer and Matzler 2014; Wille *et al.* 2011; Bragado 1992) and qualitative (Bijlsma-Frankema 2004; Olie 1994; Inkpen *et al.* 2000) studies. It becomes clear that the question of speed over elegance is too simplistic, as I was able to identify three areas of problems in current research:

1 the speed-performance relationship
2 factors influencing speed of integration
3 measurement of speed of integration

In this section, I want to demonstrate how the above-described problems in research could be solved. Finally, I try to design a future research agenda.

Speed-performance relationship

There seems to be more than a "one-path" relationship from speed to performance, as acquisition performance itself is a theoretically complex construct which consists of numerous dimensions and, thus, research is faced with the dilemma of the trade-off between precision and generalizability (Cording *et al.* 2010). Next to considerations like "value for whom" and "assessed by whom," one needs to consider the time period that makes the effects of speed open to research. With regard to integration and integration performance, event study measures do not seem to be applicable as it is stated that the completion of an integration process needs three to five years (Homburg and Bucerius 2005; Zollo and Meier 2008). But to imply that speed has only long-term effects does not help us in understanding the phenomenon. To measure the effects of early actions, such as communication to avoid uncertainty or the loss of talents or early decisions that foster the integration process (Vester 2002," Schweiger *et al.* 1987), a single performance measure seems too limited.

A different approach was chosen by Cording *et al.* (2008). They implemented an intermediate step to M&A success with their measurement of internal reorganization. In addition to internal reorganization, which has a positive effect on the M&A outcome (Cording *et al.* 2008), there are other underlying possible value-creating mechanisms. As possible value-creating mechanisms are described theoretically (Angwin 2004; Homburg and Bucerius 2006), I am wondering why they have not been empirically tested. The mechanisms for value creation—faster exploitation of synergies, reduced uncertainty among employees (Angwin 2004) and customers (Homburg and Bucerius 2006), or the advantage of the early enthusiasm stage (Angwin 2004)—are empirically underdeveloped. Additionally, transactions and speed of integration have different effects on different stakeholders, which all have different interests (King and Taylor 2012). While quick decisions and security are important for employees and can help to avoid increased turnover (Schweiger *et al.* 1987), firms need to consider quality disruptions that occur due to fast integration (King and Taylor 2012). This suggests that other major stakeholders such as customers, advisors, lenders, vendors, and government regulators may have different perceptions of integration speed.

As the M&A outcome is not uni-dimensionally captureable, I would propose a broader framework for value creation mechanisms and performance indicators. The implementation of some measures would provide us with valuable insights into the value-creating or -destroying effects of speed of integration. Moreover, it would make intuitive sense to broaden the group of respondents. Most quantitative studies addressed acquiring CEOs and they ignore employees, customers, retailers, suppliers, lenders, or shareholder perspectives. Even though CEOs from the acquiring firms seem to be most knowledgeable about the transaction and the integration process (Datta 1991), their rating correlates highly with objective success measures (Datta 1991; Homburg and Bucerius 2005). I argue that a multiple set of measures is necessary to assess the performance mechanisms of speed of integration. This would help us in gaining a better and a deeper understanding of the speed-performance relationship and the underlying value creation mechanisms.

Factors influencing speed of integration

The literature review demonstrates that our knowledge is rather limited. As the state of the art on empirical work demonstrates, those factors have an enormous impact on speed of integration. Following those empirical results, I conclude that first, there are more, up to now unexamined, influencing factors and second, that a multi-dimensional framework is needed to gain a better understanding of those influencing factors. Third, the interdependencies of pre-merger issues and post-merger issues should be investigated. This postulation is not new in M&A research (King *et al*. 2004) but research on those interdependencies remains limited. To analyze antecedents of intergation, speed could be valuable to understand the concept itself better. Next to triggers of speed such as motives or strategic, financial, or managerial intentions, there are some uninvestigated deceleraters of speed of integration.

In line with the study of Capron and Guillén (2009), one could easily argue that labor law affects speed of integration, as a stricter labor law hinders the internal reorganization. Further, the literature review demonstrates that speed is not always beneficial or detrimental; rather, it depends on the context. In their study on speed of integration and the moderating role of external and internal relatedness, Homburg and Bucerius (2006) conclude that there are many more moderating effects than just fit. They argue that, for example, ingrained cultures or acquisition experience could moderate the relationship (Homburg and Bucerius 2006). Building on transfer theory or experimental learning, one could argue that acquisition experience moderates the relationship from speed to performance. The taking of more factors into consideration would lead to better and more reliable managerial implications than just "integrate as fast as possible". The question of "speed over elegance" could become obsolete when research uncovers the antecedents and conditions when integration speed is beneficial or detrimental. Nonetheless, the implementation of too many influencing factors would make research difficult. For measuring and testing the role of speed, a clear industry focus or the concentration on a specific type of acquisition (e.g. solely horizontal domestic deals) could serve as a starting point as this would lead to a reducion of the complexity of influencing factors.

Measurement of speed of integration

The results of the applied measurement modes provide us with a mixed blessing. As the review of quantitative papers indicate, single item measurement appears unable to capture a multi-sided construct (Schlaepfer *et al*. 2008) like speed of integration because several organizational levels should be taken into account (Shrivastava 1986). Nonetheless, theoretically well developed measurement models provide us with inconclusive results concerning their reliability (Homburg and Bucerius, 2006) or the scope of the measurement concept (two items deleted in Bauer and Matzler's (2014) measurement model).

One thing I am missing in research on speed of integration is that speed is usually used as a term that sets two aspects into a relationship to each other (like "miles per hour"). The application of a relative speed measure is quite common in new product development (NPD) speed literature, where duration is compared with other reference units like competitors, schedule deviations, or the fastest feasible duration (Goktan and Miles 2011; Akgün and Lynn 2002; Kessler and Bierly 2002). Nonetheless, in current M&A research, speed is usually measured in absolute terms with questions like, "approximately how long did the integration process take?" (Cording *et al*. 2008: 761). Thus, I think that a new approach could solve the problem of statistical reliability as well as the content-related problems in research. A simple comparison of the duration measure does not allow for an inter-firm comparison, as the duration is dependent on influencing factors. Recent research on NPD speed shows the strength of relative measurement concepts due to the comparability with e.g. competitors (Carbonell *et al*. 2009). In the case of M&As, the degree of integration could be a possible relation to assess a "relative speed measurement" even though there would be some inherent problems with the relation as the degree of integration is dependent on other factors. For example, firms that show a high strategic and cultural fit could reach a high degree of integration with much less change and effort than organizations with a low or no fit. Therefore, I propose that the perceived level of change could serve as a better reference unit for a relative speed of integration measure. Coming back to the example, those firms that provide a high strategic and cultural fit have a low level of perceived change, while this level is much higher for firms that have none or just a low level of fit. Thus, with the same "absolute" integration speed (duration), the "relative speed measurement" would provide us with quite different results as it would be lower for those firms with a high fit and higher for firms with a low fit, as "absolute speed" stays equal. Still, a recent meta-analytic review on NPD speed gave empirical evidence that the results of a relative and an absolute speed measure do not significantly differ (Chen *et al*. 2010).

I want to mention that, consistent with existing arguments, several areas of integration should be considered (Shrivastava 1986; Birkinshaw *et al*. 2000) and, therefore, several levels of relative speed. Research divides integration into task and human integration (Birkinshaw *et al*. 2000). For sharing resources or transferring capabilities, task integration is essential (Buono and Bowditch 2003; Angwin 2004), while, for employee satisfaction and a shared identity, human integration is necessary (Birkinshaw *et al*. 2000, Olie 1994). Even though task and human integration are conceptually different areas, their interdependencies should not be disregarded. Birkinshaw *et al*. (2000) argue that faster human integration fosters a shared identity and mutual trust among employees, and these are a basis for closer task integration. If we assessed speed with a relative measure and on different areas or activities, we could broaden our understanding of speed itself. Furthermore, it would be useful to implement a question, "where did the change occur?" and use it as a control variable.

As the explanations on the three problem areas of speed of integration in M&As have shown, it is an interesting future research field. The topic is very relevant for M&A practice. Therefore, academic research should better fill the gap between bargain and the demand for conceptual implications. This conceptual paper offers insights into possible future research agendas. In the next section, I will draw a conclusion for future academic empircal and conceptual work.

Conclusion

As my analysis has shown, there is only very limited academic research on speed of integration. While most of the papers offer valuable insights, there are three problem areas in this research, which I propose to be solved in future. Figure 20.1 displays the central topics and issues of the three problem areas and gives insights into possible solutions and future research areas.

Of course, an integrated comprehensive research framework would be favorable, but as the relationships between the factors are very complex, future research should try to integrate just a few aspects into one model rather than developing an overly complex model. After a certain number of empirical studies, a meta-analytic review could then strengthen the theoretically assumed and empirically investigated relationships on a higher level of analysis.

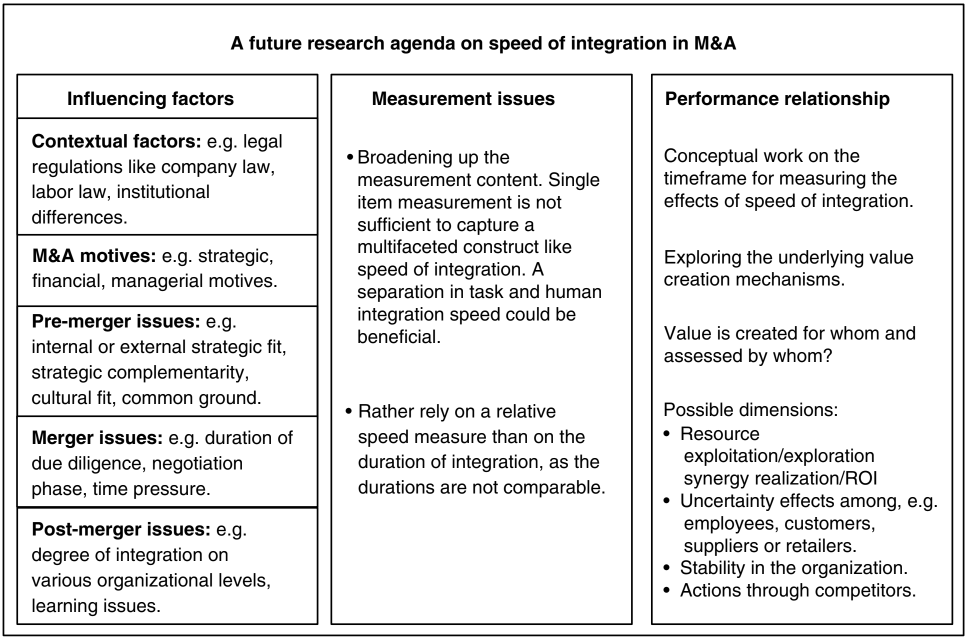

Figure 20.1 Conceptual framework for future research

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