Influence pre-formation on post-merger integration
‘Merger success and failure in social housing organizations’

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Abstract

**Background:** Mergers are a popular phenomenon to achieve growth. However, the failure rate is quite high. Prior research took on a static perspective and looked at determinants such as deal structure and size, but has failed to explain merger success or failure.

**Purpose:** This study tries to build theory by taking on a dynamic perspective and looks at the management of the merger itself. It is acknowledged in prior theory that post-merger integration can lead to the exploitation of synergy realization. However, it is unclear how pre-formation processes impact the post-merger integration phase and the subsequent outcome of the merger, which is explored in this research.

**Methods:** This research uses grounded theory-building, by using theory, interviews and archival data to develop detailed case studies of five mergers in the social housing industry.

**Results and Conclusion:** The setting of the rationale, the due diligence and the integration planning during the pre-formation phase have a significant influence on the post-merger integration and subsequent outcome of the merger. This reveals that pre-formation processes may explain merger performance, where static determinants in prior studies have failed.

**Future Research Directions:** Future research should test the proposed relationships by means of quantitative studies. Moreover the relations should be tested in different industries.

**Key Words:** Pre-formation, post-merger integration, grounded theory, synergy realization, social housing organizations, dynamic perspective.

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1. Introduction

Mergers are a popular phenomenon for firms to achieve growth. However, the failure rate (50-60%) is quite high (Weber, 1996). Managers of merging firms report that only 56% of their mergers can be considered successful against their original objectives (Cartwright & Schoenberg, 2006; Hagedoorn & Duysters, 2002; Halebian et al. 2009; Walter & Barney, 1990). Prior research has focused on static determinants, such as deal structure and size, but has failed to explain merger performance (King et al. 2004).

This study tries to build theory by taking on a dynamic perspective and focuses on the management of the merger itself (Cartwright & Schoenberg, 2006; Meckl, 2004), which constitutes the pre-formation and post-merger integration phase (PMI). This derives from the logic, that there may be organizational and strategic fit but if the process is poorly executed, estimated synergies won’t be realized and the merger may still fail and destroy value (Gates & Very, 2003). Prior studies have acknowledged that post-merger integration is necessary in order to exploit the potential synergies between the merging firms (Graebner, 2004). However, it is unclear how processes during the pre-formation phase, such as the due diligence and integration planning, influence post-merger integration.

Graebner (2009) has stated that during the partner selection process (pre-formation phase) an asymmetric view emerges, regarding whether their counterparts are trustworthy, which can influence the merger deal. However, it fails to explain how this impacts synergy realization during the integration phase. Moreover, Barkema & Schijven (2008) argue that firms mainly consider integration approaches during the integration planning that do not require major changes. This view is supported by Datta (1991) who states that organizational considerations, such as creating cultural fit, play a very limited role in the pre-formation phase. Hence, firms that neglect the integration planning may face difficulties in the post-merger integration stage (Epstein, 2004) and synergy realization may fail. Thus, processes during the pre-formation phase may significantly impact the post-merger integration phase and the subsequent synergy realization.

Most research on mergers and acquisitions are truly focused on acquisitions (Epstein, 2005; Greenwood et al. 1994; Meglio & Risberg, 2011). An acquisition refers to ‘the process where a relatively large firm integrates a small firm in the existing structure’, whereas in a merger two organizations of equal stature are coming together and form a
new organization (Epstein, 2004). This may pose significant different challenges for the integration process (Chatterjee et al. 1992; Epstein, 2004; Greenwood et al. 1994). Hence, more understanding of mergers is required.

Taken together, there is substantial ground to study the influence of pre-formation processes on post-merger integration to find an explanation for merger success or failure. Therefore the following research question is proposed:

*How do pre-formation processes influence post-merger integration and the subsequent outcome of the merger?*

To answer this research question, pre-formation processes are identified from prior literature. Then empirical data is collected among five case studies (mergers), through the use of seventeen semi-structured interviews. This inductive, exploratory approach is chosen to acquire rich and detailed information to find relations between pre-formation and post-merger integration and the subsequent effect on the outcome of the merger (Epstein, 2004; Lauser, 2010).

By answering this research question, this study contributes to the existing literature in three ways. First, this study unravels how pre-formation processes lead to subsequent effects during the post-merger integration phase, which resulted in a process model for synergy realization. Second, another process model is presented which reveals that some factors during the pre-formation phase (that inhibit synergy realization) lead to the creation of support for the merger deal. Last, this study contributes to the limited amount of research that focuses solely on mergers (Epstein, 2004, 2005; Greenwood et al. 1994). Thus, this study extents theoretical and practical knowledge on the pre-formation and post-merger integration phase, which is based on a unique dataset of five mergers in the social housing industry, where a merger wave has taken place in the past ten years (CFV, February 2012).

Our results show that the setting of the rationale, due diligence and integration planning process has a significant impact on the post-merger integration phase and the subsequent outcome of the merger. Alignment between these processes results in synergy realization during the integration process. However, there are decelerating factors that lead to a decrease of synergy realization.
2. Theory

In this chapter, theory is discussed that serves as empirical evidence for pre-formation and post-integration processes and provides grounding for emergent theory building (Suddaby, 2006). Theory on mergers and acquisitions is used, due to the absence of substantial work that focuses solely on mergers and the high interrelatedness of both concepts (Epstein, 2004; Gates & Very, 2003; Rents & Schneider, 1991). First process theory is discussed, as a theoretical lens through which the phenomenon of M&A’s is studied. Second the concept of M&A’s is explained and synergy is linked to the outcome of the merger. Third, processes of pre-formation and post-merger integration are identified and the possible influence on post-merger integration is identified.

2.1 Process theory and M&A’s

Process theory is extensively used in strategic research to understand and explain how and why organizations change (van de Ven, 1992). A process refers to ‘a sequence of events or activities that describes how things change over time or that represents and underlying pattern of cognitive transitions by an entity in dealing with an issue’. This definition takes an historical development perspective, and focuses on the sequences of incidents, activities, and stages that unfold over the duration of a central subject’s existence (van de Ven, 1992). Van de Ven & Poole (1995) provide four basic theories that serve as the foundation for explaining processes of change in organizations: life cycle, teleology, dialectics and evolution theory. From these four perspectives, evolution theory is used as the theoretical stance to study Mergers & Acquisitions.

In evolution theory, change proceeds through a continuous cycle of variation (creation of novel forms), selection (through competition) and retention (maintain organizational forms) (Van de Ven & Poole, 1995). M&A’s fit with this theory. M&A’s causes variation due to the creation of a new entity out of multiple entities. The rationale for the change is the assumption that the merger will help both firms to survive (selection) in a changing environment. Last, in the process of a merger, stakeholders (e.g. employees, shareholders) might want to maintain the organizational forms as it is (retention). Now the underlying process theory is described as a theoretical lens through which the phenomenon of M&A’s is studied, the concept of M&A’s is elaborated in the next section.
2.2 Mergers & Acquisitions (M&A’s): a broad overview

Mergers are a popular phenomenon for firms to achieve growth. Depending on the extent of joint decision making required and the degree of commitment (Bedford et al. 2003), firms choose to achieve success, with other parties (alliance) or through M&A’s (Villalonga & McGahan, 2005). Mergers & Acquisitions (M&A’s) are a popular phenomenon to achieve growth. In 2004, 30,000 acquisitions were completed globally (Cartwright & Schoenberg, 2006). Despite the popularity, the failure rate (50-60%) is quite high (Weber, 1996). Managers of acquiring firms report that only 56% of their mergers & acquisitions can be considered successful against their original objectives (Cartwright & Schoenberg, 2006).

Merger or Acquisition

In most scientific research, mergers and acquisitions are treated as one concept (M&A’s). Meglio & Risberg (2011) argue that scholars use the terms mergers and acquisitions interchangeably, labeling them as M&A’s, without defining the term. Some authors critique this assumption by stating that substantial research on mergers and acquisitions are truly acquisitions (Datta, 1991; Epstein, 2004; Greenwood et al. 1994). Epstein (2004) explains the difference between a merger and acquisition by stating that an acquisition refers to ‘the process where a relatively large firm integrates a relatively small firm in the existing structure’, whereas in a merger ‘two organizations of relatively equal stature are coming together and form a new organization’. This is supported by Soderberg and Vaara (2003) who state that in a merger deal neither party can be seen as the acquiring company. This may pose significant different challenges in terms of integration, communication, culture etc. (Epstein, 2004; Greenwood et al. 1994). For example, empirical evidence shows that in an acquisition, the target firm is expected to conform to the focal firm’s culture, whereas in a merger two firms have to form a new identity (Chatterjee et al. 1992). This study focuses solely on mergers. However, it is important to note that mergers and acquisitions are intertwined.

Synergy

The primary motive of a merger should be the realization of synergy (Chatterjee, 1986). Synergy comes from the Greek word *Synergia*, which means working together. In business application it used to describe two or more actors (individuals, teams, organizations) functioning together, too produce a result that is not independently obtainable (Stahl & Voigt, 2008). Thus, synergy creation in mergers refers ‘to the actual
net benefits created by the interaction of two firms involved in a merger’ (Larsson & Finkelstein, 1999). These benefits can result in increasing market power, reducing costs, purchasing power, better customer satisfaction etc. (Chatterjee, 1986). Consequently, mergers should be based on the expectation that with merging, the organizations obtain valuable addition, something that is not possessed by the two firms separately. Hence, the success or failure of a merger is closely linked to the degree of synergy realization.

**Determinants of M&A’s**

Figures of the high failure rate of M&A’s, show that firms are somehow unable to realize synergy. Prior research focuses on different concepts as determinants of M&A success or failure, such as strategic fit, organizational fit, prior experience, deal structure, size etc. (Epstein, 2004; Greenwood et al. 1994; Larsson & Finkelstein, 1999; Halebian et al. 2009). There is an ongoing debate if and how these concepts contribute to M&A success. For example, strategic fit, while important, seems not as a sufficient condition for achieving M&A success (Cartwright & Schoenberg, 2006; Datta, 1991). Moreover, in a meta-analysis on moderators in M&A’s, King et al. (2004) states that method of payment, relatedness between the two firms and prior experience has failed to explain M&A success. All these concepts are static in nature.

This study takes on a dynamic perspective and focuses on the management of the merger itself (Cartwright & Schoenberg, 2006), which constitutes of pre-merger formation and post-merger integration (PMI) processes. This derives from the logic, that there may be organizational and strategic fit but if the process is poorly executed, the M&A may still fail and destroy value (Gates & Very, 2003). Of all the concepts mentioned above, there appears to be the least understanding of the pre-merger formation and post-merger integration processes (Epstein, 2004). The key in uncovering merger success may lie in pre-formation and post-merger integration processes, which will be discussed next.

**2.3 Merger processes**

In this section pre-merger formation and post-merger integration processes are identified from prior scientific literature and the relationship between these processes is proposed.

**2.3.1 Pre-formation processes**

Unfortunately there is no clear definition of pre-merger formation. Prior research on pre-formation processes resulted in several approaches about what constitutes of the pre-merger formation phase. Some studies indicate one process; pre-merger planning
(Appelbaum, Gandell et al. 2000; Greenwood et al., 1994). Epstein (2005) indicated that the pre-merger phase constitutes of three processes; creating strategic vision and fit, due diligence and pre-merger planning. According to Kazemek & Grauman (1989), this phase consists of seven processes; assessment, joint planning, issues analysis, structure, selection, securing approvals, final planning, and implementation. Thus, conformity misses and therefore the following processes are taken as a direction in this study; setting the rationale, partner selection, due diligence and integration planning which are discussed below.

Setting the rationale
The first step in pre-merger formation is determining the motive. Haleblian et al. (2009) provide numerous antecedents which lead to merger behavior. These antecedents fall into four categories; value creation, managerial self-interest, environmental factors and firm characteristics, which will be discussed next. The first category of antecedents that lead to merger behavior is the creation of value. This can be achieved by increasing market power, efficiency or increase resource deployment (Trautwein, 1990). Through increasing market power, product lines and markets can be expanded or firms can enter new business (Walter & Barney, 1990). The second category is managerial self-interest. Managerial self-interest, also referred to as the empire-building theory (Trautwein, 1990) are ‘antecedents that could lead to destroy shareholder value as managers attempt to maximize their own self-interest’ (Haleblian et al. 2009). This can be triggered by compensation plans that promote acquisition behavior or managerial hubris (ego gratification); in search for more ownership, control and a high social statue (Trautwein, 1990).

A third category of antecedents that lead to acquisitions are environmental factors. Mergers are a way for managers to deal with the critical and ongoing (environmental) uncertainty (Walter & Barney, 1990). Moreover, prior research has shown that imitation is also an important factor in explaining why firms merge. When other firms merge and become increasingly successful, this can lead to imitation by other firms in the same industry. The last category of antecedents explaining why firms merge is firm characteristics. Barkema & Schijven (2008), show that prior acquisition experience can lead to increasing acquisition behavior. This accelerates when prior recent acquisition performance is positive (Haleblian et al. 2006). Moreover, the firm specific strategy and position can also have an influence. Firms that pursue a global strategy will invest more in
Greenfields, while firms pursuing a domestic strategy are more likely to acquire firms, to accrue gains from local knowledge and competencies in foreign countries (Harzing, 2002).

Partner Selection
Once the rationale for a merger is determined, it is essential to find a partner. The selection of a (suitable) partner, is based on prior experience with firms (Hitt et al. 2000; Wang & Zajac, 2007) (e.g. in an alliance). Through prior experience, information is available about a partner’s products, culture and trustworthiness. Irrespective of what determinants lead to the selection of a certain partner, in order for a merger to become successful, strategic and organizational fit is required (Cartwright & Cooper, 1993; Datta, 1991; Greenwood et al., 1994; Hagedoorn & Duysters, 2002; Larsson & Finkelstein, 1999; Weber, 1996). M&A’s with a low strategic and organizational combination potential, are not likely to succeed (Chatterjee et al. 1992; Larsson & Finkelstein, 1999). Both types of fits are elaborated below.

Strategic fit
Strategic fit refers ‘to the degree in which two firms augments or complements their parent’s strategy and thus makes identifiable contributions to the financial and nonfinancial goals of both firms’ (Jemison & Sitkin, 1986). The ‘goodness of strategic fit’ is dependent on the similarity/complementarity in type of customers served, type of products sold and use of technology (Shelton, 1988). Strategic fit is seen as an important determinant, but not sufficient in explaining merger success (Cartwright & Schoenberg, 2006; Datta, 1991).

Organizational fit
Organizational fit refers ‘to the degree in which two firms can be assimilated after the merger’ (Datta, 1991). The ‘goodness of organizational fit’ is dependent on the similarity in administrative practices, cultural practices and personnel characteristics of both firms (Jemison & Sitkin, 1986). Organizational fit is an important condition for explaining merger success. However, Stahl & Voigt (2008) argue that cultural differences may be positively or negative related with M&A performance. Cultural differences may be an asset or liability depending on the relatedness between both firms in a merger. In case of highly related M&A’s (e.g. horizontal mergers) that require a high level of integration, cultural differences may invoke issues during post-merger integration. M&A’s that require a lower level of integration (especially in cross-border acquisitions), cultural differences
didn’t result in integration issues. Cartwright & Cooper (1993), state that organizational considerations tend to be ignored or overlooked during partner selection or merger planning. On the other hand, in a case study of a merger between two accounting firms, Greenwood et al. (1994) conclude that organizational considerations did play a significant role in the pre-formation phase.

**Due diligence**

Due diligence refers to the process ‘where each party tries to learn all it can about the other party to eliminate misunderstanding and ensure the price is appropriate’ (McDonald et al. 2005). It is used as an instrument to assess potential merger targets and is intended to be an objective, independent examination of the potential partner (Angwin, 2001). According to McDonald et al. (2005) the due diligence process should consist of full financial information, openness about the firm’s operating performance and problems, it’s strategic position in the industry, corporate culture (similarities and differences with focal firm) and honest assessment of managerial talent. Thus, due diligence, is an appropriate method to assess strategic and organizational fit. However, Harding & Rouse (2007) argue that during the due diligence process, lots of financial, operational and commercial data is gathered, but firms fail to assess the culture of the partner, due to unawareness of the importance of a culture and time constraints. This is also supported by Perry & Herd (2004) who state that firms should gain a full perspective (including cultural differences) of the potential partner, instead of focusing solely on strategic, financial and commercial information.

Once both parties decide that there is a willingness to merge, the negotiating starts. Negotiating, also named as the courtship stage, refers to the ‘process whereby two or more parties attempted to settle what each shall give and take, or perform and receive, in a transaction between them’ (Walsh, 1989). During this stage terms and conditions are negotiated based on information that is gathered during the due diligence process (Piana & Hayes, 2005). Eventually the deal is signed. Walsh (1989) notes that that the nature of negotiation influences the subsequent relationship. Moreover, Graebner (2009) notes that during the negotiation trust between both firms can be strengthened. Hence, it may affect the willingness and ability of management teams to work together in the new business combination.
Integration planning

During this process, decisions are made in the areas of structure, level of integration, leadership, culture, time line and duration of the integration process (Epstein, 2004, 2005; Pablo, 1994; Schweiger & Goulet, 2000). The integration planning should begin as early as possible to avoid problems during the integration stage. Several themes are highlighted in the prior literature, related with the integration planning, which are the level of integration, the integration team, communication, speed of integration.

Level of integration

The level of integration refers to ‘the degree of post-acquisition change in an organization’s technical, administrative, and cultural configuration’ (Pablo, 1994) and is an important decision that has to be made during the integration planning. The level of integration is reflected on a continuum from low to high. A low level of integration is understood as one in which technical, administrative and cultural changes are limited, whereas in a high level of integration, technical, administrative and cultural changes are inclusive and extensive resource sharing takes place (Schweiger & Goulet, 2000). Pablo (1994) argues that task (strategic and organizational), cultural and political characteristics have an influence on the level of integration. Moreover, Haspeslagh & Jemison (1991) define four types of integration, based on the need for strategic interdependence and organizational autonomy. A low level of strategic interdependence between the merging firms and a high level organizational autonomy results in the preservation (low level of integration) of both firms. In contrast, a high level of strategic interdependence and a low level of autonomy required results in the absorption (high level of integration) of both firms. Thus, the level of integration should be based on the strategy and organizational characteristics of the firm(s) (Haspeslagh & Jemison, 1991; Pablo, 1994; Schweiger & Goulet, 2000).

Integration team

A team should be created, which constitutes of (senior) employees from both firms. Integration teams have the assignment to coordinate the merging process and combine business processes, units and resources across merging firms (Barkema & Schijven, 2008), to achieve seamless integration from a customer’s perspective (Epstein, 2004).
Communication

Communication refers to ‘the use of verbal and nonverbal signs and symbols to create understanding’ (Appelbaum et al. 2000). Prior scientific literature has identified communication as a means to reduce employee uncertainty during a merger or acquisition (Schweiger & Goulet, 2000). Appelbaum et al. (2000) suggest that it is one of the most important factors throughout the merger process and that it should already start during the pre-formation phase. Epstein (2004) argues that in the case of a merger, it is important to stress that it is a merger of equals. Moreover, during the subsequent integration, frequent communication and direct feedback is required to inform all relevant stakeholders and tackle concerns to reduce uncertainty (Appelbaum et al. 2000).

Speed of integration

The speed of integration refers to the ‘shortness of the time period needed to complete the intended integration of systems, structures, activities, and processes of the two companies’ (Homburg & Bucerius, 2006). It is generally assumed that fast integration results in higher performance, thus is a strong indicator for merger success (Angwin, 2004). However, Homburg & Bocerius (2006) propose that the success of speed of integration is dependent on the external (e.g. customers) and internal (culture) relatedness of the merging firms. Their study shows that beneficial effects of speed of integration are strong in the case of low external and high internal relatedness, while the impact is negative in case of high external and low internal relatedness. This view is also supported by Bragado (1992), who state that slow integration may be superior to a fast approach under certain conditions.

Role of strategy during integration planning

All these decisions made, should be driven by the purpose and strategy of the merger (Epstein, 2004) and serves as the foundation for future decisions made in the post-merger integration phase (Epstein, 2005).

Based on the decisions made during the integration planning, the integration process starts (Epstein, 2005), which is discussed in the next section.
2.3.2 Post-merger integration processes

In recent years there has been an increased interest in the post-merger integration phase (Cartwright & Schoenberg, 2006), and it is identified as an important determinant of synergy realization (Schweiger & Very, 2003). Integration refers to ‘the making of changes in the functional activity arrangements, organizational structures and systems, and cultures of combining organizations to facilitate their consolidation into a functioning whole’ (Pablo, 1994). Prior studies have acknowledged that post-merger integration is necessary in order to exploit the potential synergies between the merging firms (Graebner, 2004).

During the post-merger integration the measurement of performance is important. To achieve merger success, a clear definition of the drivers of success and appropriate measures are required (Epstein, 2004). In line with Epstein (2004), Gates & Very (2003) argue that it is essential to define which measures are relevant for monitoring integration, and know when measurements should be set up. Unfortunately, only few firms use formal plans or processes for performance tracking (Angwin, 2001; Appelbaum et al. 2000). Since any merger has its own characteristics, the design of performance measurement and monitoring should fit with the contingencies of the specific deal and strategy of the firms (Gates & Very, 2003). However, Epstein (2004) concludes that in any merger, financial as well as non-financial measures should be included, to provide rich information of the progress of the merger to senior management.

In the next section the possible influence of pre-merger formation on post-merger integration is explained.

2.3.3 Influence of pre-formation on post-merger integration

In prior research is the merger process separated into the pre-formation and post-merger integration phase, which have been identified in the preceding section. However, there are several reference points that show that these phases are interrelated.

First, assessing strategic and organizational fit is an important activity during the pre-formation phase. Firms that have a low combination potential might experience more difficulties during the integration phase because of strategic and organizational incompatibility (Larsson & Finkelstein, 1999). For instance, merging two firms with an adhocracy and market culture (Cameron & Quinn, 2006) might result in integration problems. On the other hand, when a low level of integration is required and the
 preservation of the two cultures is essential, organizational fit might be less relevant. Moreover, according to Walsh (1989), the nature of the negotiation phase influences the subsequent relationship of the management of the two firms in the new organization.

Second, Barkema & Schijven (2008) argue that firms mainly consider integration approaches that do not require major changes. This view is also supported by Datta (1991) who states that organizational considerations play a very limited role in the pre-merger phase. This suggests that firms do not take the necessary decisions to create ‘organizational fit’. Moreover, firms that neglect pre-merger formation may face difficulties in the post-merger integration stage (Epstein, 2004).

Third, integration is frequently viewed as beginning after closing the deal (Pablo, 1994; Schweiger & Goulet, 2000). However, in several studies on post-merger integration processes, is referred to the importance of managing these processes in the pre-formation phase (e.g. set up of measurements, formulating integration strategy, first communication etc.) (Epstein, 2004, 2005; Greenwood et al. 1994; Pablo, 1994).

Thus, there is evidence that suggests that pre-formation and post-merger integration processes are intertwined. Unfortunately, it is unclear how post-merger integration linked to and influenced by pre-formation processes. Moreover, can these processes be considered as events that unfold during the post-merger integration phase or are these processes a substantial part of the pre-formation phase? And how do these processes relate to synergy realization? Hence, this study links pre-merger formation and post-merger integration processes to find an explanation for merger success or failure.
3. Method
This chapter outlines the research design, data collection, setting and data analysis of this study.

3.1 Research design
This research is designed to reveal the impact of pre-formation processes on post-merger integration and the subsequent outcome of the merger. The research strategy is founded in grounded theory. According to Corbin & Strauss (1990) this approach aims at developing theory, by making clear advances to existing theory or creating new theory. To accomplish the aim of this research, a qualitative research is carried out, to gain rich and detailed information about the pre-formation and post-merger integration phase. This fits with the research objective to create a deeper understanding of pre-formation and post-merger integration processes and find relations between these concepts. Moreover, Haleblian et al. (2009) state that the majority of M&A research existing today is based on quantitative data. Despite the contribution of these studies, the research method limits to gain deeper understandings of the phenomenon. Therefore, Haleblian et al. (2009) suggest that more qualitative research is required, especially in integration and process-related studies. This view is supported by Epstein (2004) and Lauser & Barbel (2010) who outline the necessity for more theory building on this topic.

Since the aim is to extent and build theory, a case study approach is used. Robson (2002) defines a case study as ‘a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence’. This approach it suitable for the research objective, because this study build on existing theory and requires a rich understanding of the context and the processes being enacted (Eisenhardt, 1989: Saunders et al. 2009).

3.2 Data collection
Data was collected from three sources. (1) from prior literature to identify pre-formation processes in M&A’s, which is valuable because it permits to measure constructs more accurately (Eisenhardt, 1989). However, these constructs are tentative. Based on the processes identified from the literature, themes and questions were set up that served as the foundation for a semi-structured interview. (2) Then seventeen semi-structured interviews were held to answer the research question. (3) Archival data, including business publications, company websites and other material provided by the informants
were used to prepare the interviews. The primary source was seventeen semi-structured interviews with individual respondents, conducted over a period of five weeks. The duration of the interviews was typically 60-90 minutes long. The topic and purpose of this study was described and provided to each informant prior to the interview.

Prior to the main data collection, two pilot interviews were conducted with senior advisors with extensive experience in guiding merger processes in the social housing industry. These findings were used to improve the interview questions and learn specific business language of the industry. The interview guides consisted of a series of open-ended questions that allowed the informant to relate to his or her experience with respect to the merger, plus specific closed-ended questions to collect general information about the merger and the informant. In preparing each case, notes from prior interviews were reviewed and discussed with a senior M&A advisor.

**Sampling**

Multiple cases are chosen (five), to improve the generalizability of the findings and find a valuable answer to the research question. All cases are grounded in social housing organizations in the Netherlands. The main reason is that in this segment, a merger wave has taken place from 1997 – 2011 (from 780 to 400 firms) and another merge wave is expected in upcoming years (CFV, February. 2012). Thus, valuable data can be found in this segment. Moreover, by selecting this domain, extraneous variation is constrained (Eisenhardt, 1989). The unit of analysis is ‘mergers in social housing organizations’. The selection of cases is done through theoretical purposive sampling (non-probability) (Eisenhardt, 1989; Saunders et al. 2009). There were two criteria when selecting the cases. The first criteria is that the two firms who merged are from relative equal stature. This is operationalized by the amount of houses that were under the administration of both social housing organizations before the merger. The second criteria is that all mergers selected for this study occurred in the past 3 years, to reduce the risk of missing highly involved individuals due to employee turnover and improving the likelihood that key informants remember events that occurred (Huber & Power, 1985).

At least three individuals per case were interviewed, who were highly involved in the merging of the organizations in these cases (e.g. consultants, executives, management). Determining the key informants was done by asking the executives of the merged organizations which employees were highly involved during the merger. By interviewing
different key informants various aspects of the topics being studied were gained, which improves the retrospective accuracy (Huber & Power, 1985).

Table 1 - Description of case data

<table>
<thead>
<tr>
<th>Company</th>
<th>Former Company</th>
<th>Nr. of houses</th>
<th>Date merger</th>
<th>Interviewees</th>
</tr>
</thead>
<tbody>
<tr>
<td>KleurrijkWonen</td>
<td>BetuwsWonen</td>
<td>6.000</td>
<td>1st of Jan. 2009</td>
<td>Total: 4 CEO</td>
</tr>
<tr>
<td></td>
<td>CWL Woningbeheer</td>
<td>6.000</td>
<td></td>
<td>CEO</td>
</tr>
<tr>
<td></td>
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3.3 Research setting: Social housing organizations

The five case studies selected for this study are all horizontal mergers from the same industry, social housing organizations in the Netherlands. The first social housing organization was founded in 1851 with the aim to provide suitable housing for the working class. This eventually led to the Dutch housing law in 1901, which was established to provide qualitative and a variety of homes for the lower (working) class. Nowadays, social housing organizations have more goals (BBSH, 1993); accommodating their primary target group, involve residents in management and policy, establishing housing and care, promoting the livability of neighborhoods and districts. Social housing organizations are private enterprises, but have a social task imposed, monitored and regulated by the government. Thus, social housing organizations are hybrid organizations with an exceptional position in the market.

Social housing organizations administrate about 2,4 million houses which covers about 1/3 of all housing in the Netherlands (CFV, February. 2012). In this industry, a merger wave has taken place from 1997 – 2011 (from 780 to 400 firms) and another merge wave is expected in upcoming years (CFV, February. 2012). In comparison to other private firms, social housing organizations that are planning to merge have to acquire approval from the Dutch government. The admission of the merger is based on the rationale of the merger and their financial position. Moreover social housing organizations are not allowed to merge with private firms or other type of NGO’s (BBSH, 2012), which limits the options for merging (e.g. vertical or conglomerate mergers). Therefore, all mergers in the social housing industry are horizontal.

3.4 Data analysis

All interviews were recorded. The interviews were transcribed after every case (three or four interviews). The data was analyzed by first building individual cases and then comparing cases to find relations and similarities. The case writing process took approximately 1,5 months to complete. There were two types of analysis used in this study, within-case and cross-case (Miles and Huberman, 1984). Within-case analysis focused on describing (the sequence of) events of the merger process and findings within-case relations between pre-formation and post-merger integration. Cross-case analysis was used to find constructs across multiple cased and examined whether similar themes emerged in multiple settings. The analysis process was iterative to be able to find emerging relationships between pre-formation and post-merger integration.
Each case is addressed with a code, ranging from A to E. Every informant from each case is labeled with a sub code ranging from 1 to 4. For example, the first information from the first case is labeled with A1. To distinguish between questions and responses the questions are coded in bold, while the answers are in normal font. All transcribed interviews are analyzed and coded in Atlas.ti 6.2, which is software that supports qualitative data analysis. It offers several tools for a systematic approach to unstructured data that cannot be meaningfully analyzed by statistical approaches (Manual ATLAS.ti 5.0, 2008). The analysis first started with open coding, which is an ‘interpretive process by which data is broken down analytically, to gain new insights and interpret the data’ (Corbin & Strauss, 1990). During the analysis codes were split up and combined and categories were constantly refined. Then patterns (causal relationships, underlying themes, motives) were identified through the use of axial coding and categories were linked to their subcategories (Corbin & Strauss, 1990). Eventually all codes were categorized into families. This was an iterative process.
4. Results

In this chapter are the results of the qualitative analysis presented. These are described per case in the order in which the interviews were conducted. KleurrijkWonen (case A), Welbions (case B), Mijande Wonen (case C) Trivire (case D) and Groenwest (case E). In each case description, a general description is given about the merger partners, followed by the pre-formation and post-merger integration phase. Important quotes from informants are added in italic. Each case concludes with an overview of the presented data. A frequency table of the analyzed quotes and a general overview of the important data from all cases can be found in the appendix.

4.1 Case A: KleurrijkWonen

On the 1st of January 2009, BetuwsWonen en CWL Woningbeheer merged into KleurrijkWonen, social housing organizations of equal stature, located in the same region, but without adjacent housing property. There working area is spread out in the province of South-Holland and the Betuwe in Gelderland. They serve different housing environments, the small urban area and the countryside. Before the merger there was one CEO at each firm. One of the partners recently merged with another social housing organization and had not fully finished the integration process yet. The other partner did not have recent merger experience.

Pre-formation processes

Setting the rationale of the merger

Both firms had a common ground for merging. Both CEO’s saw developments in the environment, such as requirements from the government concerning their financial position and new laws laid upon them. They also saw the environment getting more and more complex. These arguments led to the conclusion that it was not possible to continue alone if they wanted to realize their social task and deal with the environment. An increase of scale was required. On the other hand, both organizations had specific problems they wanted to address. BetuwsWonen lacked sufficient financial expertise, their planning & control cycle was inadequate and some restructuring projects could perform better. Their CEO had to hire external advisors, but he wasn’t satisfied with their quality and commitment. CWL Woningbeheer had some problems with their IT, HR and project
development and were looking for a solution. The CEO of CWL Woningbeheer decided to write a document with his rationale for a merger and contacted the CEO of BetuwsWonen which is discussed next.

**Partner selection process**
Both firms were geographically related and were already collaborating in the so called ‘W6 service organization’. This was a collaboration form of six social housing organizations in the region, which was placed in a separate entity. IT, project development and HR were jointly executed. During this collaboration, both CEO’s had agreement on several topics and had a good interpersonal relationship. The basis for the identification of each other as potential merger partner was: ‘The interpersonal relationship. That was very important on the level of CEO’s. That is an important reason. Moreover, we both have the urban area and countryside. We had similar issues. Those were the two most important reasons to choose for each other.’ However, the partner identification process was also influenced due to the fact that other social housing organizations in the region were not ready to merge at that time.

The CEO of CWL Woningbeheer wrote a document about the rationale for a merger and contacted the CEO of BetuwsWonen. The CEO was hesitant at first, because he was in the middle of a merger. On the other hand he thought: ‘I could have written this document myself’. After a while, they contacted each other and decided to rewrite the document too make the rationale for the merger concrete. Four goals were formulated: efficiency, effectiveness, knowledge sharing and local bonding. These first meetings started in April 2007. While these meetings about the merger proceeded, stakeholders such as the work council, management team and employees were gradually involved. It took about six months, when there was a proposed decision to merge.

**Added Value Research / Due diligence**
The added value research was initiated by the CEO’s and they wrote a document about the expected added value for the customer, the environment and their own organization. Several stakeholders (management team, the supervisory board, work council, tenants committee) were asked to think about the added value of the merger from their perspective. The information was collected and the added value research was written. The added value research had several purposes. First, it increased the understanding of each other. Second, strong and weak points of the merger came to the surface. Based on the
results was decided to focus the integration of the back office: ‘The results addressed the problem areas. We both had a problem at the finance department. We realized we really had to work on that. The research gave us that insight. Based on this information we decided to first integrate the back office, because we expected we could realize synergies fast there’. Third this document was used by the board of directors to create support for the merger from the employees. Fourth, this document was required for the formal trajectory. This process took about 3 months. Quickly after the added value research a financial due diligence was executed. This was a purely financial research and the results were not surprised. Just a few remarkable projects with possible financial risks were highlighted. This process didn’t have any impact on the merger process.

Formal trajectory

During the pre-formation phase, approval for the merger is required, from the Ministry of Internal Affairs. For approval, an advice from the tenants committee and municipality is required. Together with a financial comparison research, the added value research and the views from both stakeholders, the request is send to the Centraal Fonds Volkshuisvesting. This institutes, advices the Ministry of Internal Affairs on the proposed merger. Eventually the merger was approved after about four months.

Integration planning

The integration planning started during the formal trajectory because approval for the merger was expected. The business plan that was set up during the partner selection phase and the added value research was taken as a direction for the integration planning. The date of the merger was set at the 1st of January 2009: ‘We have said at the beginning that the legal merger and organizational merger would get into effect on the same date. However, we said that the organizational merger proceeds from that point on. We won’t make it to do it all at once. I do want to have the new organization designed but we can’t expect from our employees that they know exactly what to do. So there are a few open ends’. Thus, the new organization was designed, starting with the top structure, then management structure and finally the departments. The design was discussed with the work council and the management team.

The back office would be fully integrated and were placed into the same building right after the legal merger. The front office was kept in place. Most of the problems of both organizations occurred at the back office and it was expected that realizing synergies there
would be the most important. Second the board of directors thought it would be too complex to integrate the whole organization at once.

Both CEO’s decided to form a two headed board. A division of responsibilities was made, and considerable time was invested to get to know each other, and to discuss how they would manage the new organization. The supervisory board was hesitant about this decision.

Sessions were organized on all levels in the organization to discuss the new design and work on new processes. The starting point was that the employees are experts in their own field and that they are best in place to create new processes that fits with the business plan. A role book was made based on the design. All employees (except at the front office) were able to apply for a new role. Beforehand, job security was promised to all employees. The formation process took place during the integration planning and on the date of the merger the employees started in their new role. The impact of this formation process was that most of the management team was replaced and some roles didn’t exist in the new design. Some employees got a different role and some decided (in proper consultation) to work at another employer: ‘We have had some employees who couldn’t agree on the new direction of the merger, they felt uncomfortable with a bigger organization. We haven’t fired them but we did say, try to find something else and don’t complain. We gave employees opportunities. If they don’t want it then you have to be fair from both sides.’

Several obstacles were expected in relation to the integration. First, suppression on new roles was expected, thus that there would be more than one employee interested in a certain job. Second, that there would be resistance for the merger by stakeholders. BetuwsWonen was recently merged, so the employees and the work council were not eager to merge again. The work council of CWL Woningbeheer put considerable effort in building a good relationship with the other work council. Once both councils were convinced, they jointly tried to convince and inform the employees of the merger. Both CEO’s spent a lot of time convincing the external stakeholders such as the tenants committee, the municipality and the supervisory board. The board of directors used the added value research document to explain the rationale of the merger to all stakeholders. Third, there was expected that the cultures of both firms would cause a problem during the integration phase. CWL Woningbeheer was characterized as formal, controlling and BetuwsWonen was characterized as creative and free. However, the informants note that it
was also seen as a combination potential. As the CEO of BetuwsWonen put it, ‘My planning and control cycle required improvement and the way CWL Woningbeheer does it (accurate and tight), is desirable for my organization’. Attention was placed on this obstacle by defining core values for the new organization and a cultural trajectory was set up to learn and discuss these core values. It started right after the merger. Moreover, during the integration planning, time was scheduled for employees to get to know each other. The CEO’s invested a lot of time in each other, to create trust.

During the integration planning, the expected synergy realization was a common theme. At every discussion about the structure and processes (except for the front office), was kept in mind how it would contribute to the goals formulated in the business plan. The legal and organizational merger got into effect on the 1st of January 2009.

**Post-merger integration**

One of the first steps after the deal was further introduction and employees at the back office started working together. Once the new accommodation was finished (shortly after merger), people were sitting next to each other and processes were further elaborated. As noted in the integration planning, culture was expected as a problem. However, culture was not a significant problem at the back office but only at the front office what is discussed next.

One year after the merger at KleurrijkWonen to board decided to conduct an evaluation. There were positive and negative results. The back office was integrated successful and synergy was (slowly) realized. There was a new culture, processes were aligned and people found it pleasant to work there. However, at the front office, synergy wasn’t realized. There were still different processes, the cultures of the old organizations were still present, and the managers of the front offices refused to share knowledge. To board asked the managers at the front office to think of the integration for their departments. All managers stated that there was a local distinctiveness at every front office so integration would be difficult. The board gave the management three months to convince the board of their local distinctiveness. After four months, no evidence was presented. The board decided to intervene. One manager got a new position in the organization and the other two left the organization. The front office got in a special ‘after integration trajectory’. It got redesigned in terms of structure and processes. Synergy is realized now at the front office and the design of processes is implemented at other departments too. This
trajectory finished one year ago. Looking back, the CEO’s speculate whether it was better to integrate the front office immediately when the legal merger was a fact. As one of the CEO’s stated, ‘You can ask yourself, should we have integrated the front office when we started. I think the chaos would be way too big. We have integrated the administration department and real estate department and the front office later. I think it was the right decision. Sometimes I think should we have done it all at once.’

Another problem was the IT system. Lots of data was not automated. Until this day employees are working hard to get all the right information into the system.

Although there was criticism about the decision to form a two-headed board, the supervisory board is convinced that it was a good decision. It didn’t lead to any significant problems. An informant states ‘it was quite important that both CEO’s held their position because it sent a signal to all employees; this is not an acquisition but a merger’.

The work load of the managers and the CEO’s was high, especially during the first months of the integration. The CEO of BetuwsWonen has one example of a decision he should have made during the integration but was unable to due to the work pressure. This was related to the management of the front office, which he thought would solve during the merger. Unfortunately it didn’t and the board had to intervene. The other CEO stated that all important decisions were made, but there was a lack of monitoring these decisions due to the high working pressure. On the other hand, the high work load was an opportunity to delegate tasks to a lower level. This is an advantage because due to the increase of scale, tasks were required to change anyway.

As mentioned above, synergy was realized faster at the back office than at the front office. Due to the increase of scale, less external experts are hired, which saves costs and improves quality, according to the informants. Moreover, more (young) educated employees can be attracted which improves the overall quality of the firm. Every year five FTE’s have left the organization due to natural attrition and these positions are not filled in again. Due to the capacity and increase of knowledge the firm says it is a leader on several themes in the region.

All informants note that synergy realization is quite difficult. For example, in the first year the annual report was insufficient, the next year it was sufficient and for this year it will be
excellent. Looking back, the informants note that the business plan, where the vision of the merger was formulated, contributed the most to the realization of the synergy.

Table 2 – Data overview case description KleurrijkWonen

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<th><strong>Data overview KleurrijkWonen</strong></th>
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<td><strong>Rationale of the merger</strong></td>
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<td><strong>Added Value research</strong></td>
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<td><strong>Speed of integration</strong></td>
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<td><strong>Expected obstacles for integration</strong></td>
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4.2 Case B: Welbions

On the 1st of January 2008, *HBS Ons Belang* and *St. Joseph* merged into *Welbions*, social housing organizations of equal stature, located in Hengelo. Both firms had adjacent housing property, but there wasn’t any form of collaboration between the two organizations. Before the merger there were two CEO’s at one firm and one CEO at the other.

**Pre-formation**

**Setting the rationale of the merger**

Both social housing organizations wanted to become a stronger organization. The common ground was that the firms had adjacent housing property. This meant that, for example, *HBS Ons Belang* decided to invest in a neighborhood, while *St. Joseph* chose to divest in the same area. Thus, in the same district, there were completely different policies in terms of renting, maintenance and investments. This led to an undesirable situation in terms of district development. On the other hand, there was a specific reason for *St. Joseph* to merge. They had problems with attracting well educated, qualitative employees because they were unable to offer them enough career opportunities. Therefore an increase of scale was required. Efficiency was not a goal of the merger, which is stated explicitly by all informants.

**Partner selection**

The partner selection process is a one with a long history. There was a former merger attempt in 2004 because there was a strong desire to merge with a partner who was geographically related and had adjacent housing property. *HBS Ons Belang* contacted *St. Joseph* about the merger. The CEO and supervisory board of *St. Joseph* were positive and wanted to investigate the possibilities. Eventually the merger attempt failed: ‘*it mostly failed because the supervisory board of HBS Ons Belang couldn’t agree about the desirability of the merger*’.

From that point on, *St. Joseph* decided that they wanted to merge or collaborate with another partner and started looking for other partners outside the city of Hengelo. There were several interested parties to collaborate with. However the desire to create one social housing organization in the city of Hengelo was stronger. In 2007, the board of *St. Joseph* contacted the supervisory board of *HBS Ons Belang*, where the sitting members were replaced. The supervisory board was not unwilling to merge and knew that if this deal
would fail, St. Joseph would merge with another firm: ‘This would be undesirable for the city of Hengelo’. Unfortunately, the CEO of HBS Ons Belang wasn’t in favor for the merger because he was in the middle of an organizational change. Eventually, the supervisory boards pushed the desire to merge which led to a letter of intent: ‘At one moment a deal was made, we should merge. And if you don’t agree then you quit your job but it may not lead to the failure of the deal. It was very important that the supervisory board welcomed the merger and that the CEO’s got the assignment to pull the wagon and that they confirmed on this agreement. If you don’t agree you leave. It is as simple as that’. Eventually, none of the three board members left the organization during the pre-formation.

**Added Value Research / Due diligence**

The added value research started right when the letter of intent was signed and consisted out of a description of the added value for the merger for the customers, the districts and the internal organization. This document was seen as a formality in the process and was used to convince the Ministry of Internal Affairs. Right after the added value research, the financial due diligence process started. The financial positions and future commitments were investigated. The results were not surprising and didn’t have any influence on the merger process according to the informants.

**Formal trajectory**

During the pre-formation phase, approval for the merger is required, from the Ministry of Internal Affairs. For approval, an advice from the tenants committee and municipality is required. Both stakeholders gave a positive advice on the merger, but the tenants committees from both organizations couldn’t agree on their own integration. This eventually led to the decomposition of the committees and a new committee was formed.

**Integration planning**

A business plan was set up, where a vision was formulated about the merger which was a direction for the first 2,5 year. This date was chosen to make sure that the new organization could make a new business plan once it was integrated. Their vision of district development was formulated in this plan. All informants acknowledge that the business plan was important: ‘*this was the key document during the merger process and was used as an outline for the integration, because our vision of district development was formulated here*’.
A second decision was made about the speed of integration. The legal merger would take place on the 1st of July 2008 and the organizational merger one year later. The main reason for this decision was that the CEO’s wanted to finish the legal merger as soon as possible. HBS Ons Belang had a negative experience with a previous merger attempt: ‘Their merger partner canceled the deal right before signing the contract. That was traumatic. So from HBS Ons Belang was said, let’s do the legal merger as fast as possible, so nobody can cancel the deal’. On the date of the legal merger, employees of the back office were supposed to work at one accommodation, which was one of the existing offices.

A structure was designed based on the three headed board. One business line was placed under each CEO. There were a few arguments that led to the decision to form a three headed board. First, it was job security for the CEO’s. Second, it was a condition of the supervisory board. Third, they thought it would reduce uncertainty for the employees during the merger process.

During the discussion about the structure, negotiation took place. For example, one social housing organization had a maintenance service which they wanted to remain. This was a practical decision because they didn’t want to fire anyone. On the other hand, it was a substantive argument because the maintenance service could play an important role in the districts. All other things, such as a culture, roles, processes and IT remained the same. This also holds for the front office. All these topics would be elaborated in the year between the legal and organizational merger.

There were a few obstacles expected in relation to the integration. First, they knew that the business model and the three CEO’s could be a possible risk. The three businesses under the CEO’s could perform separately and problems could arise when the CEO’s had to collaborate. Second, there were problems foreseen with the integration of the tenants committee because the process had been quite difficult so far. Third, there were problems expected in terms of culture: ‘One organization was known as a ‘system’ organization, whereas the other one was characterized as a development firm with entrepreneurial capabilities. So static versus dynamic’.

The informants have a different view on the role of synergy during the pre-formation phase. The CEO of HBS Ons Belang pinpoints that the role of synergy estimation was significant during the pre-formation phase. Thus, they were constantly looking at possible advantages of the merger. The CEO of St. Joseph stated that synergy played a minor role.
during the partner selection phase due to the fact that it was take it or leave it for *HBS Ons Belang*. According to him, the role of synergy played a significant role between the legal and organizational merger, which will be discussed during the integration phase.

The employees of both organizations supported the merger, because they found it was logical to have one strong social housing organization in Hengelo. Moreover, job security was promised.

**Post-merger integration**

Integration between legal and organizational merger

At the 1st of July in 2008 the legal merger was a fact. Some departments from the back offices were put together, but everybody kept their own role etc. From this point on, until the organizational merger on the 1st of July in 2009, the real integration planning started.

All sorts of meetings were organized, where employees could get to know each other. During this phase it appeared that the expected cultural differences were minor. The board and the management team had a lot of discussions: *‘We were constantly looking how the district development should be translated into the new organization’.* Employees were highly involved in this process. A role book was made with new functions and the formation procedure started. There were more roles available then there were currently present. Everyone could apply for a role and this process was finished before the date of the organizational merger.

Integration after the organizational merger

Once the organizational merger came into effect, time was spent to interweave the departments and to elaborate the processes on a detailed level. According to one informant, the differences between both organizations came to the surface when these processes were supposed to be aligned. As one informant states, *‘at the department of finance we were in a situation, where two departments were put together. These departments kept working with their own system. We had the idea that the merger process was excellent, until we started to work with one financial system. We had to make choices on every process. If we have an invoice, do we go left or right? Do we start with a number or with a name?’* It took them enormous time to elaborate all the processes, which they had underestimated.
In the beginning of this phase there were some obstacles with the integration of the IT. It seemed complex to change from two systems to one, which caused irritations by employees and difficulties when elaborating the processes.

One informant stated that more guidance was required by an external advisor about the integration of the processes. The role of the first external advisor was focused on the pre-formation phase. Another advisor was hired for the integration of both organizations but this was focused on the integration on outlines. Apparently guidance was required on a more detailed level. Looking back, the informant says, ‘we had plenty of time to work out all these processes in the year between the organizational and legal merger. But we waited too long’. One of the other informants disagrees and says: ‘these processes should evolve bottom up, so it was neither possible nor desirable to plan and work out all the processes in that year’.

The structure was in place on the date of the legal merger. From that point one, the structure changed twice. It changed on the date of the organizational merger (1st of July 2009) and at the end of 2010. The structure that was invented was tied to the three CEO’s, which caused separation between the departments. This slowed down the integration as was already expected as an obstacle for integration. Eventually one of the CEO’s left the organization and all informants stated that it enhanced the integration.

Looking back on the merger process, some decisions about the design of the new organization were based on practical arguments or conditions of a partner, such as the decision about the three businesses falling under each CEO. Moreover: ‘One of the organizations had a strong maintenance service, the other didn’t have one. We had chosen to proceed with it because we didn’t want to fire anyone. On the other hand, there were some substantive arguments too, because these employees are your eyes and ears in the districts. However, when looking back, if we didn’t had one, we wouldn’t take one’. This also holds for the real estate office, that they wanted to keep during the pre-formation but is divested now. On the other hand, decisions were taken that were aligned with the business plan, such as the working in district teams.

The evaluation of the merger is difficult according to the informants. During the merger process there have been a lot of changes in the environment, such as the economic crisis. They state that the organization has to operate in a completely different world. All informants state that the merger is a success though. Moreover, the ambitions formulated
in the business plan were way too high. If they could revise it, they would have made the ambitions lower so an evaluation would have been more realistic. One of the informant’s states: ‘there is never been an internal evaluation of the merger conducted and he would like to perform a critical reflection next time when he would be in a merger trajectory’.

When looking back on the merger, synergy is realized according to the informants. A strong position was obtained quite fast after the merger. This is expressed when negotiating with the municipality and other social housing organizations. Plus the organization is able to attract qualitative employees now. All financial goals set were in the business plan were realized.

The most important synergy realization is that of the district development. There is alignment of investments and one vision for every district. That is visible now according to the informants. One informant is very critical about the synergy realization and states: ‘synergy is realized very late due to the planning of the merger process and some political choices. It didn’t play a role until 1,5 year after the merger and we are now looking at creating the 1+1=3 effect, which is a second step in creating efficiency and effectiveness’.

A negative effect of the merger is that the organization has become more bureaucratic. It takes more time now to serve the customer.

Table 3 – Data overview case description Welbions

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<td><strong>Role of synergy estimation during pre-formation</strong></td>
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<td><strong>Drivers for merger</strong></td>
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<td><strong>Additional notes</strong></td>
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### 4.3 Case C: Mijande Wonen

*Mijande Wonen* merged at the 1st of July in 2010 and is created out of four social housing organizations: *Vestion Wonen*, *Woningstichting Vriezenveen/Westerhaar*, *Dinkelborgh Wonen* en *Woningstichting St. Joseph Weerselo*. The working area of *Mijande Wonen* is in the North-east of Twente (Overijssel). The property of Mijande Wonen consists of almost 5.000 houses.

**Pre-formation**

*Setting the rationale of the merger*

The key question which was prominent for all social housing organizations was, ‘*do we have an independent existence on the long term?*’ All thought that they would become vulnerable and too small to tackle these developments coming from the environment. For example, it would become too difficult to attract well-educated employees. Moreover their financial capacity would be too low. Another advantage would be that an increase of scale would strengthen their position in their market.
Partner selection process + due diligence / added value research

One social housing organization contacted three of their colleagues in the region about a possible form of collaboration in 2007. This process was guided by an external advisor. These organizations were selected on their geographical relatedness and profile. All organizations were quite small and had property in the countryside. Moreover, at some partners was awareness that if they wouldn’t collaborate with each other, an urban social housing organization would acquire them: ‘We had the option to collaborate with our peers to realize the ambitions of the countryside or we might been taken over by an urban social housing organization, who were looking to break in on this working area’.

The setup of these meetings was to investigate a collaboration form that would help all organizations with their IT, project development, HR and maintenance. Several forms of collaboration were discussed, from employee exchange too joint venture. After a few meetings, one CEO mentioned that a merger would be a viable option to realize the ambitions of all organizations: ‘I thought I missed the ultimate form of collaboration, a merger. Then it became quite. That was not open for a discussion for one partner, because they would lose their identity’. Eventually at the end of 2007 a letter of intent was signed where a proposed decision was taken for collaboration with a possibility of a merger. An added value research / due diligence was performed to find out what type of collaboration would fit with their ambitions. An external advisor, the CEO’s, management teams and supervisory board were all involved in this process.

The added value research was conducted to investigate the added value for the customer, other stakeholders and the internal organization. A culture study was done to see how all organizations would fit. The result of this process was that a merger would fit to realize their ambitions. This process had taken a year. A financial due diligence trajectory was conducted and the outcome was that the new organization would be healthy but not rich. All projects of each social housing organization were investigated and risky ones were discussed: What projects are necessary for the future?

At the start of 2009, another social housing organization in the region, Vestion requested if they could join. It was a relatively financial weak organization with a challenging social task. However, not all partners were pleased: ‘I asked the partners if Vestion could join. Then it became tough. I thought it was an opportunity not to miss and it was possible at the stage. Only one of the partners saw nothing in this addition due to the differences in
culture’. Moreover, they thought that their capital would be allocated to the property of Vestion. Another due diligence trajectory was conducted where Vestion was included, and the result was that it wouldn’t impact their financial position, while you would benefit from a stronger position and a regional coverage. However, after six months, the firm that protested from the beginning decided to quit the merger process. Due to this decision, all documentation had to be rewritten. From September 2009 until April 2010 was used for the formal trajectory to acquire approval from the Ministry of Internal Affairs.

**Integration planning**

From the start of was decided that not everything would be planned and worked out during the pre-formation phase. There was a belief that the new organization is in the best place to elaborate all processes, define the new culture and make the business plan more concrete. A date was set for the legal merger, the move to the new office and the (partly) integration of the back office and the integration of IT the system.

One of the first activities undertaken during the integration planning was the organization of introduction meetings for the employees. A business plan was set up, with a new vision for Mijande Wonen, which was very abstract: ‘If you read it, it is fantastic. Everything in it is right and true but on the other hand it didn’t give any focus and direction, which doesn’t matter because in the first year we will be busy with solving small problems’.

One firm had a very authoritarian style of leadership, while at the other an open culture was present. From the start off was decided that there would be a new culture for the new organization.

All social housing organizations agreed that there should be one CEO at the head of Mijande Wonen. A job profile was formed and one the CEO’s applied for it. There was no internal competition because one of the partners had a volunteer board, which would dissolve on the date of the legal merger, another partner had an interim manager and had a CEO but set no conditions since they joined later. The selection procedure was formally organized with an assessment and selection meetings and eventually the supervisory board and work council accepted the CEO of Vriezenveen/Westerhaar as the new CEO.

A role book was set up by the management team, CEO and an external advisor with broad role descriptions. Job security was promised. Employees could apply for a new role which got into effect on the date of the legal merger. Two of the three new managers got hired from outside the organization, because the CEO found that the managerial skills required
were not present in the current formation. There were more roles that were currently present in all organizations.

During the integration, the CEO spent a great deal of time in talking and discussing with stakeholders in the environment, primarily the tenants committee about the merger.

A new accommodation had to be found because none of the existing offices had room for all the employees. The back office would integrate completely and would move into the new accommodation. The front offices would remain the same, except for a new manager. As one informant stated, ‘whatever happens during this merger, the front offices are kept in place because we don’t want to burden our customers’. It was decided that the client vision would be deceived after the merger.

One of the partners had to invest in a new IT system during the pre-formation phase. They decided to acquire an IT system that was already present at a possible merger partner to create organizational fit. Unfortunately, it was the partner that decided to quit the merger process.

A few obstacles were expected in relation to the integration. The first obstacle was the accommodation and the willingness of employees to travel to another location. Second, cultural differences were expected as an obstacle.

**Post-merger integration**

During the first half year all organizations worked with their own IT system. The integration was half a year later. This resulted in difficulties trying to disclose the right information for the annual report. The informants state that it caused a lot of extra work for the employees to disclose the right information. When the IT system got integrated at the 1st of January in 2011, the data from systems with great similarities was harder to merge then the data of Vestion which had a completely different system; ‘It was easier because Vestion joined later and accepted all conditions of others with regard to the IT system’

During the first half year, team sessions were organized to discuss collaboration and processes on several themes. The business plan that was set up during the pre-formation phase was barely used during the first year. The organization was busy with ‘putting out fires’ as one informant stated.
The workload of the management team and CEO was very high during the first year after the merger. There were all sorts of (small) problems to solve and they simultaneously had to think of the long term for the organization. In the beginning it was not possible to delegate any task. This was due the fact that the management team was new in their role. All informants think that they have taken all important decisions during this phase.

Looking back on the merger process, there are a few things that they might have done differently. First, the CEO stated that he would have invested more time in designing the organization to make sure the right information could be disclosed. For example, there was too little knowledge about the housing property and they were unable to disclose the required information. Second, the CEO would have paid more attention to the formation process. A goal was to professionalize the organization. However, the desired quality of employees is not present in some parts of the organization. Most employees were excellent in operations, but were less capable of creating policy and thinking strategically. Looking back, he should have looked better at the required skills for the job and the qualities of the employees. Third, one informant stated that when looking back: ‘The front offices, I think that if you start a merger and are considering to integrate certain disciplines, like we did with the back office, it is reasonable and wise to do some sort of same trajectory with the front office. Start knowledge sharing and employee exchange because you see that the cultural differences are high, especially in the beginning’. Thus, they experience a distance between the front and back office in terms of culture. Moreover, some processes still work differently.

An expected obstacle was the cultural differences and eventually it turned out to be quite difficult. Looking back, one informant stated that more attention on culture was required. However, it is noted that a Mijande Wonen culture is present now. In terms of processes there is still unclearness about what the Mijande policy is: ‘Sometimes people ask what Mijande Wonen policy is. Some processes still have to be elaborated, such as the client vision, but we want to do that with the people who are working there now, not on forehand.’

According to all informants, synergy is slowly realized now. According to the informants this has been slowed down a bit due the fact that integrating four organizations was a real challenge. Some examples are given of synergy realization. The relationship with their stakeholders has improved because they have a stronger position. Plus, due to their
stronger financial position they can perform greater projects then before. Costs on external advisors are lowered because there is the capacity to execute projects independent.

What contributed to integration process, according to the informants was: ‘started working together in the new office. People were forced to get to know each other and had to discuss about everything that came into place.’

When evaluating the merger, the informants say they would be happy if half of the ambitions formulated in the business plan are realized. This is according to the changed circumstances in the environment, which makes it harder to realize all the ambitions. All informants state that the merger is a success though.

Table 4 – Data overview case description Mijande Wonen

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<th>Data overview Mijande Wonen</th>
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<td>Decelerator merger</td>
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<td>Additional notes</td>
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### 4.4 Case D: Trivire

On the 1\textsuperscript{st} of July 2009, Prorez and Interstede merged and formed a new social housing organization, Trivire. Trivire’s property contains 13,000 houses in the municipality of Dordrecht, Zwijndrecht and Hendrik-Ido-Ambacht. The organizations had adjacent property before the merger.

#### Pre-formation

**Setting the rationale of the merger**

The main motivation for the merger is that both organizations had adjacent property and by merging, the power and control in the districts would increase, so investments and policies could be aligned. On the other hand, there was a specific reason for Interstede, who thought that it might become too small as an organization to realize their ambitions and tackle developments coming from the external environment. Lastly, more knowledge creation was required to perform well as an organization and an increase of scale could contribute to that ambition.

**Partner selection process**

The CEO of Interstede was the initiator and contacted the CEO of Prorez. He already informed the supervisory board who supported a possible merger. The management team however was more adverse against the idea. The main reason for contacting Prorez was the geographical relatedness and adjacent property. The CEO of Interstede simply looked at the map and saw that Prorez and Interstede had the highest coverage in the districts. Moreover: ‘I thought that the cultural differences would be the least in comparison with possible other partners’. Prorez and Interstede already worked together on several projects and the CEO’s had a good relationship. The CEO from Prorez was quite positive about the invitation and they decided to perform an added value research.
Added Value Research / Due diligence / Formal trajectory

Different work groups were set up to discuss the added value of the merger. The management team and work council were also involved. In the beginning it was not quite clear what the goal was of these meetings. An external advisor guided this process and had strict deadlines. An added value research document was written based on the inputs from all workgroups and this was used for the formal trajectory. According to the CEO, this added value research was just a formality. However, other informants experienced it differently: ‘It was quite stressful. We were discussing with employees from another organization, who thought they had a different task. It took some time to get the assignment clear. Moreover, not everyone was convinced of the desirability of the merger. Looking back, this was very important because emotions were shared in an early stage and people would get to know each other’.

The outcome of the added value research was that a possible merger would be neutral to positive. The real threat, according to this research, was the difference in culture of both organizations: ‘Progrez was characterized as a formal, direct, inflexible organization whereas Interstede was characterized as a creative and soft’. Based on this result a cultural trajectory started which will be discussed during the integration planning. Moreover, the general outcome of the added value research had an impact on the structure of the organization. The front offices were restructured into district offices to keep the local bonding with the customer. This process took about three months.

The financial due diligence and the formal trajectory were just seen as a formality and these results were not significant.

Integration planning

Based on the added value research, the communication department and HR noted that attention should be placed on culture: ‘We immediately picked culture as an important theme. The board saw the importance of culture too. We organized sessions with all employees, such as a breakfast for all employees, small internships or a chat with one of the CEO’s. Moreover we formulated core values, already during the preparation’.

The employees of Interstede were not supporting the merger at the beginning of the process. They felt that their CEO had political ambitions and wanted to hand the organization over to Progrez. Hence, that it would be an acquisition instead of a merger. The work council of Progrez and both CEO’s spent enormous amount of time in convincing the employees of the merger. This was done, for example, by the CEO of...
Interstede by promising that a two headed board would be formed and that he would stay on for 2 years. This date was chosen because it was expected that the merger would be finished by then. The structure was completely restructured: ‘We have said from the beginning that we wanted to form a new organization. Don’t fall back on the old organizations. So we restructured the front and back office’.

The formation of a two headed board was seen as a risk as well as a combination potential. Both CEO’s had a different management style according to the informants. This was a risk, in case they wouldn’t be able to collaborate. On the other hand it was seen a combination potential because both had their strong points. The CEO of Progrez was characterized as someone who was outstanding in reputation management and the CEO of Interstede was known for his capability to design excellent viability programs.

The new structure was designed by the board. They decided to integrate the front office and the back office at once. The back office was going to be allocated in a new office and the front offices would be allocated in three separate district offices. During the discussion about the structure, the CEO of Interstede set a condition: ‘I wanted to retain our maintenance service’. However, Progrez agreed with the maintenance service (which they didn’t have) only under a certain condition: ‘We said ok. But then they wanted the maintenance service to grow. We didn’t agree and said that work should be left for our contractors’.

A business plan was formulated during the integration planning, but was not communicated to the whole organization. Moreover, the business plan was not concrete yet, just as the core values of the organization. Both documents were further developed during the integration.

The formation process was a complex process. Both CEO’s couldn’t agree on the design of the organization at first so the formation process delayed. Once the design was finished, a role book was made and the employees could apply for a new job. In the selection process was tried to mix both cultures. Job security was promised. This process had to be finished in about three or four months.

The work groups proceeded during the integration planning, where the discussion about the added value of the merger changed into discussions about processes for in the new organization. Outlines of processes were written during the organizational merger.
The legal merger had to take place at the 1\textsuperscript{st} of July 2009 whereas the organizational merger got into effect about half a year later. This was planned due to financial benefits. However, looking back, the extra time was required to prepare the organizational merger. On the date of the organizational merger, the front and back office were integrated and they moved into a new office.

Synergy estimation was not significant at the beginning of the pre-formation process because in the eyes of the CEO’s the merger was ‘just logic’. The only role of synergy estimation was when thinking off and elaborating the customer processes and the design of the front office.

**Post-merger integration**

Right after the legal merger the cultural trajectory proceeded. Workshops were organized and hosted by employees. The core values were discussed and elaborated. Moreover, the business plan was made more concrete in the first year of the merger. Culture was expected as an obstacle for integration during the integration planning. However, it turned out to be overstated. All informants agree there is one culture now and that attention on culture during the pre-formation helped the integration process. Except at the front offices, where the structure had changed but one office still had a clear Interstede culture: ‘We have tried during pre-formation to mix the cultures at the front offices as good as possible. However, one front office still had an Interstede culture. It is solved nowadays due to replacements and outflow but there was a very different way of managing at the different front offices which creates a lot of tensions and conflicts’.

The formation process was hectic during the pre-formation phase. All informants acknowledge the job security helped to reduce uncertainty. However, due to the short selection procedure and significant change of the formation (50\% of the employees got a new role) mistakes were made. First of all, not all people were placed on a role that would fit them. Moreover, in combination with untranscribed processes, decision making slowed down. Looking back, the formation process had probably the most impact on the integration process due to the high level of transfers. The replacement of the workforce should have done better by taking more time to find a fit between a new role and the employee.

Looking back, more attention should have been paid to the business plan. That would have helped in creating the *Trivire* way of working and keep convincing the employees of
rationale of the merger: ‘Until about half a year ago, not everyone knew what the Trivire policy and processes were’. This resulted in, as already as mentioned already in delayed decision making and confusion about what Trivire stands for. Moreover, the ambitions formulated in the business plan were way too high: ‘Looking back the formulated ambitions should have been lowered and we should have done things on at time. It was unrealistic to realize this all at once’.

Two of the four informants state synergy realization could be realized faster. After 2,5 year, some processes are still not aligned. An example was given by one informant. ‘A very nice example is that of a neighborhood where we have a lawn, and nobody can see it but right in the middle of the lawn is a cadaster line. One half of the lawn was mowed by Interstede and the other one by Progrez. Now 2,5 year later, a lawn mower drives over half of the lawn and then stops. It is crazy that if you walk there and you see a lawn mower mowing half of the lawn and then a few hours later another lawn mower comes to do the rest. We still haven’t aligned that. It hurts nobody but it is crazy. There are more examples I can name.’

On the other hand, all informants think that slowing down the integration processes has the advantage that people can elaborate processes themselves and that it decreases the chance of chaos during the start of the organizational integration.

Managing the integration process was quite difficult due to the high working pressure. There were projects that were postponed until after the merger. However, the CEO states that all important decisions were taken. Delegation of tasks was not possible because all employees had a huge workload.

Looking back, the formation of the board was a good decision. The collaboration between the CEO’s was excellent and it helped to create support for the merger by the employees. However, informants think that things will change in the organization when the CEO from Interstede will leave. There are some other decisions taken during the integration planning that helped the integration processes. First, the decision to move into a new office helped the integration due to the fact that employees are forced to work together. Second a strict planning and deadlines by the external advisor helped to keep the merger process on track.

The informants give mixed signals about their opinion of the success of the merger. All informants stated that the merger was a good decision and that synergy is realized. An
example of synergy realization is that before the merger, *Interstede* was good in developing livability programs. These programs are now rolled out throughout all districts. On the other hand, informants state, that if the merger was for the customer, ‘*we should work harder*’. Until this date, the customer doesn’t experience any advantage of the merger. A valuable explanation could be that the most synergy is realized at the project development which will hopefully result in effects for their customers in 5 to 10 years. During the first years the operational costs went up due to an increase in the formation and extra investments in livability.

Table 5 – Data overview case description Trivire

<table>
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<tbody>
<tr>
<td><strong>Sequence of processes during pre-formation</strong></td>
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<tr>
<td>Setting the rationale of the merger, partner selection process, added value research, due diligence, formal trajectory, integration planning</td>
</tr>
<tr>
<td><strong>Duration of pre-formation phase</strong></td>
</tr>
<tr>
<td>1,8 years (excluding time between legal and org. merger) or 2,3 year (including org. merger)</td>
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<tr>
<td><strong>Rationale of the merger</strong></td>
</tr>
<tr>
<td>Increasing power and control in districts, professionalize organization</td>
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<tr>
<td><strong>Added Value research</strong></td>
</tr>
<tr>
<td>CEO saw it as formality, employees experienced as a way to get to know each other. Had influence on culture and structure</td>
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<tr>
<td><strong>Speed of integration</strong></td>
</tr>
<tr>
<td>1st of July 2009 legal merger, 1st of January 2010 organizational merger, deadline integration of merger in 2 years</td>
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<tr>
<td><strong>Expected obstacles for integration</strong></td>
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<tr>
<td>Cultural differences, formation of board</td>
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<tr>
<td><strong>Obstacles during integration</strong></td>
</tr>
<tr>
<td>50% formation change of roles, elaborating processes, business plan, mix of culture at front offices</td>
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<tr>
<td><strong>Role of synergy estimation during pre-formation</strong></td>
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<tr>
<td>Significant during elaborating customers process</td>
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<tr>
<td><strong>Drivers for merger</strong></td>
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<tr>
<td>Attention on culture during pre-formation, degree of planning, started to work together in new office</td>
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<tr>
<td><strong>Decelerator for merger</strong></td>
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<tr>
<td>50% formation change of roles in combination with</td>
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Dynamic perspective on mergers

untranscribed processes, not mixing cultures at one front office, delay of design of structure led to weak formation process

**Additional notes**

Ambitions formulated in business plan were too high, negotiation takes place during the integration planning about the formation of board and structure of organization, mixed signals about success of merger for customers, formation of board was set as condition to create support for merger at Interstede

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### 4.5 Case E: Groenwest

The social housing organizations, *GroenrandWonen, SWW* and *Westhoek Wonen* form a new organization since the 31st of December 2010. The working area is the so called ‘Groene Hart’ of the west part of the province of Utrecht and the property consists of almost 12,000 houses.

**Pre-formation**

**Setting the rationale of the merger**

The CEO of *SWW* thought about the long term future of his organization and saw several developments that would impact the firm. He foresaw problems in the area of tax, project development, customer service and the housing market. An increase of scale was required to professionalize the organization and tackle these developments. There was no urgency to merge on the short term. Moreover, it was explicitly stated that efficiency was not a goal of the merger. This rationale was shared by *Westhoek Wonen*. For *GroenrandWonen* there was another rationale for the merger. They had a weaker financial position and had a challenge to realize their housing task for the upcoming years. A merger would help in strengthening their financial position.

**Partner selection process**

The partners were identified based on their geographically relatedness. Moreover, all organizations had a lot of similarities in their profile; property in the country side and in villages. *GroenrandWonen* was the only one who had some property in a city. In 2008 the CEO of *SWW* contacted the CEO of *Westhoek Wonen* and presented his ideas. The CEO
was not enthusiastic at first because he was in the middle of an organizational development trajectory. The same conversation was conducted with the CEO of GroenrandWonen. Both CEO’s took about a year to think it over and to discuss it with their stakeholders. After a year a proposed decision for collaboration was taken. However, it was not clear what type of collaboration would fit best: ‘Therefore we decided to conduct an added value research’.

**Added Value Research / Due diligence**

Five workgroups were set up and the assignment was to find out what form of collaboration (collaboration, alliance, merger) would fit best with the ambitions of the firms. This started in the summer of 2009. These workgroups consisted of employees from different levels of the organizations. An external advisor was hired to guide this process. The result of this process was: ‘a merger was the only option where we could realize our ambitions and benefit from the advantages of an increase of scale’. It was argued, that other forms of collaboration would decrease the benefits due to continuous mutual adjustment. A merger trajectory was started.

During the added value research, a cultural study was conducted to find out if there were cultural differences. The result was that the cultures were very similar. However, the management, HR and others in the organization experienced cultural differences and didn’t agree with the outcome of the research. Nothing was done with this result. A financial due diligence was conducted. The outcome of this process was that all organizations were financially healthy, but GroenrandWonen had a challenging position for the future: ‘all partners accepted the financial situation’.

**Formal trajectory**

It was expected that the formal trajectory would be difficult. However, all the stakeholders were immediately convinced of the merger. All the employees and the work council supported the merger from the beginning. The Ministry of Internal Affairs didn’t have any objections and the merger was quickly approved. The informants say they were surprised that this process was smooth.

**Integration planning**

The first topic was the selection of an IT system. The three organizations had a different IT system. Employees had to rate each IT system. The CEO’s didn’t want to acquire a new IT system because they thought it would be helpful if some employees accustomed with the software.
The second important decision was the formation. Job security was promised one forehand. The formation was based on the structure that was designed by the board. The CEO stated that the discussion about the structure was just a formality. A top-down approach was chosen to design the formation and it was presented to the employees: ‘the employees had a lot of questions and remarks. Therefore we decided to collect all comments and rewrite the formation plan’. The formation plan was realized before the organizational merger. One of the informants found that it was not useful to promise job security on forehand and saw it as an opportunity to fresh up the organization, ‘what advantage do you obtain if all employees stay and get their old position in the new organization?’

The third topic was the accommodation. There were three office locations and eventually it was chosen to allocate the back office in one office on the date of the organizational merger. The front offices remained in the three villages because they didn’t want to burden their customers.

A business plan was set up for year of 2011 and 2012 which was a small document with a strategic vision of the future organization.

The legal merger would take place on the 31st of December 2010 and the organizational merger would get into effect on the 17th of October 2011. This separation was chosen because it was financially beneficial.

During the pre-formation phase was decided that one or two CEO’s would fit the new organization. However, the three CEO’s and the supervisory board thought it was important that the CEO’s would maintain their position during the first period to manage the integration process and reduce uncertainty for the employees. Eventually was decided that the board would stay on for another 1,5 year after the legal merger. It was not decided who would form the new board after this period. Informants were critical about the formation of the board: ‘I was always very critical about it. The main reason was that the employees would have their own contact person and that the change wouldn’t be too big. However, the disadvantage is that you can’t work decisively’.

As mentioned above, there were different perceptions about the presence of cultural differences between the organizations. No cultural trajectory was set up. One of the considerations was that the cultural trajectory should start when the new board was settled.
Two of the three informants are critical about the project management of the merger process. At first project groups were set up: IPP (IT, procedures and processes), HR, Communication, Finance, and Introduction. The tasks of these groups were clear, but the role of the chairman of each work group was vague. Once the role of these chairmen’s was clear the workgroups started working on the preparation of the integration. For example, the HR workgroup had the task to design a formation plan, manage the formation procedure, write a social plan and elaborate the organizational model. These informants state that: ‘the principles, which should have served as a starting point for the formation plan, were unclear. It was clear that there was a finance department, but it was unclear what the role and responsibilities were of this department’.

The workgroup raised this issue and tried to find a solution by discussing this with all the workgroup leaders. Eventually an extra business plan was set up for every department that served as a guideline for the formation procedure. Luckily, they were able to finish it on time. With regard to the processes, the exact problem occurred.

Expected obstacles were the integration of the IT system, the willingness of employees to merge and the opinion about the merger from the stakeholders.

Role of synergy estimation was the significant during the setting of the rationale and the formation of the business plan. However the informants note that during the integration planning synergy estimation didn’t play a role. Most decisions were taken because it was practical.

**Post-merger integration**

There was no ‘project merger’ after the date of the organizational merger. Looking back, all informants acknowledge that the merger process starts here and there should have been a project plan.

The decision to maintain the board for 1,5 year caused problems during the integration. First, it caused tensions in the organization about who would form the new board. It was clear from the beginning that at least one had to leave the organization. Second, at the start, all CEO’s wanted to become part of the new board of directors. Therefore they competed with each other and were constantly referring to their former organization. This slowed down the integration of culture. Until now, no culture is formulated or cultural trajectory is started. Third, due to the different opinions of the board, decision making got delayed. Taken together, this slowed down the integration. Looking back, one of the
informants state: ‘the board should have stayed on for only half a year and that it should have been clear from the beginning of who would form the new board’. Eventually, the supervisory board decided how the new board was going to be formed and that none of the prior CEO’s would be in it.

Looking back, the informant’s state that the processes and the formation should have been designed based on the goals of the merger and the vision formulated in business plan. In order to make this possible, the business plan should have been made more concrete. Decisions made during the integration planning were mostly practical ones. The processes were designed around the IT system and the formation was designed around the structure. The front offices remained the same, because they didn’t want to burden the customers. Eight months after the organizational merger, they experience that they have to adjust the organization again because synergies are not realized. In case of the front offices, the culture of each former social housing organization can be found at each front office and the execution of processes still differs.

Looking back, the project management should have been better and longer. Moreover, there never was a discussion about ‘how the merger project would be managed’. A strong point was that there was a well set up planning and that deadlines were realized.

The employees of Groenwest were all satisfied about the formation process and their new role. One informant’s state ‘it’s positive but not surprising since almost everyone kept their role in the new organization. Plus, the harmonization of the secondary employee benefits still has to take place’. According to the informants, there are still some doublings in the formation that could be removed: ‘You just put everything together and that’s it. While everyone can think that there are some doublings or maybe three doublings in this case. Efficiency comes now’.

The integration process was a busy time for the managers. On the other hand it was interesting to because it was different then their day to day job. Some decisions were postponed till after the merger due to the fact that the managers wanted to wait until the new management team was formed. Some tasks were delegated to lower levels because the managers were too busy. This didn’t lead to any wrong decisions according to the informants. Due to the increase of scale, opportunities emerged to delegate tasks to lower levels. However, employees still have to take advantage of the increase of scale. Moreover, before the merger, managers were used to know everything about the
organization and now have to accept that decisions are taken without their complete knowledge.

One forehand was decided that the operational costs would not increase and they have realized that goal. They are working very hard know to align the policies to realize synergy.

Looking back, setting up workgroups during the integration planning helped the integration process. Employees got to know each other and discussions about processes and the formation were helpful. Everyone is proud of the formal trajectory. All stakeholders were in favor of this merger. Mixed signals are given about the success of the merger. There are clearly some examples of synergy realization. However, all informants state that the merger is not a success at this point in terms of synergy realization, but it will be later. One informant states: ‘I still believe that the real integration still has to take place’.

Table 6 – Data overview case description Groenwest

<table>
<thead>
<tr>
<th>Data overview Groenwest</th>
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</thead>
<tbody>
<tr>
<td><strong>Sequence of processes during pre-formation</strong></td>
</tr>
<tr>
<td><strong>Duration of pre-formation phase</strong></td>
</tr>
<tr>
<td><strong>Rationale of the merger</strong></td>
</tr>
<tr>
<td><strong>Added Value research</strong></td>
</tr>
<tr>
<td><strong>Speed of integration</strong></td>
</tr>
<tr>
<td><strong>Expected obstacles for integration</strong></td>
</tr>
</tbody>
</table>
| **Obstacles during integration** | Formation of board, project management, culture, formation of employees, processes, business plan, front office versus back office,
<table>
<thead>
<tr>
<th>Role of synergy estimation during pre-formation</th>
<th>Significant during setting of the rationale and formation of business plan. Unimportant during integration planning.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Drivers for merger</td>
<td>Getting to know each other</td>
</tr>
<tr>
<td>Decelerator for merger</td>
<td>Limited attention to culture, no synergy estimation during integration planning, formation of board, no alignment between processes/formation/business plan, abstract business plan</td>
</tr>
<tr>
<td>Additional notes</td>
<td>Ambitions formulated in business plan were too high, different perceptions about cultural study, board formation is used to reduce uncertainty</td>
</tr>
</tbody>
</table>
5. Discussion

The most important findings from the case studies and theory are compared and discussed (synthesis of findings) in the first section of this chapter. Propositions are formulated based on these findings. Second, the research question is answered in the conclusion and a process model of the merger process is presented. Third, theoretical contributions and practical implications of this research are described. Finally, the limitations and future research directions of this study are discussed.

5.1 Synthesis of findings case studies

The results from the case studies and theory are compared and discussed in this section. Prior research has identified several steps during the pre-formation phase (Appelbaum, Gandell et al. 2000; Greenwood et al., 1994). The findings of this study confirm the four processes (found in chapter two) during the pre-formation phase: setting rationale of the merger, partner selection process, due diligence and the integration planning. The impact of the pre-formation phase on the post-merger integration phase is the most significant during the setting of the rationale, due diligence and integration planning and is discussed below. Important quotes from informants are added in italic.

5.1.1 Impact of setting rationale on post-merger integration

Prior studies have named numerous motives for merging, such as the increase of scale and scope (Halebian et al. 2009). According to Epstein (2004), the decision to merge should derive from a strategic vision about the future of the organization(s). However, the findings from this study suggest that the rationale is made more explicit during the partner selection phase, when both firms frequently interact with each other. Moreover, the rationale of the merger should consist of clear goals so an effective integration approach can be chosen and the goals can be evaluated (Gates & Very, 2003). Hence, the rationale of the merger is important in realizing synergies during the integration, but it is unclear how it affects the subsequent merger process.

The findings of this study confirm prior theory and state that the setting of the rationale impacts the effective integration planning and the subsequent integration process. In all cases, the rationale of the merger is translated into a business plan. This plan serves as a starting point for the merger. However, how the social housing organizations use their business plan differs.
At Welbions the business plan was their guidance during the merger process: ‘The business plan was a very important document and presented a direction for the firm, where the vision of district development was elaborated and it was leading during the integration. In the year between the legal and organizational merger the business plan was used to create new policies for the new organization’. The same holds for KleurrijkWonen where was stated that the business plan was the most important document during the merger according to one of the CEO’s: ‘The business plan and holding on to it had the biggest impact during the preparation and integration. Put it in the limelight every time you have to make a decision. Then you make decisions that have added value’. For example, based on the goal of efficiency formulated in the business plan, was decided that the formation would be downgraded every year. During the integration planning and integration was already thought about positions that wouldn’t be replaced. Until the date of this study they have reduced the formation on a yearly basis.

In contrary the business plan played an insignificant role for the integration at Groenwest: ‘Yes you are right, the rationale of the merger have played a limited role when designing the new organization. It was important when formulating the business plan. I can’t remember why but we just seemed to agree on everything very quickly’. However, the work groups that were set up during the integration planning didn’t knew what decisions to make about the formation and design of the structure due to a missing framework: ‘I don’t think that the employees knew what the starting points were of this merger, it was impossible because there was no real business plan. Just a strategic vision, but that was only two or three pages’. Consequently, processes were designed which were not aligned with the business plan or the rationale of the merger.

One informant says this about the role of the business plan: ‘You require a starting point to synchronize policies. So we decided to still set up a business plan, just a light version to have a starting point for our policy synchronization. Unfortunately it was quite late already during the integration planning so we had to hurry’. Eight months after the organizational merger, they have to redesign some processes again to make it fit with the rationale of the merger.

Taken together, the setting of the rationale, formulated in a business plan, has an impact on the integration planning and the subsequent synergy realization. This suggests the following propositions:
Proposition 1: A clear rationale of the merger increases synergy realization during the integration.

Proposition 2: Aligning the integration planning with the rationale of the merger increases synergy realization.

Table 7- Misalignment between rationale of the merger and the integration planning

<table>
<thead>
<tr>
<th>Case</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>KleurrijkWonen</td>
<td>‘I think that the business plan was the most important process to realize the synergy. We have tried to stick to the business plan, to really bring it up in every decision that you make.’</td>
</tr>
<tr>
<td>Trivire</td>
<td>‘We have only formulated the core values on headlines during the preparation’</td>
</tr>
<tr>
<td></td>
<td>‘You now see that we have still work to do to make these values more concrete and work on a specific core value such as openness’</td>
</tr>
<tr>
<td>Groenwest</td>
<td>‘There was a task for us as a project team. We required to fill in the formation plan, the social plan etc. The employees needed to be matched in a new role. Just on the outline. I have always thought things were happening in the wrong direction.’</td>
</tr>
</tbody>
</table>

5.1.2 Impact due diligence process on post-merger integration

Prior theory states that during the due diligence process firms should gain a full perspective of the potential partner and estimate potential synergies that could be realized by merging (Harding & Rouse, 2007). However, Perry & Herd (2004) argue that the firms neglect to estimate possible synergies and focus solely on collecting financial and commercial information.

The findings of this study contradict with prior theory and show that potential synergies are estimated during the pre-formation phase. This is done during the so called ‘added value research’ which refers the activity whereby the potential partners find out whether the merger has an added value for both organizations. It consists of a description of the added value for the customers, the environment and the internal organization. This document is prepared by the board, and several stakeholders (tenants committee, management team, employees with key positions, supervisory board) are asked to give their view on the added value of the merger. In most cases an organizational and/or
cultural analysis is conducted to see if these organizations fit. Both parts form the added value research. This is initially conducted because it is a required document during the formal trajectory, where the merging organizations have to acquire approval from the Ministry of Internal Affairs. However, it has an impact on the integration planning and integration process as well.

At KleurrijkWonen the CEO’s made decisions during the integration planning, based on the results of the due diligence. ‘The results showed our problem areas and addressed that we should focus during the first period of the integration. What are the critical success factors, that is important. It has led to the conclusion, that we are first going to integrate the whole back office, because synergies could be realized the fastest there’. Moreover, the results of the due diligence were used to create support for the merger: ‘The CEO’s have used it, to explain why it was required to merge, because at first there was the question of why we should merge now’.

Trivire decided to completely restructure the organization. The idea to restructure the front office into an front office for every district was based on the results of the due diligence process: ‘One of the things that we realized during this process that if we wanted to keep the local bonding with our customers we got to have a front office in every district. Due to increase of scale we wouldn’t be able to maintain the local bonding with the old structure’. Until this date the customer satisfaction level hasn’t decreased.

Both examples suggest that the integration planning should be aligned with the estimated synergies during the due diligence process to realize synergies. Consequently, the more synergies that are estimated during this process the more effectively the integration planning can be executed. Therefore the following propositions are formulated:

Proposition 3: Aligning the integration planning with the estimated synergies during the due diligence trajectory increases synergy realization.

Proposition 4: A thorough due diligence process can lead to effective integration planning.

Proposition 5: A thorough due diligence process increases support for the merger.
Table 8 – Examples of data for the due diligence

<table>
<thead>
<tr>
<th>Case</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>KleurrijkWonen</td>
<td>‘It gave us more insight in the problem areas, such as in our case the finance department. You really have to deal with it and think of how to solve this problem. What are the key success factors? That was what the added value research gave us. In addition, it also addressed the financial management. It gave us focus on what to address during the first months of the merger. Therefore we decided to first integrate the back office such as finance, HR, Real Estate.’</td>
</tr>
<tr>
<td>Welbions</td>
<td>This was just one of the documents that were delivered to the ministry of internal affairs, together with our business plan’.</td>
</tr>
<tr>
<td>Mijande Wonen</td>
<td>‘Eventually the external advisor formed and prepared the added value research, at least started it. The result was very clear, that if we want to realize the vital countryside, create strength as an organization, create more body when it comes to finance, it was not an option to just collaborate, but we should merge’</td>
</tr>
<tr>
<td>Trivire</td>
<td>‘We have an organization based on three front offices; this design is based on the outcome of the added value research. One of the implications of becoming bigger is the risk of creating a distance with the customer, that’s why we have changed this’.</td>
</tr>
<tr>
<td>Groenwest</td>
<td>‘The approach of the added value research was the find out with collaboration form would be the best for our ambitions. I think it was an alliance, merger and something else.’</td>
</tr>
</tbody>
</table>

5.1.3 Impact integration planning on post-merger integration

During the integration planning decisions are made in the areas of structure, accommodation, level of integration, speed of integration, culture, processes, systems and the formation of the workforce (Epstein, 2004, 2005; Pablo, 1994; Schweiger & Goulet, 2000), which is consistent with prior literature. The integration planning starts immediately after the due diligence (Epstein, 2004, Rankine et al. 2003). Several activities undertaken during the integration planning have a significant impact on the integration phase: (creating) cultural fit, remaining equality, job security, integration approach.
Cultural fit
A lack of cultural fit has been mentioned in several studies as a potential determinant of merger failure (Weber & Schweiger, 1992) and attention is placed on assessing the cultural compatibility during the partner selection phase (Hambrick & Cannella, 1993). However, Stahl & Voigt (2008) argue that cultural differences may be positively or negative related with M&A performance. Cultural differences may be an asset or liability depending on the relatedness between both firms in a merger. In case of highly related M&A’s (e.g. horizontal mergers) that require a high level of integration, cultural differences may invoke issues during post-merger integration. Thus, cultural differences can lead to positive or negative synergy realization depending on the type of merger. Cartwright & Cooper (1993) state that organizational considerations are overlooked during the partner selection phase, because strategic motives play a more important role for merging. Moreover, Chatterjee et al. (1992) state that cultural issues tend to be ignored due to insufficient integration planning during the pre-formation phase.

The results from this study show that cultural issues play a significant role during the pre-formation phase and integration planning. At Trivire attention was placed to culture in an early stage: ‘An analysis was conducted to bring the differences in culture to the surface. The result was that cultural differences could be a liability for the success of the merger’. In three other cases a cultural analysis was conducted as well. Irrespective of the positive or negative result of the cultural analysis, cultural differences were seen as an obstacle for integration in most cases. As one of the board members of KleurrijkWonen formulated ‘We thought that an obstacle for integration would be the differences in blood types’.

The cultural analysis and the expectation that culture would be an obstacle for integration during the integration planning resulted in all sorts of activities to create cultural fit. For example, at KleurrijkWonen and Trivire new core values were set up and a cultural trajectory started (at Trivire already during the integration planning) to overcome the cultural differences. Moreover, introductory meetings were planned, away days and meet and greets with the board members were organized and small internships between the two firms started. At Welbions: ‘sessions were planned where employees from both organizations could look at each other property and would get to know each other at the same time’.

The attention on culture enhanced the integration process. As one of the informants of Trivire stated: ‘How little it may seem, arranging that employees would get to know each
other was very important, because it helped when people really had to get to work with each other after the organizational merger’. At the firms where an intensive cultural trajectory started, cultural issues were not significant during the integration, except in the cases where the front offices weren’t integrated, which will be discussed in the next section.

In contrary, at Groenwest they haven’t paid any attention on culture yet because they wanted to wait on the composition of the new board (eight months after the organizational merger). Due to the differences in management styles, cultural differences still exist today and it is seen as one of the biggest obstacles during the integration: ‘I think that looking back, the governance model and the related cultural differences were the biggest obstacle during the integration so far. ‘It delayed decision making and different interpretations existed about the future of the firm, which was reflected in the different management styles’.

Taken together, the findings suggest that creating cultural fit during the integration planning increases synergy realization. Hence, the following proposition is formulated:

**Proposition 6: Cultural fit increases synergy realization during the merger.**

Table 9 – Examples of (creating) cultural fit

<table>
<thead>
<tr>
<th>Case</th>
<th>Quote</th>
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</thead>
<tbody>
<tr>
<td><strong>Welbions</strong></td>
<td>‘We really had a new position in our market due to the new identity which emerged fast’</td>
</tr>
<tr>
<td></td>
<td>‘Synergy got realized by putting employees together in new teams really fast’</td>
</tr>
<tr>
<td><strong>Mijande Wonen</strong></td>
<td>‘What was really important for me during the integration was creating a team. Creating one culture was an important step in that process’</td>
</tr>
<tr>
<td><strong>Trivire</strong></td>
<td>‘Placing attention on culture during the preparation of the merger was really good’</td>
</tr>
</tbody>
</table>
Integration approach

Prior theory defines several integration approaches appropriate depending on the strategic and the organizational context, varying from complete integration to preservation (Haspeslagh & Jemison, 1991; Pablo 1994). Although prior literature fails to explain what the effects are of using multiple integration approaches in one merger, this may be appropriate, due to the fact that different parts of the organizations have a different strategic and organizational context. Stahl & Voigt (2008) argue that in the case of horizontal mergers, a high level of integration is required because synergy can be realized from integrating the same activities and market synergy can be pursued (Nahavandi & Malekzadeh, 1988).

The findings of this study confirm the proposition of Stahl & Voigt (2008). However, during the integration planning firms chose a high and low level of integration. A distinction was made between the integration of the front- and back office. The front office services the customers directly whereas the back office consists of departments such as HR, IT, finance and real estate. In four of the five cases the back office was completely integrated and major changes took place on the level of structure, processes and the formation.

The common ground for this approach was, as one informant of Mijande Wonen stated: ‘the first question was, where the head office should be located, where are you going to work with the front- and back office. We have said very clearly, the customer shouldn’t notice anything about the merger. So we decided to keep everything at the front office in place. We did know that we would integrate the back office at one location. It is not wise that you have different ways of working at the back office’.

This condition to maintain the front office was set, by managers, the board but also other stakeholders such as the tenants committee, because they didn’t want to burden their customers. However, during the integration problems arise. At Mijande Wonen they noticed that cultural differences remained at the front office. Moreover, at KleurrijkWonen problems at the front office came to the surface when an evaluation was conducted: ‘The most important result was that the front offices didn’t realize the expected synergies and knowledge sharing didn’t occur while other integrated departments did realize synergy. Moreover, employees found it pleasant to work there’. Therefore, the front office was yet restructured, while this was not planned during the pre-formation phase.
In contrary, the organization was completely restructured at Trivire: ‘We decided to redesign the whole organization, because we wanted to express that we are a new organization, including the front office. It worked out really positive. No Interstede, no Progrez, just Trivire’. Until this date structure hasn’t changed. Thus, were employees at the back office were getting to know each other; the front office missed these opportunities because the formation hasn’t changed. Second, due to the separation of integration approaches, cultural differences increased, as happened at Groenwest: ‘what I really notice is that the front offices are drifting away from the rest of the organization. They have barely contact with the back office. So you have to make sure that you involve them. And yes, you also see more cultural differences, which make it quite harder to integrate in terms of culture. I think the integration of culture will happen faster at the back office’. Hence, a new culture arises at the back office, while the front offices hold the culture of the former organizations. This creates a distance between the integrated and non-integrated parts of the organization.

Taken together, synergies were realized faster at the back office in comparison at the front office due to a high level of integration. Eventually the front office got restructured in all cases or plans were made to integrate it in the near future. Thus, all mergers studied in this case eventually choose for a high level of integration (Pablo, 1994). This fits with the findings of Stahl & Voigt (2008) and Haspelagh & Jemison (1991) who state that a horizontal merger with great interdependences requires a high level of integration. Moreover, by simultaneously performing a high and low level of integration approach a separation is created, between the parts that have a different integration approach, cultural differences increase and realizing synergy decreases. This suggests the following propositions:

Proposition 7: A high level of integration in horizontal mergers increases the realization of synergy.

Proposition 8: Simultaneously performing a high level of integration and a low level integration in one horizontal merger deal lead to a lower degree of synergy realization.

Table 10 - Examples of data of integration approach

<table>
<thead>
<tr>
<th>Case</th>
<th>Quote</th>
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<tbody>
<tr>
<td>KleurrijkWonen</td>
<td>‘You can ask yourself, should we have integrated the front office when we</td>
</tr>
</tbody>
</table>
started. I think the chaos would be way too big. We have integrated the administration department and real estate department and the front office later. I think it was the right decision. Sometimes I think should we have done it all at once.’

<table>
<thead>
<tr>
<th>Welbions</th>
<th>‘We have kept our front offices like they were for a long period’</th>
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</thead>
<tbody>
<tr>
<td>Mijande Wonen</td>
<td>‘In one municipality we still have three sorts of working methods for our clients’</td>
</tr>
<tr>
<td></td>
<td>‘Customers see that the same employees still do the same work. We have chosen very clear to not mix the formation at the front office’</td>
</tr>
<tr>
<td></td>
<td>‘The front offices, I think that if you start a merger and are considering to integrate certain disciplines, like we did with the back office, it is reasonable and wise to do some sort of same trajectory with the front office. Start knowledge sharing and employee exchange because you see that the cultural differences are high, especially in the beginning’</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Trivire</th>
<th>‘We have said from the beginning that we wanted to form a new organization. Don’t fall back on the old organizations. So we restructured the front and back office’</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>‘We have tried in the formation of the workforce during pre-formation to mix the cultures at the front offices. However, one front office still had an Interstede culture. It is solved nowadays due to replacements and outflow but there was a very different way of managing at the different front offices which creates a lot of tensions and conflicts.’</td>
</tr>
</tbody>
</table>

| Groenwest          | We haven’t integrated the front offices. This means that two things. In one office prevails the culture of Groenland Wonen, in the other the culture of Westhoek and in the other the culture of the old SWW. The second thing is that you have a discussion now about how these processes should be aligned for all front offices‘ |
Remaining equality

Prior theory states that equality is an important factor during a merger as is reflected in the definition of a merger: ‘two organizations of equal stature are coming together and form a new organization’ (Epstein, 2004). This implies a certain degree of equality between the firms in terms of size and power. Social identity theory argues that equality can affect the merger process because both groups want to feel represented in the (new) organization (Terry & O’Brien, 2001). This can influence the decisions they make about the new organization (Marks & Mirvis, 2001).

The findings of this study show that equality is an important factor throughout the merger process and reveals how it influences synergy realization and the creation of support for the merger. It is reflected in the composition of the board.

In four of the five cases, the CEO’s of the old organization formed the new board. There is one common ground for this decision. The board and other stakeholders thought that by putting the CEO’s together, all stakeholders would feel their selves represented in the new organization, which should create support for the merger. As one of the CEO’s of Groenwest stated: ‘We have always said, one or two CEO’s for this organization is eventually better. But, when you are in the middle of preparing a merger, you don’t want to explain that one board member will leave after the merger, because that organization would feel abandoned. We didn’t want that one of the organizations would feel orphaned.’

Although some informants were critical about forming a two or three headed board of prior CEO’s, most acknowledge the importance: ‘At Interstede the employees were afraid that their CEO would leave the organization after the merger. There was a discussion if this was going to be an acquisition if he would really leave the organization. I had that feeling also for a while. Employees had resistance, so it was quite important that their CEO would stay. On the other hand, the employees from Progresz didn’t want their board member to leave, because he was very popular. Then they decided together to from the two-head board’.

However, during the integration planning, forming the new board out of all prior CEO’s had disadvantages. At Groenwest was decided during the integration planning that a new board would be formed after 1,5 year. However, it was unclear who would form the new board. During this period a competition started between the board members about the composition of the new board, decision making got delayed and all board members
constantly referred to their former organization culture. This delayed the integration process and the realization of synergy.

At Welbions they foresaw that forming a three headed board could cause problems during the integration phase and eventually it did: ‘The structure was designed under the three CEO’s who all stayed on and it resulted in the separation of the organizations in three colons. The moment of the pre-retirement of one of the board members was a great moment to change it to accelerate the integration’.

In contrary, at Mijande Wonen there was a shared opinion that a new sort of social housing organization required a different type of CEO. Plus that only one member should lead the organization. Therefor a profile was made by an external consultancy firm and one of the board members applied for that role. After a regular selection procedure (including assessments, meetings etc.) the Supervisory board and the Work Council gave a positive advice and he was appointed as the new board/CEO from Mijande Wonen. This hasn’t changed until this date.

Taken together, the composition of the board is used to create support for the merger by having an equal representation on this level in the organization. However, in some cases this delayed the integration process and decreased the synergy realization. Thus, holding on to these social identities had a negative effect (Haunschild et al. 1994). The findings and prior theory suggests the following:

*Proposition 9: Maintaining equality during the merger process decreases synergy realization.*

*Proposition 10: Maintaining equality during the pre-formation process creates support for the merger for their stakeholders.*

Table 11 – Examples of data remaining equality

<table>
<thead>
<tr>
<th>Case</th>
<th>Quote</th>
</tr>
</thead>
</table>
| Welbions | ‘The supervisory board had the absolute belief that the merger first should be behind, before you could work with fewer board members because the exit of one board member causes emotions in the organization and these emotions are should not be there on that point.’  
‘Meanwhile one of the CEO’s resigned because three CEO’s was too much for this organization’ |
I was expecting that the two CEO’s wouldn’t solve the board formation if they didn’t made good agreements about who was going to leave the firm. In the beginning I couldn’t believe it would work out. You can talk very long about the merger but if those two don’t get along or something happens then it is the end of the merger.

‘The process of the composition of the new board took too long. It delayed the integration of culture. We really want to move on now’

Job security

Prior theory says that job security is related to the ‘human side’ of the merger. The impact of a merger can be significant on employees, due to layoffs, stress, turnover and illness (Seo & Hil, 2005). Job uncertainty is linked to anxiety theory, which assumes that employees experience a high degree of anxiety when facing the possibility of a merger. Employees predict how the merger would impact their future jobs and career. Such anxiety can negatively impact the support for the merger and can be reduced by promising job security (Marks & Mirvis, 1985; Seo & Hil, 2005). Contrary, other studies argue that a merger gives an opportunity to hold on to the key personnel, lay off unwanted employees and attract new employees that fit with the new identity, culture and goals of the organization (Mitchell et al. 2001; Millward & Kyriakidou, 2004).

The findings from this study show that job security was promised by the board/CEO’s in all cases. This resulted in support for the merger from the employees, as consistent with prior literature. One informant from Trivire stated: ‘Really early in the process was said by both CEO’s, that no one had to leave the organization, no employees were fired. That already gave a certain amount of security’. This condition is enforced by the work council in most cases, as one of the members of the work council said it: ‘We wanted three things, an excellent social plan, job security, good employee benefits and a calm process’.

However, this arrangement has disadvantages. For example, at Mijande Wonen, it was the goal to professionalize the organization. Due to fact that all employees remained in the organization, the expected quality improvement has not been realized yet in some parts of the organization, because certain employees do not match with their new role. Moreover, at Groenwest, the formation process was called a success because 90% of the employees kept their own role. However, some informants note that there are still doublings in the
formation and that it delays the integration process: ‘You could really not move forward due to this decision and now you have to do it yet, we are looking for efficiencies now’.

Taken together, the findings and prior theory suggests that job security increases the support for the merger from employees. However, it decreases the degree of synergy realization during the integration phase. Therefore the following propositions are formulated:

*Proposition 11: Job security increases support for the merger by employees during the pre-formation phase.*

*Proposition 12: Retaining all employees decreases synergy realization during the integration phase.*

Table 12 – Example of case data job security

<table>
<thead>
<tr>
<th>Case</th>
<th>Quote</th>
</tr>
</thead>
<tbody>
<tr>
<td>KleurrijkWonen</td>
<td>‘What we wanted as the work council was job security’</td>
</tr>
<tr>
<td>Mijande Wonen</td>
<td>‘If you are not prepared to make more costs, that is the disadvantage of job security. But also the prediction of somebody’s qualities. That strategic thinking is not present here in the organization as I would like to see it. That quality improvement still misses here.’</td>
</tr>
<tr>
<td></td>
<td>‘Job security was promised. We knew that some people would leave us in the coming five years, just natural retention. It is clear said, we have them a little bit extra but these won’t be filled in again, but it just takes a few years’</td>
</tr>
<tr>
<td>Trivire</td>
<td>‘Everyone kept a job, that has taken the sting out</td>
</tr>
<tr>
<td>Groenwest</td>
<td>Afterwards was said that the merger result was a good one because everyone was placed in the role they wanted. That is not so hard I guess because everyone just kept their old role. At least the most like 90%.</td>
</tr>
</tbody>
</table>
5.2 Conclusion – A process model of mergers

This research explored the influence of pre-formation processes on the post-merger integration and the subsequent outcome of the merger.

The results from the case studies show four specific processes during the pre-formation phase; *setting of the rationale, the partner selection process, due diligence and integration planning*, which is in line with prior theory.

The setting of the rationale and the due diligence process both impact the integration process and are prerequisites for effective integration planning. Both can enhance the decisions taken during the integration planning and help to estimate synergies that can be realized during the integration. Hence, both processes serve as a starting point of the merger process.

The integration planning has the most impact on the integration process and the subsequent synergy realization. It is the link between the post-merger integration and the setting of the rationale and due diligence. Through effective integration planning estimated synergies can be realized and the rationale of the merger can be achieved. This requires alignment between these three processes. For example, if during the due diligence is estimated that efficiency synergies can be realized at the back office, the correct decisions should be made during the integration planning, to realize it in the post-merger integration phase. This implies that synergy realization can only be achieved when there is alignment between the rationale of the merger, the estimated synergies and the subsequent decisions that are made during integration planning about the structure, culture, processes etc. The alignment of these processes during the pre-formation phase are related to the concept of fit. The concept of fit in organizational and strategy research assumes that organizational resources should be matched or aligned with environmental opportunities and threats (Venkatraman & Camillus, 1984).

However, there are factors that disturb the alignment of fit during the pre-formation phase and negatively impact synergy realization. If the rationale of the merger is not sufficiently set and translated into a business plan, employees involved during the integration planning can take decisions which don’t contribute to the realization of the goals of the merger. The same holds for not fully estimating synergies during the due diligence. Moreover, there are other factors that influence the integration planning which consequently lead to a lower synergy realization during the integration. *Job security* constrains merging
organizations to attract new employees that fit with the requirements of the new organization, and to remove doublings in the formation. A low level of integration at the front office caused a decrease of synergy realization and consequently led to a separation between the high and low integrated parts of the organization. This separation increased cultural differences and negatively impacted the synergy realization. Remaining equality throughout the merger led to wrong decisions about the composition of the board in terms of synergy realization during the integration.

In contrary to the negative effects described above, some findings show that decisions made during the integration planning have a positive effect on synergy realization, such as the attention placed on creating cultural fit. This demonstrates that cultural issues do play a significant role during the integration planning, which is contrary with prior findings (Chatterjee et al., 1992).

Thus, the most important link between the pre-formation and post-merger integration phase is the integration planning. During the integration planning decisions are made about the structure, composition of board, culture, IT system, processes etc. These decisions determine to a large extent how the integration process proceeds and if synergy is realized during the integration. However, the setting of the rationale and the due diligence serve as prerequisites for effective integration planning.

Concluding, the findings of this study show that pre-formation processes have a significant effect on synergy realization during the post-merger integration phase, which lies in the setting of the rationale, the due diligence and integration planning. If these processes are aligned, synergy realization increases. Thus, merger performance may lie in the pre-formation phase.

Based on these findings a process model is presented that reveals the impact of the pre-formation phase on the post-merger integration and the subsequent outcome of the merger. Central to the model are the processes during the pre-formation phase, the due diligence process and the setting of the rationale for the merger serves as prerequisites for effective integration planning but also lead directly to synergy realization. It demonstrates that creating alignment between these processes is the key in unleashing synergy realization. However, there are specific drivers and decelerators that can enhance or disturb the process of alignment and subsequently influences the degree of synergy realization. The model is presented on the next page.
Dynamic perspective on mergers

Due diligence

Setting rationale

Partner selection

Preformation phase

Drivers

(Creating) Cultural fit •
High level of integration •
Thorough due diligence process •
Concrete elaboration of rationale •

Prerequisite

Goal setting

Integration planning

Synergy estimation

Post-merger integration phase

Decelerators

Remaining equality •
Job security •
Performing a high and low level of integration approach simultaneously •
Low level of integration •

Synergy realization

No synergy realization

Figure 1 – Process model – Impact preformation phase on synergy realization during the post-merger integration
5.2.2 Creating support for the merger – a process model (additional)

The decelerators of synergy realization during the integration planning all have one thing in common: they are taken to create support for the merger. These decisions indeed led to an increase of support for the merger, such as promising job security and the composition of the board. In organizational theory research is the importance stressed of creating support for (radical) organizational change (Gagné, Koestner, & Zuckerman, 2000; Hannan & Freeman, 1984; Vakola & Nikolaou, 2005; Weick & Quinn, 1999). However, the conditions set to create support for the merger have a negative effect on synergy realization. Job security inhibits the organization of attracting employees who fit with the new roles and requirements of the organization. Maintaining equality during the merger represented by the composition of the board is important for creating support for the merger, but it can lead to a delay in the integration and synergy realization.

In contrary, the due diligence process can lead to synergy realization and support for the merger, because it estimates possible synergies and presents the added value for the merger for all stakeholders. Thus, the creation of alignment between the design of the new organization and the rationale of the merger is inhibited by factors, which may be equally important for the merger process. As mentioned above, support for the merger is a condition for organizational change and frequently named during the pre-formation phase (Gagné et al., 2000; Hannan & Freeman, 1984; Vakola & Nikolaou, 2005; Weick & Quinn, 1999). Thus, tensions arise between the creation of support for the merger to realize the merger deal and synergy realization. Based on these findings a second process model is designed that demonstrates the creation of support for the merger, which can be found on the next page.
Partner selection  

Due diligence  

Integration planning  

Setting rationale  

Preformation phase  

Post-merger integration phase  

Low integration approach for direct customer related departments  

Job security  

Added Value Research during Due Diligence  

Remaining equality  

Creating support
5.3 Theoretical contributions and managerial implications

Theoretical contributions

The failure rate (50-60%) is quite high (Weber, 1996). Prior research focused mainly on static determinants, which have failed to explain merger success or failure. This study however, took on a dynamic perspective to build theory, which is advocated in prior M&A research (e.g. Jemison and Sitkin, 1986).

The first and most important theoretical contribution of this study is that the degree of synergy realized during the integration phase is influenced by processes during the pre-formation phase. This relationship has been found by linking the pre-formation and post-merger integration phase, instead of studying it as separated entities. This stresses the importance of the pre-formation phase, which is often neglected in M&A research (Greenwood et al., 1994; Kazemek & Grauman, 1989). The findings show that alignment is required between the due diligence, setting of the rationale and integration planning in order to realize synergies. This means that the concept of fit (e.g. Goold & Campbell, 2002; Shelton, 1988), that is prominent in organizational research, plays a significant role in explaining merger performance. Moreover, this study revealed specific factors that serve as decelerators for synergy realization, such as job security and remaining equality.

The second contribution is that the decelerators of synergy realization, positively influence the support for the merger, which is important during organizational change (Vakola & Nikolaou, 2005; Weick & Quinn, 1999). Hence, specific factors during the pre-formation phase can subsequently lead to a positive and negative outcome. This may imply that there is a trade-off between creating support for the merger and synergy realization, which are both important during the merger process.

The final contribution of this study is that the findings show that there may be a difference between an acquisition and merger (Epstein, 2004). This lies in remaining of equality during the merger process (Soderberg and Vaara, 2003). This equality may lead to support for the merger but decreases synergy realization by holding on to the former organization. This may stress the importance of separating acquisitions and mergers in future research, where remaining equality plays a minor role, since there is always a dominant partner (Epstein, 2004; Soderberg and Vaara, 2003).
Managerial implications

This research has several implications for managers. First, managers of merging firms should be aware of the impact that the pre-formation phase has on the subsequent integration. Neglecting synergy estimation during the due diligence or no integration planning may be devastating for synergy realization. Moreover, the decisions made during the integration planning should be aligned with the rationale of the merger and the estimated synergies.

Second, managers of merging firms should realize that the creation of support for the merger may decrease synergy realization. Therefore managers have to find a balance between creating support for the merger and the necessary decisions to create synergy. Ways should be found that lead synergy realization as well as support for the merger. A good example is the due diligence process, which helps to estimate synergies and can serve as an instrument to create support for the merger.

Concluding, if synergy realization is the absolute goal of the merger, managers have to steer on the creation of alignment of the pre-formation processes, because it has a significant impact on the post-merger integration phase and the subsequent synergy realization.
5.4 Limitations and future research directions

This research has several limitations. The generalizability of the propositions is limited due to the limited number of cases studied. Larger samples are required to test the propositions. A quantitative method should be used to test the proposed relationships. Another limitation from this research is that it is conducted in a single industry. This industry possesses distinctive characteristics, such as the formal trajectory which is bound to legislation, which could mean that not all propositions apply in other industries. Again, future research should be undertaken in other industries as well. Moreover, the cases studied, are all horizontal mergers. This may imply that these findings only hold for these types of mergers. Future research should study other types of mergers to see if these propositions hold.

This study has revealed a significant link between pre-formation processes and post-merger integration. Future research should conduct more qualitative research to find more in-depth relations between these phases. Organizational change theory may help to find valuable explanations for the patterns found between the integration planning and subsequent integration.

A certain trade-off between the creation of support for the merger and synergy realization is found in this study. Future research should focus on this trade off to find a deeper explanation for synergy realization and the creation of support. Lastly, by studying the creation of support and remaining equality at acquisitions, more theoretical arguments can be found to see if mergers and acquisitions are different concepts.
6. References


Graebner, M. E. (2004). Momentum and serendipity: how acquired leaders create value in


Online resources
Annual report Groenwest, 2011
Annual report KleurrijkWonen, 2010
Annual report Mijande Wonen, 2011
Annual report Trivire, 2011
Besluit Beheer Sociale Huisvesting, 1993
Manual ATLAS.ti 5.0 – published in 2008
Jaarverslag 2011, Centraal Fonds Volkshuisvesting, Naarden 13 februari 2012
Appendix

Interview protocol

<table>
<thead>
<tr>
<th>Interview – Merger processes and influence on outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date:</td>
</tr>
<tr>
<td>Name:</td>
</tr>
<tr>
<td>Organization:</td>
</tr>
<tr>
<td>Start interview:</td>
</tr>
<tr>
<td>End interview:</td>
</tr>
</tbody>
</table>

- Thank informant for interview
- Introduce researcher and study
- Duration of interview
- Results interview
- Goal interview
- Recording interview
- Structure interview

General questions

1. What is your formal position in this organization?
2. What are your responsibilities?
3. From which year on do you work in this organization and at what firm did you work for the merger?
4. If I may ask, what is your year of birth?
5. Can you describe how you were involved with regard to the merger?

Then I will now proceed to the pre-formation phase.

Pre-formation phase

Based on prior research four processes are identified: setting the rationale of the merger, selecting a suitable partner, executing due diligence and the integration planning. We define the partner selection process, as a process whereby the partner gets selected to merge with. We define the due diligence as the process whereby the partner gains information about the partner, the background of the organization and looks for possible synergies. During the integration planning a plan is made for the integration after the deal is closed. During this process, a possible team is formed to guide the integration. After the deal the integration starts and the synergies can be realized.

Do you recognize these processes?

A. Do you think that these are the most important processes, or are there other processes that we should conclude in this inquiry?
B. Are there any other activities that we should add to these processes?

Setting the rationale of the merger
What was the rationale of the merger?

Partner selection process

Can you describe the partner selection process? We are looking for the following information.

A. How was the process characterized?
B. When did the process start and when did it end?
C. Who were involved?
D. What were the most important decisions taken during this process?
E. What role did strategic and organizational fit played when selecting a partner
   a. How important was a fit?
   b. How is this fit assessed?
F. Can you define the term synergy?
G. What was the role of synergy during this process?
   a. How often was it discussed?
   b. How is the partner choice related to the estimation and realization of synergy?

I now want to go on to the next process.

Due Diligence

Can you describe this process? We are looking for the following information.

A. How was the process characterized?
   a. Out of which parts does this process exist?
B. When did this process started and when did it end?
C. Who were involved during this process?
D. What was the role of synergy during this process?
   a. How often is it discussed?
   b. How is process related to the estimation and realization of synergy?
E. Which impact did this process had on the subsequent merger process?

Integration planning

Can you describe this process? We are looking for the following information.

A. How was the process characterized?
B. When did this process started and when did it end?
C. Who were involved during this process?
D. Uit welke onderdelen bestond de integratieplanning?
E. What were the most important decisions taken during the integration planning process?
F. What was the role of synergy during this process?
   a. How often is it discussed?
   b. How is process related to the estimation and realization of synergy?
G. Which obstacles were expected in relation to the integration?
H. How were these obstacles tackled?

List (from integration planning to integration)

Discuss all elements during this interview when informant doesn’t discuss this. Ask how these themes evolved from the integration planning to integration and outcome of the merger.
Integration and reflection on integration

What were the first steps after the deal was closed?

How did the organization proceed with the integration process?

Which other steps did you experience during the integration process?

Which of the named processes were the most important during the integration process? Why?

Which of the named processes contributed the most to synergy realization? Why?

What were the most expected obstacles during the integration process? Why? How were obstacles these solved?

Which of the pre-formation processes as mentioned earlier had the greatest impact on the integration process? Why?

If you look back on the integration process, how was this process planned?

In case of manager / board member

How influenced the management of the integration process your daily tasks?

How influenced the management of the integration process the decision making process for long term /important decisions?

Are decisions not taken?

Have you delegated tasks to other board members / others? Yes, did they lead to the desired result?

Reflection on the merger

Is the goal of the merger achieved? Yes, why? No, why not?

What are the most important results that have been achieved?

What are the most unexpected results that have been achieved?

If you look back at the merger, what could have been done better?

If you look back at the merger, what were the strong points?

End interview. Is there something you would like to add?
## General overview data and characteristics cases

Table - 12

<table>
<thead>
<tr>
<th>Company</th>
<th>KleurrijkWonen</th>
<th>Welbions</th>
<th>Mijande Wonen</th>
<th>Trivire</th>
<th>Groenwest</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sequence of processes during pre-formation</strong></td>
<td>Rationale for the merger, partner selection, AVR, DD, formal trajectory, integration planning</td>
<td>Rationale for the merger, partner selection, AVR, DD, formal trajectory, integration planning</td>
<td>Rationale for the merger, partner selection, AVR, DD, formal trajectory, integration planning</td>
<td>Rationale for the merger, partner selection, AVR, DD, formal trajectory, integration planning</td>
<td>Rationale for the merger, partner selection, AVR, DD, formal trajectory, integration planning</td>
</tr>
<tr>
<td><strong>Duration of pre-formation phase</strong></td>
<td>1,5 year</td>
<td>1 year or 2 year (when including year between legal and organizational merger)</td>
<td>2,75 year (excluding org. merger) 3 years (including org. merger)</td>
<td>1,8 years or 2,33 years (when including year between legal and organizational merger)</td>
<td>2,5 year (excluding org. merger) or 3,25 year (including org. merger)</td>
</tr>
<tr>
<td><strong>Rationale of the merger</strong></td>
<td>Increase of scale for effectiveness, efficiency, local bonding and knowledge sharing</td>
<td>Increase of scale for a stronger position, realize district development, become an attractive employer</td>
<td>Increase of scale to create stronger (financial) position, professionalize organization</td>
<td>Increasing power and control in districts, professionalize organization</td>
<td>Increase of scale to realize, tax challenge, project development, customer service and housing market</td>
</tr>
<tr>
<td><strong>Added Value Research</strong></td>
<td>Used by CEO’s as a tool to create support</td>
<td>Seen as a formality, business plan was leading</td>
<td>Used as a tool to investigate what form of</td>
<td>Formality (for CEO). Introduction for</td>
<td>Used as a tool to investigate what form of collaboration</td>
</tr>
</tbody>
</table>
### Dynamic perspective on mergers

<table>
<thead>
<tr>
<th><strong>Speed of integration</strong></th>
<th>Legal and organizational merger simultaneously, except front office 1.5 year later</th>
<th>Legal merger on 1st of July 2008, organizational merger one year later</th>
<th>Legal merger, few months later integration back office, front office still not (fully) integrated</th>
<th>1st of July 2009 legal merger, 1st of January 2010 organizational merger, deadline integr. 2 years</th>
<th>Legal merger on 31st December 2010, Organizational merger on the 17th of October 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Expected obstacles for integration</strong></td>
<td>Suppression new roles, resistance stakeholders and cultural differences</td>
<td>Cultural differences, new structure in combination with three headed board, integration of the tenants committee</td>
<td>Cultural differences, employees moving into new accommodation</td>
<td>Cultural differences, formation of board</td>
<td>IT system, resistance employees or external stakeholders about the merger, formation of board</td>
</tr>
<tr>
<td><strong>Obstacles during integration</strong></td>
<td>IT, front office</td>
<td>IT, integration of processes, high ambitions formulated in business plan, three headed board / structure, integration of the tenants committee</td>
<td>Front office, IT, information disclosure, professionalizing some parts of organization, cultural differences</td>
<td>50% formation change of roles, elaborating processes, business plan, mix of culture at front offices</td>
<td>Formation of board, project management, culture, formation of employees, processes, business plan, front office versus back office,</td>
</tr>
<tr>
<td><strong>Role of synergy</strong></td>
<td>Significant role during the whole pre-</td>
<td>Unclear, different opinions about role synergy</td>
<td>Significant during partner selection phase and</td>
<td>Significant during elaborating customers</td>
<td>Significant during setting of the rationale and formation</td>
</tr>
<tr>
<td>Drivers for synergy realization</td>
<td>Business plan as basis for integration, integration of back office, accommodation, attention to culture</td>
<td>Business plan, vision of district development, get to know each other during integration planning</td>
<td>Started to work together in new accommodation, integration of back office, degree of planning, started to work together in new office</td>
<td>Getting to know each other</td>
<td></td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>-------------------------------------------------</td>
<td>---------------------------------</td>
<td></td>
</tr>
<tr>
<td>Decelerator for synergy realization</td>
<td>IT, delay decision to integrate front office, separation of cultures between front and back office, IT</td>
<td>IT, three-headed board, structure placed under three CEO’s, delay of elaborating processes</td>
<td>Decision to not integrate front office, the formation procedure during pre-formation, no client vision during pre-formation, still no Mijande Policy (processes) in some parts of the organization</td>
<td>No attention to culture during integration planning, no synergy estimation during integration planning, formation of board, no alignment between processes, formation and business plan, abstract business plan</td>
<td></td>
</tr>
<tr>
<td>Additional notes</td>
<td>Management of the integration processes (suspended animation)</td>
<td>Ambitions formulated in business plan were too high, negotiations take</td>
<td>Ambitions formulated in business plan were too high</td>
<td>Ambitions formulated in business plan were too high, negotiation takes</td>
<td>Ambitions formulated in business plan were too high, different perceptions</td>
</tr>
<tr>
<td>creates risks in decision making and opportunities for delegation of tasks</td>
<td>place during integration planning about the structure, organization has become more bureaucratic</td>
<td>place during the integration planning about the formation of board and structure of organization, mixed signals about success of merger for customers, board formation is used to create support for merger</td>
<td>about cultural study, board formation is used to create support for merger</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
## Frequency table

Table 13 - Coding Scheme

<table>
<thead>
<tr>
<th>Process</th>
<th>N. of codes in family</th>
<th>Name codes</th>
<th>Amount of quote’s</th>
</tr>
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<tbody>
<tr>
<td>Setting rationale of the merger</td>
<td>1</td>
<td>Setting the rationale</td>
<td>70</td>
</tr>
<tr>
<td>The partner selection process</td>
<td>3</td>
<td>Potential partner identification</td>
<td>45</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consult potential partner</td>
<td>40</td>
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<tr>
<td></td>
<td></td>
<td>Strategic and organizational fit</td>
<td>36</td>
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<tr>
<td>Added Value Research</td>
<td>2</td>
<td>Content and process of added value research</td>
<td>47</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Impact result on merger process</td>
<td>28</td>
</tr>
<tr>
<td>Due diligence process</td>
<td>2</td>
<td>Content and process of due diligence</td>
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<td></td>
<td></td>
<td>Impact result on merger process</td>
<td>10</td>
</tr>
<tr>
<td>Formal trajectory</td>
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<td>Formal trajectory</td>
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<td>Integration planning</td>
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<td>Accommodation</td>
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<td></td>
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<td>Board</td>
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<td>Business plan</td>
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<tr>
<td></td>
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<td>Culture</td>
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<td>Management team</td>
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<td>Processes</td>
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<td>Speed of integration</td>
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<td>Total</td>
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<td></td>
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<tr>
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<tr>
<td>Speed of integration</td>
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